

# Communications

## Update

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## Steep Print Media Rises: Inquiry Call

### Are Australia's major publishers cutting their own throats?

Relentless price increases may drive away consumers at the very time that circulation figures show readership in long term decline.

Cover prices of metropolitan newspapers and selected magazines have been increasing well in excess of inflation, according to a study by the Communications Law Centre.

Prices have risen particularly steeply since 1991, despite the sharp fall in inflation in the same period.

The study of cover prices, the first of its type, is published in this edition of *Communications Update*. Bar charts and tables on pages 3 - 8 set out in detail the price rises over 1984-94 for dailies and Sunday papers and 13 selected magazines.

Broadly, the data shows that between 1984 and 1994, a hypothetical consumer of all metropolitan newspapers and 13 selected magazines faced price rises of 143 per cent. CPI increased 67.6 per cent over the same period.

Over the 1991-94 period, CPI grew 3.7 per cent compared with a 21.8 per cent increase in the total price of the publications surveyed.

Every category of publication showed 10-year increases well beyond CPI:

Type of publication	Percentage Increases 1984-94	
	Total price	Average price
Metropolitan dailies (Monday-Friday)	129%	132%
Metropolitan dailies (Saturdays)	188%	188%
Metropolitan Sunday papers	116%	96%
Selected major magazines	143%	-
<b>CPI increase</b>	<b>67.6%</b>	<b>67.6%</b>

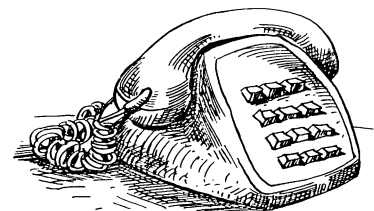
The CLC has asked the Assistant Treasurer, George Gear, to order an inquiry into cover prices by the Prices Surveillance Authority. Ministerial power to subject major newspaper and magazine publishers to such scrutiny has existed since 1983 but has never been exercised.

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The Prices Surveillance Act requires the PSA to 'have particular regard to the need to discourage a person who is in a position substantially to influence a market for goods and services from taking advantage of that power in setting prices.'

Factors influencing the price of any goods or services are complex. The CLC does not claim that its study proves that the major publishers have been exploiting their market power. We say only that the data shows a prima facie case deserving further inquiry and that the PSA is the appropriate body to do it.

This is particularly so because the press, one of the usual vents for disclosure of abuse of market power by industry, is unlikely in this case to fulfil that role.

Like several of the industries which have been subject to PSA inquiry, control of the print media is heavily concentrated (see *CU*, February 1994).

The House of Representatives Select Committee on the Print Media, chaired by the present Minister for Communications, Michael Lee, concluded that 'the mass market end of the print media industry is not contestable. That is, major existing newspaper publishers are unlikely to be threatened - either in their pricing or their editorial policies - by the potential entry of new publishers' (Report, para 5.106).

Acknowledging the possibility of entrants to niche markets, the Lee Committee nevertheless concluded that this 'does not negate the existence of barriers to entry into mass circulation newspapers. Any competition between such a new entrant and a major publishing group could only be at the margin - both in terms of influencing public opinion and affecting price and quality' (para 5.110).

Entry into magazine publishing was less daunting but 'the predominance of the major publishing groups will see enterprising new publishers entering at a distinct disadvantage,' the committee concluded (para 5.116).

The relatively large increases in cover prices during 1991-94, especially among Fairfax papers, are a particu-

lar puzzle. As noted, inflation in recent years has been very low.

It is interesting to note three events from the same 1991-94 period:

- In December 1991, Fairfax emerged from receivership; since then Conrad Black has consolidated control and made major staff and cost changes.
- In December 1990, Rupert Murdoch came perilously close to losing News Corporation after a characteristic period of rapid expansion produced almost terminal debt. Satisfying his bankers has put considerable pressure on his global operations to improve their financial performance.
- In March 1992, the Lee Committee reported that although print media ownership was highly concentrated, and this carried risks, there was nothing Parliament should do to dilute it. Pale recommendations to prevent it worsening were mostly ignored by Government. Instead, the committee put its faith in technological change to produce new services, lower barriers to entry and more competition (para 9.112). In effect, the report killed any prospect of a regulatory response to the higher concentration which developed after 1987 and which saw the deaths of 14 daily and Sunday newspapers up to April 1992.

Advertisers have complained for some time that the concentration of market power has allowed publishers to maintain revenue levels during recession by increasing ad rates (see, for instance, Mike Porter, *B&T*, 4 December 1992).

