



APPLICATION FOR AUTHORISATION OF A MERGER BETWEEN NZME AND FAIRFAX MEDIA

Submission by E tū

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The submitter

E tū is the principal union representing the employees of the parties to the proposed transaction.

The substance of this submission

E tū submits that:

- (a) There will a substantial reduction in competition in the relevant definition of the market within which the parties operate, and
- (b) There will be a substantial public detriment as a result of any merger, unless plausible undertakings are given by the parties that the level of investment in the broad spectrum of journalistic activity that they jointly undertake will enhance overall journalistic capacity compared with that which is likely under the counterfactual.

The market

Any evaluation of the merits of the proposed transaction is critically dependent on a definition of the relevant market.

The application casts the market so widely that competition law becomes virtually irrelevant. If any piece of information, however gathered, any material that has educational or entertainment value, and any commentary or opinion, accessible on any platform anywhere in the world is the “market”, then it is almost inconceivable that any transaction will substantially lessen competition within it.

This submission provides evidence that the parties do not compete within that concept of a market, but rather within a much narrower definition of it.

Marketing versus journalistic content

E tū argues that while the parties have a profound commercial interest in competing for advertising revenue, competition for advertising is a secondary (and almost irrelevant) consideration in evaluating the **public benefit** test required by the Act.

Advertisers do not spend money placing content on the media platforms operated by the applicants for its own sake. They do so because potential customers may see the advertisements while they are viewing the journalistic content of those platforms. It is that content that is the primary determinant of the boundaries of the relevant market.

Relevant definition of the market

The companies’ submission makes much of the supposed competition offered by a wide number of online competitors, including foreign media companies, blogs, and small and large New Zealand-based media concerns. The assumption is (contrary to the findings it cites on pp 74 -75), that competition is always good for journalism and that reduced competition is bad for it.

In fact, however, the competition is neither as deep nor as wide as the submission implies. The number of serious New Zealand competitors to the two newspaper chains is arguably a small handful, as we shall show.

Since that is the case, the merging of the two companies would on the face of it “substantially” lessen competition in the market. A lessening of competition, as the Commerce Commission explains, (see p 5 of its 2014 determination in the Bauer Media Group’s application to acquire APN Specialist Publications NZ Ltd) is generally the same as an increase in market power. Market power is the ability to raise prices above the price that would exist in a competitive market; and, more importantly for the purposes of this submission, to “reduce...quality or service below competitive levels.”

We submit that one way to persuade the commission that this reduction in quality won’t occur is to give an undertaking that not only will there be no reduction in the number of journalists employed, but also that internal competition within the merged company will continue, especially in those areas and markets where the merger confers greater market power.

Working journalists know that competition sharpens their game in the particular area of news-gathering. Competition is both goad and reward. Journalists, being generally competitive people, want to scoop the opposition, and they are embarrassed if the

opposition scoops them. Most journalists have known the humiliation of being called out for missing a story. Editors are not shy about voicing their displeasure at a “miss.” Similarly, good editors show their team that they are pleased at a scoop. Shame and pride are fundamental driving forces in journalism.

We suggest, however, that this competition should apply within the merged company as well as with rivals outside it. The United Kingdom’s Ofcom 2012 report *Measuring Media Plurality* - a report quoted in the companies’ submission (p 77) - notes that “a diversity of viewpoints can be formed *within* an organisation and *between* organisations. Both are relevant to the question of quality.”

Competition among the journalists of the new company could increase the quantum, the diversity and the quality of their articles. Again, journalists’ competitive spirit naturally encompasses their journalistic rivals within a merged company. They still want to be first with the story. This must mean, for instance, that there should be journalistic competition between the two major websites. If there isn’t, there will be less pressure to perform.

Similarly, there must be no reduction in the competition in the Sunday market between Fairfax’s *Sunday Star Times* and *Sunday News* on one hand and NZME’s *Herald on Sunday* on the other. The same applies to the competition between Fairfax’s *Dominion Post* and NZME’s *Hawkes Bay Today*, and between NZME’s *NZ Herald* and Fairfax’s *Waikato Times*.

