

Submission to the Commerce Commission on the proposed NZME-Fairfax Media NZ merger

My name is Sinead Boucher and I am currently employed as the group executive editor of Fairfax New Zealand.

I am making this submission as an individual, separately and independently to any submissions Fairfax NZ might make, and the views expressed here are my own.

I wish to have the chance to speak at the hearing in December as well as making this written submission in support of the merger.

With respect to the Commission, I believe that in its reasoning for proposing to decline the merger between NZME and Fairfax, it has made fundamental errors in assessing the risks to journalism, a diverse media landscape and independent editorial freedoms.

In this submission I address the aspects of the draft determination that relate to editorial quality, diversity, plurality and independence.

Background and credentials

I believe I am as well qualified as anyone to speak with some authority on journalism in past and current practice and theory, and the realities of how challenging it is to maintain quality journalism at scale while the business model that funds it is under extreme duress.

I have been a journalist for more than 20 years, starting off as a newspaper reporter at The Press in North Canterbury and Christchurch before moving to the United Kingdom.

I worked in London for five years, firstly as a journalist on FT.com, the Financial Times website, and secondly for Reuters, firstly as a digital journalist and then as a senior news correspondent based in London, covering terrorism and general news.

I returned to New Zealand in 2004 and took up the role of assistant editor at The Press, in charge of building its digital presence as well as other senior editorial duties. In 2007, I took up the role as the first group digital editor for Fairfax, tasked with building and developing the strategy of the then fledgling site stuff.co.nz at a crucial time in the development and growth of the digital news and social media.

I took up my current position as Executive Editor for the group in 2013, and am now responsible for all journalists, editors and the journalistic products (Stuff, the newspapers and magazines) in the Fairfax NZ group.

In 2012, after being awarded the Wolfson Fellowship prize, I spent a semester at Wolfson College in Cambridge, England, studying digital news media, social communities and the effect that digital disruption was having on the news media and the way that audiences consumed news content and formed communities online.

Submission

The Commerce Commission's draft decision to reject the merger application between Fairfax and NZME was greeted by many current senior editors, including myself, with a sense of disbelief, frustration and deep weariness.

Top of our minds was the enormity of the task we face ahead of us to sustain and protect independent local New Zealand journalism when the commission's decision would effectively cut us off at the knees.

The commission rightly values the importance of editorial independence, quality, plurality and diversity, but wrongly concludes that the merger would destroy these rather than protect them, which is my firm belief.

Through my past and current experience as a journalist, editor and executive, my informed view is that the commission has made some fundamental errors in assessing the likely detriments and risks in areas such as quality, plurality, diversity and editorial independence, that are not based on any evidence in the history of New Zealand news media and journalism.

It has placed undue weight on the opinions of those who have been out of the industry for many years, or who have never worked at the coalface. Many of the submissions from former journalists, academics and the E Tu union hark back to a time when the industry was not under the urgent pressure to survive that it is now, and ignore the current realities of what it takes to support quality journalism.

Many people I have spoken to in the months since the merger application was announced are surprised that I, as an editor, would champion this merger. They assumed the editors would be against it, that a merger would result in a bloodthirsty shedding of journalists' jobs and a threat to the important democratic role a healthy fourth estate plays. Indeed, my own job would be one most at risk, as a merged company could only have one editorial chief.

Yet the opposite is true. While some journalists, particularly in centres where there is some NZME and Fairfax overlap, undoubtedly see this as dodging a bullet and ensuring their job protection, unfortunately this is far from the case.

The economics of the news industry are extremely bleak. The commercial model that traditionally funded the newsrooms for print and broadcasting is irrevocably broken, and as a result the future of journalism in this country is at risk. As of today, no one around the world has found a proven sustainable model to replace the old one. Believe me, we are looking.