The new data suggests that cover price increases paid by consumers may also have made their contribution to the publishers' healthy emergence from the recession.

Published company results do not permit detailed assessment of the effect of cover prices on overall financial performance. This is something a PSA inquiry could usefully pursue.

However, the Fairfax half-year-to-December results do include the interesting fact that circulation revenue

rose 10 percent. By contrast, the combined circulations of the three Fairfax metropolitan dailies and its two Sunday papers fell 1.7 percent between September 1992 and September 1993. On the face of it, Fairfax is making considerably more money from selling fewer papers.

Circulation may have other connections to cover prices. As noted in February's media ownership issue of *CU*, total average Monday-Saturday circulation of all Australian daily newspapers declined 12.5 percent in 1990-93. Have the cover price rises driven away readers, at least on weekdays?

By contrast, Saturday sales of many daily newspapers have grown since 1990. The cover prices of Saturday editions of daily papers rose 188 percent in 1984-94, the biggest increase of the four categories surveyed.

It may be argued that the extra supplements and color magazines on Saturdays give the buyer value for money. It is equally true that the traditional massing of job and housing advertisements in Saturday papers tend to ensure for publishers a captive market at the higher cover prices.

Consumers of print media are such a large and disparate part of the public that they lack a cohesive voice to complain about price increases.

Consumer organisations have been uncommonly quiet about the issue. It is to be hoped that this new data will change that.

Paul Chadwick

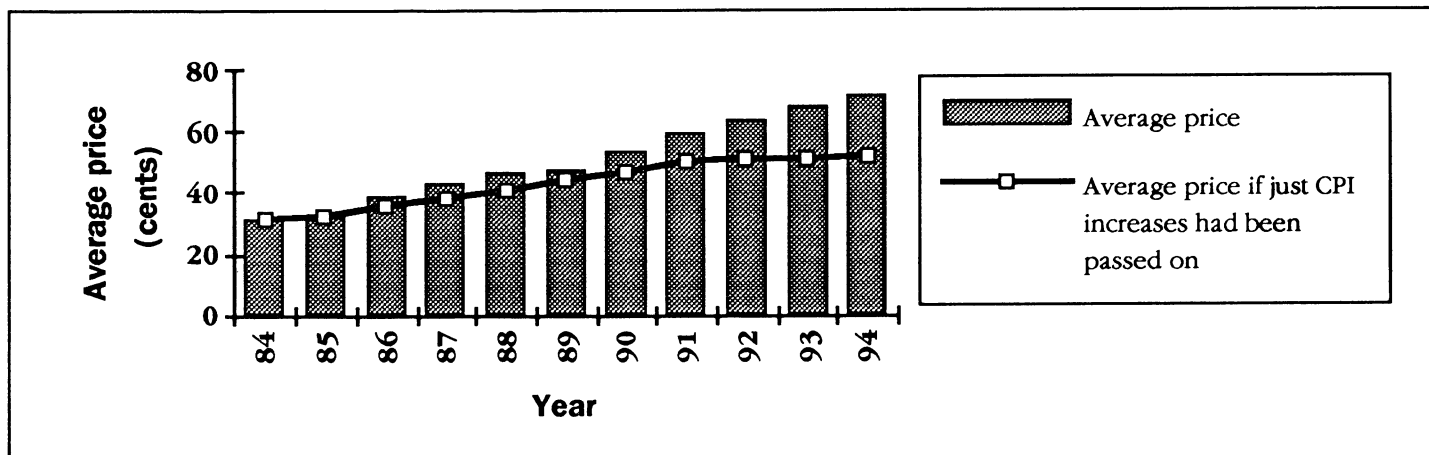
## THOSE WERE THE DAYS

The price of the Brisbane Courier Mail rose from one penny to twopence on 4 October 1920. On the same day 30 years later it shot to threepence.



