News media ownership in New Zealand

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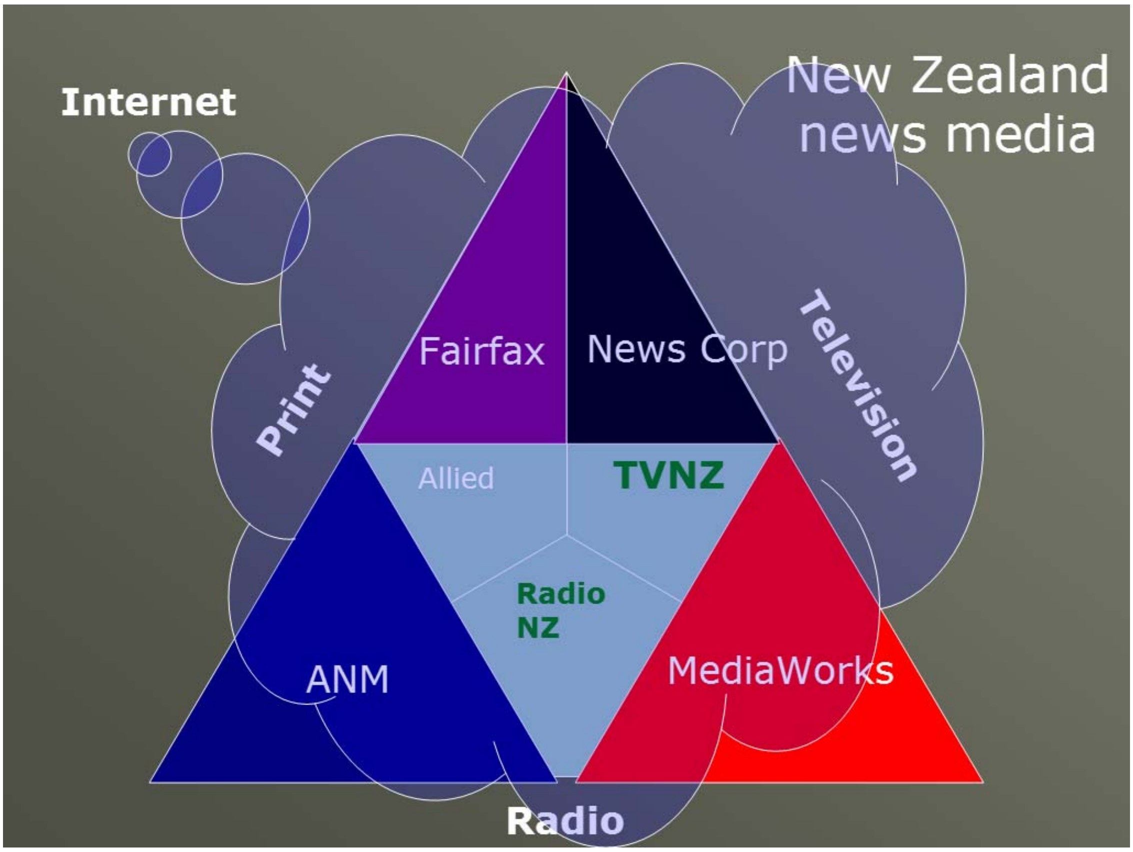
Introduction

Four companies, all overseas owned, dominate the New Zealand news media. There is a near duopoly in two of the three main media – print and radio – a monopoly in pay television, and only three significant competitors in free-to-air television including the state-owned channels. Each daily newspaper has a near monopoly in its main circulation areas. This paper describes the ownership in each of these media, with a brief discussion of the internet, then backgrounds each of the four main owners, and finally discusses whether ownership of our news media matters.

John Fairfax Holdings Ltd owns newspapers which in 2006 had nearly half (48.3%) of the daily newspaper circulation in New Zealand. Its main newspaper competition is from APN News and Media (ANM), which had 43.1% of the daily newspaper circulation in 2006 (28.0% of which came from the *New Zealand Herald*, the largest circulation daily newspaper in New Zealand) and substantial radio holdings. The two between them in 2006 owned 87.7% of audited daily press circulation of the provincial newspapers (those with under 25,000 circulation), and 92.3% of the metropolitan readership (those newspapers with more than 25,000 circulation)[1]. In addition they have extensive and increasing ownership of community newspapers, and magazines. ANM's main competitor in commercial radio is MediaWorks, owned by Australian private equity corporation Ironbridge. MediaWorks owns the other of the two largest radio networks, and two television channels. Its competitors in television are state-owned television, plus the News Corporation controlled Sky Television, which has a monopoly on pay television and also owns Prime Television.



Who owns what?

Print media

Only about 60,000 readers still have an independent daily newspaper – 10,000 less than in 2001 (though total audited daily readership has also dropped by 46,000 in that time). Fairfax and ANM share the remainder.

John Fairfax Holdings Limited

John Fairfax Holdings is an Australian company which bought its New Zealand empire in June 2003 for $1.188 billion from Independent Newspapers Ltd (INL, controlled by Rupert Murdoch's News Corporation with a 45% shareholding at the time). Fairfax owns the largest circulation South Island newspaper, the Christchurch *Press*, winner of the Qantas Media Award for newspaper of the year in 2006 and 2007, which has a near monopoly in Christchurch. It owned both the *Dominion* and the *Evening Post*, Wellington's only morning and evening dailies, until it closed the *Evening Post* in June 2002 because of falling advertising revenue, renaming the *Dominion* the *Dominion Post*[2] to become its best selling daily. In fact it owns all the daily newspapers with circulation greater than 25,000 other than the *New Zealand Herald* and *Hawke's Bay Today* (ANM) and the *Otago Daily Times*. It is probably the largest publisher of New Zealand's newspapers, magazines and sporting publications. In 2006 it had 73.7% of the audited circulation of the country's five national weekly newspapers[3] and 15% of magazine revenue[4]. In December 2006 Fairfax in Australia acquired Rural Press which owns New Zealand Rural Press, publisher of seven titles including *Straight Furrow* and 6% of magazine market revenue, making Fairfax the largest magazine publisher in New Zealand. Rural Press also owns regional radio stations and agricultural publications in the US[5].

Fairfax's Print and Web media (including Rural Press)			
Metropolitan dailies	**Provincial dailies**	**Magazines**	
The Dominion Post	Nelson Mail	AA Directions	NZ Gardener
The Press	Manawatu Standard	Avenues	NZ Growing Today
Waikato Times	Marlborough Express	Boating NZ	NZ Horse and Pony
National weeklies	The Southland Times	Cuisine	NZ Trucking
Sunday Star-Times	The Timaru Herald	Fish and Game NZ	onHoliday
Sunday News		FHM	Sky Sport, Skywatch
The Independent Financial Review	Daily News (New Plymouth)	NZ House and Garden	Turf Digest, Best Bets
Community Newspapers *Over 50 titles*		NZ Autocar	Truck Trader
Web sites	**Business Media**	NZ Fishing News	TV Guide
stuff.co.nz	Computerworld NZ	**Rural Press**	
trademe.co.nz	CIO	Straight Furrow	The Dairyman
Many related sites	PC World	NZ Grapegrower	AgTrader
	NZ Reseller News	Lifestyle Farmer	Central District Field Days
Regional	A-Z Directory	Horticulture News	

Fairfax's print and internet media in New Zealand are detailed in the accompanying tables. Its magazines include some of the country's largest selling publications, such as *Skywatch* (2006 circulation 294,451) and *TV Guide* (2006 circulation 188,119), and it has a virtual newspaper monopoly in many cities and in the national Sunday newspapers, including the *Sunday Star-Times*, the second largest selling newspaper in New Zealand (190,804 in 2006)[6]. Its Sunday dominance is challenged only by the *Herald on Sunday* which circulates largely in the Auckland area.

It made a spectacular foray into the internet in March 2006 when it bought the highly successful and market leading online auction trading site, Trade Me, for $700 million. This was part of a strategy to increase its online holdings and to associate electronic commerce with its newspapers as the online equivalent of classified advertisements, to capture the surging leakage of advertising to the internet (more than half of job advertisements are now online for example)[7]. As Fairfax chief executive David Kirk put it: "… the economics of the business is extraordinary. There is virtually no capital required, high margins and double or triple traditional business growth…"[8] Kirk sees the internet, not newspapers, as driving growth at Fairfax[9].

The publications amassed by INL prior to sale to Fairfax were accumulated over decades. As well as its own, it publishes magazines on contract, including *Skywatch* and *AA Directions.* Numerous titles came and went amongst its magazines, mainly purchased from other companies (at least twelve between 1992 and 2003), but with a few of its own startups. For example, it bought two of the last significant provincial dailies the *Nelson Evening Mail* (September 1993)[10], and the *Marlborough Express* (circulation about 10,000) with its give-aways *Saturday Express* and *Kaikoura Star* in September 1998[11]. In 1998 it announced a new glossy: *Grace*, aimed at the "independent woman"[12]. The May launch had a touch of farce when rival Australian magazine *Claudia* came out with the same cover photo of Hollywood star Helen Hunt. INL Magazines reportedly resolved the matter by buying every copy of *Claudia* bound for the New Zealand market[13]. It was not a good start: the magazine closed in January 2001[14].

