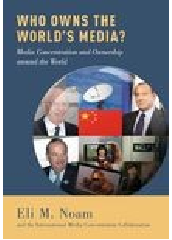


Who Owns the World's Media? Media Concentration and Ownership around the World
Eli M. Noam and The International Media Concentration Collaboration
https://doi.org/10.1093/acprof:oso/9780199987238.001.0001
Published: 2016 **Online ISBN:** 9780190210182 **Print ISBN:** 9780199987238

CHAPTER

23 Media Ownership and Concentration in Australia

Franco Papandrea, Rodney Tiffen

https://doi.org/10.1093/acprof:oso/9780199987238.003.0023 Pages 703–739
Published: January 2016

Abstract

This chapter begins the section on countries in Asia and the Pacific. It examines media ownership and concentration in Australia. Following an overview of the Australian media landscape, the remainder of the chapter focuses on print media (newspapers, book publishing, magazine publishing), audiovisual media (radio, broadcast television, multichannel TV platforms, film), telecommunications media (wireline and wireless telecom), and Internet media (Internet Service Providers, search engines). Australian media ownership has been dominated by media families such as the Murdochs and the Packers. The mixture of concentrated ownership and powerful personalities means that media policy has been a contentious issue. In telecom, too, there have been contentious battles over policy between the government and the major network operator Telstra.

Keywords: Australian media market, media industry, media groups, print media, Murdoch, Packer, telecommunications, Internet, media policy, Telstra Australian media market, media industry, media groups, print media, Murdoch, Packer, telecommunications, Internet, media policy, Telstra

Subject: Economic Sociology, Social Research and Statistics

Introduction

Australian history has been shaped by the “tyranny of distance,” not only internationally, but also domestically.[1] At the time of federation in 1901—when the continent’s six British colonies entered a political union—media markets were primarily local and thus reflected parochial content and advertising. The national media market is a relatively recent development. Australian media have tended toward high levels of concentration due to a variety of factors that differ between certain industries. The moderate size of the market, combined with economies of size and scope in the print and audiovisual segment, has always constrained market entrants. In some industries, most notably electronic media, regulatory interventions have sought to limit the impact of market forces on ownership concentration. In other industries, such as telecommunications, the former state monopoly has been supplanted by open competition, but ownership concentration nonetheless remains relatively high in the hands of the former state-owned monopolist Telstra. A high rate of technological change in recent decades has been a catalyst for the development of new industries and in forcing traditional producers to alter their business models. While the Internet has been instrumental in the growth of “new media” and the emergence of new global players such as Google, at the local level, its transformative effects on concentration have been limited. Usage of new media is widespread.
p. 704 In 2012, 55% of the population ↳ held Internet subscriptions.[2] Yet domestic news consumption is still dominated by traditional media sources, which have come to control some of the most popular domestic online news portals.

Rules to safeguard media diversity were first applied to radio broadcasting in 1935 when ownership of multiple licences was restricted at the local, state and federal levels. The primary aim of the rules was to constrain dominance of commercial radio licences by newspaper interests.[3] Similar rules preventing any one individual or entity from acquiring more than one commercial license in the same locality, and more than two nationally were applied when television was introduced in 1956. Despite these measures, newspapers' owners dominated both commercial radio and commercial TV broadcasting.

Notwithstanding this long-held concern over cross-ownership by newspapers, specific restrictions were not introduced until 1987. The federal government argued that they were needed to "curb major expansion in television by existing newspapers and radio interests that already have considerable influence over the formation of public opinion."[4] These changes had immediate and far-ranging effects: between 1986 and 1987, 13 of 19 metropolitan newspapers changed hands and 11 of 17 metropolitan commercial TV stations changed owners. Cross-ownership between newspapers and broadcasting was almost completely eliminated, but concentration within both industries increased.

The interests surrounding this change were complex: the Labor Government at the time was inclined to introduce aggregation into rural areas, giving consumers more products to choose from and undermining highly profitable local monopolies. With support for the change by the metropolitan networks, the roll-out began in 1989 after an intense internal debate (the other main parties, the Nationals and Liberals, were also divided despite officially opposing Labor's initiative). Kerry Packer held TV stations through his Nine Network but owned no newspapers at the time, and his operations were thus unaffected. Rupert Murdoch had become a US citizen in order to buy 20th Century Fox, giving up his Australian citizenship. Since he had to divest himself from his Australian TV holdings (but not his News Ltd.'s newspapers), the regulations came at a propitious time for him. Conversely, the other two major media groups—Fairfax Media and The Herald and Weekly Times (HWT)—owned both TV stations and daily newspapers, so the new restrictions made it almost impossible for either to expand its businesses.

Subsequent to the change, the widely diffused ownership structure of the commercial television industry was transformed into one where three urban networks covered the major metropolitan areas and two regional networks dominated the rest of the country. Almost a decade after their introduction, the cross-ownership rules became the focus of a major political debate between a new Conservative government intent on their removal and the parties in opposition. After several years of debate, legislation abolishing the restrictions was passed in 2006 that introduced the concept of "independent voices" in local media markets: at least five independent media voices in metropolitan areas and at least four in other areas. Given the existence of restrictions on cross-ownership of radio and broadcast TV licenses in local markets, the 2006 media diversity rules were largely redundant and proved ineffective in decreasing concentration.[5] For radio, the strict limits on cross-ownership introduced in 1935 were removed with the passage of the 1992 Broadcasting Services Act. Since then, the only remaining restriction is a limit of no more than two stations

in common ↳ ownership in the same licensing market: there are no limits on the number of licenses that can be held in different local markets. The removal of the cross-ownership restrictions entrenched the already relatively concentrated media markets and opened the doors to greater concentration. The ownership changes that followed led to the reemergence of cross-ownership of radio stations and newspapers (APN News and Media) and broadcast radio and TV (Southern Cross Media Group). Today, most cities and towns are served by three commercial television services, several commercial radio services (at least two for every locale), and the television and radio services of the publicly-owned Australian Broadcasting Corporation (ABC) and Special Broadcasting Service (SBS).

The new regulations were introduced partly to counterbalance the planned replacement of existing constraints on cross-ownership of more than two broadcasting stations. The new, broader rules provided for common ownership of any number of commercial television stations, provided their aggregate reach did not exceed a 60% share of the population. Subsequent to the change, the widely diffused ownership structure of the commercial broadcasting industry was transformed into one where three urban networks covered the major metropolitan areas and two regional networks dominated the rest of the country. The removal of the cross-ownership restrictions not only entrenched the already relatively concentrated market, but it also opened the doors to greater concentration in other media industries.

Other media industries are not subject to specific ownership regulation. Starting in 1991, the telecommunications sector underwent reforms that fully privatized and liberalized the market. The transformation began with the establishment of a second fully private carrier, Optus—fully owned by the Singaporean state-owned wireless provider SingTel—providing both wireline and wireless services in competition with Telstra. A third domestic mobile operator, Vodafone, was licensed and entered the market in 1993. The 1997 Telecommunications Act introduced a fully competitive market, and Telstra was fully privatized. Telstra's former monopolist status and ownership of the wireline consumer access network has given it a distinct advantage over its competitors. Telstra has been able to use its position as Australia's dominant wireline carrier and largest wireless carrier to establish itself as the largest Internet service provider (ISP) in the country as well.

Widespread access and use of the Internet have brought many changes with major implications for media industries, but hoped-for increases in news sources and the mitigation of concentration in traditional media has only partially materialized. In the domestic arena, little has changed since the Productivity Commission reported in 2000 that the majority of Australians obtaining their news from the Internet were accessing the sites of the established traditional media organizations.[6] So far, Crikey.com is the only significant independent alternative Australian news portal.

In the following sections, we observe that in recent years there has been a significant increase in the presence of cross-ownership by conglomerates.

Introduction

Australian history has been shaped by the "tyranny of distance," not only internationally, but also domestically.[1] At the time of federation in 1901—when the continent's six British colonies entered a political union—media markets were primarily local and thus reflected parochial content and advertising. The national media market is a relatively recent development. Australian media have tended toward high levels of concentration due to a variety of factors that differ between certain industries. The moderate size of the market, combined with economies of size and scope in the print and audiovisual segment, has always constrained market entrants. In some industries, most notably electronic media, regulatory interventions have sought to limit the impact of market forces on ownership concentration. In other industries, such as telecommunications, the former state monopoly has been supplanted by open competition, but ownership concentration nonetheless remains relatively high in the hands of the former state-owned monopolist Telstra. A high rate of technological change in recent decades has been a catalyst for the development of new industries and in forcing traditional producers to alter their business models. While the Internet has been instrumental in the growth of "new media" and the emergence of new global players such as Google, at the local level, its transformative effects on concentration have been limited. Usage of new media is widespread.
 In 2012, 55% of the population ↳ held Internet subscriptions.[2] Yet domestic news consumption is still dominated by traditional media sources, which have come to control some of the most popular domestic online news portals.

Rules to safeguard media diversity were first applied to radio broadcasting in 1935 when ownership of multiple licences was restricted at the local, state and federal levels. The primary aim of the rules was to constrain dominance of commercial radio licences by newspaper interests.[3] Similar rules preventing any one individual or entity from acquiring more than one commercial license in the same locality, and more than two nationally were applied when television was introduced in 1956. Despite these measures, newspapers' owners dominated both commercial radio and commercial TV broadcasting.

Notwithstanding this long-held concern over cross-ownership by newspapers, specific restrictions were not introduced until 1987. The federal government argued that they were needed to "curb major expansion in television by existing newspapers and radio interests that already have considerable influence over the formation of public opinion."[4] These changes had immediate and far-ranging effects: between 1986 and 1987, 13 of 19 metropolitan newspapers changed hands and 11 of 17 metropolitan commercial TV stations changed owners. Cross-ownership between newspapers and broadcasting was almost completely eliminated, but concentration within both industries increased.

The interests surrounding this change were complex: the Labor Government at the time was inclined to introduce aggregation into rural areas, giving consumers more products to choose from and undermining highly profitable local monopolies. With support for the change by the metropolitan networks, the roll-out began in 1989 after an intense internal debate (the other main parties, the Nationals and Liberals, were also divided despite officially opposing Labor's initiative). Kerry Packer held TV stations through his Nine Network but owned no newspapers at the time, and his operations were thus unaffected. Rupert Murdoch had become a US citizen in order to buy 20th Century Fox, giving up his Australian citizenship. Since he had to divest himself from his Australian TV holdings (but not his News Ltd.'s newspapers), the regulations came at a propitious time for him. Conversely, the other two major media groups—Fairfax Media and The Herald and Weekly Times (HWT)—owned both TV stations and daily newspapers, so the new restrictions made it almost impossible for either to expand its businesses.

Subsequent to the change, the widely diffused ownership structure of the commercial television industry was transformed into one where three urban networks covered the major metropolitan areas and two regional networks dominated the rest of the country. Almost a decade after their introduction, the cross-ownership rules became the focus of a major political debate between a new Conservative government intent on their removal and the parties in opposition. After several years of debate, legislation abolishing the restrictions was passed in 2006 that introduced the concept of "independent voices" in local media markets: at least five independent media voices in metropolitan areas and at least four in other areas. Given the existence of restrictions on cross-ownership of radio and broadcast TV licenses in local markets, the 2006 media diversity rules were largely redundant and proved ineffective in decreasing concentration.[5] For radio, the strict limits on cross-ownership introduced in 1935 were removed with the passage of the 1992 Broadcasting Services Act. Since then, the only remaining restriction is a limit of no more than two stations in common ownership in the same licensing market: there are no limits on the number of licenses that can be held in different local markets. The removal of the cross-ownership restrictions entrenched the already relatively concentrated media markets and opened the doors to greater concentration. The ownership changes that followed led to the reemergence of cross-ownership of radio stations and newspapers (APN News and Media) and broadcast radio and TV (Southern Cross Media Group). Today, most cities and towns are served by three commercial television services, several commercial radio services (at least two for every locale), and the television and radio services of the publicly-owned Australian Broadcasting Corporation (ABC) and Special Broadcasting Service (SBS).

The new regulations were introduced partly to counterbalance the planned replacement of existing constraints on cross-ownership of more than two broadcasting stations. The new, broader rules provided for common ownership of any number of commercial television stations, provided their aggregate reach did not exceed a 60% share of the population. Subsequent to the change, the widely diffused ownership structure of the commercial broadcasting industry was transformed into one where three urban networks covered the major metropolitan areas and two regional networks dominated the rest of the country. The removal of the cross-ownership restrictions not only entrenched the already relatively concentrated market, but it also opened the doors to greater concentration in other media industries.

Other media industries are not subject to specific ownership regulation. Starting in 1991, the telecommunications sector underwent reforms that fully privatized and liberalized the market. The transformation began with the establishment of a second fully private carrier, Optus—fully owned by the Singaporean state-owned wireless provider SingTel—providing both wireline and wireless services in competition with Telstra. A third domestic mobile operator, Vodafone, was licensed and entered the market in 1993. The 1997 Telecommunications Act introduced a fully competitive market, and Telstra was fully privatized. Telstra's former monopolist status and ownership of the wireline consumer access network has given it a distinct advantage over its competitors. Telstra has been able to use its position as Australia's dominant wireline carrier and largest wireless carrier to establish itself as the largest Internet service provider (ISP) in the country as well.

Widespread access and use of the Internet have brought many changes with major implications for media industries, but hoped-for increases in news sources and the mitigation of concentration in traditional media has only partially materialized. In the domestic arena, little has changed since the Productivity Commission reported in 2000 that the majority of Australians obtaining their news from the Internet were accessing the sites of the established traditional media organizations.[6] So far, Crikey.com is the only significant independent alternative Australian news portal.

In the following sections, we observe that in recent years there has been a significant increase in the presence of cross-ownership by conglomerates.

Print Media

Newspapers

The zenith for Australian newspapers' diversity came in 1923, when there were 26 metropolitan dailies and 21 independent owners.[7] Since then, the trend has been toward a reduction in both the number of titles and owners. The worldwide Great Depression of the 1930s led to several closures and weakened other titles. During this time, *The Herald and Weekly Times* (HWT), led (but not owned) by Sir Keith Murdoch, started acquiring titles. After further consolidation in the years after WWII, three owners now dominate the national market: News Corp.'s News Ltd., with six titles accounting for 65% of metropolitan and daily
p. 706
circulation; Fairfax Media ↳ with four titles accounting for 25%; and Seven West Media Ltd.'s sole title, with a 10% market share. The market, both at the national and subnational levels, is entirely commercial. Sydney and Melbourne are the only cities in the country with competing, locally produced daily newspapers. Print media is highly concentrated when compared against world standards.

Australia also has a well-established provincial daily press consisting in 2011 of 37 newspapers of varying size and quality, but with little impact or newsgathering capacity at the national level. Nearly all these began as locally owned enterprises, but by 2008, only two remained as such: all of the others have been absorbed into larger conglomerates.

The number of newspapers in circulation declined from 56 to 48 between 1984 and 2010. However, seven of the eight closures were of metropolitan afternoon newspapers, all of which closed between 1987 and 1993. This was in part because of changing commuting, advertising, and reading habits, but the 1980s ownership changes in all Australian traditional media accelerated their demise. Apart from these seven afternoon newspapers, there has been only one other closure in the period under review, that of a small provincial daily. Australian newspapers' overall good health paints a contrasting picture to the state of affairs facing counterparts in other English-language speaking markets: compared with 1992 levels, the 2008 circulation rate was around 90%. That said, the substantial population growth Australia has experienced since the 1980s means that the ratio of sales to population has significantly declined (Table 23.1).

Table 23-1. Daily Newspapers (Market Shares by Circulation)

	1984	1988	1992	1996	2000	2004	2008	2011
News Ltd. (News Corp., Murdoch, US/UK/AUS)	25.0	56.2	58.1	56.6	57.2	57.7	57.8	57.5
The Herald and Weekly Times (HWT)	46.4	News Ltd.						
Fairfax Media	23.7	18.9	20.2	21.5	22.0	21.4	28.6	28.5
Rural	1.5	1.9	2.2	2.7	3.9	5.3	Fairfax Media	
Seven West Media (Kerry Stokes)			8.3	8.6	8.1	7.8	7.7	8.1
APN News & Media (Independent News & Media) (Ireland)	0.8	4.5	5.5	5.5	5.2	5.3	5.3	5.3
Others	2.7	18.5	5.6	5.1	3.5	2.4	0.6	0.6
# of Titles in Circulation	56	53	49	48	48	48	48	48
Total Circulation (mil copies)	4.5	4.0	3.3	3.2	3.1	3.1	3.0	2.8
Total Revenue (mil US$)	1,459	2,104	1,567	2,784	2,901	3,427	5,447	4,900
Total Revenue (mil A$)	1,694	2,648	3,096	3,544	4,858	4,929	5,697	4,653
C4	96.6	81.5	92.1	91.7	92.5	92.2	99.4	99.4
HHI	3,343	3,530	3,888	3,777	3,864	3,904	4,246	4,212
N (>1%)	4	4	5	5	5	5	4	4
Noam Index	1,672	1,765	1,739	1,689	1,728	1,746	2,123	2,106

Source: Audit Bureau of Circulation for circulation data; Australian Press Council for ownership data.

In 2011, the third biggest print group was Seven West Media, which owns two titles in Western Australia, most importantly the morning daily *West Australian*, formerly part of HWT. Its circulation has been slightly worse than average in recent years, hence its declining market share. APN, owned by the Irish businessman Tony O'Reilly's Independent News & Media (INM), owns several provincial daily newspapers until it began selling its shares off in 2015. It began a substantial Australian presence during the 1987 shake-up, and has acquired more titles since. Rural Press was formed following internal divisions in the Fairfax family in the late 1980s and built a stable of provincial dailies, which in 2007 became part of Fairfax's operations when the two companies merged, boosting the share of Fairfax papers in the total national circulation. Before the late 1980s disruptions, Fairfax had accounted for about one-quarter of national daily circulation. By far, the largest newspapers' publisher in the country is Rupert Murdoch's News Ltd., whose titles account for nearly 6 out of 10 daily sales.

Australian newspapers were unusually one-sided in their partisan allegiances for many years.[8],[9] Beginning in the 1960s, the situation began to improve, as many newspapers allowed reporters more editorial independence and there was greater pluralism of perspectives in commentary. However, such pluralism is precarious, and there have been continuing accusations of bias, especially against News Ltd. (Figure 23.1).

Figure 23.1

Daily Newspapers Concentration Indices (1984–2008)

Daily Newspapers Concentration Indices (1984–2008)

Book Publishing

For most of Australian history, British publishing houses have dominated the book market, but a local industry grew quickly in the last quarter of the twentieth century. The share of Australian book publishing revenue accounted for by Australian books is considerably smaller than it is for domestic newspapers and magazines. In 2010, it stood at 48%, up from 44% in 2001. Although book publishing, like most other content creation industries, has been greatly affected by the digital revolution, e-books of various types have only become financially successful in recent years.[10] Total revenue in the sector has been growing slowly, up from a total of US$1.21 billion ↳ (A$1.5 billion) in 2004 to US$1.1 billion (A$1.7 billion) million in
p. 707 2008.[11] In 2008, there were approximately 4,000 book publishers in Australia, but almost 70% published only one title that year, while 295 (8%) published five titles or more, and 23 (fewer than 1%) published over 100 titles.[12] The market is the least concentrated of the three print markets under review here.

p. 708 The available data are not comprehensive and are only available for recent years. The leading industry monitor is Nielsen BookScan, which supplied the data in the table below. Their figures do not include educational publishing, which comprises around one-third of the total market volume. However, there has been a high turnover rate of small and medium-size publishers and, as the table suggests, one means of survival is having a large parent company.

Hachette, whose parent company is Lagardere (France), was the second ranking company in 2006 and 2008, having grown by acquiring such publishers as Hodder Headline (UK) and Little, Brown and Company (US). Apart from these acquisitions, the market share of the top four companies has been stable since 1984 (Table 23.2).

Table 23-2. Book Publishing (Market Shares by Revenue)

	2004	2006	2008
Penguin/Pearson (UK)	13.6	13.3	14.3
Hachette (Lagardere) (France)		11.6	13.0
Random House (Bertelsmann AG) (Germany)	12.4	9.9	10.1
HarperCollins (News Corp.) Murdoch Family	11.8	9.4	9.3
Pan Macmillan (UK)	6.3		
Others	55.9	55.8	53.3
Total Revenue (mil US$)	669	749	1,160
Total Revenue (mil A$)	870	974	1,740
C4	44.1	44.2	46.7
HHI	518	498	562
N (>1%)	4	4	4
Noam Index	259	249	281

Source: Nielsen BookScan.

Magazine Publishing

Only after WWII did magazine publishing became a major industry. Three large Australian companies and some international publishers, such as Time Warner and Reader’s Digest, dominate the magazine market. A plethora of small circulation periodicals also exist, some of which are fairly short-lived. The most reliable data, however, concern the larger magazines. Table 23.3 gives the data for the top 50 circulating magazines in each of the years selected.

Table 23-3. Magazine Publishing (Market Shares by Circulation)

	2000	2004	2008
Publishing and Broadcasting Limited (PBL) (Packer)	46.0	46.0	44.0
Pacific Magazines (Seven West Media) (Kerry Stokes)	19.0	22.0	27.0
News Ltd. (News Corp., Murdoch, US/UK/AUS)	5.0	1.0	14.0
FPC (The Independent Print Media Group)	7.0	11.0	News Ltd.
Reader's Digest (US)	6.0	4.0	6.0
Horwitz[1]	3.0	2.0	N/A
Time Warner (US)	5.0	4.0	1.0
Others	8.0	9.0	7.0
Total Circulation (mil copies)	8.1	7.6	7.1
Total Revenue (mil US$)	1,027	1,343	2,210
Total Revenue (mil A$)	1,720	1,932	2,311
C4	78.0	83.0	93.0
HHI	2,621	2,758	2,898
N (>1%)	7	7	5
Noam Index	991	1,042	1,296

Source: Audit Bureau of Circulation for circulation data; Australian Press Council for ownership data.

1 Horwitz dropped out of the leading 50 magazines in this period.

The revenue figures in Table 23.3 do not reflect circulation numbers: total magazine circulation fell by 12.5% between 2000 and 2008 despite an increase in revenue (Figure 23.2).

Figure 23.2

Magazines Concentration Indices

Magazines Concentration Indices

Print Media

Newspapers

The zenith for Australian newspapers' diversity came in 1923, when there were 26 metropolitan dailies and 21 independent owners.[7] Since then, the trend has been toward a reduction in both the number of titles and owners. The worldwide Great Depression of the 1930s led to several closures and weakened other titles. During this time, *The Herald and Weekly Times* (HWT), led (but not owned) by Sir Keith Murdoch, started acquiring titles. After further consolidation in the years after WWII, three owners now dominate the national market: News Corp.'s News Ltd., with six titles accounting for 65% of metropolitan and daily
p. 706 circulation; Fairfax Media ↳ with four titles accounting for 25%; and Seven West Media Ltd.'s sole title, with a 10% market share. The market, both at the national and subnational levels, is entirely commercial. Sydney and Melbourne are the only cities in the country with competing, locally produced daily newspapers. Print media is highly concentrated when compared against world standards.

Australia also has a well-established provincial daily press consisting in 2011 of 37 newspapers of varying size and quality, but with little impact or newsgathering capacity at the national level. Nearly all these began as locally owned enterprises, but by 2008, only two remained as such: all of the others have been absorbed into larger conglomerates.

The number of newspapers in circulation declined from 56 to 48 between 1984 and 2010. However, seven of the eight closures were of metropolitan afternoon newspapers, all of which closed between 1987 and 1993. This was in part because of changing commuting, advertising, and reading habits, but the 1980s ownership changes in all Australian traditional media accelerated their demise. Apart from these seven afternoon newspapers, there has been only one other closure in the period under review, that of a small provincial daily. Australian newspapers' overall good health paints a contrasting picture to the state of affairs facing counterparts in other English-language speaking markets: compared with 1992 levels, the 2008 circulation rate was around 90%. That said, the substantial population growth Australia has experienced since the 1980s means that the ratio of sales to population has significantly declined (Table 23.1).