We have more readers and viewers of our journalism than ever before, but a decreasing and tiny minority of those readers contribute to the cost of producing that journalism through newspaper subscriptions, our only requirement on readers to pay directly. Paywalls are not a model that has shown anywhere near the kind of success overseas needed to fund a large newsroom in a country with a tiny population. We are investing in new revenue streams to fund the newsroom, but they are green shoots at present, not at the level where they could replace lost print dollars any time soon.

I say that not to complain - we are privileged and proud to serve New Zealanders in whatever format they wish to consume our news - but to explain that in order to sustain independent New Zealand journalism, we have to take some really drastic steps.

Regional journalism

The merger, which would allow some serious cost efficiencies in many back office areas, is the best chance for us to build a new model that sustains local journalism and protects the numbers of journalists on the ground.

I put the emphasis on local journalism because that is what is most at risk - and it is at risk right now.

Recently we went out to the Marlborough community to say that after 150 years, we could no longer sustain a daily printed newspaper. The Marlborough Express, a magnificent and proud local paper, was in danger of disappearing unless we took drastic action to protect the journalism that underpinned it through a more modern approach.

We told the community the truth; that we are committed to serving them but that the model and format by which we did so would have to change, and change fast. We showed them the numbers, and the graphs that showed that the paper only had months before it was unviable. We then invited them to help us figure out a sustainable business model so that we could ensure journalists stayed in their community and covered the issues important to them, perhaps without a daily newspaper but through all the channels we could sustain.

We meant it. We are committed to serving Marlborough, and all the other parts of New Zealand. That is why this merger is so important. It gives us the financial foundation to ensure we can do so. I am very certain that once the major publishers disappear, those who serve communities that might be uneconomic without the large engine to offset costs, no one else is going to step up in their place.

The immediate impacts of the decision not to approve the merger will be felt in small town New Zealand, before inevitably affecting the larger centres.

Very rapidly, we would be forced to close and pull back from the smaller centres. Journalism roles will go, and they will go from these communities first, as news organisations retrench to the main centres and the big stories only.

My immediate concern is not for the big stories and big events. The All Blacks don't need to worry about no one showing up in the press box just year, while the parliamentarians can sleep easy (or not) knowing that there will continue to be a strong contingent in the press gallery.

But I do have grave concerns for the future of local journalism and those concerns have been hugely amplified by the commission's draft decision.

The equation is simple. We need dollars from a strong business to pay for journalists. Without that, we won't have those journalists and the scrutiny on our society and institutions will be weakened.

Editorial independence and single voice

In its draft determination, the commission expresses concern that the merged entity would speak with a single editorial voice. Additionally, it says that the editorial side of the business could well be captured by the political or commercial agenda of its owners.

There is absolutely no evidence, based on current or historic circumstances in this country, to suggest this would be the fact. Editors do not now, nor ever will, speak with a single voice. That is at fundamental odds with who they are and what they do.

The commission cannot take behavioural assurances into account when making its decision. So our assurance that a merged company would continue to abide by the total editorial independence and codes of ethics which they currently do now, and indeed seek to strengthen this, cannot be considered by the commission as a guarantee.

In that case, I suggest the commission may draw some comfort from looking back on the history of New Zealand media ownership in this country. Most newspapers started as small independently owned businesses, some up to 150 years ago. Over the years these have been acquired by larger groups, such as INL and Fairfax Media, Wilson and Horton, APN and NZME.

At no time, on the journey from small independently-owned papers to being part of a large international organisation, has editorial independence or impartiality been lost, or even in question. At no time has there been a risk that being part of a large corporation would result in a political agenda or commercial agenda of owners coming into play.

If a CEO or owner wanted to control the editorial agenda by forcing editors to bow to their evil will, this could have happened at any time. It is not something that would be a consequence of, or more likely because of the merger.

I submit that it would be virtually impossible to make this happen, especially within a listed company with a diverse shareholding mix.

As an editor for Fairfax Media, I work for a company that is much larger than the mergeco would be in both number and scale of publications across Australia and New Zealand, and also in the size of audience reached.