Fairfax's Community newspapers		
Auckland City Harbour News	The Bay Chronicle	Bays and Remuera Times*
Cambridge Edition	Central District Farmer	Central Leader (Auckland)
The Christchurch Mail	City Weekend	Clutha Leader
Country (Matamata)	Dargaville & Districts News	East and Bays Courier
Eastern Courier	Feilding Herald	Ellerslie and Panmure Times*
Franklin County News	Hamilton Press	Hauraki Herald
High Country Herald	Horowhenua Mail	Howick and Botany Times*
Howick and Pakuranga Times*	The Hutt News	Kaikoura Star
Kapi-Mana News	Kapiti Observer	The Leader (Nelson)
Look North	Manukau Courier	The Marlborough Midweek
Matamata Chronicle	Midweek (50%)	The Mirror (Central Otago)
Motueka-Golden Bay News	Newslink (Gore)	North Harbour News
North Shore Times	North Taranaki Midweek	North Waikato News
Northern News	Nor'West News	Otago-Southland Farmer
Papakura Courier	Piako Post	Rangitikei Mail
Rodney Times	Rotorua Review	Ruapehu Press
The Saturday Express (Marlborough)	South Taranaki Star	South Waikato News
Taieri Herald	Taranaki Daily News	Taupo Times
The Tribune (Manawatu)	Upper Hutt Leader	Wairarapa News
The Wellingtonian	The Western Leader	Whangarei Leader

* 50% owned through Times Newspapers Ltd

Another false start, this time under Fairfax ownership, was the launch in October 2004 of free weekly magazine in Auckland, *Auckland Max* which "would target the 80,000-plus people who travel into central Auckland for work or business" and also available in Christchurch. It was seen as part of the increasingly heated competition with ANM in the Auckland market, following its announcement that it would launch the *Herald on Sunday* the same month. Despite Fairfax saying *Max* would be "earnings positive from issue No. 1", in March 2006 it announced its closure. "Regrettably Max could not be sustained and closure has become the only commercial option."[15] Later in 2006 it put down racing guide *Friday Flash* whose circulation had fallen from a peak of 30,000 to 7,000 – leaving *Best Bets* and *Turf Digest* still in the stable[16]. The 100-year old *New Zealand Truth*, once the country's biggest selling weekly investigative and scandal sheet, was sold to a private consortium led by Hawkes Bay businessman Dermot Malley in January 2007 after its muck-raking, tits-and-bums journalism (financed by a high proportion of sex advertisements) lost its audience and sales had dropped from over 200,000 a week in the 1960's to 12,500 at the time of sale. The new owners said they would increase its reporting staff from three to seven, "keep the sport focus, but we want to get back to the *Truth's* editorial origins of uncovering scandals and standing up for the little guy"[17]. At the same time Fairfax started up the monthly *Sky Sport*, "an intelligent sports read", published jointly with Sky Network Television[18].

One of its most significant recent acquisitions was *The Independent* business weekly, one of the few independent news media which actively displayed its independence. Triggered by the death of its founder, Warren Berryman, in 2004, Fairfax acquired the newspaper in February 2006, relaunching it three months later as *The Independent Financial Review* after its Australian national financial publication, the *Australian Financial Review*, saying it would use its business journalists throughout New Zealand and Australia to provide copy. Initially Berryman's widow, Jenni McManus, also a prominent investigative journalist, remained as editor but Bernard Hickey, managing editor of Fairfax's business publications took over for the relaunch[19]. Fairfax had been reported to have been interested in buying the larger circulation business weekly rival, the *National Business Review*, but it resisted offers[20].

In January 2005, Fairfax acquired *NZ Autocar* magazine, said to be the top car publication in New Zealand[21]. In October 2005 it received Commerce Commission clearance to acquire three publications, the provincial semi-weekly community newspaper the *Rodney Times*, the *Coaster*, a weekly distributed on Hibiscus Coast, and *Outlook*, a regional real estate guide, from family firm the Times Media Group[22]. *Rodney Times* editor Pam Tipa said, "being independent is probably best, but it's just not an economic reality", saying the cost savings offered by a big owner such as on paper, printing and accounting, "are not just helpful, they're a necessity"[23]. In August 2006 it bought the New Zealand and British assets of business publisher IDG, in New Zealand giving it *Computerworld*, *PC World*, *CIO* and *NZ Reseller News*.[24] In May 2007 acquired Christchurch glossy, *Avenues*[25].

Fairfax's acquisition of the Australian company Rural Press, brought just another change of ownership for some of New Zealand's most important rural publications. Federated Farmers' flagship *Straight Furrow* was sold to the Australian-owned New Zealand Rural Press Group in 1999. Rural Press, which has over 100 publications in Australasia and the USA, then already owned the *New Zealand Farmer, AgTrader, The Dairyman, Farm Equipment News, New Zealand Grape Grower, Horticulture News, Lifestyle Farmer, Rural Waikato*, and *Southerner*.[26] In April 2001, Rural Press closed the *New Zealand Farmer*, then 120 years old (though owned by Rural Press only since 1987) and regarded as one the most authoritative farming publications in New Zealand[27], its circulation having declined from 29,000 in the mid-1970's to only 10,000. It had earlier closed the *Journal of Agriculture*, and *Farm Equipment News* has also disappeared. The *Southerner* has been absorbed into *Straight Furrow*, and *AgTrader* is a monthly free supplement to the same publication. *New Zealand Farmer's* competitor, *Rural News* is privately New Zealand-owned, substantially owned by Auckland businessman, Brian Hight. Hight commented on the closure of *New Zealand Farmer* that it was "an icon of New Zealand farm publications but Australians may not appreciate that"[28].

Fairfax also owns 49.2% of New Zealand Press Association Ltd (NZPA), and 49.9% of Times Newspapers Ltd (formerly Business Media Group Limited)[29] which publishes the *Howick and Pakuranga Times*, *Howick and Botany Times*, *Bays and Remuera Times* and *Ellerslie and Panmure Times*, and *Midweek*.

APN News and Media

APN News and Media (ANM) is an Australian registered company which is controlled by Independent News and Media (INM), of Ireland, in turn controlled by the O'Reilly family, headed by Sir Anthony (Tony) O'Reilly.

In addition to its flagship the *New Zealand Herald*, ANM owns nine provincial daily newspapers in New Zealand[30]. It owns the large-circulation magazines *New Zealand Listener* and the *New Zealand Woman's Weekly*. It has a substantial stock of around 30 give-away community newspapers covering Auckland, Hamilton, Bay of Plenty, Hawke's Bay, Wellington, and Christchurch. It also publishes the tourist giveaway *N.Z. Thermal Air* (Rotorua). It owns 38.8% of New Zealand Press Association Ltd.

ANM acquired the stable by taking over Wilson and Horton (details below) and owns them through its New Zealand subsidiary APN New Zealand Ltd. About two-thirds of ANM's earnings come from New Zealand[31]. Like INL, Wilson and Horton had been steadily acquiring independent provincial and community newspapers. In 1995 it bought the Northern Publishing Company, publishers of the *Whangarei Report* and the *Northern Advocate*[32]. In December that year it bought the *Hawkes Bay Sun*, a nine month old free twice-weekly community newspaper with a circulation of 50,000[33]. Its Hastings paper *Hawke's Bay Today* was created from the merger in April 1999 of the *Hawkes Bay Herald Tribune* and the *Napier Daily Telegraph* with the loss of 60 jobs[34]. It bought the old-established independent, the *Wairarapa Times-Age* in July 2002[35] and the community newspaper, the *Stratford Press* in April 2006[36].

The 2003 takeover of the weekly *Waihi Leader* vividly demonstrated to locals the effect of corporate ownership. The *Leader* had been owned and operated by Waihi residents Annette and Rob Bowater. The newspaper – "known for its hard-hitting news coverage of the town and the impact of the mine" – had run a robust editorial line opposing the effects of mining companies which dominate Waihi. This had strong local support, but was detested by the mining companies and some local business interests. One local noted that the *Leader* had had three pages of classified advertisements prior to its sale, and that fell to just a page and a half, a matter of weeks post sale, following a new editorial line and the sacking of a number of the local staff (including a local reporter and school children who delivered it). "If a community reads its news," he commented, "it will advertise in it. Use of classifieds for selling, buying etc is indicative of how much public support there is."[37]

ANM's Print and Web media[38]		
Metropolitan daily New Zealand Herald (Auckland)	**Magazines** New Zealand Woman's Weekly New Zealand Listener Creme	**Web sites** www.nzherald.co.nz newzealandeducated.com www.ubd.co.nz (business directories) www.look.co.nz (outdoor advertising) www.wises.co.nz (maps) Finda and Search4 classifieds sellmefree.co.nz (jointly with ACP) Sites for many of its publications, and others
Provincial Dailies Northern Advocate (Whangarei) Bay of Plenty Times (Tauranga) Daily Post (Rotorua) Hawke's Bay Today (Hastings) Wanganui Chronicle Evening News (Dannevirke) The Horowhenua-Kapiti Chronicle (Levin) Oamaru Mail Wairarapa Times-Age	**Weekly** Herald on Sunday **Education** JET Magazine NZ Education Gazette NZ Education Review NZ Nursing Review INsite newspaper	**Tourist giveaway:** Thermal Air (Rotorua)
Publishing Contract Publishing Division UBD (Business directories) W&H Publications Wises Maps	**Outdoor advertising** Adshel (50%) Buspak Look Outdoor	**Printing** APN Print (incorporating a dozen former independents)

ANM's Community newspapers[39]		
Bay News	Napier Courier	The Aucklander (9 editions)
Canterbury Times	News Advertiser	The Riversider
CHB Mail	North Canterbury News	Turangi Chronicle
Christchurch Star	Observer	Waihi Leader
CityLife	Pegasus Post	Waikato This Week
Coastal News	Stratford Press	Waitakere Week
Eastern Bay News	Taupo Weekender	Wanganui Mid-Week
Hastings Leader	Te Awamutu Courier	Weekender
Hawkes Bay Sun	Te Puke Times	Weekly News
Katikati Advertiser		Whangarei Report

In September 2003 ANM closed its five Auckland community newspapers (the *Shore News*, *West Weekly*, *Manurewa Week*, *Papatoetoe & Otahuhu Week* and *Our Town Papakura*) replacing them with a single weekly publication, *The Aucklander*, covering the whole of Auckland in "six editions – Shore, West, City, Central, East and South – with editorial and advertising content tailored to each area". This was later increased to nine editions. The new magazine style "combination of gloss, newsprint, and enhanced newsprint" goes to 300,000 homes, thus becoming "New Zealand's largest circulating single weekly newspaper". Aimed to compete with both Fairfax's dominance of the community newspaper market in Auckland, and Australian Consolidated Press's highly profitable *The Property Press* (see below), *The Aucklander*, with its "gloss and enhanced newsprint environments" was designed to "allow advertisers to reach the key demographics across Auckland to drive property, motoring and retail sales".[40] In 2006 it did the same in Wellington, announcing that it would replace its local *Wainuiomata News, Cook Strait News, Western News, Independent Herald,* and *Porirua News* with five editions of a new publication, *CityLife*, which "would be published on higher grade paper than standard newsprint, [so] advertisers would get more brilliant and readable results"[41].

