NEW ZEALAND MEDIA OWNERSHIP 2018

AUT Research Center for Journalism, Media and Democracy (JMAD)

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Summary

This eighth JMAD New Zealand media ownership report observes a considerable shift in New Zealand media ownership. In 2018, Australian Nine Entertainment took over Stuff's parent company Fairfax Media. The report notes that the impact of this merger on the future ownership of Stuff and its New Zealand media holdings remain unknown. In 2018, New Zealand's print newspaper market had already shrunk considerably after Stuff closed more than 35% of its print newspapers and announced additional cuts in community papers.

During 2018, the New Zealand media market remained at least partly competitive. In September, the Court of Appeal rejected the NZME-Stuff merger, and the two companies continued their duopoly and dominance in print and online news.

In November, MediaWorks announced that it had signed a conditional merger agreement with Australian outdoor advertising company QMS. If the deal goes through, QMS will have a substantial shareholding in MediaWorks. However, its current owner Oaktree Capital Management will maintain the majority shareholding in the merged entity.

New Zealand media ownership: key trends and events

- Australian Nine becoming the largest owner of Stuff
- NZME & Stuff merger denied and abandoned
- MediaWorks plans to merge with Australian QMS
- Trust owned, non-profit media outlet Crux emerges

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Content

1. Trends in the global media ownership

Global media ownership

In 2018, two trends in the global media markets were evident: ownership consolidation was in full swing and private equity companies became even more active in targeting distressed media companies and their assets. In the United States particularly, media ownership was firmly concentrating in the hands of billionaires and private equity corporations. Fuller observes that private-equity ownership is “a trend becoming the norm rather than the exception” as these firms “take control of newspapers in an effort to shore up their financial future, or to deplete their inner-workings until they’re barely operating shells” (Fuller, 2018). A new report *The enduring legacy of our new media barons* from the Center for Innovation and Sustainability in Local Media, based at the University of North Carolina, states that five of the ten largest newspapers chains in the United States are now owned by hedge funds, private equity firms and other investment groups (Center for Innovation and Sustainability in Local Media, 2018). The report notes that “at the beginning of 2018, the large investment groups owned almost 900 papers in 42 states” (Center for Innovation and Sustainability in Local Media, 2018).

In 2018, Fortress Investment Group (owned by Japanese Softbank), owned 150 newspapers in the United States through its media arm Gatehouse Media (Fuller, 2018). Another private-equity investor, Alden Global Capital, is the majority owner of Digital First Media which has 60 US newspaper titles.

Additionally, Chatham Asset Management LLC is one of the largest shareholders and bondholders in McClatchy Co., publisher of the *Charlotte Observer* and the *Miami Herald* (Smith, 2018). In 2017, Digital First Media (DFM) made a US$160 million profit which according to media writer Ken Doctor shows how "successful Alden and DFM have been at milking profit out of the newspapers it is slashing to the bone" (Doctor, 2018). He adds that "the repeated cutbacks have left its own shrinking newsrooms in a state of rebellion" (Doctor, 2018). Journalists who have been protesting against Alden Global in cities like Denver, are convinced that private equity and hedge funds are on a mission to "starve them [newspapers] to the point that they collapse" (Smith, 2018).

The appetite of private equity firms and hedge funds for media assets is not waning. Most recently, private equity funds such as Apollo, Blackstone and Providence have been circling around US local television stations (Sherman, 2018a). Additionally, in August 2018 investment firm Donerail Group was said to be in advanced negotiations to buy Chicago-based newspaper company Tronc although later in the year newsgroup McClatchy was said to be interested in buying Tronc's assets (Channick, 2018).

In the US, multiple newspapers and news publishers have also become owned by wealthy individuals (table 1). In June this year, biotech billionaire Patrick Soon-Shiong finalised a US$500 million deal to buy the *Los Angeles Times* and

San Diego Union Tribune. He is also the second largest shareholder in Tronc with a 25 percent holding (Smith, 2018).

Smith observes that

> these billionaires purchased newspapers less because they view them as profitable economic investments than out of the same sense of civic mindedness that leads them to prop up ballets, symphonies, and art museums (Smith, 2018).

Table 1: Billionaires media owners in 2018

Billionaire	***Main media assets***
Jeff Bezos (US)	*The Washington Post*
Patrick Soon-Shiong (US)	*Los Angeles Times; San Diego Union Tribune;* 25% in Tronc
John Henry (US)	*Boston Globe*
Sheldon Adelson (US)	*Las Vegas Review-Journal; Israel Hayom*
Rupert Murdoch (Australia)	Dow Jones Company; *The Wall Street Journal; The New York Post; The Times; The Sun; The Australian*
Warren Buffet (US)	*Omaha World-Herald; Waco-Tribune Herald; Richmond Times-Despatch* (roughly 60 newspapers)
Laurene Powell (US)	*The Atlantic* (a majority stake)
Marc Benioff and Lynne Benioff (US)	*The Time Magazine*

Some of these billionaire owners have acquired multiple news titles and companies, but some have only holdings in one or a couple of newspapers and magazines. For example, Rupert Murdoch, Warren Buffet and Patrick Soon-Shiong have built, or are building, substantial media holdings. Amazon's owner Jeff Bezos owns *The Washington Post* and Steve Job's widow Laurene Powell has a majority stake in *The Atlantic* magazine. In September, it was announced that American billionaire Marc Benioff, chief executive of American company Salesforce, and his wife Lynne were buying the *Times Magazine* for a reported sale price of US$190 million.

Global media mergers

In the first half of 2018, ownership consolidation in global media markets continued. The value of deals in the media and entertainment sector grew from US$63 billion in 2017 to US$323 billion in 2018 – an increase of 440 percent (Grocer, 2018). Over the same period, 1,639 deals were made in the global technology, media and telecommunication (TMT) sector, and the value of the deals reached US$371 billion (Lim, 2018). The total value of the deals, which included telecom companies, was US$88 billion with most of the deals were based in the US (Lim, 2018). In the first half of 2018, the value of deals in the US media and telecommunication markets alone rose 197 percent compared to the same time period in 2017 (PwC, 2018). The largest deal announced was between T-Mobile and Sprint, the third and fourth largest wireless carriers in the US (US$26.8 billion).

According to PwC, the number of deals in the broadcasting sector was up 44 percent from the first half of 2017 (PwC, 2018). As seen in table 2, the largest mergers between broadcasting and entertainment companies included AT&T's acquisition of Time Warner (US$85 billion), Disney's takeover of 21st Century Fox (US$84 billion) and Comcast's deal with Sky Plc (US$39billion). Lim observes that those broadcasting deals are "indicative of the immense pressure felt by the dominant media companies from the likes of Netflix" (Lim, 2018, p.3).

Table 2: Major bids & deals in the first half of 2018

Bidder	Target	Deal value/ US$ billion
AT&T	Time Warner	85
Disney	21st Century Fox	71
Comcast	Sky Plc (UK)	39

Source: PwC, Mergermarket

MarketWatch, which offers analysis of share markets and investments, believes that telecom companies are pursuing content creators because their own core services have matured and their sales are sluggish (Van Doorn, 2018). The purchase of Time Warner, for example, will transform AT&T into "a major player in premium content and distribution" (Van Doorn, 2018). MarketWatch points out that the share performance of major US telecom companies has been poor compared to Amazon, Netflix and Alphabet (Google's parent company) "all of which are now dynamic content creators and distributors" (Van Doorn, 2018).

In June 2018, AT&T confirmed that it had completed the acquisition of Time Warner bringing together "global media and entertainment leaders Warner Bros., HBO and Turner with AT&T's leadership in technology and its video, mobile and broadband customer relationships" (AT&T, 2018). Time Warner is one of the largest media and entertainment companies in the world, and its revenue from these businesses exceeds US$31 billion (AT&T, 2018). AT&T is one of the leading mobile, broadband and video providers in the US with more than US$150 billion of revenue (AT&T, 2018). In June 2018, the merger was approved by a district court judge despite the US Department of Justice opposing the deal. In August, the US Department of Justice filed an appeal against the merger. According to the department, the merger would have "an appreciable danger of raising prices for consumers" (Sherman, 2018b). At the time of writing it was not clear what the final outcome would be.

In the first half of 2018, The Walt Disney Co and Comcast entered into a bidding war for 21st Century Fox, in which Rupert Murdoch and his family hold 17 percent of the voting shares. In June, Comcast made a US$65 billion offer for 21st Century Fox, exceeding Disney's initial offer for US$52 billion of the company (Comcast, 2018). Shortly after, Disney raised its offer to US$71 billion and this was accepted by both companies' shareholders in July (The Walt Disney Co, 2018). The US Department of Justice has given its approval for the deal. 21st Century Fox is one of the world's leading broadcasting and entertainment companies with cable, broadcast, film, pay television and satellite assets in six different continents. It has more than 1.8 billion subscribers for its services (The Walt Disney Co, 2018). Disney is one of the leading global entertainment companies owning media networks, studio entertainment and amusement parks (The Walt Disney Co, 2018).

The Walt Disney Co and 21st Century Fox deal also had implications for the ownership of British pay-television company Sky Plc. Fox, which owns 39 percent of the Sky's shares, made an initial bid for the rest of the company in 2016, but this was blocked by the UK authorities. In the first half of 2018, both Comcast and 21st Century Fox raised their offers for Sky's shares. In July, Fox made a US$32.5 billion bid for the Sky shares and this was followed by Comcast's offer of US$34 billion (Wang, 2018). Eventually, in September, Comcast raised its bid to $39 billion and acquired a 61% stake in the company with American streaming platform Hulu owning the remaining 39% of the company's shares ("Comcast outbids Fox for control of UK broadcaster Sky", 2018). After the deal, the *Guardian's* media editor Jim Waterson warned that "Murdoch's influence over the worldwide news business is unlikely to be weakened by the Sky defeat" as he continues to control News Corp, Fox News, and news titles such as *The Wall Street Journal*, *The Times* and the *Sun* (Waterson, 2018).

In May, the UK government announced that the deal between Comcast and Sky does not raise "public interest concerns" (Hancock, 2018). Comcast is the largest cable operator in the US owning assets such as NBC Universal. Sky is "Europe's leading entertainment company" operating in seven European countries, and has revenue of US$17.5 billion. Its main brands include Sky News and Sky Sports (Sky Plc, 2018).

In 2017, the US company Sinclair Broadcasting announced that it would buy American Tribune Media, but in August 2018 Tribune abandoned the US$3.9 billion takeover. Tribune filed a lawsuit against Sinclair claiming that the lawsuit "seeks compensation for all losses incurred as a result of Sinclair's material breaches of the merger agreement" (Tribune, 2018). If the two companies would have merged, the combined broadcasting company would have reached seven out of 10 American households. Sinclair owns 173 and Tribune 42 television stations in the United States.