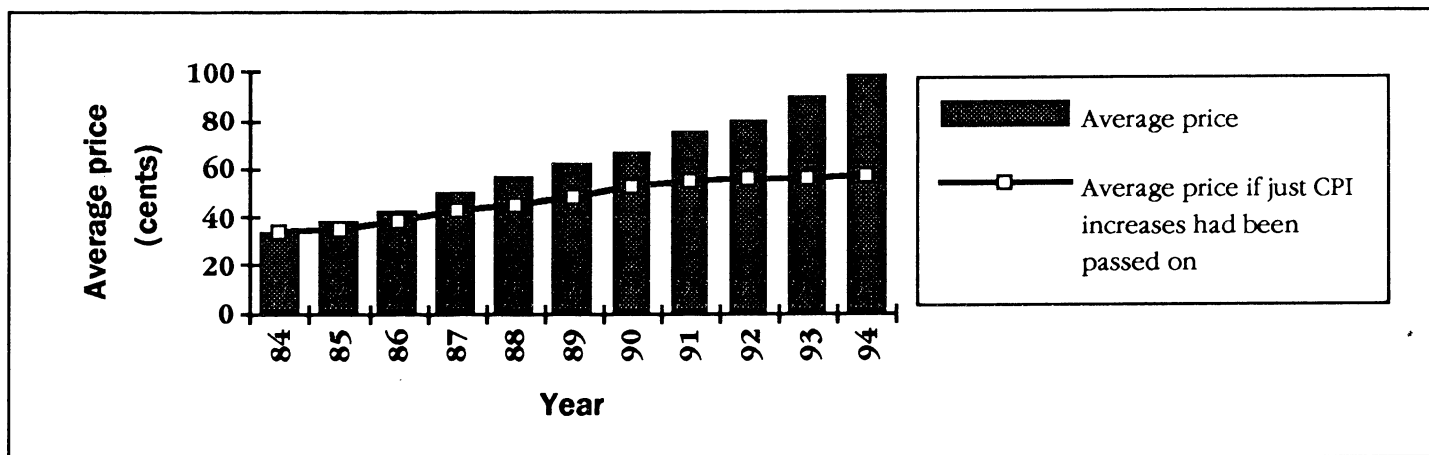
**Chart 1**

**Cover Prices of Monday-Friday Editions of Metropolitan Daily Newspapers 1984-1994**



**Chart 2**

**Cover Prices of Saturday Editions of Metropolitan Newspapers 1984 - 1994**



**Chart 3**

**Cover Prices of Sunday Newspapers 1984 - 1994**

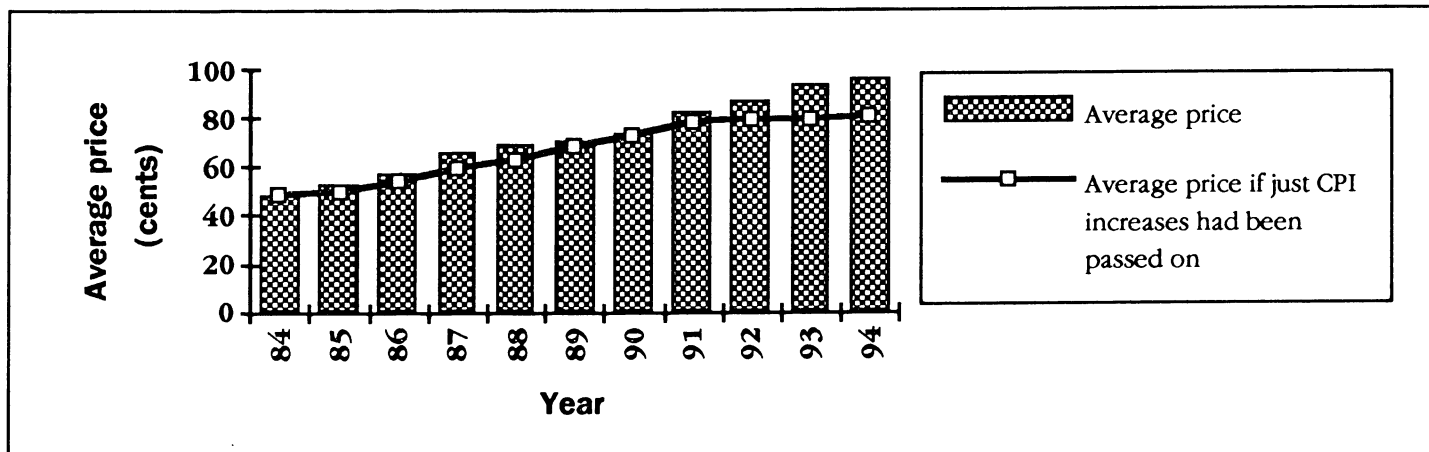




Table 1

Cover Prices (in cents) of Monday-Friday Editions of Metropolitan Daily Newspapers 1984-1994

