



Cover Prices:

Who will Speak for Consumers?

Hardly a peep was heard from the mainstream media following the April *CU* analysis of print media cover prices, which showed increases well in excess of CPI over the past decade and the steepest rises in recent years when inflation has been lowest.

We released our analysis of 1984-94 cover prices to the media on 21 April, but to our knowledge only the Melbourne *Age* and *Sydney Morning Herald* reported it. *The Age* ran seven paragraphs on page seven under the gentle headline 'Newspaper price query', and the *SMH* put one paragraph at the bottom of page 29 in the business briefs. Two ABC radio programs interviewed CLC spokespersons.

No response yet from the Assistant Treasurer, George Gear, to the request from the Communications Law Centre for a formal inquiry by the Prices Surveillance Authority into cover prices. Gear has been overseas and as this *CU* went to press his staff assured us the request was under active consideration.

Despite the mostly mute media, CLC is not alone in believing the data show a clear need for further inquiry. The Australian Federation of Consumer Organisations and Melbourne's Consumer Law Centre joined the call for PSA scrutiny. It seems federal consumer protection agencies have for some time been receiving a steady flow of complaints from the public but no action has been taken.

Could it be because someone has to take the 'courageous' political decision simultaneously to examine in public the hip-pocket nerves of the three major publishers, Murdoch, Packer and Black?

As it happens, Gear is peculiarly well briefed for this decision. As a backbencher, he took a detailed interest in newspaper cover prices and urged a PSA inquiry himself.

In September 1990, as chairman of the Hawke Government's prices taskforce, Gear released to the media statistics compiled by the parliamentary research service. He said they showed 'that both the copy price and the charges for advertising had in most cases greatly exceeded the rise in the CPI in the period 1984 to 1990.' To underscore his point, Gear contrasted the high prices with the salaries the publishers paid to journalists. These, his data showed, had risen substantially less than CPI over the same years.

'The restraint shown by the workforce were (sic) not being matched by the owners of the nations (sic) newspapers,' thundered Gear in his media release. 'I have referred these price hikes to the PSA and requested them to investigate this matter fully.'

Where the publish interest seems to clash with powerful private interests and political courage is required, it is often only sustained media pressure which produces action. But in this case, the media has been disturbingly quiet.

While puzzled by the apparent lack of interest from commercial radio and commercial, ABC and SBS TV, CLC remains hopeful that programs such as *The Investigators* and *Media Watch* will take up the issue. It seems to be tailor made for journals such as *Choice*.

The cover price data would appear to meet the usual journalistic criteria for newsworthiness: 1. It is new? (No comparable study exists to our knowledge, although we pay due credit to the pioneering efforts of George Gear); 2. How many people are affected? (Australians buy an average of 18.8 million newspapers a week and mass market print products are a kind of staple, as in, 'Run down the shop, will you luv, and get me bread, milk and the paper').

Two common consequences of concentration of media ownership are abuse of market power and lack of coverage for material which may threaten the interests of dominant players.

We have been assured by those players for many years that neither problem afflicts Australia, despite our internationally high level of concentration.

The issue of whether recent trends in cover prices disclose abuse of market power is a live one deserving further inquiry.

Our Next Move

What does the print media's almost complete failure to report the CLC's findings tell us about the second distortion, omission of information or opinion unpalatable to the dominant players? Readers will make their own decisions on the lack of coverage in the news pages.

But media also traditionally offer another forum for the expression of information and opinion generated by outsiders: the letters-to-the-editor page. Management and editorial executives have earnestly assured audiences and parliamentary committees that a broad range of opinion can find expression through these pages, even though the papers which publish them may disagree with those views.

Taking them at their word, the CLC has written to the editor of each of the metropolitan dailies and Sundays which did not report the cover price data.

Surely it will not be argued, as it often is about discomfiting material, that 'readers are not interested in media reporting on itself', for several papers found plenty of space for the recent favourable review by the Australian Press Council of its performance and theirs. *The Australian* even published pie charts and, the following week, deemed worthy of considerable space an analysis of the alleged troubles of *The Age* (*Weekend Australian*, 7-8 May).

Leaving media conflicts of interest to one side, the cover price data open up an interesting debate about the nature of print media markets.

In the *Age* report of the CLC findings, Fairfax chief executive Stephen Mulholland was paraphrased as having said, 'Australian papers relied too much on advertising revenue, which is cyclical, to offset losses on the cover prices, and for their 'long term health' need to reduce this imbalance.'

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Newspaper circulation is steadily falling, mainly on weekdays (*CU* February and April 1994). Is it fair to those who buy newspapers that they should, in effect, cross-subsidise the publishers for reduced advertising revenue during economic troughs?

In the context of the cover price argument, it appears that newspapers operate in three distinct markets:

- They assemble and publish news, opinion and information services such as the TV guide and sell them to certain people in exchange for the cover price.
- They also offer advertisers access to those readers and sell the advertisers space to display their wares.

- They also offer to sell space to a different market comprised of the many people who use the classifieds columns to make public announcements of births, marriages and deaths or to buy and sell real estate, labour, cars and other goods and services.

How acceptable is it that publishers should increase the cost of the provision of news/opinion/information (ie raise cover prices) in order to make up for declining revenue from other, separate customers (ie advertising)? Should not the increases in cover prices be justified solely in terms of improved quality of news/opinion/information services or increases in the cost of producing them?

We still hope George Gear will order the PSA to consider those and other questions on behalf of the consumer.

Paul Chadwick

CLC's Letter to Major Newspaper Editors

CU invites readers around Australia to let us know if the letter appears in the papers you read

Dear Editor

The Communications Law Centre recently published a unique study of newspaper cover prices (*Communications Update*, April 1994). As buyers of a newspaper, your readers may be interested, so we request space for this letter.

Every category or publication surveyed recorded 1984-94 price increases well in excess of increases in the Consumer Price Index over the same 10-year period:

Type of Publication	Percentage Increase 1984-94	
	Total Price	Average Price
Metropolitan dailies (Mon-Friday)	129%	132%
Metropolitan dailies (Saturdays)	188%	188%
Metropolitan Sunday papers	116%	96%
Selected Major magazines	143%	-
CPI Increase	67.6%	67.6%

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.

As you know, print media ownership is highly concentrated. We do not assert that the data proves that publishers are taking undue advantage of their market power. Many factors may be operating. We say only that the data shows justifiable cause for concern and that the Prices Surveillance Authority should inquire further.

So we have asked the Assistant Treasurer, Mr George Gear, to use his power to order a PSA inquiry, and we ask those of your readers who agree to make the same request of Mr Gear c/- Parliament House, Canberra.

Media disclosure and comment are often integral to accountability. The media role has been evident in debates over the prices of petrol, beer, compact discs, and cinema tickets, all of which have been scrutinised by the PSA.

Will anyone argue that Australians, who buy an average of 18.8 million metropolitan newspapers a week, do not deserve the same service in this case?

Yours sincerely

Communications Law Centre

Helen Mills
Director