

Media ownership concentration and public concern

Summary

Since the 1970s at least it has been argued that media concentration in Australia is among the highest in the world. The independent inquiry into the media by Ray Finkelstein QC for example notes this is particularly the case in relation to the press.¹

- IbisWorld industry research (2016) finds Australian media and broadcasting industries are highly concentrated in comparison with the rest of the world, with both print and television displaying high market share concentration and radio displaying medium market share concentration.
- A recent draft determination by the New Zealand Commerce Commission (2016) on the proposed NZME/Fairfax merger includes research by New Zealand academics showing that Australia ranks fourth in the world in terms of concentration of print media ownership.²
- A recent study by Eli Noam (2015) found that the top media company in Australia controls over 29 per cent of the media overall, which ranks it just below countries where the media is basically state controlled.³
- A report by the Centre for Policy Development (2011) stated that Australia has an unusually high concentration of media ownership compared to other liberal democracies, that Australia has the highest concentration of print media compared to OECD countries sampled and that, while radio and TV in Australia are moderately concentrated by comparison, the reliance by the electronic media on print media for newsfeeds qualifies the apparent diversity somewhat.⁴

Public concern has prompted the government to act to preserve media diversity since the 1930s.⁵ Numerous committees, inquiries and surveys over the decades since demonstrate the enduring nature of public concern about media ownership concentration in Australia.

- In 1942 a joint committee of the Parliament expressed concern that there was little ownership of broadcasting licences outside the newspaper world—directly or indirectly newspapers owned or controlled 44 per cent of commercial stations.⁶ In 1948 a media regulator, the Australian Broadcasting Control Board (ABCB) was established by the Government and one of its tasks was to foster diversity of voices and limit media concentration.⁷
- In September 1954 the Paton Commission on television in recommending establishing television services in Australia noted that concentration of control of television should be avoided as this could be regarded as contrary to the public interest.⁸ In 1969 in response to concerns about increasing concentration of ownership of radio broadcasting stations, legislation was introduced to further restrict the number of stations that can be owned.⁹
- Eminent media scholar Henry Mayer reported in February 1987 that 61 per cent of Australians believed that the Government should restrict the concentration of media ownership in Australia.¹⁰
- Since 2000, media commentators have continued to note the concentration of Australian media and some have referred to public opinion. In 2007 for example, Jones and Pusey noted that data from successive waves of the Australian Survey of Social Attitudes (AuSSA) show that a majority of

¹. R Finkelstein, *REPORT OF THE INDEPENDENT INQUIRY INTO THE MEDIA AND MEDIA REGULATION*, 2012.

² Commerce Commission New Zealand, *NZME Ltd and Fairfax New Zealand Ltd – Authorisation draft determination – 8 November 2016*, 8 November 2016.

³ E Noam, *Who owns the world's media: media concentration and ownership around the world*, Oxford University Press, 2015.

⁴ R Harding-Smith, *Media Ownership and Regulation in Australia*, CENTRE FOR POLICY DEVELOPMENT, 2011.

⁵ R Jolly, *Media ownership and regulation: a chronology: part one: from print to radio days and television nights*, Research paper series 2015–16, Parliamentary Library, February 2016.

⁶ Joint Committee on Wireless Broadcasting, *Report of the Joint Committee on Wireless Broadcasting*, (Gibson Committee), LF Johnson, Commonwealth Government Printer, Canberra, 1942

⁷ [Australian Broadcasting Act 1948](#)

⁸ Royal Commission on Television, (the Paton Commission), *Report of the Royal Commission on Television*, LF Johnson, Commonwealth Government Printer, 1954.

⁹ [Broadcasting and Television Act \(No. 2\) 1969](#)

¹⁰ H Mayer, 'Public Opinion and Media Concentration', *Media Information Australia*, No. 44, May 1987: 18-19.