Trans-Tasman media mergers

In 2017, the Australian government abolished certain media ownership rules which had prevented further consolidation in the media sector. It removed the "two out of three rule" which prevented individual media companies from owning newspapers, television and radio stations in the same license area. Additionally, the "reach rule", which had prohibited a single television broadcaster reaching more than 75 percent of the population, was abolished. These changes paved the way for the Nine Entertainment to take over Fairfax Media. The deal was valued at US$3.1 billion. As a consequence of the merger, Fairfax's name disappears after 177 years of media history. The new company, to be called Nine, is a major competitor for Rupert Murdoch's News Corp in Australia with a combined revenue of A$3 billion (Smyth, 2018).

Nine Entertainment shareholders will own 51.1 percent of the new Nine and Fairfax's current shareholders will have the remaining 48.9 percent (Nine Entertainment, 2018). After the takeover, Nine will become owner of Stuff Limited in New Zealand. The combined company owns Nine's free-to-air television network, Fairfax's news stables such as *The Sydney Morning Herald* and *The Age* as well as digital businesses Domain, Stan and 9Now and Fairfax's radio interests via Macquarie Media. In New Zealand, the company owns Stuff's businesses including its online sites *Stuff* and *Neighbourly* as well as print papers such as *The Dominion Post* and *The Press*. *The Financial Times* believes that Nine targeted Fairfax media only because of its "stakes in fast-growing digital businesses Stan, a streaming service that competes with Netflix, and Domain, a property listing group" of which Fairfax still owns 60 percent (Smyth, 2018).

In August 2018, the Australian Competition and Consumer Commission (ACCC) started its review about the deal, and it received more than 450 submissions about the proposal ("More than 450 submissions hit ACCC's review of Nine-Fairfax merger" 2018). President Marcus Strom from the Media and Arts Alliance (MEAA) – a media industry union- commented that the merger would reduce media diversity in Australia. He stated that the merger "harms the ability of an independent media to scrutinize and investigate powerful" ("More than 450 submissions hit ACCC's review of Nine-Fairfax merger" 2018). In

November, Australian Competition and Consumer Commission (ACCC) disagreed by announcing that it was approving the merger. In a statement, commission's chairman Rob Sims said that "while the merger will likely reduce competition" it does not substantially lessen competition in any relevant market in Australia (ACCC, 2018). The commission stated that "with the growth in online news, however, many other players, albeit smaller, now provide some degree of competitive constraint" (ACCC, 2018). The commission noted that the merger would reduce the number of major news companies in Australia from five to four: Nine-Fairfax; News Corp/Sky; Seven West Media and ABC/SBS. However, it believes that online news providers such as *The Guardian, The New Daily*, *Buzzfeed, Crickey* and *The Daily Mail* will provide "competitive constraint" for the legacy news corporations.

1. New Zealand media ownership and market structure

In 2018, there were no major changes in the media market structure as the Court of Appeal ruled against the NZME-Stuff merger. In October 2018, NZME and Stuff decided not to appeal this decision to the Supreme Court. In a stock market announcement NZME said that the Court of Appeal's decision "brings the merger process to a conclusion" (NZME, 2018a). However, Stuff was gaining a new parent company Nine (as explained above). In October, the future of Sky TV was a subject of speculation. The *NZ Herald* reported that "NBC Universal has kicked the tyres of Sky TV" adding that "A wider deal is also said to be possible, whereby NBC Universal buys both Sky TV and MediaWorks" (Keall, 2018a). In November, MediaWorks announced that it had signed a conditional merger agreement with Australian outdoors advertising firm QMS (listed on the Australian stock exchange ASX) (MediaWorks, 2018d). The two companies are planning to combine QMS's New Zealand advertising businesses with MediaWorks' media assets in the second quarter of 2019. These asset include Newshub, television and radio businesses (MediaWorks, 2018d). According to merger plans, MediaWorks's current owner Oaktree Capital Management will have a controlling shareholding in the company. QMS will have a "material but not controlling share of the company" (MediaWorks, 2018d). The deal is clearly advertising driven. MediaWorks says that the merged company would be an "unrivalled destination for advertisers to maximise audience reach" (MediaWorks, 2018d). MediaWorks chairman Jack Matthews commented that with the merger, MediaWorks "will be able to further enhance its ability to deliver high quality local content" (MediaWorks, 2018d).

In 2018, the number of commercially run media companies remained the same as for 2017. The number of privately and independently owned media outlets increased as non-profit, trust-owned Crux entered the market. Other privately/independently owned companies included Allied Press, Bauer Media, BusinessDesk, MediaWorks, NBR, Newsroom, The Spinoff and Scoop (owned by a foundation).

In 2018, NZME remained a publicly owned company, listed on the New Zealand stock market (NZX). NZME's main brands include the *NZ Herald* and Newstalk ZB. Additionally, the media company owns a group buying site GrabOne; an online job advertising platform YUDU; a property portal OneRoof; and the car and motoring website Driven. According to NZME, in the first half of 2018, it had an audience of 3.3 million New Zealanders (reaching almost 80% of the population) (NZME, 2018b). Stuff, also headquartered in Auckland, had a "unique audience" of two million (Stuff, 2018). Its main brands included *Stuff* (website); newspapers *The Dominion Post* and the *Press;* neighborhood and community website *Neighbourly*; broadband company Stuff Fiber, pay-per view streaming service Stuff Pix, and online job search site Adzuna. Stuff's news parent company Nine is publicly owned and is listed on the Australian stock market (ASX).

Table 3: Major communication companies in New Zealand in 2018

Company	*Ownership*	*Funding*	*Most important assets*
Allied press	Private	Commercial	*The Otago Daily Times*
Bauer Media	Private	Commercial	*Metro, The Listener*
BusinessDesk	Private	Commercial	BusinessDesk
Coliseum Sports Media	Private	Commercial	Coliseum Sports Media
Crux	Trust	Community	Crux
Stuff	Public, shareholders	Commercial	*The Dominion Post*, *The Press, Stuff,* Neighbourly
MediaWorks	Private	Commercial	TV3, 3NOW On Demand, The Edge, RadioLIVE, The Breeze
Māori TV	Crown owned	Public	Māori Television Channel, Te Reo Channel
NBR	Private	Commercial	*The National Business Review*
Newsroom	Private	Commercial	Newsroom.co.nz, Newsroom Pro
NZME	Public, shareholders	Commercial	*The New Zealand Herald*, The Radio Network
RNZ	Crown owned	Public	RNZ National
Sky TV	Public, shareholders	Commercial	Sky TV, My Sky, Prime, Igloo, Neon, Fan Pass
TVNZ	Crown	Commercial	TV ONE, TV2, Ondemand, ONENews.co.nz
Scoop	Foundation	Commercial	*scoop.co.nz*
The Spinoff	Private	Commercial	The Spinoff
Spark	Public, shareholders	Commercial	Lightbox

Bauer Media is a privately owned, global media conglomerate, headquartered in Germany. MediaWorks, based in Auckland, is privately owned by the American investment management firm Oaktree Capital.

In 2018, there were three Crown-owned companies: Television New Zealand (TVNZ), Radio New Zealand (RNZ), and Māori Television. TVNZ is owned by the state, but it is commercially funded with no public service obligation. Approximately 95 percent of its operations are funded by advertising, and its primary mandate is to pay a dividend to the New Zealand government. RNZ is the only advertising free public interest broadcaster in New Zealand. It offers commercial free services, but is partly funding its operations through partnerships.

Print market

In 2018, there were two important trends in the New Zealand newspaper market. First, the circulation of newspapers declined substantially: between March 2017 and March 2018, the combined circulation loss for the four largest daily newspapers and 15 regionals was over 20 percent (ABC, 2018). Secondly, the number of print newspapers dropped as Stuff closed 20 community and rural newspapers (three were sold to new local owners) (see Appendix 1).

In 2018, NZME and Stuff continued their duopoly control over the New Zealand print newspaper market. In 2016, the combined market share of Stuff and NZME newspapers was estimated at 89.3 percent. However, this figure may be inaccurate after Stuff closed more than 35% of its print newspapers (Molineaux et al., 2016). The two companies leading weekday newspapers included the *NZ Herald* (NZME), *The Dominion Post* (Stuff) and *The Press* (Stuff). According to NZME, the *NZ Herald's* average issue readership has been growing, and the *Herald on Sunday* remains "the most-read and highest-selling Sunday newspaper in the country" (NZME, 2018b).

Table 4: Print circulation and print & online readership in 2018

Publication	***Print and online readership (12 months ending to December 2017)***	***% change from previous year***	***Circulation (30/09/2018)***	***%change from the same time previous year***
NZ Herald	1,598,000	-4.9%	108,790	-7.2%
The Dominion Post	462,000	-4.7%	42,703	-11.2%
Sunday Star Times	405,000	+8.9%	68,723	-11.5%
The Press	374,000	+5.9%	43,225	-11.3%
Waikato Times	191,000	-7.7%	16,660	-12.1%
Otago Daily Times	192,000	-5.4%	31,728	-2.96%
Bay of Plenty Times	155,000	+8.4%	11,156	-6.3%
Hawkes Bay Today	109,000	-19.4%	16,647	-5.0%
Northern Advocate	124,000	+10.7%	10,371	-5.4%
Sunday News	103,000	-12.0%	13,202	-19.4%

Sources: ABC, Roy Morgan Research

Figures from the New Zealand circulation audit bureau ABC show that in the first three months of 2018, the leading daily newspapers suffered circulation losses (table 4). The circulation of the *Sunday News* and *Sunday Star Times* were especially affected as seen in table 4. The print and online readership figures from Roy Morgan Research (2018) show that the leading mastheads such as the *NZ Herald*, *The Dominion Post* and *The Otago Daily Times* lost readers during 2017, but some of the regional titles such as the *Press, Bay of Plenty Times* and *Northern Advocate* increased their readership (Roy Morgan Research, 2018). However, in September 2018, an article in the *NZ Herald* stated that its "weekly brand audience" was 1.7 million people, saying that "many of NZME's magazines and regional newspapers are enjoying year-on-year growth" ("NZ Herald weekly audience hits 1.66 million as NZME magazines, newspapers enjoy strong growth", 2018).

In 2018, NZME's half-year profit fell 53% to $3.7 million from the same period in 2017, and its revenue declined 3% to $186 million over the same period of time (NZME, 2018b). The company's print revenue declined 6% to $104 million with print remaining its largest revenue provider representing 56% of its total revenue (NZME, 2018b). In the first half of 2018, NZME's digital revenue grew 17% to $24 million from the same period in 2017 (NZME, 2018b).

For the full financial year 2018 (ending in June), Stuff's print advertising revenue fell 17% and circulation revenue 6% from 2017 (Fairfax Media, 2018a). Its total print revenue for the financial year 2018 was $236 million. During the financial year, the company's digital revenue grew 21% from the previous year to $48 million (Fairfax Media, 2018a). As these figures demonstrate, in 2018 Stuff made almost five times more money out of print than from digital. Still, Fairfax Annual Report 2018 reveals that the company has "more than halved value of its Kiwi assets attaching just A$40 million (NZ$44) to mastheads that were once a core of a billion dollar investment" (McBeth, 2018a). In 2001, when Rupert Murdoch's Independent Newspapers bought Fairfax's New Zealand assets, they were valued at $1.12 billion (McBeth, 2018a).

