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Our ref: IM-71559
Contact officer: Soo Sian Koh
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8 November 2021

Dear Interested Party

Re: Request for submissions: Seven West Media's proposed acquisition of Prime

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Prime Media Group Limited (**Prime**) by Seven West Media Limited (**SWM**) (the **proposed acquisition**).

SWM is a national media operator whose assets include the Seven television network, online news sites and print publications in Western Australia. SWM currently owns 14.9% of Prime.

Prime has regional commercial FTA TV licences in regions of New South Wales, the ACT, Victoria, and Western Australia. Further details of SWM and Prime are provided at **Attachment A**.

As you may be aware, the ACCC has previously conducted a public review of a similar proposal in 2019. At that time, the ACCC did not oppose the merger of SWM and Prime. Further details of the ACCC's reasoning in the previous public review are provided in the public register entry extract at **Attachment B**. However, the 2019 transaction did not proceed after it was not approved by the requisite majority of Prime shareholders.

We are seeking your views on whether there have been any material changes in the relevant markets since the ACCC's 2019 review, and the impact the proposed acquisition is likely to have on competition.

In particular, we are interested in understanding any effects on the supply of advertising opportunities (either nationally, or in regional markets) and the supply of media content.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **5pm on 22 November 2021** via email with the title: *Submission re: SWM/Prime- attention Soo Sian Koh*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Soo Sian Koh on 03 9290 1904.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

Seven West Media

SWM is a national media operator, whose assets include the Seven Network (**Seven**), print/online media platforms in Western Australia.

Seven operates five FTA TV channels in Sydney, Melbourne, Brisbane, Adelaide, Perth and regional Queensland. This includes:

- a. Seven, the network's main channel;
- b. 7TWO, which has a demographic of people aged 25 years and over;
- c. 7mate, which has a target audience of males aged 16 – 54;
- d. 7flix, which features a schedule of movie favourites and first run US shows; and
- e. Racing.com, which is a free-to-air (**FTA**) TV channel covering Victorian and South Australian thoroughbred racing.

SWM also operates OpenShop as a datacast channel.

SWM currently holds a 14.9% interest in Prime.

SWM also has a news website (www.7news.com.au) and a website where viewers can stream Seven programs online (www.7plus.com.au).

In Western Australia, SWM supplies:

- a. The West Australian, a paid newspaper distributed in Perth and regional Western Australia from Monday to Friday.
- b. The Weekend West, a paid newspaper distributed in Perth and regional Western Australia on Saturday.
- c. The Sunday Times, a paid newspaper distributed in Perth and regional Western Australia on Sundays only.
- d. thewest.com.au (TheWest), an online news site supplying news and information with a Western Australian emphasis. The site also offers a paid digital replica of The West Australian and The Weekend West newspapers for subscribers.
- e. Perthnow.com, a free online news site which publishes online general news and entertainment content.
- f. Western Australian newspapers distributed predominantly in regional Western Australia, which includes the following 19 mastheads: Albany Advertiser; Albany Extra; Augusta Margaret River Times; Broome Advertiser; Bunbury Herald; South Western Times; Busselton Dunsborough Times; Countryman; Geraldton Guardian; Great Southern Herald; Harvey-Waroona Reporter; Kalgoorlie Miner; Manjimup-Bridgetown Times; Midwest Times; Narrogin Observer; North West Telegraph; Pilbara News; Sound Telegraph; and The Kimberley Echo.

- g. free print titles in the Perth metropolitan area distributed as PerthNow (previously named the Community Newspaper Group (CNG)) including: PerthNow South (Fremantle, Cockburn, Melville, Canning); PerthNow Central (Western Suburbs, Central, Southern); PerthNow North (Joondalup, Wanneroo, Stirling). PerthNow content is available on the free online news site.

Prime

Prime is an Australian television network with commercial FTA TV broadcasting licences covering regional northern and southern New South Wales, the Australian Capital Territory, regional Victoria, the Gold Coast area of Queensland and all of regional Western Australia.

