



Allied Press Limited

NEWSPAPER PUBLISHERS

Phone (03) 477 4760

Fax (03) 474 7420

PO Box 517, 9054

52 Stuart Street, 9016

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The Registrar

The Commerce Commission New Zealand
P O Box 2351
WELLINGTON 6140

Fax: (04) 924 3700

By email - Registrar@comcom.govt.nz

NZME/FAIRFAX

Merger

1. Wilson and Horton Limited (trading as NZME) and Fairfax NZ Limited are seeking authorisation from the Commerce Commission to merge their media operations in New Zealand.
2. These submissions are made by Allied Press Limited (Allied Press) in response to the Commission's invitation in its 14 June 2016 Statement of Preliminary Issues in the NZME/Fairfax *Application for authorisation of a business acquisition* for public comment on the proposed merger and its likely competitive effect.

Allied Press

3. Allied Press is an Otago-owned media company. It has interests in daily and community newspapers, a regional television station, internet websites and commercial printing operations.
4. It publishes the *Otago Daily Times* which was founded in 1861 and is New Zealand's oldest surviving daily newspaper. The *Otago Daily Times* serves Otago and surrounding regions with a range of regional, national and international news and opinion. Allied Press also holds a majority interest in the *Greymouth Evening Star*, an evening daily which, together with its community newspapers, serves the West Coast of the South Island.
5. It has a range of community and farming newspapers, providing local news to various communities throughout the South Island: *North Canterbury News* (Kaiapoi to Kaikoura), *The Ashburton Courier* (mid Canterbury), *The Timaru Courier* (South Canterbury), *The Oamaru Mail* (North Otago), *The News* (Central Otago), *The Mountain Scene* (Queenstown / Wanaka), *The Star*, (Dunedin), *The Ensign* (Eastern Southland), *The Southland Express* (Invercargill / Southland), *The Southern Rural Life* (Farming Lower South Island), *The Central Rural Life* (Farming South Island).
6. Allied Press has a clear and continuing focus on quality, which is the hallmark of its various media activities and is embodied in its motto "*Optima Durant*" or "Quality Endures".

Fourth Estate

7. The *fourth estate* is an integral part of a society's democracy. It was in 1841 that Thomas Carlyle who wrote: "*Burke said there were Three Estates in Parliament; but, in the reporter's Gallery yonder, sat a Fourth Estate more important far than they all.*" The fourth estate gives knowledge to, and informs, a society's citizens. It provides ethical and diverse comment and a credible forum for debate on issues of public interest.

8. The amalgamation of New Zealand's two largest news organisations would disadvantage the New Zealand public:
 - 8.1 There would be a material reduction in the number of journalism staff employed by the merged entity.
 - 8.2 Separate, competitive, analysis and comment by the two existing entities on political, business and public interest issues would be lost with a single entity.
 - 8.3 The merged entity, through its stronger ability to unify and aggregate news and opinions across its sites would be prejudicial to the public interest.

National news service

9. New Zealand, unlike many other countries, has never had a fully national newspaper; no one newspaper has had the resources to cover the country effectively.
10. To address this, newspaper companies co-operated and set up the United Press Association in 1879 renamed the New Zealand Press Association in 1942. Until 2006, members supplied local news stories to NZPA. These were then sub-edited in Wellington and sent out nationally. NZPA also had its own journalists, including the Press Gallery, preparing articles.
11. Whilst there continued to be strong competition between member newspapers, there was a recognition that collaboration worked in the public interest through the wide dissemination of news and opinions, as well as accountability for those exercising public powers.
12. Copy-sharing ceased in 2006 and in 2011 NZPA closed.
13. Allied Press currently sources news from NZME's service, contributing reports for sharing, as well as funding towards the running of the news services. The *Otago Daily Times* supplies breaking news stories, including photographs and videos, to the news service, with a particular emphasis on Otago and Southland.
14. The news service is an important source of national news coverage for the *Otago Daily Times* and, consequently, its readers.
15. Fairfax's *stuff.co.nz* has high use in Dunedin, Otago, Canterbury and Southland. Fairfax also owns a number of community papers: the *Mirror* (Central Otago, Queenstown and Wanaka), the *Waitaki Herald* (North Otago), the *South Canterbury Herald* (South Canterbury and North Otago), the *Clutha Leader* (South Otago), *Newslink* (Gore) and *The Eye* (Invercargill). Fairfax has a reporter in Dunedin and staff around Otago. NZME titles do not circulate in the South.
16. As part of its business operations, a merged entity may see the competitive benefit in excluding the *Otago Daily Times* from continued access to the news service. The amalgamation of the two current dominant media businesses would give the new entity unfettered and greater power to do this and so adversely and significantly affect competition in the southern region.

National Advertising

17. Allied Press has traditionally been part of a national advertising structure through the National Advertising Bureau (NAB) News Works which coordinates advertising packages across the industry.
18. The NAB was set up in 1972 and has been the main sales and marketing arms for the newspaper industry's daily and Sunday newspapers.
19. A merged entity could on its own bring an end to this longstanding and established model. The *Otago Daily Times* is the only significant-sized newspaper in the NAB outside NZME and Fairfax. *The Greymouth Star*, *The Ashburton Guardian*, *Whakatane Bureau*, *Wairarapa Times Age* and *Gisborne Herald* together are dwarfed by the combined Fairfax/NZME stable.

20. A merged entity would have the power to adopt pricing regimes and advertising offerings which would materially influence the placement of national advertising through a domination of the print, radio and web-site markets. This combined domination would permit the entity, at any time it wished, to adversely and significantly affect and cause detriment to its print competitors.

Local advertising

21. Allied Press presently enjoys combined rural advertising packages with NZME which would have an uncertain future should the amalgamation proceed.
22. An amalgamation of NZME/Fairfax would see a new, single-entity ownership of half the radio advertising stations which, together with their web-sites, would create even further market dominance.
23. With the addition of *nz.herald.co.nz*, the new entity would own the two main New Zealand news websites.
24. It would also own the radio stations *Newstalk ZB*, *Radio Sport*, *Radio Hauraki*, *The Hits* and *ZM* network; these being among the highest rating radio stations. This would create near dominance with news, and most significantly dominance for local advertising.
25. With the combination of print, radio and digital advertising all in one entity, the merged group would have the ability to materially and dominantly influence the advertising placement decisions by local advertisers.
26. In addition, it would have the power to directly affect its print competitors through predatory pricing, thus substantially lessening competition in the local advertising market. The audience reach and advertising power of the combined group would be such that new entrants to the print publication market would be effectively excluded.

General

Further information from, or discussion with, Allied Press is available as required.

Allied Press Limited
P O Box 517
Dunedin 9054

Sir Julian Smith
Phone: 03 477 4760
Email: jcs@alliedpress.co.nz