As indicated, the New Zealand's print newspaper market shrunk as Stuff cut local, rural and community newspaper titles. In February, the company announced that it had identified 28 titles for sale or closure, affecting approximately 32 staff members. By September 2018, 20 of the titles were closed and three were sold to local owners (Appendix 1). In March, Stuff announced the closure of five newspapers, and in May 15 community papers were announced to go ("Stuff closes 15 community titles and sells another", 2018). In early November, the company told that 19 jobs at its13 Auckland and Northland papers were going to go (Peacock, 2018c). Stuff chief executive Sinead Boucher said that the company was aiming to achieve "a business model where digital revenue growth outweighs declines in print", and that will enable the publisher to have "a strong national footprint to serve our New Zealand communities with our quality journalism, content and great experiences" (Pullar-Strecker, 2018a).

However, the closures of Stuff papers left many South Island communities without a voice.

Digital news sites

In 2018, most of the digital news sites in New Zealand were free for anyone to access, but the number of paywalls for the 'premium' content was expected to grow. In 2018, the *NZ Herald* announced the introduction of digital subscriptions for its premium content, but the exact launch time was not announced. NZME chief executive Michael Boggs commented in February that its subscription model for premium content would be introduced during 2018, but at the time of writing the paywall had not yet materialised ("NZME plans to put up paywall around premium journalism on website", 2018).

NBR and Newsroom Pro already have digital subscriptions for their content. Additionally, the *Otago Daily Times* is still planning to launch its paywall (Williams, 2018). The *National Business Review* paywalls most of its content; Newsroom has digital subscriptions for more analytical content (dealing with government or businesses) on the Newsroom Pro platform. NBR's and Newsroom Pro's pricing for households is similar. However, NBR did not provide pricing for its business clients, it is difficult to compare the cost of paywalls for businesses. NBR charges households and individuals $35 per month ($20 to mobile only) for digital access whereas Newsroom Pro charges $29 per month for households, $199-499 for small and medium size business, and $899 for large businesses. Additionally, Scoop has a license fee for organisations.

Digital sites also had voluntary donations for their websites, and the sites using PressPatron platform for crowdfunding include Newsroom, The Spinoff and Scoop (as well as blogs such as *Public Address*, *Villainesse*, *Pundit* and *Bill Bennett*).

Table 5: Unique audience and total visits in 2018

Website	***Nielsen: Unique audience (millions) - 3 month average***[1]	***SimilarWeb: Total visits from desktop and mobile (millions)– September 2018***[2]
Stuff	2.1	29.9
The New Zealand Herald	1.7	21.2
The Otago Daily Times	0.2	Not included
The Spinoff	0.2	0.8
Scoop	0.1	0.5
Newsroom	0.1	0.3
Newshub	Not included	4.9
TVNZ	Not included	7.2
RNZ	Not included	0.4

Sources: Nielsen, 2018; SimilarWeb, 2018

[1] The total number of unique people that visited a site at least once during the specified time period (Nielsen, 2018b.)
[2] Total visits is the sum of all visits to the domain, within a country and time period analysed. SimilarWeb calculates a visit for the website if the visitor accesses one or more pages (SimilarWeb, n.d.)

In 2018, NZME and Fairfax continued to dominate online news. According to Nielsen, in July 2018 *nzherald.co.nz* and *stuff.co.nz* had a unique audience of 3.8 million of which *Stuff* had 2.1 million and the *NZ Herald* 1.7 million (table 5) (Nielsen, 2018a). Again, when measured by the number of total visits from desktops and mobiles, *Stuff* and the *NZ Herald* had over 51 million total visits – almost 3.5 times more than the combined visits of their competitors together (SimilarWeb, 2018). According to Nielsen, in July 2018 the top ten news sites in New Zealand (measured by the average daily unique browsers) were *stuff.co.nz, nzherald.co.nz, odt.co.nz, thespinoff.co.nz, sunlive.co.nz, cnzherald.com, noted.co.nz, newsie.co.nz* and *newsroom.co.nz* (Nielsen, 2018).

In May 2018, Stuff chief executive officer Sinead Boucher stated that 'Stuff is not just New Zealand's largest news site, it's the largest New Zealand web site, period' (Myllylahti, 2018, p.18). She also said that "only Google, Facebook, YouTube and Microsoft command a larger digital audience here [New Zealand]" (Myllylahti, 2018, p.18). Boucher also revealed that Stuff's neighborhood website *Neighbourly* had become New Zealand's 'third most used social media site' with 560,000 members, and had overtaken Twitter, Instagram and LinkedIn as the country's third most used social media site' (Myllylahti, 2018, p.18).

Interest.co.nz is privately owned digital media company, owned by the limited company JDJL Limited, provides financial news and commentary as well as analysis about interest-rate related products and services. The sites managing editor is Gareth Vaughan and it has five other reporters and editors. Another niche media company is The Health Media, which runs the *nzdoctor.co.nz* website. Another online site worth mentioning is *Politik*; a subscription based website run by experienced political journalist Richard Harman. The public can read three stories a month for free after which the readers are required to pay $15.50 a month for its content.

Independents

In 2018, New Zealand had multiple independently owned media outlets of which most delivered content digitally. These media outlets provided at least some news and current affairs content. They included

- Allied Press, a regional newspaper group
- BusinessDesk, a business, economics and politics newswire
- Crux, a non-profit local digital-only news site
- National Business Review, a financial newspaper group
- Newsroom, a digital-only news site
- Scoop, an independent digital-only website
- The Spinoff, a digital-only media site
- Asia Pacific Report, an independent news site

The newest arrival in the digital news market was Crux, a non-profit news outlet targeted to audiences in Wanaka and Queenstown. It is owned and published by the Southern Community Trust which is "committed to public interest journalism with a focus on local issues and action" (Crux, 2018). The site is managed by editors Peter Newport and Jessica Maddock, and it is supported by freelancers and other contributors. The news venture has also partnered with the Canterbury University School of Journalism.

The *National Business Review* (*NBR*) is the only business newspaper in New Zealand, and it is mainly published in a digital format. It also has a streaming video service NBR View and NBR radio for audio broadcast. The newspaper company has been owned and published by Todd Scott since 2012.
According to Scott, the news site has “easily New Zealand's most experienced business newsroom”, but during 2018 it lost some of its most experienced and prominent journalists (Scott, 2018). The paper’s long-term editor Duncan Bridgeman, digital-editor Chris Keall, senior journalist Nick Grant and award-winning reporter Jenny Ruth all left the paper. Additionally, broadcasters Susan Wood and Simon Dallow, who were collaborating with NBR View, also departed. In September, Rawdon Christie announced on Twitter that he had been appointed as a creative director of NBR View (Christie, 2018). Additionally, the paper announced that it had appointed senior journalists Tim Hunter and Fiona Rotherham as interim co-editors (“Editorial changes at NBR”, 2018).

According to Scott, NBR is not traffic driven, but quality driven: “we're not going to offer a spray of articles beyond your business interests just to drive traffic – because we're just not interested in having the largest traffic” (Scott, 2018).
The print version of the newspaper is published only once a week - in 2018 the New Zealand audit bureau of circulation (ABC) did not provide circulation

numbers for the print paper. NBR says that it has ”36,000 rich, influential, and powerful readers” (NBR, 2018). SimilarWeb figures show that in August 2018 online paper had total visits of 240,000 for from desktop and mobile devices (SimilarWeb, 2018). According to NBR’s own media kit, in 2018 it had 23,000 email subscribers, 200+ corporate IP (office-wide) subscriptions and 5,000+ individual subscribers (NBR, 2018). In May 2018, Scott said in an interview that his aim was to grow subscription numbers “20-fold to 100,000” (Stevenson, 2018).

Scoop is an independent news website, and its operations are mainly funded by subscriptions and a paywall. The site aims to “to increase access to digital ‘public interest’ news media and foster media literacy” (Scoop, 2018). According to Scoop, the website has “more than 500,000 readers a month”, and in September 2018 it had just over 0.5 million visits to its website (Scoop, 2018; SimilarWeb, 2018). In 2017, Scoop had over 100 organisations paying a license fee for Scoop’s services. In November 2018, Scoop co-founder Alastair Thompson published an open letter warning that “Scoop’s services are not currently sustainable” (Thompson, 2018). He said that the news platform was finding hard to continue its current operations “in large part because of significant client cancellations in the second half of 2018” (Thompson, 2018). Scoop Publishing Limited operates the news website, and it is wholly owned by the non-profit charitable trust, Scoop Foundation for Public Interest Journalism. Its editorial team consists of two co-editors, a political editor, a news editor, an arts editor and a Wellington editor (Scoop, 2018).

Allied Press is an independent, Otago-owned media company, which employs more than 400 people. Its leading newspaper is the *Otago Daily Times,* founded in 1861. The company announced in 2016 that it would launch digital subscriptions for the *Otago Daily Times* in 2016, but the paywall has not yet been established. The publisher holds a majority interest in the *Greymouth Evening Star* and has a range of community and farming newspapers throughout the South Island including *North Canterbury News, The Ashburton Courier*, *The Timaru Courier*, *The Oamaru Mail*, *The News*, *The Mountain Scene*, *The Star* and *The Ensign*. Allied Press has a television station in Dunedin, Chanel 39, which is the only local television provider in the area. The company also has an agreement with NZME to source news from NZME's news service, and it contributes reports and funding for this service. In May 2018, the company bought the 124-year old community paper *Clutha Leader* from Stuff. The company's chief executive Grant McKenzie commented on the purchase: "Allied Press has a long association with South Otago and we are sure that this purchase will strengthen that relationship" (Loughery, 2018). The company employed all *Clutha Leader's* staff. In a rare interview, Allied Press owner Sir Julian Smith cautioned that the company was not planning a buying spree for Stuff papers, but would consider opportunities as and when they arose. He stated that he prefers the company to "remain in family ownership", and for his two sons to work in the business (Williams, 2018). However, he also remarked "who knows what the future will be for the ownership of this place? It will depend on who's coming through and what vision they've got and where they want to take it to" (Williams, 2018).

Wellington-based independent newswire service BusinessDesk was established in 2008, and is jointly owned by journalists Jonathan Underhill, Pattrick Smellie and Paul McBeth. In 2018, Underhill resigned as editor-in-chief and director of the company to take a media advisory role in the National Party leader's office. He also reduced his shareholding in the company to 30% while McBeth raised his shareholding to 30%, Smellie retained a 40% interest. After Underhill's departure, McBeth took a more senior role in the service, and Smellie continued to lead business development and write for BusinessDesk. In 2018, BusinessDesk took one of its former clients, NBR, to the Disputes Tribunal because the paper declined to honour the terms of its contract with BusinessDesk. NBR was ordered to make payment to its former content supplier (Jennings, 2018a).

The Spinoff is a digital-only media outlet which is New Zealand's "fastest growing online media brand". The site has "broken some of the country's biggest stories and changed the way journalism works on the internet" (The Spinoff, 2018). According to the media outlet, it has total unique audience of 800,000 per month. Data from SimilarWeb shows that in September 2018 the site had 0.82

million visits from desktop and mobile devices (The Spinoff, 2018; SimilarWeb, 2018).