The companies’ submission argues that in these and other cases the newspapers are “complementary” rather than competitive. If that is the case, the companies would have no justification for a reduction in the number of journalists employed by these newspapers. If the newspapers are all doing different jobs, they don’t need a cut in their journalist staff.

We also think that the two companies should retain separate press gallery teams after the merger. Political news, after all, is an important part of the two websites’ content, and of the metropolitan and regional newspapers. The competition between the two teams will keep them sharp and will add to the competition between the newspapers. Quality would be at least maintained if not improved.

Nobody, after all, thinks a soccer team can be competitive with nine players. A full complement is needed to do the job. Much of the aim of restructuring has so far aimed at reducing non-journalistic costs and also reducing the costs of production, which has been taken to include many subeditors. It is questionable whether this has been without cost to the quality of journalism. Regular readers of the newspapers have noticed an increase in the number of errors of spelling and grammar, and of fact. This must partly be a result of the fewer number of eyes to check the copy before publication. It also suggests that the journalistic cuts have already gone too far.

The case for retaining journalist numbers is as much about commerce as about journalistic integrity. If quality falls too much, the consumers will notice and they will begin to think the product is not worth having. Shoddy work will turn off the customers.

The companies’ submission (pg 44) says the competitive market will prevent the merged company from reducing the quality of their journalism. Readers will turn to the competition. But the number of serious competitors is much smaller than the companies claim.

The submission lists, for example, many foreign news outlets, including the *New York Times*, *BBC Online*, the *Mail Online*, *Fox News*, *The Guardian* and *CNN* (pp 49-51).

None of these great media organisations are especially interested in New Zealand, as any regular consumer of their products already knows. They do not in any sense represent

genuine competition for New Zealand media companies or New Zealand content. This hardly needs to be proved; New Zealand is a small country and these big companies cover the world in its entirety, with only fleeting coverage of New Zealand.

A search of *New York Times* articles in the year to 15 June 2016 which mention the phrase “New Zealand”, for example, reveals a list dominated by sports events, especially rugby, along with travel and occasional political or economic news. There was some coverage of New Zealand’s flag referendum, and some about the TPPA, the free trade deal which affects both New Zealand and the United States.

Any reader wanting serious, regular and comprehensive coverage by the *Times* of New Zealand political, economic and daily news would be not merely disappointed, but devastated. But of course no reader of the *New York Times* would expect it. The same goes for all the other big overseas news companies.

The Reuters Institute 2015 Digital News Report (quoted in the companies’ submission, pg 51) suggests that companies such as the *Daily Mail*, *The Guardian* and the *BBC* are “engaged in a battle for English-speaking audiences” in the US, UK, Australia and elsewhere. However, it also says that to do this they will have to localise content, as *The Guardian* has done with its separate newsroom and editions for the United States and Australia.

But it seems unlikely that these companies would establish newsrooms or new localised editions for such a tiny market as New Zealand. *The Guardian’s* Australian edition caters for a market of nearly 24 million. Would the newspaper create a similarly serious edition for New Zealand, which has a population less than a fifth the size? *The Guardian’s* coverage of New Zealand affairs will continue to be patchy, inconsistent, and above all rare. The great overseas media companies can never be a serious competitor with New Zealand news companies in the field of New Zealand events.

Similarly, the submission lists a number of blogs as competitors, arguing that they provide New Zealand journalists with the ability to bypass any form of media organisation “and deliver their content direct to consumers” (p 49). But this is a misleading characterisation of what the blogs do. They are providing commentary, which is cheap, not news journalism, which is expensive. The commentary ranges from the left (*The Dim-Post* and Chris Trotter’s *Bowalley Road*) to the far right (*Whale Oil*), and are highly partisan. Some are of high quality. But they are parasitic on news, and only in the rarest instance do they provide news journalism. They are no substitute, and absolutely no media competition, for a serious news-gathering company.