Australians, 80 per cent in 2003 and 70 per cent in 2007, thought that commercial media ownership was too concentrated.¹¹

- A *Sydney Morning Herald* article in 2011 noted an Essential Report survey that found: 70 per cent of 1200 people surveyed agreed or strongly agreed with the the statement that too few people control the media in Australia.¹²
- The latest Essential Report survey on media laws also indicates that this concern has increased.¹³

Media ownership concentration

ACMA snapshot (current)

The Australian Communications and Media Authority (ACMA) provides a snapshot of media ownership in Australia. This can be found here: <http://www.acma.gov.au/theACMA/media-interests-snapshot>

IbisWorld Research (June 2016)

The research company IbisWorld compiles industry research reports on market share and concentration in the Australian media. The following information is from the latest media reports published in June 2016. (Note: this information is available through Parliamentary Library subscription to the reports, it is not publicly available online).

- IbisWorld comment on newspaper ownership and concentration:

The industry displays a **high market share concentration**. The industry's four largest players, News Australia, Fairfax Media, Seven West Media and APN News & Media, are estimated to account for over 90 per cent of industry revenue in 2015-16.

The Australian media landscape is **one of the most concentrated in the world**. An extremely small number of firms, most notably News Australia and Fairfax Media, publish content that reaches the large majority of Australians.

- IbisWorld comment on television ownership and concentration:

The industry displays a **high market share concentration**. The four largest players in the industry, Seven West Media, Nine Entertainment, Ten Network Holdings and the ABC, are estimated to account for over 70 per cent of total revenue in 2015-16. SBS and commercial network affiliates Prime Media, WIN Corporation and Southern Cross Media are the remaining significant players in the industry. Community broadcasters, regional television stations and narrowcasters account for the remaining industry revenue.

- IbisWorld comment on radio ownership and concentration:

A **medium market share concentration** characterises the industry. In 2015-16, the industry's four largest major players are estimated to account for just over 65% of total revenue.

Australian media and broadcasting industries are **highly concentrated in comparison with the rest of the world**.

The following table has been compiled by the Parliamentary Library Research Team from the Ibis World reports and shows the market share of Australia's major media companies for radio, television and newspapers:

IbisWorld: market share for traditional media June 2016

Newspapers		Radio		Television	
Company	% of market share	Company	% of market share	Company	% of market share
Seven West Media	5.8	Fairfax	6.8	Win Corp	8.7

¹¹ P Jones and M Pusey, Political Communication and Media Systems, *Media Culture and Society*, vol. 32, no. 3, 2010 pp. 451–71. Note this question is not always asked in these surveys.

¹² L Taylor, 'Poll shows support for media regulation inquiry', *Sydney Morning Herald*, 12 August 2011.

¹³ See also <http://www.essentialvision.com.au/media-laws>

Fairfax Media	33.8	Nova Entertainment	10.1	Ten Network	13.5
News Ltd	50.3	APN	11.2	Nine Entertainment	26.3
Other	10.1	Southern Cross	24.7	Seven West Media	27.3
		Other	27.3	Other	12.8
		ABC	19.9	ABC	11.5

New Zealand Commerce Commission (2016)

A recent draft determination by the New Zealand Commerce Commission (2016) on the proposed NZME/Fairfax merger includes research by New Zealand academics showing Australia to rank fourth in the world, behind China (state-owned), New Zealand and Egypt (state-owned), in terms of concentration of print media ownership and provides the following table:¹⁴

Daily newspaper ownership – Market share of top company, 2016

Country	Owner	Percentage
China	Government of China	100%
<i>New Zealand</i>	<i>Merged entity</i>	<i>89.3%</i>
Egypt	Government of Egypt	72%
Australia	News Corporation and associated Murdoch companies	57.5%
Chile	El Mercurio SAP	54.9%
Ireland	Independent News and Media	52%
Turkey	Dogan Group	46.4%
Switzerland	Tamedia	44.3%
Portugal	Cofina	42.4%
Sweden	Bonnier	41.3%
Russia	Komsomolskaya Pravda	39.6%
South Africa	Naspers Group	35%
UK	Murdoch Group	32.5%
Brazil	Globo Group	28.4%