The largest shareholders in the company are Greive and his wife who each hold 37.75% of the company's shares. The rest are held by Kerryanne Nelson (general manager), Alexandra Casey (senior writer), Toby Manhire (editor), Scott Stevenson (senior sports writer) and Steve Braunias (books editor). The site has a staff of 21, and its operations are funded by partnerships, including those with Lightbox (Spark) and Callaghan Innovation, and it also publishes sponsored content. The site also gains funding from NZ on Air and Creative New Zealand. Additionally, it has support from the public which can pay voluntary donations via PressPatron platform.

In mid-June, the media outlet launched The Spinoff TV on MediaWorks's Three. According to Greive, the new show debuted with "some extremely excellent numbers: the highest in the timeslot in ages". However, the numbers dropped when the show was moved to a later slot on Fridays. The *NZ Herald* article noted that the show had "lost nearly 90 per cent of its audience after moving to Friday's 10.45 pm graveyard slot", numbers declined from 37,000 to 4000 ("Spinoff TV loses nearly 90 per cent of audience after 'graveyard' slot shift", 2018). The show received $700,000 in public funding from New Zealand on Air. In August Greive noted that "we know the show hasn't been a smash on linear TV", pointing out that the show was originally "pitched as an internet-first show, with a compile for TV on a Friday" (Greive, 2018a).

Newsroom, a digital-only news site, was launched in 2017 by Tim Murphy - former chief editor of the *NZ Herald* - and Mark Jennings - former head of news at TV3. Newsroom is primarily owned by Murphy and Jennings (with support from private investors). Additionally Bernard Hickey owns 12.6%, Melanie Reid 8%, Craig and Selwyn Pellett 3% and "an early individual investor" 2.5% of the company. The media outlet has a full team of 20 which include staffers and contractors, six members of the team are employed half-time (Tim Murphy, personal communication, August 13, 2018). Newsroom has a freely accessible public site *newsroom.co.nz*, and Newsroom Pro service which is a paid subscription service (see table 4). According to Murphy, in September the site had a unique audience of 133,000, the "second highest ever". According to SimilarWeb, total visits to the site in September 2018 were 0.3 million (table 5).

Newsroom is funded by sponsors, readers and Newsroom Pro subscribers. According to Newsroom, its sponsors are "continuing to sponsor the site by re-signing for the second year which is encouraging" (Tim Murphy and Mark Jennings, personal communication, October 29, 2018). Major sponsors of Newsroom operations include Holden (car manufacturing), Kiwibank, Chorus (a telecommunications infrastructure company), Bell Gully (law firm), Victoria University and Auckland University. Newsroom Pro subscriber numbers and revenue have increased, and its daily morning newsletter goes to 10,400 people. Newsroom has continued its "things that matter journalism", and in 2018 had some majors scoops such as revelations concerning law firm Russell McVeagh;

investigation into former New Zealander of the Year Ray Avery; and Labour Youth Camp sex claims. Murphy says that “we feel we’ve succeeded on the political, economic, environmental, science, immigration, infrastructure, social issues, foreign affairs and trade and justice (rights) targeted rounds ” (Tim Murphy, personal communication, August 13, 2018).

In 2016, AUT’s Pacific Media Center launched the Asia Pacific Report news website. According to Pacific Media Center’s director, Professor David Robie, the news site features “in-depth current affairs news stories focused on telling the ‘untold stories’”. It is also seen as “a public space for no-froth journalism examining real pressing issues” (“AUT Pacific Media Center launches Asia Pacific Report.nz news website”, 2016).

Ethnic media

In 2018, New Zealand’s ethnic media market expanded with a new fortnightly newspaper the *Multicultural Times* which is published in print and online. Co-founder Gaurav Sharma started *The Migrant Times* in Christchurch and was a chief reporter for *The Indian Weekender*. The other founder Eric Chuah has been involved in multicultural projects and initiatives such as The Cookie Project (employment project for youth with disabilities). The paper states that “Aotearoa had 213 ethnic groups calling it home, but ethnic communities in New Zealand still feel alienated, left out, or voiceless". In response, the paper aims to bring “the ethnic side of things into mainstream New Zealand” (Multicultural

Times, 2018). The paper publishes 5,000 printed copies in over 30 cities in New Zealand, and has an estimated online reach of 50,000 people (Multicultural Times, 2018). The Indian population in New Zealand is served by three main radio stations, seven print publications, one Freeview channel and two subscription channels (Creative NZ, n.d.). One of the best known Indian publications is the *Indian Weekender*, targeted to 110,000 ethnic Indians in the Auckland region (Indian Weekender, 2018). The weekend publication is published by Kiwi Media Publishing Ltd. and its publisher Bhav Dhillon. According to the paper, it has a circulation of 15,000 of print papers, and a readership of 60,000 every week (Indian Weekender, 2018).

Creative NZ lists 21 Iwi stations, multiple print publications such as *Mana* magazine, and one Freeview television station, Māori TV, to serve Māori communities (Creative NZ, n.d.). In October 2014, NZME launched the first mainstream Māori newspaper *Māngai Nui* in collaboration with the *Rotorua Daily Post*. Pasifika communities are "well catered" with multiple radio stations and five main print publications, however, there is no Pasifika specific television channel in New Zealand (Creative NZ, n.d.). New Zealand also has specific media for Filipino and Korean audiences. There is one radio station for Filipino communities, one print publication twice monthly and one paid television channel on the Sky platform. Additionally, there are five print publications for Korean communities and two subscription channels on the Sky platform.

There are three main television channels in Mandarin and Cantonese, multiple print publications, three Freeview stations and eight subscription channels to keep Chinese audiences informed (Creative NZ, n.d.). In 2016, NZME launched a new website in collaboration with the *Chinese Herald* to attract Chinese readers. In an interview, Lili Wang, the owner of the *Chinese Herald*, revealed that she is the third owner of the paper after taking it over two years ago. She has 100 percent ownership of the paper ("Horse's mouth: Lili Wang, Chinese Herald", 2018). The paper has a staff of 27, and it is published four times a week with a print circulation of 10,000. Wang estimates that the paper's readership is "around 150,000 per week" and that the online site has "more than 13,000 visitors per day on average" ("Horse's mouth: Lili Wang, Chinese Herald", 2018). Wang says that the paper needs to "stay neutral as a media company" in order to "build the trust in its content" ("Horse's mouth: Lili Wang, Chinese Herald", 2018).

However, in 2017, University of Canterbury professor Anne-Mary Brady warned that "in the space of a few years, New Zealand's Chinese language mass media has gone from being an independent, localized, ethnic language medium to an outlet of China's official messaging" (Myllylahti, 2017). Brady observed that New Zealand's Chinese language media platforms had content co-operation agreements with Xinhua News Service and received their China-related news from Xinhua which is controlled by the People's Republic of China (Myllylahti, 2017). In November 2018, the *NZ Herald* investigative journalist Matt Nippert revealed that police and Interpol were investigating a "series of mysterious break-ins at her home and campus office" which were believed to be related to her academic work (Nippert, 2018). Nippert wrote that Brady had been targeted by "vitriolic editorials in local Chinese-language media describing the professor and New Zealand-Chinese democracy activists as anti-Chinese sons of bitches" (Nippert, 2018).

Blogs

In 2018, some of the most well-known blogs and blogging platforms included *PublicAddress* (which features Russell Brown's *Hard News*); Lizzy Marvelly's *Villainesse*; Martyn Bradbury's *The Daily Blog*; David Farrar's *Kiwiblog;* Cameron Slater's *Whale Oil*; *The Standard*, *The Dim-Post*, Chris Trotter's *Bowalley Road* and *Bill Bennett.* In 2013, the JMAD New Zealand media ownership report observed that "bloggers and the blogosphere gained prominence and influence in relation to the commercially driven mainstream media" (Myllylahti, 2013). By 2018, bloggers had lost some of their prominence, and they were not anymore included in The Voyager Media Awards (formerly Cannon Media Awards). Blogs were removed from the awards on the grounds that they did not "live up to the criteria of excellence in journalism. After feedback from the judges as to the standard and content, we dropped that [blog] category" (Voyager Media Awards, personal communication, September 17, 2018). However, some of the bloggers did break big news stories during 2018. In September 2018, Massey University's vice-chancellor Jan Thomas cancelled a speech by the former National Party politician Dr Don Brash at the university's campus. In a statement, the university said that the event was cancelled "due to security concerns" (Massey University, 2018). However, David Farrar's *Kiwiblog* argued that documents received under the Official Information Act stated that "security was not the main concern", and that "she labels Brash as racist"… and "states that a te tiriti led university can't be seen to be endorsing racist behaviours" (Farrar, 2018). Afterwards, Brash was calling for Thomas's resignation, but the university's council backed her actions (Heagney, 2018).

Some of the bloggers also continued to make headlines. In October 2018, a High Court judge ruled that *Whale Oil* blogger Cameron Slater had defamed former Conservative Party leader Colin Craig (Hurley, 2018). The judge found that Slater had defamed Craig in two untrue statements, but he did not award Craig any damages (Hurley, 2018).

Television, on demand and streaming

Commercial television broadcasters

In 2018, there were major deals in the broadcasting sector in Australia, Britain and the US. MediaWorks's plan to merger with an outdoor advertising company differed from the international deals. In 2018, the financial pressure on broadcasters continued, and Spark became a more important player in the sports broadcasting market. This added to the pressure on pay-television company Sky TV as it lost multiple important sports broadcasting rights to its competitors. As this report shows, MediaWorks was also in difficulty and it threatened to pull out of commercial television broadcasting if the government went ahead with the launch of the new public interest television channel RNZ+.

Crown owned TVNZ is a national television broadcaster, mainly funded by advertising revenue. It does not have the mandate to produce content which is in the public interest. It operates six channels including two main channels and two plus channels. Its main channels are TVNZ 1 and TVNZ 2, and its flagship news programme is 1 News. The broadcaster has live-streaming on TVNZ 1, TVNZ 2 and Duke, and a video streaming service on TVNZ OnDemand. Additionally, it has an entertainment focused tvnz.co.nz and 1 News NOW news site. For the financial year 2018, its year-on-year earnings grew 59% to $25 million, and net profit grew 265% to $5.1 million (TVNZ, 2018a). However, the company's total revenue of $319 million remained at the same level as 2017 (TVNZ, 2018a). The company's chairman Dame Therese Walsh said that "I'm incredibly proud of the positive momentum shift in TVNZ's performance this year – particularly the massive jump in online streaming scale" (TVNZ, 2018a). Chief executive Kevin Kenrick also observed that "we reach two million New Zealanders every day with hugely diverse content offerings" (TVNZ, 2018a).

