

Submission to the Commerce Commission re NZME and Fairfax New Zealand

November 25, 2016

My name is Joanna Norris. I am the South Island editor-in-chief for Fairfax Media.

I am the editor of The Press and I have oversight of a team of editors producing Fairfax Media's other South Island mastheads, namely the Nelson Mail, Marlborough Express, Timaru Herald, and Southland Times - as well as the community newspapers published by those mastheads. My team is also responsible for all South Island content published on stuff.co.nz.

I am the current chair of the New Zealand Media Freedom Committee.

I make this submission in my capacity as South Island Editor-in-chief for Fairfax Media. These views are my own, informed by my experience as an editor, journalist and editorial manager.

I am extremely disappointed by the Commerce Commission's draft determination, which I believe will damage the provision, quality and depth of news from regional New Zealand, further concentrating voices in our major cities (notably Auckland and Wellington) and away from regional areas.

This decision, if it endures, has destroyed an opportunity to shore up a strong New Zealand-based business with the public interest of New Zealanders at its core. This decision if it endures will damage journalism in this country.

This submission will cover two areas

1. The current state of regional newsrooms from an editorial perspective, and the impact of this decision on their future.
2. Rebuttal to the observations of the commission in relation to its unquantified assumptions on future editorial quality, accuracy and plurality, including an outline of the regulations and protections that exist to mitigate the concerns raised by the commission.

Regional journalism

I start this submission with the commission's own words:

The merged entity would also have an extensive regional presence compared to TVNZ, Mediaworks and RNZ. . . the evidence of the competing firms is that they do not have the same

regional focus. This means that the merged entity is able to offer more comprehensive news coverage to readers.¹

The commission is precisely right on this point. Fairfax Media employs large teams of reporters in newsrooms and bureaus across New Zealand, from large cities to tiny towns. No media organisation makes a greater commitment to funding journalism resources on the ground. NZME, meanwhile, notably makes a strong commitment, particularly in the North Island. A merged entity therefore would, to again quote the commission's words, offer "comprehensive news coverage to readers". This is a wholly good thing from which New Zealanders would benefit.

Comprehensive news coverage by journalists from the two organisations now and a future merged entity not only supports the community interest in all of these towns through strong local journalism, but is also a starting point in a news food chain nourishing other national organisations that do not make the same commitment to local news. In practice this means other news organisations pick up news covered by local reporters and repackage and re-cover it for their own platforms.

But it should not be assumed that this commitment can continue unchanged. In fact, based on current revenue decline, it would be far more prudent to assume that it cannot.

Our jobs are becoming increasingly difficult, resources increasingly stretched and the future of regional journalism increasingly uncertain.

As the union E tu noted in papers supporting its submission:

In the last few years Fairfax has significantly reduced resources in all its newsrooms around the country. Hundreds of sub-editors, photographers and reporters positions have been disestablished and many contributors have been let go.²

No editor wants to cut journalism jobs. But the inevitable is occurring, revenues are declining, the wolf is at the door and regional journalism is simply not sustainable in some parts of New Zealand.

We are not alone in this struggle. As has been well-recorded, these are challenges facing publishers internationally. Henry Walker, chief executive of the UK-based regional publisher Newsquest was recently quoted:

¹ Commerce Commission, Draft Determination, NZME and Fairfax New Zealand, para 482.

² Schouten, Hank. E tu submission to the Commerce Commission on Application for Authorisation of Merger supporting submission.

*"We are very sensitive to the need to continue to maintain our strength in great local content. And we also need to have a publishing model that is sustainable. As the advertising market and our business transitions to be increasingly digital, we are restructuring our newsrooms and editorial workflow to ensure that they are as efficient as possible, and can continue to be the leader in trusted, local content."*³

I oversee editorial budgets in five regions of New Zealand. These budgets are hugely stressed. This has resulted in the continued need to save cost. Hank Schouten, a former senior journalist quoted above, has witnessed the symptoms of the painful process we have needed to go through to in order to retain journalism in our regional newsrooms.

What he has not recorded is the huge efforts we have gone to to reduce back-room costs in order to retain reporting and visual journalism roles and to strive to find new efficiencies to support this. With the greatest respect to my colleagues in other parts of our business, I would far rather cut management and non-editorial back-office functions, and unnecessary duplication whilst retaining regional journalism.

We have also done additional work - despite hugely constrained budgets - to raise the minimum starting wage for our journalists from unacceptably low levels to a living wage to shore up the quality of staff in our regional and metropolitan newsrooms. We have also standardised senior journalist wages at a level that allows our staff to continue in this profession while raising a family.

Submitters have also not recorded the gross market distortions we face from a flabby communications industry - where communications professionals vastly outnumber journalists - in which Government and local government departments lure our staff with salary offers well out of step with market rates. These same government departments and agencies, meanwhile, shift their advertising spend to Facebook and Google, without heed to the impact on local journalism.

These are the very real cost pressures we face as we attempt to balance budgets to support local and regional journalism.

The merger presented a further opportunity to make this balance work.

Among the regions under stress is our operation in Marlborough. We have a large newsroom in Marlborough from which we produce the Marlborough Express, three community papers and content for stuff.co.nz. However, producing a daily newspaper in the region is no longer sustainable.