Table 23-1. Daily Newspapers (Market Shares by Circulation)

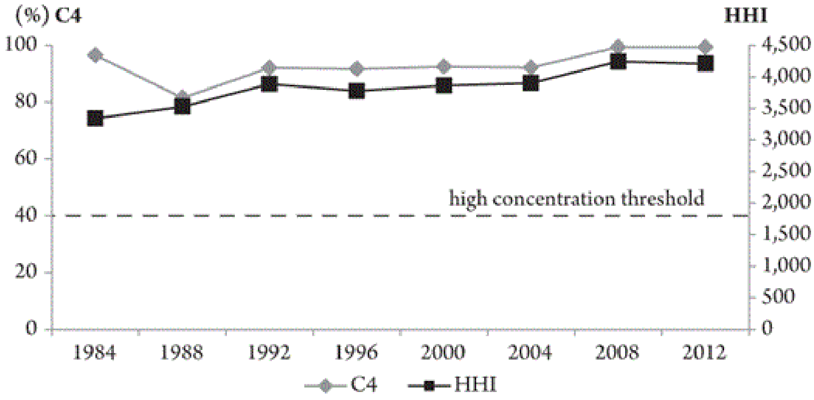
	1984	1988	1992	1996	2000	2004	2008	2011
News Ltd. (News Corp., Murdoch, US/UK/AUS)	25.0	56.2	58.1	56.6	57.2	57.7	57.8	57.5
The Herald and Weekly Times (HWT)	46.4	News Ltd.						
Fairfax Media	23.7	18.9	20.2	21.5	22.0	21.4	28.6	28.5
Rural	1.5	1.9	2.2	2.7	3.9	5.3	Fairfax Media	
Seven West Media (Kerry Stokes)			8.3	8.6	8.1	7.8	7.7	8.1
APN News & Media (Independent News & Media) (Ireland)	0.8	4.5	5.5	5.5	5.2	5.3	5.3	5.3
Others	2.7	18.5	5.6	5.1	3.5	2.4	0.6	0.6
# of Titles in Circulation	56	53	49	48	48	48	48	48
Total Circulation (mil copies)	4.5	4.0	3.3	3.2	3.1	3.1	3.0	2.8
Total Revenue (mil US$)	1,459	2,104	1,567	2,784	2,901	3,427	5,447	4,900
Total Revenue (mil A$)	1,694	2,648	3,096	3,544	4,858	4,929	5,697	4,653
C4	96.6	81.5	92.1	91.7	92.5	92.2	99.4	99.4
HHI	3,343	3,530	3,888	3,777	3,864	3,904	4,246	4,212
N (>1%)	4	4	5	5	5	5	4	4
Noam Index	1,672	1,765	1,739	1,689	1,728	1,746	2,123	2,106

Source: Audit Bureau of Circulation for circulation data; Australian Press Council for ownership data.

In 2011, the third biggest print group was Seven West Media, which owns two titles in Western Australia, most importantly the morning daily *West Australian*, formerly part of HWT. Its circulation has been slightly worse than average in recent years, hence its declining market share. APN, owned by the Irish businessman Tony O'Reilly's Independent News & Media (INM), owns several provincial daily newspapers until it began selling its shares off in 2015. It began a substantial Australian presence during the 1987 shake-up, and has acquired more titles since. Rural Press was formed following internal divisions in the Fairfax family in the late 1980s and built a stable of provincial dailies, which in 2007 became part of Fairfax's operations when the two companies merged, boosting the share of Fairfax papers in the total national circulation. Before the late 1980s disruptions, Fairfax had accounted for about one-quarter of national daily circulation. By far, the largest newspapers' publisher in the country is Rupert Murdoch's News Ltd., whose titles account for nearly 6 out of 10 daily sales.

Australian newspapers were unusually one-sided in their partisan allegiances for many years.[8],[9] Beginning in the 1960s, the situation began to improve, as many newspapers allowed reporters more editorial independence and there was greater pluralism of perspectives in commentary. However, such pluralism is precarious, and there have been continuing accusations of bias, especially against News Ltd. (Figure 23.1).

Figure 23.1



Daily Newspapers Concentration Indices (1984–2008)

Book Publishing

For most of Australian history, British publishing houses have dominated the book market, but a local industry grew quickly in the last quarter of the twentieth century. The share of Australian book publishing revenue accounted for by Australian books is considerably smaller than it is for domestic newspapers and magazines. In 2010, it stood at 48%, up from 44% in 2001. Although book publishing, like most other content creation industries, has been greatly affected by the digital revolution, e-books of various types have only become financially successful in recent years.[10] Total revenue in the sector has been growing p. 707 slowly, up from a total of US$1.21 billion ↳ (A$1.5 billion) in 2004 to US$1.1 billion (A$1.7 billion) million in 2008.[11] In 2008, there were approximately 4,000 book publishers in Australia, but almost 70% published only one title that year, while 295 (8%) published five titles or more, and 23 (fewer than 1%) published over 100 titles.[12] The market is the least concentrated of the three print markets under review here.

p. 708 The available data are not comprehensive and are only available for recent years. The leading industry monitor is Nielsen BookScan, which supplied the data in the table below. Their figures do not include educational publishing, which comprises around one-third of the total market volume. However, there has been a high turnover rate of small and medium-size publishers and, as the table suggests, one means of survival is having a large parent company.

Hachette, whose parent company is Lagardere (France), was the second ranking company in 2006 and 2008, having grown by acquiring such publishers as Hodder Headline (UK) and Little, Brown and Company (US). Apart from these acquisitions, the market share of the top four companies has been stable since 1984 (Table 23.2).

Table 23-2. Book Publishing (Market Shares by Revenue)

	2004	2006	2008
Penguin/Pearson (UK)	13.6	13.3	14.3
Hachette (Lagardere) (France)		11.6	13.0
Random House (Bertelsmann AG) (Germany)	12.4	9.9	10.1
HarperCollins (News Corp.) Murdoch Family	11.8	9.4	9.3
Pan Macmillan (UK)	6.3		
Others	55.9	55.8	53.3
Total Revenue (mil US$)	669	749	1,160
Total Revenue (mil A$)	870	974	1,740
C4	44.1	44.2	46.7
HHI	518	498	562
N (>1%)	4	4	4
Noam Index	259	249	281

Source: Nielsen BookScan.

Magazine Publishing

Only after WWII did magazine publishing became a major industry. Three large Australian companies and some international publishers, such as Time Warner and Reader's Digest, dominate the magazine market. A plethora of small circulation periodicals also exist, some of which are fairly short-lived. The most reliable data, however, concern the larger magazines. Table 23.3 gives the data for the top 50 circulating magazines in each of the years selected.

Table 23-3. Magazine Publishing (Market Shares by Circulation)

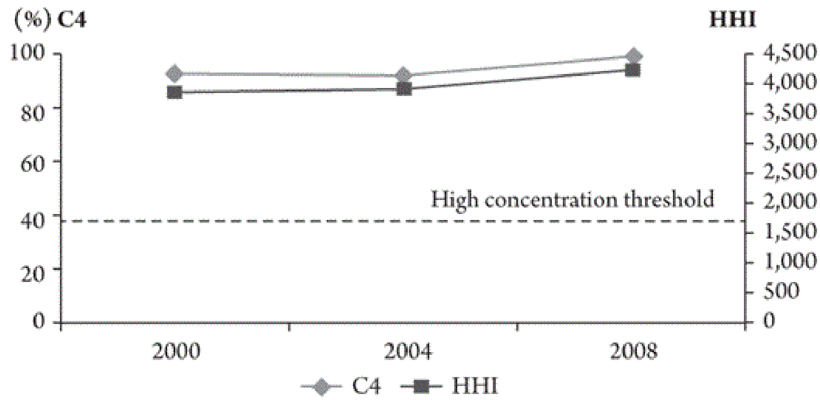
	2000	2004	2008
Publishing and Broadcasting Limited (PBL) (Packer)	46.0	46.0	44.0
Pacific Magazines (Seven West Media) (Kerry Stokes)	19.0	22.0	27.0
News Ltd. (News Corp., Murdoch, US/UK/AUS)	5.0	1.0	14.0
FPC (The Independent Print Media Group)	7.0	11.0	News Ltd.
Reader's Digest (US)	6.0	4.0	6.0
Horwitz[1]	3.0	2.0	N/A
Time Warner (US)	5.0	4.0	1.0
Others	8.0	9.0	7.0
Total Circulation (mil copies)	8.1	7.6	7.1
Total Revenue (mil US$)	1,027	1,343	2,210
Total Revenue (mil A$)	1,720	1,932	2,311
C4	78.0	83.0	93.0
HHI	2,621	2,758	2,898
N (>1%)	7	7	5
Noam Index	991	1,042	1,296

Source: Audit Bureau of Circulation for circulation data; Australian Press Council for ownership data.

1 Horwitz dropped out of the leading 50 magazines in this period.

The revenue figures in Table 23.3 do not reflect circulation numbers: total magazine circulation fell by 12.5% between 2000 and 2008 despite an increase in revenue (Figure 23.2).

Figure 23.2



Magazines Concentration Indices

Audiovisual Media

Radio

The Australian commercial radio industry was reconfigured in the 1930s as a dual public–private system. The public service broadcaster Australian Broadcasting Corporation (ABC) which operates as a mixture of national and regional/local networks. Public broadcasting was augmented with the establishment of the Special Broadcasting Service (SBS) in 1978, which was expanded from the Sydney and Melbourne metropolitan areas to provide nationwide coverage alongside the ABC. Apart from some relatively minor income generated from its ancillary business activities, the ABC is funded entirely by the public. The overwhelming proportion of the SBS's funding also comes from ↳ the public, though unlike the ABC, the
p. 709 SBS can sell advertising.

Prior to 1987, strict regulation of commercial radio prohibited the ownership of more than one station in a local broadcasting area, more than four in any one state, and more than eight nationally. These limits were relaxed in 1987 to allow common ownership of up to 50% of the stations in any one state, and up to 16 stations nationally. As for commercial television, the introduction of regulation prohibiting cross-ownership of radio, television, and newspapers in the same market that year led to the divestiture of many media assets by their owners, including radio stations. Some instances of cross-ownership have reemerged since 2006. Another major factor that influenced the structure of the radio market was the introduction of FM radio in the 1970s. The new entrants in FM commercial radio were able to carve out large shares of their
p. 710 local markets, and the ABC also expanded with the development of additional FM services. ↳ Restructuring was given further impetus by the promulgation of the 1992 Broadcasting Services Act, which removed restrictions on foreign ownership. The limits on ownership of radio licences were also largely removed. The only restriction retained was the limitation that no single individual or entity could own more than two commercial radio stations in any local broadcasting area. The new legislation also provided for the licensing of Aboriginal radio services, and community radio stations.

Since 1992, there have been significant changes in the ownership of several major networks. Some new entities have emerged from mergers and acquisition of existing stations, and some foreign print publishers entered the market as well: Independent News & Media (Ireland) purchased a string of existing stations to form the Australian Radio Network (ARN), while Trinity Mirror plc (UK) acquired several regional stations in 1996 and subsequently acquired several new licenses to establish FM services in urban markets.

In 2011, the Austereo Group merged with Southern Cross Media (previously acquired by the Macquarie Bank Group) to form the Southern Cross Austereo Group with interests in several state capital city radio stations, two regional radio networks, and a regional TV network (Table 23.4).

Table 23-4. Radio Group (Market Shares by Revenue)

	1992	1996	2000	2004	2007	2012
Australian Broadcasting Corporation (ABC) (public)	33.2	29.1	27.3	24.4	23.7	27.2
Southern Cross Austereo						23.2
Austereo Radio Network (Village Roadshow) (US)	7.9	21.5	16.1	15.8	21.5	Southern Cross
Hoyts Media	9.9	Austereo				
Australian Media Network (ARN) (Independent News & Media) (Ireland) + (Clear Channel) (US)	5.2	10.0	13.1	11.8	10.4	9.6
Wesgo	5.4					
SEA FM		2.1	R G Capital			
R G Capital			3.7	4.9	Regional Media)	
Rural Press (Fairfax Media)		3.5	(Trinity Mirror plc)			
Broadcast Media Group		1.8	(Trinity Mirror plc)			
Regional Media (Macquarie Bank Group)					9.8	Southern Cross
Trinity Mirror plc (UK)			6.9	13.8	8.8	9.0
Tricom/Southern Cross Media Group/Fairfax Media	1.4	2.5	3.9	6.5	7.5	6.7
Radio Superhighway/Macquarie Network		1.4	2.8	3.6	3.1	4.4
Broadcast Operations			3.4	3.0	3.0	
Special Broadcasting Service (SBS) (public)	3.0	2.7	2.7	2.9	2.4	2.6
Others	34.0	29.8	14.7	13.0	15.4	17.2
Total Revenue (mill US$)	516	639	629	815	1,181	1,488.6
Total Revenue (mil A$)	722	830	1,195	1,060	1,299	1,454.3
C4	56.6	59.8	68.8	66.1	65.4	69.1
HHI	1,330	1,445	1,279	1,271	1,386	1,522
N (>1%)	7	9	9	9	9	7
Noam Index	503	482	426	424	462	575

Source: Estimates by authors based on original data from: Australian Communication and Media Authority, Broadcasting Financial Results (various years); Australian Broadcasting Corporation, Annual Reports; Special Broadcasting Service, Annual Reports; Australian Broadcasting Tribunal, Annual Reports; and Communications Law Centre, Update, "Media Ownership Update" (various years).

While many networks have changed hands since 1992, the effect of the market restructuring on ownership concentration of ownership has been insignificant. HHI in particular has remained reasonably steady and shows moderate concentration. The ABC has retained its status as the largest single operator, although its share of market revenue has declined significantly. The Austereo Radio Network, founded in 1980, has become the largest commercial operator and the ABC's main competitor. In 2011, Austereo and the Southern Cross Media Group merged to form Southern Cross Austereo with interests in both radio and broadcast TV (Figure 23.3).[13]

Figure 23.3

Radio Concentration Indices

Radio Concentration Indices

Broadcast Television

Broadcast TV in Australia was established in 1956 as a dual public–private system in which the government strictly controlled market entry and the size of the industry. Both the ABC and SBS operate nationwide public TV networks. The commercial sector developed under strict licensing provisions: owners were prohibited from holding a controlling interest—defined as 15% or more of the stock in the entity that held the station's license—in more than one television station in any one region and two stations nationally. As previously mentioned, in 1987 the national two-station ownership restriction was replaced by limiting ownership to an aggregate population reach of 60%. The introduction of the cross-ownership restrictions prohibited owners from having a controlling interest in more than one print daily, commercial television station, or commercial radio station in the same local market.

The number of commercial operators in the market was also strictly regulated. Initially, two commercial television licenses were allocated in the country's "mainland" capital cities.[14] In all other areas, only a single commercial television license was issued. A third commercial operator was progressively licensed in each of these capitals from 1965 to 1988. Finally, after 1988, commercial operators in adjoining states and territories were permitted to extend distribution into their neighboring markets. Foreign nationals and entities were prohibited from holding a controlling interest in a television station: these restrictions were lifted in 2006.

Until 1987, excessive concentration within the industry was held in check by the two-station ownership rule. Nonetheless, because newspapers were major players in commercial p. 711 ↳ broadcasting, the aim of the cross-ownership prohibitions introduced that year was to break apart existing cross-holdings over time. Preexisting breaches were sanctioned ("grandfathered") for as long as the ownership of a station remained unchanged. By 1992 all such breaches had been resolved by changes in the ownership of major commercial broadcasters.

p. 712 Aggregation of regional television markets began in 1989 and gradually led to the ↳ formation of new regional television networks. The post-1987 regulatory system helped major commercial networks gain control of individual stations in each of the mainland's capital cities, reaching 75% of the national population—legislation was enacted to increase the existing 60% cap to permit this. The population reach restrictions, combined with implementation of market aggregation policies, contributed significantly to the formation of regional commercial networks. The resulting concentration of commercial broadcasting in the hands of a small number of major players significantly altered the Australian TV market. Commercial ownership is now almost entirely concentrated in three major metropolitan network operators—Seven Network, Nine Network, and Ten Network—and three smaller regional networks. The remaining independent operators are economically small entities in control of small individual licenses of some regional services—and folded into "Others" in Table 23.5. In terms of programming, the three aforementioned regional networks—Prime Network, Southern Cross Media Group, and Win Television—are affiliated with their metropolitan counterparts and retransmit that programming with only minor local inputs.

Table 23-5. TV Broadcasting (Market Shares by Revenue)

	1988	1992	1996	2000	2004	2007	2012
Seven Network (Seven West Media) (Kerry Stokes)	17.0	21.2	22.8	26.2	22.1	24.9	26.4
Australian Broadcasting Corporation (ABC) (public)	14.6	16.1	12.5	11.6	10.2	12.4	13.6
Nine Network (Nine Entertainment) (CVC Capital Partners) (UK)[1]	23.6	24.4	25.7	27.9	25.8	21.5	21.6
Ten Network (Canwest) (Canada) (until 2009)[2]	17.6	11.5	15.4	13.6	17.9	18.2	15.7
Southern Cross Media Group		7.6	2.7	3.5	7.6	7.4	
Win Television		4.2	4.0	4.2	4.7	4.6	
Prime Network		2.9	4.4	4.1	4.6	4.5	
Special Broadcasting Service (SBS) (public)	2.5	2.5	3.1	3.0	3.5	3.0	4.0
Others	24.7	9.7	9.3	6.0	3.6	3.5	17.3
Total Revenue (mil US$)	1,266	1,706	2,289	2,286	3,001	3,982	4,903
Total Revenue (mil A$)	1,407	2,305	2,861	4,114	3.901	4,380	4,790
C4	72.9	73.2	76.5	79.2	76.0	77.0	77.2
HHI	1,378	1,525	1,631	1,836	1,691	1,671	1,611
N (>1%)	5	8	8	8	8	8	5
Noam Index	616	539	577	649	598	591	721

Source: Estimates by authors based on original data from: Australian Communication and Media Authority, Broadcasting Financial Results (various years); Australian Broadcasting Corporation, Annual Reports; Special Broadcasting Service, Annual Reports; Australian Broadcasting Tribunal, Annual Reports; and Communications Law Centre, Update, "Media Ownership Update" (various years).

1 Owned by Publishing and Broadcasting Limited (PBL) since 1990, the Packer family sold Nine Entertainment to private equity investors CVC Capital Partners (UK) in 2006.

2 Canwest sold its stock in TEN in 2009.

Because of the cross-ownership restrictions in place from 1987 to 2006 and the ban on foreign ownership that applied until 2006, foreign and domestic conglomerates had a limited presence in the market. Except for a brief period from 1987 to 1990, Packer's Publishing and Broadcasting Limited (PBL) controlled the Nine Network before its sale to private equity investors CVC Capital Partners (UK) in 2006. News Ltd. sold its ownership of Ten Network when the cross-ownership rules were introduced in 1987. A consortium of interests headed by Canwest (Canada) acquired Ten Network in 1992 and held it until 2009. Although Canwest had a 57.5% stake in the network, it held only 15% of the stock to comply with restrictions on foreign ownership. Kerry Stokes acquired 20% of Seven Network in 1995, making him its largest shareholder. The network has since expanded its interests into other media sectors including print.

In 1998, the government implemented a digital transmission conversion plan for over-the-air broadcasting. Although each of the incumbent operators broadcasts up to three channels each, the preexisting industry structure and concentration levels influenced the digitization policy. Available spectrum was allocated to established operators and bans were placed on the use of the digital spectrum to start new services in competition with established operators.

C4 and HHI for the industry indicate a moderate level of concentration. The top four operators (the three main commercial networks and the ABC) account for 75% of the total market revenue. The individual shares of revenue are not highly dissimilar for the three commercial operators, each in the range of 18–25% in
p. 713 2007. ↳ In the same year, the ABC's share of industry revenue was 12.4% (Figure 23.4).

Figure 23.4

Broadcast Television Concentration Indices

Broadcast Television Concentration Indices

The Australian TV production industry is the beneficiary of substantial direct and indirect financial assistance from federal and state-support agencies. The sector also benefits from domestic content regulations imposed on free-to-air and subscription television operators. Given the prevailing programming agreements and affiliations among the metropolitan and regional commercial operators, which have few means of obtaining popular programming from other sources or producing their own, local content at the regional level is very low.

Multichannel TV Platforms

Prior to the passage of the 1992 Broadcasting Services Act, the broadcast licensing regime prohibited the establishment of multisystem operators (MSOs) likely to compete with broadcast free-to-air television. The Act sanctioned a limited form of satellite delivery of multichannel services, and two licenses were p. 714 subsequently ↳ auctioned. Because of technical and policy delays, subscription TV channels commenced operating only in 1995 on satellite, terrestrial multipoint distribution, and cable platforms.[15] The first MSO licenses were issued in 1997. There are no major restrictions on the ownership of subscription television services. However, there are considerable barriers to entry into the industry, both in relation to delivery platforms and access to programming.

MSOs are relative latecomers in Australia largely because of regulatory prohibitions aimed at insulating commercial free-to-air TV from competition. According to the Australian Subscription Television and Radio Association, only 34% of the population had subscription TV services in 2011.[16] Current regulatory provisions constrain access of subscription providers to broadcasting rights for popular sporting events. Control of major sources of content by established media became a potent barrier to entry into the industry, as well as a major constraint to competitiveness. Control of the output of several major Hollywood producers (not available to competitors) enabled Foxtel—a DBS, cable, and IPTV provider founded in 1995 as a 50:50 joint venture between News Ltd. and Telstra—to establish a dominant position from the start and to continue consolidating that position ever since. Under a territorial program distribution arrangement between the two operators, Foxtel's market was confined to five state capitals on the mainland and the Gold Coast metropolitan area near Brisbane, while Austar, founded in 1994 and acquired by Foxtel in 2012 from Liberty Global (US), distributed the same programming throughout the rest of the country. The Singaporean-owned ICT provider Optus attempted to enter the market but faced considerable difficulties in growing its customer base due to having a limited cable distribution network at its disposal and failing to secure access to the US-produced content controlled and distributed by Foxtel. In 2002, after reaching a program-sharing agreement with Foxtel, Optus withdrew from the market and became a reseller of Foxtel programming content to its cable customers. A very small number of other players operate localized cable distribution systems in regional areas and limited satellite service.

Drama and sporting programs on subscription television are affected by regulation. Subscription television providers, including their drama channel package suppliers, are subject to the Australian content provisions p. 715 of the 1992 Broadcasting Services Act that require them to ↳ invest at least 10% of their total drama channels' program expenditure on domestically produced shows. Access to transmission rights of major sporting events is constrained by anti-siphoning rules. Australia has one of the world's most extensive mandated lists of sporting events that are to be made available for general viewing on free-to-air TV. Subscription television licensees can acquire the rights to broadcast events on the anti-siphoning list only if those rights are not acquired by over-the-air broadcasters (Table 23.6, Figure 23.5).

Table 23-6. Multichannel Video Platforms: Cable MSOs, DBS, IPTV (Market Shares by Revenue)

	1996	2000	2004	2008	2012
Australis Media	14.0	(in liquidation)			
Foxtel (Telstra: 50% News Ltd., 50%)[1]	30.7	54.4	56.6	67.8	95.0
Austar (Liberty Global) (US) (until 2012)	19.5	27.9	26.7	27.2	Foxtel
Optus (SingTel) (Singapore) (public)	34.9	16.4	12.1	Foxtel reseller	
Others	0.9	1.3	4.5	4.0	5.0
Total Revenue (mil US$)	169	601	1,010	2,153	3,292
Total Revenue (mil A$)	211	1,082	1,313	3,230	3,230
C3/C4	99.0	99.0	95.5	96.5	90.0
HHI	2,736	4,009	4,068	5,337	9,025
N (>1%)	4	3	3	2	1
Noam Index	1,368	2,314	2,348	3,773.6	9,025

Source: Authors.

1 The original ownership breakdown was Telstra, 50%; News Ltd., 25%; and PBL, 25%. News Ltd. acquired PBL's 25% stake—managed through Consolidated Media Holdings—in 2012.