During 2018, TVNZ gained exclusive broadcasting rights to the next America's Cup. In a press release the company stated that "big sporting tournaments and unmissable live event television will play an increasing role in TVNZ's schedule for 2019 and beyond" (TVNZ, 2018b). In 2018, TVNZ and telecom company

Spark jointly secured the broadcasting rights to the 2019 Rugby World Cup. TVNZ and Spark will offer some rugby matches free to Kiwi viewers, but some others will require a subscription. Kenrick said that "our agreement will broaden the availability of New Zealand's biggest sport and give viewers even more choice," ("TVNZ and Spark win Rugby World Cup rights", 2018). In 2018, Spark also won the exclusive three-year right to show English Premier League football matches in New Zealand, and it also acquired rights to Manchester United TV. The telecommunication company announced that it would create a "standalone sports media business" in New Zealand (Pullar-Strecker, 2018b). Spark's managing director Simon Moutter said that Spark aims to be "a key player in the evolving sports media landscape" and that it is transforming "the way sport is distributed and viewed in New Zealand" (Pullar-Strecker, 2018b).

Sparks move into sports broadcasting was not well received by Sky TV's shareholders as the company kept losing broadcasting contracts. In October, it was reported that Sky TV also failed to retain Formula 1 broadcasting rights (McKendry, 2018). In March, the company's long-serving chief executive John Fellet announced that he would retire before the end of 2018 (Sky TV, 2018a). In November, Sky TV announced that it had hired "veteran British media executive" Martin Steward as a new chief executive officer ("Sky TV hires British media exec Martin Stewart as new CEO", 2018). Most recently, he was a CEO of Dubai-based broadcaster Orbit Showtime Network (OSN), and has previously work for the broadcasting company BskyB in the United Kingdom.

Sky TV broadcasts live sports and offers pay television services via its own platform and Igloo, general video-on-demand services, subscription video-on-demand via NEON and over the top services via Fan Pass and SKYGo. FanPass offers its users passes to view premium sports content, and SKYGo enables its satellite customers to stream a selection of Sky's linear channels and view content on-demand. Additionally, Sky owns free-to-air TV channel Prime.

During the financial year ending June 2018, the pay-television company lost 57,000 subscribers and had 768,000 customers across its satellite, Neon and FanPass services (Sky TV, 2018b). In the financial year 2018, Sky TV made a net loss of $241 million after an impairment charge, but its underlying net profit after tax was $119 million (Sky TV, 2018). Fellet said that the "results for the year are pleasing", and pointed out that "by global standards, "40% market penetration for a pay TV services is significant" (Sky TV, 2018b).

MediaWorks, which is privately owned by the investment management company Oaktree Capital, owns nationwide television brands and half of the country's commercial radio stations. Its media assets include Newshub; a multiplatform service covering television, radio and digital news services and the television channel Three. On its website, MediaWorks lists Newshub, The AM Show (radio), The Project (TV) and Radio Live under the "news and current affairs" brands, but channel Three (TV) and Three Now (ondemand) are listed under the music and entertainment brands together with Bravo and entertainment programmes, In the financial year 2017, the media company made a substantially smaller loss than in 2016 – a loss of $5.7 million on revenue of $300 million (Bridgeman, 2018). MediaWorks's radio operations had revenue of $159 million compared to the television revenue of $130 million (Bridgeman, 2018). During 2018, MediaWorks chief executive Michael Anderson created headlines as he warned the government about its plans to launch RNZ+, a new public service television initiative which was advocated by the former broadcasting minister Clare Curran. Anderson argued that the launch of the channel could force MediaWorks out of the television business. In a letter to the Public Media Ministerial Advisory Group, Andersson and the company's chairman Jack Matthews said that the government owned and funded television networks were directly competing with the "only significant independent free-to-air commercial television channel Three, which further distorts the market" (MediaWorks, 2018a). The duo also noted that if the "structural anomalies unique to the New Zealand market" were not dealt with, there was "a genuine risk that the government, through its owned media channels may become the only broadcaster in New Zealand" (MediaWorks, 2018a). In response, Curran said that the government's policy would not be influenced by a "Murdoch-style campaign" (Coughlan, 2018). As described above, in November MediaWorks announced its intention to merger with Australian QMS which is listed in Australian stock market ASX.

Subscription video on demand services

In 2018, multiple companies were offering subscription video on demand (SVOD) services in New Zealand and they were growing fast. These included Amazon's Prime Video, YouTube, Netflix, Lightbox, Quickflix, NEON, Coliseum Sports Media, Vodafone TV and the broadcasters' own video services such as TVNZ OnDemand and ThreeNow. For the financial year ending in June 2018, TVNZ OnDemand weekly audience reach grew 15.2% "surpassing 100 million streams for the year" (TVNZ, 2018).

A Roy Morgan report observed that subscription Video On Demand (SVOD) has grown fast in New Zealand "with leading services growing faster than across the Tasman in Australia" (Roy Morgan, 2018). The report found that over three million New Zealanders use pay-television and subscription television services. As seen in table 6, in the June 2018 quarter Netflix had over 1.9 million users in New Zealand, giving it a "market penetration of almost 49% among New Zealanders aged 14+" (Roy Morgan, 2018). Netflix user numbers in the June 2018 quarter grew 36% compared to the same time period in 2017: Lightbox's (Spark) users grew 43%; YouTube Premium's 80%; NEON's 190% and Amazon Prime Video's 181%.

Table 6: Users of SVOD services in New Zealand

Company	*June 2018 quarter ('000)*	*% growth on June 2018 quarter*
Netflix	1,912	36%
NEON	1,623	190%
Lightbox	830	43%
Vodafone TV	249	20%
YouTube Premium	119	80%
Amazon Prime Video	118	181%

Source: Roy Morgan

A report by NZ On Air also observed that subscription video on demand services have grown fast: the weekly reach has doubled from 2016, services now reaching more than 6 in 10 people (NZ On Air, 2018). In 2018, SVOD services reached 62% of New Zealanders every week; online video services including Facebook and YouTube reached 72% of Kiwis (NZ On Air, 2018). The report notes that subscription video on demand now reaches "more than a third of New Zealanders each day" and that the services have a "penetration at 54% of all New Zealand homes" (NZ On Air, 2018, p.11).

Public interest television

Māori Television, funded by the government, is New Zealand's indigenous broadcaster, providing a wide range of local and international programmes for audiences across the country and online. Māori TV had a turbulent period from

2014 to 2017 under Paora Maxwell's management and many talented staff left the broadcaster when he headed the corporation. In November 2017, Keith Ikin was appointed as a new chief executive of the channel. Previously, he had been a director for the Māori Land Service and for Māori Development at Landcare Research as well as acting chief executive at Waiariki Institute of Technology (Māori TV, 2017). In 2018, experienced iwi business leader Jamie Tuuta was announced as the new chairman of the Māori Television board (Māori TV, 2018a). In 2018 it was revealed that Māori Television had not received any increase in its funding from the Māori broadcasting funding agency, Te Mangai Paho, in 14 years. Therefore the broadcaster was said to be challenged "to keep up with the competition" (Hurihanganui, 2018a). Annually, the network receives $35 million funding of which $16 million is administered via the Māori broadcasting funding agency (Hurihanganui, 2018a). In September, Maramena Roderick, Māori TV's head of news and current affairs, resigned as the staff was consulted over 19 job losses and the building of a second studio for the broadcaster was halted (Hurihanganui, 2018b). E tu union coordinator Joe Gallagher said that "the cut of the second studio was the biggest blow and could potentially affect journalists positions in the future" (Hurihanganui, 2018b).

In November, Māori TV announced "the most significant changes" in its 14-year history. The official rationale for changes was to "establish the broadcaster as a modern, platform-neutral and digital first media organisation" (Māori TV, 2018b). The broadcaster confirmed that it will close all four of its news and current affairs shows, including Native Affairs, by February 2019. Deputy chief executive Shane Taurima said that the shows would be "amalgamated under one yet-to-be announced news brand" (Māori TV, 2018b).

The Pasifika television channel, Pacific Cooperation Broadcasting (established in April 2015), was confirmed to be receiving an extra $10 million funding from the NZ government over the next three years ("Peters announces NZ$10m boost to fund dedicated Pacific TV channel", 2018). New Zealand's Deputy Prime Minister and Foreign Minister Winston Peters announced the funding boost in September.

Radio broadcasting

Commercial radio

In 2018, New Zealand's commercial radio sector was again promoted as a site of apparent stability and resilience in an era of ongoing media disruption. On the back of minor growth in advertising revenue and audience ratings (GfK, 2018a; Newshub, 2018), industry sponsored reporting considered radio as "the immortal medium" which was successfully adapting to the challenges and opportunities presented by online platforms (Breen, 2018).

The latest ratings results for commercial radio listening in New Zealand showed minor growth in commercial audiences, just under 3.4 million weekly listeners aged 10+ were registered (GfK, 2018b) – an increase of approximately 70,000 listeners from the final survey of 2017 (GfK, 2017). According to GfK, 80% of New Zealanders listened to commercial radio each week, for all radio stations the figure was 86% (GfK, 2018). Similarly, the third iteration of NZ on Air's *"Where are the audiences?"* survey found that the percentage of New Zealander's aged 15+ listening to local radio live and/or online had not changed from 2016 to 2018 (NZ On Air, 2018).

The purported resilience of the radio medium derives in part from the make-up of the commercial sector, where MediaWorks Radio and NZME continue to operate as a virtual duopoly, sharing the vast majority of commercial radio listeners and revenue in New Zealand. NZME presently operates eight brands in most centres: Newstalk ZB, Radio Sport, Flava, ZM, The Hits, Mix, Coast, Radio Hauraki, as well as Hokonui in some rural locations in the South Island. Similarly, MediaWorks has nine brands in most regions: Mai, The Edge, George, The Rock, More FM, The Breeze, The Sound, Magic and RadioLIVE.

However, in November, it was announced that MediaWorks would merge the RadioLIVE and Magic brands as a new music-talk hybrid format branded as "Magic Talk" (Venuto, 2018). The new format station will continue to simulcast cross-platform current affairs programming such as the AM Show and the evening Newshub bulletin. However, this will occur under the umbrella of MediaWorks' music radio network, signalling the scaling back of recent strategies to integrate current affairs programming across all platforms. Former MediaWorks head of news, Mark Jennings, suggests, that the process of decoupling the radio and television operations may be linked to preparations for the future sale of the radio business (as cited by Venuto, 2018).

Table 7: Commercial radio rankings and station share[3]

All people 10+	*Station Share %*	*Rank*	*Reach (000)*
Newstalk ZB	10.8	1	513.0
More FM	8.8	2	586.7
Breeze	7.9	3	521.6
Coast	7.4	4	396.5
The Sound	7.2	5	389.5
The Rock	6.7	6	418.9
The Edge	6.2	7	624.4
Mai FM	5.5	8	429
ZM	5.4	9	516.3
The Hits	5.1	10	401.5

During 2018, three ratings surveys reporting on "total NZ commercial radio" listenership found that the major commercial networks each had five brands in the top ten stations (ranked by station's market share for audiences aged 10+ such is evident in table 7) (GfK, 2018; 2018c; 2018d). Between survey results, all 23 stations included in the report maintained their station share within a single

[3] The station share result, presented as a percentage, combines the cumulative audience of the station (weekly reach) and the average time spent listening to establish an overall result.

percentage point. This reflected the sense of relative stability in the commercial radio sector, underpinned by the MediaWorks and NZME duopoly.

