

## MEDIA CONCENTRATION IN AUSTRALIA

### *MEDIJSKA KONCENTRACIJA U AUSTRALIJI*

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**Abstract:** *Australian mass media are concentrated into the hands of a very small number of proprietors. For example, 11 of the 12 major newspapers in Australia are owned by Rupert Murdoch's News Corporation or John Fairfax Holdings. In fact, Murdoch bestrides the Australian media landscape like a colossus—NewsCorp owns 8 of that 12, and also dominate the regional and suburban newspaper publishing industry, as well as owning a major slice of Foxtel. With the alarming concentration of media ownership in Australia and the advent of PR driven journalism, for the sake of democracy, the public must support independent media.*

**Key words:** *The Media, Media Concentration, Australia, Democracy*

**Apstrakt:** *Australijski mas-mediji su koncentrisani u rukama veoma malog broja vlasnika. Na primjer, 11 od 12 glavnih novina u Australiji su vlasništvo Rupert Murdock-ove News Corporations ili John Fairfax Holdings. U stvari, Murdock gospodari australijskim medijskim pejzažom kao kolos -NewsCorp poseduje 8 od 12, dominira i u regionalnoj i prigradskoj industriji novinskog izdavaštva, a uz to poseduje veliki dio Foxtel-a. Uz alarmantnu koncentraciju vlasništva nad medijima u Australiji i pojavu PR novinarskog pogona, zarad demokratije, javnost mora da podržava nezavisne medije.*

**Ključne riječi:** *Mediji, medijska koncentracija, Australija, demokracija.*

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### 1. Introduction

Despite Australian media ownership being amongst the most concentrated in the world, at the behest of powerful proprietors, successive Australian Governments have gradually further relaxed media ownership rules. The most recent round was put in place in April 2007 under the Howard Government, where the new 'two out of three' rule meant that companies are now allowed to own up to two media outlets – television, radio and newspaper – in a single area. The reason given for the change was that convergence in the media industry as a result of news technologies, particularly the internet, meant that the old regime was ineffective. Newspaper proprietors were now able to transmit video and audio material on their websites, and broadcasters were able to transmit text in the same way. Coonan also said that the advent of "new players" as a result of the internet – the so-called "independent media"

meant that there was a new diversity voices in the media landscape, making cross ownership laws largely needless.

Why don't new media produce more new stories? It all comes down to money. Good journalism takes time, effort and money—something that is in short supply in the world of Independent media.

Australia has a concentration of media ownership almost without parallel in liberal democracies. It has experienced a gradual but dramatic reduction in the number of newspaper titles. In 1923, there were 26 metropolitan daily newspapers in Australia owned by 21 proprietors. By 1950, the number had fallen to 15 metropolitan dailies having 10 owners. By 1987, there were only three major proprietors of metropolitan dailies: the Herald and Weekly Times Limited, News Limited and the John Fairfax Group. In 1987, News Limited took over

the Herald and Weekly Times with the agreement of the then Hawke Labor government which had regarded the Herald group as 'anti-Labor'. In the two decades since, more metropolitan newspapers have closed, including all afternoon papers. With the exception of Sydney and Melbourne, no capital city now has more than one daily newspaper. There are only two national dailies, the *Australian* and the *Australian Financial Review*. Only the *Canberra Times* and the *West Australian* stood outside ownership by the two major groups, but in 2007 the owner of the *Canberra Times*, Rural Press Limited, merged with the Fairfax group. News Limited dominates the newspaper market with around 70 per cent of metropolitan circulation against 21 per cent for Fairfax. The two big groups also own many provincial papers as well as almost all suburban titles. A small number of companies also control the commercial radio and television networks. Pay television is dominated by Foxtel and Optus and 'the four highest rating on-line news services are owned by the existing players' - the ABC, Fairfax and ninemsn.

Such concentration of ownership means that unelected media proprietors exercise an enormous amount of political power. The implications of such power over elected governments have been a consistent theme in evaluations of Australian democracy.

## 2. Media ownership in Australia and power of the media

Australians rely on the media to provide facts and interpretations of the world. The information we receive from TV, newspapers, radio and the internet provides the information we need to make social and political decisions. The increasing complexity of these decisions in the last decades has meant an increased reliance on media sources.

Democratic countries encourage and enforce diversity in media ownership because it minimises the risk that the information their citizens receive is adversely influenced by the interests of the media organization which provides it. Australia has some rules limiting media diversity by limiting concentration in media ownership and limiting foreign ownership of media sources.

