

Commerce Commission Submission
Wilson & Horton Limited and Fairfax New Zealand Limited merger
1 July 2016

I submit the following submission on the behalf of Local Matters 2005 Ltd, a newspaper and online publishing company, serving the Hibiscus Coast and Rodney/Mahurangi.

My opposition to the proposed merger is based on the following concerns:

- The creation of an even larger commercial monopoly
- The impact on public interest news and debate

It is almost universally accepted within advanced industrial democracies that concentration of media ownership within too few hands contradicts the basic tenets of democracy, threatening diversity of expression and risking autocratic control of communicative space. Steven Barnett, Professor of Communications, writer and broadcaster.

It is beyond my resources to accurately quantify how much of NZ's newspaper market would be in the hands of the merged entity if this current application is approved, but I have heard the figure of 95 per cent mentioned. My business falls within that small "leftover" percentage.

COMMERCIAL MONOPOLY

The ability of large media brands to dominate, and use that domination to corner lucrative advertising contracts, is already apparent in the existing marketplace. They have the resources to build relationships with the public relations firms that represent large companies, Government and local councils. They have the numbers (mastheads) to offer "deals" that independently owned publishers couldn't hope to match. This situation can only worsen if the merger is approved.

While we acknowledge that competition in the online world extends far beyond NZ's borders, the newspaper world is still limited to geographical areas. Small independent newspapers struggle to compete with the existing economies of scale that the likes of Fairfax can already offer.

While it suits Fairfax and APN, for the purposes of this merger proposal, to muddy the waters with the idea that online advertising and print advertising are somehow uniquely inter-linked, this is far from true. Our experience is that the majority of regionally and rurally located businesses have barely dipped their toe in the water in terms of an online presence. Traditional media – newspaper and radio – is still where their loyalties lie.

We are already aware of instances where our competitor's advertising rates have been hugely discounted to undermine our newspapers and I feel there is a real danger that small papers could not survive if this sort of campaign was sustained for any length of time.

DIVERSITY OF OPINION

There is nothing in the track record of either company to suggest that the merger will result in a greater investment in quality journalism. In fact, it is my belief that both Fairfax and APN will see the merger as an opportunity to combine their newsroom resources in order to make greater cost savings. This means fewer commentators (less divergent opinions) in print, less investment in investigative journalism, and less scrutiny of government and business.

Today's large media companies are interested in what sells papers but feeding the public's appetite for sensationalised crime and celebrity stories, not to mention what The Bachelor had for breakfast, hardly constitutes public interest journalism. There was a time when good newspapers were seen as the watchdogs of the people and had the power like no other institution to hold the powerful to account.

The creation of one large media entity in NZ creates opportunities for powerful and ambitious lobbyists to use their advertising muscle to have their interests protected and promoted. I find it difficult to know how any safeguards can be put in place to prevent this from happening. The only safeguard is a plethora of independently-owned and financially-viable newspaper companies.

CONCLUSION

It is a challenging environment for traditional media, particularly those antiquated media empires that have lost touch with their audiences and the spirit of journalism, whose main concern is serving their shareholders.

I believe independent publishers are carrying the torch for better journalism in NZ because we are closer to our communities and we see first-hand how readers appreciate balanced, well-researched and well-written stories.

If this merger is allowed to proceed, it could well snuff out that light.