Source: Dr Julienne Molineaux et al., submission to the Commerce Commission (July 2016)

Centre for Policy Development (2011)

A recent report by Rob Harding-Smith from the Centre for Policy Development makes the following points:

- Australia's print media ownership is **much more highly concentrated** than that of most other Western countries
- The ownership of Australian TV and radio is following the international trend toward increasing concentration
- Changes to Australia's media ownership laws have tended to increase this concentration over time

¹⁴ Commerce Commission New Zealand, [NZME Ltd and Fairfax New Zealand Ltd – Authorisation draft determination – 8 November 2016](#), 8 November 2016.

- The emergence of new media does not remove the need for regulation to prevent too much media power from becoming concentrated in too few hands – all but one of the 12 news sites in Australia’s top 100 most visited sites are owned by major existing media outlets.¹⁵

The report states that Australia has an **unusually high concentration of media ownership** compared to other liberal democracies. It shows that Australia has the highest concentration of print media compared to counties sampled and that, while radio and TV in Australia are moderately concentrated by comparison, the fact that electronic media in Australia is so dependent on newsfeeds from the Australian Associated Press (majority owned by Fairfax and News Limited), it qualifies any apparent diversity somewhat.¹⁶

Harding-Smith discusses Australia in terms of comparison with other OECD countries and provides the following comparative table:

Media concentration in selected OECD countries

	Population ¹	Approximate circulation share of top 3 newspaper companies ²	TV networks’ HHI ³ concentration ⁴ (lower is better)	Radio networks’ HHI concentration ⁵ (lower is better)
Australia	22 million	98%	1600 (moderately concentrated)	1200 (moderately concentrated)
United States	307 million	26%	2,164 (highly concentrated)	1750 (moderately concentrated)
Spain	46 million	55%	2207 (highly concentrated)	3366 (highly concentrated)
Japan	127 million	39%	2116 (highly concentrated)	1000 (moderately concentrated)
France	62 million	42%	2025 (highly concentrated)	1311 (moderately concentrated)
United Kingdom	62 million	62%	2550 (highly concentrated)	2616 (highly concentrated)
Sweden	9 million	85%	2834 (highly concentrated)	1516 (moderately concentrated)
The Netherlands	16 million	88%	2549 (highly concentrated)	2500 (highly concentrated)
1. Population figures sourced from Google Data				
2. Numbers calculated by taking the three largest newspaper organisations’ total market share in each nation and dividing this figure against the total market share of each country. Total circulation figures obtained though UNESCO daily newspaper circulation statics. ⁴³				

¹⁵. R Harding-Smith, [Media Ownership and Regulation in Australia](#), CENTRE FOR POLICY DEVELOPMENT, 2011.

¹⁶. R Harding-Smith, [Media Ownership and Regulation in Australia](#), CENTRE FOR POLICY DEVELOPMENT, 2011.

3. The Herfindahl-Hirschman Index ('HHI') is a commonly accepted measure used to measure market concentration. The HHI is calculated using the sum of the squares of the individual market shares of each firm operating in a market. A market with an index score between 1000 and 1800 is deemed moderately concentrated, and a market with an HHI above 1800 is deemed highly concentrated.

4. Australia data sourced from Papandrea, F. (2010)⁴⁴

International data sourced from Noam (2009), table 1.1.