The specialist weekly *New Zealand Education Review* was launched in 1996, initially owned by Wilson and Horton with O'Reilly's Australian Provincial Newspapers Educational Media. The Australian company publishes similar education-based weeklies in the UK, South Africa and Australia[42]. In 1997, Wilson and Horton sold its educational publisher, Shortland Publications and its US subsidiary, Shortland USA, operating in Denver Colorado, to the Tribune Group of the USA, owner of the *Chicago Tribune*[43]. It retains the *Education Review*, along with *JET Magazine*, *NZ Education Gazette*, *NZ Nursing Review*, and *INsite newspaper* along with the web site *newzealandeducated.com* in its APN Educational Media subsidiary.

Other ANM subsidiaries in New Zealand include APN Print which has absorbed around a dozen commercial printers. It owned plastic credit card maker, Security Plastics, which claimed to be the "leading plastic card and smartcard manufacturer in the Asia-Pacific region" with its own subsidiaries in Australia until 2006 when ANM sold it to American Banknote (ABNote) Corporation[44]. Publishing subsidiaries include its Contract Publishing Division, Universal Business Directories and Wises Publications (maps), and a book publishing arm, W&H Publications. In 1998, O'Reilly outdoor advertising companies Look Outdoor and Adshel (50% owned) gained Commerce Commission clearance to buy the outdoor advertising business of 3M New Zealand, known as 3M Media[45]; it was absorbed into Look Outdoor. It also owns Buspak which sells "transit advertising" – on buses, trains, taxis, etc – in New Zealand.

Until May 1995 Wilson and Horton was a rarity amongst large New Zealand companies: it was New Zealand owned. Courtesy of a raid by Brierley Investments Ltd on its shares however, Irish newspaper group, Independent Newspapers Plc (INP, now Independent News and Media Plc, INM), gained a controlling 28% interest. By the end of that year the control had risen to 45%[46]. The Brierleys shareholding had been regarded as unfriendly by the Horton family – mainly for the good reason that it was the kiss of death when it owned the daily *Auckland Star* and *Christchurch Star*. INP's shareholding was welcomed by the Horton family as a "white knight" and a "stimulus for change"[47]. By August 1996, however, former managing director Michael Horton had resigned from the Board to start his own printing business[48]. Within a month, INP made an initially unsuccessful 100% takeover offer for the company, but steadily built up its shareholding and by April 1998 had full ownership[49]. However, in 2001, INP sold its shareholding for $999 million to APN News and Media (ANM), a large Australian media company in which INP has a 42% shareholding and which already was a partner with it in The Radio Network (see below). The move was partly to release funds for other purchases (O'Reilly was reported to be interested in John Fairfax Holdings) but also as a way of avoiding Australian media ownership laws that restricted foreigners to 25% of a newspaper company and prevent control of television, radio and newspapers in the same market[50]. In May 2007, ANM minority shareholders rejected a A$3 billion offer from a consortium comprising INM (35%), Providence Equity Partners (37.5%) and The Carlyle Group (27.5%)[51].

Allied Press and remaining independent dailies

The largest daily not owned by ANM or Fairfax, the Dunedin *Otago Daily Times*, with a circulation in September 2006 of 42,503, is owned by Allied Press, belonging to the Smith family, which also owns the *Greymouth Evening Star, West Coast Times* and a number of community newspapers in Dunedin, Otago, Southland and Westland (the Dunedin *Star*, the Lakes District and Central Otago *News*, the Otago and Southland *Southern Rural Life*, the Gore *Ensign,* Invercargill *Southland Express*, *The*

Courier in Ashburton and Timaru, *Courier Country*, *Hurunui News* based in Amberley, and *The West Coast Messenger*).

The only remaining audited locally owned daily newspapers are the *Ashburton Guardian* and the *Gisborne Herald,* along with non-daily titles *Northland Age, The Westport News,* and the *Whakatane Beacon* (which is 21% owned by ANM[52]).

Other print media

The remaining national newspaper is the Politically Correct (from the Right) *National Business Review* (*NBR*, circulation 12,394 at 30 September 2006), which competes head on with Fairfax's *The Independent Financial Review* (circulation 3,255). *NBR*'s circulation is falling and it has lost senior staff; it was the subject of a takeover enquiry by Fairfax in 2005[53]. These business papers are in constant bitter, often vitriolic, rivalry. *NBR* (in the 1980s owned by Fairfax[54]) is owned by New Zealander Barry Colman's Liberty Press, formed in 1997. Liberty Press and subsidiary Fourth Estate also publish *The Capital Letter*, *New Zealand Property Investor* and *Food Industry Week*[55]. The group had numerous other titles including *Property Press* and *Motor Guide* classified papers which it claimed had circulations in excess of 40 million a year[56] but closed some and sold most of the others including 15 titles including *Motoring Guide* and *Property Press* (see below) to Australian Consolidated Press in November 2001.

The *NBR* at times appears to function like an ACT Party journal, and the impression was deepened when new National Party leader, Don Brash, began adopting policies indistinguishable from ACT in early 2004. Colman paid for an Australian expert to give Brash news media training, saying his own views were well known: "There's no ifs and buts where I stand and it's definitely not on the side of socialism." University of Canterbury Journalism head, Jim Tully, observed that it was ironic that a media proprietor was "helping a person in a sense develop skills to be evasive and difficult and take advantage of the media."[57] The relationship was further exposed in *The Hollow Men* by investigative reporter, Nicky Hager[58].

The Independent, before being bought out by Fairfax (see above) tolerated a broader range of views in its columns despite having Business Roundtable Executive Director Roger Kerr on its board, and financial backing from millionaire businessman and ACT donor, Tony Timpson[59]. It was founded, owned and edited by a former *National Business Review* editor and award-winning investigative journalist, Warren Berryman, until his death in March 2004. It continued under his widow, also a prominent investigative journalist, Jenni McManus, until the Fairfax takeover and remodelling.

The Auckland yuppy magazines *Metro* and *North and South* are owned by a company associated with the Packer family's Australian Consolidated Press, ACP Magazines, one of the two largest magazine publishers in New Zealand[60]. It runs head to head with Fairfax with 20% of magazine revenue in New Zealand[61], 55 titles and claims "more than a dozen" web sites. ACP Magazines also competes with PMP's publication distributor Gordon and Gotch through its Netlink division. In New Zealand it publishes *Australian Women's Weekly* (New Zealand edition), *Auto Trader*, *Bay Trader, Buy Sell and Exchange, The Car Dealer, Cleo* (New Zealand edition), *Deals on Wheels*, *Farm Trader, Fashion Quarterly*, *FQMen, KiaOra* (formerly *Air New Zealand magazine*), *Loot, Little Treasures*, *Motorcycle Trader & News, NetGuide, New Zealand Home+Entertaining, New Zealand Lifestyle Block*, *New Zealand Motor Homes, Caravans and Destinations, Next*, *NW, Pacific Way*, *Property Extra, Property Press, Real Estate, Taste, Trade-A-Boat, Women's Day*, and *Your Home and Garden*. Its web sites are mainly for those publications, including runwayreporter.co.nz for its fashion magazines, but it also jointly owns sellmefree.co.nz with ANM and is associated through its ultimate Australian parent company Consolidated Media Holdings (CMH) with Seek, of which CMH owns 27.1% and which runs job advertising web sites seek.com.au and seek.co.nz[62].

Again, many of ACP Magazines' titles were acquired rather than developed. In 2001, ACP bought 15 classified advertising titles including *Motoring Guide* and *Property Press* from Liberty Press for about $48 million[63]. In 2002, the classified advertising subsidiary of ACPMedia, Trader International Group, bought *Bay Trader* in the western Bay of Plenty and *Thursday Trader* in Hawkes Bay, taking its publications to seven, including the Auckland classified advertising magazine *Loot*, launched in 2002[64]. On the other side of the ledger, it announced the closure of its magazine *She* in June 2006. In February 2004 it bought nzjobs.co.nz and merged it with seek.co.nz[65].

Packer-owned Publishing and Broadcasting Ltd (PBL) also owns part of cinema advertising specialist Val Morgan and Hoyts Cinemas (which it is trying to sell)[66], and its 25% owned PBL Media owns cross-Tasman ticket booking agency Ticketek. (Val Morgan "holds the advertising rights to virtually all advertising screens in Australia and almost all screens in New Zealand" according to ACP[67] – though in Australia it may be too modest: in 2001 it was reported that "Val Morgan now has a monopoly on selling advertising in Australian cinemas, following the announcement this week that parent company, Television & Media Services Limited (TMS), has acquired Media Entertainment Group (MEG)."[68]).

Until his death, Kerry Packer was the richest man in Australia and notorious for his gambling (in September 2000 he lost $46 million in a single gambling spree) and his tax avoidance (in 1991 he famously told the Australian House of Representatives select committee on print media: "if anybody in this country doesn't minimise their tax, they want their heads read"[69]). He bought into New Zealand television through the Prime network (see below) but later sold out to Sky TV. His son James took leadership of the empire after Kerry's death in December 2005, but is increasingly focussing on the casino side of its operations. In May 2007 he split PBL into its media holdings including ACP Magazines, as PBL Media, and internet and gaming interests such as casinos, as Crown. He then sold 75% of PBL Media to private equity fund CVC Asia Pacific. The objective was to free up cash to expand his gambling interests and to place him in a position to exploit new media ownership rules in Australia. Packer's 25% of PBL Media is owned by a new company, Consolidated Media Holdings, which also owns other interests including 50% of Fox Sports, 25% of Foxtel TV group and the above Seek and Ticketek interests[70].