³https://www.themediabriefing.com/article/what-is-the-point-of-the-regional-press?utm_source=newsletter&utm_medium=email&utm_campaign=dailyMember

Instead of pulling out, we have launched a project we have called Express of the Future. We are being clear with the community about the challenges we are facing, and we are working with the community to come up with solutions. They have told us they want our strong local news, they want the Marlborough Express in some form. We have committed to delivering this for them, but we have to make the numbers work.

By contrast, another small Marlborough publisher hires just two journalists in the region and claims to run a profitable business. I believe that the public interest is not served with this level of editorial resource. I believe this model serves only the owner and not the public interest. We want to do it differently.

And Marlborough is not the only market under stress. There are other regional markets under pressure and if we cannot shape a new business model, journalism in these regions will be diminished.

At its simplest, a merger decision in support of the status quo, will not support the status quo.

It is not difficult to predict the impact of removing regional teams from non-profitable local areas.

- There will be significantly fewer reporters on the ground, resulting in significantly less competition in a great many regional markets.
- The starting point of the news eco-system will be kneecapped impacting the flow of regional news to organisations operating a national level including, but not restricted to, RNZ, TVNZ, Maori TV, Mediaworks, Facebook and Twitter.
- Editorial resources will be concentrated in Auckland, Wellington and Christchurch.

The impact of shifting editorial resource from non-profitable markets will be immense. It is my strong, considered and informed view that it will lead to a loss of editorial competition, plurality, quality, accuracy and coverage of regional New Zealand.

Conversely, if we can gain the efficiencies we need through merger, we can continue to subsidise regional news in areas where it is not profitable from our metropolitan areas where it is. We can create a lean, New Zealand-based national media organisation that has the interests of New Zealanders - wherever they are - at its core. We need support from the commission to do this - we need support to help us keep journalists on the ground.

Quality and Accuracy

In its draft determination the commission has expressed concerns for journalistic accuracy, quality and plurality in a merged environment.

Like the commission I also hold grave fears for these deeply important journalistic principles which underpin a free and safe society. However, unlike the commission, I do not view that a changed ownership structure would or could erode these principles. As outlined above, the greatest threat is a challenged or failing business model which will see further editorial cuts, the withdrawal of journalists from some local markets and further stress on those who remain.

To assume that a change in ownership - and particularly one which as the commission notes would result in "significant financial benefit"⁴ - does a grave disservice to journalists and editors across the country, who make brave and independent decisions every day.

The commission assumes - in part based on the testimony of a small group of ex-journalists - that competition is the only protection for these principles.

To the contrary, fairness, accuracy and balance are at the core of our profession and are fiercely protected through our day-to-day practice, our codes of conduct and regulation.

The commission has cited the risk that a 'single-editorial voice' could dominate the local news agenda. This view is insulting to all of the journalists and editors across the country who make brave and independent decisions every day and would continue to do so, regardless of whether their CEO and shareholders were based in Sydney (as he is now) or New Zealand (as he/she/they would be under a merged entity).

We actively encourage plurality and a range of voices with every decision we make. There is no reason a new ownership structure would shift this approach.

Further, you do not need to take our word for it. We have codes of ethics and conduct, and are signatories to professional bodies that govern and regulate our behaviour.

The Press Council principles are clear and flow from this preamble:

An independent press plays a vital role in a democracy. The proper fulfilment of that role requires a fundamental responsibility to maintain high standards of accuracy, fairness and balance and public faith in those standards.

⁴ CommComm draft determination, Para 8.

*There is no more important principle in a democracy than freedom of expression. Freedom of expression and freedom of the media are inextricably bound. The print media is jealous in guarding freedom of expression, not just for publishers' sake but, more importantly, in the public interest.*⁵

We take our commitment to the principles of the Press Council and our journalistic codes of conduct extremely seriously. We are also governed by a series of statutes such as the Defamation Act and the Harmful Digital Communications Act, while our broadcast colleagues are regulated by the Broadcasting Standards Authority.

These codes and regulations protect editorial independence and to suggest editors would suddenly disregard these codes and regulations is, frankly, unfathomable.

Further to this, I as an editor would be happy to participate in a discussion on further commitments to safeguard journalistic principles. E Tu suggests, for example, a charter of editorial independence that “guarantees a clear separation between the commercial and editorial sections of the merged companies”⁶. Whilst this principle is already captured in our codes of conduct, I would support further discussions with the union and other interested parties on means to continue to underpin independence.

Conclusion

I believe that both the commission and editors have the same fundamental and cherished values at heart - to protect the interests of New Zealanders through strong, free and fair journalism.

To summarise the points above:

1. Regional journalism in New Zealand is gravely imperiled and a decision against a merger will remove a very real opportunity to shore it up, resulting in greatly reduced regional news and job losses.
2. Quality, accuracy, and pluralism must be protected. A strong business model through merger offers the greatest protection. A combination of unassailable editorial professionalism, existing regulation, industry oversight and codes of conduct robustly mitigate any risks to these essential qualities.

Thank you for further considering these issues in the next stage of your determination; a great deal is at stake.

⁵ <http://www.presscouncil.org.nz/principles>

⁶ E Tu submission to CommComm.

The livelihoods of a great many journalists and the work they do will be impacted by your decision. Please support us as we strive to make good business and editorial decisions in the interests of New Zealanders. Please help us continue telling the stories that matter to Kiwis.