Australia is, however, doing badly in both areas by international comparisons. Australia is ranked 41st in the world for media diversity. Currently two newspaper groups (News Limited and John Fairfax Holdings), for example, account for over 90

per cent of the circulation of daily newspapers; Australia has three commercial television networks.

There is the potential for media owners to misuse their power to unduly influence reporting. It has been claimed that at times they have formed relationships with political candidates and governments in Australia and other countries, and that those relationships have influenced election coverage and the legislation relating to media in Australia.

The Australian Government controls media law in two ways in two main areas. The Constitution gives the Commonwealth powers to control electronic broadcasters. The Commonwealth uses this to control licenses to television and radio broadcast. The Constitution also gives the Commonwealth control over corporations and their trade, and this is used to regulate print media and foreign ownership of media. The control the Commonwealth has over non-electronic broadcasters is less complete but in combination these powers are effective.

## 3. Australia's commercial media landscape

Ownership information in the following issue is drawn primarily from Abjorensen (2007) and the ACMA media control database. Print circulation figures are drawn from the Audit Bureau of Circulations.

**News Australia Holdings** – parent company is News Corporation, controlled by the Murdoch family

Pay television: 25% of Foxtel, Australia's dominant pay TV provider, part ownership of Sky Network Television. Foxtel's takeover bid for Austar is pending.

Newspapers: 70% of the metropolitan daily news market – *The Australian* (national, circulation 136,268) *Daily Telegraph* (Sydney, circulation 363,399), *Herald Sun* (Melbourne, circulation 500,800), *The Advertiser* (Adelaide, circulation 180,807), *The Courier-Mail* (Brisbane, circulation 206,110), *The Mercury* (Hobart, circulation 44,221), and *Northern Territory News* (Darwin, circulation 21,103), with the addition of other regional papers (*The Cairns Post*, *The Gold Coast Bulletin*, *Townsville Bulletin*, *Geelong Advertiser*), and suburban weekly publications.

Lachlan Murdoch also has a stake in Channel Ten

### **Consolidated Media Holdings** –

previously controlled by the Packer family, formally known as Publishing and Broadcasting Limited (PBL)

Television: a stake in Channel Ten

Pay television: 25% of Foxtel and 50% of Premier Media Group which owns Fox Sports

### **Seven West Media** – controlled by Kerry Stokes

Television: Channel 7 (Sydney, Melbourne, Adelaide, Brisbane, Perth and regional QLD)

Pay Television: has a stake in Consolidated media holdings, which owns 25% of Foxtel and Fox Sports

Radio: Redwave Media (various stations in regional and remote WA)

Newspapers: The West Australian (the sole metropolitan daily not owned by News Ltd or Fairfax) and various West Australian regional newspapers

Other print media: Pacific Magazines (including *Home Beautiful*, *Who*, *New Idea*)

### **Fairfax Media**

Newspapers: 21% of the metropolitan daily news market *Sydney Morning Herald* (Sydney, circulation 204,421), *The Age* (Melbourne, circulation 190,100), *Australian Financial Review* (national, circulation 75,339), *Canberra Times* (Canberra, circulation 32,116) and regional newspapers in important cities such as Newcastle and Wollongong as well as suburban weekly publications in Sydney and Melbourne.

Other print media: Magazines, including – *Business Review Weekly*, *Personal Investor*

Radio: various metropolitan and regional radio licenses including 2UE in Sydney, via its takeover of Southern Cross Radio

**Nine Entertainment Co** is majority owned by CVC Asia Pacific Limited

Television: Nine Network (Sydney, Melbourne, Brisbane and Darwin). NBN broadcasting to Central Coast NSW and Gold Coast QLD

Pay television: Sky News (joint venture with Seven and British Sky Broadcasting)

Other print media: APC magazines (several titles including *Women's Weekly* and *Cleo*)

Online: ninemsn

### **Southern Cross Media**

Television: Southern Cross Ten (regional areas of NSW, Victoria, Queensland and Tasmania)

Radio: 68 commercial radio stations across (mostly) regional Australia. Has a stake in the Austereo Group, which owns the Today FM network and the Triple M network

### **Ten Network Holdings**

Television: Channel 10 (Sydney, Melbourne, Adelaide, Brisbane and Perth)

### **WIN Corporation** – controlled by the Gordon family which also has a stake in Channel 10

Television: Regional (QLD, NSW, VIC, ACT and TAS)

Radio: FM stations in Wollongong and Campbelltown.