Title	84	85	86	87	88	89	90	91	92	93	94	% Rise
<b>NSW</b>												
<i>Telegraph-Mirror</i>	30	30	40	40	40	40	50	60	60	60	60	100%
<i>Sydney Morning Herald</i>	30	30	40	45	50	50	50	60	60	70	80	166%
<b>Victoria</b>												
<i>Herald-Sun</i>	30	30	40	40	40	40	50	50	60	60	60	100%
<i>Age</i>	30	30	40	40	40	40	50	60	60	70	80	166%
<b>Queensland</b>												
<i>Courier Mail</i>	25	30	30	35	40	40	50	60	60	70	70	180%
<b>SA</b>												
<i>Advertiser</i>	25	30	30	40	40	40	50	60	60	60	70	180%
<b>WA</b>												
<i>West Australian</i>	30	30	30	40	50	50	50	50	60	60	60	100%
<b>Tasmania</b>												
<i>Mercury</i>	25	25	30	30	40	40	50	50	50	50	50	100%
<b>NT</b>												
<i>NT News</i>	30	30	40	40	40	50	50	50	60	60	60	100%
<b>ACT</b>												
<i>Canberra Times</i>	35	35	40	45	45	50	50	60	60	70	70	100%
<b>National</b>												
<i>Australian</i>	30	30	40	50	50	50	50	60	60	70	70*	133%
<i>Financial Review</i>	55	60	70	70	90	90	1.00	1.00	1.20	1.20	1.30	136%
<b>TOTAL (dollars)</b>	<b>3.75</b>	<b>3.90</b>	<b>4.70</b>	<b>5.15</b>	<b>5.65</b>	<b>5.80</b>	<b>6.50</b>	<b>7.20</b>	<b>7.70</b>	<b>8.20</b>	<b>8.60</b>	<b>129%</b>
Average price (dollars)	0.31	0.33	0.39	0.43	0.47	0.48	0.54	0.60	0.64	0.68	0.72	132%
<i>Average price if just CPI increases had been passed on (\$)</i>	<i>0.31</i>	<i>0.32</i>	<i>0.35</i>	<i>0.38</i>	<i>0.41</i>	<i>0.44</i>	<i>0.47</i>	<i>0.50</i>	<i>0.51</i>	<i>0.51</i>	<i>0.52</i>	<i>67.6%</i>

\* Monday-Friday price of *The Australian* rose to 80 cents on 14 March 1994.

Notes: The eight daily newspapers which closed between 1987 and 1992 have been omitted for brevity and clarity and because tests (using 1984 and 1987 as sample years) showed no significant effects of these omissions on average cover prices. Minor variations in percentages result from rounding. Cover prices in 1994 columns are prices as at 1 February.



Table 2

Cover Prices (in cents) of Saturday Editions of  
Metropolitan Newspapers 1984-1994

Title	84	85	86	87	88	89	90	91	92	93	94	% Rise
<b>NSW</b>												
<i>Telegraph-Mirror</i>	30	30	40	50	50	60	60	70	80	90	90	200%
<i>SMH</i>	40	50	50	60	70	70	80	80	90	1.00	1.20	200%
<b>Victoria</b>												
<i>Herald-Sun</i>	30	30	40	40	40	40	50	60	70	70	80	166%
<i>Age</i>	40	50	50	50	60	70	70	80	90	1.00	1.20	200%
<b>Queensland</b>												
<i>Courier-Mail</i>	30	30	40	50	60	60	60	70	80	90	1.00	233%
<b>SA</b>												
<i>Advertiser</i>	40	45	45	50	60	70	80	90	90	1.00	1.00	150%
<b>WA</b>												
<i>West Australian</i>	40	40	50	50	60	60	70	80	80	90	1.00	150%
<b>Tasmania</b>												
<i>Mercury</i>	25	25	30	35	45	50	50	60	60	70	70	180%
<b>NT</b>												
<i>NT News</i>	30	30	40	50	50	60	70	70	70	80	80	166%
<b>ACT</b>												
<i>Canberra Times</i>	30	35	40	60	60	70	70	80	80	1.00	1.00	233%
<b>National</b>												
<i>Weekend Australian</i>	40	50	50	60	70	70	80	80	90	1.00	1.20	200%
<b>TOTAL (dollars)</b>	<b>3.75</b>	<b>4.15</b>	<b>4.75</b>	<b>5.55</b>	<b>6.25</b>	<b>6.80</b>	<b>7.40</b>	<b>8.20</b>	<b>8.80</b>	<b>9.90</b>	<b>10.80</b>	<b>188%</b>
Average price (dollars)	0.34	0.38	0.43	0.50	0.57	0.62	0.67	0.75	0.80	0.90	0.98	188%
<i>Average price if just CPI increases had been passed on (\$)</i>	<i>0.34</i>	<i>0.35</i>	<i>0.38</i>	<i>0.42</i>	<i>0.45</i>	<i>0.48</i>	<i>0.52</i>	<i>0.55</i>	<i>0.56</i>	<i>0.56</i>	<i>0.57</i>	<i>67.6%</i>