Figure 23.5

Multichannel TV Platforms: Concentration Indices

Multichannel TV Platforms: Concentration Indices

Film

The Australian film and video production and post-production services industry is made up of more than 2,000 establishments, most of which are very small in size. According to the Australian Bureau of Statistics, only 18 of these establishments had more than 100 employees in 2007.[17] These 18 studios accounted for 39% of industry employment and 31.3% of its total revenue. The main producers are Village Roadshow, with 31.6% of total production expenditure in 2009, Endemol Southern Star with 9.8%, GTV Holdings with 4.3%, and Beyond International with 1.3%. Of these, Endemol (Netherlands), GTV, and Beyond International are primarily engaged in TV production.

In 2007, productions made primarily for television accounted for more than 72% of all production expenditures. An additional 13% of production expenditure was devoted to production of commercials, station, and program promotions. Only 14.5% was spent on non-television productions, the main components of which were US$167 million (A$184 million) for feature films and US$65.2 million (A$71.7 million) for corporate marketing and training media. The aggregate production expenditure of the top four producers was 47% of the total; the largest producer alone accounted for approximately 32% of the total.[18]

p. 716 Approximately 30 feature films are produced domestically each year, with approximately half of total production expenditure coming from a small number of high-budget foreign features filmed in Australia. Foreign feature films take in the lion's share of box office revenue. Overseas producers significantly influence the level of activity in feature film production, even though they produce on average only two to three features a year. In 2010, total production expenditure amounted to US$435 million (A$435 million), of which US$69 million (A$69 million) related to foreign productions. From 2001 to 2010, the average annual proportion of production activity funded by foreign producers was 44%, with a peak of 74% between 2004 and 2005.[19]

The major Hollywood studios dominate film distribution. In addition to the main international distributors, 30 small, specialized distributors are active in the industry and account for an aggregate market share of 7–15% in the period covered by the research data. Among the international distributors, the Australian company Village Roadshow, in association with Warner Brothers (US), has the largest market share (Table 23.7, Figure 23.6).

Tabe 23-7. Film Production/Distribution (Market Shares by Box Office %)

	2003	2004	2006	2008	2009
Village Roadshow/Warner Bros (AUS/US)	22.0	23.0	20.0	23.0	21.0
20th Century Fox (Murdoch Family, News Corp., US/UK/AUS)	11.0	11.0	20.0	15.0	16.0
United International Pictures (UIP) (Universal + Paramount)[1]	21.0	27.0	19.0	(dissolved)	
Paramount (US)	UIP			18.0	13.0
Universal (US)				14.0	11.0
Walt Disney [Buena Vista International (2003–2006)] (US)	25.0	16.0	15.0	12.0	13.0
Sony (Columbia TriStar) (Japan)	14.0	13.0	15.0	8.0	12.0
Others	7.0	11.0	11	11	15
Total Revenue (mil US$)	581	631	643	904	875
Total Revenue (mil A$)	813	820	817	1,356	963
C4	82.0	79.0	74.0	70.0	63.0
HHI	1,867	1,804	1,611	1,482	1,300
N (>1%)	5	5	5	6	6
Noam Index	835	807	720	605	531

Source: Screen Australia.

1 United International Pictures split into Paramount and Universal after 2006.

Figure 23.6

Film Distribution Concentration Indices

Film Distribution Concentration Indices

The cinema theater industry was initially characterized by widespread localized ownership but eventually saw the emergence of major chains that now control over 60% of box office revenue. Village Roadshow (AUS) has grown into an international media conglomerate. Its early expansion involved the acquisition of other drive-in and cinema houses. Then, it expanded into film distribution in the 1960s and film production in the 1970s. In 1988, it further broadened its interests with the acquisition of the De Laurentis Entertainment Group (US). In the 1990s, it expanded its cinema exhibition operations internationally, acquiring cinemas in 20 countries, which were subsequently scaled back to just the Australian and Singaporean markets. It also further broadened its media interests with the purchase of the Australian Triple M radio network in 1993, which was later transformed into the Austereo Group, the largest commercial radio network in Australia in terms of market share. In 2008, its Village Roadshow Pictures interests merged with Concord Music Group to form the Village Roadshow Entertainment Group.

The decline in the industry concentration indices during the period under review is largely a reflection of the combined effect of United International Pictures' split into Paramount and Universal in 2006 and increased market share by small, specialized independent distributors. Concentration in the Australian cinema exhibition industry has changed very little during the review period. The share of the market held by each of the three major cinema chains remained relatively stable. While there appears to be some ongoing slow
p. 717 rationalization among the smaller ↳ operators in the industry, the resultant minor gains in market share are being made by midsized operators.

The Australian cinema exhibition industry is made up of three large chain operators—Greater Union, Hoyts, and Village Roadshow—and some 140 smaller exhibitors. Prior to 2000, the number of operators in the industry was declining at a rate of approximately 3% per annum.[20] In 2000, there were 173 cinema exhibitors in operation, with 97 of them earning less than US$0.6 million (A$1 million) annually. While the p. 718 slow ↳ decline in the number of operators has continued over the past decade, the industry itself has grown both in terms of cinema screens and audience size.

In 2009, independent operators controlled 31% of total screens. The three major chains controlled over 1,000 cinema screens (or over 50% of the total), the rest being controlled by several other smaller chains. Overall, there is low to medium concentration in the industry, with little change recorded over the period from 1998 to 2009 (Table 23.8, Figure 23.7).

Table 23-8. Film Exhibition (Market Shares by Screen Ownership)

	1998	2000	2002	2004	2006	2008	2009
Greater Union	24.2	24.2	24.9	23.1	24.2	23.8	24.6
Hoyts	17.6	19.2	18.5	18.9	17.7	17.2	16.7
Village Roadshow (US)	13.5	12.5	12.6	11.8	11.5	11.3	11.3
Reading		4.6	5.1	6.8	6.9	7.8	7.5
Palace			3.1	2.6	3.0	3.8	3.8
Grand						1.9	1.9
Dendy						1.3	1.3
Wallis Theatres	1.4	1.1	1.0	1.7	1.4	1.4	1.2
Others	43.3	38.5	34.7	35.1	35.3	31.5	31.7
Total Revenue (mil US$)	391	412	476	631	643	904	876
Total Revenue (mil A$)	434	742	857	820	836	1,356	964
Domestic Films: Total Revenue Share (mil US$)	15.9	32.4	23.5	8.3	29.7	33.9	44.1
Domestic Films: Total Revenue Share (mil A$)	19.9	58.3	42.3	10.8	38.6	50.9	48.5
Domestic Films: Market Share (%)	4.0	7.9	4.9	1.3	4.6	3.8	5.0
C4	56.7	60.5	61.2	60.6	60.3	60.1	60.1
HHI	1,080	1,133	1,161	1,084	1,088	1,073	1,087
N (>1%)	4	5	6	6	6	8	8
Noam Index	540	507	474	443	444	380	384

Source: Screen Australia.

Figure 23.7

Cinemas Concentration Indices

Cinemas Concentration Indices

Radio

The Australian commercial radio industry was reconfigured in the 1930s as a dual public–private system. The public service broadcaster Australian Broadcasting Corporation (ABC) which operates as a mixture of national and regional/local networks. Public broadcasting was augmented with the establishment of the Special Broadcasting Service (SBS) in 1978, which was expanded from the Sydney and Melbourne metropolitan areas to provide nationwide coverage alongside the ABC. Apart from some relatively minor income generated from its ancillary business activities, the ABC is funded entirely by the public. The
p. 709 overwhelming proportion of the SBS's funding also comes from ↳ the public, though unlike the ABC, the SBS can sell advertising.

Prior to 1987, strict regulation of commercial radio prohibited the ownership of more than one station in a local broadcasting area, more than four in any one state, and more than eight nationally. These limits were relaxed in 1987 to allow common ownership of up to 50% of the stations in any one state, and up to 16 stations nationally. As for commercial television, the introduction of regulation prohibiting cross-ownership of radio, television, and newspapers in the same market that year led to the divestiture of many media assets by their owners, including radio stations. Some instances of cross-ownership have reemerged since 2006. Another major factor that influenced the structure of the radio market was the introduction of FM radio in the 1970s. The new entrants in FM commercial radio were able to carve out large shares of their
p. 710 local markets, and the ABC also expanded with the development of additional FM services. ↳ Restructuring was given further impetus by the promulgation of the 1992 Broadcasting Services Act, which removed restrictions on foreign ownership. The limits on ownership of radio licences were also largely removed. The only restriction retained was the limitation that no single individual or entity could own more than two commercial radio stations in any local broadcasting area. The new legislation also provided for the licensing of Aboriginal radio services, and community radio stations.

Since 1992, there have been significant changes in the ownership of several major networks. Some new entities have emerged from mergers and acquisition of existing stations, and some foreign print publishers entered the market as well: Independent News & Media (Ireland) purchased a string of existing stations to form the Australian Radio Network (ARN), while Trinity Mirror plc (UK) acquired several regional stations in 1996 and subsequently acquired several new licenses to establish FM services in urban markets.

In 2011, the Austereo Group merged with Southern Cross Media (previously acquired by the Macquarie Bank Group) to form the Southern Cross Austereo Group with interests in several state capital city radio stations, two regional radio networks, and a regional TV network (Table 23.4).

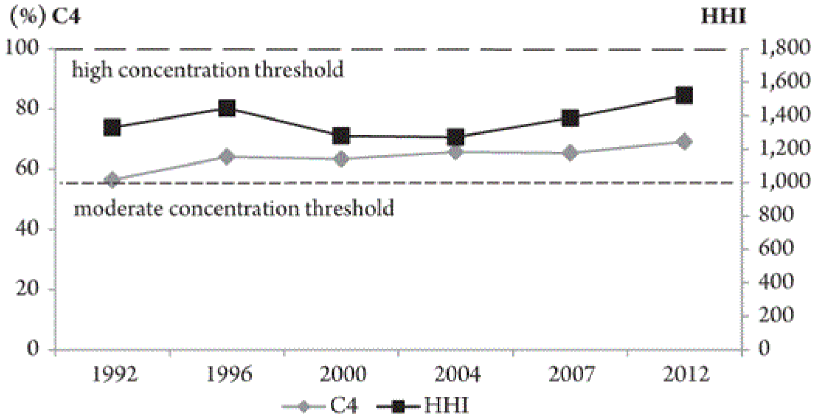
Table 23-4. Radio Group (Market Shares by Revenue)

	1992	1996	2000	2004	2007	2012
Australian Broadcasting Corporation (ABC) (public)	33.2	29.1	27.3	24.4	23.7	27.2
Southern Cross Austereo						23.2
Austereo Radio Network (Village Roadshow) (US)	7.9	21.5	16.1	15.8	21.5	Southern Cross
Hoyts Media	9.9	Austereo				
Australian Media Network (ARN) (Independent News & Media) (Ireland) + (Clear Channel) (US)	5.2	10.0	13.1	11.8	10.4	9.6
Wesgo	5.4					
SEA FM		2.1	R G Capital			
R G Capital			3.7	4.9	Regional Media)	
Rural Press (Fairfax Media)		3.5	(Trinity Mirror plc)			
Broadcast Media Group		1.8	(Trinity Mirror plc)			
Regional Media (Macquarie Bank Group)					9.8	Southern Cross
Trinity Mirror plc (UK)			6.9	13.8	8.8	9.0
Tricom/Southern Cross Media Group/Fairfax Media	1.4	2.5	3.9	6.5	7.5	6.7
Radio Superhighway/Macquarie Network		1.4	2.8	3.6	3.1	4.4
Broadcast Operations			3.4	3.0	3.0	
Special Broadcasting Service (SBS) (public)	3.0	2.7	2.7	2.9	2.4	2.6
Others	34.0	29.8	14.7	13.0	15.4	17.2
Total Revenue (mill US$)	516	639	629	815	1,181	1,488.6
Total Revenue (mil A$)	722	830	1,195	1,060	1,299	1,454.3
C4	56.6	59.8	68.8	66.1	65.4	69.1
HHI	1,330	1,445	1,279	1,271	1,386	1,522
N (>1%)	7	9	9	9	9	7
Noam Index	503	482	426	424	462	575

Source: Estimates by authors based on original data from: Australian Communication and Media Authority, Broadcasting Financial Results (various years); Australian Broadcasting Corporation, Annual Reports; Special Broadcasting Service, Annual Reports; Australian Broadcasting Tribunal, Annual Reports; and Communications Law Centre, Update, “Media Ownership Update” (various years).

While many networks have changed hands since 1992, the effect of the market restructuring on ownership concentration of ownership has been insignificant. HHI in particular has remained reasonably steady and shows moderate concentration. The ABC has retained its status as the largest single operator, although its share of market revenue has declined significantly. The Austereo Radio Network, founded in 1980, has become the largest commercial operator and the ABC’s main competitor. In 2011, Austereo and the Southern Cross Media Group merged to form Southern Cross Austereo with interests in both radio and broadcast TV (Figure 23.3).[13]

Figure 23.3



Radio Concentration Indices

Broadcast Television

Broadcast TV in Australia was established in 1956 as a dual public–private system in which the government strictly controlled market entry and the size of the industry. Both the ABC and SBS operate nationwide public TV networks. The commercial sector developed under strict licensing provisions: owners were prohibited from holding a controlling interest—defined as 15% or more of the stock in the entity that held the station's license—in more than one television station in any one region and two stations nationally. As previously mentioned, in 1987 the national two-station ownership restriction was replaced by limiting ownership to an aggregate population reach of 60%. The introduction of the cross-ownership restrictions prohibited owners from having a controlling interest in more than one print daily, commercial television station, or commercial radio station in the same local market.

The number of commercial operators in the market was also strictly regulated. Initially, two commercial television licenses were allocated in the country's "mainland" capital cities.[14] In all other areas, only a single commercial television license was issued. A third commercial operator was progressively licensed in each of these capitals from 1965 to 1988. Finally, after 1988, commercial operators in adjoining states and territories were permitted to extend distribution into their neighboring markets. Foreign nationals and entities were prohibited from holding a controlling interest in a television station: these restrictions were lifted in 2006.

Until 1987, excessive concentration within the industry was held in check by the two-station ownership
p. 711 rule. Nonetheless, because newspapers were major players in commercial ↳ broadcasting, the aim of the cross-ownership prohibitions introduced that year was to break apart existing cross-holdings over time. Preexisting breaches were sanctioned ("grandfathered") for as long as the ownership of a station remained unchanged. By 1992 all such breaches had been resolved by changes in the ownership of major commercial broadcasters.

p. 712 Aggregation of regional television markets began in 1989 and gradually led to the ↳ formation of new regional television networks. The post-1987 regulatory system helped major commercial networks gain control of individual stations in each of the mainland's capital cities, reaching 75% of the national population—legislation was enacted to increase the existing 60% cap to permit this. The population reach restrictions, combined with implementation of market aggregation policies, contributed significantly to the formation of regional commercial networks. The resulting concentration of commercial broadcasting in the hands of a small number of major players significantly altered the Australian TV market. Commercial ownership is now almost entirely concentrated in three major metropolitan network operators—Seven Network, Nine Network, and Ten Network—and three smaller regional networks. The remaining independent operators are economically small entities in control of small individual licenses of some regional services—and folded into "Others" in Table 23.5. In terms of programming, the three aforementioned regional networks—Prime Network, Southern Cross Media Group, and Win Television—are affiliated with their metropolitan counterparts and retransmit that programming with only minor local inputs.

Table 23-5. TV Broadcasting (Market Shares by Revenue)

	1988	1992	1996	2000	2004	2007	2012
Seven Network (Seven West Media) (Kerry Stokes)	17.0	21.2	22.8	26.2	22.1	24.9	26.4
Australian Broadcasting Corporation (ABC) (public)	14.6	16.1	12.5	11.6	10.2	12.4	13.6
Nine Network (Nine Entertainment) (CVC Capital Partners) (UK)[1]	23.6	24.4	25.7	27.9	25.8	21.5	21.6
Ten Network (Canwest) (Canada) (until 2009)[2]	17.6	11.5	15.4	13.6	17.9	18.2	15.7
Southern Cross Media Group		7.6	2.7	3.5	7.6	7.4	
Win Television		4.2	4.0	4.2	4.7	4.6	
Prime Network		2.9	4.4	4.1	4.6	4.5	
Special Broadcasting Service (SBS) (public)	2.5	2.5	3.1	3.0	3.5	3.0	4.0
Others	24.7	9.7	9.3	6.0	3.6	3.5	17.3
Total Revenue (mil US$)	1,266	1,706	2,289	2,286	3,001	3,982	4,903
Total Revenue (mil A$)	1,407	2,305	2,861	4,114	3.901	4,380	4,790
C4	72.9	73.2	76.5	79.2	76.0	77.0	77.2
HHI	1,378	1,525	1,631	1,836	1,691	1,671	1,611
N (>1%)	5	8	8	8	8	8	5
Noam Index	616	539	577	649	598	591	721

Source: Estimates by authors based on original data from: Australian Communication and Media Authority, Broadcasting Financial Results (various years); Australian Broadcasting Corporation, Annual Reports; Special Broadcasting Service, Annual Reports; Australian Broadcasting Tribunal, Annual Reports; and Communications Law Centre, Update, "Media Ownership Update" (various years).

1 Owned by Publishing and Broadcasting Limited (PBL) since 1990, the Packer family sold Nine Entertainment to private equity investors CVC Capital Partners (UK) in 2006.

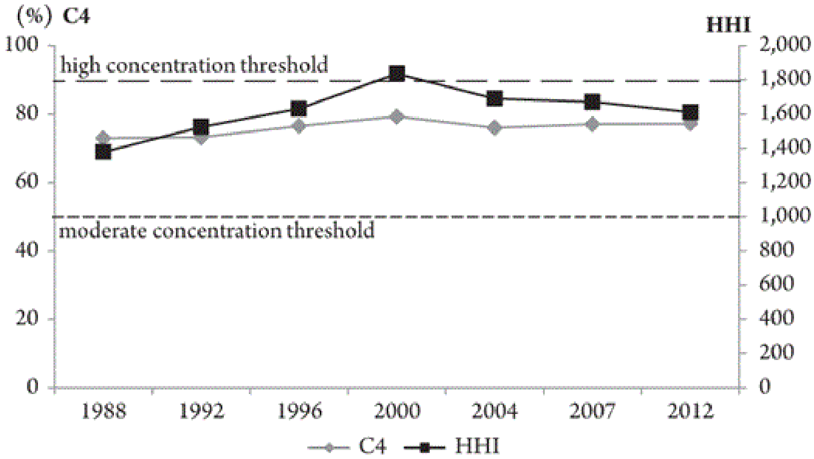
2 Canwest sold its stock in TEN in 2009.

Because of the cross-ownership restrictions in place from 1987 to 2006 and the ban on foreign ownership that applied until 2006, foreign and domestic conglomerates had a limited presence in the market. Except for a brief period from 1987 to 1990, Packer's Publishing and Broadcasting Limited (PBL) controlled the Nine Network before its sale to private equity investors CVC Capital Partners (UK) in 2006. News Ltd. sold its ownership of Ten Network when the cross-ownership rules were introduced in 1987. A consortium of interests headed by Canwest (Canada) acquired Ten Network in 1992 and held it until 2009. Although Canwest had a 57.5% stake in the network, it held only 15% of the stock to comply with restrictions on foreign ownership. Kerry Stokes acquired 20% of Seven Network in 1995, making him its largest shareholder. The network has since expanded its interests into other media sectors including print.

In 1998, the government implemented a digital transmission conversion plan for over-the-air broadcasting. Although each of the incumbent operators broadcasts up to three channels each, the preexisting industry structure and concentration levels influenced the digitization policy. Available spectrum was allocated to established operators and bans were placed on the use of the digital spectrum to start new services in competition with established operators.

C4 and HHI for the industry indicate a moderate level of concentration. The top four operators (the three main commercial networks and the ABC) account for 75% of the total market revenue. The individual shares of revenue are not highly dissimilar for the three commercial operators, each in the range of 18–25% in
p. 713 2007. ↳ In the same year, the ABC's share of industry revenue was 12.4% (Figure 23.4).

Figure 23.4



Broadcast Television Concentration Indices

The Australian TV production industry is the beneficiary of substantial direct and indirect financial assistance from federal and state-support agencies. The sector also benefits from domestic content regulations imposed on free-to-air and subscription television operators. Given the prevailing programming agreements and affiliations among the metropolitan and regional commercial operators, which have few means of obtaining popular programming from other sources or producing their own, local content at the regional level is very low.

Multichannel TV Platforms

Prior to the passage of the 1992 Broadcasting Services Act, the broadcast licensing regime prohibited the establishment of multisystem operators (MSOs) likely to compete with broadcast free-to-air television. The Act sanctioned a limited form of satellite delivery of multichannel services, and two licenses were p. 714 subsequently ↳ auctioned. Because of technical and policy delays, subscription TV channels commenced operating only in 1995 on satellite, terrestrial multipoint distribution, and cable platforms.[15] The first MSO licenses were issued in 1997. There are no major restrictions on the ownership of subscription television services. However, there are considerable barriers to entry into the industry, both in relation to delivery platforms and access to programming.

MSOs are relative latecomers in Australia largely because of regulatory prohibitions aimed at insulating commercial free-to-air TV from competition. According to the Australian Subscription Television and Radio Association, only 34% of the population had subscription TV services in 2011.[16] Current regulatory provisions constrain access of subscription providers to broadcasting rights for popular sporting events. Control of major sources of content by established media became a potent barrier to entry into the industry, as well as a major constraint to competitiveness. Control of the output of several major Hollywood producers (not available to competitors) enabled Foxtel—a DBS, cable, and IPTV provider founded in 1995 as a 50:50 joint venture between News Ltd. and Telstra—to establish a dominant position from the start and to continue consolidating that position ever since. Under a territorial program distribution arrangement between the two operators, Foxtel's market was confined to five state capitals on the mainland and the Gold Coast metropolitan area near Brisbane, while Austar, founded in 1994 and acquired by Foxtel in 2012 from Liberty Global (US), distributed the same programming throughout the rest of the country. The Singaporean-owned ICT provider Optus attempted to enter the market but faced considerable difficulties in growing its customer base due to having a limited cable distribution network at its disposal and failing to secure access to the US-produced content controlled and distributed by Foxtel. In 2002, after reaching a program-sharing agreement with Foxtel, Optus withdrew from the market and became a reseller of Foxtel programming content to its cable customers. A very small number of other players operate localized cable distribution systems in regional areas and limited satellite service.

Drama and sporting programs on subscription television are affected by regulation. Subscription television providers, including their drama channel package suppliers, are subject to the Australian content provisions of the 1992 Broadcasting Services Act that require them to invest at least 10% of their total drama channels' program expenditure on domestically produced shows. Access to transmission rights of major sporting events is constrained by anti-siphoning rules. Australia has one of the world's most extensive mandated lists of sporting events that are to be made available for general viewing on free-to-air TV. Subscription television licensees can acquire the rights to broadcast events on the anti-siphoning list only if those rights are not acquired by over-the-air broadcasters (Table 23.6, Figure 23.5).

p. 715

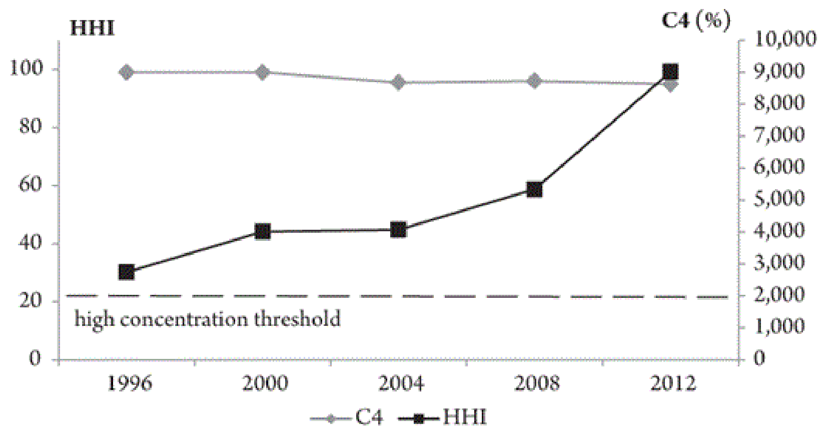
Table 23-6. Multichannel Video Platforms: Cable MSOs, DBS, IPTV (Market Shares by Revenue)

	1996	2000	2004	2008	2012
Australis Media	14.0	(in liquidation)			
Foxtel (Telstra: 50% News Ltd., 50%)[1]	30.7	54.4	56.6	67.8	95.0
Austar (Liberty Global) (US) (until 2012)	19.5	27.9	26.7	27.2	Foxtel
Optus (SingTel) (Singapore) (public)	34.9	16.4	12.1	Foxtel reseller	
Others	0.9	1.3	4.5	4.0	5.0
Total Revenue (mil US$)	169	601	1,010	2,153	3,292
Total Revenue (mil A$)	211	1,082	1,313	3,230	3,230
C3/C4	99.0	99.0	95.5	96.5	90.0
HHI	2,736	4,009	4,068	5,337	9,025
N (>1%)	4	3	3	2	1
Noam Index	1,368	2,314	2,348	3,773.6	9,025

Source: Authors.