## **4. Media Laws in Australia**

The concentration or diversity of ownership of Australian media has long been limited in Australia. The Howard government in 2006 made changes to media law which allowed greater concentration of media ownership.

In October 2006, the Australian Parliament passed legislation for new media laws that commenced on 4 April 2007. The amendments reform the *Broadcasting Services Act 1992* which regulates ownership and control rules for commercial television and radio broadcasting, subscription television broadcasting, international broadcasting, data casting transmitters and newspapers. The purpose of the original Act was to encourage diversity and quality of media services, controlling access to the market and the services that are offered. The amendments, however, lifted foreign and cross ownership restrictions on media markets. The new 'two out of three' rule meant that companies are allowed to own up to two media outlets - television, radio and newspaper - in a single area. Mergers are allowed if the transaction passes a media diversity test that ensures there are five remaining independent media groups in metropolitan markets and four in regional markets. Under the amended laws, media mergers are subject to the approval of the Australian Competition and Consumer Commission (ACCC).

It is likely that the amended media laws will lead to the further concentration of media ownership; it has indeed already happened. This reduces

the number of media owners in Australia, enriches a cabal of present media moguls, and enables them to have two out of three ownership of a newspaper, television and radio station within a single area. This represents a serious potential threat to democracy. A healthy democracy requires diverse ownership of the mass media in order to ensure that the news is reported in a fair and open manner. According to a 2006 Roy Morgan poll, over 80 per cent of journalists opposed the new media laws on the grounds that it will lower the quality and diversity of news coverage. Seventy-one per cent thought that the changes would give media owners too much influence over the political agenda.

### **5. Cross-media concentration and foreign ownership in Australia**

The increasing links between different media forms means that one story from the same journalist may be reported in radio, television, newspapers, and websites. In the case where the story is politically influenced or the result of an advertising deal, the reach of that story is far greater. If a journalist is pressured to withdraw a story for similar reasons, there is a much greater chance that story will never be published.

The Productivity Commission and the Australian Broadcasting Authority have investigated the influence of the interests of media owners into the editing of media. Both found that some editors and journalists were directly influenced by their publishers. Further, many editors and journalists felt an indirect pressure to take into account the interests (including commercial interests) of their publishers and owners, and this led to self-censorship. When publisher-owners of media are large and far reaching organizations the effect of these overt and covert influences are likely have greater impact on the reporting of news and development of opinion. Broad ownership across areas of Australia, and in forms of media reduces the chances that the integrity of the media will be damaged in these ways.

Media ownership is a "Prescribed sensitive sector" in the *Foreign Acquisitions and Takeovers Act 1975* (FATA), as are the development of military technology, supply of security systems and nuclear technologies. Like most other countries, Australia recognises that the media has such a significant influence on democracy that Australians must be majority owners of media outlets. As Neil Brown, former federal Minister for Communications, has

said, "We have always wanted to own our media in this country, as most other countries do, for it is the biggest single influence on forming our national identity and culture". Ownership of Australian media needs more consideration than importing breakfast cereals, to use Brown's analogy, because media policy is in part, control of our national conversation.

### **6. New media and increased diversity**

Some commentators have argued that the entry in recent years of subscription television has provided increased choice for Australians. However, Foxtel dominates the market and is owned by existing media organizations (Telstra, News Limited and PBL) which all have many other media holdings.

Sometimes it is also argued that the increasing availability of news on the internet mitigates the concentration of ownership in traditional publications. Again this does not substantially change the media landscape for Australians since, as the Productivity Commission points out, the majority of Australians who get their news from the Internet are accessing the sites of the established off-line media organizations. These established organizations can subsidize their websites with income earned from traditional media and provide professional journalism for free, unlike new players to the media marketplace.

Other commentators point out that diversity of ownership does not guarantee diversity of opinion and a limited pool of voices do not necessarily speak with the same voice. These arguments assume that the voices are heard with no editorial interference, and as the Productivity Commission and the Australian Broadcasting Authority found, there is risk of the interests of media owners influencing stories. A broad range of voices mitigates this risk.

### **7. Changes in Media Law**

The Minister for Communications announced in the lead up to the 2010 Federal Election that the Government would begin a review of communications regulation, including media ownership law. In December 2010, the Minister announced a review of convergence (particularly the convergence of telephone, television and computer) in the media sector. He said that the aim of media regulation was to "promote community standards, ensure a diver-

sity of views, encourage competition and protect original Australian content". The terms of reference for the review will be announced early in 2011.

