



**Submission from the
Association of New Zealand Advertisers**

to the Commerce Commission

**on the News Publishers' Association's
application seeking authorisation for collective bargaining**

February 2022

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1 Introduction

- 1.1 The Association of New Zealand Advertisers (ANZA) welcomes the opportunity to provide a submission to the Commerce Commission on the News Publishers Association (NPA) application seeking authorisation for collective bargaining.
- 1.2 ANZA is the peak body in New Zealand representing advertisers and is the New Zealand representative in the World Federation of Advertisers.
- 1.3 Advertisers invest approximately \$2.5bn per annum on advertising in New Zealand across all media platforms including all parties referenced in this application. Around half of this advertising is bought directly from media companies (including digital platforms) and the other half placed by advertising media agencies, on the behalf of their advertiser clients, with media (again including digital platforms).
- 1.4 The media market is essentially two-sided. On the one hand, competition for audiences through the provision of news, content and engagement. On the other competition for advertising dollars, made possible by audience availability to advertisers. For the advertising market to be competitive, the market for audiences also needs to be competitive.
- 1.5 The NPA has requested authorisation to negotiate collectively with both Meta (formerly Facebook) and Google about the terms on which their news content appears on each platform. The basis of the application is to seek consent to negotiate collectively, and in pursuit of confirmation that this will not be interpreted as cartel conduct.
- 1.6 For transparency, ANZA members invest in advertising with NPA Members and Digital Platforms.

2 Comment on NPA Application

- 2.1 ANZA supports the application of the NPA to be allowed to engage in collective bargaining with Alphabet Inc (Google) and Meta Platforms Inc (Meta) (Digital Platforms) on behalf of itself, its current and future members, and other independent New Zealand news media companies, about the terms on which the news content of participating news media companies is displayed on each digital platform.
- 2.2 ANZA's primary interest in this issue is to ensure the sustainability of a competitive local media market providing advertisers effective choice in where they place advertising to reach New Zealand consumers at a fair cost, while supporting the wider benefit of diverse media choices for civil society.
- 2.3 A sustainable local media ecosystem is recognised as important for civil society and the representative democratic principles that underpin New Zealand's governance. The news media is central to New Zealand's democracy by i) providing the public with in-depth, factual information to inform their political decision-making, ii) acting as a watchdog against abuses of power and iii) offering a forum for the exchange of opinions, experiences and perspectives.
- 2.4 At the same time, from an economic perspective, a sustainable, competitive media ecosystem provides choice for advertisers, as principal funders of most media channels, thereby reducing business cost and price pressure on consumers.
- 2.5 Digital platforms have globally weakened news media companies. They have done so with innovation and competition, but this has also been enabled by light regulatory touch in most countries, including New Zealand. This issue was identified by the Australian Competition & Consumer Competition (ACCC) through their extensive series of inquiries into the impact of digital platforms on the supply of news and journalistic content and the implications of this for media content creators, advertisers and consumers.

- 2.6 ANZA believes that the application meets the public benefit test in that the collective bargaining proposed is more likely secure sustainable contribution from the Digital Platforms to media owners than if bargaining was undertaken individually. This is particularly so given the scale of the respective parties in a market the size of New Zealand. Collective bargaining will provide provides greater certainty for the sustainability of local media companies.
- 2.7 We do not accept that approval of the application will lessen competition between news media organisations in New Zealand. In fact, we believe that resolution of bargaining between the applicant and Digital Platforms will better secure competition in the advertising market in New Zealand in the longer term.
- 2.8 The Commerce Commission has identified that it will consider the likelihood that a bargaining code similar to Australia’s News Media Bargaining Code being enacted in New Zealand. While we recognise that this would be a potential solution to the situation, ANZA has seen nothing from the current Government to suggest this would be introduced and implemented with the necessary ‘carrot and stick’ used in Australia. Rather parties in this country have been left to negotiate in a very different framework in which the Digital Platforms hold most cards.
- 2.9 ANZA believes that prompt approval of the NPA application will allow for the parties to reach agreement as swiftly as possible and move on in partnership. This is both pragmatic and efficient for the benefit of the New Zealand public, allowing all media to focus on providing New Zealand audiences with news content in the channels that they prefer within the framework of a sustainable, competitive market.

3 **About the Association of New Zealand Advertisers**

As the *Voice of New Zealand Advertisers*, ANZA's purpose is the peak representative body for all companies marketing in New Zealand.

We advocate on behalf of advertisers with a four-point manifesto of strategic priorities:

- To champion the freedom to advertise responsibly and the effectiveness of industry self-regulation
- To promote innovation in media and marketing to improve effectiveness and ROI for advertisers
- To encourage a diverse, high-quality media environment, offering choice for advertisers.
- To champion improved standards in digital media to create a transparent, responsible and accountable market which serves the needs of advertisers

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