1 The original ownership breakdown was Telstra, 50%; News Ltd., 25%; and PBL, 25%. News Ltd. acquired PBL's 25% stake—managed through Consolidated Media Holdings—in 2012.

Figure 23.5



Multichannel TV Platforms: Concentration Indices

Film

The Australian film and video production and post-production services industry is made up of more than 2,000 establishments, most of which are very small in size. According to the Australian Bureau of Statistics, only 18 of these establishments had more than 100 employees in 2007.[17] These 18 studios accounted for 39% of industry employment and 31.3% of its total revenue. The main producers are Village Roadshow, with 31.6% of total production expenditure in 2009, Endemol Southern Star with 9.8%, GTV Holdings with 4.3%, and Beyond International with 1.3%. Of these, Endemol (Netherlands), GTV, and Beyond International are primarily engaged in TV production.

In 2007, productions made primarily for television accounted for more than 72% of all production expenditures. An additional 13% of production expenditure was devoted to production of commercials, station, and program promotions. Only 14.5% was spent on non-television productions, the main components of which were US$167 million (A$184 million) for feature films and US$65.2 million (A$71.7 million) for corporate marketing and training media. The aggregate production expenditure of the top four producers was 47% of the total; the largest producer alone accounted for approximately 32% of the total.[18]

 Approximately 30 feature films are produced domestically each year, with approximately half of total production expenditure coming from a small number of high-budget foreign features filmed in Australia. Foreign feature films take in the lion's share of box office revenue. Overseas producers significantly influence the level of activity in feature film production, even though they produce on average only two to three features a year. In 2010, total production expenditure amounted to US$435 million (A$435 million), of which US$69 million (A$69 million) related to foreign productions. From 2001 to 2010, the average annual proportion of production activity funded by foreign producers was 44%, with a peak of 74% between 2004 and 2005.[19]

The major Hollywood studios dominate film distribution. In addition to the main international distributors, 30 small, specialized distributors are active in the industry and account for an aggregate market share of 7–15% in the period covered by the research data. Among the international distributors, the Australian company Village Roadshow, in association with Warner Brothers (US), has the largest market share (Table 23.7, Figure 23.6).

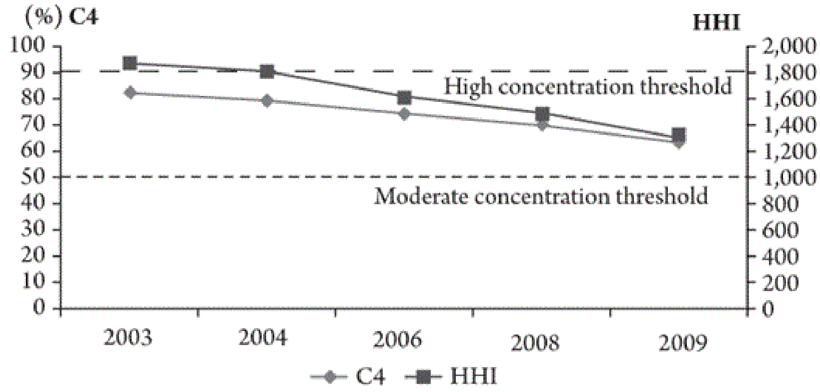
Tabe 23-7. Film Production/Distribution (Market Shares by Box Office %)

	2003	2004	2006	2008	2009
Village Roadshow/Warner Bros (AUS/US)	22.0	23.0	20.0	23.0	21.0
20th Century Fox (Murdoch Family, News Corp., US/UK/AUS)	11.0	11.0	20.0	15.0	16.0
United International Pictures (UIP) (Universal + Paramount)[1]	21.0	27.0	19.0	(dissolved)	
Paramount (US)	UIP			18.0	13.0
Universal (US)				14.0	11.0
Walt Disney [Buena Vista International (2003–2006)] (US)	25.0	16.0	15.0	12.0	13.0
Sony (Columbia TriStar) (Japan)	14.0	13.0	15.0	8.0	12.0
Others	7.0	11.0	11	11	15
Total Revenue (mil US$)	581	631	643	904	875
Total Revenue (mil A$)	813	820	817	1,356	963
C4	82.0	79.0	74.0	70.0	63.0
HHI	1,867	1,804	1,611	1,482	1,300
N (>1%)	5	5	5	6	6
Noam Index	835	807	720	605	531

Source: Screen Australia.

1 United International Pictures split into Paramount and Universal after 2006.

Figure 23.6



Film Distribution Concentration Indices

The cinema theater industry was initially characterized by widespread localized ownership but eventually saw the emergence of major chains that now control over 60% of box office revenue. Village Roadshow (AUS) has grown into an international media conglomerate. Its early expansion involved the acquisition of other drive-in and cinema houses. Then, it expanded into film distribution in the 1960s and film production in the 1970s. In 1988, it further broadened its interests with the acquisition of the De Laurentis Entertainment Group (US). In the 1990s, it expanded its cinema exhibition operations internationally, acquiring cinemas in 20 countries, which were subsequently scaled back to just the Australian and Singaporean markets. It also further broadened its media interests with the purchase of the Australian Triple M radio network in 1993, which was later transformed into the Austereo Group, the largest commercial radio network in Australia in terms of market share. In 2008, its Village Roadshow Pictures interests merged with Concord Music Group to form the Village Roadshow Entertainment Group.

The decline in the industry concentration indices during the period under review is largely a reflection of the combined effect of United International Pictures' split into Paramount and Universal in 2006 and increased market share by small, specialized independent distributors. Concentration in the Australian cinema exhibition industry has changed very little during the review period. The share of the market held by each of the three major cinema chains remained relatively stable. While there appears to be some ongoing slow
p. 717 rationalization among the smaller ↳ operators in the industry, the resultant minor gains in market share are being made by midsized operators.

The Australian cinema exhibition industry is made up of three large chain operators—Greater Union, Hoyts, and Village Roadshow—and some 140 smaller exhibitors. Prior to 2000, the number of operators in the industry was declining at a rate of approximately 3% per annum.[20] In 2000, there were 173 cinema exhibitors in operation, with 97 of them earning less than US$0.6 million (A$1 million) annually. While the
p. 718 slow ↳ decline in the number of operators has continued over the past decade, the industry itself has grown both in terms of cinema screens and audience size.

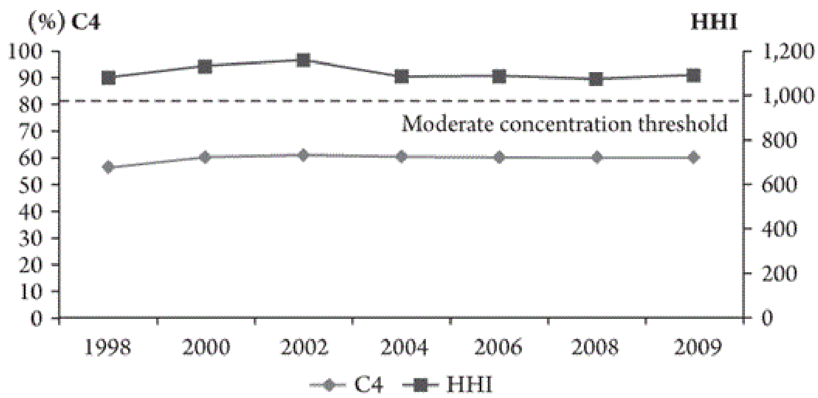
In 2009, independent operators controlled 31% of total screens. The three major chains controlled over 1,000 cinema screens (or over 50% of the total), the rest being controlled by several other smaller chains. Overall, there is low to medium concentration in the industry, with little change recorded over the period from 1998 to 2009 (Table 23.8, Figure 23.7).

Table 23-8. Film Exhibition (Market Shares by Screen Ownership)

	1998	2000	2002	2004	2006	2008	2009
Greater Union	24.2	24.2	24.9	23.1	24.2	23.8	24.6
Hoyts	17.6	19.2	18.5	18.9	17.7	17.2	16.7
Village Roadshow (US)	13.5	12.5	12.6	11.8	11.5	11.3	11.3
Reading		4.6	5.1	6.8	6.9	7.8	7.5
Palace			3.1	2.6	3.0	3.8	3.8
Grand						1.9	1.9
Dendy						1.3	1.3
Wallis Theatres	1.4	1.1	1.0	1.7	1.4	1.4	1.2
Others	43.3	38.5	34.7	35.1	35.3	31.5	31.7
Total Revenue (mil US$)	391	412	476	631	643	904	876
Total Revenue (mil A$)	434	742	857	820	836	1,356	964
Domestic Films: Total Revenue Share (mil US$)	15.9	32.4	23.5	8.3	29.7	33.9	44.1
Domestic Films: Total Revenue Share (mil A$)	19.9	58.3	42.3	10.8	38.6	50.9	48.5
Domestic Films: Market Share (%)	4.0	7.9	4.9	1.3	4.6	3.8	5.0
C4	56.7	60.5	61.2	60.6	60.3	60.1	60.1
HHI	1,080	1,133	1,161	1,084	1,088	1,073	1,087
N (>1%)	4	5	6	6	6	8	8
Noam Index	540	507	474	443	444	380	384

Source: Screen Australia.

Figure 23.7



Cinemas Concentration Indices

Telecommunications Media

Wireline Telecom

Australia embarked on a two-stage program of full-scale liberalization of its telecommunications sector. The first stage lasted from 1991 to 1997 and involved the licensing of a full-line carrier, Optus, to provide wireline and wireless services in competition with the former state monopolist, Telstra. Initially established as a government-owned enterprise from legacy public telecommunications monopoly operators, it was progressively privatized starting in 1997 and became a fully private company in 2007. The liberalization arrangements mandated interconnection: Telstra had to grant private carriers access to its wireline customer access network (CAN).

The second stage began with the 1997 Telecommunications Act, which inaugurated a fully competitive market. Telstra was transformed into a private sector corporation listed on the stock exchange, and its stock was progressively sold to a wide spectrum of institutional and individual stockholders, though the state still retains a small stake (less than 5%). Service provider or carrier licenses were easily secured and by the end of that year, the Australian Communications Authority had issued 77 carrier licenses and many more service provider licenses to prospective operators in the liberalized regime. Many, however, had very small market shares, and some never pursued their licenses or had to close down shortly after opening.[21] The end of the 1990s economic boom in the global ICT industry in 2000 led to a shakeout, causing many more companies to withdraw from the sector: in 2001, there were only 54 carriers and 88 service providers listed by the Telecommunications Industry Ombudsman.[22]

The weaker market outlook of the early 2000s impacted all carriers, with many scaling back their investment plans. Nonetheless, competition intensified as the new entrants sought to establish themselves in the market. Telstra's former monopoly status and ownership of the wireline CAN (notwithstanding the interconnection requirements established in the 1990s) provided it with an ongoing advantage over its competitors, though its market share declined rapidly, from 92.9% in 1997 to 78.8% in 2003. The erosion slowed down after 2003 but continued throughout the period covered by the analysis (see Table 23.9 for details.) By the end of the period, Telstra was still the dominant entity in the market, controlling more than 70% of industry revenue. This erosion of the market is particularly evident in the HHI ratio but less so in the C4, which is based on the aggregate share of the largest four operators (see Figure 23.8 for details.)

Table 23-9. Wireline Telecom (Market Shares by Revenue), 1997–2009

	1997	1999	2001	2003	2005	2007	2009	2012
Telstra	92.9	90.0	84.1	78.8	77.0	73.6	71.8	71.4
Optus (SingTel) (Singapore) (public)	6.4	7.5	10.9	13.3	13.5	12.0	11.6	15.0
Telecom NZ (incl. AAPT) (New Zealand)	0.7	2.1	2.5	3.7	3.5	3.6	2.9	1.6
Powertel	0.0	0.1	0.1	0.3	0.5	Telecom NZ		
Primus (Primus Telecom) (US)	0.0	0.4	0.9	1.3	1.5	1.1	0.8	1.6
Agile Communications	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.9
Soul Pattinson	0.0	0.0	0.0	0.0	0.1	1.4	1.2	2.3
Chime	0.0	0.0	0.1	0.2	0.5	0.6	1.1	1.3
Uecomm Operations	0.0	0.0	0.1	0.1	0.4	0.6	0.9	Optus
Macquarie Telecom	0.0	0.0	0.1	0.4	0.5	0.6	0.5	0.7
Reach Networks Australia	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0
Others	0.0	0.1	0.8	1.4	2.3	6.2	8.9	5.3
Total Revenue (mil US$)	9,600	9,000	8,100	10,900	11,700	13,400	13,900	12,994
Total Revenue (mil A$)	12,727	13,632	15,851	16,265	15,367	15,800	17,222	12,694
C4	100.0	99.9	98.5	97.2	95.5	89.7	86.4	90.3
HHI	8,673	8,160	7,202	6,410	6,126	5,575	5,302	5,336
N (>1%)	2	3	3	4	4	5	5	6
Noam Index	6,133	4,711	4,158	3,205	3,063	2,495	2,371	2,178

Source: Australian Communication and Media Authority "Carriers Eligible Revenue Returns Data," Australian Competition and Consumer Commission (various published reports); Productivity Commission (2001), Telecommunications Competition Regulation Inquiry Report; and authors' estimates.

Figure 23.8

Wireline Telecom Concentration Indices

Wireline Telecom Concentration Indices

Wireless Telecom

When Australia embarked on liberalization of its telecommunications, the wireless sector was still in its infancy, but growing rapidly. Beginning with Telstra and Optus, a third mobile-only carrier entered the market in 1993, Vodafone plc (UK), to compete with the two original carriers in the wireless telephony market. Telstra's incumbent position did not grant it the same level of market dominance it held in wireline. Optus and Vodafone moved quickly to establish their own wireless networks and began to compete strongly with Telstra. After 1997, a fourth wireless carrier, Hutchison Telecommunications International (Hong Kong), established its own network. Several other independent service providers, relying on the established networks to carry their services, also entered the market.

The largest of the new independent service providers, OneTel, began operating in 1999. Its major stockholders included James Packer of PBL and Lachlan Murdoch, son of Rupert, and previously associated with News Ltd. It quickly established itself with an aggressive marketing strategy, but then failed when it
p. 720 got ↳ itself into credit difficulties and its major stockholders withdrew from the enterprise.

Telstra gradually lost market share as the other major carriers established themselves. Its losses were nominally greatest in the early years of market liberalization and the introduction of full competition. However, the loss of market share did not translate into reductions of market revenue. With market growth, its wireless revenue continued to grow in absolute terms, but at a slower rate than its competitors. Telstra
p. 721 remains the largest operator in the market, ↳ with its market share in recent years stabilizing around 43%.

The smallest of the major carriers, Hutchison, entered the market in 2000 with its 3G network. It gradually increased its market share but remained relatively small compared to the three previously established wireless carriers. In 2009, it entered into a 50:50 joint venture with Vodafone, combining the wireless operations of the two carriers in Australia.

The changes in industry concentration during the period under observation are reflected in the HHI. The C4 index did not change significantly due to the fact that only in 2001 were there more than four carriers present, excluding resellers (Table 23.10, Figure 23.9).

Table 23-10. Wireless Telecom (Market Shares by Revenue)

	1997	1999	2001	2003	2005	2007	2009	2012
Telstra	67.0	57.0	48.0	46.0	43.0	43.0	42	58
Optus (SingTel) Singapore) (public)	22.0	26.0	29.0	32.0	34.0	32.0	33	27
Vodafone-Hutchison (UK + Hong Kong)							24	15
Vodafone Australia (Vodafone plc) (UK)	6.0	12.0	15.0	17.0	16.5	18.0	Vodafone-Hutchison	
Hutchison Telecommunications International (Hutchinson Whampoa) (Hong Kong)			3.0	3.0	5.0	6.0		
OneTel		0.9	2.8	(in liquidation)				
Others (Resellers)	5.0	4.0	2.0	2.0	1.0	1.0	1.0	<1.0
Total Revenue (mil US$)	2,232	2,612	2,994	4,332	7,281	8,715	9,638	15,361
Total Revenue (mil A$)	2,973	4,000	5,700	5,805	9,490	9,570	10,560	15,007
C4	95.0	96.0	95.2	98.0	99.0	99.0	99.0	99.0
HHI	5,009	4,070	3,387	3,438	3,302	3,233	3,429	4,318
N (>1%) uderesellers)	3	4	5	4	4	4	3	3
Noam Index	2,892	2,035	1,515	1,719	1,651	1,617	1,979	2,493

Source: Australian Communication and Media Authority, “Carriers Eligible Revenue Returns Data,” Australian Competition and Consumer Commission (various published reports); Companies’ annual reports; Productivity Commission (2001), and authors’ estimates.

Figure 23.9

Wireless Telecom Concentration Indices

Wireless Telecom Concentration Indices

Telecommunications Media

Wireline Telecom

Australia embarked on a two-stage program of full-scale liberalization of its telecommunications sector. The first stage lasted from 1991 to 1997 and involved the licensing of a full-line carrier, Optus, to provide wireline and wireless services in competition with the former state monopolist, Telstra. Initially established as a government-owned enterprise from legacy public telecommunications monopoly operators, it was progressively privatized starting in 1997 and became a fully private company in 2007. The liberalization arrangements mandated interconnection: Telstra had to grant private carriers access to its wireline customer access network (CAN).

The second stage began with the 1997 Telecommunications Act, which inaugurated a fully competitive market. Telstra was transformed into a private sector corporation listed on the stock exchange, and its stock was progressively sold to a wide spectrum of institutional and individual stockholders, though the state still retains a small stake (less than 5%). Service provider or carrier licenses were easily secured and by the end of that year, the Australian Communications Authority had issued 77 carrier licenses and many more service provider licenses to prospective operators in the liberalized regime. Many, however, had very small market shares, and some never pursued their licenses or had to close down shortly after opening.[21] The end of the 1990s economic boom in the global ICT industry in 2000 led to a shakeout, causing many more companies to withdraw from the sector: in 2001, there were only 54 carriers and 88 service providers listed by the Telecommunications Industry Ombudsman.[22]

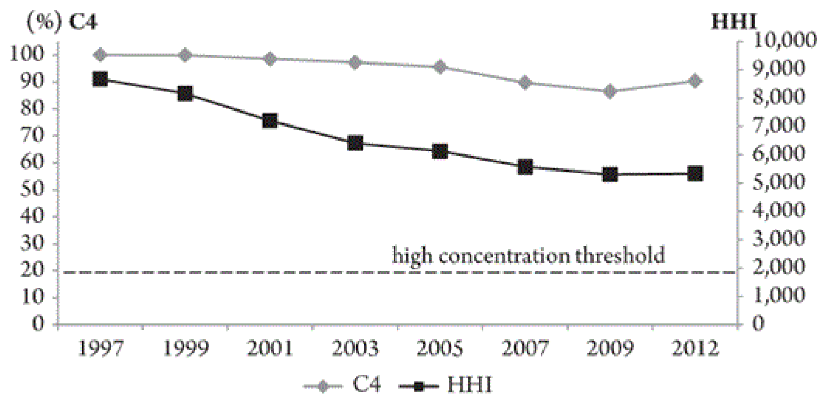
The weaker market outlook of the early 2000s impacted all carriers, with many scaling back their investment plans. Nonetheless, competition intensified as the new entrants sought to establish themselves in the market. Telstra's former monopoly status and ownership of the wireline CAN (notwithstanding the interconnection requirements established in the 1990s) provided it with an ongoing advantage over its competitors, though its market share declined rapidly, from 92.9% in 1997 to 78.8% in 2003. The erosion slowed down after 2003 but continued throughout the period covered by the analysis (see Table 23.9 for details.) By the end of the period, Telstra was still the dominant entity in the market, controlling more than 70% of industry revenue. This erosion of the market is particularly evident in the HHI ratio but less so in the C4, which is based on the aggregate share of the largest four operators (see Figure 23.8 for details.)

Table 23-9. Wireline Telecom (Market Shares by Revenue), 1997–2009

	1997	1999	2001	2003	2005	2007	2009	2012
Telstra	92.9	90.0	84.1	78.8	77.0	73.6	71.8	71.4
Optus (SingTel) (Singapore) (public)	6.4	7.5	10.9	13.3	13.5	12.0	11.6	15.0
Telecom NZ (incl. AAPT) (New Zealand)	0.7	2.1	2.5	3.7	3.5	3.6	2.9	1.6
Powertel	0.0	0.1	0.1	0.3	0.5	Telecom NZ		
Primus (Primus Telecom) (US)	0.0	0.4	0.9	1.3	1.5	1.1	0.8	1.6
Agile Communications	0.0	0.0	0.0	0.0	0.1	0.2	0.3	0.9
Soul Pattinson	0.0	0.0	0.0	0.0	0.1	1.4	1.2	2.3
Chime	0.0	0.0	0.1	0.2	0.5	0.6	1.1	1.3
Uecomm Operations	0.0	0.0	0.1	0.1	0.4	0.6	0.9	Optus
Macquarie Telecom	0.0	0.0	0.1	0.4	0.5	0.6	0.5	0.7
Reach Networks Australia	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0
Others	0.0	0.1	0.8	1.4	2.3	6.2	8.9	5.3
Total Revenue (mil US$)	9,600	9,000	8,100	10,900	11,700	13,400	13,900	12,994
Total Revenue (mil A$)	12,727	13,632	15,851	16,265	15,367	15,800	17,222	12,694
C4	100.0	99.9	98.5	97.2	95.5	89.7	86.4	90.3
HHI	8,673	8,160	7,202	6,410	6,126	5,575	5,302	5,336
N (>1%)	2	3	3	4	4	5	5	6
Noam Index	6,133	4,711	4,158	3,205	3,063	2,495	2,371	2,178

Source: Australian Communication and Media Authority "Carriers Eligible Revenue Returns Data," Australian Competition and Consumer Commission (various published reports); Productivity Commission (2001), Telecommunications Competition Regulation Inquiry Report; and authors' estimates.

Figure 23.8



Wireline Telecom Concentration Indices

Wireless Telecom

When Australia embarked on liberalization of its telecommunications, the wireless sector was still in its infancy, but growing rapidly. Beginning with Telstra and Optus, a third mobile-only carrier entered the market in 1993, Vodafone plc (UK), to compete with the two original carriers in the wireless telephony market. Telstra's incumbent position did not grant it the same level of market dominance it held in wireline. Optus and Vodafone moved quickly to establish their own wireless networks and began to compete strongly with Telstra. After 1997, a fourth wireless carrier, Hutchison Telecommunications International (Hong Kong), established its own network. Several other independent service providers, relying on the established networks to carry their services, also entered the market.

The largest of the new independent service providers, OneTel, began operating in 1999. Its major stockholders included James Packer of PBL and Lachlan Murdoch, son of Rupert, and previously associated with News Ltd. It quickly established itself with an aggressive marketing strategy, but then failed when it
p. 720 got ↳ itself into credit difficulties and its major stockholders withdrew from the enterprise.

Telstra gradually lost market share as the other major carriers established themselves. Its losses were nominally greatest in the early years of market liberalization and the introduction of full competition. However, the loss of market share did not translate into reductions of market revenue. With market growth, its wireless revenue continued to grow in absolute terms, but at a slower rate than its competitors. Telstra
p. 721 remains the largest operator in the market, ↳ with its market share in recent years stabilizing around 43%.

The smallest of the major carriers, Hutchison, entered the market in 2000 with its 3G network. It gradually increased its market share but remained relatively small compared to the three previously established wireless carriers. In 2009, it entered into a 50:50 joint venture with Vodafone, combining the wireless operations of the two carriers in Australia.