The submission also lists a number of specialised news or current affairs outlets (pp 46-48). But none of these provide serious competition to the daily and national news coverage of the two companies proposing to merge. *Scoop*, for instance, simply provides verbatim the press releases of a wide range of lobby groups and individuals. This is not in any sense a serious news-gathering operation, which might include the use of press releases but is by no means limited to it. News gathering is not just assembling the carefully crafted and normally self-serving statements of politicians and lobbyists of all sorts. In a sense *Scoop* is simply a daily collection of public relations fodder. A serious news company doesn’t merely take these at face value and reprint them. It digs deeper; it questions the PR claims; it sifts, seeks contradiction and clarification, and above all reduces the quantity of the PR output. These are essential parts of the work of journalism, which *Scoop* doesn’t do. *Scoop* does, of course, provide blogs and commentary. But those are not news either.

A number of specialist business journalism publications such as the weekly *National Business Review* and *www.interest.co.nz* do provide competition in some areas of business news. But the *NBR* is pay-walled and aimed primarily at high-income business-people, and takes a strongly political view of news, similar in some ways to the *Wall Street Journal*. It cannot cover business matters as widely, as regularly or as closely as the two companies do. It is no substitute for their work.

Finally the current affairs magazines of the Bauer Media Group are only partial competitors of the two merger companies. *Metro* is an Auckland-focussed monthly with a very small circulation; *North and South* is a current affairs monthly; *The Listener* is a weekly current affairs and entertainment magazine. The Commerce Commission ruled in 2014 that these three publications were not serious competitors with each other and could be owned by a single company. They are hardly serious competitors with New Zealand's daily newspapers.

The serious competitors for the country's newspapers are the two television companies *Mediaworks* and *Television New Zealand* and *RNZ*. (The Otago region Allied Press is a substantial operation in New Zealand terms but is not a national competitor of this kind, or any kind of substitute for them). The first three are all large companies which employ substantial numbers of highly trained journalists. They are all national organisations that cover everything from small local issues to the great political, economic and social questions facing New Zealand. They are without doubt the major forces in New Zealand news journalism.

The two companies seeking to merge are their peers, both in terms of size, journalistic depth, and national reach. But these two propose to merge into one, halving the number of competitors in the national daily newspaper area, and reducing the competitive national news market from five players to four. That is manifestly a "substantial reduction in competition."

Public benefit

In the normal course of events, the presumption is that the commercial driver of any merger is financial. The merged companies seek to lower costs, reduce losses or increase profits. That is, after all, what shareholders would expect. It may be that the means by which that end goal is achieved is increased market share, and a reduction in competition.

Third party benefits would be coincidental: something of a windfall, but certainly not the motivation.

Strangely, with this application, the parties argue that the **commercial** rationale for the transaction is "to support the investment required to maintain and to continue to improve the quality of local and regional news, life and style, sport and entertainment content produced by the parties".

The application has to be taken at face value.

The matters that then arise are:

- (i) How likely is that to happen, and
- (ii) How can the parties give comfort, by way of undertakings, that the purpose of the transaction, and the clearance that is sought to enable that to be achieved, will be met.

Fairfax and NZME seek clearance for their merger and claim that their aim is to “maintain and continue to improve the quality of local and regional news” and other content they produce.

Their submission says the merger (p 22; pp 74-81) will allow the companies to cut costs and increase efficiencies and thus improve the quality of their output. In particular journalists’ time would be freed up to cover a broader range of matters.

One journalist could attend an accident rather than two (p 74). This would allow the freed journalists to cover more issues, including minority interest matters, and a greater number of sports, including minority sports. They could diversify their offerings generally.

Whether this would actually happen, however, depends on the intentions of the companies, as their submission concedes. It refers to a range of studies (pp 76-79), regulatory findings and obiter dicta suggesting that merged media companies can provide a greater diversity of output rather than a reduction.

