



Print media prices skyrocket

The strong growth of print media cover prices continues - and without regulatory scrutiny according to an update of data produced for the first time last year by the Communications Law Centre.

If a reader bought all the papers and magazines in our survey, she would have paid \$58.80 for them in 1991 and \$77.25 in July this year, an increase of 31.4 percent. By comparison, the CPI grew by 9.6 percent in 1991-95. The 1984-95 increase was 162 percent compared with a CPI increase over the period of 77.7 percent.

The findings are further evidence of the general shift to 'user directly pays' media as opposed to 'user indirectly pays' via advertising.

The update found that almost all titles in three price categories had increased their cover prices in the 17 months between February 1994 and July 1995. (The percentage increase from 1984 to 1995 is in brackets.)

Metropolitan dailies

(Mon-Fri) 9.7% (155%)

Metropolitan dailies

(Sat) 7.1% (209%)

Metropolitan Sundays

11.4% (118%)

The June 94-June 95 CPI increase was 4.5 percent.

Of the 12 metropolitan dailies, eight increased their Monday-Friday and Saturday prices in the February 94-July 95 period. So did seven of the 10 Sunday papers. All 13 of the selected magazines charged more.

The cover price data fits a trend in which an increasing proportion of media revenues will be drawn directly from the consumer, rather than from the advertiser.

Pay TV is the next move in a pattern already established in the press. Viewers who become subscribers pay directly for their information/entertainment

instead of exchanging time in watching ads for the free programs the networks offer.

For some, ad-free viewing may be attractive. But the print media offer a cautionary tale: although readers are paying more and more for their editorial content, they still get ads and the publishers have increased cover price revenues without a corresponding drop in ad rates, in particular for classifieds. (On the contrary, ad rates are rising about 10 percent this year, according to *The Age*, 8 June 1995.) Monopoly or duopoly in all Australian metropolitan newspaper markets may explain the aggressive pricing attitudes of the publishers.



In 1997 the law will permit advertising on pay TV, and on current trends that market will be a monopoly, perhaps still a duopoly, and the major content providers will be the Murdoch and Packer organisations, which also dominate print and loom large in free-to-air TV. Viewers weaned from free TV with ads may find they are subscribing to TV with ads.

Overseas experience offers clues to the way Australian print media consumers are being treated. (See *CU* issues 102 and 105). It appears that it can make financial sense for publishers to shed certain types of reader by raising cover prices. As more revenue is raised directly from readers, the product goes up-market and advertising of mass products moves to give-aways.

In Australia this trend is manifested in: the fact that most of the 14 papers to close since 1987 were tabloids; the relative imperviousness of the broadsheets' circulations (and the *Financial Review*) to steep cover price

rises; and the publishers' heavy investment in colourful weekly suburban newspapers, distributed free, with a focus on localised business and real estate advertising.

CLC's work on cover prices again reveals a prima facie case that the publishers are abusing their market power. We acknowledge that they will have arguments to defend the increases, especially the increasing price of newsprint (of which more next month). But they are never required to do so in public.

Last year, partly in response to CLC's data, the Prices Surveillance Authority (PSA) asked the Assistant Treasurer, George Gear, to order it to inquire into cover prices. The PSA informed the Minister of 'a significant number of consumer complaints'. The PSA could, after inquiry, 'declare' the print media industry so that it would have to justify future price increases to the Authority.

Mr Gear told the PSA that he had decided the PSA was too busy to inquire. This was a remarkable turnaround for Gear, who as a backbencher in September 1990 had campaigned for just such a PSA inquiry and had attacked the publishers for their 'price hikes'.

Gear argued last year that the PSA 'has a significant amount of work on its plate in the lead up to establishing the new Australian Competition Commission. In particular it is conducting a review of all existing declarations under the PS Act 1983. Therefore, the question of an examination of newspaper prices is something that would need to be considered after this review is concluded.'

But now the PSA is winding down and renewed efforts for an inquiry into cover prices will need to be directed to the new ACCC, especially since the Government has added a third C for Consumer to the title. □

Paul Chadwick



Cover Prices (in cents) of Metropolitan Daily and Sunday Newspapers

Title	84	90	94	95	% rise 84-95
NSW					
Daily Telegraph Mirror	30	50	60	70	133%
Saturdays	30	60	90	1.00	233%
Sydney Morning Herald	30	50	80	80	166%
Saturdays	40	80	1.20	1.20	200%
Sunday Telegraph	50	70	1.00	1.00	100%
Sun-Herald	50	70	1.00	1.00	100%
Victoria					
Herald-Sun	30	50	60	70	133%
Saturdays	30	50	80	90	200%
Age	30	50	80	80	166%
Saturdays	40	70	1.20	1.20	200%
Sunday Herald-Sun	-	70	1.00	1.10	57%
Sunday Age	-	70	1.20	1.20	71%
Queensland					
Courier-Mail	25	50	70	70	180%
Saturdays	30	60	1.00	1.10	266%
Sunday Mail	40	90	1.00	1.20	200%
South Australia					
Advertiser	25	50	70	70	180%
Saturdays	30	60	1.00	1.10	150%
Sunday Mail	50	90	1.10	1.20	140%
Western Australia					
West Australian	30	50	60	70	133%
Saturdays	40	70	1.00	1.20	200%
Sunday Times	50	90	1.00	1.20	140%
Tasmania					
Mercury	25	50	50	60	140%
Saturdays	25	50	70	80	220%
Sunday Tasmanian	50	60	80	1.00	100%
NT					
NT News	30	50	60	70	133%
Saturdays	30	70	80	1.00	233%
Sunday Territorian	-	80	80	1.00	25%
ACT					
Canberra Times	35	50	70	80	128%
Saturdays	30	70	1.00	1.20	300%
Sundays	35	50	70	80	128%
National					
Australian	30	50	70	80	166%
Saturdays	40	80	1.20	1.20	200%
Financial Review	55	1.00	1.30	1.50	172%

Notes: Cover prices for 1995 as at 24 July. Price shown for Melbourne *Herald-Sun* in 1984 is the then price of the tabloid *Sun News-Pictorial*, which was merged with the broadsheet *Herald* to form the tabloid *Herald-Sun* in October 1990. Price shown for Melbourne *Sunday Herald-Sun* in 1990 is the then price of the *Sunday Sun*, which was merged with the *Sunday Herald* in 1991. Cover prices for every year from 1984 to 1994 for all metro daily and Sunday papers were published in *Communications Update*, Issue 98, April 1994.

Dollar increase in total price of newspapers and 13 selected magazines compared with CPI 1984 - 1995

	84	85	86	87	88	89	90	91	92	93	94	95	% 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	9.50	153%
Metro Saturdays	3.75	4.15	4.75	5.55	6.25	6.80	7.40	8.20	8.80	9.90	10.80	11.60	209%
Metro Sundays	4.45	5.25	5.70	6.60	7.00	7.50	8.10	8.25	8.70	9.40	9.60	10.70	140%
Selected Magazines	17.50	20.55	22.35	23.30	26.75	29.05	32.00	35.15	37.55	42.10	42.60	45.25	158%
TOTAL:	29.45	33.85	37.50	40.60	45.65	48.75	54.00	58.80	62.75	69.60	71.60	77.25	162%
CPI % increase*	4.0	6.6	8.5	9.2	7.1	7.6	7.7	3.4	1.2	1.9	1.7	4.5	77.7%

* June quarter CPI figures