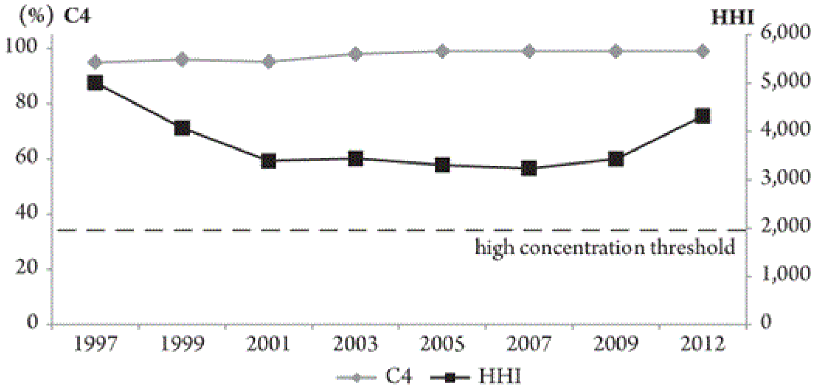
The changes in industry concentration during the period under observation are reflected in the HHI. The C4 index did not change significantly due to the fact that only in 2001 were there more than four carriers present, excluding resellers (Table 23.10, Figure 23.9).

Table 23-10. Wireless Telecom (Market Shares by Revenue)

	1997	1999	2001	2003	2005	2007	2009	2012
Telstra	67.0	57.0	48.0	46.0	43.0	43.0	42	58
Optus (SingTel) Singapore) (public)	22.0	26.0	29.0	32.0	34.0	32.0	33	27
Vodafone-Hutchison (UK + Hong Kong)							24	15
Vodafone Australia (Vodafone plc) (UK)	6.0	12.0	15.0	17.0	16.5	18.0	Vodafone-Hutchison	
Hutchison Telecommunications International (Hutchinson Whampoa) (Hong Kong)			3.0	3.0	5.0	6.0		
OneTel		0.9	2.8	(in liquidation)				
Others (Resellers)	5.0	4.0	2.0	2.0	1.0	1.0	1.0	<1.0
Total Revenue (mil US$)	2,232	2,612	2,994	4,332	7,281	8,715	9,638	15,361
Total Revenue (mil A$)	2,973	4,000	5,700	5,805	9,490	9,570	10,560	15,007
C4	95.0	96.0	95.2	98.0	99.0	99.0	99.0	99.0
HHI	5,009	4,070	3,387	3,438	3,302	3,233	3,429	4,318
N (>1%) uderesellers)	3	4	5	4	4	4	3	3
Noam Index	2,892	2,035	1,515	1,719	1,651	1,617	1,979	2,493

Source: Australian Communication and Media Authority, "Carriers Eligible Revenue Returns Data," Australian Competition and Consumer Commission (various published reports); Companies' annual reports; Productivity Commission (2001), and authors' estimates.

Figure 23.9



Wireless Telecom Concentration Indices

p. 722

Internet Media

Internet Service Providers (ISPs)

In 2000, the number of ISPs operating in the industry was almost 700 and remained around that level for several years. After 2006, the number rapidly declined, contracting to just below 400 by the end of 2008 with many of the smaller operators disappearing. Thereafter the number of small and medium ISPs continued to decline.[23] The vast majority of those left are small (fewer than 1,000 subscribers), with many servicing localized geographic markets and often operating as “virtual” ISPs reselling connectivity provided by major operators. Fewer than 10% of ISPs have a subscriber base of more than 10,000, with only 11 having more than 100,000 subscribers. The larger ISPs are mainly associated with telecommunications carriers.

Internet connectivity by households in-creased rapidly between 1998 to 2008. After 2003, there was rapid adoption of broadband. In 1998, only 16% of Australian households had access to the Internet. By 2008, the proportion of households with Internet access had increased to 72%.[24] Incumbent telecom carriers extended their established positions in the telephony market to the provision of Internet services, giving them an advantage through vertical integration. As alternative delivery platforms were not available, other ISPs were reliant on access to the networks of incumbent carriers to deliver their services. While access was guaranteed by regulation, the incumbent telecommunications carriers had the advantage of established relationships with customers. This was particularly so for Telstra, with its established national network presence. The ISP industry transitioned from basic localized access services to large hubs providing a wide range of ICT services as the telecom carriers consolidated their market shares at the expense of the small local providers. The consolidation is clearly reflected in the transition of HHI from low concentration levels pre-2000 to moderate concentration levels in the first half of the following decade and to high concentration levels by 2010.

The aggregate market share of the top four ISPs more than doubled between 1998 and 2008, with C4 increasing from 31.3% in 1998 to 65.5% in 2008. Much of the increase in C4 is due to the growth in the market share of the largest ISP, Bigpond (owned by Telstra), which increased from 13% to 39.8% in the same period. Optus also experienced a high rate of growth in its market share, increasing from 1.7% to 11.1%. Of particular note is the decline in the market share of OzEmail, one of the successful early entrants in the ISP market that had built up a sizable dial-up Internet service. OzEmail was eventually taken over by iiNet, transforming the latter from a small regional operator to the third largest ISP in Australia.

It should be recalled that the overall market grew rapidly in the period under review. Consequently, the growth in the size of the individual ISPs was much greater than would be implied by a simple comparison of the market shares held in 2000 and 2010 (Table 23.11, Figure 23.10).

Table 23-11. Internet Service Providers (Market Shares by Revenue)

	2000	2004	2008	2010
Bigpond (Telstra)	24.4	31.6	39.8	42.2
Optus (SingTel) (Singapore) (public)	7.0	9.8	11.1	11.8
iiNet	0.8	3.3	8.7	9.6
OzEmail (until 2005)	12.8	8.2	iiNet (from 2005)	
iPrimus (Primus Telecom) (US)	4.6	8.3	5.9	5.3
TPG/SP Telemedia	3.4	5.7	5.2	5.1
Chariot (until 2008)	1.3	1.6	TGP (from 2008)	
Others	45.7	31.5	29.3	26.0
Total Revenue (mil US$)	836	1,947	3,729	3,562
Total Revenue (mil A$)	1,400	2,800	3,900	4,200
C4	48.8	57.9	65.5	68.9
HHI	843	1,277	1,845	2,066
N (>1%)	6	7	6	5
Noam Index	344	483	753	924

Source: Actual and estimates by authors based on data from a variety of sources, including Australian Bureau of Statistics, 8153.0—Internet Activity, Australia (various years), companies annual reports, media reports and other sources.

Figure 23.10

ISP Concentration Indices

ISP Concentration Indices

Search Engines

The Internet search engine market in Australia is dominated by the main global search engines, specifically Google (US), whose market share now exceeds 90%. Yahoo (US) and AltaVista (US) have both lost considerable market share to Google. In the period under review, Yahoo!'s market share declined from 33.3% in 2001 (the largest in the market) to a share of only 2.6% in 2010. In the same period, AltaVista's share declined from 15.1% (second largest in the market) to 0.1% in 2010.

While the global search engines dominate the market, there are several well-established Australian search
p. 723 engines available to users. ↳ Most of them, however, have limited coverage and depth relative to what is offered on the global engines. Sensis benefited considerably from its ownership by Telstra and its relationship with Bigpond: Sensis maintained its own database and sponsored listings, and in 2001 had 7.5% of the Australian market. Its linkages to Telstra appear to have insulated it somewhat from Google's market takeover, and its share of the market remained relatively stable at about 8%. In 2008, however, it entered into a commercial arrangement with Google, including adoption of the Google search engine for its operations. Other Australian search engines include Ansearch, Anzwers, Howzat, WebWombat, and WotBox. Some tend to operate specialized services, and their market share is very small.

The concentration indices indicate that the search engine market has always been highly concentrated. The C4 values indicate that the four largest search engines in aggregate controlled over 90% of the market throughout the period under review, rising to over 98% at the end of the period. The rise of Google at the
p. 724 expense of other previously popular global ↳ engines has resulted in dramatic increases in the HHI (Table 23.12, Figure 23.11).[25]

Table 23-12. Internet Search Engines (Market Shares by Revenue)

	2001	2004	2006	2008	2010
Google (US)	12.3	54.0	60.2	87.8	92.5
(ii) Sensis (Telstra)	7.5	7.1	8.3	Google	
Yahoo (US)	33.3	21.4	16.8	3.9	2.6
MSN (ninemsn) (US)/Microsoft (Bing) (US)	13.0	14.2	12.8	6.7	3.4
AltaVista (US)	15.1	Yahoo			
Ask (US)	0.0	1.1	0.8	0.4	0.4
Others	18.8	2.2	1.2	1.2	1.1
Total Revenue (mil US$)	10.2	89.0	297	793	957
Total Revenue (mil A$)	20	128	400	829	1,128
C4	73.7	96.7	98.0	98.8	98.9
HHI	1,714	3,623	4,134	7,769	8,575
N (>1%)	5	5	4	3	3
Noam Index	766	1,620	2,067	4,485	4,951

Source: Based on Roy Morgan Survey Data (Press Releases 2006/453 and 2006/496), IAB Australia, and various other sources including Hitwise and http://statcounter.com/.

Figure 23.11

Search Engines Concentration Indices

Search Engines Concentration Indices

p. 722

Internet Media

Internet Service Providers (ISPs)

In 2000, the number of ISPs operating in the industry was almost 700 and remained around that level for several years. After 2006, the number rapidly declined, contracting to just below 400 by the end of 2008 with many of the smaller operators disappearing. Thereafter the number of small and medium ISPs continued to decline.[23] The vast majority of those left are small (fewer than 1,000 subscribers), with many servicing localized geographic markets and often operating as "virtual" ISPs reselling connectivity provided by major operators. Fewer than 10% of ISPs have a subscriber base of more than 10,000, with only 11 having more than 100,000 subscribers. The larger ISPs are mainly associated with telecommunications carriers.

Internet connectivity by households in-creased rapidly between 1998 to 2008. After 2003, there was rapid adoption of broadband. In 1998, only 16% of Australian households had access to the Internet. By 2008, the proportion of households with Internet access had increased to 72%.[24] Incumbent telecom carriers extended their established positions in the telephony market to the provision of Internet services, giving them an advantage through vertical integration. As alternative delivery platforms were not available, other ISPs were reliant on access to the networks of incumbent carriers to deliver their services. While access was guaranteed by regulation, the incumbent telecommunications carriers had the advantage of established relationships with customers. This was particularly so for Telstra, with its established national network presence. The ISP industry transitioned from basic localized access services to large hubs providing a wide range of ICT services as the telecom carriers consolidated their market shares at the expense of the small local providers. The consolidation is clearly reflected in the transition of HHI from low concentration levels pre-2000 to moderate concentration levels in the first half of the following decade and to high concentration levels by 2010.

The aggregate market share of the top four ISPs more than doubled between 1998 and 2008, with C4 increasing from 31.3% in 1998 to 65.5% in 2008. Much of the increase in C4 is due to the growth in the market share of the largest ISP, Bigpond (owned by Telstra), which increased from 13% to 39.8% in the same period. Optus also experienced a high rate of growth in its market share, increasing from 1.7% to 11.1%. Of particular note is the decline in the market share of OzEmail, one of the successful early entrants in the ISP market that had built up a sizable dial-up Internet service. OzEmail was eventually taken over by iiNet, transforming the latter from a small regional operator to the third largest ISP in Australia.

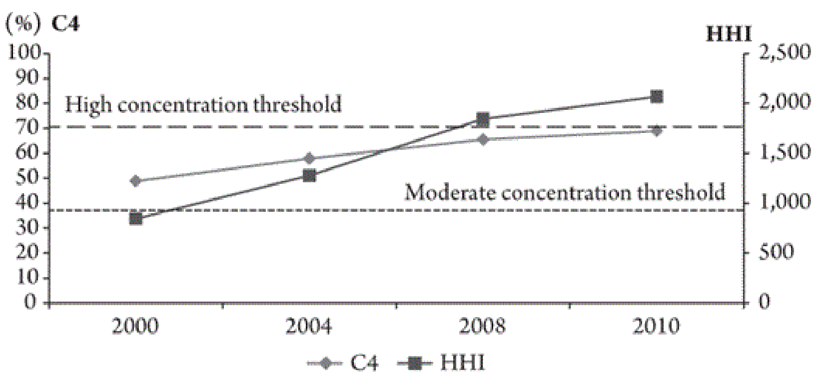
It should be recalled that the overall market grew rapidly in the period under review. Consequently, the growth in the size of the individual ISPs was much greater than would be implied by a simple comparison of the market shares held in 2000 and 2010 (Table 23.11, Figure 23.10).

Table 23-11. Internet Service Providers (Market Shares by Revenue)

	2000	2004	2008	2010
Bigpond (Telstra)	24.4	31.6	39.8	42.2
Optus (SingTel) (Singapore) (public)	7.0	9.8	11.1	11.8
iiNet	0.8	3.3	8.7	9.6
OzEmail (until 2005)	12.8	8.2	iiNet (from 2005)	
iPrimus (Primus Telecom) (US)	4.6	8.3	5.9	5.3
TPG/SP Telemedia	3.4	5.7	5.2	5.1
Chariot (until 2008)	1.3	1.6	TGP (from 2008)	
Others	45.7	31.5	29.3	26.0
Total Revenue (mil US$)	836	1,947	3,729	3,562
Total Revenue (mil A$)	1,400	2,800	3,900	4,200
C4	48.8	57.9	65.5	68.9
HHI	843	1,277	1,845	2,066
N (>1%)	6	7	6	5
Noam Index	344	483	753	924

Source: Actual and estimates by authors based on data from a variety of sources, including Australian Bureau of Statistics, 8153.0—Internet Activity, Australia (various years), companies annual reports, media reports and other sources.

Figure 23.10



ISP Concentration Indices

Search Engines

The Internet search engine market in Australia is dominated by the main global search engines, specifically Google (US), whose market share now exceeds 90%. Yahoo (US) and AltaVista (US) have both lost considerable market share to Google. In the period under review, Yahoo!'s market share declined from 33.3% in 2001 (the largest in the market) to a share of only 2.6% in 2010. In the same period, AltaVista's share declined from 15.1% (second largest in the market) to 0.1% in 2010.

While the global search engines dominate the market, there are several well-established Australian search engines available to users. p. 723 ↳ Most of them, however, have limited coverage and depth relative to what is offered on the global engines. Sensis benefited considerably from its ownership by Telstra and its relationship with Bigpond: Sensis maintained its own database and sponsored listings, and in 2001 had 7.5% of the Australian market. Its linkages to Telstra appear to have insulated it somewhat from Google's market takeover, and its share of the market remained relatively stable at about 8%. In 2008, however, it entered into a commercial arrangement with Google, including adoption of the Google search engine for its operations. Other Australian search engines include Ansearch, Anzwers, Howzat, WebWombat, and WotBox. Some tend to operate specialized services, and their market share is very small.

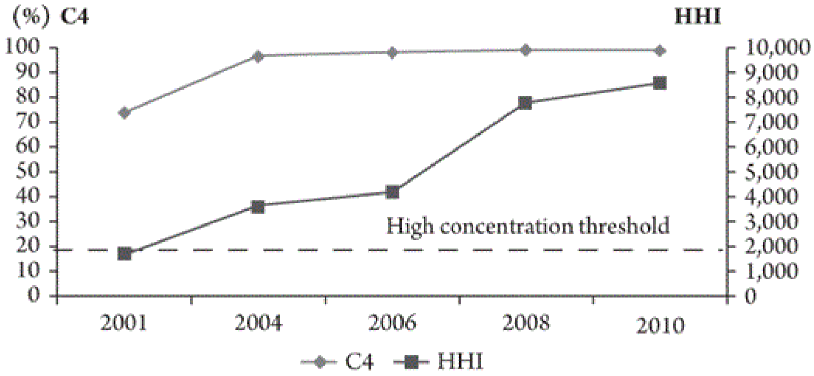
The concentration indices indicate that the search engine market has always been highly concentrated. The C4 values indicate that the four largest search engines in aggregate controlled over 90% of the market throughout the period under review, rising to over 98% at the end of the period. The rise of Google at the expense of other previously popular global p. 724 ↳ engines has resulted in dramatic increases in the HHI (Table 23.12, Figure 23.11).[25]

Table 23-12. Internet Search Engines (Market Shares by Revenue)

	2001	2004	2006	2008	2010
Google (US)	12.3	54.0	60.2	87.8	92.5
(ii) Sensis (Telstra)	7.5	7.1	8.3	Google	
Yahoo (US)	33.3	21.4	16.8	3.9	2.6
MSN (ninemsn) (US)/Microsoft (Bing) (US)	13.0	14.2	12.8	6.7	3.4
AltaVista (US)	15.1	Yahoo			
Ask (US)	0.0	1.1	0.8	0.4	0.4
Others	18.8	2.2	1.2	1.2	1.1
Total Revenue (mil US$)	10.2	89.0	297	793	957
Total Revenue (mil A$)	20	128	400	829	1,128
C4	73.7	96.7	98.0	98.8	98.9
HHI	1,714	3,623	4,134	7,769	8,575
N (>1%)	5	5	4	3	3
Noam Index	766	1,620	2,067	4,485	4,951

Source: Based on Roy Morgan Survey Data (Press Releases 2006/453 and 2006/496), IAB Australia, and various other sources including Hitwise and http://statcounter.com/.

Figure 23.11



Search Engines Concentration Indices

Conclusion

Four key corporations historically dominated Australian newspapers, magazines, television, and radio, and had various other media interests. The first was The Herald and Weekly Times (HWT), which until 1986 was the largest publisher of newspapers. Its early driving force was Sir Keith Murdoch, father of Rupert Murdoch, though he did not have a controlling ownership (after his death, collective management was effected). It was the first publisher to extend its holdings into several state capitals, and it had ↳ the highest circulation rates in every state capital, except Sydney, where it had no presence. In the aftermath of the 1986–87 media ownership policy changes Rupert Murdoch moved decisively to gain control of HWT. The introduction of those laws was widely seen as the last chance to buy into TV, and there was a frenzy of takeovers, with stations commanding prices that would have seemed impossible a few years prior.[26]

p. 725

Apart from HWT, the other three companies were unusual in the modern corporate world in that a central proprietor dominated them. The flavor of media concentration issues as they related to newspapers and broadcasting was thus shaped by the unusual degree to which major corporations were associated with dominant individuals and families.

The most famous and controversial was Rupert Murdoch's News Ltd., which he began with a relatively small inheritance from his father—the afternoon daily *The News*. Murdoch built this into a global company, News Corp. (now headquartered in the US) with holdings in the United Kingdom, the United States, and several other countries. Murdoch has been controversial because he has been seen as driving his media companies downmarket in the quest for greater audience share and because his political influence on his outlets is much greater than is the case with many other media proprietors.[27]

The Packer organization (PBL Media)—led by Sir Frank Packer from the 1930s to his death in the 1970s, then by Kerry until his death in 2005, and since by his son James—owned only one daily, the Sydney *Daily Telegraph*. While PBL Media sold that newspaper to Rupert Murdoch in 1972, it was also, the largest magazine group in the country, and crucially set up the first TV network to own a strategic Sydney-Melbourne metropolitan area channel package. Kerry controlled the largest TV operator in the country until 1987, when he sold to Alan Bond, though a few years later, he regained control of the network. Later, PBL Media acquired a 25% stake in Foxtel, in partnership with News Ltd. and Telstra. Like Rupert Murdoch, Kerry was internally very controlling, with little regard for editorial independence, and had strong politically conservative views.[28] After Kerry's death, his son James sold his interests in free-to-air TV and magazine publishing (although initially keeping his interest in the pay-TV operator, Foxtel) and concentrated instead on investing in casinos.

The most patrician of the Australian media families, and one that traced its ownership back even further than the Murdochs and Packers, was the Fairfax family, which has been managing print properties in the country since 1841. The late 1980s brought a disastrous internal family split, which cut the company's size and ended family ownership.[29] It remained strong in newspapers, but no longer had a presence in broadcasting.

The mixture of concentrated ownership and powerful personalities has meant that media policy has sometimes been a contentious issue in Australia, although the influence of the public controversies on policy content is more difficult to discern. One controversy arose in the early 1980s over the so-called Murdoch amendments, when the government changed the requirement for TV licensees from being an Australian resident to being an Australian citizen, a move that was seen as designed to accommodate Murdoch. The largest public controversy came in 1991, when it appeared that a consortium involving Kerry Packer might acquire Fairfax Media, which had gone into liquidation. For a period the Canadian mogul, Conrad Black, became the largest shareholder in Fairfax.

An opportunity to reduce media concentration came in the late 1990s with the conversion from analog to
p. 726 DTT transmission, but the government chose to give the extra available ↳ frequencies to the existing networks. Again there was some public controversy, but it had no impact on the policy.

Much of the policy concern in Australia in relation to media diversity has been focused on the capacity of media conglomerates to use their power across media to influence public opinion and to skew competition in their favor. This has been a concern from the early days of the development of audiovisual media, starting with radio in the 1920s and 1930s and reinforced by the introduction of television in 1956.

The Australian press has traditionally enjoyed full freedom of expression, and participation in the industry has never been subject to regulation. Indeed, the Australian federal constitution contains no powers for regulation or control of the press. In contrast, the constitutional powers in relation to electronic transmissions (initially telegraph) are used to justify extensive regulation of electronic media. According to the Joint Parliamentary Committee on Wireless Broadcasting in 1942, the purpose of the ownership limits was to constrain the extension of influence of newspapers into the new medium, as there was "little multiple ownership of broadcasting licenses by other interests."[30] The concern with media influence on public opinion was also cited as the justification for restrictions on foreign ownership and control of media. In this regard, as stressed in 1951 by the then Prime Minister Robert Menzies, the issue was:

> whether the Government should permit or even encourage a state of affairs in which the most intimate form of propaganda known to modern science that is being conducted in this country, one that is going into every home and is reaching every man, woman and child in this country, should be in the hands of people who do not belong to this country.[31]

While these restrictions remained in place and ensured some limits on concentration within each broadcasting medium, they did not prevent a degree of cross-ownership from arising. The 1987 changes were designed to trade off a deeper influence within electronic media by allowing the formation of networks with a prohibition of control in more than one established traditional media outlet in the same local market. These regulations remained in force until 2006: foreign ownership restrictions were abolished in 1992 for radio, and for television in 2006. It should be noted, however, that foreign investment in major traditional media remains under the purview of the Foreign Investment Review Board. The application of ownership and control (including foreign control) limits and the cross-ownership regulations was a major constraining influence on the formation of media conglomerates with interests in electronic media. The impact of these factors is evident in the main media interests of the various conglomerates summarized in Table 23.13.

Table 23-13. Australian Media Crossownership Holdings, 2011

	Telstra	**Optus (Singtel, Singapore)**	**News Corporation (Murdoch, US-Australia)**	**Nine Entertainment Co (formerly PBL Media, Packer)**	**Seven Network Ltd (Stokes)**	**Southern Cross Media Group (formerly Macquarie Media Group)**	**APN News & Media (O'Reilly, Ireland)**	**Village Roadshow**
Wireline Telecommunication	Telstra (72% market share)	Optus (12% market share)						
Wireless Telecommunication	Telstra (42% market share)	Optus (33% market share)						
TV Broadcasting				Nine Network	Seven Network	Southern Cross TV (regional network)		
Radio						Ownership of several radio stations	Australian Radio Network	Austereo
Pay TV	50% owner of Foxtel (63% market share)	OptusVision (Foxtel reseller)	25% owner of Foxtel (63% market share)	25% owner of Foxtel (63% market share)				
Film			Fox Studios (Sydney)					Village Roadshow
Movie Theatres								Village Roadshow
ISPs	Bigpond (largest ISP (40% market share)	Optus (second ranked ISP 12% Market share)						

Search Engines	Sensis		50% ninemsn	Yahoo!7 (joint venture with Yahoo)		
Magazines		14% of market	ACP Magazines 44% market share	Pacific Magazines		
Daily Newspapers		newspapers with combined circulation of 57% of market		*Western Australian* daily		several regional newspapers
Books		HarperCollins (incl. Angus & Robertson)				

Table 23.13 reflects the situation in 2011, four years after the abolition of the 1987 cross-ownership restrictions in 2007. Although there have been some changes in the ownership of traditional media assets since then, they have not been extensive. Combinations of media assets that would have been prohibited by the old cross-ownership rules include

- The acquisition by Fairfax Media of several radio stations owned by the Southern Cross Media Group
- The acquisition of the *Western Australian* daily by Seven Network Limited
- The acquisition of the Southern Cross TV regional network by the former Macquarie Media Group (owner of a regional radio network with a similar coverage area and its subsequent 2011 merger with
p. 727 Austereo to form the Southern Cross Austereo Group) ↳

p. 728 ↳

p. 729
- ↳ APN News and Media's acquisition of radio stations in regional markets where it published newspapers
- Other common ownership of regional radio and regional newspapers in the same market

All of the other combinations illustrated in Table 23.13 would have been permitted by the previous regulations, as they did not involve common ownership of daily newspapers, TV, and radio entities with overlapping coverage areas.

