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STATEMENT TO THE ACCC REGARDING THE WENTWORTH COURIER'S EXCLUSIVE DEALING WITH REAL ESTATE AGENTS

18 July 2007

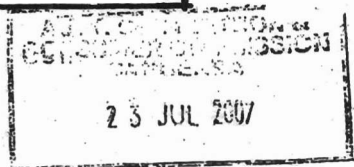
Upon receiving notification of the ACCC's enquiry into News Corps' exclusive dealings with eastern suburbs real estate agents (dated 28 July 07), the Managing Director of the Alternative Media Group, Lawrence Gibbons personally attempted to contact each agent who referred advertising to the June 28th edition of the Wentworth Courier. Starting on Tuesday 3 July, Gibbons attempted to establish contact and set up appointments with managers and agents at each business, explaining that the Alternative Media Group publishes three monthly newspapers with a combined circulation of 90,000: the City News, which is home delivered throughout the City of Sydney, including to the eastside of the CBD, where the Wentworth Courier is also delivered; the City Hub, which is distributed from Bondi to Balmain at most young skewing venues and whose readership is 83% renters (unlike the older skewing Wentworth Courier where rentals are advertised to homeowners); and the Bondi View, which is the only non lifestyle based, community newspaper to be distributed in the eastern suburbs -- other than the Wentworth Courier.

Despite the fact that Gibbons has managed a newspaper advertising department of 30 sales staff, has personally sold ads to Madison Avenue agencies and has trained newspaper sales forces from Toronto to Honolulu, prior to establishing the City Hub 12 years ago, he was only able to secure one sales appointment with a single eastern suburbs real estate agent, [REDACTED]

CityHub

CITYNEWS

BONDI VIEW



EXCLUDED FROM
PUBLIC REGISTER

In August 2006, the Bondi View reported upon the war between the Wentworth Courier and the Sydney Morning Herald in an article entitled: "Newspapers go to war over eastern suburbs property advertising" As Siobhan Tanner reported at the time: "People selling their properties in the Eastern Suburbs were warned their homes might not be fetching the best possible price if they were advertised exclusively in FPC Courier publications. The warning came in the form of a full-page advertisement on July 12 run by the Sydney Morning Herald (SMH), which launched an attack on FPC Courier accusing it of anti-competitive practices in attracting real estate advertising. The Herald ad claimed the FPC Courier's Wentworth Courier and Inner West Courier titles were offering "incentives" to real estate agents to prevent them from advertising in other publications..."

Tanner spoke to several eastern suburbs real estate agents, who were unwilling to be identified in print for fear of retribution from the Wentworth Courier. If requested, the Alternative Media Group will supply real estate agent complainants to the ACCC, in exchange for a guarantee that their statements could be excluded from the public register. Tanner reported in the Bondi View: "One real estate source in Bondi said: "The practice of offering package deals and exclusively tying the customer to one publication as part of a contractual arrangement has been going on for years." Another eastern suburbs real estate agent, who also declined to be named, said: "All the real estate agents in the area get a kickback from the Wentworth Courier for selling their advertising. We've always given ours to charity because we don't agree with it." ... One inner east real estate agent, who asked not to be named, said the Wentworth Courier had bullied agents into signing restrictive contracts. "No other supplier asks me to sign a contract like this and I won't be signing another one. If they see that I've advertised in another paper, I get told that I owe them the money for the lost advertising revenue. After what happened to the Express, real estate agents are running scared."

According to IBIS, Australia's self proclaimed leading business information source, "The Wentworth Courier generates an estimated \$25 million in revenues." Each week, the paper collects nearly \$500,000 in revenues with the lion's share of the Courier's advertising space coming from real estate advertisers. In FY 2006 / 2007, the Alternative Media Group posted a profit despite losing \$48,000 producing the Bondi View, which generated 160 pages of independent community news coverage that would not otherwise be available across the year while providing many local small businesses with a less

expensive advertising option than the Wentworth Courier, whose rates are 250% greater. Forty -percent of the View's loss can be attributed to the cancellation of one lucrative back page real estate advertiser in 2005. The rest has come about due to the Courier's predatory market practices. In order to ensure absolute market dominance over the Eastern Suburbs advertising market, in February 2007 the owners of the Wentworth Courier launched a faux community monthly newspaper title called the Village Voice, which is positioned in direct opposition to our small, independently owned community newspaper, which has managed to survive once a month for six years.

