



# **Fairfax/NZME: summary of the factual versus counterfactual**

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## 1. Introduction

1. In respect of the proposed merger of Fairfax and NZME, [ ].
2. [ ]<sup>1</sup>
3. We have been asked by Russell McVeagh to elaborate on the logic underlying this counterfactual, which we do in the remainder of this report. The idea is effectively to identify the link between the PWC analysis and the cost-benefit analysis that the Commission must carry out.

## 2. Counterfactual scenario

4. [ ]. This analysis shows that, in the absence of the merger:
  - a) [ ]; and
  - b) [ ]
5. [ ]<sup>2</sup> The proposed counterfactual in our 25 November 2016 report assumes that [ ].
6. [ ]
7. [ ]
8. [ ]. We report the benefits of the factual relative to the base case counterfactual in the table below.

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<sup>1</sup> [ ]

<sup>2</sup> [ ]

**Table 1<sup>3 4 5</sup>**  
[ ]

9. The effect of this analysis for the base case counterfactual is that, even assuming that plurality effects could be considered a relevant detriment (which the parties submit is not the case), for the combined quantified and unquantified effects to not result in a net public benefit, [ ] would need to exceed:
- a) The present value of the quantified net benefits, being [ ] [ ]; and
  - b) The present value of [ ].
10. As noted above, the benefits of [ ].

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<sup>3</sup> [ ]

<sup>4</sup> [ ]

<sup>5</sup> [ ]

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