The two most prominent cross-media conglomerates have been News Corporation, which has relocated its headquarters from Australia to the United States, and Nine Entertainment Company, formerly PBL Media. While News Corporation's assets include newspapers, magazines, book publishing (HarperCollins), subscription television (Foxtel), and film production studios, they do not extend to broadcast media. Although Murdoch did own some TV stations before the introduction of the 1987 cross-ownership restrictions, he sold those assets on becoming a US citizen to avoid conflict with the then-prevailing prohibitions of foreign ownership. The timing of the 1987 changes was advantageous for Murdoch as his TV holdings sold for much more than they would have done if he had been forced to sell immediately after renouncing his Australian citizenship.

After selling and then regaining Nine Network, Kerry Packer sought to broaden his interests in television and magazines to daily newspapers but was frustrated by the cross-media rules. Except for a brief period in the late 1980s, PBL Media was the owner of Nine Network, then Australia's consistently highest-rated network. PBL was consequently barred from owning daily newspapers or radio services in any major metropolitan areas, and its assets were concentrated in broadcast TV, magazine publishing, and multichannel TV. In 2006, PBL Media's television and magazine interests were sold off to the Nine Entertainment Company, with James Packer selling a 50% share of the new entity to a privateequity company, CVC Capital Partners (UK). Packer retained an interest in Foxtel. Consequently, CVC acquired all of the capital in Nine Entertainment.

Kerry Stokes controls the Seven Network, which has recently acquired a print daily, the *Western Australian*, an acquisition that would not have been possible under the former regulatory regimen. Before acquiring a strategic interest in the Seven Network in 1996, Stokes owned several broadcast and newspaper assets, including a television station and a print daily in the federal capital, Canberra. He sold those assets with the onset of the 1987 regulations. The Seven Network also owns Pacific Magazines (the second largest Australian magazine publisher) and Yahoo!7 (a joint venture combining Yahoo search and online capabilities with the Seven Network's content), as well as interests in wireless broadband and voice-over Internet protocol (VOIP) telephony.

International owners have substantial stakes in Australian media. Indeed, Australia is probably unique not only in having one company controlling 65% of the circulation of daily newspapers, but also in that the company is now headquartered abroad, in the United States.

The acquisition of a controlling interest in the broadcasting sector was specifically prohibited until 1992 in relation to radio and 2006 in relation to TV. Since these years, foreign investment in radio and TV is governed by the provisions of general foreign investment policy that is broadly encouraging of foreign investment consistent with the national interest. Newspapers, broadcast TV, and radio are defined as sensitive industries within that policy and all foreign investment proposals involving 5% or more of a company's stock must obtain prior approval.[32] In most recent cases, approval has been granted subject to conditions regarding Australian residency of the CEO, retention of Australian incorporation and headquarters, and the inclusion of a majority of Australian directors on the board of directors. Foreign
p. 730 investment ↳ proposals in other media industries, except for the special case applied to privatization of Telstra, are subject only to the broader thresholds of non-sensitive foreign investment. In the case of Telstra, "aggregate foreign ownership . . . is limited to 35% of the privatized equity and individual foreign investors are only allowed to own up to 5%."[33]

Until recently, two of the three main commercial broadcasting networks were controlled by foreign entities. Canada's Canwest acquired 50.1% of Ten Network in 1992 when the network was in receivership: to get around the then ruling prohibition of foreign control, the network was formally acquired by a corporation in which Canwest owned marginally less than the 15% share of the prescribed foreign control threshold. It held the remainder of this firm's economic interest in the form of subordinated debentures and convertible debentures, which were not captured by the legislated definition of "company interests." Following abolition of the restrictions on foreign ownership of television in 2006, the government approved Canwest's conversion of all its debentures into stock, thus giving the company formal control of the network.[34] Foreign control of Ten Network ended in 2009 when Canwest, faced with financial difficulties in Canada, sold its stock to Australian institutional investors. In 2007, the government approved the purchase of the Nine Network by CVC Capital Partners from PBL. The transaction also included the purchase of ACP Magazines, the largest magazine publisher in Australia, which did not require government approval.

The removal of foreign investment controls on radio in 1992 was quickly followed by the entry of foreign investors: Australian Provincial Press (APN), owned by Independent News & Media (Ireland) and already established in the Australian market as publishers of more than a dozen regional daily newspapers and other periodicals, became the first foreign entrant into the radio industry. Forming a joint venture with Clear Channel (US), it gradually purchased several metropolitan radio stations to avoid breaching the prevailing cross-ownership prohibition against owning newspapers and radio licenses in the same region. Another major foreign investor in radio was the Trinity Mirror plc (UK), which entered the market in 1996 and acquired one metropolitan and over 50 regional stations. By 2004, it had expanded its metropolitan stations to nine and began to focus exclusively on the metropolitan market. Soon after, it sold all its regional stations to the Macquarie Media Group.

In telecommunications, the special foreign investment rules relating to Telstra have ensured its status as an Australian controlled carrier. The three other major carriers operating in Australia, however, are all foreign controlled. Optus, the second major carrier operating both wireline and wireless networks in competition with Telstra, is currently a subsidiary of SingTel (Singapore), and was formerly owned by Cable and Wireless (UK). The other two major wireless carriers are Vodafone Australia, owned by Vodafone plc (UK), and Hutchison Telecommunications International, a subsidiary of Hutchison Whampoa (Hong Kong), now operating in a joint venture. Other foreign investors in the industry include Telecom New Zealand (New Zealand), Primus Telecom (US), and Reach Networks (Hong Kong).

Telstra has several significant investments in telecommunications services in other countries. These include TelstraClear, the third-ranked telecommunications carrier in New Zealand, and CSL New World Mobility Group, Hong Kong's largest wireless provider. Another significant Australian-related venture overseas is the US-based Village Roadshow Entertainment Group, formed from a merger of the Australian
p. 731 Village ↳ Roadshow Pictures with Concord Music Group (US). Besides Village Roadshow and Telstra, no other Australian media groups have significant overseas investments.

Before 1987, prohibition of ownership of more than two television stations ensured a low level of concentration. While the two station rule operated, major networking leverage was attained by owning the Sydney and Melbourne stations. Packer owned the two Nine stations, Murdock the two Ten stations, while the two Seven stations were split between HWT and Fairfax. The removal of the two stations' limit was quickly followed by changes in ownership of the three major commercial operators, with the new owners moving promptly to acquire properties in other metropolitan markets. This is reflected by the gradual rise in both the C4 and HHI from 1988 to 2000. Although concentration increased, the impact was attenuated by other ongoing ownership controls preventing ownership of more than one television station in any local market and prohibitions of entry into the industry by new players. Concentration peaked in 2000 when one of the three main networks was temporarily in excess of the 75% population reach limit following several acquisitions. That year was also a time of considerable turmoil in the industry, with all three major commercial networks experiencing financial difficulties that forced them into receivership. The slight subsequent decline in the concentration ratio is due to the mandated divestiture of assets to ensure that new owners remained within the population reach limit.

The situation in broadcast radio is much more fluid. Like broadcast television, broadcast radio had been subject to considerable change in ownership controls immediately prior to the period under review. The entry of new players in the radio market, although strictly controlled by licensing, was not prohibited, as was the case for television. During the decade preceding 1988, several new FM radio broadcasters established themselves in the main metropolitan and regional markets. These, combined with the changes to the preexisting controls of ownership, brought about extensive changes in the industry. The combined effect of the two-station ownership limit in any one local market and the licensing of up to 12 new large FM stations in the main metropolitan areas, in addition to the market share for public broadcasting, seem to have reduced concentration. Both C4 and HHI indicate low to moderate concentration in the radio market.

While the initial establishment of multicast subscription television in Australia was delayed by government regulation, subsequent development of the industry has not been subject to regulatory restrictions of ownership. However, entry into the industry faces considerable barriers: while some independent content aggregators are available to all MSOs, there is a significant level of exclusivity in access to Hollywood productions and popular sports programs. Foxtel was able to exploit a degree of vertical integration with its partial owners—Telstra for cable distribution in major cities and News Corp. for access to 20th Century Fox content—to become the dominant player. Apart from a couple of very small operators, the Australian subscription TV market was until recently subdivided into two exclusive submarkets, each served by a single supplier of the same programming: Foxtel in major metropolitan areas and Austar in regional areas. Foxtel's purchase of Austar in 2012 has created a virtual national monopoly. The high levels of both the C4 and HHI reflect the high level of concentration in the market.

Liberalization of the telecommunications sector has had a major impact on industry concentration. With competition from new carriers and many smaller service providers, the market share of the incumbent carrier has been declining gradually over the years. However, the incumbent enjoys substantial economic advantages over its competitors, not the least of which is its ownership of the nationwide wireline CAN. After almost two decades of competition, Telstra still controls more than 70% of industry revenue. The position is unlikely to change significantly in the foreseeable future. However, the government has recently embarked on the building of a national broadband fiber-optic network including the CAN (fiber-to-the-home) with the intention of providing access to all carriers on an equal basis. When completed, it will
p. 732 eliminate ↳ Telstra's monopoly control of the CAN and is likely to intensify competition in the market, with consequential reductions in concentration.

In the wireless sector, liberalization has produced more intense market competition. The wireless sector was still in an early development stage when liberalization was put in place, giving the new entrant carriers a more balanced basis to compete with the incumbent. While Telstra's market share has declined significantly, it remains the largest operator. However, as the market has grown considerably, the current market shares of Telstra and its competitors relate to a much larger pie than was the case in the early 1990s.

The nature of the Australian film and video production industry is not conducive to a high degree of concentration. The industry is largely made up of medium and small enterprises, with many very small establishments engaged in the provision of freelance services to larger production houses. This structure lends itself to the "project nature" of much of the industry's main production activity for which specialist skills and services are typically brought together for the duration of a project. A large proportion of the industry output is made-to-order for television internally by the networks themselves or commissioned from other producers. More than two-thirds of all establishments are engaged in production of outputs for television. In contrast, the major international distributors dominate film distribution. During the period under review, the HHI ratio for film distribution declined from just above the high concentration threshold to lower levels in the moderate concentration band. The C4 ratio shows a similar decline. While the doubling of the share of the market held by some 30 independent specialist distributors also made a small contribution to the decline, it is unlikely that their market share will grow sufficiently to pose a threat to the majors in the foreseeable future.

In the period from 1998 to 2008, concentration in the Australian ISP market increased considerably, with the transformation of a relatively unconcentrated market to a highly concentrated one. The period coincides with extensive growth in household Internet access.[35] During the same period there was also a transformation of household Internet connections from telephone dial-up to largely ADSL broadband. The growth of the household market provided a significant advantage to incumbent telecommunications carriers over whose network the services were delivered. Telstra was able to exploit this advantage to secure the lion's share of the market. Other carriers, despite deregulation of the telecommunications industry, were largely dependent on access to Telstra's network to deliver their services. Consequently, both their appeal to customers and market growth is relatively constrained.

The analysis indicates a tendency for increased market concentration in all electronic media markets. While regulation has constrained high levels of concentration in mass media markets, such as broadcast TV and radio, the inherent economies of scale provide incentives for greater concentration. In television, for example, there are major economies of scale in both programming and the supply of national advertising: in both of these areas, major broadcasters were able to increase their market share through commercial agreements.

The tendency toward concentration is also evident in the new media. As for all information services, once content is created the cost of making it available to larger numbers of users is very small. Increased popularity of a service enables providers to exploit a virtuous circle by increasing investment in content and thus increasing its appeal to users. Less popular services face a vicious circle fed by the loss of users and reduced capacity to invest in improvements. Bigpond in the ISP market and Google in the search engine market display some of these characteristics. Bigpond, for example, is one of the most popular websites in

Australia and offers its ISP subscribers unmetered access to its own ↳ content. Subscribers to other ISPs incur a usage charge to download the same content via their service providers, which lack the capacity to provide comparable, unmetered content for their subscribers. While there are several specialized Australian search engines, they command only very small market shares, so the rise of Google at the expense of other engines has resulted in dramatic increases in concentration ratios.

The measures of concentration used in the research discussed in this chapter are based on traditional industry definitions. While convergence brought about by the development and rapid growth of online information services may have eroded traditional industry boundaries, the resultant impact on industry concentration does not appear to be significant. Traditional media not only continue to dominate in the domestic market via traditional distribution platforms, but they have also extended their presence into the online world. The most popular online news services are associated with traditional media, including daily newspapers and broadcasters. Among the "thousands of voices" accessible online, very few have the capacity to challenge the influence of traditional media on public opinion.

Conclusion

Four key corporations historically dominated Australian newspapers, magazines, television, and radio, and had various other media interests. The first was The Herald and Weekly Times (HWT), which until 1986 was the largest publisher of newspapers. Its early driving force was Sir Keith Murdoch, father of Rupert Murdoch, though he did not have a controlling ownership (after his death, collective management was p. 725 effected). It was the first publisher to extend its holdings into several state capitals, and it had ↳ the highest circulation rates in every state capital, except Sydney, where it had no presence. In the aftermath of the 1986–87 media ownership policy changes Rupert Murdoch moved decisively to gain control of HWT. The introduction of those laws was widely seen as the last chance to buy into TV, and there was a frenzy of takeovers, with stations commanding prices that would have seemed impossible a few years prior.[26]

Apart from HWT, the other three companies were unusual in the modern corporate world in that a central proprietor dominated them. The flavor of media concentration issues as they related to newspapers and broadcasting was thus shaped by the unusual degree to which major corporations were associated with dominant individuals and families.

The most famous and controversial was Rupert Murdoch's News Ltd., which he began with a relatively small inheritance from his father—the afternoon daily *The News*. Murdoch built this into a global company, News Corp. (now headquartered in the US) with holdings in the United Kingdom, the United States, and several other countries. Murdoch has been controversial because he has been seen as driving his media companies downmarket in the quest for greater audience share and because his political influence on his outlets is much greater than is the case with many other media proprietors.[27]

The Packer organization (PBL Media)—led by Sir Frank Packer from the 1930s to his death in the 1970s, then by Kerry until his death in 2005, and since by his son James—owned only one daily, the Sydney *Daily Telegraph*. While PBL Media sold that newspaper to Rupert Murdoch in 1972, it was also, the largest magazine group in the country, and crucially set up the first TV network to own a strategic Sydney-Melbourne metropolitan area channel package. Kerry controlled the largest TV operator in the country until 1987, when he sold to Alan Bond, though a few years later, he regained control of the network. Later, PBL Media acquired a 25% stake in Foxtel, in partnership with News Ltd. and Telstra. Like Rupert Murdoch, Kerry was internally very controlling, with little regard for editorial independence, and had strong politically conservative views.[28] After Kerry's death, his son James sold his interests in free-to-air TV and magazine publishing (although initially keeping his interest in the pay-TV operator, Foxtel) and concentrated instead on investing in casinos.

The most patrician of the Australian media families, and one that traced its ownership back even further than the Murdochs and Packers, was the Fairfax family, which has been managing print properties in the country since 1841. The late 1980s brought a disastrous internal family split, which cut the company's size and ended family ownership.[29] It remained strong in newspapers, but no longer had a presence in broadcasting.

The mixture of concentrated ownership and powerful personalities has meant that media policy has sometimes been a contentious issue in Australia, although the influence of the public controversies on policy content is more difficult to discern. One controversy arose in the early 1980s over the so-called Murdoch amendments, when the government changed the requirement for TV licensees from being an Australian resident to being an Australian citizen, a move that was seen as designed to accommodate Murdoch. The largest public controversy came in 1991, when it appeared that a consortium involving Kerry Packer might acquire Fairfax Media, which had gone into liquidation. For a period the Canadian mogul, Conrad Black, became the largest shareholder in Fairfax.

An opportunity to reduce media concentration came in the late 1990s with the conversion from analog to p. 726 DTT transmission, but the government chose to give the extra available ↳ frequencies to the existing networks. Again there was some public controversy, but it had no impact on the policy.

Much of the policy concern in Australia in relation to media diversity has been focused on the capacity of media conglomerates to use their power across media to influence public opinion and to skew competition in their favor. This has been a concern from the early days of the development of audiovisual media, starting with radio in the 1920s and 1930s and reinforced by the introduction of television in 1956.

The Australian press has traditionally enjoyed full freedom of expression, and participation in the industry has never been subject to regulation. Indeed, the Australian federal constitution contains no powers for regulation or control of the press. In contrast, the constitutional powers in relation to electronic transmissions (initially telegraph) are used to justify extensive regulation of electronic media. According to the Joint Parliamentary Committee on Wireless Broadcasting in 1942, the purpose of the ownership limits was to constrain the extension of influence of newspapers into the new medium, as there was "little multiple ownership of broadcasting licenses by other interests."[30] The concern with media influence on public opinion was also cited as the justification for restrictions on foreign ownership and control of media. In this regard, as stressed in 1951 by the then Prime Minister Robert Menzies, the issue was:

> whether the Government should permit or even encourage a state of affairs in which the most intimate form of propaganda known to modern science that is being conducted in this country, one that is going into every home and is reaching every man, woman and child in this country, should be in the hands of people who do not belong to this country.[31]

While these restrictions remained in place and ensured some limits on concentration within each broadcasting medium, they did not prevent a degree of cross-ownership from arising. The 1987 changes were designed to trade off a deeper influence within electronic media by allowing the formation of networks with a prohibition of control in more than one established traditional media outlet in the same local market. These regulations remained in force until 2006: foreign ownership restrictions were abolished in 1992 for radio, and for television in 2006. It should be noted, however, that foreign investment in major traditional media remains under the purview of the Foreign Investment Review Board. The application of ownership and control (including foreign control) limits and the cross-ownership regulations was a major constraining influence on the formation of media conglomerates with interests in electronic media. The impact of these factors is evident in the main media interests of the various conglomerates summarized in Table 23.13.

Table 23-13. Australian Media Crossownership Holdings, 2011

	Telstra	Optus (Singtel, Singapore)	News Corporation (Murdoch, US-Australia)	Nine Entertainment Co (formerly PBL Media, Packer)	Seven Network Ltd (Stokes)	Southern Cross Media Group (formerly Macquarie Media Group)	APN News & Media (O'Reilly, Ireland)	Village Roadshow
Wireline Telecommunication	Telstra (72% market share)	Optus (12% market share)						
Wireless Telecommunication	Telstra (42% market share)	Optus (33% market share)						
TV Broadcasting				Nine Network	Seven Network	Southern Cross TV (regional network)		
Radio						Ownership of several radio stations	Australian Radio Network	Austereo
Pay TV	50% owner of Foxtel (63% market share)	OptusVision (Foxtel reseller)	25% owner of Foxtel (63% market share)	25% owner of Foxtel (63% market share)				
Film			Fox Studios (Sydney)					Village Roadshow
Movie Theatres								Village Roadshow
ISPs	Bigpond (largest ISP (40% market share)	Optus (second ranked ISP 12% Market share)						

Search Engines	Sensis		50% ninemsn	Yahoo!7 (joint venture with Yahoo)	
Magazines		14% of market	ACP Magazines 44% market share	Pacific Magazines	
Daily Newspapers		newspapers with combined circulation of 57% of market		*Western Australian* daily	several regional newspapers
Books		HarperCollins (incl. Angus & Robertson)			

Table 23.13 reflects the situation in 2011, four years after the abolition of the 1987 cross-ownership restrictions in 2007. Although there have been some changes in the ownership of traditional media assets since then, they have not been extensive. Combinations of media assets that would have been prohibited by the old cross-ownership rules include

- The acquisition by Fairfax Media of several radio stations owned by the Southern Cross Media Group
- The acquisition of the *Western Australian* daily by Seven Network Limited
- The acquisition of the Southern Cross TV regional network by the former Macquarie Media Group (owner of a regional radio network with a similar coverage area and its subsequent 2011 merger with
p. 727 Austereo to form the Southern Cross Austereo Group) ↳

p. 728 ↳

- p. 729 ↳ APN News and Media's acquisition of radio stations in regional markets where it published newspapers
- Other common ownership of regional radio and regional newspapers in the same market

All of the other combinations illustrated in Table 23.13 would have been permitted by the previous regulations, as they did not involve common ownership of daily newspapers, TV, and radio entities with overlapping coverage areas.

The two most prominent cross-media conglomerates have been News Corporation, which has relocated its headquarters from Australia to the United States, and Nine Entertainment Company, formerly PBL Media. While News Corporation's assets include newspapers, magazines, book publishing (HarperCollins), subscription television (Foxtel), and film production studios, they do not extend to broadcast media. Although Murdoch did own some TV stations before the introduction of the 1987 cross-ownership restrictions, he sold those assets on becoming a US citizen to avoid conflict with the then-prevailing prohibitions of foreign ownership. The timing of the 1987 changes was advantageous for Murdoch as his TV holdings sold for much more than they would have done if he had been forced to sell immediately after renouncing his Australian citizenship.

After selling and then regaining Nine Network, Kerry Packer sought to broaden his interests in television and magazines to daily newspapers but was frustrated by the cross-media rules. Except for a brief period in the late 1980s, PBL Media was the owner of Nine Network, then Australia's consistently highest-rated network. PBL was consequently barred from owning daily newspapers or radio services in any major metropolitan areas, and its assets were concentrated in broadcast TV, magazine publishing, and multichannel TV. In 2006, PBL Media's television and magazine interests were sold off to the Nine Entertainment Company, with James Packer selling a 50% share of the new entity to a privateequity company, CVC Capital Partners (UK). Packer retained an interest in Foxtel. Consequently, CVC acquired all of the capital in Nine Entertainment.

Kerry Stokes controls the Seven Network, which has recently acquired a print daily, the *Western Australian*, an acquisition that would not have been possible under the former regulatory regimen. Before acquiring a strategic interest in the Seven Network in 1996, Stokes owned several broadcast and newspaper assets, including a television station and a print daily in the federal capital, Canberra. He sold those assets with the onset of the 1987 regulations. The Seven Network also owns Pacific Magazines (the second largest Australian magazine publisher) and Yahoo!7 (a joint venture combining Yahoo search and online capabilities with the Seven Network's content), as well as interests in wireless broadband and voice-over Internet protocol (VOIP) telephony.

International owners have substantial stakes in Australian media. Indeed, Australia is probably unique not only in having one company controlling 65% of the circulation of daily newspapers, but also in that the company is now headquartered abroad, in the United States.

The acquisition of a controlling interest in the broadcasting sector was specifically prohibited until 1992 in relation to radio and 2006 in relation to TV. Since these years, foreign investment in radio and TV is governed by the provisions of general foreign investment policy that is broadly encouraging of foreign investment consistent with the national interest. Newspapers, broadcast TV, and radio are defined as sensitive industries within that policy and all foreign investment proposals involving 5% or more of a company's stock must obtain prior approval.[32] In most recent cases, approval has been granted subject to conditions regarding Australian residency of the CEO, retention of Australian incorporation and headquarters, and the inclusion of a majority of Australian directors on the board of directors. Foreign
p. 730 investment ↳ proposals in other media industries, except for the special case applied to privatization of Telstra, are subject only to the broader thresholds of non-sensitive foreign investment. In the case of Telstra, "aggregate foreign ownership . . . is limited to 35% of the privatized equity and individual foreign investors are only allowed to own up to 5%."[33]

Until recently, two of the three main commercial broadcasting networks were controlled by foreign entities. Canada's Canwest acquired 50.1% of Ten Network in 1992 when the network was in receivership: to get around the then ruling prohibition of foreign control, the network was formally acquired by a corporation in which Canwest owned marginally less than the 15% share of the prescribed foreign control threshold. It held the remainder of this firm's economic interest in the form of subordinated debentures and convertible debentures, which were not captured by the legislated definition of "company interests." Following abolition of the restrictions on foreign ownership of television in 2006, the government approved Canwest's conversion of all its debentures into stock, thus giving the company formal control of the network.[34] Foreign control of Ten Network ended in 2009 when Canwest, faced with financial difficulties in Canada, sold its stock to Australian institutional investors. In 2007, the government approved the purchase of the Nine Network by CVC Capital Partners from PBL. The transaction also included the purchase of ACP Magazines, the largest magazine publisher in Australia, which did not require government approval.