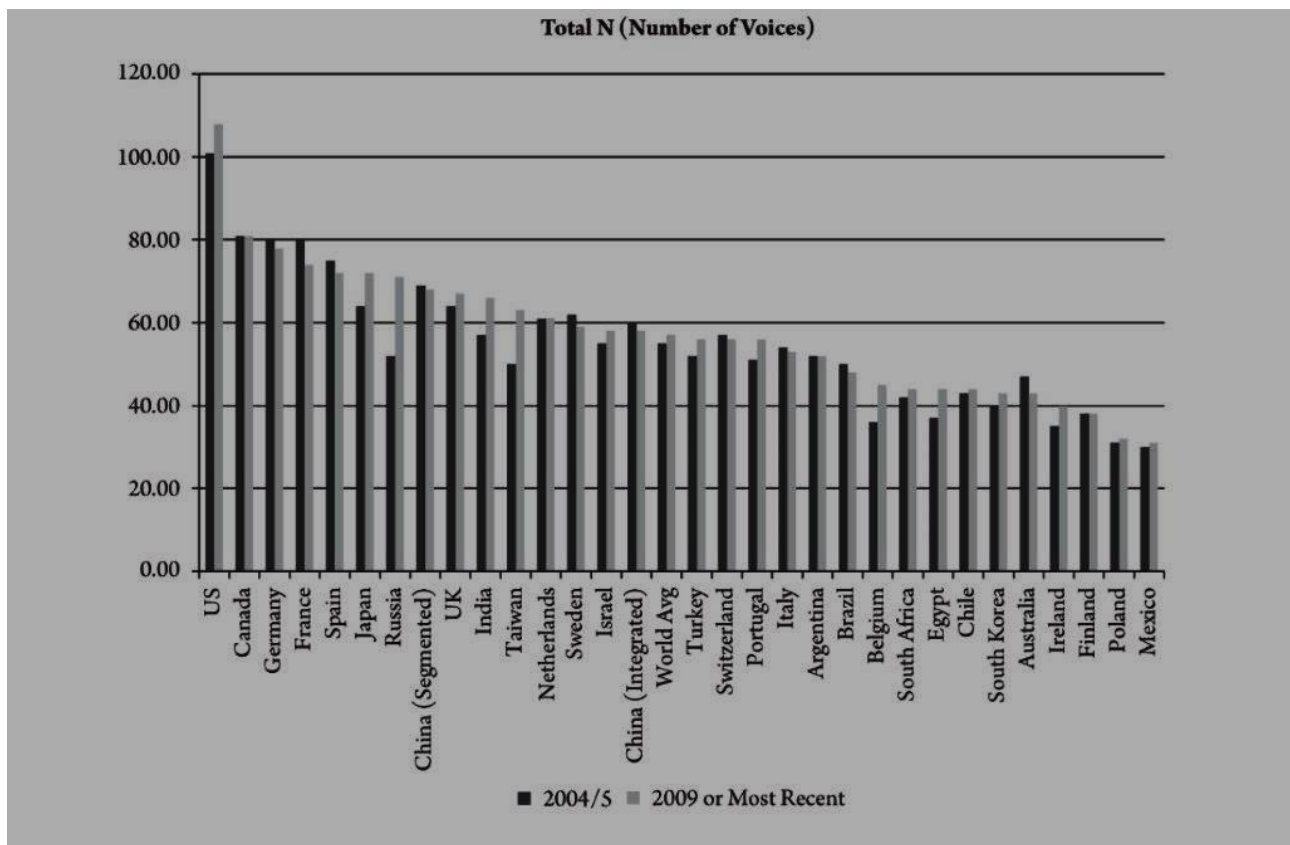
5. NB: radio network data is not all from the same year. Australia data sourced from Papandrea, F. (2010) US data sourced from Noam (2009), Spain data sourced from Sánchez-Tabernero (2008), Japan data sourced from Nakamura (2011), France data sourced from Badillo (2009), UK data obtained by averaging major markets' calculated HHI's, data sourced from Goddard, G. (2002), Sweden data sourced from Gronlund (2005), Denmark data sourced from van Dale (2009)⁴⁵

Eli Noam survey (2015)

Eli Noam has recently published a comprehensive survey of media concentration in 30 countries.¹⁷ The subject countries were chosen for this study on the basis of their importance in the media world, their GDP, population size and availability of researchers. Combined, the countries account for 82 per cent of the world's GDP, 90 per cent of media revenues and 63 per cent of the world's population; 22 of the countries are OECD members.

