

August 5, 2016

Tania Pringle
Investigations Team Leader
Competition Branch
Commerce Commission

Re: Fairfax/NZME proposed merger

Dear Tania,

Further to the telephone interview on July 19th, I have now read the Fairfax/NZME "Response to the Submissions" dated 28th July 2016.

In June 2014 Michael Miller, the former chief executive of APN News and Media, commented that publishers need to show greater industry unity to compete for market share with other media. "We need to make it easier to buy, plan and interact with the print networks. This isn't about pricing; it's about providing advertisers with more practical solutions and competing for more market share with other media. The logistics of pricing, distribution and advertising formats are all areas where publishers have little reason to compete, and are vital for making the medium attractive to advertisers. Where TV typically has four ad lengths constantly, and radio has three ad lengths, we've got many, many sizes in different publications, which makes that more challenging."

I continue to support the application to merge the Fairfax/NZME media operations in New Zealand. I have observed many changes in the industry in the course of the time I have been involved and from information from family members' reflections in prior years. There have been more significant changes in the industry in the last three years than at any other time. Social media has had a huge impact. The world has changed.

The newspaper industry has worked together in many ways to face these challenges and will continue to work together irrespective of the proposed merger. New Zealand is a small country and there will still be opportunities for smaller publishers. Local news is the key for communities. Newspapers that reach people with information they want, and need, should prosper – while a

newspaper that pleases only its writers and editors, and is not a vital part of the community's life, will fail.

Australia has been dominated by one newspaper publisher for many years, with little co-operation until the last 10 years when PANPA (Pacific Area Newspaper Publishers Assoc) was transformed into what has become News Media Works – which is more Australian-centric and has a strong focus on co-operation, marketing and promotion.

Generally the newspaper industry worldwide has failed to promote its strengths and has weakened the sales pitch for print. The bulk of revenue continues to be from printed products, which pays for the content. Digital offerings have not been appropriately monetised – except by the search and social media giants which do little to produce it.

The industry in New Zealand has missed opportunities in the past due to a lack of trust and a belief that individual groups could do things on their own. An example was the opportunity to establish private television. INL had its own agenda and Wilson and Horton, with support from independent publishers, competed for the licence – then both lost out. Fairfax and APN could not agree on digital opportunities with NZPA and a co-operative news service that had served the industry well since 1880 ceased in 2011. NZPA had been a co-operative operation while the Australian news service AAP had been a commercial operation dominated eventually by News Ltd, Fairfax and WAN.

The Australian owners of Fairfax and APN did not understand the relationships that had been built over the years within the publishing industry in New Zealand. In the past there were great debates between metropolitan and regional papers, evening and morning papers (competing in the same markets with different owners) and we worked together on issues. The Australian owners did not see the need to continue what had been valuable industry conferences.

NZME/Fairfax as a New Zealand-based company will still have a large investment in the printing sector. A major New Zealand-based media company will be good for the industry, good for the share market, and there will still be opportunities for independent publishers.

We currently subscribe to the NZME news service. Independent publishers make significant contributions to the cost of the service and an offering that includes contribution from areas covered by Fairfax publications will restore the service to the levels provided by the co-operative NZPA.

In recent years moves have been made to share printing facilities and there has been more co-operation. A merged company would create other opportunities for media organisations to co-operate more and strengthen the industry.

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael Muir". The signature is written in a cursive, slightly slanted style.

Michael Muir
Managing Director

P.S. I have been actively involved in various industry boards and committees since 1969, was president of the Pacific Area Newspaper Publishers Assn 1999-2001, president of the Newspaper Publishers Assn 2007-2016, chairman New Zealand Press Assn 2007-2016, NZ representative on the board of the World Association of Newspapers since 1999 and a board member of the International Newspaper Marketing Association 2004-2007.