

Robert Albon and Franco Papandrea. *Media Regulation in Australia and the Public Interest*. Melbourne, Australia: Institute of Public Affairs, 1998, 101 pp. ISBN 0-909536-62-7. \$AUD12.95

Allan Brown, School of Economics, Griffith University, Australia

In this brief book, Albon and Papandrea describe and evaluate past and present policies relating to the regulation of the Australian media. They also suggest alternative policy directions, both to avoid mistakes of the past and to provide a suitable regulatory framework for the management of technological change within the media industries.

The authors claim that in Australia “the media industries remain heavily regulated compared with most other industry groups” (p. 81). Although this is undoubtedly true for broadcasting, the print media in Australia is largely free of regulation apart from cross-media restrictions that prohibit common ownership of newspapers and television channels, and newspapers and radio stations in the same markets. Indeed, the book concentrates mainly on the regulation of commercial radio and free-to-air and pay television.

Employing conventional economic analysis, the authors argue that government intervention into media markets is justified on the grounds that a free-market approach will lead to various forms of market failure, but in Australia it is “not clear that interventions based on these failures have always led to improved social outcomes” (p. 38). They explain that the regulation of Australian broadcasting too often has been concerned with protecting the financial viability of incumbent broadcasters. They demonstrate that this regulatory protection has been largely responsible for previous delays in the introduction of services based on new technologies and for Australia’s high level of media ownership concentration, possibly the highest amongst industrialized democratic countries.

I would make one point in relation to the authors’ claim that the liberalization of the broadcasting ownership restrictions in 1987 “led to the creation of three current capital-city television networks” (p. 57). The 12 stations in the four major metropolitan markets of Sydney, Melbourne, Brisbane, and Adelaide had, in fact, organized themselves into three networks soon after the introduction of television in Australia in the late 1950s. By the early 1980s the networks, essentially controlled by the Sydney and Melbourne stations, commissioned practically all nonnews programs produced in Australia, purchased the Australian rights to foreign programming (mainly American and British), and distributed Australian and imported

programming to the other metropolitan and nonmetropolitan commercial stations throughout the country. The impact of the 1987 legislative changes was to bring about the significant *extension* of commercial television networking in Australia by allowing a much higher level of station ownership by the networks (effectively from 42% of the national audience to 60% and later 75%), and facilitating the sale and transmission of national advertising by the networks.

Although the historical sections of the book are reasonably detailed, Albon and Papandrea's consideration of regulation for the new media technologies is covered in only 18 pages and presented mainly in general terms. They set out four main principles for improved regulation of the media: Regulation should be retained or introduced only when correction of market failure is strictly necessary and justified; it should be based on a clear, well-defined, transparent and predictable framework; it should be directed to outcomes, not means to outcomes; and regulation should be neutral in its impact on delivery technologies. So far so good.

In the last few pages, however, Albon and Papandrea include among their policy recommendations the removal of restrictions on media ownership and control. They argue that "when evaluated on economic criteria, restrictions on audience reach, foreign ownership, and cross-media ownership all have a number of adverse effects" (p. 84). They recommend their removal on the basis that they prevent the exploitation of economies of scale and scope and, consequently, the formation of multimedia groups.

Consider briefly the implications of the relaxation of ownership restrictions for the Australian media. The Nine television network licensee company, Publishing & Broadcasting, is the largest publisher of magazines in Australia. It also owns the maximum interest permitted by the ownership restrictions in John Fairfax Limited, Australia's second major newspaper publisher. Kerry Packer controls Publishing & Broadcasting and has declared his desire to have the ownership restrictions lifted to enable him to acquire Fairfax. As Australia's richest person, Packer has the means as well as the inclination to achieve this ambition. Murdoch's News Corporation is responsible for around two thirds of Australian metropolitan and national daily newspaper circulation. In addition, it owns the maximum allowable equity holding in the Seven network and is well positioned to increase this holding and gain control of Seven if the ownership restrictions are lifted. Publishing & Broadcasting and News Corporation also each holds a 25% equity interest in Foxtel, Australia's major pay TV broadcaster. Thus, it is likely that the removal of the ownership restrictions would lead to additional large portions of the Australian media falling under the control of the Packer and Murdoch empires.

According to Albon and Papandrea "substantial diversification of the media industry has weakened the noneconomic case for ownership restrictions," and traditional restrictions will be further eroded "as the delivery of media services by nontraditional means becomes more widespread" (p. 84). But these are merely statements of faith with which not all will agree. We are in the early days of digita-

lization, the Internet, and media convergence. They may result in an increased diversity of media sources, but they may also allow greater economies of scale and scope in media production and dissemination that could lead to a *reduction* in the number of media sources, especially those relied upon by most of the population (Goodwin, 1998). Moreover, the history of media ownership in Australia and elsewhere has shown that the organizations with the greatest resources and strongest incentives to appropriate and benefit from technological innovations are the existing media enterprises. Not surprisingly, Publishing & Broadcasting and News Corporation already have sizeable interests in the new media businesses.

At this stage we do not properly understand the implications of the new technologies for the structure and ownership of the media, and it is premature to remove restrictions on media ownership in the hope that they will usher in a new era of media diversity. In making such a recommendation, Albon and Papandrea have ignored their own warning of the link between the free market and market failure in media industries.

## REFERENCES

Goodwin, P. (1998). Concentration: Does the digital revolution change the basic rules of media economics? In R. G. Picard (Ed.), *Evolving media markets: Effects of economic and policy changes* (pp. 173–89). Turku, Finland: Economic Research Foundation for Mass Communication.