Noam uses a number of indices in his study to compare media concentration. The indices used by Noam indicate that Australia does indeed have a high degree of media concentration, although it is not the world's highest, when viewed from any comparative aspect. For example, Australia is ranked fifth last in the category of number of media voices.

See table below:



¹⁷. E Noam, Who owns the world's media: media concentration and ownership around the world, Oxford University Press, 2015.

Noam's study also found that the top media company in Australia controls over 29 per cent of the media overall, which ranks it just below countries where the media is basically state controlled. In the United States the top company controls only 10 per cent of the media.

See the table below:

COUNTRY	TOP COMPANY	MARKET SHARE OF TOP COMPANY (%)	NATIONAL HHI
China	Government of China (public) <i>People's Daily (public)</i>	100% 11.1%	10,000
Egypt	Government of Egypt (public) <i>Al Akhbar (public)</i>	72.2% 28.7%	5,481
Australia	Murdoch (US)	57.5%	4,212
Chile	El Mercurio SAP	54.9%	3,786
Mexico	OEM	59.4%	3,736
Ireland	Independent News and Media	52.0%	3,235
Portugal	Cofina	42.4%	3,215
Russia	Komsomolskaya Pravda	39.6%	2,824
Turkey	Dogan Group	46.4%	2,637
Switzerland	Tamedia	44.3%	2,520
South Africa	Naspers Group	35.0%	2,450
Sweden	Bonnier	41.3%	2,350
Brazil	Globo Group	28.4%	2,321
Taiwan	Liberty Times News Group	31.4%	2,293
Belgium	Corelio	26.6%	2,166
France	Amaury Group	30.2%	2,064
UK	Murdoch Group (News Corp., US)	32.5%	1,974
Netherlands	Telegraaf Media Groep	36.9%	1,914
Italy	RCS Media Group	33.6%	1,863
Israel	Yedioth Ahronoth Group	39.0%	1,835
Canada	Postmedia Network Canada	29.4%	1,743
Finland	Sanoma Oyj	31.0%	1,653
South Korea	Chosun Ilbo	24.3%	1,564
Argentina	Grupo Clarín	37.6%	1,547
India	BCCL (The Times of India Group)	29.2%	1,228
Poland	Agora	24.1%	1,188
Spain	Vocento	18.3%	1,090
Japan	Yomiuri Shimbun	19.7%	762
Germany	Axel Springer AG	18.8%	558
US	Gannett	9.6%	304

In his summary of the Australian situation Noam writes:

- the overall pooled weighted index of media in Australia in the most recent assessment is 89.5 per cent, which puts it at third internationally for this measure
- the combined national market share for the top media firms was 67.8 per cent in 2012.

Concern over concentration

On the question of whether media concentration has been of enduring concern to the public, it appears that public concern has prompted the government to act to preserve media diversity since the 1930s. As noted in Part 1 of Dr Rhona Jolly's chronology on media regulation and ownership:

At the time the first radio licence was issued there were 26 capital city newspapers published on a daily basis. These were controlled by 21 independent owners. But once radio licences were issued it became clear that these were

dominated by major newspaper owners. Consequently, it was not long before public concern was expressed about increasing ownership concentration. In response to such concerns, the Government introduced regulation under the *WT Act* to restrict the number of commercial broadcasting stations that could be owned by an individual or by a company.¹⁸

Despite these restrictions in 1942 a joint committee of the Parliament expressed concern that there was little ownership of broadcasting licences outside the newspaper world—directly or indirectly newspapers owned or controlled 44 per cent of commercial stations.¹⁹

In 1948 a media regulator, the Australian Broadcasting Control Board (ABCB) was established by the Government and one of its tasks was to ensure that broadcasting services were developed and operated with regards to the public interest by fostering diversity of voices and limiting media concentration.²⁰