Pacific Magazines of Australia publishes *New Idea, That's Life, TV Hits, Girlfriend, K-Zone,* and *New Zealand Weddings* in New Zealand[71]. These were formerly published by PMP. PMP was controlled by News Ltd[72] until July 1997 when News Ltd sold its 40% shareholding to institutions[73]. After PMP hit financial problems, the Seven Network Ltd of Australia acquired 50% of PMP's publications division, Pacific Publications for A$65 million in July 2001. In 2002 PMP sold Seven the remaining 50%, but in December 2006, Seven split off its media assets to a new firm, Seven Media Group, 50% owned by US private equity company Kohlberg Kravis Roberts and 50% by Seven Network[74].

The Seven Network, chaired by Kerry Stokes, controls five metropolitan and one regional television licence in Australia, with a potential audience reach of 72% of the population. It also has a number of pay TV interests, including a 33% stake in Sky News (Australia), and a small shareholding in Fairfax. Stokes is the largest shareholder in Seven Network, with 34%, but the company's relationship with News Ltd was the subject of an Australian Broadcasting Authority investigation in 1996[75]. In 2002 Stokes took legal action against Foxtel (50% owned by Telstra, 25% by News Corporation and 25% by Kerry Packer's PBL) saying he was one of three network executives "to have seen chilling evidence of a conspiracy to damage Seven by a powerful corporate coalition", and alleging a conspiracy to kill off Seven's C7 pay TV business. He also alleged collusion with the Australian Football League and National Rugby League[76].

PMP claims to be "Australasia's largest commercial printer - producing over 3.1 billion catalogues, 32 million books, 42 million directories and 79 magazine titles each year" and "Australasia's largest letterbox distributor - delivering twice weekly to over 6.4 million letterboxes across Australia and New Zealand"[77]. When it sold its publications to Seven, it still kept ownership of Gordon and Gotch, the largest magazine distributor in New Zealand, which it bought from INL in 2004 (it had bought the Australian arm in 2000). Gordon and Gotch distributed "55% of all [magazine] titles circulated in the country" according to INL in 2002[78]: and "over 2,500 titles to almost 7,000 retailers" according to PMP[79].

The 3 Media Group of Auckland, formed from the August 2006 merger of Profile Publishing Ltd (which in 1996 claimed itself to be the "largest privately-owned trade and business press publisher"), Review Publishing, and Marketplace Press, publishes trade magazines and directories. Its magazines, which include some acquired and reflect sales of others over the years are *AdMedia*, *Apparel, C-Store, New Zealand Dairy Exporter, Essentially Food, Fastline, FMCG, Grocers' Review, BWS, Grill, New Zealand Hardware Journal, Inspirations, Management, Marketing Magazine, Onfilm, New Zealand Outdoor Power Equipment, Wares New Zealand*. Its printed directories, *The Data Book* (companies and contacts in the screen production industry) and *AdMedia's Agents and Clients* (advertising agencies, their clients, services, design and media owners) are also online, as is the online New Zealand Dairy Exporter Directory (http://www.dairymag.co.nz/directory). The company also promotes and manages events and publishes books[80].

Magazines are exceptionally popular in New Zealand – we are second or third in the world in magazine readership by one estimate[81]. According to an analysis undertaken for the 2007 takeover of ANM noted above,

> The Magazine Publishers Association of New Zealand (MPA) estimates that there are currently more than 5,500 magazine titles in circulation in New Zealand, of which about 700 are published in New Zealand each year. Despite the fact that more than 1,500 of the circulated magazines are sourced from Australia, the biggest selling titles are those published in New Zealand.[82]

Television

TV One and TV2 are state owned, but TV3, along with music channel C4, after a rocky history, is owned by MediaWorks which until June 2008 was 70% owned by the biggest privately owned TV broadcaster in Canada, CanWest Global Communications Corporation[83]. CanWest has sold MediaWorks (which also owns numerous radio stations – see below) to an Australian private equity investment company, Ironbridge Capital. Prime Television, having changed hands twice, is now in News Corporation ownership and an increasingly serious competitor. TVNZ had about 63% of TV advertising revenue in 2006 (down from 65% in 2005)[84].

MediaWorks: TV3 and C4

CanWest bought a 20% shareholding in a bankrupt TV3 in 1991 with Westpac (48%) and the receiver (32%), giving it effective control of the channel. This followed changes in New Zealand's news media ownership laws allowing 100% foreign ownership, which were rammed through Parliament sidestepping public debate.[85] It later took full ownership. Shortly before the October 1996 election, in a politically charged presentation, TV3 announced that it would start up another national commercial, entertainment-based, channel, then called TV4. It would have no news and current affairs, and no new local content, reinforcing TV3's reputation for low local content[86]. It began broadcasting at the end of June 1997. CanWest was at that time keen to buy other media in New Zealand[87], and was a bidder for the Radio New Zealand network when it was privatised[88]. In 1997 it bought the More FM radio network followed by extensive acquisitions in commercial radio (see below).

In 2003 it converted TV4 to C4 ("the name – short for Channel 4 – was chosen for its bold simplicity and its explosive nature!" [sic]), a "youth music format" channel aiming at 15 to 19 year olds. While broadcasting mainly music with continuity using DJs from its Channel Z radio stations, C4 also screens a few programmes attractive to its youth market such as South Park and fills up the rest of the 24 hours (it broadcasts 2pm to midnight Monday to Friday, but 24 hours on weekends) with infomercials and other commercials. By the end of 2003, CanWest was announcing C4 had produced a $1.2 million cost saving, increasing advertising, and "due to its new low production costs" was hopeful it would put behind it the losses that TV4 had made[89]. It made no commitment to local content (see below).

In 2004, CanWest sold its New Zealand assets to a new company, MediaWorks New Zealand of which it retained 70% and sold the remaining 30% on the sharemarket. In the present takeover bid, CanWest has accepted Ironbridge Capital's offer for its MediaWorks shares, but the full takeover is being resisted by some minority shareholders. It appears that CanWest rejected a slightly higher offer from PBL Media (see above) which would have benefited the 30% minority shareholders but would have lengthened the sales process for CanWest because it was conditional on 90% approval[90]. Ironbridge offered inducements to MediaWorks executives in the way of up to 8.5% of the company[91].

Since 2003, TV3 has since made substantial audience share and profit gains at the expense of TVNZ on the back of more attractive peak hour evening news and current affairs programmes such as Campbell Live, introduced in March 2005. By mid 2005 it had the lead in the key 6pm news audience in the main urban centres, partly due to fumbling in TVNZ, and leading to a series of major shake-ups of TVNZ news staff[92]. By the end of 2005 it had 45% of the 18-49 year old metropolitan market, pushing TV One down to 30% and forcing it cut its advertising rates.[93] TV3's rise, and TVNZ's disarray, have since continued.

Prime Television

Prime Television New Zealand Ltd, owned by Prime Television Ltd of Australia, started regional broadcasting in New Zealand in 1998, having bought 34 UHF licences covering about 89% of New Zealand (though broadcasts reached only about 75%). Prime Television is Australia's largest regional broadcaster, running regional television services throughout Australia. It developed a A$10 million new Auckland facility at Albany. From August 1998 it broadcast into "five of the largest markets in New Zealand" (Dunedin, Christchurch, Wellington, Hamilton, Auckland) from Auckland, including commercials and initially local news. By the end of March 1998 it was announcing its interest in buying TVNZ if it was put up for sale[94]. Prime also ran the Argentinean television network, Azul Television, but pulled out in August 2001 as a result of heavy losses[95]. Despite its early optimism, it failed to make any profits in New Zealand, losing over $10 million in 2001, possibly because it featured high quality documentaries and drama which TV One no longer appeared to be interested in. In December 2001, Prime announced a deal with Kerry Packer's Publishing and Broadcasting Ltd (PBL). His Nine Network in Australia supplied programming for Prime, and ACP in New Zealand assisted with advertising and promotion (including programmes promoting its magazines such as "Fresh: Cooking with Australian Women's Weekly"). In return, PBL gained an option to buy 50% of Prime New Zealand by 2008.

The new mass-market Prime programming competes directly with TV2 and TV3, and gained market share[96]. Between 2002 and 2003 its New Zealand operations doubled their revenues[97]. Only in 2004 did it resume news services – but they were broadcast from the Sky News studios in Sydney, Australia using Australian-resident New Zealander Suzy Aiken, whom Prime chose in order to pretend the news was "local". They considered it a "bulletin" rather than a full news show, with an intention to use "freelance crews that should be able to go out and capture vision should we need it". *New Zealand Herald* journalist Greg Dixon concluded: "Prime News First At 5.30 is clearly an attempt by Australian-owned Prime to gain credibility in the New Zealand market. But a news service broadcast from another country with no real investment in local resources and an inexperienced anchor hardly seems the way to do it." It is heavy with cheap feeds of international news – great for those tired of the light weight international coverage on other channels, but not a substitute for its own reporting capability. It attempted to buy local viewers by enticing controversial current affairs presenter, Paul Holmes, from TV One for a reported $1 million a year for a three-year contract on a new current affairs show, at a time when he was nearing his use-by date on TV One. He failed to attract a large audience: 3-4% of viewers in March 2005 was the best it got [98]. With ratings dropping below its predecessor in that time slot, the game show The Price is Right, in August 2005 Prime canned Holmes' show but kept him on the payroll, apparently too expensive to drop[99]. Meanwhile they had outbid other channels on high rating imported shows and gained 6% of total viewer market share, with advertising revenue growing.[100] However the company lost $76 million between establishment in 1998 and the end of 2005, and has never been in profit[101].