Despite these consistencies, MediaWorks and NZME individually declared themselves as winners in New Zealand's competitive radio markets. NZME celebrated the success of their commercial network and partner stations in Auckland, where they had overtaken MediaWorks. NZME' chief commercial officer Matt Headland described the situation as "a game changer" (NZME, 2018c). Meanwhile, MediaWorks celebrated a 55.6% share of the "commercially important 25-54 demographic" and claimed the top five stations for this demographic nationwide (MediaWorks, 2018b).

In the post-survey statements, both organisations also referred to the development of their online streaming platforms: NZME reported that iHeartRadio had over 800,000 registered users "delivering growth of 22% year on year" (NZME, 2018c). Meanwhile, MediaWorks rova platform, which is in its second year, had been downloaded more than 350,000 times, with an average of 84,000 users per month (MediaWorks, 2018b). In September 2018, MediaWorks announced that it was "broadening its multi-platform reach" by introducing Newshub' s first "investigative crime podcast" series (MediaWorks, 2018c). The launch of an investigative or true-crime podcast reflects a widespread trend among broadcast and print news organisations in New Zealand and Australia. *The NZ Herald* released its own true-crime podcast in late 2017.

The most recent data about radio advertising revenue in New Zealand shows a total revenue of $283 million of which $6 million was targeted to digital radio platforms (Advertising Standards Authority, 2017). This suggests that digital platforms only contributed a small proportion to their overall revenue. In the first half of 2018, NZME's radio and experiential revenue was $49 million, down 3% from the same time previous year. NZME chief executive officer Michael Boggs marked this as an "improvement" and an indicator of "positive momentum in radio revenue" (NZME, 2018b). Conversely, revenue for iHeartRadio and events grew in the first half of 2018, but only from $2.1 to $2.2m – an increase of one percent (NZME, 2018b).

Public interest radio

RNZ (Radio New Zealand) is New Zealand's only commercial-free public broadcaster. In 2018, it continued to improve its listenership ratings. The combined audience reach of RNZ National and RNZ Concert shows an increase in three consecutive surveys (RNZ, 2018a; 2018b; 2018c). The latest survey results show that RNZ reaches over 700,000 New Zealanders aged 10+ every week. RNZ National accounts for 633,500 listeners, and has a 12% share of the total radio audience in New Zealand (GfK, 2018e). Although commercial and RNZ ratings are collected in different surveys, Newsroom editors Tim Murphy and Mark Jennings argue that the latest rankings show that RNZ National is the "number one station in New Zealand" (Murphy and Jennings, 2018). In 2018, the overall ratings success for RNZ National extended to specified programming with Morning Report recorded its largest audience ever (481,500), "opening up a considerable lead on its nearest commercial rivals" (Murphy and Jennings, 2018).

The successes of RNZ coincided with the government announcements of a public media advisory group and a small increase in public media funding (New Zealand Government, 2018a & 2018b; RNZ, 2018d). In 2018, RNZ was allocated an extra $4.5 million from the government budget. Otherwise, 2018 proved somewhat controversial and challenging for the public broadcaster. During the year, RNZ head of news Carol Hirschfeld resigned from her position. Her departure was seen as unfortunate as she was overseeing RNZ's recent multimedia content initiatives as well as a suite of podcasts ("Broadcaster Carol Hirschfeld shakes off RNZ departure, joins Stuff", 2018). Hirschfeld's departure came after she mislead RNZ bosses about her meeting with Broadcasting Minister Clare Curran (Patterson, 2018). The incident also contributed to the subsequent resignation of the minister in September. Additionally, John Campbell who was hosting Checkpoint resigned from RNZ to join TVNZ. RNZ chief executive officer Paul Thompson remarked that Campbell would "leave a legacy of high-quality, innovative journalism and improved audience engagement" (RNZ, 2018e). In August it was announced that investigative journalist Lisa Owen would take over from Campbell (RNZ, 2018e).

In 2018, RNZ continued to grow its stable of strategic content partnerships with other New Zealand media organisations. With and addition of Scoop, AUT's

Pacific Media Center and The Spinoff, RNZ has now over 25 content partnerships with other media outlets. According to Thompson, revenue from such partnerships is "negligible but the exposure is significant" ("Radio NZ looking for more content-sharing deals", 2018).

Māori radio

Te Whakaruruhau o Ngā Reo Irirangi Māori, commonly referred to as the Iwi Radio Network, is a federation of 21 Māori radio stations typically attached to individual Iwi throughout New Zealand. Operating on broadcast frequencies reserved for the revitalisation of te reo Māori, the iwi radio stations are "committed to preserving and promoting te reo Maōri, and engaging audiences with content from their rohe [region] and across Aotearoa New Zealand" (Māori Affairs Committee, 2018, p.7) In February of 2018, representatives of Te Whakaruruhau appeared before the Māori Affairs select committee for the first time to report on the current state of the network. The central issues presented before the committee related to limited public funding and the associated difficulties of resourcing the collective iwi stations. The network argues that it is a "public broadcaster" and therefore it "wants the same sort of funding rights as Radio New Zealand to help it transition to different broadcasting platforms" (Māori Affairs Committee, 2018, p.8).

The select committee acknowledged that funding for the stations had been static for the previous five years. Each station is currently funded $500,000 annually by Te Māngai Pāho, the Crown entity tasked with funding Māori media initiatives for operational costs (Te Māngai Pāho, 2018). To retain funding, individual stations are required to meet a Māori language content quota of 10.5 hours per 24 hours of broadcasting. However, individual stations can also rely on a combination of contestable funding, commercial activity and support from the relevant iwi authority (pertaining to the status of Treaty settlements). Network representatives say that current operational funding "allows it to continue, rather than extend, its reach", but a 35% increase in its funding was needed to work out a new strategy, to support development in video and web streaming content as well as to build content archives (Māori Affairs Committee, 2018, p.7)

The pressure on funding for the stations was highlighted in the middle of 2018 when Te Ūpoko o Te Ika, the pioneering Māori radio station, had its funding withheld by Te Māngai Pāho for two months over concerns about access to its broadcast frequency. A spokesman for Te Māngai Pāho said that as a Government agency, they did not want to spend taxpayer money on a station that "could cease to exist" (McConnell, 2018). The frequency used by Te Ūpoko o Te Ika had been licensed to neighbouring iwi groups following a recent Treaty settlement and disputes then arose as to whether neighbouring stations should merge. This event reveals some complexities associated with iwi allocated radio frequencies. One of the iwi groups that had been allocated the frequency was also involved in a unanimous resolution to support Te Ūpoko o Te Ika's funding as members of Te Whakaruruhau. Leaders associated with the network were instead critical of the lack of government support for Te Ūpoko o Te Ika. Julian Wilcox, former broadcaster and chief operating officer at Te Rūnanga o Ngāi Tahu, described the potential closure of the station as “unimaginable” (Paranihi, 2018). Rawiri Waru, chair of Te Whakaruruhau o Ngā Reo Irirangi Māori, suggested that there was a loss of confidence in Te Māngai Pāho’s leadership on the matter (“Oldest Māori radio station Te Upoko O Te Ika under closure threat amid dispute”, 2018). By late August 2018, the New Zealand government announced that the Te Ūpoko crisis had been solved and a temporary agreement had been reached for the station to continue broadcasting on the disputed frequency and thus gain access to its funding.

In October, Te Puni Kōkiri, the Ministry of Māori Development, announced a wide review of the Māori broadcasting sector that would include Te Whakaruruhau o Ngā Reo Irirangi Māori (Te Kāea, 2018). According to the ministry, the review of the Māori broadcasting sector would “ensure its entities and organisations are responsive to the changing digital media environment” (Te Kāea, 2018). It was reported that the last ministerial review of Māori broadcasting was completed in 1998 by the Ministry of Commerce and only concerned with radio (see more above).

2. New Zealand media ownership: patterns and main events

In 2018, there were no major changes in the media market structure after the Court of Appeal denied a merger between NZME and Stuff[4]. After that decision, speculation about other media mergers in New Zealand amounted, but at the time of writing, none had materialised. Different media outlets reported that Stuff's new majority owner Nine would be likely to sell the company or parts of it, as the merger between NZME and Stuff was abandoned. Newsroom co-editor Tim Murphy observed that a combination of Stuff and MediaWorks would make sense because the company would have enough scale with websites, a television channel and MediaWorks' radio stations (Murphy, 2018a). He noted that "integrated sales and journalism arms could aspire to achieve the same gains as Nine and Fairfax hope to see in Australia" (Murphy, 2018a). Murphy believes that any merger proposal between Stuff and MediaWorks would raise concerns over media plurality and diversity, but it would not have "anywhere the same dominance" in the online and print market than the combination of NZME and Stuff (Murphy, 2018a). Former TVNZ head Bill Ralston observed that Nine could buy MediaWorks and combine it with Stuff, saying that "Nine has got the cash to do it. That would really revitalise Stuff and MediaWorks and create a media organisation with radio, print and TV" (Pullar-Strecker, 2018a). *NBR*

[4] In August 2017, Fairfax New Zealand was renamed Stuff after its online news site. According to Fairfax Media, the name change was needed as Stuff was a well recognised brand which was at the center of the company's digital strategy in New Zealand.

publisher Todd Scott hinted that he had backing from a wealthy individual to buy Stuff if it came up for sale (Keall, 2018b).

In 2018, leading commercial media companies including NZME, Stuff and Sky TV, were largely owned by financial institutions such as banks, investment banks, investment management firms and private equity corporations. These institutions were substantial shareholders (owning more than five percent of a company's shares). Additionally, MediaWorks remained 100 percent owned by Oaktree Capital. The number of independent news outlets increased with the arrival of Crux, but the long-term viability of some remained uncertain. Local, independent media outlets were broadly owned by their editor publishers and the employees: BusinessDesk, NBR, Newsroom, The Spinoff and Allied Press are all owned by their managers, editor/publishers and/or their employees. Allied Press is a New Zealand news publisher owned by brothers Sir Julian Smith (chairman) and Nick Smith (business director). Bauer Media is also privately owned - 85 percent of its shares are owned by Bauer family member Yvonne Bauer. The company, headquartered in Germany, is a global media conglomerate which owns over 600 magazines, 400 digital media outlets, and over 100 radio and television stations. MediaWorks is also privately owned by an American fund management company Oaktree Capital. Scoop is owned by a New Zealand based charitable trust, and Crux is owned by a not-for-profit trust.

