

## Southern Cross awaits court review

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### Neil Shoebridge

Southern Cross Media has put the sale of two radio stations in Queensland's Sunshine Coast region on ice as it waits for the outcome of a legal battle with the Australian Communications and Media Authority (ACMA).

The media company has asked the Federal Court to review the media regulator's decision earlier this year to not consider an application to amend the Sunshine Coast stations' licence areas and stop them overlapping with the Brisbane radio licence area.

Southern Cross's \$770 million takeover of Austereo Group earlier this year put it in breach of the media ownership rules, which ban one company from owning more than two radio stations in a licence area.

Southern Cross already owned Mix FM and Sea FM on the Sunshine Coast, which overlap with Austereo's Brisbane stations B105 and Triple M.

In March ACMA received an undertaking from Southern Cross to sell the Sunshine Coast stations within a year.

Southern Cross chief executive Rhys Holleran said it also asked the regulator to consider reducing the stations' licence areas. "The overlap [with the Brisbane licence area] is minimal," he said. "We asked ACMA to consider an application to review the areas and it declined. That's why we've gone to court."

The Federal Court will hear the case late next month.

As reported in *The Australian Financial Review* earlier this month, the sale process drew a large collection of potential buyers, including a company backed by Geoff Wilson, chairman of fund-management company WAM Capital, and corporate raider Ron Brierley.

Three groups were understood to have started due diligence on the stations: regional radio companies Grant Broadcasters and AMI Radio, and a consortium that included music entrepreneurs Michael Gudinski and former Austereo program director Greg Smith.

Southern Cross was understood to have been offered more than \$20 million for Mix FM and Sea FM, which turn over an estimated \$9 million a year and generate annual earnings before interest, tax, depreciation and amortisation of \$3 million.

Mr Holleran confirmed the sale process was on hold but would not discuss if Southern Cross's preference was to keep the stations.

"There's been a lot of interest in them, as they are a great business in a great market," he said.

"We don't like to sell any businesses, but we'll see what the court decides. If the court decides in our favour, we then have to go through the [ACMA] review process."

The Australian Financial Review

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