Prime claims that it "is committed to building its New Zealand content. This is particularly evident in the network's news offering, Prime News: First at 5:30 as well as locally produced programmes such as, Holmes, United Travel Getaway and Out of the Question."[102] However its form of local "documentary" is exemplified by "Charlotte's Lists" which it describes as follows: "a countdown of New Zealand's biggest and juiciest stories… From the sexiest men and women in New Zealand to our steamiest celebrity scandals, former model and A List TV Personality Charlotte Dawson brings us the ultimate inside scoop behind the hottest stories to hit the headlines."[103] Other documentaries are from outside New Zealand. Other than these, in its own words, "the schedule is a mixture of general entertainment, lifestyle, drama and comedy, sourced overseas, primarily from Australia and America."[104] Its coverage is sufficient to qualify for New Zealand On Air funding to pay for locally sourced programmes. But Prime New Zealand chief executive Chris Taylor admits that they would not produce local content without it: "The truth of the matter is that no network, not us nor 3 will be able to produce local product unless we have access to that."[105]

In February 2006, Sky TV bought Prime Television New Zealand Ltd for $30.26 million, giving Sky "the opportunity to showcase its channels and programmes whilst ensuring that New Zealand consumers can view delayed free-to-air sports programmes such as rugby, rugby league and cricket in primetime".[106] The primary motive was clearly to give Murdoch-controlled Sky a free-to-air outlet to increase its bargaining power for selling sports programmes to other free-to-air channels. Sky gave Prime the coveted rights to delayed Rugby coverage for 2006 after the purchase was announced – "winning" against MediaWorks[107]. Playing the sports programmes on Prime means that some 10% of

New Zealand households miss out because they cannot receive Prime – driving them to subscribe to Sky[108]. Perhaps it was also a useful base for expanding its free-to-air holdings; it would certainly make Prime a more formidable bidder for the programmes that TVNZ and MediaWorks (both of which asked the Commerce Commission to stop the takeover) need to maintain their ratings. Sky was reported to have considered starting its own free-to-air channel a year earlier[109]. Christchurch Polytechnic Institute of Technology Broadcasting School head, Paul Norris, also pointed out that the move would make it much easier for Sky to undermine any moves from TVNZ into digital services, with a permanent Sky monopoly of such services a possible outcome. In many countries, operating both free-to-air and pay TV would be prohibited. He advocated government intervention.[110] TVNZ made a similar argument to the Commerce Commission, saying plans by a consortium of free-to-air broadcasters, which until the takeover included Prime, to provide a free-to-air digital service in competition with Sky would be undermined: "The acquisition [of Prime] will allow Sky, through its control of a key member of the established free-to-air grouping, to weaken, obstruct, delay or otherwise interfere with the speedy and successful entry of a second and alternative supplier to the digital broadcasting services market"[111].

Other free-to-air television

Māori Television launched in March 2004 is provided by a statutory corporation with government funding. It was formed as a result of commitments made by the Crown to both the High Court (1991) and the Privy Council (1993) as an obligation under the Treaty of Waitangi to promote Te Reo Māori (the Māori language). Its long development and launch were surrounded by political controversy, with the National Party saying they would probably not continue to fund it if it became government, despite having been the government making the commitments in the early 1990's. However the channel quickly won public support, many welcoming its high New Zealand content and initial low levels of advertising – public interest broadcasting not seen on New Zealand television for several decades.[112]

A number of small regional TV stations also exist.

For example, Canterbury TV operating in Christchurch is the descendant of a bewildering variety of channel names and owners. CTV was formed from the local assets of TVNZ's CTV and owned by a succession of mainly fundamentalist religious businessmen. It was sold in 2001 to the New Zealand Media Group (with similar ownership). In July 2002 it took over NOW TV (renamed from CHTV in 2001[113]) closing down its news service, and obtaining a combined audience of about 2% of those aged over five. NOW had been directed by right wing businessman, broadcaster and local body politician, George Balani and backed (and largely owned) by British company West Media Services Ltd (also known as West 175 Media)[114]. NOW workers were first told they would be kept on for two weeks while their contracts were renegotiated, then were turned away when they turned up for work. Only after mediation did thirty out of forty former staff receive their pay entitlements[115]. West Media also owns talk radio 1017AM[116]. NOW TV had a turbulent history, having been formed with a number of the employees of the local channel, CTV, that Television New Zealand closed in 1997[117]. In November 2002, CTV was sold to a local consortium consisting of the Allied Press (50%) and two Christchurch businessmen, Christopher Smith (owner of South Island Gourmet) and Murray Wood (of computer firm MagnumMac), with 25% each. Hopes were high, Smith saying: "we are not looking to get rich quick from it but what we are doing is getting involved in the community."[118]

After CTV acquired NOW, Paul Norris, former senior TVNZ executive and head of the Broadcasting School at Christchurch Polytechnic Institute of Technology, described the situation as "a complete disaster. Two years ago, Christchurch had three local news programmes. Now there is none." He put it down to "the whims of foreign owners … Regional television is usually founded on local news and if you don't have that, what have you got? What are you there for? It's pretty obvious that foreign companies don't really care, when the chips are down, about the interests of the locals."[119] He was more hopeful after the new consortium bought CTV: "It's a chance to get local television back on its feet again", he told the *Press*[120]. He also told the story behind the hot-and-cold behaviour of West 175 Media. It was founded by New Zealander John McEwen, who had been "a key figure in ESTV, a Christian concern bidding to run the third channel in the mid 80s". Balani invited him in for financial support in 1998. West 175 Media went on an acquisition spree, which in New Zealand included the three South Island regional channels, CHTV, Channel 9 in Dunedin and Mercury in Invercargill. As the company over-reached itself, McEwen was ousted by "London moneymen" who had no time for New Zealand, wanting to expand in Europe. "When the crunch comes, the colonies are dispensable," observed Norris. McEwen left the company a few months before the sale of NOW TV to CTV[121]. CTV now broadcasts as Canterbury TV, relying heavily on cheap imported content such as Deutche Welle World News but with significant local, if commercially driven, content, mainly in the form of talk shows.

Its main local rival was evangelical Christian Freedom TV which has been absorbed into the national religious TV channel, Shine TV. Freedom TV was supported by evangelical churches and spokesman Warren Smith's Christian Superstore, and owned by non-profit company, Successful Living Foundation (NZ) Ltd[122]. Shine is associated with national evangelical radio Radio Rhema and also provides a religious channel for Sky TV[123].

At the same time as West 175 Media sold NOW TV, it was negotiating the sale of Channel 9 in Dunedin to the New Zealand Media Group and had already sold Mercury TV in Invercargill to its management. Channel 9 had been started by *Otago Daily Times* owner, Allied Press Ltd, and leased to West 175 Media in 1999. Channel 9's 25 staff were made redundant when New Zealand Media Group took it over, and then immediately rehired on four-day per week contracts. But within a few days the deal fell through[124]. It ended up back in Allied Press ownership[125].

A casualty of the intensely commercial environment was Auckland music station, Max TV, which closed in 1997 for financial reasons, having failed to persuade the government to support a youth network[126]. The 24 hour music video channel Juice TV, which started as a Sky TV channel, in August 2003 began broadcasting to Auckland free to air on a UHF channel made available when BCL split away from TVNZ[127].

A notable alternative to the main TV networks exists in Triangle Television in Auckland, which describes itself as "New Zealand's first non-commercial, regional TV station" has been broadcasting since 1998 (and more recently in Wellington) for 24 hours a day, 7 days a week. It broadcasts on a government-owned channel and

> as a public broadcaster, combines access, public service and ethnic television programming into a novel and exciting format. We aim to reflect the diversity within our city. Anyone can put a programme on Triangle Television, so if you think your interests or perspective on life are absent from the media we have one response: make your own show and get your voice heard! …
>
> The station acts independently from all programme providers. This independence ensures that Triangle Television cannot be controlled by individuals or groups with their own agendas. The station's independence ensures that editorial controlled remains with the programme provider. Air time is allocated on a first-come, first-served basis bearing in mind the need for equitable representation of all groups.
>
> Programme time not taken up by community programme providers is filled with public service television programmes aimed at a wider audience.
>
> As well as local programming, Triangle Television hosts a range of satellite feeds from around the world, including Deutsche Welle (DW) TV from Germany and Voice of America Television.[128]

A local operator, Mainland Television, owned by Nelson businessman Gary Watson's 7-Media.net, broadcasts five channels in Nelson, most of it "pulled off satellites" as *Press* journalist Matt Philp put it, despite Mainland billing itself as "eyes and ears at the top of the south". "On the basis of the current line-up, it has to be said that Watson's approach to regional-television programming is hardly, well, regional", Philp wrote. "Watson maintains he'd love to live up to the regional-television creed, but he has so far been unable to secure NZ On Air funding. He doesn't say it, but the obvious explanation for the current line-up is that programming pulled off satellites is cheaper."[129] There is little local content other than on the repetitive advertorial "Visitor Info" channel M8. Instead the material largely comes from the standards for cheap rebroadcasting Deutsche Welle and Chinese CCTV9, and from Aljazeera and Sky TV[130].

Watson, a candidate for the Nelson mayoralty in 2007 (advertised on his channels' website), contributes a little local content: he hosts a talkback programme, called "Issues", every Monday from 8.00pm to 9.00pm on two of his TV stations and on his radio stations which broadcast on 15 frequencies in the Nelson-Marlborough region as 88.4 Mainland FM in Nelson and 107FM in Golden Bay and Motueka. Political rivals worry his access to his own broadcasting network gives him an unfair advantage in the elections. In his talkback show he asks "Is there corruption in the Nelson City

Council? Why did the Police find NCC did not operate the election legally? Did the ratepayers elect a Mayor who has been a bankrupt and other ...? [sic] Why did the Nelson Council CEO get Lawyers to try and close Mainland TV?"[131]

In 2002 he bought into Wellington's regional television station, Wellington TV, renaming it Channel 7[132]. He apparently sold out of it again in 2003 after it was forced to stop transmissions on a reserved non-commercial channel when locals and regulators in the Ministry for Culture and Heritage questioned whether its content was what was wanted in a regional broadcaster[133]. The regional role was eventually given to Triangle Television. The station broadcast largely evangelical Christian material, 70% from the US-based Trinity Broadcasting Network (TBN), which also broadcasts programmes by satellite and cable, billing itself as "the world's largest religious network and America's most watched faith channel. TBN offers 24 hours of commercial-free inspirational programming that appeal to people in a wide variety of Protestant, Catholic and Messianic Jewish denominations" and "the 7th Largest Broadcast Group Owner in the US" between NBC and ABC[134]. The channel's religious backers told its viewers to vote for the right-wing evangelistic Destiny Party in the September 2005 elections[135]. They eventually sold their Wellington TV transmitter (broadcasting on another frequency) to Watson who agreed to continue to broadcast TBN programmes[136]. It also operates in Nelson, and Mainland TV broadcasts similar programmes on Sundays.