The removal of foreign investment controls on radio in 1992 was quickly followed by the entry of foreign investors: Australian Provincial Press (APN), owned by Independent News & Media (Ireland) and already established in the Australian market as publishers of more than a dozen regional daily newspapers and other periodicals, became the first foreign entrant into the radio industry. Forming a joint venture with Clear Channel (US), it gradually purchased several metropolitan radio stations to avoid breaching the prevailing cross-ownership prohibition against owning newspapers and radio licenses in the same region. Another major foreign investor in radio was the Trinity Mirror plc (UK), which entered the market in 1996 and acquired one metropolitan and over 50 regional stations. By 2004, it had expanded its metropolitan stations to nine and began to focus exclusively on the metropolitan market. Soon after, it sold all its regional stations to the Macquarie Media Group.

In telecommunications, the special foreign investment rules relating to Telstra have ensured its status as an Australian controlled carrier. The three other major carriers operating in Australia, however, are all foreign controlled. Optus, the second major carrier operating both wireline and wireless networks in competition with Telstra, is currently a subsidiary of SingTel (Singapore), and was formerly owned by Cable and Wireless (UK). The other two major wireless carriers are Vodafone Australia, owned by Vodafone plc (UK), and Hutchison Telecommunications International, a subsidiary of Hutchison Whampoa (Hong Kong), now operating in a joint venture. Other foreign investors in the industry include Telecom New Zealand (New Zealand), Primus Telecom (US), and Reach Networks (Hong Kong).

Telstra has several significant investments in telecommunications services in other countries. These include TelstraClear, the third-ranked telecommunications carrier in New Zealand, and CSL New World Mobility Group, Hong Kong's largest wireless provider. Another significant Australian-related venture overseas is the US-based Village Roadshow Entertainment Group, formed from a merger of the Australian
p. 731 Village ↳ Roadshow Pictures with Concord Music Group (US). Besides Village Roadshow and Telstra, no other Australian media groups have significant overseas investments.

Before 1987, prohibition of ownership of more than two television stations ensured a low level of concentration. While the two station rule operated, major networking leverage was attained by owning the Sydney and Melbourne stations. Packer owned the two Nine stations, Murdock the two Ten stations, while the two Seven stations were split between HWT and Fairfax. The removal of the two stations' limit was quickly followed by changes in ownership of the three major commercial operators, with the new owners moving promptly to acquire properties in other metropolitan markets. This is reflected by the gradual rise in both the C4 and HHI from 1988 to 2000. Although concentration increased, the impact was attenuated by other ongoing ownership controls preventing ownership of more than one television station in any local market and prohibitions of entry into the industry by new players. Concentration peaked in 2000 when one of the three main networks was temporarily in excess of the 75% population reach limit following several acquisitions. That year was also a time of considerable turmoil in the industry, with all three major commercial networks experiencing financial difficulties that forced them into receivership. The slight subsequent decline in the concentration ratio is due to the mandated divestiture of assets to ensure that new owners remained within the population reach limit.

The situation in broadcast radio is much more fluid. Like broadcast television, broadcast radio had been subject to considerable change in ownership controls immediately prior to the period under review. The entry of new players in the radio market, although strictly controlled by licensing, was not prohibited, as was the case for television. During the decade preceding 1988, several new FM radio broadcasters established themselves in the main metropolitan and regional markets. These, combined with the changes to the preexisting controls of ownership, brought about extensive changes in the industry. The combined effect of the two-station ownership limit in any one local market and the licensing of up to 12 new large FM stations in the main metropolitan areas, in addition to the market share for public broadcasting, seem to have reduced concentration. Both C4 and HHI indicate low to moderate concentration in the radio market.

While the initial establishment of multicast subscription television in Australia was delayed by government regulation, subsequent development of the industry has not been subject to regulatory restrictions of ownership. However, entry into the industry faces considerable barriers: while some independent content aggregators are available to all MSOs, there is a significant level of exclusivity in access to Hollywood productions and popular sports programs. Foxtel was able to exploit a degree of vertical integration with its partial owners—Telstra for cable distribution in major cities and News Corp. for access to 20th Century Fox content—to become the dominant player. Apart from a couple of very small operators, the Australian subscription TV market was until recently subdivided into two exclusive submarkets, each served by a single supplier of the same programming: Foxtel in major metropolitan areas and Austar in regional areas. Foxtel's purchase of Austar in 2012 has created a virtual national monopoly. The high levels of both the C4 and HHI reflect the high level of concentration in the market.

Liberalization of the telecommunications sector has had a major impact on industry concentration. With competition from new carriers and many smaller service providers, the market share of the incumbent carrier has been declining gradually over the years. However, the incumbent enjoys substantial economic advantages over its competitors, not the least of which is its ownership of the nationwide wireline CAN. After almost two decades of competition, Telstra still controls more than 70% of industry revenue. The position is unlikely to change significantly in the foreseeable future. However, the government has recently embarked on the building of a national broadband fiber-optic network including the CAN (fiber-to-the-home) with the intention of providing access to all carriers on an equal basis. When completed, it will
 eliminate ↳ Telstra's monopoly control of the CAN and is likely to intensify competition in the market, with consequential reductions in concentration.

In the wireless sector, liberalization has produced more intense market competition. The wireless sector was still in an early development stage when liberalization was put in place, giving the new entrant carriers a more balanced basis to compete with the incumbent. While Telstra's market share has declined significantly, it remains the largest operator. However, as the market has grown considerably, the current market shares of Telstra and its competitors relate to a much larger pie than was the case in the early 1990s.

The nature of the Australian film and video production industry is not conducive to a high degree of concentration. The industry is largely made up of medium and small enterprises, with many very small establishments engaged in the provision of freelance services to larger production houses. This structure lends itself to the "project nature" of much of the industry's main production activity for which specialist skills and services are typically brought together for the duration of a project. A large proportion of the industry output is made-to-order for television internally by the networks themselves or commissioned from other producers. More than two-thirds of all establishments are engaged in production of outputs for television. In contrast, the major international distributors dominate film distribution. During the period under review, the HHI ratio for film distribution declined from just above the high concentration threshold to lower levels in the moderate concentration band. The C4 ratio shows a similar decline. While the doubling of the share of the market held by some 30 independent specialist distributors also made a small contribution to the decline, it is unlikely that their market share will grow sufficiently to pose a threat to the majors in the foreseeable future.

In the period from 1998 to 2008, concentration in the Australian ISP market increased considerably, with the transformation of a relatively unconcentrated market to a highly concentrated one. The period coincides with extensive growth in household Internet access.[35] During the same period there was also a transformation of household Internet connections from telephone dial-up to largely ADSL broadband. The growth of the household market provided a significant advantage to incumbent telecommunications carriers over whose network the services were delivered. Telstra was able to exploit this advantage to secure the lion's share of the market. Other carriers, despite deregulation of the telecommunications industry, were largely dependent on access to Telstra's network to deliver their services. Consequently, both their appeal to customers and market growth is relatively constrained.

The analysis indicates a tendency for increased market concentration in all electronic media markets. While regulation has constrained high levels of concentration in mass media markets, such as broadcast TV and radio, the inherent economies of scale provide incentives for greater concentration. In television, for example, there are major economies of scale in both programming and the supply of national advertising: in both of these areas, major broadcasters were able to increase their market share through commercial agreements.

The tendency toward concentration is also evident in the new media. As for all information services, once content is created the cost of making it available to larger numbers of users is very small. Increased popularity of a service enables providers to exploit a virtuous circle by increasing investment in content and thus increasing its appeal to users. Less popular services face a vicious circle fed by the loss of users and reduced capacity to invest in improvements. Bigpond in the ISP market and Google in the search engine market display some of these characteristics. Bigpond, for example, is one of the most popular websites in

Australia and offers its ISP subscribers unmetered access to its own ↳ content. Subscribers to other ISPs incur a usage charge to download the same content via their service providers, which lack the capacity to provide comparable, unmetered content for their subscribers. While there are several specialized Australian search engines, they command only very small market shares, so the rise of Google at the expense of other engines has resulted in dramatic increases in concentration ratios.

The measures of concentration used in the research discussed in this chapter are based on traditional industry definitions. While convergence brought about by the development and rapid growth of online information services may have eroded traditional industry boundaries, the resultant impact on industry concentration does not appear to be significant. Traditional media not only continue to dominate in the domestic market via traditional distribution platforms, but they have also extended their presence into the online world. The most popular online news services are associated with traditional media, including daily newspapers and broadcasters. Among the "thousands of voices" accessible online, very few have the capacity to challenge the influence of traditional media on public opinion.

Bibliography

1. Books and Articles

Barry, Paul. *The Rise and Rise of Kerry Packer Uncut*. Sydney: Bantam, 2007.
Google Scholar Google Preview WorldCat COPAC

Blainey, Geoffrey. *The Tyranny of Distance: How Distance Shaped Australia's History*. Melbourne and London: Macmillan, 1968.
Google Scholar Google Preview WorldCat COPAC

Chenoweth, Neil. *Virtual Murdoch: Reality Wars on the Information Superhighway*. London: Vintage, 2002.
Google Scholar Google Preview WorldCat COPAC

Duffy, M. (MP, the Hon). "Second Reading Speech." *House of Representatives Debates,* Apr. 29, 1987.

House of Representatives. *Debates, 215:28. November 1951*. Canberra: Commonwealth of Australia Parliament, 1951.
Google Scholar Google Preview WorldCat COPAC

Mayer, Henry. *The Press in Australia*. Melbourne: Lansdowne Press, 1964.
Google Scholar Google Preview WorldCat COPAC

Papandrea, Franco. "Media Diversity and Cross Media Regulation." *Prometheus* 24:3, 2006. 301–322.
Google Scholar WorldCat

Souter, Gavin. *Heralds and Angels: The House of Fairfax, 1841–1990*. Melbourne: Melbourne University Press, 1991.
Google Scholar Google Preview WorldCat COPAC

Tiffen, R. "Media Policy." Brett, J., J. Gillespie and M. Goot (eds.). *Developments in Australian Politics*. Macmillan, Melbourne, 1994.

Tiffen, Rodney. "From Technological Abundance to Commercial Monopoly in Australian Pay TV: Key Relationships in Institutionalising Subscription Television." Kenyon, Andrew T. (ed.). *TV Futures: Digital Television Policy in Australia*. Melbourne: Melbourne University Press, 2007.

Tiffen, Rodney and Gittins, Ross. *How Australia Compares*. 2nd ed. Melbourne: Cambridge University Press, 2009.
Google Scholar Google Preview WorldCat COPAC

Wolff, Michael. *The Man Who Owns the News: Inside the Secret World of Rupert Murdoch*. New York: Knopf, 2008.
Google Scholar Google Preview WorldCat COPAC

2. Reports

ASTRA (Australian Subscription Television and Radio Association). 2011. May 31, 2011. <http://astra.org.au/pages/facts-figures>.
WorldCat

Australian Broadcasting Corporation (ABC). *Annual Report*. Various years.
Google Scholar Google Preview WorldCat COPAC

Australian Broadcasting Tribunal (ABT). *Annual Report*. Various years.
Google Scholar Google Preview WorldCat COPAC

ABS (Australian Bureau of Statistics). "8146.0—Household Use of Information Technology, Australia, 2008–09." Canberra: ABS, 2010. Accessed May 27, 2013.
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/5B15663305C2B5DCCA25796600153023?opendocument>.
WorldCat

ABS (Australian Bureau of Statistics). "8153.0—Internet Activity, Australia, Dec 2012." Canberra: ABS, 2012. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8153.0~December+2012~Chapter~Sector?OpenDocument>.
WorldCat

ABS (Australian Bureau of Statistics). "8654.0—Motion Picture Exhibition, Australia, 1999–2000." Canberra: ABS, 2001. Accessed

27 May 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8654.0/>.
WorldCat

ABS (Australian Bureau of Statistics). “8679.0—Television, Film and Video Production and Post-Production Services, Australia, 2006–07.” Canberra: ABS, 2008. Accessed May 27, 2013. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8679.0Explanatory%20Notes12006-12007?OpenDocument>.
WorldCat

Australian Communication and Media Authority (ACMA). *Broadcasting Financial Results*. Various years.
Google Scholar Google Preview WorldCat COPAC

p. 734 Communications Law Centre. *Update*, “Media Ownership Update” special issues. Various years.

Costello, P. “Foreign Investment: Canwest Global Communications Corp—Acquisition of Interest in Ten Network Holdings Limited.” Media Statement No. 087, Aug. 20, 2007. Accessed May 31, 2011. <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/078.htm&pageID=003&min=phc&Year=&DocType=0>.
WorldCat

Costello, P. “Foreign Investment Proposal: Red Earth Holdings b.v. —Acquisition of an Additional Interest in PBL Media Holdings Pty Limited and the PBL Media Holdings Trust.” Media Statement No. 088, Sept. 4, 2007. Accessed May 31, 2011. <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/088.htm&pageID=003&min=phc&Year=&DocType=0>.
WorldCat

Federal Communications Commission (FCC). “*2002 Biennial Regulatory Review: Report and Order and Notice of Proposed Rulemaking.*” FCC: Washington, DC, 2003.
Google Scholar Google Preview WorldCat COPAC

Hanover, Wilton Hanford (ed.). Book Industry Strategy Group. “Final Report to Government.” Canberra: Book Industry Strategy Group, 2011. Accessed May 27, 2013. <http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/BISGFinalReport.pdf>.
WorldCat

Hitwise Australia. “Weekly Online Trends.” Experian, Sept. 13, 2010. Accessed May 27, 2013. <http://www.hitwise.com/au/datacentre/main/dashboard-1706.html>.
WorldCat

W. Gibson, Chair Joint Parliamentary Committee on Wireless Broadcasting. *Report*. Canberra, Government Printing Office, 1942.

Lee, Jenny. “Digital Technologies in Australia’s Book Industry.” Canberra: Book Industry Strategy Group, 2010. Accessed May 27, 2013. <http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/DigitalTechnologiesInAustraliasBookIndustry.pdf>.
WorldCat

Productivity Commission. “*Broadcasting Report no. 11.*” Canberra: Ausinfo, 2000.
Google Scholar Google Preview WorldCat COPAC

Productivity Commission. “Telecommunications Competition Regulation Inquiry Report.” Canberra: Productivity Commission, 2001. Accessed May 31, 2011. <http://www.pc.gov.au/projects/inquiry/telecommunications/docs/finalreport>.
WorldCat

Roy Morgan Research (RMR). “*Google Overwhelms Search Competitors in Australia.*” RMR, Feb. 1, 2006.
Google Scholar Google Preview WorldCat COPAC

Roy Morgan Research (RMR). “*It’s Google Then The Rest When Searching Online In Australia.*” RMR, May 18, 2006.
Google Scholar Google Preview WorldCat COPAC

Screen Australia. “Research: Production Industry, Drama.” screenaustralia.gov, May 31, 2011. Accessed May 27, 2013. <http://www.screenaustralia.gov.au/research/statistics/mpfeaturesspending.aspx>.
WorldCat

Select Committee on the Print Media (M. Lee, Chair), House of Representatives, Report, *News & Fair Facts*. Canberra: Australian Government Publishing Service, 1992.

Special Broadcasting Service (SBS). *Annual Report*. Various years.
Google Scholar Google Preview WorldCat COPAC

Treasurer. “Australia’s Foreign Investment Policy.” Canberra: Foreign Investment Review Board, 2011. Accessed May 31, 2011. <http://www.firb.gov.au/content/_downloads/AFIP_2013.pdf>.
WorldCat

Bibliography

1. Books and Articles

Barry, Paul. *The Rise and Rise of Kerry Packer Uncut*. Sydney: Bantam, 2007.
Google Scholar Google Preview WorldCat COPAC

Blainey, Geoffrey. *The Tyranny of Distance: How Distance Shaped Australia's History*. Melbourne and London: Macmillan, 1968.
Google Scholar Google Preview WorldCat COPAC

Chenoweth, Neil. *Virtual Murdoch: Reality Wars on the Information Superhighway*. London: Vintage, 2002.
Google Scholar Google Preview WorldCat COPAC

Duffy, M. (MP, the Hon). "Second Reading Speech." *House of Representatives Debates,* Apr. 29, 1987.
Google Scholar Google Preview WorldCat COPAC

House of Representatives. *Debates, 215:28. November 1951*. Canberra: Commonwealth of Australia Parliament, 1951.
Google Scholar Google Preview WorldCat COPAC

Mayer, Henry. *The Press in Australia*. Melbourne: Lansdowne Press, 1964.
Google Scholar Google Preview WorldCat COPAC

Papandrea, Franco. "Media Diversity and Cross Media Regulation." *Prometheus* 24:3, 2006. 301–322.
Google Scholar WorldCat

Souter, Gavin. *Heralds and Angels: The House of Fairfax, 1841–1990*. Melbourne: Melbourne University Press, 1991.
Google Scholar Google Preview WorldCat COPAC

Tiffen, R. "Media Policy." Brett, J., J. Gillespie and M. Goot (eds.). *Developments in Australian Politics*. Macmillan, Melbourne, 1994.
Google Scholar Google Preview WorldCat COPAC

Tiffen, Rodney. "From Technological Abundance to Commercial Monopoly in Australian Pay TV: Key Relationships in Institutionalising Subscription Television." Kenyon, Andrew T. (ed.). *TV Futures: Digital Television Policy in Australia*. Melbourne: Melbourne University Press, 2007.
Google Scholar Google Preview WorldCat COPAC

Tiffen, Rodney and Gittins, Ross. *How Australia Compares*. 2nd ed. Melbourne: Cambridge University Press, 2009.
Google Scholar Google Preview WorldCat COPAC

Wolff, Michael. *The Man Who Owns the News: Inside the Secret World of Rupert Murdoch*. New York: Knopf, 2008.
Google Scholar Google Preview WorldCat COPAC

2. Reports

ASTRA (Australian Subscription Television and Radio Association). 2011. May 31, 2011. <http://astra.org.au/pages/facts-figures>.
WorldCat

Australian Broadcasting Corporation (ABC). *Annual Report*. Various years.
Google Scholar Google Preview WorldCat COPAC

Australian Broadcasting Tribunal (ABT). *Annual Report*. Various years.
Google Scholar Google Preview WorldCat COPAC

ABS (Australian Bureau of Statistics). "8146.0—Household Use of Information Technology, Australia, 2008–09." Canberra: ABS, 2010. Accessed May 27, 2013.
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/5B15663305C2B5DCCA25796600153023?opendocument>.
WorldCat

ABS (Australian Bureau of Statistics). "8153.0—Internet Activity, Australia, Dec 2012." Canberra: ABS, 2012. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8153.0~December+2012~Chapter~Sector?OpenDocument>.

WorldCat

ABS (Australian Bureau of Statistics). "8654.0—Motion Picture Exhibition, Australia, 1999–2000." Canberra: ABS, 2001. Accessed 27 May 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8654.0/>.
WorldCat

ABS (Australian Bureau of Statistics). "8679.0—Television, Film and Video Production and Post-Production Services, Australia, 2006–07." Canberra: ABS, 2008. Accessed May 27, 2013.
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8679.0Explanatory%20Notes12006-12007?OpenDocument>.
WorldCat

Australian Communication and Media Authority (ACMA). *Broadcasting Financial Results*. Various years.
Google Scholar Google Preview WorldCat COPAC

p. 734 Communications Law Centre. *Update*, "*Media Ownership Update*" special issues. Various years.
Google Scholar Google Preview WorldCat COPAC

Costello, P. "Foreign Investment: Canwest Global Communications Corp—Acquisition of Interest in Ten Network Holdings Limited." Media Statement No. 087, Aug. 20, 2007. Accessed May 31, 2011. <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/078.htm&pageID=003&min=phc&Year=&DocType=0>.
WorldCat

Costello, P. "Foreign Investment Proposal: Red Earth Holdings b.v. —Acquisition of an Additional Interest in PBL Media Holdings Pty Limited and the PBL Media Holdings Trust." Media Statement No. 088, Sept. 4, 2007. Accessed May 31, 2011.
<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/088.htm&pageID=003&min=phc&Year=&DocType=0>.
WorldCat

Federal Communications Commission (FCC). "*2002 Biennial Regulatory Review: Report and Order and Notice of Proposed Rulemaking.*" FCC: Washington, DC, 2003.
Google Scholar Google Preview WorldCat COPAC

Hanover, Wilton Hanford (ed.). Book Industry Strategy Group. "Final Report to Government." Canberra: Book Industry Strategy Group, 2011. Accessed May 27, 2013.
<http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/BISGFinalReport.pdf>.
WorldCat

Hitwise Australia. "Weekly Online Trends." Experian, Sept. 13, 2010. Accessed May 27, 2013.
<http://www.hitwise.com/au/datacentre/main/dashboard-1706.html>.
WorldCat

W. Gibson, Chair *Joint Parliamentary Committee on Wireless Broadcasting. Report*. Canberra, Government Printing Office, 1942.
Google Scholar Google Preview WorldCat COPAC

Lee, Jenny. "Digital Technologies in Australia's Book Industry." Canberra: Book Industry Strategy Group, 2010. Accessed May 27, 2013.
<http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/DigitalTechnologiesInAustraliasBookIndustry.pdf>.
WorldCat

Productivity Commission. "*Broadcasting Report no. 11.*" Canberra: Ausinfo, 2000.
Google Scholar Google Preview WorldCat COPAC

Productivity Commission. "Telecommunications Competition Regulation Inquiry Report." Canberra: Productivity Commission, 2001. Accessed May 31, 2011. <http://www.pc.gov.au/projects/inquiry/telecommunications/docs/finalreport>.
WorldCat

Roy Morgan Research (RMR). "*Google Overwhelms Search Competitors in Australia.*" RMR, Feb. 1, 2006.
Google Scholar Google Preview WorldCat COPAC

Roy Morgan Research (RMR). "*It's Google Then The Rest When Searching Online In Australia.*" RMR, May 18, 2006.
Google Scholar Google Preview WorldCat COPAC

Screen Australia. "Research: Production Industry, Drama." screenaustralia.gov, May 31, 2011. Accessed May 27, 2013.

<http://www.screenaustralia.gov.au/research/statistics/mpfeaturesspending.aspx>.
WorldCat

Select Committee on the Print Media (M. Lee, Chair), House of Representatives, Report, *News & Fair Facts*. Canberra: Australian Government Publishing Service, 1992.

Special Broadcasting Service (SBS). *Annual Report*. Various years.
Google Scholar Google Preview WorldCat COPAC

Treasurer. “Australia’s Foreign Investment Policy.” Canberra: Foreign Investment Review Board, 2011. Accessed May 31, 2011. <http://www.firb.gov.au/content/_downloads/AFIP_2013.pdf>.
WorldCat

p. 735

Australia—Data Summaries

THERE HAS BEEN FIERCE competition among traditional media families in the newspapers market—the Murdochs, who own News Corp., News Ltd., and 21st Century Fox; the Fairfaxes, who own Southern Cross and formerly owned Seven Network; and the Packers, formerly owners of PBL Media (Table 23.14).