As the United States Court of Appeals said in a 1992 case, “[M]onopoly in broadcasting could actually promote rather than retard programming diversity.” The important word here is “could”. Whether it will or not depends on what the companies actually do. The submission quotes a 1989 American study of media diversity that “newspaper competition could stimulate both better and worse newspaper content, as there are differing demands from readers, advertisers, owners and sources.”

Competition, in other words, can lead to a race to the bottom and a proliferation of pap; or a concentration of media can, by contrast, lead to better journalism. It all depends.

Our submission accepts these ambiguities and asks the companies proposing the merger to provide undertakings that the merger will indeed have the benefits they claim. They need to make explicit, in particular, how many journalists will remain in the merged company and how they will be used to increase the quality of their journalism.

Many journalists assume that the merged company intends to cut or slash the number of journalists it employs, just as both companies have already greatly reduced the number of sub-editors they employ. We argue that these cuts have already reduced the quality of our journalism.

The company can allay these fears by saying how many journalists it intends to do without, and in what way this will improve quality. We suggest that improving quality will require all of the present journalists to continue with their work. It certainly cannot be done by further slashing journalist numbers.

We also suggest that there are crucial areas in which the present competition between the two companies should be maintained and even strengthened. The competition between the *Stuff* Website and the *New Zealand Herald Online* website, in particular, must continue. If it does not, it is difficult to accept assurances that the quality of these websites will improve.

The counterfactual

The counterfactual to the merger is not the status quo, or the gradual demise of the existing platforms, but a continuation of trends already apparent in the industry and in related fields.

That trend is a combination of diversification of delivery platforms and the formation of complementary alliances. As an example, Radio New Zealand has rebranded as RNZ, and has moved beyond public broadcasting to the establishment of an active website with more detailed content than that that goes to air, with partial live streaming of televised content of

some segments of the offering. Sky TV has formed an alliance with Vodafone to deliver content through additional channels.

Diversification and emerging alliances with complementary technologies achieves dual results: not only does it require the retention and even expansion of journalistic capacity, but it generates opportunities to earn additional revenue.

There is, however, one possible side effect from this process of diversification, which will be exaggerated if the merger goes ahead.

The two companies face great financial stress that is unlikely to be wholly eradicated by merging. In the uncertain digital future, the company will want to develop other sources of income, including from doing PR-work for third parties. This work would probably be assigned to working journalists, who have the skills needed. But journalists producing PR are not producing news. If a good number of journalists are reassigned in this way, the merged companies' journalistic output will suffer even if there is no cut in the overall number of journalists employed. This is a more insidious threat to journalistic quality, but it remains a real possibility. Once again we seek reassurances on this.

E tū conclusions

The companies say that there will be real public benefits from the merger and that therefore the Commerce Commission should allow it to go ahead. Perhaps they are right; we simply ask them to back their claims with concrete undertakings.

These undertakings would be designed to guarantee the independence and integrity of its journalists and should include at least the following:

1. A charter of editorial independence that guarantees a clear separation between the commercial and editorial sections of the merged companies. In particular there must be clear identification of all paid or sponsored content.
2. An independent body to adjudicate in cases of alleged breaches of the charter of editorial independence. Journalists themselves would have the right to take a case directly to this body. We believe the New Zealand Press Council would be the right body for this job.
3. Keep the existing newsrooms and editorial staff numbers throughout New Zealand, including competing parliamentary press gallery teams.
4. Maintain at least the present diversity of editorial voices reflecting a broad range of viewpoints. In particular, there must be a commitment to in-depth editorial commentary and analysis by staff journalists.
5. The new merged company should continue to fund the New Zealand Press Council at its current level and continue to celebrate excellence in journalism in forums such as the Canon News Media Awards.

