

November 24, 2016

**TO: THE COMMERCE COMMISSION
FROM: GEOFF COLLETT
SUBMISSION ON DRAFT DETERMINATION - NZME AND FAIRFAX NZ LTD**

1) This is a submission in opposition to the Commission's draft determination, that it cannot support the proposed merger of Fairfax Media's New Zealand operation with NZME. It is a personal submission and I have not discussed it with colleagues or my employer, Fairfax Media.

My submission is confined to the Commission's concerns about "plurality" and "quality" in the New Zealand news market. I understand "plurality" to mean something along the lines of, a number of different, credible news organisations providing a variety of perspectives on the news agenda.

2) By way of summary, my submission is that the Commission has been swayed by theoretical interpretations of "plurality", and has failed to reach the necessary level of understanding of the practical workings of journalism in New Zealand to properly inform the "qualitative" view it must form on "unquantifiable" matters - certainly nowhere near the extent to be expected in ruling on a matter of such profound significance to the viability of the news media in this country.

3) By way of personal professional background, I am the National Life & Style Editor for Fairfax Media. I am based in Christchurch. I manage a number of magazine editors and senior journalists who oversee our editorial coverage of such topics as Entertainment, Travel, Motoring, Food and Home, and who in turn manage several dozen journalists specialising in our various topic areas.

I have been a full-time journalist, primarily in newspapers, for 30 years. I have first-hand experience in community, regional and metropolitan newsrooms. I have been a journalist and newsroom manager with Fairfax and its predecessor, INL, for 20 years. I am deeply aware of the policies, practices and procedures which guide our wider editorial operation, of the pressures facing our journalists, and of the deep professional pride and character which is ingrained in Fairfax Media (and I'm sure also in NZME, although that is based on more distant observation).

4) The lasting impression is that the Commission's conclusions about "plurality" and threats to the "quality" of journalism should the merger proceed have unreasonably discounted the real, practical and proven measures which are advanced by the applicants as safeguards against undue interference with editorial independence; and have instead favoured arguments and models promoted for entirely different newspaper markets (eg, Britain, Scandinavia).

While I respect the concerns of the individuals and experts who have provided the Commission with advice and opinion, I believe they are a lop-sided representation of the views on this issue.

I am aware that a large number of Fairfax editors have penned an open letter to the Commission providing their views on the independence which they uphold as the core tenet of their work. I hope that the Commission will acknowledge those views not as vested interests but as an informed counter to the opinions advanced during the initial consultation process.

Alternatively, should it choose to discount those views, the Commission should more thoroughly identify and investigate the threats to editorial independence if the merger were to proceed, to provide it with a robust basis for determining the proposal on the basis of "unquantifiable" issues.

5) While I respect and share the obvious concern about the scenario of a merged media business falling under the control of a single owner with nefarious intent, I believe any number of similarly troubling scenarios could be produced about other ownership models for the industry, including the current structure, and these are arguably more likely to transpire than that scenario which seems to dominate the Commission's thinking.

As the Commission appreciates, the media industry is going through a time of turmoil, and attempting to predict and direct preferred outcomes for private enterprise in such a climate strikes me as nigh on futile. With due respect, my reading of your expert advice is that it is offered through a lens of the news media as a public service rather than a private enterprise.

6) As an editor and long-term journalist, I take particular issue with a view advanced in the Commission's determination and by some submission makers, that journalists will only bother doing a half-way decent job if there's a competitor on the scene. That is a depressingly cynical assessment of the principles and motivations our journalists operate by. It shows a complete lack of appreciation of the energy, commitment and passion which is displayed continually by our staff in their day-to-day reporting, frequently in the face of significant obstacles; and which doesn't seem to be captured or understood by theoretical models.

It ignores that in most of our news markets, the local newspaper – whoever it is owned by – operates without serious competition for local news and has done for many years (I believe Hawke's Bay was the last NZ region to host two "competing" local daily newspapers, albeit with common ownership, and that situation ended in the 1990s). Despite that lack of direct competition, my long experience is that the journalists in such newsrooms operate with the same level of determination and commitment to their readers as in any other newsroom.

A stand-out example has been evident in recent days, with the coverage of the large earthquakes across central New Zealand, which have been reported on with a level of zeal and commitment that I contend owes little or nothing to competition theory and everything to the dedication of our staff.

My repeated and consistent experience is that it is professional pride and commitment to the craft which is the primary incentive for our journalists to deliver the best-possible news to audiences, not fear of what another journalist in another company might be doing.

7) Additionally, as the Commission appreciates, there is a strong argument (I believe a compelling one) that New Zealand's media market is overwhelmingly free of partisanship and is firmly based on principles of neutrality, balance and fairness. Those principles are tightly woven through the entire fabric of the media, whether in the form of our journalists' employment agreements, via regulatory bodies such as the Press Council, or the disciplines imposed by our audiences who repeatedly remind us that they have no interest in biased or partisan news coverage. I believe that will remain a significant check on the temptation for media companies to alter their approach to editorial independence, no matter what corporate structures exist.

8) I do not believe the the size of the proposed combined media organisation is inherently risky.

Given the change sweeping our industry, in a tiny market like New Zealand scale may well be the best hope of preserving anything like the diversity of titles and products to ensure all existing news markets continue to receive the service and coverage they deserve.

There is good evidence in this country that the larger the ownership structure of a media company, the less prospect there is of shareholders or senior managers seeking to influence or direct the news agenda.

Simply, the bigger the organisation, the bigger the influence and strength of the editorial operation and the more "powerful" the senior editorial managers are to resist intrusion from other managers. Ironically, I believe the real risk to independent journalism arises when smaller "independent" titles are controlled by local businesspeople who see "their" newspaper or website as an opportunity to progress their personal agendas and have far more power to browbeat editors into line (and I can immediately think of four examples from down the years where exactly that has happened, which I'd rather not list in a public submission).

9) While much of the discussion about "plurality" and "quality" of news reporting defaults to the role of the media in checking national political and corporate behaviour, I believe the far more immediate (and serious) threat actually sits in the smaller local markets which NZME and Fairfax have displayed long-term commitment and loyalty to, and which the proposed merger is clearly intended to help protect.

It is in regional towns where local newspapers - as noted above, typically operating in a "non-competitive" environment - are the only meaningful check on bad behaviour by local authorities (whether councils, police, health boards, business owners, etc). It is also obvious that those towns are where the stresses and threats to the viability of ongoing local news coverage are most severe.

I am sure that the advocates of plurality would acknowledge that the Commission's decision needs to protect those local news markets as least as vigorously as the national news market.

It is telling that there has been no effort by those opposing the proposed merger to put forward a viable alternative model which would allow those distressed news markets to continue if the merger proposal is rejected.

10) In conclusion, I urge the Commission to reconsider the basis it reached its draft determination from, recognising the inherent flaws in its logic regarding the proposal's impact on "quality" and "plurality", and to start again.

I wish you well with your considerations.

Geoff Collett