

How newspapers took over Australian television

During lockdown in Melbourne, I watched all seven series of Tina Fey's brilliant comedy *30 Rock* with my 14-year-old daughter.

One episode a day for 133 days - our contribution to the pandemic-induced boom in streaming television.

30 Rock is based on a fictional sketch-comedy show that airs on the very real American broadcast giant, NBC. Much of *30 Rock* is a parody of the culture of NBC and its parent company, General Electric.

GE was originally a manufacturer of light bulbs and electric lamps, then of home appliances like refrigerators and ovens but it runs a television station, and *30 Rock* plays up the incongruity. Fey's boss, NBC executive Jack Donaghy (played by Alec Baldwin), is Vice President of East Coast Television and Microwave Oven Programming.

NBC was one of three huge radio networks that took control of American television between 1946 and 1955 – the National Broadcasting Co (NBC), the Columbia Broadcasting System (CBS) and the American Broadcasting Company (ABC).

Some of the companies behind NBC, CBS and ABC originally went into radio broadcasting because they were electrical manufacturers, including GE and Westinghouse, who wanted to sell radio sets. People wouldn't buy a radio if there was nothing to listen to.

In Australia, why didn't we have Kelvinator owning a television station but instead had Kerry Packer?

The answer dates back to the 1950s and the extraordinary role played by Australia's shrewd newspaper groups.

The beginning of Australian television

Australia's policymakers were in no hurry to introduce television. They only began to seriously consider it in the early 1950s. By then, Australia's already-powerful newspaper groups had spent more than 10 years studying television overseas, especially in the UK and the US.

They knew exactly what they wanted to see in Australia - an American-style commercial television system that would allow newspaper publishers to become television broadcasters and reap the profits from commercial advertising.

What they definitely did not want was a British-style system of public broadcasting that locked them out and instead gave a monopoly role to a taxpayer-funded broadcaster (in the UK, the BBC).

The newspaper groups' hopes and fears are recorded in their internal correspondence from this time, including documents held in the State Library's Fairfax Media Business Archive.

A representative from Associated Newspapers, the company that owned the Sydney *Sun*, wrote from the US in 1954 to its chairman that 'we should undoubtedly press to get a [television] licence for ourselves'. He noted newspapers in New York were regretting they did not get into television early.

Although some American newspaper groups were involved in commercial television, most were late or minor players. It was not enough to stop television's impact on their papers.

The period between 1949 and 1959 was disastrous for American newspapers - 217 daily newspapers disappeared and more than 1200 American cities became one paper towns.

Eric Kennedy, Associated Newspapers' chief executive officer, warned his bosses that Australian newspapers needed to get in early and 'control commercial television'.

The largest Australian newspaper groups were in an excellent position to achieve that, and not least because they were already radio broadcasters.

During the 1930s, metropolitan newspapers had been very successful in obtaining commercial radio licences from the Lyons government. By 1954, newspapers owned - either wholly or partly - 43 of the 106 commercial radio stations operating in Australia.

The major newspaper groups now wanted to repeat that success and snare the first television licences. To achieve that, they would use the power of their newspapers to shape public opinion and political decision-making, as well as their long experience in backroom lobbying and political campaigning.

Political influence was important because the first opponent the newspaper groups had to vanquish was not an electrical appliance manufacturer or other commercial rival but the federal Labor party.

In 1949, Labor's policy under Ben Chifley was to introduce a British-style public broadcasting system of television that would shut out the newspapers. His opponent, Liberal party leader, Robert Menzies, instead supported the newspapers' call for commercial television, although he was in no particular hurry to introduce it.

During the important 1949 election, the major newspapers campaigned fiercely against Labor. When Menzies won, Colin Bednall was despatched to see him.

Bednall was the managing editor of Brisbane's *Courier-Mail* and on friendly terms with Menzies. Bednall tried to convince him of the importance of television and of letting the newspapers be involved.

In November 1952, Bednall wrote to a young Rupert Murdoch that 'For the last two years, I have been fighting hard behind the political scenes for recognition by the Federal Government of the rights of existing newspaper radio interests to participate in Television'.

Menzies announced a Royal Commission would begin in March 1953 and make recommendations on television. It was stacked to guarantee the newspapers a sympathetic hearing. Bednall was one of the six commissioners appointed. Two others were also connected to the newspapers. Bednall later said that four of the five commissioners he worked with were 'trustworthy and well-beloved' friends of the Menzies government.

Even before the Commission began its work, the Menzies government suddenly legislated for a dual system of public and commercial broadcasting. That settled the major issue at stake. Australia would have the ABC and commercial stations.

Then the Royal Commission's final report recommended a television system that was almost a carbon-copy of the newspapers' proposals. Unlike several other countries, Australia's television licence holders would be able to own their own transmitters and face minimal content requirements or public service obligations.

Now the race was on for the crucial first licences.