Supporting submission 1:

Statement of the Allied Press Journalists' Union Committee (E tū)

This proposed merger is profoundly significant to the future of the news industry in New Zealand:

- 1) Despite digital convergence, newspapers still set the news agenda for other media.
- 2) The status quo - "clickbait" competition - is inefficient, even disastrous for the industry.
- 3) Many of the difficulties the companies face in a changing media environment are due to lack of consultation of media workers.
- 4) This has been exacerbated by a constant rounds of job losses in journalism. A merger that intensifies this trend will threaten the existence of journalism as a profession.
- 5) Finally, the fourth estate is the lifeblood of democracy and contributes strongly to the vibrancy, cultural richness and integrity of civil society. The concentration of media ownership poses a threat to civil society.

1) Newspapers set the news agenda

Print media is the agenda-setter in New Zealand news despite the limitless content available to consumers from thousands of content providers.

It remains the case in spite of the digital convergence emphasised by the applicants. When a radio host writes an opinion column, it is an example of digital convergence, but it is usually not news.

Print media does the heavy lifting in the daily grind of journalism, most markedly in regional New Zealand. But all commercial New Zealand media, both broadcast and print, increasingly focus on the metropolitan centres.

Broadcast media tends to pick up and produce stories that have first run in print (or on a newspaper website), and in regional areas, this often means using print copy with no attribution.

2) "Clickbait" competition is inefficient

The race for clicks between the applicants, rivals on their respective websites, has been detrimental to local journalism, and has seen a deterioration of quality in some titles, particularly in regional areas.

It should be acknowledged that strong, independent journalism is produced at both companies, which have put resources into investigative stories, often using the digital medium in new and innovative ways to improve story-telling. This is to be commended in a time of financial difficulty in the industry.

However, the strongest stories are often not promoted sufficiently on the two main websites, or are prominent for a short time before being pushed down the order by clickbait. While it has bumped up digital reader numbers, this approach has not generated sufficient revenue, or reader loyalty.

Competition is the central consideration in this proposal. But in an environment of limitless content, consideration must be afforded to the type of competition, and the desired long-term outcome.

Competing for clicks through rushing copy online before adequate checks, or running sensational overseas stories as clickbait, is not efficient competition. Inefficient competition erodes the quality and the reputation of the industry, affecting long-term value to the advertising market, and is detrimental to the public interest.

Adequately resourced news operations competing for scoops, circulation, and the respect of readers is healthy competition. News outlets should engage with the policy and social issues of the day, and that cannot be done if newsroom staff are scrambling to provide enough copy for each and every day.

3) Many difficulties are due to lack of consultation

A new approach could be useful whereby reporters, sub-editors, and feature writers are consulted by companies about ways to adapt to the challenges of the new media environment. Most journalists are early adopters of digital technology.

This, we stress, should be a partnership that fosters professionalism and editorial integrity. It must not entail an increase in 'content partnerships' or other forms of advertorial dressed up as news.

The recent acquisition of the Wairarapa Times Age by its general manager, Andrew Denholm, is a welcome development at a time of a looming mega consolidation, and suggests there is still a role for papers that focus on their local area for editorial content and advertisers.

On June 10, Mr Denholm told Morning Report interviewer Susie Ferguson that it was a "great regional paper supported very well by advertisers and subscribers."

4) Job losses threaten the profession

The industry cannot cut its way out of the financial crisis, and if this merger engenders redundancies, the effect on quality, efficiency and the viability of the industry will be significant and difficult to repair.

We understand this merger would deliver more than 85% of newspapers into the hands of one entity. It is imperative for the profession that it is not accompanied by further job losses. Increasingly, journalists are expected to do more, with fewer resources, putting them at risk of stress and burnout. Print journalists are outnumbered 10 to one by public relations staff.

The role of sub-editors, in particular, has been undervalued in recent years in some news operations, and that has had a detrimental effect on quality, and on the number of experienced staff in newsrooms.

5) The news industry is uniquely important to democratic civil society

New Zealand society is increasingly complicated, and newsrooms need to be equipped to tackle tricky stories and explain complex areas of policy.