Prime produces local news content and also supplies Seven's programming content under a syndication program supply arrangement as SWM's regional affiliate in NSW, Victoria and Western Australia. Prime produces a nightly local news bulletin to the following areas:

- Northern Rivers – broadcast to the regional mid-north coast region of New South Wales.
- Tamworth/Taree – broadcast to the greater New England region of New South Wales.
- Orange/Dubbo – broadcast to the central west region of New South Wales.
- Wagga Wagga – broadcast to the Riverina area of New South Wales.
- Albury/Wodonga – broadcast to the Murray River region and Northern Victoria.
- Regional Western Australia – broadcast to regional Western Australia (including broadcast on the west coast VAST satellite service).

For all other licence areas, Prime produces news and weather updates (for example in areas such as Canberra, Newcastle, Wollongong and regional Victoria including Gippsland, Ballarat, Bendigo and Mildura).

In addition, Prime broadcasts Ten Network Holdings programming in Mildura and regional Western Australia under a joint venture arrangement with WIN Television.

Attachment B

Extract from public mergers register for 2019 proposed transaction

Accessible at: <https://www.accc.gov.au/public-registers/mergers-registers/public-informal-merger-reviews/seven-west-media-limited-prime-media-group-limited>

Acquirer(s)

- Seven West Media Limited

Target(s)

- Prime Media Group Limited

Summary

Seven West Media Limited (**SWM**) is proposing to acquire 100% of Prime Media Group Limited's (Prime) ordinary shares through a scheme of arrangement (the **proposed acquisition**).

SWM is separately divesting its existing radio business in Western Australia.

Market definition

The ACCC focused its consideration on the likely effects of the proposed acquisition on competition in:

- the supply of advertising opportunities
- the supply of media content, including local and regional news and content.

The ACCC also considered the likely effects of the proposed acquisition on the acquisition of media content.

The ACCC considered the potential effects on a national basis but focused its review on:

- regional Western Australia as a whole (excluding Perth), where Prime broadcasts television and SWM publishes state-wide newspaper mastheads; or alternatively
- narrower regional areas in Western Australia, where Prime broadcasts television and SWM publishes various regional newspaper mastheads.

For the purposes of this assessment it was not necessary to reach a concluded position on the precise scope of these markets, and the ACCC did not reach a concluded view on whether different advertising and content formats (eg. television, newspapers, radio, online, etc) are in the same market or separate markets from the perspective of consumers or advertisers. The ACCC focused on the degree of constraint these different formats exercise on each other.

SWM also currently operates commercial radio stations in some parts of regional Western Australia. SWM is separately divesting these radio assets to a third party due to requirements under the Broadcasting Services Act 1992. This divestment is the subject of an undertaking to the Australian Communications and Media Authority. The ACCC's assessment of the parties' overlaps therefore did not include SWM's radio stations, and the ACCC's decision is made on the basis of that divestment.

Competition analysis

The ACCC considered that the proposed acquisition was not likely to substantially lessen competition in any market.

With regard to the supply of advertising opportunities, market feedback suggested that advertisers advertising in regional WA have a number of potential options, including regional television, newspapers distributed in regional areas, radio, digital and out-of-home advertising. These options will be suitable for some but not all advertisers and advertising campaigns.

Information before the ACCC indicates that advertisers conducting state-wide campaigns are often larger firms conducting national campaigns and are represented by agencies. They will often have other options to reach their audience and some degree of bargaining power. Smaller advertisers seeking more localised advertising opportunities may have fewer options but generally did not consider Prime's television network and SWM's regional newspapers as close substitutes for their advertising needs. Reasons for this include differences in affordability and format which affect the suitability of Prime's television or SWM's newspaper advertising for the purpose they wish to achieve.

With regard to the supply of content, SWM and Prime's broadcasting is already aligned to a large extent due to an existing content supply agreement. However, Prime broadcasts its own GWN7 regional news bulletin on weeknights (alongside a broadcast of the Seven Perth news bulletin) and provides other updates.

Market feedback indicated that both the GWN7 news bulletin and SWM regional newspapers are important sources of local news and content. However, the ACCC found that the content supplied by each party was different, with SWM's regional newspapers generally supplying content on a more localised level and with reduced frequency compared to Prime's television news broadcasts. Further, there are alternative sources of news and content with varying degrees of localisation that can be accessed by most regional Western Australians via radio, digital and, in some areas, other regional newspapers.

As to the acquisition of content, the ACCC considered that the proposed acquisition is unlikely to substantially lessen competition, as Prime currently acquires the vast majority of its content from SWM and produces its own news bulletins and updates in-house.