In September 1954 the Paton Commission on television in recommending establishing television services in Australia noted that concentration of control of television should be avoided as this could be regarded as contrary to the public interest.²¹

Dr Jolly's chronology points out that despite the view of the Paton Commission:

Increasing media concentration through 'cross media ownership' became more of an issue as television expanded across the country. Cross media ownership effectively meant that the newspaper owners who had purchased radio stations, or who held substantial shares in stations from the 1920s onwards, seized the opportunity in the 1950s and 1960s to add various television assets to their portfolios. Despite the existence of regulations that had been clearly framed to promote diversity and the passage of more legislation that appeared to have a similar intent, government decisions at times contributed to concentration—for example, decisions to award television licences in Adelaide and Perth to companies with existing media interests.

One important result of what became a general trend towards increased media concentration at this time, as Henry Mayer pointed out in an assessment of the Australian newspaper industry in 1964, was that one company, the *Herald and Weekly Times*, controlled 43 per cent of daily newspaper circulation in Australia in 1960.²² By the early 1970s it appeared that this situation had worsened when an international assessment claimed Australia had a disturbingly high concentration of press media ownership.²²

In 1969 in response to concerns about increasing concentration of ownership of radio broadcasting stations, legislation was introduced to further restrict the number of stations that can be owned—no person or company was able to control more than 15 per cent directly or indirectly or to own more than one metropolitan commercial broadcasting station in any state; more than four metropolitan commercial broadcasting stations in Australia; more than four commercial broadcasting stations in any one state; or more than eight commercial broadcasting stations in Australia.²³

In 1971 a survey of 32 countries shows Australia to have the second highest concentration of press ownership in the developed countries surveyed.²⁴

The *Age* in 1981 stated:

Two of the bases of the Federal Government's broadcasting policy for the past quarter of a century have been that the airwaves are a public resource, and that concentration of electronic media ownership in the hands of only a few companies could be disadvantageous to the community. With few exceptions the policy has served Australia well. No company has been allowed to own a controlling share in more than two capital city television stations. Major television concerns have been prevented from getting such a grip on big sections of the industry as to [sic] stifle

¹⁸ R Jolly, *Media ownership and regulation: a chronology: part one: from print to radio days and television nights*, Research paper series 2015–16, Parliamentary Library, February 2016.

¹⁹ Joint Committee on Wireless Broadcasting, Report of the Joint Committee on Wireless Broadcasting, (Gibson Committee), LF Johnson, Commonwealth Government Printer, Canberra, 1942

²⁰ [Australian Broadcasting Act 1948](#)

²¹ Royal Commission on Television, (the Paton Commission), Report of the Royal Commission on Television, LF Johnson, Commonwealth Government Printer, 1954.

²² Jolly, op. cit. Reference to H Mayer, *The Press in Australia*, Lansdowne Press, Melbourne, 1964 .

²³ [Broadcasting and Television Act \(No. 2\) 1969](#)

²⁴ RB Nixon and T Hahn, 'Concentration of press ownership: a comparison of 32 countries', *Journalism Quarterly*, 48(1), 1973.

programming competition and the initiative of individual stations managements. Further, particularly in the past few years, the issuing of television licences has been subject to the consideration of the public interest...²⁵

During the late 1970s and throughout the 1980s and 1990s the media regulator was frequently called upon to deliberate on transactions that were intended to concentrate media ownership and to decide what mergers or changes were not in the public interest—for example News Ltd's acquisition of the Herald and Weekly Times Group.