New Zealand has been termed, in political studies circles, a "thin" democracy. And, accordingly, some commentators have referred to New Zealand's relatively limited checks and balances, compared with some other countries: our unicameral system of parliamentary governance; the lack of a state-style regional government system, such as in Australia or the United States; and the lack of a written constitution.

The Office of the Ombudsman provides one such check but the volume of complaints it deals with means there are often years-long delays in resolving them.

The fourth estate plays a vital role in a modern democracy, and contributes strongly to the vibrancy, cultural richness and integrity of New Zealand civil society. Informing readers, with some critical alertness, to happenings at a local, national and international level is part of the life blood of a democracy.

There has already been massive concentration of media interests into a relatively few ownership hands in New Zealand, and the risk is that the proposed merger would greatly increase this concentration.

Some Government departments and agencies are retreating from interaction with the news media by various mechanisms, including the use of call centres, and many publicly-funded local and national bodies are not complying with the spirit and letter of the Official Information Act.

When it comes to robust public interest scrutiny, not all commercial goods and services are of equal strategic importance in a democracy.

It is critical that the public interest is taken into account, and that nothing is done to undermine the vital role that traditional print newspapers and other forms of media play in maintaining a vibrant and healthy democracy at the local, regional and national levels.

Supporting submission 2:

Statement of Alan Samson

Lecturer in Journalism, Massey University, 2002-2015

Research Associate, Pacific Media Centre, 2010-2015

NZ Press Council member, 2001-2009

- I. On its advisory website the Commerce Commission refers to having to be satisfied a merger “would be likely to result in such a benefit to the public that it should be permitted even though it may substantially lessen competition.” This submission argues that a merger between Fairfax NZ and NZME will substantially lessen competition without producing any significant benefit to the public.
- II. In normal circumstances, the lessening of competition might be judged along commercial lines, as is largely the case mounted by the two involved parties, Fairfax NZ and NZME. In a world of mushrooming internet news ventures it is superficially easy to argue a broadening of competition rather than a contraction. But with its unique role in a functioning democracy, the news media needs to be viewed beyond mere commerce, in the context of its ideals and history, that is, much more expansively, as a special case.
- III. To illustrate substantively the ideals underpinning journalism would require a library. In snapshot, I refer to Edmund Burke’s legendary 1787 reference to the news media’s role as fourth estate – a watchdog over those in power. And to *Washington Post* owner Eugene Meyer’s famous 1935 address, in which he included in his “Principles of a Newspaper” that a paper’s duty is to the public at large, not to the private interests of its owner; that in the pursuit of truth, it should be prepared to sacrifice its material fortunes if necessary for the public good; and that it should not be the ally of any special interest, but remain fair and free and wholesome in its outlook on public affairs and public men. These observations point to a vital function of the press in a functioning democracy.
- IV. While “news sites” are multiplying in the internet world, it is clear that the crucial core work of a journalist in reporting issue-based stories by going to several sources, of routinely attending institutional events from courts to local body meetings to parliamentary select committees, of doing leg-work, remains almost entirely in the realm of the mainstream industry: Fairfax NZ and NZME. Should the already-contracted ownership model of the mainstream media be allowed to shrink even further the democratic ideals epitomised by Burke and Meyer and numerous others are at risk of disappearing.
- V. A decision to allow the merger, a few independents aside, would not only see the end of meaningful competition, but weaken the framework of New Zealand journalism, especially in the regions with resources concentrated to where they are most economically viable – the big cities. This is a trend already clear from past contractions, with coverage of local news substantially diminished. But it is not enough to just argue such a breakdown has already occurred. Among the entertainment dross newspapers and their websites often produce as click-bait in an attempt to draw in readers, good, solid journalism is still being done, with journalists taking pride in their role and their vocation.

