

Australian court endorses Murdoch takeover of rugby league

Robert Hoffman, John Roberts
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An acrimonious court case late last year in Australia's Federal Court over the exclusion of a team from the National Rugby League (NRL) spotlights how Rupert Murdoch's News Corporation uses sport to expand its pay TV subscriber base and secure multi-million dollar profits.

The Federal Court upheld a decision by NRL administrators to exclude South Sydney, one of the clubs that founded rugby league in Sydney in 1908, from the premier national competition. The decision was followed by an angry demonstration of 80,000 rugby league football fans, which denounced the court ruling and what they saw as the takeover of their sport by the Murdoch-dominated Foxtel pay TV network, without any concern for those who participate in or support the game.

The elimination of South Sydney from the competition and the restructure of the sport to suit News Corporation's programming needs is just one component of an international campaign by the company to expand its media network and become the dominant global pay TV network.

When News Corporation began its planned takeover of rugby league in Australia in 1994 it controlled the Foxtel pay TV network in Australia; BSkyB, which covered Britain and Western Europe; Hong Kong-based Star TV covering 53 countries in Asia and the Middle East; and Fox TV, which then controlled 150 free-to-air channels in North America.

But this extensive and expensive network could not begin to challenge its rivals in the global media industry until it secured a larger pay TV subscriber base. The only way this could be achieved was by winning exclusive broadcasting rights to some of the world's most popular sports.

Throughout the 1990s News Corporation spent huge amounts of money to win sports broadcasting deals to expand its pay TV audience. In 1992 BSkyB paid £304

million for broadcasting rights to English Premier League Soccer; in 1993 Fox TV spent \$4.4 billion for an eight-season deal to cover American NFL football; in 1995 it paid \$755 million to create a Super 12 Rugby Union competition with pay TV rights over international matches until 2005; and in 1997 it concluded a \$US850 million cable deal for rights to 20 major US baseball teams.

Murdoch also made several multi-million dollar deals for exclusive broadcasting of rugby league in Britain and New Zealand, a move designed to apply more pressure to Australian rugby league administrators.

As he told the company's annual general meeting in 1996, sport would be used as a "battering ram" against all media rivals, because "sport absolutely overpowers film and everything else in the entertainment genre."

In Britain for example, after signing contracts for the pay TV coverage of the Premier League soccer competition, News Corporation restructured the competition, moving major games to Monday night and forcing fans to subscribe to BSkyB in order to watch their favourite teams.

And where it has been necessary News Corporation has bought up whole teams in order to tighten its influence over various sporting competitions that the network broadcasts.

Among the teams currently owned by Murdoch's company are Brisbane Broncos rugby league, Brisbane Bullets basketball, the Los Angeles Dodgers baseball team, and the LA Lakers and New York Knicks basketball teams. The company also has a share in a number of English soccer teams, including Leeds United, Manchester United, Manchester City, Chelsea and Sunderland.

Murdoch's pitch for control of Australian rugby league began with the launching of a "Super League" competition of 12 national teams. The teams would be

privately owned, most of these directly by the News Corporation, and the game would be streamlined to maximise profits, with long-established local clubs like South Sydney, which refused to accommodate itself to the restructuring of the entire competition, swept aside.

The immediate problem confronting News Corporation, however, was that its plans were opposed by the then administrators of the game, the Australian Rugby League (ARL), which had broadcasting deals with Murdoch's commercial rivals—Kerry Packer's media empire and Optus Vision also establishing pay TV in Australia.

In 1996 the Federal Court ruled against Murdoch's Super League and in favour of the ARL, declaring that the relationship between players, clubs and game administrators was a fiduciary one, based on mutual trust and honourable dealings. Justice James Burchett said that News Corporation had broken down that relationship of trust. This was in accord with sports administration cases heard between 1958 and 1974, which found that while rugby league made a profit, the game was not organised for this purpose and any surpluses were reinvested in the sport.

Murdoch immediately appealed the ruling and the decision was overturned, sparking a football war with two national competitions in 1997. The conflict between Murdoch's Super League and Packer's ARL brought rugby league to the point of collapse. Millions were spent bribing players and teams, expensive legal actions ensued and match attendances dropped precipitously.

But the ARL could not match News Corporation resources and was eventually forced to make a deal which was consummated in the Merger Agreement. The extensive contract, signed between the ARL and News Corporation, established a new 14-team competition known as the NRL, excluding South Sydney. This gave effective control of the game to Murdoch with the ARL administration structure given a secondary place in the management of the game.

Last year's Federal court challenge was launched by South Sydney when the club's lawyers claimed that the agreement was exclusionary, intended to unfairly exclude South Sydney, and breached the Trade Practices Act. Justice Paul Finn, however, ruled that the agreement did not specifically exclude any club and dismissed South's claims for re-instatement into the national competition.

While it is unusual for judges to comment on the social background to specific cases, particularly in contract disputes, public resentment over the elimination of South Sydney was so widespread that Justice Finn felt obliged to

elaborate on his ruling.

Finn said that he thought that the real issue was not the specific matter addressed by his finding but “whether commercial interests should be permitted to commodify something that Souths consider is valued in a section of the community.”

“South's view, as put in correspondence with NRL,” he continued, “was that ‘in our view rugby league is an icon to be preserved for the people who love and support it not a product to be carved up by the media for their own financial gratification.’”

Finn dismissed the South Sydney club's argument outright, saying there were only rare occasions when such sentiments could find a legal principle to challenge the laws of property and contract. “This is not one of those fortuitous cases,” he told the packed courtroom.

The Federal Court's decision has brought sports administration into line with the requirements of News Corporation, opening the way for even more extensive monopolisation by giant media companies.

Within a month of the Federal Court ruling the NRL announced a six-year pay and free-to-air TV deal with Fox Sports worth \$A400 million. This was followed by the announcement of a \$A500 million five year broadcasting deal with the Australian Football League, another popular national football code. These two deals constitute major blows against Optus Vision, News Corporation's only serious pay TV rival in Australia.

South Sydney supporters have declared that they will appeal the Federal Court decision and continue fighting for the club's inclusion in the NRL. But no matter how determined and passionate the protests, the Federal Court ruling makes clear that in the final analysis sport, like every other commodity under the present social system, is nothing more than a vehicle for corporate profit.



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