

# Communications Update

A Monthly Round-Up of Media and Communications  
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## Politicians, Power and The Media

*What is to stop existing subscriber services using other technologies (e.g. AAP's MDS services) switching to an entertainment-based pay TV service immediately and getting a head start on everyone else?*

*Communications Update, June 1992*

*[T]echnology already in use or soon to be available could make the dragged-out debate about who will control satellite-delivered pay television, the extent of the ABC's participation and other such burning issues, academic.*

*MDS (multipoint distribution services) is a case in point, with a total of between 16 and 19 channels available in major cities and regional centres. ....*

*Under the new broadcasting arrangements there is nothing to stop Broadcom - or any other current MDS licensees - obtaining a subscription broadcasting licence 'over the counter'.*

*Communications Update, November 1992*

*At the time the pay TV legislation passed through the Parliament the Government and the broadcasting industry did not consider MDS had the potential to be a primary means of delivery for the medium.*

*Communications Minister Collins, media release, 28 January 1993*

**As another year began, Australia was treated to what appeared to be the latest case of 'pre-emptive buckle' in media matters when the Government made a dramatic last-minute switch on its 'policy' for the introduction of pay television.**

On 28 January, Communications Minister Bob Collins announced that the Government would amend the Broadcasting Services Act 'to protect the integrity of the proposed national pay television system' by barring the allocation of broadcast pay TV licences using MDS (microwave) technology.

The stated rationale for this astonishing move was that MDS technology was inferior to satellite as a delivery system, and that the Government had always envisaged that MDS would be a secondary pay TV provider, not the main one.

This despite the Government's previous insistence that its vaunted new broadcasting legislation was technology neutral, and the fact that for several years current MDS operators like AAP have been pointing out the potential of the technology to get pay TV up and running quickly. In Sydney last February

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### IN THIS ISSUE

#### Who Owns What

**This issue of *Communications Update* contains our fourth annual roundup of Australian media ownership, compiled and researched in the Melbourne office of the CLC.**

With the demise of the ABT, and the limited capacity of its successor to collect and publish media ownership information, *CU*'s annual update will increasingly be an essential resource for anyone interested in the Australian media scene.

During 1992 there were none of the violent upheavals in media ownership which characterised the end of the 1980s. Some loose ends from that era were tied up during the year, notably in new ownership arrangements for the debt-laden Seven and Ten Networks.

The recent advent of the Broadcasting Services Bill, with its emphasis on encouraging a range of new services, means that future issues of the ownership update are likely to include new categories of media operators, involved in areas like radio and television narrowcasting and satellite pay television. The Government's startling changes of direction in policy for new services, most recently on the delivery of pay TV, still leave open however the question of how soon Australian audiences will be offered a wider range of genuine alternatives to existing services.

In this first issue of 1993, *CU* has called on a number of different writers to provide an overview of some of the key events of the past year, and to reflect on some of the important issues in the magazine's main areas of concern: broadcasting regulation, radio, print media, telecommunications and the production industry. □



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a whole seminar was devoted to other possible pay TV technologies (see report in *CU75*), and the suggestion that MDS could be the first service provider off the mark should have been clear to everyone, including the DOTAC representatives present.

Media commentators were not slow to pick up on the inference from the Government's change of heart that it had responded to pressure from its 'media mates' (the accepted euphemism for Kerry Packer and/or Rupert Murdoch) who had not had the foresight shown by Steve Cosser's Australis Media in buying up MDS licences. Under this interpretation, the mates had woken up to the fact that either they were going to have to do a deal with Cosser - and Cosser, sitting in the box seat, did not appear too interested - or they were going to have to bring out their lobbying power in Canberra. Many felt that the latter course of action prevailed.

The timing of the announcement - on the very day that the tenders for remaining MDS licences were to close - was, to say the least, suspect. Its contents suggested either breathtaking cynicism or mind-boggling incompetence on the part of a Government which has devoted so much of its own and DOTAC's time to the technological and regulatory issues associated with pay TV.

What's more, there are grounds for believing that the Minister has no power under the Act to direct the ABA not to issue pay TV licences using MDS, as he has done, and this is to be tested in the courts by aspiring MDS operators.

### *CU Comment:* History Repeating Itself?

The main media in Australia have traditionally been owned by a small number of commercial interests which thereby gained a virtual stranglehold on sources of news and information.

The ownership of Australian media was widely regarded as the most highly concentrated and vertically integrated in the world. While cross-media ownership has diminished after changes to government policy in the 1980s, between them two individual owners - Rupert Murdoch and Kerry Packer - continue to dominate Australia's print and electronic media.

Media proprietors have historically been treated with considerable deference by Australian politicians. Examples of Australian politicians doing the bidding - or, more subtly, divining the will - of their media masters are legion, and are well documented in books like Paul Chadwick's *Media Mates* and David Bowman's *The Captive Press*. An example was when the Menzies Government in the 1950s, having decided to favour the establishment of both public and private television stations, then permitted existing media proprietors to obtain television licences. The long-term effects of this in terms of program diversity and information sources on Australian television have been incalculable.

For their part, media proprietors have been only too ready to exploit the willingness of politicians to be duchessed by men they perceive as rich and famous as well as powerful. William Shawcross's recent biography of Murdoch provides testimony to Murdoch's capacity to charm and captivate politicians, to make them feel they are in the big league and convince them that, by concurring with his wishes, they have the opportunity to make press or broadcasting history.

Remember Malcolm Fraser's amendments to the ownership provisions of the Broadcasting Act, which were so universally perceived as serving the interests of Murdoch that they were known as the 'Murdoch amendments'? Who can forget the image of the long line of Commonwealth cars carrying Labor Ministers arriving at a function held by Rupert Murdoch? Or of Paul Keating spending New Year on Alan Bond's yacht at the America's Cup races in Fremantle? Or of Bob Hawke proclaiming that Kerry Packer was a great Australian and that he was proud to call him a friend?

Regrettably, the perception that Governments do favours for media magnates is so integral to the Australian political landscape that the general public rarely gets indignant. This is no doubt due in part to the fact that the issues in question are often unfamiliar and involve complex technological questions; though the public response to the proposed sale of Fairfax to foreign interests in 1991 shows that people will revolt when they are fully aware of the implications.

Along with their traditional eagerness to appear on intimate terms with media magnates, politicians also appear to have an unshakeable belief in the power of the media - particularly the power of television, as evidenced among other things by their willingness to spend enormous amounts on election advertising, despite the paucity of reliable evidence that voters are influenced by it. The extent of the influence of print media on elector behaviour is even more dubious, yet it is an article of political faith in Australia that the Fairfaxes and Frank Packer kept the Coalition in power through the 1950s and 1960s; and that Rupert Murdoch's support for Whitlam played a crucial role in the election of his government in 1972 - and his withdrawal of that support, in Whitlam's loss of power.

The Australian public is not as gullible as these simplistic analyses would tend to suggest. Moreover, it is a mark of how remote politicians become from the real world that the Government appears to have been surprised by the scepticism which greeted its turnaround on MDS. Some commentators are now suggesting that the issue - not of pay TV, to which most electors are probably fairly indifferent, but of the government's relationship to its media mates - could become a central one in the upcoming election.

Who knows? An Australian political party which had the guts to question the conventional wisdom about the power of the media, and to break the nexus between politics and media proprietors, might just find itself on a winning streak with voters. □