The Alternative Media Group believes that real estate agents would advertise in the Bondi View, the City News and the City Hub if they weren't restrained from doing so. Advertising space in each of our publications is more than half as expensive as the Wentworth Courier. The one time rate for a full page in the Wentworth Courier is \$5295, offering advertisers a circulation of 47,550 with a cost of \$117 to reach a thousand readers. The combined cost of buying a full page ad in the Bondi View, the City News and the City Hub is \$5158 with a total circulation of 90,000 and a cost of only \$57 – or half the cost per thousand of the Wentworth Courier. Around the globe, real agents purchase ads in monthly newspapers because they are a cost effective way to attract vendors. Community newspapers like the Bondi View and the City News reach homeowners who are the target market for the housing market. In addition, the City Hub targets renters who are often difficult to reach in print. Worldwide, as advertising revenues naturally migrate online and the print pie shrinks, community and alternative newspapers continue to play an important role in branding agencies and in driving traffic to real estate websites. With an anti competitive real estate advertising contract endorsed by the ACCC, the Wentworth Courier has been allowed to cannibalise the lucrative eastern suburbs real estate advertising market, thus maintaining a monopoly position in the local community newspaper market.

By early 2007, the Wentworth Courier's market force had become so dominant that the local government, Waverley Council felt compelled to officially declare the Wentworth Courier a monopoly newspaper. Following a unanimous Council decision to bypass normal tendering processes in order to purchase ads from the Courier Group collectively with other local government areas, the Alternative Media Group made the following statement to Waverley Council:

"The Wentworth Courier is in fact one of several newspapers that are distributed in the local government area. Council's claim that the Wentworth Courier is a monopoly weekly in the eastern suburbs will no doubt come as a surprise to the publishers of the Spectator, which has circulated in Waverley Council for several decades... While Waverley Council apparently believes there is only one game in town, many small and local businesses realise the Bondi View offers locally targeted businesses a cost effective, affordable and competitive alternative. Local businesses, who do not have the luxury of spending rate payer dollars also realise the best way to haggle with the Courier and to successfully drive down their costs is to do business with competitors like the Bondi View... As every decision maker at Waverley Council who has ever been mentioned by name, by fame or by shame in the pages of The Bondi View knows: our paper is widely read in the local government area. While many people read the Wentworth Courier, not everyone chooses to read a "real estate bible" with 90% advertising content." To its credit, Waverley Council's Executive Team of Departmental Directors is currently reviewing its advertising commitment to the Bondi View.

Several months ago (despite strenuous objections to the ACCC from the Alternative Media Group) the Wentworth Courier was acquired by News Corp. Nowadays Sydney is far and away the most consolidated media market of any global city in the Western World. With the acquisition of FPC's chain of weekly newspapers in Sydney, NSW and Queensland, News Corp now reaches 90% of all Australian households with a free suburban newspaper. To top it off, News Corp now maintains real estate advertising contracts that allow for exclusive dealing with old-fashioned kickbacks that have been sanctioned by the ACCC -- until now. Since some eastern suburbs real estate agents have stated they have been bullied into putting ads into the Wentworth Courier, the Alternative Media Group maintains that News Corp in fact engages in third party forcing. The Alternative Media Group believes that the Wentworth Courier's real estate contracts should be terminated immediately, since it is not in the public interest to have one monopoly newspaper company control the dissemination of all commercial, community and Council information in a single print market. We urge the ACCC to revoke government approval of the exclusive dealing notification lodged by the Wentworth Courier in 1993.

Signed



Lawrence Gibbons
Managing Director
The Alternative Media Group
18/7/07