VI. Taking into account the above, the Commerce Commission requirement to be satisfied of a benefit to the public is easily answered. This submission argues that no such benefit can be demonstrated, except under the narrowest possible commercial reading. Crucially, for a merger to be approved, the interests of the news media audience – readers and viewers – would have to be ignored. Such a decision, therefore, would be neither in the public interest nor the interest of a democracy.

Supporting submission 3

Statement of Joseph Romanos

Journalist 1974-2016

Reporter/sub-editor/editor for newspapers and magazines in New Zealand, Australia and England.

My understanding is that for the Commerce Commission to give permission for the proposed Fairfax-NZME merger to proceed, it would need to be assured the merger was in the public interest.

There is no doubt that having a robust, questioning, informative media is in the public interest, but I am at a loss to see how the proposed merger would in any way strengthen the media.

My comments are predicated on the undeniable fact that journalists produce their best work when in a competitive environment. Once the element of competition is removed, the tendency is for journalists to slip into “cruise” mode. That is a natural human reaction and there are countless examples in New Zealand journalism. In Wellington I worked at various times for The Evening Post and The Dominion and there is no doubt we worked better and were more driven when we had an opposing newspaper. In more recent years it was evident to me that reporters on The Dominion Post (a combination of the two newspapers) suffered because of the removal of that element of competition. The public therefore suffered too – it was receiving only one version of significant stories, or sometimes no version at all.

The proposed merger will almost certainly result in the closure of many newspapers – for example, when both companies have a community newspaper operating in a town or city, as is the case now in dozens of areas, it would make economic sense for the new, enlarged company to close one of them.

Therefore, the inevitable outcome of the merger is that there will be fewer journalists employed overall. I cannot see how reducing the number of journalists investigating, inquiring and reporting is in any way of benefit to the public. In supporting their merger proposal, the key staff at Fairfax and NZME will try to fudge and spin this uncomfortable truth. They should not be allowed to – a significant reduction in journalists nationwide simply cannot benefit the public.

As Fairfax editorial chiefs explained it to me in 2015 and 2016, the merger was being prompted by newspapers’ falling advertising, and by the fact that websites such as Google and Facebook are scooping up so much New Zealand advertising. These people have said they no longer wish to compete against other media; they want to compete against the likes of Google and Facebook.

But once the media industry stops being competitive – an inevitable result of the proposed merger – the public will be much worse off. Stories that should be written won’t be because of lack of resources.

Supporting submission 4

Statement of Cathie Bell

Senior Journalist

Currently employed by the Blenheim Sun

My major concern with the proposed merger is that I believe it will lead to a further hollowing out of the industry and many job losses. In theory, it could be said that it would lead to a stronger organisation with more resources, but in practice, that won't happen - there will be fewer reporters and fewer photographers, fewer people on the ground in the communities, and far less coverage of what's going on in those communities. The companies' commitment to content is only talk, they are happy to run any sort of clickbait nonsense on their websites and media releases with little understanding of history or context in the newspapers.

Marlborough has Fairfax newspapers (one daily and three communities) and NZME (radio), as well as the independently-owned Blenheim Sun (one community paper publishing twice a week).

The Fairfax focus on publishing online first has damaged the standing of the Marlborough Express in the community. Reporters are not out and about in the community the way they used to be, and the neglect of the print product (publishing stories that were online three or four days earlier) has turned off readers. Circulation is plunging, already in the low 5000s.

The word emerging from Fairfax customer forums (supposedly confidential, but word travels fast in a small town) is that there will only be one daily newspaper for the South Island by the end of the year. This will have huge ramifications for our small town. Whole layers of coverage of things such as local school arts and sports coverage will drop away, coverage will move to the extraordinary and quirky, leaving community ignorant of the important local issues. That change will see a drop in the number of reporters hired - as there will only be the community and digital requirements.