Pay TV

The monopoly pay TV operator, Sky TV (Sky Network Television Ltd), was founded by business pillars of the New Right in New Zealand, Craig Heatley (an ACT party founder and financer), Terry Jarvis, and Tappenden Construction (headed by fellow new right evangelists, Alan Gibbs and Trevor Farmer). For some time, Sky was controlled by the "HKP Partnership" comprising Bell Atlantic International Inc., American Information Technologies Corporation, Tele-Communications Inc, and Time Warner Inc, with 51.1% of Sky's shares. The other shareholders were TVNZ, Heatley, Jarvis, Tappenden Construction, Todd Corporation, and the US subscription sports Television network ESPN. Bell Atlantic and Ameritech were the owners of Telecom New Zealand when it was privatised (but have since sold out at a large profit). It is no coincidence then that Telecom subsidiary, First Media, began working on introducing a trial of cable television in the Auckland and Wellington areas, in cooperation with Sky TV[137] but opposed by then telephone rival, Clear. First Media abruptly stopped work on installing optic fibre cables for the project in 1998, saying it had other ways of getting into the market (ADSL).

In March 1997 INL made an unsuccessful attempt to buy a 83% share of Sky, despite the Commerce Commission over-ruling concerns about News Ltd's growing dominance over programming, particularly sporting events[138]. In August 1997, INL took a controlling 48% shareholding in Sky TV but that fell to 40.5% after a public share offering, 60% of which went to overseas institutions[139]. INL took control of Sky by buying out the HKP Partnership and selling 3.1% of it back to the other shareholders, who also bought out the small ESPN shareholding. TVNZ ended up with 17.49%, Heatley and Jarvis 17.01% (later sold down to 11.9%[140]), Tappenden 8.6%, and Todd 9.44%[141]. INL continued to buy shares, including some from TVNZ, bringing its current shareholding to 66.25% by 2001[142]. The remainder of TVNZ's share went to Heatley and Todd Corporation. Eventually, both sold out and in February 2001, Telecom bought out Tappenden's 12.2% of Sky for $192.6 million and took a seat on its board[143].

INL's 1999 purchase of most of TVNZ's share of the company reeked of special favours. TVNZ accepted a price of $2.75 per share, despite a higher offer, reported to be $2.90, from a consortium of institutional investors – worth an extra $6.9 million. The price on the Stock Exchange was $2.88 just before the INL bid was announced, and rose to $3.19 by the end of June. The low price was doubly surprising given that the then National government had repeatedly tried to sell TVNZ, alleging it would cost too much to upgrade to digital television. It then grabbed $70 million of the proceeds as a special dividend, as if to underline its hypocrisy. It apparently allowed TVNZ to accept the lower bid on the feeble – and anti-competitive – grounds that "TVNZ places considerable importance and value on a positive and co-operative ongoing relationship with Sky and its existing major shareholders". The cringe did not pay dividends: within weeks, Sky was ditching TVNZ for TV3 to rebroadcast its sports – rugby, rugby league and cricket – and provide Sky's news feeds[144]. Even the Stock Exchange's market surveillance panel asked for an explanation, but said "it was prepared to accept the unqualified assurances at face value from Sky and INL, two reputable listed issuers"[145]. Then TVNZ Chair, Rosanne Meo, and Alan Gibbs and Trevor Farmer have all been members of the Business Roundtable.

Following the sale of its newspapers to Fairfax in 2003 (see above), INL used the cash to launch a takeover for the remaining 34% of Sky in a structure calculated to increase News Corporation's control of Sky[146]. It was immediately accepted by INL and Sky shareholder, Telecom, without waiting for an independent valuation, leaving it with a 12% shareholding in INL[147]. Other shareholders rejected the price as being too low[148] leaving INL with 78.3% of Sky. Meanwhile, INL announced it would hand its shareholders a capital return of $340 million tax-free[149].

In July 2005, Sky and INL side-stepped the problem of paying a fair price to minority shareholders by merging. The merged company, Sky Network Television Limited, is owned 43.65% by Rupert Murdoch's News Corporation[150].

Sky has made a determined attempt to corner the market: it owns about 86% of available frequencies in the South Island, but used only about 40%. It bought them as a commercial block to prevent other parties getting them according to former CTV director of resource, Grant Roberts[151]. In 1997 it also added satellite broadcasting to enable it to reach the 30% of the country not receiving it via UHF. For several years it subsidised its installations in order to build its audience: its prospectus for a public share offer in 1997 stated the cost at $920 excluding GST, but subscribers paid only $650[152]. It is also likely that it overstated its losses through an unnecessarily high provision for depreciation[153]. It made its first profit in 2003, as a result of "a growing subscriber base, declining operating expenses, lower programming costs, increasing advertising revenue, and the launch of new products and services." Subscriber revenue had grown 16% that year, and it had 542,891 subscribers in August 2003, despite having raised subscription charges in April. By 2004 it was making a substantial profit ($35.3 million), and claimed 42% of households subscribed (576,602), up from 40% the previous year[154]. By June 2005, it had almost tripled its annual profit to $103.4 million due to continuing subscriber growth to 619,168 – though reducing its estimate of density to 40% of households[155] – and to 667,270 in 2006 though with net earnings down due to continuing losses from Prime TV and the cost of $500 million added debt resulting from the merger with INL (see below)[156]. Sky has about 20% of the television market[157].

Programming costs were kept down because of "tough bargaining" – greatly assisted by its monopoly position in pay TV, affirmed when its main competitor TelstraClear admitted defeat for its pay TV ambitions (see below). In any case, it buys many of its programmes from controlling owner, News Corporation, including controversial rugby broadcasting rights. Closer integration with News Corporation's part-owned Foxtel in Australia and the launch of Skybet for TAB subscribers were on the way[158]. However its chief executive, John Fellet, dismissed fears about INL and News Corporation interference, saying, "we operate independently from News Corp, we do not carry the (News Corp-owned) Fox News and Fox Kids. Any deal that goes through a related party has to be cleared by the independent directors, John Hart (former All Black coach) and Barrier Downey."[159]

Before INL's full takeover offer had been formally made in 2003, Telecom announced it had reached a deal with Sky to resell its programmes and transmit them down Telecom's fast DSL (Digital Subscriber Line) technology lines to homes. It had had a previous agreement with Sky which lapsed 18 months previously and which only applied to a "basic" Sky package. The new agreement allowed Telecom to provide its own channels, but Sky had first right to supply them[160].

Sky lobbied the Government to have TVNZ broadcast TV One and TV2 through Sky's digital network. It achieved its aim in a 10-year deal announced in November 2001, after an open access deal between TVNZ and TelstraSaturn fell through. The publicly owned channels were still free to air, but forced viewers to buy a limited, proprietary Sky set-top-box to decode signals – seen as an attempt by Sky to grab monopoly control of digital services, the future technical direction of television[161]. "Forget any advanced interactive services TVNZ might want to develop, and forget any idea of access to the internet through digital television," said Paul Norris at the time. "Most of all, forget any idea that TVNZ is any longer in control of what services it can develop or offer. It will be in thrall to Sky. If Sky does not want to carry these services, it will simply say no."[162] TVNZ's channels also introduced local content largely lacking from Sky's content, apart from sport. The new Minister of Broadcasting in the Labour-led government elected in 2002, Steve Maharey, recognised the position in comments to *The Independent* where he "implied the government wanted to re-examine whether Rupert Murdoch and Sky network Television should hold the sole means of transmitting and receiving digital television signals once our current analogue system of broadcasting is phased out. He did not rule out regulation of Sky's digital platform to ensure access for all broadcasters."[163]

However, free-to-air digital TV plans were only announced in June 2006. The government and free-to-air broadcasters TVNZ, CanWest, Māori TV, Trackside (the New Zealand Racing Board (TAB)), and Radio New Zealand (notably excepting Sky TV subsidiary Prime) agreed to build a terrestrial digital network reaching about 75% of homes with the remaining 25% requiring satellite dishes. Viewers will have to pay about $200 for a decoder. The government is paying $25 million over five years toward the cost, with the broadcasters contributing $50 million. The analogue network is planned to be switched off in six to ten years.[164] Exactly a year later, TVNZ announced its two new government-funded advertising-free digital channels would be called TVNZ 6 and TVNZ 7 to be launched in March 2008. TVNZ 6 would carry about 70% local content catering to pre-school children until late afternoon, then family entertainment and educational programming until 8.30pm, finishing the day with "More challenging programming centred on arts and drama". TVNZ 7 would carry news every hour, documentaries, sport and current affairs.[165]

As noted above, Sky has more recently taken ownership of free-to-air TV channel, Prime. It also owns DVD Unlimited, a movie library in which subscribers make web bookings and receive DVDs through the post[166].

Other pay TV operators have tried to get into the market, but without success. US and Australian owned Saturn Communications (which started life in New Zealand as Kiwi Cable) laid cable and offered cable TV channels (including its own regional station) on the Kapiti Coast, the Hutt Valley, and in Christchurch as well as telephone, on-demand movies, internet and data services. After running into financial difficulties, it was taken over by Telstra (the Australian equivalent of Telecom), then merged with Clear Communications becoming TelstraClear, and announced plans to expand its cabling to Christchurch and Auckland. It eventually shelved those plans part-completed in favour of trying to get access to Telecom's telephone network. Rather than develop its own pay TV offerings, it capitulated to Sky, though adding some channels with its own brand.