Table 3

Cover Prices (in cents) of Sunday Newspapers 1984-1994

Title	84	85	86	87	88	89	90	91	92	93	94	% Rise
<b>NSW</b>												
<i>Sun-Herald</i>	50	60	60	70	70	70	70	80	80	1.00	1.00	100%
<i>Sunday Telegraph</i>	50	60	60	70	70	70	70	80	90	1.00	1.00	100%
<b>Victoria</b>												
<i>Sunday Sun</i>	-	-	-	-	-	70	70	80	90	1.00	1.00	42%
<i>Sunday Age</i>	-	-	-	-	-	70	70	80	90	1.00	1.20	71%
<i>Sunday Observer</i>	60	70	70	80	90	90	-	-	-	-	-	50%
<i>Sunday Press</i>	60	70	70	80	90	90	-	-	-	-	-	50%
<i>Sunday Herald</i>	-	-	-	-	-	70	70	-	-	-	-	-
<b>Queensland</b>												
<i>Sunday Mail</i>	40	40	50	60	60	80	90	1.00	1.00	1.00	1.00	150%
<b>SA</b>												
<i>Sunday Mail</i>	50	50	60	70	70	80	90	95	1.00	1.10	1.10	120%
<b>WA</b>												
<i>Sunday Times</i>	50	50	50	70	80	90	90	1.00	1.00	1.00	1.00	100%
<b>Tasmania</b>												
<i>Sunday Tasmanian</i>	50	50	50	50	60	60	60	70	80	80	80	60%
<b>NT</b>												
<i>Sunday Territorian</i>	-	40	60	60	60	70	80	80	80	80	80	100%
<b>ACT</b>												
<i>Canberra Times</i>	35	35	40	50	50	50	50	60	60	70	70	100%
<b>TOTAL (dollars)</b>	<b>4.45</b>	<b>5.25</b>	<b>5.70</b>	<b>6.60</b>	<b>7.00</b>	<b>7.10*</b>	<b>8.10</b>	<b>8.25</b>	<b>8.70</b>	<b>9.40</b>	<b>9.60</b>	<b>116%</b>
Average price (dollars)	0.49	0.53	0.57	0.66	0.70	0.71	0.74	0.83	0.87	0.94	0.96	96%
<i>Average price if just CPI increases had been passed on (\$)</i>	<i>0.49</i>	<i>0.50</i>	<i>0.54</i>	<i>0.59</i>	<i>0.63</i>	<i>0.68</i>	<i>0.73</i>	<i>0.78</i>	<i>0.79</i>	<i>0.79</i>	<i>0.81</i>	<i>65%</i>

\* This total omits the 1989 prices (90 cents each) of the *Sunday Observer* and *Sunday Press* which closed in June and August of 1989. They were replaced by the *Sunday Age*, *Sunday Sun* and *Sunday Herald*. The *Sunday Herald* closed in March 1991 and the *Sunday Sun* became the *Sunday Herald-Sun*. Only the prices of the two survivors, the *Sunday Age* and *Sunday Herald-Sun*, have been included in calculating the 1989 and 1991 national total and national average prices. Three other deceased Sunday papers (*Western Mail*, *Times on Sunday* and *Brisbane Sunday Sun*) also have been omitted.