I'm an older journalist. I worked in Wellington when the Dominion and the Evening Post had a strong competition going. That was in many respects a golden age - I don't think it's just nostalgia talking! As a roundsperson, I was determined to beat my competition, and I think it enhanced my work. I thought carefully about stories, looked for good angles, worked hard to develop and cultivate sources. The proposed merger will be another step away from that, reducing competition in a highly fragmented market.

Many of those Wellington sources are still active and productive today, and help me greatly in my current job. I'm working hard to make the Blenheim Sun a good paper. We cover a lot of issues, but I have resource constraints and can't work 24/7. I don't have to provide digital cover and I deliver an excellent print product that readers and advertisers respect, and that is profitable - and it will remain profitable in the foreseeable future. The changes proposed by the big media companies will see to that - their lack of respect for their customers and their product is tangible and it's turning people away from them.

Supporting Submission 5

Statement of Hank Schouten

Journalist

Former Senior Journalist at Fairfax, many years at Evening Post and later at Dominion Post

Alternate member of the New Zealand Press Council

The biggest concern about the proposed merger of Fairfax and NZME is that the depth, breadth and diversity of news coverage will decline dramatically.

In the last few years Fairfax has significantly reduced resources in all its newsrooms around the country. Hundreds of sub-editors, photographers and reporters positions have been dis-established and many contributors have been let go.

It has also done away with dozens of editors including all its provincial and community newspaper editors and subject editors such as its sports, finance and political editors.

The news-gathering and production load has fallen on a dramatically diminished pool of staff. This has impacted on all publications with a noticeable reduction in the range and quality of stories.

Fairfax also effectively killed off the New Zealand Press Association which had provided its papers with a valuable alternative source of news for over a century.

There have also been significant job cuts in NZME and all the signs are that a merger of the two major New Zealand print and web-site publishers will lead to further significant cut backs.

Both are clearly on a drive to cut costs wherever they can and see this as an opportunity to cut more staff and reduce "double-ups" wherever they can in all news gathering and editorial operations.

Where the two groups now have their own staff covering news events, this merger will lead to situations where just one journalist will likely cover an event for all the combined groups' publications.

In Parliament the merger is likely to see the present separate Fairfax and NZME bureaux combined into one bureau, inevitably with fewer staff than presently employed by the two groups. This will impact on the range of cover and reduce the diversity of political commentary.

The same is likely to apply to other areas including business news, sports and other speciality areas like health, education, welfare, and transport.

Our communities will be poorer for the loss of diversity in journalistic coverage and the loss of competition between these two companies which dominate such an important New Zealand news media segment.

Supporting submission 6

Statement of E tū Journalists in Invercargill

- NZME do not have a strong newsgathering team in Southland and we don't class them as a competitor.
- When NZME staff read the news on the radio they usually read it straight from www.stuff.co.nz or the Southland Times print edition.
- We rarely see any of their staff at press conferences or major events in the region.
- The presence of NZME in Southland doesn't motivate our journalists to work harder for these reasons.
- Our only real competitor down here is Allied Press.
- Increasingly we are seeing Allied Press staff filing copy from our region which then appears on www.nzherald.co.nz. If this arrangement was to continue after the merger then there would effectively be no newsgathering competition in Southland at all.

Supporting submission 7

Statement of E tū Journalists in Hawke's Bay

- Hawke's Bay is a region where neither company is clearly dominant. This competition drives the journalists to seek out stories and be first with breaking news. Radio and television stations lack a significant presence in the region so any competition is really between the two papers.
- We believe this competition provides readers with a better product. Previously one of our members worked in the Eastern Bay of Plenty where our newspaper, The Beacon, was the only major paper. Reporters were not pushed to do the best job possible because they knew no one else would follow up their story with a better angle. In Hawke's Bay stories from both papers are much more thorough. If a competing reporter does a follow up story they are driven to produce something better than the original.
- The tenor and culture of the two companies is also very different. This changes the stories we cover and the way they are covered. The media does not tell people what to think - but what to think about. The Hawke's Bay community will lose variety, urgency and depth of coverage if the companies are merged.