### **8. How does the Australian media's self-regulation measure up?**

The Taskforce on Industry Self-Regulation, 50 noted that self-regulatory arrangements should be planned to address the nature and risk of market failure as well as the consequences of taking no action. Therefore, self-regulation can take many forms in Australia, including: information campaigns; service charters; an internal complaints system which handles departments and procedures; industry accreditation; licensing and/or membership certification; quality assurance systems; standards; codes and dispute resolution schemes.

In the past few years there has been a tendency for individual workplaces to put in place their own codes. These organisational codes add a further layer to the self-regulatory environment of the media industry, aiming to boost socially responsible journalism and corporate behaviour. Due to the modern nature of the Australian media landscape, the majority of organisations within the present system of journalistic self-regulation are not exclusively concerned just with journalism. Instead, they oversee a range of related media industries.

Most journalists are therefore covered by more than one code. Codes include the MEAA Code of Ethics (the most well-known by journalists), the APC Statement of Principles, the Free Television Codes of Practice, the Commercial Radio Codes of Practice, the ABC charter and statement of independence and the Internet Industry Association Codes of Practice.

With the exception of the workplace codes, all self-regulatory organisations have set out procedures by which the codes can be enforced and reviewed. One point to note is that the Internet Industry Association Codes of Practice makes no specific mention of journalism or the products of journalism, news and current affairs.

Self-regulation in the media sector needs to meet a more complex and stringent set of requirements than that of industries producing simpler and less socially and politically sensitive 'products'. It is however interesting to compare the media's current self-regulation practices to what is regarded as best practice in self-regulation more broadly. The Australian Taskforce on Industry Self-Regulation put it in the following, somewhat

narrow, terms: "good practice in self-regulation can be understood as significantly improving market outcomes for consumers at the lowest cost to business". To achieve these aims it suggested that industries should:

- ❑ Consult within industry, consumers and government;
- ❑ Maximise scheme exposure;
- ❑ Guarantee documents relating to the scheme are easily understood;
- ❑ Proliferate alertness of the scheme in terms of rights, agreements and duties and how to lodge complaints;
- ❑ Create a strong administrative body which aims to identify issues and collect raw data;
- ❑ Watch the scheme, increase its credibility and monitor overall finances;
- ❑ Collect data as indicators of methodical problems;
- ❑ Increase transparency of processes and procedures;
- ❑ Include appropriate dispute resolutions to redress complaints;
- ❑ Include a range of sanctions;
- ❑ Manage risk of anti-competitive practices involved in scheme;
- ❑ Monitor and review the scheme;
- ❑ Ensure cost effectiveness, although not at the expense of sacrificing consumer rights

It is precisely at a time of intense financial pressure that media standards are most likely to slip – this is therefore the point at which regulatory or self-regulatory bodies need to be at their most effective. There are signs that the Press Council's role as a self-regulator is improving – for example it is apparently seeking to raise the prominence given to its findings. It remains to be seen whether it will be sufficiently independent, well-resourced and powerful to enforce the higher standards which are so clearly needed given the rising level of consumer complaints.

### **8. Conclusion**

It is well known that Australia has one of the highest concentrations of media ownership in the world. One is entitled to ask why this matters. The answers are several – some universal and others particular to the Australian setting.

Despite the assertions made by the Federal Government and the major media proprietors, new media adds virtually nothing to the diversity of news and current affairs in Australia. Consequently, repealing the cross-media ownership laws would result in a further concentration of an already concentrated media sector thereby reducing opportunities for independent sources of news and opinion.

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**Zaključak:** Poznato je u australijskim medijima postoji jedna od najvećih stepena koncentracija vlasništva u svijetu. Veoma je značajno odgovoriti zašto je to tako. Odgovori su povezani i s univerzalnom prirodom, ali i sa specifičnim australijskim rješenjima.

Uprkos tvrdnjama Savezne vlade i glavnih medija vlasnika, novi mediji nijesu skoro ništa promijenili u raznolikosti vijesti i aktualnosti na australijskoj medijskoj sceni. Zakonsko ukidanje cross-medijskog vlasništva nije rezultiralo smanjenjem koncentracije u medijskom sektoru, nego se ona povećala, čime se smanjuje mogućnosti za nezavisne izvore vijesti i mišljenja.