Cross media legislation introduced in the 1980s by the Hawke Government was intended to increase media diversity and reduce concentration, but this did not occur and instead, as media commentator Anne Davies later observed, within days of the passage of cross media legislation in 1987 'the greatest media carve-up' in Australia's history commenced:

Television licences were traded like confetti, with some licences changing hands four or five times in the space of two years. New networks were assembled only to be pulled apart by the 1990s. One result of the changes was a rapid concentration of programming power in the hands of Sydney and Melbourne stations owners Far from the regional networks growing bigger to compete with the city stations in the provision of programs as initially hoped, the regionals were forced to affiliate with one of the 'big three'.²⁶

Eminent media scholar Henry Mayer reported in February 1987 that 61 per cent of Australians believed that the Government should restrict the concentration of media ownership in Australia.²⁷

In 1989 the Head of the Australian Broadcasting Tribunal, Deidre O'Conner, declared in a speech to the National Press Club that the Government's policies to promote diversity in the television industry had failed in their intention; the public interest was not being served as three main networks had cornered the market.²⁸

In 1990 a report of the Victorian Labor Government working party (chaired by Race Mathews) inquiry into ownership and control of the print media recommended the Victorian Government should introduce legislation to prevent further media concentration.²⁹

In April 2000 the Productivity Commission expressed concern about the concentration of media ownership and argued that a diversity of sources of information and opinion is most likely to be served by diversity in ownership of media companies, and by competition.³⁰

Since the publication of the seminal Productivity commission report media commentators have continued to note the concentration of Australian media and some have referred to public opinion. In 2007 for example, Jones and Pusey noted that data from successive waves of the Australian Survey of Social Attitudes (AuSSA) show that a majority of Australians, 80 per cent in 2003 and 70 per cent in 2007, thought that commercial media ownership was too concentrated.³¹

A *Sydney Morning Herald* article in 2011 noted an Essential Report survey that found: 61 per cent of 1200 people surveyed agreed or strongly agreed with the proposition that a public inquiry into the Australian media was necessary so the public can better understand the relationship between politicians, corporations and media outlets. In addition, 70 per cent agreed with the statement that too few people control the media in Australia.³²

While it appears that a specific question about media concentration is not asked by survey companies, related questions seem to indicate that people are concerned about the concentration of media ownership in Australia. Essential Report media for example found that in 2011, 58 per cent of its respondents stated that the Government should not allow one company to own the majority of Australia's major newspapers. This was an increase on the 50 per cent who stated the same thing in November 2010.³³

²⁵ Editorial in *The Age*, 13 April 1981

²⁶ A Davies, 'Broadcasting under Labor: 1983 to 1994', in Craik et al., *Public voices*, p. 3.

²⁷ H Mayer, 'Public Opinion and Media Concentration', *Media Information Australia*, No. 44, May 1987: 18-19.

²⁸ A Lynch, 'Ghosts of bond emerge in Deidre's word picture', *Canberra Times*, 4 August 1989, p. 3.

²⁹ R Mathews, Stage one report of the working party into print media ownership, Attorney General's Department, Victoria, 1990.

³⁰ Productivity Commission, *Broadcasting*, Inquiry report 11, 3 March 2000.

³¹ P Jones and M Pusey, Political Communication and Media Systems, *Media Culture and Society*, vol. 32, no. 3, 2010 pp. 451-71. Note this question is not always asked in these surveys.

³² L Taylor, 'Poll shows support for media regulation inquiry', *Sydney Morning Herald*, 12 August 2011.

³³ See response at: <http://www.essentialvision.com.au/media-ownership-in-australia>

The latest Essential Report survey on media laws also indicates that this concern has increased. See table below.³⁴

Essential Report: Media Laws: 27 September 2016

Q. *Would you approve or disapprove of changing the media laws to allow a single company to own all three of a newspaper, TV network and radio station in a single market?*

	Total	Vote Labor	Vote Lib/Nat	Vote Greens	Vote other
Total approve	18%	16%	21%	15%	21%
Total disapprove	61%	65%	59%	74%	63%
Strongly approve	4%	3%	5%	5%	5%
Approve	14%	13%	16%	10%	16%
Disapprove	28%	26%	33%	26%	26%
Strongly disapprove	33%	39%	26%	48%	37%
Don't know	22%	19%	20%	12%	14%

³⁴. See also <http://www.essentialvision.com.au/media-laws>