Table 4

Cover Prices (in dollars) of 13 Selected Major Magazines 1984-1994

Title	84	85	86	87	88	89	90	91	92	93	94	% Rise
<i>Women's Wkly</i>	1.60	1.80	1.80	1.80	2.30	2.50	2.75	2.95	3.10	3.30	3.30	106%
<i>Woman's Day</i>	.80	1.00	1.10	1.10	1.30	1.40	1.70	1.90	2.00	2.20	2.30	187%
<i>New Idea</i>	.70	.85	.90	1.10	1.20	1.20	1.50	1.50	1.80	2.20	2.20	214%
<i>TV Week</i>	.80	1.00	1.00	1.10	1.20	1.20	1.40	1.40	1.70	2.00	2.00	150%
<i>Reader's Digest</i>	1.80	1.90	2.25	2.25	2.25	2.75	3.25	3.25	3.25	3.95	3.95	119%
<i>Cleo</i>	1.85	2.20	2.40	2.40	2.80	2.95	3.25	3.50	3.85	4.50	4.50	143%
<i>Family Circle</i>	1.10	1.25	1.45	1.65	1.65	2.00	2.00	2.30	2.50	2.90	2.90	163%
<i>Cosmopolitan</i>	2.00	2.20	2.40	2.40	2.80	2.95	3.25	3.50	3.85	4.20	4.50	125%
<i>Better Homes &amp; Gardens</i>	1.35	1.45	1.55	1.70	1.85	2.00	2.00	2.50	2.75	3.20	3.20	137%
<i>People</i>	1.00	1.30	1.50	1.50	1.70	1.70	1.90	2.10	2.10	2.40	2.50	150%
<i>Aust House &amp; Garden</i>	2.00	2.20	2.20	2.20	3.00	3.20	3.50	3.80	3.95	4.20	4.20	110%
<i>Bulletin</i>	1.50	1.70	1.90	1.90	2.20	2.20	2.50	2.95	2.95	3.30	3.30	120%
<i>BRW</i>	1.00	1.70	1.90	2.20	2.50	3.00	3.00	3.50	3.75	3.75	3.75	275%
<b>TOTAL</b>	<b>17.50</b>	<b>20.55</b>	<b>22.35</b>	<b>23.30</b>	<b>26.75</b>	<b>29.05</b>	<b>32.00</b>	<b>35.15</b>	<b>37.55</b>	<b>42.10</b>	<b>42.60</b>	<b>143%</b>

Note: The selected magazines are intended to represent a cross-section of the most popular titles and categories. The selection was made before price data was gathered. The categories were purposefully varied, but because of that variety the average cover price of this selection may give a misleading impression about the average price of all magazines and so they are not shown here.



Table 5

Percentage Increases in Average Cover Prices of Newspapers Compared with CPI 1984-1994

Title	84	85	86	87	88	89	90	91	92	93	94	% Rise
Metro Dailies	-	6.5	18.2	10.3	9.3	2.1	12.5	11.1	6.7	6.3	5.9	132%
Metro Saturdays	-	11.8	13.2	16.3	14.0	8.8	8.1	11.9	6.6	12.5	8.8	188%
Metro Sundays	-	8.2	7.5	15.8	6.1	1.4	4.2	12.2	4.8	8.0	2.1	96%
<b>CPI</b>	-	<b>2.5</b>	<b>8.2</b>	<b>9.8</b>	<b>7.1</b>	<b>7.6</b>	<b>7.8</b>	<b>6.8</b>	<b>1.5</b>	<b>0.3</b>	<b>1.9</b>	<b>67.6%</b>



Table 6

Increases in Total Price of all Newspapers and 13 Selected Magazines Compared with CPI 1984-1994

Title	84	85	86	87	88	89	90	91	92	93	94	% Rise
Metro Dailies	3.75	3.90	4.70	5.15	5.65	5.80	6.50	7.20	7.70	8.20	8.60	129%
Metro Saturdays	3.75	4.15	4.75	5.55	6.25	6.80	7.40	8.20	8.80	9.90	10.80	188%
Metro Sundays	4.45	5.25	5.70	6.60	7.00	7.10	8.10	8.25	8.70	9.40	9.60	116%
Selected Mags	17.50	20.55	22.35	23.30	26.75	29.05	32.00	35.15	37.55	42.10	42.60	143%
<b>TOTAL</b>	<b>29.45</b>	<b>33.85</b>	<b>37.50</b>	<b>40.60</b>	<b>45.65</b>	<b>48.75</b>	<b>54.00</b>	<b>58.80</b>	<b>62.75</b>	<b>69.60</b>	<b>71.60</b>	<b>143%</b>
<b>CPI</b>	-	<b>2.5</b>	<b>8.2</b>	<b>9.8</b>	<b>7.1</b>	<b>7.6</b>	<b>7.8</b>	<b>6.8</b>	<b>1.5</b>	<b>0.3</b>	<b>1.9</b>	<b>67.6%</b>

Credits: Prices researched by Bruce Shearer and Jenny Hurley, Communications Law Centre, Melbourne. Co-operation of the major publishers gratefully acknowledged. Computer assistance by Greg Stuart.

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