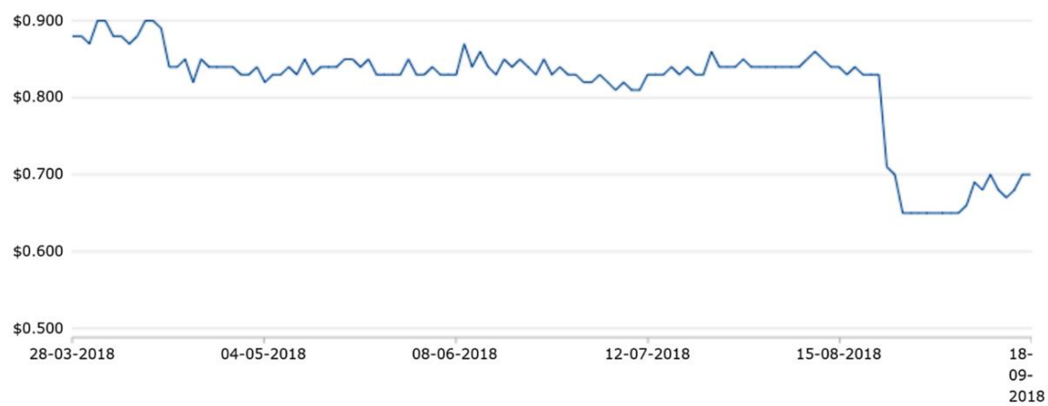
Major patterns in ownership

In 2018, Stuff obtained a major new owner, Australian media corporation Nine which is a combination of Nine Entertainment and Fairfax Media (Australia). As stated previously, Nine shareholders will own a 51 percent stake in the new company, and Fairfax's current shareholders will have the remaining stake. If MediaWorks mergers with QMS, the latter will become a substantial shareholder in the combined company. In 2018, the financial ownership of New Zealand media companies continued. There were rapid changes in NZME and Sky TV ownership as financial institutions sold and acquired shares in quick trades. NZME gained two new female board members, and now three out of its five board members are women.

NZME

In 2018, the ownership structure of NZME kept changing rapidly as investors increased or sold their shareholdings in the company. By mid-September, Australian investment company Allan Gray had sold all of its shares in NZME. The sell-off of its shares happened after NZME "reported underwhelming earnings" which led to a 22 percent drop in the company's share price, as seen in figure 1 (McBeth, 2018b; NZME, 2018e). In November, NZME share price fell to "two-year low" after the company warned that it earnings for the full financial year 2018 would decline 21 percent and it was unlikely that the company would be a final dividend to its shareholders ("NZME warns investors not to expect final dividend", 2018).

Figure 1: NZME share price March-September 2018



Source: NZX

In 2016, Allan Gray was NZME's largest shareholder with a 16 percent shareholding (McBeth, 2018b). NZME's stock market announcements reveal that by mid-September 2018, Australian equities fund management group Auscap Asset Management had become the largest substantial shareholder in the company with 17.9% shareholding (14.3% in 2017) (NZME, 2018g). As seen in table 8, Renaissance Smaller Companies which is "a privately owned boutique fund manager" had 12.4% of the company's shares (Renaissance Asset Management, 2018; NZME; 2018d). In September, UBS bank held 5.13% of the NZME shares. Together, these three substantial shareholders held a 35.4% stake in the company (NZME, 2018f).

Table 8: NZME substantial shareholders 2018

Substantial shareholders *(as of September 2018)*	***Ownership***
Auscap Asset Management	17.9%
Renaissance Smaller Companies Pty Ltd	12.4%
UBS	5.1%
Total	**35.4%**

Source: NZME, NZX

Table 9: NZME board members 2018

Board member	***Other director roles***
Peter Cullinane, Chairman	HT&E Limited, Lewis Road Creamery
David Gibson	None declared
Carol Campbell	NZ Post, Kingfish, Marlin Global, Kiwibank, NPT Limited
Sussan Turner	Aspire2 Group, Pro Chancellor at AUT
Barbara Chapman	None declared

Source: NZME

During 2018, the NZME board was strengthened by two new female members as Sussan Turner and Barbara Chapman were appointed as independent directors (table 9). Turner has held "three CEO roles inside the media industry across a 30 year period". Recently, she was the group CEO for MediaWorks (NZME, 2018h). Chapman has a banking background, and was chief executive and managing director of ASB Bank from 2011 to 2018 (NZME, 2018i).

Fairfax Media/Stuff

From April to September 2018, Fairfax Media's share price increased 28.7 percent from A$0.645 to A$0.830 despite the fact that in August the company announced an annual loss of A$64 million (figure 2). The company's share price has been supported by the upcoming merger between Nine and Fairfax Media as it is seen to be favorable for Fairfax's current shareholders.

Figure 2: Fairfax Media share price January-September 2018

Source: ASX

As seen in table 10, Australian fund management group Ausbil Investment Management remained Fairfax's largest shareholder with a 7.7% shareholding. Fidelity International, which is a privately owned investment firm registered in Bermuda, held 7.5% of the company's shares. American investment management group Legg Mason Global Asset Management and the American

Black Rock Group remained substantial shareholders in the company. Additionally, National Bank Australia had 6.1 percent of the shares, as seen in table 10. Five financial institutions were registered as substantial shareholders in the company; they held just over 33% of the company's shares.

Table 10: Fairfax substantial shareholders 2018

Substantial shareholder *(as of September 2018)*	Ownership
Ausbil Investment Management	7.7%
FIL Limited	7.5%
Legg Mason Global Asset Management	6.1%
Black Rock Group	6.0%
National Australia Bank	6.1%
Total	**33.4%**

Sources: ASX, Fairfax Media

There were no major changes to the Fairfax board during 2018, but in 2017 Mickie Rosen had been appointed to the board (table 11). She previously worked as senior vice-president in Yahoo's global media and commerce division, was heading the entertainment operations for Fox Interactive Media, and worked for Hulu and Walt Disney Company (Fairfax Media, 2018b).

Table 11: Fairfax board members 2018

Board member	***Other director roles***
Nick Falloon, Chairman	Not declared.
Patrick Allaway	Saltbush Capital Markets, David Jones, The Country Road Group, Metcash, Woolworths SA
Jack Cowin	Domino Pizza Enterprises, Bridgeclimb
Greg Hywood (CEO)	Not declared.
Sandra McPhee	Kathmandu, NSW Public Service Commission Advisory Board, St Vincent's Health Advisory Board
James Millar	Mirvac Limited, Slater and Gordon, Macquarie Media, Export Finance and Insurance Corporation, Forestry Corporation of NSW.
Linda Nicholls	Japara Healthcare, Medibank Private Limited
Todd Sampson	Qantas Airways
Mickie Rosen	Pandora Media, Boston Consulting Group

Source: Fairfax Media

Sky TV

From March to September 2018, Sky TV's share price declined 11 percent, after a string of bad news. Sky TV made an annual loss of $241 million after an impairment charge, but its underlying profit was improving. However, the company is facing multiple challenges especially in sports broadcasting.

Figure 3: Sky TV share price January-October 2018

Source: NZX

During 2018, Sky TV's shareholding structure changed substantially. In 2017, Scottish Kiltearn Partners and its associated funds held 15.4 percent of Sky TV's shares. By September 2018, the Scottish investment group did not appear as a substantial shareholder in the company. The American Black Rock investment management group appeared as the largest shareholder in the company (table 12) and Allan Gray which had sold all its NZME shares, became the second largest shareholder in the company (Sky TV, 2018c). Together the five substantial shareholders – all financial institutions – held almost 32 percent of Sky TV's shares.

Table 12: Sky TV substantial shareholders 2018

***Substantial shareholder** (as of September 2018)*	Ownership
Black Rock Group	8.2%
Allan Gray Group	7.1%
Jupiter Asset Management Ltd	6.1%
UBS Group	5.1%
Harris Associates Investment Trust	5.1%
Total	**31.6%**

Sources: NZX, Sky TV

Table 13: Sky TV board members 2018

Board member	***Other director roles***
Peter Macourt, Chairman	Prime Media, Virtus
John Fellet (CEO)	Not declared
Susan Paterson	Airways Corporation, Theta Systems, Goodman NZ, Arvida Group, Les Mills NZ
Mike Darcey	Not known
Geraldine McBride	Fisher and Paykel Healthcare, National Australia Bank
Derek Handley	Not declared

Source: Sky TV

In 2018, there were no changes on the Sky TV's board, but as noted earlier, the company's chief executive officer John Fellet will step down in late 2018, and this will affect the company's board structure (table 13).

MediaWorks

In 2018, American hedge fund Oaktree Capital continued to have 100 percent ownership of MediaWorks. In November, the company signed a conditional merger agreement with QMS; if the merger goes through Oaktree Capital will remain the major shareholder in the combined company. QMS will, however, have a substantial shareholding. The company's board shrunk from 4 members to 3 in 2018 as the company's website only lists two members of the board (plus chief executive officer) as seen in table 14.

Table 14: MediaWorks board members 2018

Board member	***Other director roles***
Jack Matthews, Chairman	Crown Fiber Holdings, Network for Learning, Trilogy, APN Outdoor
Michael Anderson (CEO)	Oztam, oOH! Media
Jonas Mitzschke	Oaktree Capital

Source: MediaWorks, LinkedIn

Key events and patterns

On September 25, the Court of Appeal dismissed NZME's and Stuff's appeal concerning their merger. This meant that the merger was denied for the third time - more than two and a half years after the companies first applied for approval. The merger of the two companies was first turned down by the Commerce Commission in May 2017. In its ruling, the commission's chairman Dr Mark Berry said that the merger would "concentrate media ownership and influence to an unprecedented extent for a well-established modern liberal democracy" (Commerce Commission, 2017). The commission also stated that the merger would be likely to reduce the quality of news, media plurality and the diversity of voices in the New Zealand media market.

NZME and Stuff disagreed, and took their battle to the High Court where they argued that the commission was not allowed to take plurality into account in its decision ("NZME/Fairfax appealing Commerce Commission's decision to block merger", 2017). In December 2017, the High Court ruled that "the commission was entitled to place significant weight on the prospect of reduced quality of the products produced by the merged entity", and that was "appropriate to attribute material importance to maintaining media plurality" ("NZME and Fairfax merger appeal rejected by High Court", 2018). After the High Court ruling, the companies took their case to the Court of Appeal. Yet again, in September 2018, the court stated that "if the appellants were to merge there would very likely be substantial losses of quality and plurality in various media markets, and those losses clearly outweighed the economic efficiency gains that would flow from the merger" (Court of Appeal, 2018, p.1). The court also noted that there "would very likely be a substantial loss of media plurality post-transaction", and that "the merged entity would be under a powerful incentive to cut costs and that there would very likely be substantial cuts in journalism and editorial resources, with a corresponding substantial loss of quality" (Court of Appeal, 2018, p.3).

After the Court of Appeal's ruling Tim Murphy noted that "twenty eight months, three jurisdictions and millions of dollars after our two biggest media companies applied to merge their businesses, the plan remains in the morgue, dead but unburied" (Murphy, 2018b). In October 2018, the merger was over as the companies decided not to take their fight to the Supreme Court.

NZME and Fairfax – going separate ways, for now

The Court of Appeal decision means that NZME and Stuff continue to compete in the New Zealand media market, at least for now. However, Stuff's future ownership and corporate structure remain unclear. Immediately after the Court of Appeal ruling, Fairfax Media chief executive officer Greg Hywood expressed his disappointment stating that "we believe the merger as proposed would have delivered significant synergies and sustained at-scale journalism in New Zealand for many years" (Fairfax Media, 2018c). He also noted that the company "will do everything we can to ensure Stuff continues to implement its strategy and continues to serve our New Zealand communities" (Fairfax Media, 2018c).

