

## **Submission to Commerce Commission on proposal to merge Fairfax Media and NZME**

To whom it may concern:

The Commerce Commission's decision to oppose a merger between Fairfax Media and NZME is unfortunate, it is misguided and it should be reversed.

The Commission has gone to great lengths to gather information and to canvass views but it appears to have been swayed by the wrong, and in many cases, irrelevant influences. Worryingly, this interim decision to say "no" and to hence enforce the status quo has been celebrated by some as some sort of success.

It is not a victory in any sense of the word.

Those who thought jobs would be saved because the Commerce Commission had fended off the "one-team" approach between the two major news interests, are also misguided. There has been significant retrenchment already and this will continue unless there is major change and the resulting efficiencies.

Many aspects of this interim finding are muddled. The main driver behind the merger proposal is to develop a more efficient and streamlined means by which to generate content. That can best be achieved by the two major news companies working together - as a combined force against the real enemy, Google and Facebook - those overseas interests which Hoover up advertising revenue.

The Commission suggests neither are true competitors to NZME/Fairfax Media because they do not have newsrooms in New Zealand, they do not have journalists here and do not generate content. Tell that to the millions of users who depend on these sites for their news and information - technology giants who are fast claiming the lion's share of advertising revenue in New Zealand. They are indeed real competitors in every sense of the word.

Some of the Commission's findings demonstrate a concerning level of naivety.

Fortunately there seems to be an acceptance that the economic side of the merger proposal is indeed sound; That the merger would "achieve net financial benefits through organisational facilities."

This is the reasoning that is driving this proposal. Smarter economic management and financial benefit will allow for an investment in journalism across a plane which is so much at risk otherwise.

It is the funding of journalism across platforms and newsrooms, across the country and across small towns as well as cities that has inspired two major companies - until now spirited opponents - to see sense and agree they are both in trouble and need to work together.

There are so many statistics and so much information to demonstrate that the battle is not the traditional one. Rather it is the threat from the overseas invader that must be dealt to. To a major degree the situation in New Zealand is unique. It is a small advertising market underpinned by a relatively small population. Yet the Commission appears to have been guided by so many voices that resonate from starkly different and much bigger and more intense overseas environments.

Maybe it does need to look closer to home to determine if there have been any comparable trends or changes in media that might best be encouraged than opposed or feared.

There have been - many of them within Fairfax Media. The company which owns the biggest news website has not been wallowing in its success. It has recognised that change is constant. It has recognised that if the stage is big enough there should be many who dance on it. Stuff's very big audience benefits immeasurably because the offering also includes material from Radio New Zealand and video clips from Television One.

As an example of sensible change at newsroom level, its nine or so disparate sports desks operate much better if their staff work as one team, off a national plan and nationwide approach to assigning.

That unwelcome tag "merger" can be applied to all of the aforementioned.

It has been explained to the commission as an evolutionary development and one which is seeing more rather than less content being generated over such a much larger agenda to a wider audience.

Yet the commission does not appear to appreciate that such change can be progressive. Instead there is the concern that there would be a risk to independent journalism and plurality and a loss of voice. Conversely there appears to be the view that if nothing changes, plurality and quality will reign - but only if nothing changes.

There will be a loss of voice if nothing changes because neither company will be able to afford the staffing reach and volume of coverage that is enjoyed but fast being eroded now.

While there may be some sensible similarities and syndication of content across many of the mastheads now, there are also distinct differences which are driven by parochial priorities and geographic and readership/lifestyle differences - and different editors.

No editor could be encouraged to sacrifice these distinct and regular differences.

A sameness will not attract interest, readership or support.

Hopefully the commission did take time to reflect on the success and growth of the two main websites - Stuff.co and NZHerald.co.

Their rate of growth is unprecedented in many respects. They are very much competing for

traffic and resulting revenues and it would not make sense for one to simply mirror the other.

The fact that Stuff hosts a fast growing Stuff Nation section - in which readers provide their own content and comment - has hopefully not escaped the attention of the commission either. Content generation of this nature - and it is not the only possibility of major community engagement (see Neighbourly.co) - will continue to thrive despite any merger.

The commission has been very specific in its opposition to the merger. Its interim view has found favour with many, but on reflection and in the face of further argument and discussion, many such views will have changed.

Hopefully the commission can also reflect on the many follow-up submissions now before it and appreciate that so many of them have come from professionals who will be charged with guiding the fortunes of such a large part of NZ's fourth estate.

This is the group which is ready to accept this very significant responsibility and it simply asks for a fair outcome to let them get on with the job.

Yours faithfully,

John Crowley  
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