Radio

The internet site radio.net.nz listed 212 radio stations operating in New Zealand in April 2002[167]. In 2004, Radio New Zealand chief executive, Peter Cavanagh described the scene as "deregulation gone mad", with "more radio stations per head of population than most other countries"[168]. (In 2007 by comparison, Australia only had 261 commercial radio stations[169].) While many small local community radio stations have sprung up in the last few years including eleven community access stations operating from Auckland to Invercargill[170], 21 iwi radio stations funded by Te Mangai Paho (down from 25 in 2002)[171], and the Pacific community targeted Niu FM network which is run by the private but government funded National Pacific Radio Trust, broadcasting on 13 frequencies, the Internet, and a Sky channel[172], the concentration of ownership of stations is high. In 1996 there were 157, of which over half (87) were owned by just three companies: New Zealand Radio Network, Radio Pacific and Energy Enterprises[173]. Since then Radio Pacific and Energy Enterprises merged, took over a number of other stations, and in turn were taken over by CanWest and combined into MediaWorks. Meanwhile, The Radio Network has also continued to accumulate stations. The only solid competition to these two networks are the State-owned non-commercial National Radio and Concert networks.

The Radio Network

In 1996 the commercial stations of Radio New Zealand were set up for privatisation as the Radio Company Ltd. They were sold for $89 million to three companies closely associated with Tony O'Reilly. The purchaser was New Zealand Radio Network Ltd, which was then owned 33.3% each by Wilson and Horton Ltd, Australian Provincial Newspapers Holdings Ltd, and Clear Channel Communications Inc. APN, which later changed its name to APN News & Media or ANM, is controlled by the O'Reilly family[174]. CCC (no relation of Clear Communications, the former New Zealand phone company) is a San Antonio, Texas based broadcasting company which made rapid acquisitions in the USA to become its biggest radio broadcaster. Its O'Reilly connection was that it and ANM each owned 50% of the Australian Radio Network (ARN), owner of 12 metropolitan radio stations in Australia. ARN now owns New Zealand Radio Network[175].

O'Reilly's acquisition consisted of 41 stations – notably the ZB network, now called Newstalk ZB – plus the Radio Bureau (an advertising production studio) and Radio New Zealand Sport. Initially New Zealand Radio Network continued to use Radio New Zealand's news service, but in April 1997 it declined to renew its contract, leaving the already financially pressured Radio New Zealand a further \$1 million short[176].

In October 1996, the Commerce Commission refused to allow it to make a further acquisition: all the radio stations and frequencies owned by Fifeshire FM Broadcasters in Nelson, Westport and Picton. The refusal was on the basis that the two further stations and control of the frequencies would give it a dominant position in those markets. Already broadcasting in Nelson, the addition would give it 99% of the market for radio advertising in Nelson[177].

In November it went for one of its largest competitors, offering \$40 million to British media company, GWR Group, for Prospect (formerly known as IBC). Until March 1996, Prospect was owned by Brierley Investments Ltd. BIL sold the company for \$26.5 million to GWR[178] which was also bidding for the Radio New Zealand commercial network[179]. Prospect owned three companies that supply other broadcasters, including the Independent Radio News and sports service, and seven further companies including the Primedia group. Its operations included 12 radio stations: seven in Auckland and five in Hamilton, including The Breeze, i98FM, Hauraki FM and i97[180].

The sale gave a handy \$10.2 million profit to GWR (who said its acquisition costs had been \$29.8 million). The Commerce Commission allowed the purchase despite the thinning of competition that it brought, but forced the sale of three stations, which it ruled gave market dominance[181]. The purchase brought criticism from the Labour Party for its cramping of competition and the absence of rules on cross-media ownership, and additionally by the Alliance for the growing foreign ownership of broadcasting[182].

The purchase gave New Zealand Radio Network (now The Radio Network, TRN) 60% of the radio advertising market[183], and 53 stations, large even in international terms.

Since then, New Zealand Radio Network has continued attempting to acquire more stations. By the end of 1997, although the number of its stations had risen to 56, the company's share of radio advertising revenue had dropped to 58.7%[184]. In 2002 it was saying it was the country's largest commercial operator with 53 stations and more than 50% of advertising revenue[185], but its share of the Auckland market was falling.[186] It has recovered market share more recently.

The current status is summed up in the analysis of the failed 2007 sale of ANM[187]:

> TRN operates 120 radio stations in New Zealand, with eight different formats across the country. … TRN operates as a hub structure with metropolitan hubs in Auckland, Wellington and Christchurch supporting regional station in these areas. Due to the absence of a significant regional television presence in New Zealand, regional radio has an increased role in providing content and news relevant to each region.
>
> TRN operates the top three stations in the Auckland market. TRN also operates the number one station in both Wellington and Christchurch. TRN has New Zealand's top talk and music networks: Newstalk ZB and Classic Hits. In the second half of 2006, TRN had 45.2% of the total New Zealand national radio listener market share and a 49.6% in the Auckland market. In addition, TRN represented approximately 54% of the radio advertising market in New Zealand and 70% of the Auckland market.
>
> In excess of 60% of revenue for TRN is earned from local advertising with approximately 30% earned from agency revenues and the remaining 10% from national direct advertising.

TRN broadcasts under the following brands: Classic Hits (26 stations), Newstalk ZB (26 stations), ZM (18 stations), Hauraki (13 stations), Viva (4 stations) Radio Sport (19 stations), Coast (10 stations), and Flava (2 stations)[188].

RadioWorks

For many years, Radio Pacific was the only independent national network. Its frequencies reached 95% of New Zealanders, eight of which came from its acquisition of Energy Enterprises in March 1997, which had stations in Rotorua, Hamilton, Palmerston North and Hawkes Bay. Radio Pacific's chairman (also an Energy director), Derek Lowe, said, "I do feel there should be some media companies that are owned and therefore controlled by New Zealanders."[189] Two months later it took over seven North Island stations belonging to smaller independent, Radio Otago, in Tauranga, Rotorua, Taupo, Hawkes

Bay and Wanganui. In the same deal it sold Radio Otago four frequencies in the South Island[190]. Further acquisitions by November 1997 had brought its total frequencies to 44, and it employed 200 staff. Energy Enterprises had 18 music stations[191].

In March 1998 Energy Enterprises bought three FM frequencies in the Wellington area from Phoenix Broadcasting[192]. Two months later, Radio Pacific bought XS Radio broadcasting in Palmerston North, Masterton, Levin and Kapiti, and Radio Horowhenua from the XS Corporation of Palmerston North[193]. That gave it 59 stations[194]. By December 1998 it owned, leased or operated 80 frequencies, boosted by further acquisitions in Christchurch, Timaru and Wellington.[195].

Radio Otago, which owned Radio Dunedin 4XD, said to be the oldest radio station in the world outside North America[196], bought Christchurch's C93FM with the $4.5 million proceeds of its North Island sale to Radio Pacific[197]. In 1998 it bought Nelson's Fifeshire FM to complete its plan to cover all the South Island's biggest markets[198]. Its independence did not last much longer: in May 1999, its merger with Radio Pacific to form RadioWorks was announced. The new company grouped 85 frequencies, second only to the Radio Network, including music networks Solid Gold, the Edge, and the Rock [199]. The merged company kept on accumulating, buying Northland Radio in 2000 and bringing the number of community radio stations it owned and operated to 22[200].

A serious competitor to both the Radio Network and Radio Pacific emerged with the announcement in July 1997 that TV3's then owner, Canadian media corporation CanWest, had bought the More FM radio network for $33 million. More FM had eight stations with two in Auckland, three in Wellington, and one each in Christchurch, Dunedin and the Kapiti Coast[201]. CanWest also owned Channel Z in Christchurch and Wellington and the Breeze in Wellington.[202]

But CanWest's full intent was revealed in May 2000 when it launched a bid for RadioWorks – by then twice the size of its More FM subsidiary. Despite Lowe's criticism of the price offered, CanWest's tactics of standing in the market for shares without consulting the RadioWorks board, the board's "don't sell" recommendation, and Lowe's previous brave words extolling New Zealand ownership of New Zealand news media, he led the lolly scramble to sell his shares. CanWest ended up with 71.8% of the company, including 12.2% formerly owned by the TAB. The new RadioWorks board included CanWest head, Izzy Asper among the four CanWest representatives, but Lowe kept a seat[203].

In December 2000 CanWest made an offer for the remaining shares (through its subsidiary, Media Investments), and was assured of success when Energy Investments Taranaki, still a 10.6% shareholder, accepted the offer. Its chairman, Norton Moller, said that "CanWest's bid had thwarted the aspirations of many RadioWorks shareholders who had wanted to be part of a strong and influential New Zealand-owned radio company"[204]. RadioWorks was by then the second largest radio company with Radio Pacific, The Edge, The Rock, and Solid Gold networks plus 22 other local stations[205]. The takeover gave it a revenue share of 47-48%[206].

It continues to acquire independent stations. In February 2005 it bought Gisbourne Media which ran two radio stations in that city, and Surf City Radio which had broadcast RadioWorks stations under a franchise[207]. It bought the Queenstown independent station Q92FM, including six frequencies in February 2006[208].

RadioWorks has six "Network Brands" (The Edge, Kiwi, The Rock, Solid Gold, Radio Live and Radio Pacific), plus two that operate locally (More FM and The Breeze). Radio Live was launched in April 2005 rebranding some of the Radio Pacific stations as a news and talk back network to compete with state-owned National Radio and TRN's ZB networks and leaving the rest to continue as "racing-oriented" stations. A further 15 existing local stations were rebranded as More FM at the same time[209].