Table 23-14. National Media Industries Concentration in Australia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)	Company Power Index in Country	Company Share of the Overall National Media Market (%)
Telstra	2,683	40.9	2,577	41.4	–0.5	0.06
Murdoch Interests (US)	367	7.1	433	9.0	2.1	0.2
SingTel (Optus) (Singapore) (public)	342	13.7	289	12.8	–2.1	–0.12
Nine Entertainment	158	4.8	131	4.1	–2.3	–0.1
Google (US)	8	0.2	163	1.8	45.5	0.2
Seven Network	73	3.9	106	4.5	4.8	0.08
Fairfax Media	49	2.3	70	2.5	4.6	0.02
Liberty Media (US)	23	0.8	0.0	0.0	–100.0	–0.1
Australian Broadcasting Corporation (ABC) (public)	25	1.6	40	2.1	6.1	0.07
Village Roadshow (US)	9	0.6	2	0.2	–17.5	–0.06
Pearson (UK)	4	0.3	0.0	0.0	–100.0	–0.04
Lagardère (France)	3	0.2	4	0.3	4.2	0.01
Bertelsmann (Germany)	3	0.3	0.0	0.0	–100.0	–0.03
Southern Cross Media Group	7	0.9	23	1.4	16.9	0.07
Yahoo (US)	0.3	0.03	0.0	0.03	–24.9	–0.001
Microsoft (Bing) (US)	0.6	0.04	0.2	0.07	–11.0	0.003

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Total Revenue: Nat'l. Media Industry (mil US$)	31,908	50,130	7.1%
Total Voices (*n*)	47	35	–3.2%
Net Voices (*n*)	32	23	–3.5%
Public Ownership (%)	4.0	4.6	0.1%
Foreign Ownership (%)	32.8	32.4	–0.06%
C4 Average—Weighted	89.1	89.5	0.0%
HHI Average—Weighted	3,989	4,238	0.8%
C1 Average—Weighted	53.0	54.0	0.0%
Noam Index Average—Weighted	1,068	1,806	8.6%

Pooled Overall Sector C4	66.5	67.8	0.2%
Pooled Overall Sector HHI	1,981	2,018	0.36%
Pooled Overall Sector Noam Index	155	188	2.6%
Market Share of Top Ten Companies: Nat'l. Media Industry (%) (Pooled C10)	81.0	84.3	0.4%
National Media Power Index	3,898	3,984	0.31%

News Corp.'s News Ltd. print media group in Australia has political clout equal to its economic weight: it is the second largest media company overall (with a PI of 433), and as a leading content producer holds 20.8% of the content market (Table 23.15). Due to citizenship laws passed in the 1980s alongside new cross-ownership regulations, News Corp.'s Australian properties are concentrated in print (newspapers and book publishing), in contrast to its substantial electronic media holdings in the United Kingdom and the United States. In newspapers, News Corp. dominates, with a 57.5% industry market share, and it has made substantial advances in magazines as well.

Table 23-15. Top Content Media Companies in Australia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Murdoch Interests (US)	1,125	21.1	1,013	20.8	–1.3	–0.05
Nine Entertainment	477	14.0	387	12.0	–2.6	–0.25
Google (US)	25	0.5	482	5.2	44.6	0.6
Seven Network Ltd.	227	12.0	313	13.3	4.1	0.16
Fairfax Media	152	7.1	206	7.2	3.9	0.02
Australian Broadcasting Corporation (Public)	78	4.9	118	6.3	5.4	0.2

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	6.0	7.6	0.2%
Foreign Ownership (%)	38.1	35.2	–0.4%
C4 Average—Weighted	80.4	83.4	0.4%
HHI Average—Weighted	2,554	3,150	2.9%
C1 Average—Weighted	38.0	41	0%
National Power Index	2,314	2,930	3.3%

Australia's rank in foreign ownership of its media is the result of Optus (SingTel) and News Corp.'s high market shares in their respective industries—even though within the platform industry, Telstra controls 61.1% of the market (Table 23.16), well ahead of the next largest companies, SingTel and Vodafone (UK). Also, the numbers assume that the Murdochs are non-Australian foreigners, which is true only in a legalistic sense.

Table 23-16. Top Platform Media Companies in Australia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)	Company Power Index in Country	Company Share of the National Platform Media Market (%)
Telstra	3,946	59.9	3,832	61.1	–0.4	0.16
SingTel Optus Pty Limited (Singapore)	502	20.0	438	19.3	–1.7	–0.1
Vodafone (UK)	92	5.6	104	7.0	1.6	0.17

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	3.0	3.1	0.01%
Foreign Ownership (%)	30.3	30.9	0.1%
C4 Average—Weighted	93.3	92.7	–0.1%
HHI Average—Weighted	4,672	4,796	0.3%
C1 Average—Weighted	60%	61%	0.0%
National Power Index	4,593	4,524	–0.2%

The Average-Weighted C4 of Australia's overall media increased from 89.1% in 2004 to 89.5% in 2009 or most recent, putting it in the top third internationally for this measure. The combined national market share for the top four firms (C4) in Australia increased from 66.5% in 2004 to 67.8% in 2012 or most recent, of which 47.6% are in telecom; of the country's top four multimedia producers, only News Corp. (US) saw its power index increase, by 2.1% per year, between 2004 and 2012. ↳

p. 736

p. 737 ↳

p. 738 ↳

p. 739 ↳

p. 735

Australia—Data Summaries

THERE HAS BEEN FIERCE competition among traditional media families in the newspapers market—the Murdochs, who own News Corp., News Ltd., and 21st Century Fox; the Fairfaxes, who own Southern Cross and formerly owned Seven Network; and the Packers, formerly owners of PBL Media (Table 23.14).

Table 23-14. National Media Industries Concentration in Australia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	**Company Share of the Overall National Media Market (%)**	**Company Power Index in Country**	**Company Share of the Overall National Media Market (%)**	**Company Power Index in Country**	**Company Share of the Overall National Media Market (%)**
Telstra	2,683	40.9	2,577	41.4	–0.5	0.06
Murdoch Interests (US)	367	7.1	433	9.0	2.1	0.2
SingTel (Optus) (Singapore) (public)	342	13.7	289	12.8	–2.1	–0.12
Nine Entertainment	158	4.8	131	4.1	–2.3	–0.1
Google (US)	8	0.2	163	1.8	45.5	0.2
Seven Network	73	3.9	106	4.5	4.8	0.08
Fairfax Media	49	2.3	70	2.5	4.6	0.02
Liberty Media (US)	23	0.8	0.0	0.0	–100.0	–0.1
Australian Broadcasting Corporation (ABC) (public)	25	1.6	40	2.1	6.1	0.07
Village Roadshow (US)	9	0.6	2	0.2	–17.5	–0.06
Pearson (UK)	4	0.3	0.0	0.0	–100.0	–0.04
Lagardère (France)	3	0.2	4	0.3	4.2	0.01
Bertelsmann (Germany)	3	0.3	0.0	0.0	–100.0	–0.03
Southern Cross Media Group	7	0.9	23	1.4	16.9	0.07
Yahoo (US)	0.3	0.03	0.0	0.03	–24.9	–0.001
Microsoft (Bing) (US)	0.6	0.04	0.2	0.07	–11.0	0.003

Media Concentration Index	**2004/5**	**2011 or Most Recent**	**% Change Annual Average**
Total Revenue: Nat'l. Media Industry (mil US$)	31,908	50,130	7.1%
Total Voices (*n*)	47	35	–3.2%
Net Voices (*n*)	32	23	–3.5%
Public Ownership (%)	4.0	4.6	0.1%
Foreign Ownership (%)	32.8	32.4	–0.06%
C4 Average—Weighted	89.1	89.5	0.0%
HHI Average—Weighted	3,989	4,238	0.8%
C1 Average—Weighted	53.0	54.0	0.0%
Noam Index Average—Weighted	1,068	1,806	8.6%

Pooled Overall Sector C4	66.5	67.8	0.2%
Pooled Overall Sector HHI	1,981	2,018	0.36%
Pooled Overall Sector Noam Index	155	188	2.6%
Market Share of Top Ten Companies: Nat'l. Media Industry (%) (Pooled C10)	81.0	84.3	0.4%
National Media Power Index	3,898	3,984	0.31%

News Corp.'s News Ltd. print media group in Australia has political clout equal to its economic weight: it is the second largest media company overall (with a PI of 433), and as a leading content producer holds 20.8% of the content market (Table 23.15). Due to citizenship laws passed in the 1980s alongside new cross-ownership regulations, News Corp.'s Australian properties are concentrated in print (newspapers and book publishing), in contrast to its substantial electronic media holdings in the United Kingdom and the United States. In newspapers, News Corp. dominates, with a 57.5% industry market share, and it has made substantial advances in magazines as well.

Table 23-15. Top Content Media Companies in Australia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)	Company Power Index in Country	Company Share of the National Content Media Market (%)
Murdoch Interests (US)	1,125	21.1	1,013	20.8	–1.3	–0.05
Nine Entertainment	477	14.0	387	12.0	–2.6	–0.25
Google (US)	25	0.5	482	5.2	44.6	0.6
Seven Network Ltd.	227	12.0	313	13.3	4.1	0.16
Fairfax Media	152	7.1	206	7.2	3.9	0.02
Australian Broadcasting Corporation (Public)	78	4.9	118	6.3	5.4	0.2

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	6.0	7.6	0.2%
Foreign Ownership (%)	38.1	35.2	–0.4%
C4 Average—Weighted	80.4	83.4	0.4%
HHI Average—Weighted	2,554	3,150	2.9%
C1 Average—Weighted	38.0	41	0%
National Power Index	2,314	2,930	3.3%

Australia's rank in foreign ownership of its media is the result of Optus (SingTel) and News Corp.'s high market shares in their respective industries—even though within the platform industry, Telstra controls 61.1% of the market (Table 23.16), well ahead of the next largest companies, SingTel and Vodafone (UK). Also, the numbers assume that the Murdochs are non-Australian foreigners, which is true only in a legalistic sense.

Table 23-16. Top Platform Media Companies in Australia

	2004/5		2011 or Most Recent		% Change Annual Average	
	Company Power Index in Country	**Company Share of the National Platform Media Market (%)**	**Company Power Index in Country**	**Company Share of the National Platform Media Market (%)**	**Company Power Index in Country**	**Company Share of the National Platform Media Market (%)**
Telstra	3,946	59.9	3,832	61.1	−0.4	0.16
SingTel Optus Pty Limited (Singapore)	502	20.0	438	19.3	−1.7	−0.1
Vodafone (UK)	92	5.6	104	7.0	1.6	0.17

Media Concentration Index	2004/5	2011 or Most Recent	% Change Annual Average
Public Ownership (%)	3.0	3.1	0.01%
Foreign Ownership (%)	30.3	30.9	0.1%
C4 Average—Weighted	93.3	92.7	−0.1%
HHI Average—Weighted	4,672	4,796	0.3%
C1 Average—Weighted	60%	61%	0.0%
National Power Index	4,593	4,524	−0.2%

The Average-Weighted C4 of Australia's overall media increased from 89.1% in 2004 to 89.5% in 2009 or most recent, putting it in the top third internationally for this measure. The combined national market share for the top four firms (C4) in Australia increased from 66.5% in 2004 to 67.8% in 2012 or most recent, of which 47.6% are in telecom; of the country's top four multimedia producers, only News Corp. (US) saw its power index increase, by 2.1% per year, between 2004 and 2012. ↳

p. 736

p. 737 ↳

p. 738 ↳

p. 739 ↳

Notes

1. Blainey, Geoffrey. *The Tyranny of Distance: How Distance Shaped Australia's History*. Melbourne and London: Macmillan, 1968.
2. ABS (Australian Bureau of Statistics). "8153.0—Internet Activity, Australia, Dec 2012." Canberra: ABS, 2012. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8153.0~December+2012~Chapter~Sector?OpenDocument>.
3. Joint Parliamentary Committee on Wireless Broadcasting (W. Gibson, Chair). *Report*. Canberra: Government Printing Office, 1942.
4. Duffy, M. (MP, the Hon). "Second Reading Speech." *House of Representatives Debates*, Apr. 29, 1987. 2,194.
5. Papandrea, Franco. "Media Diversity and Cross Media Regulation." *Prometheus* 24: 3, 2006. 301–322.
6. Productivity Commission. "Broadcasting Report no. 11." Canberra: Ausinfo, 2000.

1. Blainey, Geoffrey. *The Tyranny of Distance: How Distance Shaped Australia's History*. Melbourne and London: Macmillan, 1968.
2. ABS (Australian Bureau of Statistics). "8153.0—Internet Activity, Australia, Dec 2012." Canberra: ABS, 2012. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8153.0~December+2012~Chapter~Sector?OpenDocument>.
3. Joint Parliamentary Committee on Wireless Broadcasting (W. Gibson, Chair). *Report*. Canberra: Government Printing Office, 1942.
4. Duffy, M. (MP, the Hon). "Second Reading Speech." *House of Representatives Debates*, Apr. 29, 1987. 2,194.
5. Papandrea, Franco. "Media Diversity and Cross Media Regulation." *Prometheus* 24: 3, 2006. 301–322.
6. Productivity Commission. "Broadcasting Report no. 11." Canberra: Ausinfo, 2000.

7. Mayer, Henry. *The Press in Australia*. Melbourne: Lansdowne Press, 1964.
8. Select Committee on the Print Media (M. Lee, Chair), House of Representatives. “Report.” *News & Fair Facts.* Canberra: Australian Government Publishing Service, 1992.
9. Souter, Gavin. *Heralds and Angels: The House of Fairfax, 1841–1990*. Melbourne: Melbourne University Press, 1991.
10. Lee, Jenny. “Digital Technologies in Australia’s Book Industry.” Canberra: Book Industry Strategy Group, 2010. Accessed May 27, 2013. <http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/DigitalTechnologiesInAustraliasBookIndustry.pdf>.
11. The figures in Table 23.2 suggest a higher growth rate, but that is more because Nielsen has been extending its methodology, rather than due to increased sales.
12. Hanover, Wilton Hanford (ed.). Book Industry Strategy Group. “Final Report to Government.” Canberra: Book Industry Strategy Group, 2011. Accessed May 27, 2013. <http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/BISGFinalReport.pdf>.

7. Mayer, Henry. *The Press in Australia*. Melbourne: Lansdowne Press, 1964.
8. Select Committee on the Print Media (M. Lee, Chair), House of Representatives. “Report.” *News & Fair Facts.* Canberra: Australian Government Publishing Service, 1992.
9. Souter, Gavin. *Heralds and Angels: The House of Fairfax, 1841–1990*. Melbourne: Melbourne University Press, 1991.
10. Lee, Jenny. “Digital Technologies in Australia’s Book Industry.” Canberra: Book Industry Strategy Group, 2010. Accessed May 27, 2013. <http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/DigitalTechnologiesInAustraliasBookIndustry.pdf>.
11. The figures in Table 23.2 suggest a higher growth rate, but that is more because Nielsen has been extending its methodology, rather than due to increased sales.
12. Hanover, Wilton Hanford (ed.). Book Industry Strategy Group. “Final Report to Government.” Canberra: Book Industry Strategy Group, 2011. Accessed May 27, 2013. <http://www.innovation.gov.au/Industry/BooksandPrinting/BookIndustryStrategyGroup/Documents/BISGFinalReport.pdf>.

13. Previously, in late 2007, Southern Cross Media sold several capital city radio stations to Fairfax Media.
14. Canberra, Melbourne, Perth, Adelaide, Brisbane, Sydney, and Darwin are the state and territorial capitals of “mainland” Australia. Hobart, in Tasmania, is not on the mainland.
15. Tiffen, Rodney. “From Technological Abundance to Commercial Monopoly in Australian Pay TV: Key Relationships in Institutionalising Subscription Television.” Kenyon, Andrew T. (ed.). *TV Futures: Digital Television Policy in Australia*. Melbourne: Melbourne University Press, 2007.
16. ASTRA (Australian Subscription Television and Radio Association). 2011. May 31, 2011. <http://astra.org.au/pages/facts-figures>.
17. ABS (Australian Bureau of Statistics). “8679.0—Television, Film and Video Production and Post-Production Services, Australia, 2006–07.” Canberra: ABS, 2008. Accessed May 27, 2013. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8679.0Explanatory%20Notes12006-12007?OpenDocument>.
18. Screen Australi. “Research: Production Industry, Drama.” screenaustralia.gov, May 31, 2011. Accessed May 27, 2013. <http://www.screenaustralia.gov.au/research/statistics/mpfeaturesspending.aspx>.
19. Screen Australia. “Research: Production Industry, Drama.”
20. ABS (Australian Bureau of Statistics). “8654.0—Motion Picture Exhibition, Australia, 1999–2000.” Canberra: ABS, 2001. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8654.0/>.

13. Previously, in late 2007, Southern Cross Media sold several capital city radio stations to Fairfax Media.
14. Canberra, Melbourne, Perth, Adelaide, Brisbane, Sydney, and Darwin are the state and territorial capitals of “mainland” Australia. Hobart, in Tasmania, is not on the mainland.
15. Tiffen, Rodney. “From Technological Abundance to Commercial Monopoly in Australian Pay TV: Key Relationships in Institutionalising Subscription Television.” Kenyon, Andrew T. (ed.). *TV Futures: Digital Television Policy in Australia*. Melbourne: Melbourne University Press, 2007.
16. ASTRA (Australian Subscription Television and Radio Association). 2011. May 31, 2011. <http://astra.org.au/pages/facts-figures>.
17. ABS (Australian Bureau of Statistics). “8679.0—Television, Film and Video Production and Post-Production Services, Australia, 2006–07.” Canberra: ABS, 2008. Accessed May 27, 2013. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/8679.0Explanatory%20Notes12006-12007?OpenDocument>.
18. Screen Australi. “Research: Production Industry, Drama.” screenaustralia.gov, May 31, 2011. Accessed May 27, 2013. <http://www.screenaustralia.gov.au/research/statistics/mpfeaturesspending.aspx>.
19. Screen Australia. “Research: Production Industry, Drama.”
20. ABS (Australian Bureau of Statistics). “8654.0—Motion Picture Exhibition, Australia, 1999–2000.” Canberra: ABS, 2001. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/mf/8654.0/>.

21. The basic difference between carriers and service providers is that the former own or operate a network for the carriage of their services and those of other service providers.
22. Productivity Commission. “Telecommunications Competition Regulation Inquiry Report.” Canberra: Productivity Commission, 2001. Accessed May 31, 2011.

<http://www.pc.gov.au/projects/inquiry/telecommunications/docs/finalreport>.

21. The basic difference between carriers and service providers is that the former own or operate a network for the carriage of their services and those of other service providers.

22. Productivity Commission. “Telecommunications Competition Regulation Inquiry Report.” Canberra: Productivity Commission, 2001. Accessed May 31, 2011. <http://www.pc.gov.au/projects/inquiry/telecommunications/docs/finalreport>.

23. ABS (Australian Bureau of Statistics). “8153.0—Internet Activity, Australia, Dec 2012.” Canberra: ABS, 2012. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8153.0~December+2012~Chapter~Sector?OpenDocument>.

24. ABS (Australian Bureau of Statistics). “8153.0.”

25. Hitwise Australia. “Weekly Online Trends.” Experian, Sept. 13, 2010. Accessed May 27, 2013. <http://www.hitwise.com/au/datacentre/main/dashboard-1706.html> ; and Roy Morgan Research (RMR). “Google Overwhelms Search Competitors in Australia.” RMR, Feb. 1, 2006; and Roy Morgan Research (RMR). “It’s Google Then the Rest When Searching Online In Australia.” RMR, May 18, 2006.

23. ABS (Australian Bureau of Statistics). “8153.0—Internet Activity, Australia, Dec 2012.” Canberra: ABS, 2012. Accessed May 27, 2013. <http://www.abs.gov.au/ausstats/abs@.nsf/Products/8153.0~December+2012~Chapter~Sector?OpenDocument>.

24. ABS (Australian Bureau of Statistics). “8153.0.”

25. Hitwise Australia. “Weekly Online Trends.” Experian, Sept. 13, 2010. Accessed May 27, 2013. <http://www.hitwise.com/au/datacentre/main/dashboard-1706.html> ; and Roy Morgan Research (RMR). “Google Overwhelms Search Competitors in Australia.” RMR, Feb. 1, 2006; and Roy Morgan Research (RMR). “It’s Google Then the Rest When Searching Online In Australia.” RMR, May 18, 2006.

26. Tiffen, R. “Media Policy.” Brett, J., J. Gillespie and M. Goot (eds.). *Developments in Australian Politics*. Macmillan, Melbourne, 1994.

27. Chenoweth, Neil. *Virtual Murdoch: Reality Wars on the Information Superhighway*. London: Vintage, 2002; and Wolff, Michael. *The Man Who Owns the News: Inside the Secret World of Rupert Murdoch*. New York, Knopf, 2008.

28. Barry, Paul. *The Rise and Rise of Kerry Packer Uncut*. Sydney: Bantam, 2007.

29. Souter, Gavin. *Heralds and Angels: The House of Fairfax, 1841–1990*. Melbourne: Melbourne University Press, 1991.

30. Joint Parliamentary Committee on Wireless Broadcasting (W. Gibson, Chair). *Report.* Canberra: Government Printing Office, 1942.

31. House of Representatives. *Debates, 215:28. November 1951*. Canberra: Commonwealth of Australia Parliament, 1951. 2,926.

32. Treasurer “Australia’s Foreign Investment Policy.” Canberra: Foreign Investment Review Board, 2011. Accessed May 31, 2011. <http://www.firb.gov.au/content/_downloads/AFIP_2013.pdf>.

33. Costello, P. “Foreign Investment Proposal: Red Earth Holdings b.v.—Acquisition of an additional interest in PBL Media Holdings Pty Limited and the PBL Media Holdings Trust.” Media Statement No. 088, Sept. 4, 2007. Accessed May 31, 2011. <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/088.htm&pageID=003&min=phc&Year=&DocType=0>.

34. Costello, P. “Foreign Investment: Canwest Global Communications Corp—Acquisition of Interest in Ten Network Holdings Limited.” Media Statement No. 087, Aug. 20, 2007. Accessed May 31, 2011. <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/078.htm&pageID=003&min=phc&Year=&DocType=0>.

35. ABS (Australian Bureau of Statistics). “8146.0—Household Use of Information Technology, Australia, 2008–09.” Canberra: ABS, 2010. Accessed May 27, 2013. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/5B15663305C2B5DCCA25796600153023?opendocument>.

26. Tiffen, R. “Media Policy.” Brett, J., J. Gillespie and M. Goot (eds.). *Developments in Australian Politics*. Macmillan, Melbourne, 1994.

27. Chenoweth, Neil. *Virtual Murdoch: Reality Wars on the Information Superhighway*. London: Vintage, 2002; and Wolff, Michael. *The Man Who Owns the News: Inside the Secret World of Rupert Murdoch*. New York, Knopf, 2008.

28. Barry, Paul. *The Rise and Rise of Kerry Packer Uncut*. Sydney: Bantam, 2007.

29. Souter, Gavin. *Heralds and Angels: The House of Fairfax, 1841–1990*. Melbourne: Melbourne University Press, 1991.

30. Joint Parliamentary Committee on Wireless Broadcasting (W. Gibson, Chair). *Report.* Canberra: Government Printing Office, 1942.

31. House of Representatives. *Debates, 215:28. November 1951*. Canberra: Commonwealth of Australia Parliament, 1951. 2,926.

32. Treasurer “Australia’s Foreign Investment Policy.” Canberra: Foreign Investment Review Board, 2011. Accessed May 31, 2011. <http://www.firb.gov.au/content/_downloads/AFIP_2013.pdf>.

33. Costello, P. “Foreign Investment Proposal: Red Earth Holdings b.v.—Acquisition of an additional interest in PBL Media Holdings Pty Limited and the PBL Media Holdings Trust.” Media Statement No. 088, Sept. 4, 2007. Accessed May 31, 2011. <http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/088.htm&pageID=003&min=phc&Year=&DocType=0>.

34. Costello, P. “Foreign Investment: Canwest Global Communications Corp—Acquisition of Interest in Ten Network Holdings Limited.” Media Statement No. 087, Aug. 20, 2007. Accessed May 31, 2011.

<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2007/078.htm&pageID=003&min=phc&Year=&DocType=0>.

35. ABS (Australian Bureau of Statistics). “8146.0—Household Use of Information Technology, Australia, 2008–09.” Canberra: ABS, 2010. Accessed May 27, 2013. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/5B15663305C2B5DCCA25796600153023?opendocument>.