

The Commerce Commission  
P O Box 2351  
Wellington 6140

November 19, 2016

**Submission to the Commerce Commission relating to its draft decision on the application seeking authorisation of a merger between NZME and Fairfax Media NZ.**

Dear Sir/Madam,

I wish to make a submission on your draft decision to deny a merger between Fairfax Media NZ and NZME, released on November 8, 2016.

I do so in my capacity as editor in chief of the central region of Fairfax Media NZ, as editor of *The Dominion Post*, and as a newsroom leader and senior journalist with more than 30 years' experience here and in the UK. This submission and its comments are entirely mine and have been formed independently.

I wish to challenge many aspects of the Commerce Commission's draft decision regarding plurality, the loss of quality, the anti-competitiveness, the smear on the reputation and integrity of editors and journalists, and the poorly made assumptions made by some submitters and the Commission regarding the role and running of modern newsrooms in a now digital landscape.

The Commission has taken a surprisingly hostile view of the merger, which I fundamentally believe is a mistake in a media environment changing at a rapid pace. A merger, from my editorial perspective, is a necessity. We simply cannot continue to fund journalism at the current level, particularly in regional centres, without this merger being approved. A merger is actually the only avenue for protecting journalism and more jobs.

Jobs will likely go in a merger, but more jobs will go if this merger does not go ahead. The Commission is basically advocating a "business as usual" stance in rejecting the proposed merger.

To accept the status quo and suggest we do nothing is tantamount to accelerating the decline of news media, particularly the print-product runway. A merger is seen as extending that runway. No to the merger means parking up the aircraft, cancelling regional routes and slowly letting the mother ship rust away.

The future of journalism and media is uncertain. However there is one certainty; media organisations are only going to shrink as advertising revenue, particularly in print media, falls.

In terms of online, there is a revolution happening out there in the way New Zealanders now consume their news. Just look at the biggest news story this year - the Kaikoura earthquakes - and the massive audience that went straight to stuff.co.nz. On the day of the quake, 3.6 million people went to Stuff. Fairfax absolutely sets the news agenda and we are proud of that fact. The Commission, however, seems to have reservations about that, viewing a merger with NZME as a media monopoly that will only be detrimental to journalism. I think otherwise. We provide top quality coverage via all of our platforms, content that New Zealanders want to consume. That will not change.

In an editorial published in the Dominion Post on November 9, 2016, we stated that the question is not how to preserve the media landscape of some gentle-paced past, but how to keep good journalism going into a perilous future.

We are trying to secure a future for our journalists and for journalism. Your assumption that not much will change if you deny the merger and that plurality and quality will reign is very questionable.

It cannot have escaped the Commission's notice that Fairfax is already reviewing its Marlborough newsroom - a project that was well in place before the draft merger decision was made. The company has signalled that it can no longer produce a daily print product in that region. It is now working closely with that community to work out a future and looking at everything from part publishing to local partnerships. This is the stark reality of what we have to do, and denying a merger will not stop that happening.

We are engaging in frank and tough conversations with communities about the stark reality and bottom-line economics of sustaining newsrooms. This seems to have fallen on deaf ears at the Commerce Commission.

Maintaining regional and community journalism, while print revenues are declining is already hard but will only become more difficult if the merger does not proceed. We have to find a clear path for a sustainable business model that will keep funding local journalism. The proposed merger is the clearest path.

In your draft decision, the Commission has indicated that while the economic side of the proposed merger looks sound, you are fearful of the risk to independent journalism and plurality, and a loss of voice.

The decision also highlights that without competition we would drop our standards and no longer feel the need to be accurate, which quite frankly is insulting to every editor and journalist.

You also believe we will fall prey to the political or commercial agendas of our owners, without others to keep us in check. I find this naive.

Journalists' union E tu notes that "one commercial player" was worried that if the merged entity wrote a damaging article about it then it would be unable to go to a rival to tell its side of the story. This is not how journalism works. The onus is, and always has been, for any media outlet to be fair in its reporting. It is incumbent on us not to shut out differing viewpoints. New Zealand media companies are not partisan.

I note that E tu again raises this "as advertisers become more powerful they will be able to dictate what news is covered and what is not". Again this is spurious. While our advertising and editorial departments undoubtedly work closer together, advertisers cannot dictate what we write. Fairfax has a separate commercial/sponsorship division with non-news writers producing paid for advertising content that is clearly labelled as such both online and in print.

As editor of *The Dominion Post*, I can categorically state that I have never been asked to follow a company line or had any interference regarding content or newsroom management as seems to be a flavour of this decision.

When Donald Trump took the US presidency and I decided to run the headline "WTF" across the front page of *The Dominion Post*, I did not seek any approval from the executive group editor, I just did it. That's what independence is and always has been.

When I decided to put out a later edition for the recent earthquake, I did not seek to get permission, I just did it. Again editorial independence.

When the Commission published its draft decision, *The Dominion Post* published a scathing editorial, under my direction. I note the editor of *The Press*, Joanna Norris, wrote a comment piece under her byline - again two very different editorial viewpoints that were completely independent.

These are just recent examples of decisions that were made in isolation by me with no authorisation sought from executive management. This has always been the case throughout our company.

Two regional editors report to me and make independent editorial decisions about their newsrooms and content without referring them to me. We pride ourselves on this, and to suggest that would be lost with a merger is offensive to every editor. Editors have complete independence and this is set out in our own job descriptions and code of conduct. I cannot foresee any change to this stance should the merger go ahead.

The question of loss of plurality largely raises its head in the draft decision, and it is one I wish to challenge in particular.