A clean sweep

Newspapers argued on their pages that they were the natural choice to be Australia's television pioneers. They played up concerns about foreign ownership which damaged the prospects of their main rivals, American cinema interests and foreign electrical manufacturers.

The newspapers also kept emphasising how expensive and financially risky it was going to be to start up a television station in Australia.

Privately, they knew from the US, that although television *did* require an expensive capital investment, recovery was 'rapid', and first stations soon made 'phenomenal' profits. Behind-closed-doors, the newspaper groups believed success for the first licencees was 'assured', and that just having a television licence would be worth £1 million, or about \$37 million in today's money.

Publicly, they kept on promoting a sense of enormous financial risk.

By the time commercial television licence applications were opened in 1955, the newspapers had frightened off potential competitors or else convinced them to join up with them.

There were only eight applications for Sydney's two commercial television licences, and just four for Melbourne's two licences. Several were unviable.

There were no realistic alternatives to the newspaper companies. Bednall – who came to regret the part he played in helping them – later described this as 'tragic'.

Across Australia's major cities, ten of the first 11 commercial television licences were awarded to groups with a newspaper company as a major shareholder.

The eleventh group had two newspapers as minor shareholders, and only five years later, it was owned by a separate newspaper company.

By 1960, it was a clean sweep. Newspaper groups were in control of all Australia's commercial television stations.

As Labor's HV Evatt noted, no other country had allowed newspaper companies 'to become the sole pioneers in the field of commercial television'.

In Sydney, one licence went to a group headed by Frank Packer's Consolidated Press, publisher of the *Daily Telegraph* (TCN-9). The other went to a group dominated by the Fairfax company, publishers of the *Sydney Morning Herald* (ATN-7).

In Melbourne, one licence went to the giant Herald and Weekly Times (HSV-7), built from the foundations of the *Herald* and the *Sun News-Pictorial*.

Melbourne's second licence (for GTV-9) went to the most diverse group. Its major shareholders were an electronic appliance company, Electronic Industries, as well as the *Age* and *Argus* newspapers, cinemas, theatre and commercial radio companies.

Several of the other newspaper groups had also joined up with electrical manufacturers, including AWA (Australia's largest manufacturer of radio and television equipment), Email (maker of electric meters, radios and fridges) and Philips Electrical.

Philips was one of the largest electrical companies in the world, founded in Holland in the 1890s, and like GE, had originally made electric lamps.

So Australia did have electrical and appliance companies involved in television but not in any major way and not for long.

Foreign ownership restrictions stopped companies like Philips from taking a larger stake. But even where electrical manufacturers were local, or had just a small stake, they soon found themselves pushed out, bought out or minimised by their newspaper group partners.

Electronic Industries was the closest Australia got to a proudly-conservative, appliance-focused executive like Jack Donaghy. Electronic industries was an Australian-owned manufacturer of television sets and equipment. Its owner, Arthur Warner, was a sitting state Liberal MP who freely acknowledged that his interest in GTV-9 was about selling as many television sets as possible.

But in 1960, Warner had a heart attack and sold Electronic Industries to the British firm, Pye Industries. Because of the foreign ownership limits, Warner had to sell his GTV9 shares and Frank Packer offered him an irresistible price. The Menzies government approved the transfer.

Packer now controlled two of the four commercial television stations in Australia's largest markets. His station in Sydney was first-on-air in September 1956 and the fortune flowing from the Nine network would secure the Packers for generations: from Frank's son Kerry - who became synonymous with Australian television - to Kerry's son James, who preferred casinos and sold out of media.

In Adelaide, Rupert Murdoch's News Limited, publisher of the *News*, was awarded one of the city's two television licences (NWS-9) in 1958.

Despite all of the scaremongering, Murdoch also found, after a couple of lean years, that television could be highly profitable.

One company could own a daily metropolitan newspaper, a television station and radio station in the same city in Australia - and the big players did.

Other countries put a stop to that. Even in the laissez-faire US, a 1940 'duopoly' rule prohibited ownership of a radio station and television station in the same market.

GE had to sell out of NBC in 1932 because of anti-trust investigations by the Federal Communications Commission. It regained control of NBC in 1986, only to sell out again in 2011 to Comcast (which happened during filming of *30 Rock* and is covered in the show).

In Australia, the major newspaper groups were able to keep their cross-media holdings until the mid-1980s, and the revenue from television caused further rounds of asset-buying and consolidation.

The television licences handed out in the 1950s had a far-reaching impact.

Events came full circle in 2018 when Nine Entertainment – the former Packer network - bought Fairfax, one of Australia's only two remaining large newspaper groups.

In the US, the 'big three' television networks continued to dominate American television until Rupert Murdoch arrived in 1985 and purchased six stations as the foundation for his Fox Television Network.

Television revenue had transformed Murdoch's News Limited from a small and insignificant Adelaide newspaper company in the 1950s into one of Australia's largest, and then one of the world's-largest media companies.

Sally Young is professor of political science at the University of Melbourne and the State Library's Coral Thomas Fellow.