I have never at any time come under pressure to adopt an editorial stance because it aligns with the views of the CEO, shareholders, board, or advertisers. The opposite is true. At all times I have been encouraged and supported to act independently and in the interests of our readers.

In turn, within Fairfax Media New Zealand, even though I have ultimate responsibility for the editors in this group, I in no way control their editorial decisions. Every editor in charge of a local newsroom or publication has entire freedom to cover the stories they think most relevant to their audiences, to run the editorials they wish to run, and to run whichever opinion pieces they wish also.

Journalists are intelligent and independently minded people. There are as many political and social views and opinions within that group as there are journalists themselves. Should I, let alone an owner or shareholder, ever try to impose an editorial agenda or a political viewpoint on them and their work, you can be assured they would a) revolt, b) write about it and c) make a lot of public noise. It would not be tolerated by either the journalists or the audience.

New Zealand is very fortunate to have a tradition of a mainstream media that is not directed or influenced by political or commercial agendas. As journalists, we are fiercely proud of this and as editors, we are guardians of the firm Chinese wall that sits between the commercial and editorial sides of the business.

Diversity and plurality

Diversity and plurality does not merely come from the number of organisations in the market. It is also generated by the number of journalists who are able to work in a free and independent way, as the journalists of both NZME and Fairfax Media are.

Diversity is not just about the expression of individual opinions. It is also about having the resources to support widespread operations and publications/platforms that allow news reporting and investigative journalism at a level and quality that meets needs of country.

In terms of plurality, we know that at least 80 percent of people who get some news from Fairfax Media and NZME publications, either in print or digital, also get their news from TVNZ, Newshub/Mediaworks and RNZ.

There are literally dozens of independently owned newspapers and news websites. Recent start-ups like The Spinoff or Bauer's PaperBoy and Noted show there is still room for new entrants to flourish in this market.

Social media allows the views, opinions and thoughts of anyone to be read, shared and talked about by anyone anywhere in the free world. There is no risk to the suppression of views and opinions through the merger of two media companies.

The commission also states that it is essential that a wide range of issues and topics are able to be explored and addressed from different angles by the media, and that issues of public interest do not go unreported. I agree wholeheartedly.

But these things are not at risk from a merger, indeed they would be strengthened by it and much imperilled without it. The stronger the financial core, the more we can support journalism at scale and across the country, not just on the biggest stories of the day.

An editor's role is to encourage and source the widest possible range of voices, opinions and perspectives for his or her audience. This is both good commercial sense, as it encourages a wide and avid readership, but also good editorial practice.

There are many ways these opinions are sourced and brought forth for the public. The first is obviously having a staff that ensures fair and balanced reporting on issues. Another is through the oped pages and letters to the editor pages in print.

On Stuff, Stuff Nation is a platform that allows any New Zealand to submit a story or opinion piece for publication to that national audience. These are edited for grammar and accuracy and adherence to standards (ie, not racist or defamatory) but never suppressed on the grounds we don't like their opinion.

In defence of journalists...

The fundamental integrity of journalists and editors in New Zealand has been called into question by the commission in its decision. It repeatedly used the word "constrain" when referring to editorial matters and behaviours, with the underlying theme that only competition between the two companies "constrains" journalists from acting badly.

We have journalists in dozens of small towns and big cities, covering local politics as well as parliament, local sport as well as the All Blacks, small businesses as well as the NZX.

Our journalists slog through local council meetings, follow local court cases, champion local causes and celebrate local successes. They are highly skilled, dedicated people who believe firmly in what they do. If they didn't they wouldn't be here as there are many other more highly paid roles out there.

Their numbers are already dwindling. There are more far more public relations, communications and just plain spin-doctoring roles in New Zealand than journalists for them to send press releases to. Journalists are swamped, over-worked, anxious for their future and under pressure at every turn.

What they are not is partisan, corrupt or lazy, which seems to be the thread of the commission decision. According to the commission's reasoning, we journalists if unchecked by having NZME down the road, would descend into unruliness, unethical behaviour and bias.