Since their merger application in 2016, the two companies have both built multiple digital offerings to boost their digital revenue. Some of these new services are competitive rather than complementary. For example, both NZME and Stuff have launched digital classified sites for job search (YUDU and Adzuna). NZME has announced that it will put up a paywall for the *NZ Herald's* premium content, but Stuff has not introduced any such plans. Both Stuff and NZME note that they are committed to building their news businesses and revenue models regardless. When comparing NZME's and Stuff's revenue streams, the comparable data, as seen in table 15, shows that Stuff (79.7%) is more reliant on print revenue than NZME (56%). In the first half of the financial year 2018, NZME made a small profit of $5.5 million compared to Stuff's small loss of $0.2 million (NZME2018b; Fairfax Media, 2018e).

After the Court of Appeal decision, Stuff chief executive Sinead Boucher commented that while the decision was disappointing, the media company had not been "sitting around idly waiting for it" (Pullar-Strecker, 2018a). She said that during the two and half year merger process, Stuff has "forged ahead with our own strategy of growing *Stuff* and *Neighbourly* platforms, and new digital ventures" (Pullar-Strecker, 2018a). In October, a trading update of Stuff's parent company Fairfax Media showed that during the current financial year, Stuff's revenue had declined 16 percent from the previous year (Fairfax Media, 2018d). The update stated that "across the Fairfax group we continue to implement cost saving measures" (Fairfax Media, 2018d).

Similarly, NZME chief executive Michael Boggs said that his company has "focused on growing audience and engagement, returning advertising revenue to growth and growing new revenue streams" ("Court of Appeal rejects NZME and Stuff merger challenge", 2018). As seen above, NZME's revenue in the first half of 2018 declined three percent from the previous year, suggesting that its revenue model may be more robust than Stuff's as NZME's radio revenue is relatively stable. When releasing the half year results, Boggs said that he was pleased with the result "given difficult market conditions", and added that its results "reflects ongoing share gains and continued strong growth in digital" (NZME, 2018b).

Table 15: NZME and Stuff revenue in the first half 2018

	***NZME*[5]**	***Stuff*[6]**
Revenue	$186 million	$158 million
Print revenue	$104 million	$126 million
Digital revenue + other	$24 million	$32million
Profit/loss	5.5 million	-0.2 million

Source: NZME, Fairfax Media, Stuff

Public funding of journalism

During the 2017 general election, the Labour Party promised to spend $38 million on RNZ and NZ On Air. The promised funding included a new television channel RNZ+ which was planned to complement RNZ's radio networks. In the 2018 budget, the Labour led government

[5] Half year 2018 results, August 2018; numbers include e-commerce
[6] Half year 2018 results, February 2018

allocated a considerably lower sum of money - $15 million - to public broadcasting and content creation. After the announcement, Peter Thompson, chair of the lobby group *Better Public Media* said that the money was not enough to expand RNZ's operations to television broadcasting. He said that "successfully re-establishing a commercial-free public channel cannot be done on the cheap" (Peacock, 2018a).

In July it was confirmed, that of the allocated money, $4.5 million was earmarked for RNZ, $4 million to NZ On Air, and $6 million to the Innovation Fund which aims "to drive more public media content for under-served audiences such as Māori and Pacific Peoples, children and regional New Zealand" (Ministry of Culture and Heritage, 2018). The Ministry of Culture and Heritage noted that new funding would take "RNZ several steps closer toward the fully digital multi-platform media organisation – RNZ+" (Ministry of Culture and Heritage, 2018). In May, and before RNZ's share of allocation was announced, RNZ chief executive Paul Thompson commented that new funding was "good news and signals the Government's commitment to investing in a stronger, multimedia RNZ that provides freely-available, high-quality journalism and programming" (RNZ, 2018f). In July, after it was announced that RNZ's share of the new funding was $4.5 million, Thompson said that new money is like "a dose of steroids, it's going to allow us to go faster and stronger with our current planning and the things we want to do" (RNZ, 2018d).

Curran was advocating RNZ+ (with a television channel), but it is not clear if Kris Faafoi, who took over the ministerial portfolio from Curran, will push the RNZ+ television channel forward. As mentioned earlier, Curran resigned from her ministerial roles in September after a series of mistakes which "badly dented Curran's credibility" (Jennings, 2018b). She failed to declare properly two meetings, of which one was with Carol Hirschfeld leading to her departure (see more above). Jennings notes that "Curran would not be swayed from her RNZ+ vision even when a large part of the industry expressed concern that it wasn't a viable idea or that it would require a lot more money than Curran was proposing to invest" (Jennings, 2018b). At the time of writing, it is not clear if RNZ+ will materialise, and if so, in what form. RNZ's Paul Thompson has said that the broadcaster sees "an audience opportunity in delivery of content on the big screen in the living room", adding that RNZ+ is not "the core of our plan which is around much richer improved multi-media" (Peacock, 2018a).

Conclusion

In 2018, the New Zealand media market remained competitive after the NZME and Stuff merger was denied and abandoned. The two media companies, NZME and Stuff continued to dominate in print and online news; NZME and MediaWorks maintained their duopoly in the commercial radio market; and all three commercial broadcasters – TVNZ, Sky TV, MediaWorks – continued to operate as separate entities. MediaWorks's potential merger with QMS will not change news media markets. MediaWorks's primary objective is simply to increase advertising reach and sales. However, MediaWorks's ownership structure is likely to change. At the time of writing it was unclear how the merger will affect staff numbers and newsrooms operations. Telecommunication company Spark teamed up with TVNZ and acquired some major sporting broadcasting rights, and this reshaped the sports broadcasting market. Google and Facebook continued to dominate in digital advertising market.

As in 2017, there were more independent news providers than commercial news outlets. There were eight independent news outlets (including Asia Pacific Report) and five major commercial media outlets as outlined in this report. The independent media outlets were mainly owned by trusts, individuals, publisher/editors and employees whereas commercial media companies were mainly owned by financial shareholders (although TVNZ continued to be state owned).

In 2018, there were some substantial shifts in media ownership. Stuff gained a new majority owner in Nine. There were also some rapid changes in the ownership of NZME and Sky TV as financial institutions sold off their positions and new financial owners emerged. In 2018, NZME's largest shareholder Allan Gray sold all shares in the company. Sky TV's largest owner Kiltearn Partners sold off its holdings in the broadcaster reflecting the company's commercial difficulties.

Epilogue: Platforms and local journalism

In 2018, some evidence emerged about the power of platforms in the New Zealand media market. Recent research from the author of this JMAD report observed that in New Zealand news companies have become dangerously dependent on Facebook traffic. It was recommended that news companies should abandon news distribution on platforms which did not provide them with adequate revenue (Myllylahti, 2018). The report *Google, Facebook and New Zealand media. Problem with platform dependency*, published by AUT Policy Observatory, also points out that Google and Facebook have not invested any money in New Zealand journalism. In August, *The Spinoff* managing editor Duncan Greive also warned about platform power in New Zealand media markets. He revealed that *The Spinoff*'s website suffered a substantial drop in its traffic after Facebook tweaked its algorithm in January. In July 2017 social media had supplied 52% of *The Spinoff's* web traffic, but in July 2018 the share had fallen to 30% (Greive, 2018a). Greive said that "Facebook has turned from eager accomplice to surly acquaintance" (Greive, 2018a). In another article, he said that the fact that Facebook pushed news companies to produce video at the same time as it "overstated its video statistics", has led to job losses, and "smashed New Zealand journalism" (Greive, 2018b).

Bernard Hickey, who is managing editor for Newsroom Pro, witnessed Google's power while working for the news outlets such as Reuters, Fairfax Media, Interest.co.nz and Hive News. He observes that during a ten year period from

2002 to 2012, news companies allowed Google to index their content in anticipation of traffic and revenue growth, and that “it seemed like a good deal at the time” (Peacock, 2018b). However, over that ten year period he saw Google eating news sites revenue as “the value of advertising on news websites fell from about $70-80 per 1000 page impressions to about 4,5,6 dollars” (Peacock, 2018b).

A recent report from the Center for Innovation and Sustainability in Local Media notes that in the US, “more than one in five papers has closed over the past decade, leaving thousands of our communities at risk of becoming news deserts” (Center for Innovation and Sustainability in Local Media, 2018). The report notes that since 2005, the US has lost 60 dailies and 1,700 weekly newspapers. It also notes that print circulation has dropped from 122 million to 73 million (Center for Innovation and Sustainability in Local Media, 2018).

The trend is also evident in New Zealand. In November 2018, it emerged that Stuff was cutting a further 19 jobs in its community papers in Auckland and Northland (“Stuff to slash community reporting jobs after merger plan fails”, 2018). In an opinion piece on Newshub, Rhonwyn Newson, former editor of the *Rodney Times*, pointed out that “local journalism celebrates communities, holds local government to account and provides an outlet for stories about real people” (Newson, 2018). This indicates that local news provision is shrinking. However, some individuals and independent media outlets have countered this trend, and filled parts of the local news gaps: Allied Press bought the *Clutha Leader* (South Otago); Twenty Seven Publishers (a local publisher) bought *Avenues* magazine

(Christchurch); and local publishing house The Greymouth Evening Star Co bought the *Kaikoura Star*. It already publishes the titles such as *Greymouth Star*, *Hokitika Guardian* and *West Coast Messenger*. Additionally, Crux was established to cover local news in Queenstown and Wanaka. While those are positive developments, it is still likely that more local and community papers will disappear from the market.

However, in some regions local news apps designed for mobile phones have emerged. In November iAppNetwork, a network of local independent apps, announced that it was establishing 15 new full time journalism positions in New Zealand (iAppNetwork, 2018). The privately owned company Schistrockmedia provides the platform on which the iAppNetwork mobile apps function. The company's managing director Tony O'Regan said that the network had already hired some of the former Stuff journalists: " Some of our operators have been very fortunate to pick up such talented and experienced journalists" (iAppNetwork, 2018). O'Regan also revealed that the networks mobile apps had "over 100,000 downloads across the markets" and that he expects this to "double in the next year" (iAppNetwork, 2018).

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Appendix 1

Title	Sold to	Closed
Kaikoura Star	The Greymouth Evening Star	
Avenues	Twenty Seven Publishers	
Clutha Leader	Allied Press	
South Canterbury Herald		Closed
Waitaki Herald		Closed
Selwyn and Ashburton Outlook		Closed
Invercargill Eye		Closed
Queenstown Mirror		Closed
Christchurch Mail		Closed
Napier Mail		Closed
Hastings Mail		Closed
North Waikato News		Closed
Discovery		Closed
NewsLink		Closed
Auto Xtra		Closed
Admire Nelson		Closed
Admire Marlborough		Closed
NZ Farmer		Closed
NZ Dairy Farmer		Closed
Waikato Farmer		Closed
Central District Farmer		Closed
Canterbury Farmer		Closed
Otago Southland Farmer		Closed

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