



PRESS RELEASE

NZME-Fairfax Merger Decision: A victory for the public but now the Government must step in to save news media

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The Coalition for Better Broadcasting welcomes the Commerce Commission's decision to uphold its draft determination and decline the merger between NZME and Fairfax NZ.

CBB Chair and Victoria University media studies lecturer, Dr. Peter Thompson called the decision "*a difficult but very important ruling which has rightly prioritised the interests of the New Zealand public over the interest of corporate shareholders.*"

The CBB's submissions to the Commerce Commission emphasised the inevitable loss of news media plurality and highlighted the risks of allowing any media operator such an unprecedented concentration of editorial agenda-setting power. The CBB is gratified that the Commerce Commission has acknowledged the validity of these concerns in its decision.

Dr. Thompson commented, “Declining a merger of this magnitude has required a complex and protracted process, and shows just how weak New Zealand’s media regulations and competition laws are. The NZME-Fairfax merger would have been unthinkable in virtually any other democratic society. The Commerce Act urgently needs to be reviewed to prevent corporate shareholders seeking to exploit our weak regulations for business agendas that undermine the public interest.”

Don’t blame NZME/Fairfax

The CBB acknowledges that NZME and Fairfax are in a precarious situation.

“There is no doubt the business models of NZME and Fairfax are in difficulty. Despite parts of their business still being profitable, including the newspapers, they’re not profitable enough to keep their shareholders happy,” Dr. Thompson continued.

“The big problem for these companies is the loss of revenues to Google and Facebook which co-opt online news content despite contributing nothing to the cost of its production. This creates a serious problem for the New Zealand public if these important news media can no longer operate.”

The CBB calls on the government to recognise the importance of news media and the pressures facing the industry. There are three key imperatives:

1. Review and revise the Commerce Act to deter merger and acquisition proposals and anti-competitive practices which undermine the public interest. And to reconfirm the Commerce Commission’s obligation to take account of a full range of public benefits, both tangible and intangible.
2. Review the regulatory frameworks for news media in New Zealand to ensure Social Media and Search Engines, like Google and Facebook, which control the online audience’s discovery of content, must contribute to the cost of that content.
3. Recognise that converged digital media does not automatically mean everyone can access everything they want, whenever they want, and

through whatever device they want. There are many important market failures occurring in media, especially around investment in quality journalism. The need for public funding for news media, at arms length from Government, is more apparent today than ever before, as a cornerstone of democracy in New Zealand.

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Please note that the Coalition for Better Broadcasting will soon become known as the Better Public Media Trust, to acknowledge the changing media landscape.

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