It is again insulting to suggest that there would be no diversity of voices in any content should a merger go ahead. Plurality - a wide range of perspectives and views - strikes at the very core of what we do as editors and journalists, and the very foundations of our journalism training. Quality journalism fundamentally ensures fairness and different voices and opinion. A quick review of Press Council decisions will be a reflection on how well Fairfax Media organisations do in that regard.

Fairfax has a code of ethics that spells out the values of journalism. As a newsroom leader, I set high standards regarding the integrity of our reporting, as does every editor at Fairfax and NZME. To suggest otherwise is again insulting.

The Commission notes in its draft that a merged entity would dominate, potentially with a single editorial voice. Again, I can categorically state that every Fairfax editor operates independently of each other in their content selection, commissions and editorial stance. There is no single voice or line dictated across the company, nor has there ever been. If we were to sing from the same song sheet, it would be a complete turn-off to our readers and our advertisers. Our readers look to their local masthead for independence, not a head-office line. Results from research focus groups show that subscribers buy our regional and metropolitan titles for a sense of localness, independence and parochialism. Dictating a single voice would damage this reader relationship and ultimately kill the media industry. No editor would sign up to that.

I note that in the draft decision E tu journalists are concerned about a less competitive environment. E tu also says that competition between Fairfax and NZME results in stories being published sooner than they would occur in the absence of competition. Frankly this is a misconception. We publish stories quickly because our audience has an appetite for them and we want to be first with them. That would not change in any merger. We would be foolish to sit on our hands and wait for other outlets and social media to deliver the news. Our brand and reputation are at stake. We would remain competitive in any merger.

Plurality is actively encouraged across my newsroom, in every story we write there are different voices. We offer right of reply to opinion pieces and our daily letters page is filled with voices and opinions from every political and social viewpoint. Believe it or not, we are not aligned to any political party.

In its decision, the Commission says the check that NZME and Fairfax provide on each other would be lost under the proposed merger. The merged entity would have discretion as to what it does and does not cover, and the competitive tension that currently exists between NZME and Fairfax, which drives content creation, would be removed. The competitive tension between the applicants that promotes accurate reporting would similarly be gone.

As editor of *The Dominion Post*, I do set the tone of the print and digital product. I do that based on the audience we serve, their tastes and aspirations, not on what the *New Zealand Herald* is doing. Our papers are quite distinct and serve very different audiences, as does our online offering, and that of Stuff. My readers set the tone of what my team produces, not an opposition

media company, an opposition radio or television station, blogger or social media site. If the Wellington newsroom followed everything the *New Zealand Herald* did, we would alienate readers and advertisers and become irrelevant. I believe the *New Zealand Herald* would say the same. A quick look at both papers on any given day would show you that.

Your decision also states that the competitive tension between both applicants that promotes accurate reporting would similarly be gone. Again I disagree with this notion. Our editorial staff - whether they are a senior journalist, editor, visual journalist, web editor, section head or junior reporter - strive for quality in their reporting. Again this a fundamental of journalism and an expectation from our readers.

I note that a number of submitters believe there would be fewer journalists banging on doors, and checking sources, less pressure to invest in journalists, a focus on cheap content and fewer angles being covered. I believe these comments to be disingenuous.

Fairfax newsrooms pride themselves on the quality of their staff and reporting, and their connection to our communities. Our readers buy and consume our free products online and in print because of that. We have a reputation for quality journalism, a reputation and reader relationship that in the case of *The Dominion Post* stretches back 150 years since its founding. To suggest we would allow this to all be tossed away is ridiculous.

Our digital-first newsrooms chase every angle possible as demonstrated just this week with the earthquake building debacle in Wellington. This story has been updated throughout the day on Stuff and in the daily newspaper. *The Dominion Post* has a fierce reputation for investigative journalism, as do many of my colleagues and their newsrooms. It is what we do. Not aiming for quality journalism now or in the future would be a sure way to secure our demise.

As someone who has been in the media industry for three decades and actively involved in leading our transformation, I believe I am able to offer assurances about the issues raised around loss of quality, plurality, independence and competition.

When I became a journalist, advertising revenue poured through the door. In the past few years I have been actively involved in leading transformation projects to revitalise our newsrooms and set them on a sustainable course. I and other senior editors have had to make hard decisions, which have not always been palatable, to ensure we maintain newsrooms in communities and that we produce good journalism and keep as many reporters on the front-line. The newsroom has dramatically changed. This discussion about the future of newsrooms will not disappear, it will be ongoing.

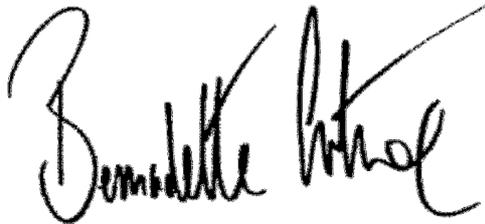
I was not involved in the decision to put forward a merger proposal. For some months I have thought long and hard about the repercussions of a merger, and what that might mean for my career and my current role. I would expect every other employee across Fairfax and NZME has pondered the same. The decision to put forward a merger proposal affects every employee from the top down.

I am supporting this merger proposal because I see it as the only clear path to protecting quality journalism, even if the reality is that jobs may go. The alternative - to sit tight and do nothing - will not save journalism.

I am dismayed that the Commission, in its draft, has declined the proposed merger. This is a blow for journalism and for its sustainable future.

As an editor, I wish to be heard at the scheduled conference in December. Thank you for considering my views, and I trust that you will consider my feedback in the manner in which it was intended.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bernadette Courtney". The signature is fluid and cursive, with a large initial 'B' and a long, sweeping underline.

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