We would have a careless regard for accuracy, and suddenly move from decades of independent thought and objective coverage to falling under the spell of whatever political or commercial interests an owner might oppose - whoever that owner might be, given this is a listed company with many shareholders.

It is deeply insulting to editors and journalists in this country to read the commission's claim that a loss of competitive tension between the two companies would mean we no longer would feel the need to be accurate in reporting.

Both companies have a code of ethics and conduct that enshrines accuracy, fairness and balance in our newsrooms and to which every single journalist must sign up to when they join the company. It is wrong to state that if we merged with the competitor, we'd all just ignore the need to be right or fair.

Facebook and Google

Like audiences, the advertising that funded newspapers (and thus newsrooms) for so long is moving to digital. But the international giants like Facebook and Google are the ones enjoying the benefits of that change.

It is wrong that the commission has set aside Facebook as a competitor to the news companies because it doesn't produce local news, even though the revenue that once funded the newsrooms now flows into their coffers.

Facebook and Google may not have large newsrooms, but they do have a huge influence on the news, and teams dedicated to considering how news is collected and presented.

In the aftermath of the US election, the role of Facebook in presenting fake news to its members, and also in using its algorithms to present only one-sided news stories has been much under scrutiny.

They have enormous influence not only on the ability for news media to sustain itself, but in how they influence public opinion. Diversity of thought and view is at more risk on Facebook, with its overt control of the news surfaced to members, than it is within the mainstream media.

Summary

Over the last two weeks, New Zealand has been dealing with one of its largest-ever natural disasters. From the moment the first quake struck at 12.02am on Monday last week, our journalists swung into action.

We deployed dozens of local journalists to cover the earthquake/tsunami/weather disasters, and have run non-stop live digital coverage to keep New Zealanders informed.

We have hired choppers like taxis as there was no road access to the disaster zone. We have printed special newspapers and helicoptered them in for free distribution to the quake-hit region as a community service. In a region with no power, and thus no access to the internet, television or radio news we knew print might be the only way people could find out what was happen.

We've worked round-the-clock during hundreds of aftershocks, tsunami evacuations to our print plant and the closure of our main Wellington newsroom due to damage.

We do this because it is our privilege and our pleasure to serve the communities of New Zealand, and to provide the vital information they need at times like this.

Without the ability to have a solid business core to fund this, which the merger would bring, I truly fear for our ability to sustain this kind of important journalism, driven by local reporters on the ground, in the medium term.

I have not dwelt on balance sheets, synergies, graphs and statistics in this submission. I know you have ample access to these through Fairfax Media and NZME's application and submissions. I trust that you understand just how challenging it is at this current time to keep newsrooms going.

We are not asking for government funding, we are just asking for a chance to build a sustainable business model that will allow independent journalism at scale to continue in this country.

I stress again that the commission has put a lot of weight in the opinions of those who approach this question from a purely academic point of view, who have never worked in our industry or in New Zealand, or who are long out of the industry. It has changed so rapidly in the last five years, that I doubt former editors and journalists from even a decade ago would recognise it.

I would hope that the commission can give equal if not greater weight and trust to the strong and informed views of those experienced editors and journalists currently in the industry, who are desperately trying to protect New Zealand journalism.

We have a window in time where we have a shot at saving New Zealand local journalism, but it won't be open forever. If this merger does not progress, then I am afraid to say the future does not look good.

It is in the interests only of those in positions of power, elected or otherwise, that the media industry in this country is weakened and distressed. The harder it is for us to maintain the level of journalists working across the country, the harder it is for us to hold them to account for decisions and actions that affect New Zealand society.

Without a solid financial core that allows us to invest in local journalism and investigative journalism - neither of which make financial sense in their own right - we are facing a rapid deterioration in the quality of journalism in this country.

Respectfully, I ask the commission to reconsider its draft decision and support the merger and the stronger future it would bring independent New Zealand journalism.

Sinead Boucher
Group Executive Editor
Fairfax Media NZ