From: Michael de Hamel [mailto:michael@akaroamail.co.nz]
Sent: Wednesday, 29 June 2016 9:28 p.m.
To: Registrar
Subject: Fairfax and NZME proposed merger

June 29 2016

To whom it may concern:

The proposed merger of Fairfax and NZME.

I am the owner and publisher of two very small independent newspapers – The Akaroa Mail, and The Kaiapoi Advocate. As such I have taken a keen interest in the 'doings' of the larger groups – my business faces exactly the same issues as they do, and day to day I have to make my own decisions about how to face them. My business, if not particularly profitable, is at least reasonably healthy.

A newspaper, radio station or television channel runs a business in which it produces desirable and engaging printed material or broadcasts, alongside which advertising is delivered. The level of engagement achieved by good editorial and programming is what drives the advertising effectiveness, and that advertising effectiveness is what advertisers are happy to pay for.

What seems to be going on with the proposed Fairfax-NZME merger is a 'salvage' situation for two companies which have not been well managed. Over the last few years we've seen that Fairfax's 'digital first' policy is not delivering effective advertising – and NZME has retained heavy investment in radio and television programming at a time when mobile and on-demand services mean that fewer and fewer people are engaging with broadcast media.

This has already severely limited the opportunity for effective advertising in their publications and through their channels – which is what they have traditionally been in business for, and where their revenue has come from.

Simply joining them together is not going to solve either of the companies' problems.

Merging two badly-managed companies is not going to lead to greater advertising effectiveness or business strength. It is more likely to lead to the failure of the merged company, which would inherit the worst aspects of both.

Such a failure would give not just a reduction in competition, but given these companies' dominance in the market, also a huge reduction in available advertising service in New Zealand. That would lead to problems for companies which need to advertise – as most do – and therefore difficulties for many businesses in New Zealand in achieving sales they need. A failure would also lead to a reduction in the availability to the people of New Zealand of the associated editorial material and content. That could have severe cultural consequences.

I would be happy to elaborate on these aspects of the loss of competition which would be produced by a Fairfax-NZME merger if required. I can be contacted by email or telephone at the number below.

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