RadioWorks operates these "formats" over 140 frequencies throughout New Zealand in a highly homogenised and centrally controlled system. According to RadioWorks, the six network brands

> operate centrally from premises in Auckland. Network programmes are distributed from Auckland, with each geographic operation inserting local commercials into pre-defined time slots. These brands rely entirely upon RadioWorks' Network Centre in Auckland for group management, content production, technical engineering, national marketing and promotions and news production.

It has not yet succeeded in centrally controlling all its stations though. Its "local radio product",

> More FM broadcasts in 21 areas throughout the country with live, local announcers and a strong promotional presence in each market. The Breeze broadcasts in Waikato, The

Coromandel, Manawatu, Wellington, Kapiti Coast, Christchurch and Dunedin and are also local stations within their respective RadioWorks operations.[210]

RadioWorks also operates its own news service, Radio Live News, and advertising bureau, The Radio Bureau.

Kiwi FM, launched by CanWest in 2005 to play 100% local music, was in the centre of controversy in May 2006 when the government gave it New Zealand On Air funding and three new FM frequencies to keep it on air. The frequencies had been reserved for a youth public radio network. Kiwi FM was required to work towards becoming a not-for-profit organisation over the next year. The stations had failed to make a profit, gaining only 0.7% of the Auckland market. Minister of Broadcasting, Steve Maharey said it was part of the government's strategy to expand New Zealand music. It was criticised by the Australasian Performing Right Association which represents New Zealand music writers and publishers. Spokesman Arthur Baysting was concerned that the move would undermine the plan for a public youth radio network because Kiwi could claim it was doing the job of a public broadcaster. "It's completely inappropriate that CanWest or any other commercial broadcaster has anything to do with a network like that," he said, pointing out that when launching Kiwi FM, CanWest chief executive Brent Impey said the station demonstrated there was no need for a public youth network because commercial radio was "doing the job". But, Baysting said, it was "not about the music, but about giving young people access to important information untainted by commercial interests". In other countries, public youth broadcasting was protected by law but here, youth were seen as "the market" – "and CanWest and other commercial broadcasters have worked long and hard to preserve their monopoly in this market." He was supported by one of New Zealand's best known songwriters, Neil Finn, who in a letter to The *New Zealand Herald* accused the Government of "cosying up" to commercial interests.[211] The University of Canterbury Students Association said that such support should be going to locally-owned B network radio stations such as its own RDU station, not to international commercially driven companies like CanWest.[212] Kiwi FM chief executive Karyn Hay defended the bail out saying "there was no advantage in the new arrangement for CanWest, which had been going to can the station. CanWest is being a good corporate citizen. It was completely wrong to insinuate that government money was going into a commercial enterprise." She accused critics as having "some major vested interests". Kiwi FM was not looking for government funding she said.[213]

An alternative – Community Access Radio

Amongst those struggling against these sometimes overwhelming odds are the non-profit, largely volunteer-based Community Access Radio broadcasters. They operate under special legislative provisions (Section 36c of the 1989 Broadcasting Act) which aims "to ensure that a range of broadcasts is available to provide for the interests of Women, Youth, Children, Persons with disabilities, Minorities in the community including ethnic minorities; and to encourage a range of broadcasts that reflects the diverse religious and ethical beliefs of New Zealanders". They are eligible for funding from New Zealand On Air, receiving a median $62 contribution per hour of programme. According to their association, the Association of Community Access Broadcasters Aotearoa New Zealand Incorporated, as of October 2003 New Zealand On Air provided $1.592 million across 11 radio stations which created 94,690 hours of local radio on air, including 31,803 hours of community content, of which 25,530 hours was "section 36c" content. They compare the $62 funding for each hour of 36c content to $2,813 per hour to Radio New Zealand or $600 an hour for independent radio production Paakiwaha. The gap is filled by "tens of thousands of volunteer hours". "Funding support for one year of community access radio for a region averages $145,000 – cf. one commercial hour – 48 minutes of TV documentary averages funding support of $135,000."[214]

Internet

A rapidly growing alternative source of information and entertainment is the international computer network, the internet. Originally run not-for-profit by educational and research institutions, the realisation of its commercial potential has led to commercialisation as rapid as its growth. This threatens its open nature. Because of the ease with which sources of information including news and comment can be set up and distributed on the internet, services based on it (including web sites providing text, audio and video material, and email) have become a potentially potent alternative source of news.

The line between the internet and other publishing and communications is increasingly blurred. On one hand the media companies are going well beyond conventional news, advertising and information into online auctions (such as the Fairfax acquisition of Trade Me), job advertising (like PBL's stake in Seek), dating services, holiday accommodation, house and car sales[215]. On the other, companies like Telecom are expanding into information and entertainment: it is an Internal Service Provider (ISP) through its subsidiary Xtra, has had stakes in INL and Sky TV as well as an interest in cable television, and has its own "online shopping mall", Ferrit.co.nz. TelstraClear has similar ambitions. Vodafone is making Sky TV channels available through its 3G cell phone network[216]. Both Fairfax, with its Stuff web site, and ANM, with its own web sites including the *New Zealand Herald*, routinely publish over the internet as well as conventionally.

But they are expanding into other commercial online ventures as well. As noted above under Print Media, Fairfax acquired one of New Zealand's most successful internet ventures in March 2006 when it bought Trade Me, which in turn has a line up of associated sites such as Find Someone, Old Friends, Smaps (New Zealand street maps), and SafeTrader (providing a secure means of exchanging money and goods), and links to Stuff. Like Fairfax, ANM has entered the online trading world, buying half of classifieds web site finda.co.nz in October 2006[217]. Its other internet holdings include Search4 jobs and property classifieds, co-ownership of sellmefree.co.nz with ACP[218], the Wises and UBD online directories, "50-plus" website GrownUps, and YourBody online "shop for health and fitness supplements". MediaWorks is trying to increase its income from the internet, with eight websites it claims are among the most frequently visited from New Zealand[219].

There are many more examples of both publishers and internet facilities. Many of the publications and broadcasters mentioned in this paper have their own web sites, often providing an alternative outlet for their news services – sometimes with different or early release of news content and with reader polls and forums. To that extent, while the internet does allow readers much more ready access to a variety of news outlets in other cities and countries, the role of the internet in providing alternative news sources is exaggerated. As Serge Halimi, media critic and *Le Monde Diplomatique* journalist, wrote with reference to the US:

> The FCC argues that technologies such as the internet offer Americans access to more information than ever, so that worries about monopolies are unfounded. But studies also show that most Americans receive their news from a handful of outlets. And much of what appears on the internet is repackaged from those outlets. The leading 20 internet sites and cable channels are owned by GE-NBC, Disney, Fox, Gannett, AOL-Time Warner, Hearst, Microsoft, Cox, Dow Jones, the *Washington Post* and the *New York Times*. In 1999, 110 companies attracted 60% of the time web-users spent online; by 2001, just 14 companies had the same market share.[220]

However, some internet-only media services have appeared. Notable in New Zealand are Indymedia (http://www.indymedia.org.nz), Scoop (http://www.scoop.co.nz) and Newsroom (http://www.newsroom.co.nz).

Indymedia is part of the international Indymedia movement which provides an independent source of news largely from volunteers, including written material, still photographs and videos.

Scoop, founded in 1999 and co-edited by journalists Alastair Thompson and Selwyn Manning (then its only full-time staff), describes itself as "a 'fiercely independent' press release driven internet news agency accredited to the New Zealand Parliament Press Gallery and also fed by a multitude of Business, Non-Government-Organisation, Regional Government and Public Relations communication professionals. Scoop also publishes a variety of raw, unedited material from national and international commentators while producing its own editorial content on important current issues – often giving voice to perspectives not being addressed through 'traditional media' sources." While much of its material comes from news releases from any organisation caring to submit them ("if it's a press release issued in New Zealand, is legible, sane and not defamatory we will publish it")[221], and it has no paid writers, it has gathered an increasing international reputation for its commentaries and the material it publishes which is not available elsewhere. During the 2003 US invasion of Iraq for example, it published raw transcripts of protagonists including George W. Bush, Donald Rumsfeld, Colin Powell, Tony Blair and Kofi Annan; reports, photos and video clips of the war that were not published elsewhere in Western media; and press releases from non-governmental organisations. These demonstrably filled a gap in the coverage by corporate news sources: according to Thompson, "these images resulted in a massive surge in our readership"[222]. What also built its international reputation was a series of exposés on the vulnerability of US electronic voting systems to tampering and evidence of voting fraud. The US news media had ignored the story – but it led to changes in California's voting laws, and other states may follow[223]. Scoop relies on subscriptions and advertising for revenue. It says "Our logs and our subscriber database tell us that the majority of Scoop's audience reside in professional organisations, corporations, the media and government departments, while feedback shows us that our audience are articulate, educated and discerning individuals." It received a "Highly Commended Best News Service" award from Netguide in 2003, effectively rating it second out of 77 New Zealand entries (Fairfax's Stuff came first)[224]. It says it "is ranked 3rd by Nielsen Net//Ratings in their News Category and averages 450,000 – 500,000 unique readers a month"[225] and is now gathering considerable advertising revenue.

Newsroom, founded in 1996, works in a similar way to Scoop in "publishing news releases directly from newsmakers for news consumers", and Scoop was a break-away from Newsroom after disagreement on its direction. However Newsroom takes a fully commercial approach: all but headlines are available only on subscription, aiming at political and business subscribers. It says that "the NewsRoom audience is primarily composed of New Zealanders in professional positions who have above average incomes and are interested in business and political news. Over three quarters of our audience is accessing NewsRoom from a New Zealand location. The .co.nz domain (New Zealand companies) accounts for the largest audience group at just under 40 per cent of readers, followed by the .govt.nz which accounts for nearly 20 percent. These government readers are spread between Parliament and Government Departments such as Treasury."[226] In June 2007 it was acquired by the operator of the New Zealand Stock Exchange, New Zealand Exchange Ltd (NZX)[227].

The concept of "disintermediated news" on which both Scoop and Newsroom are based is one which arguably was impractical before the internet became ubiquitous, so this is truly an internet-age service. It relies on the internet's immediacy, and the huge storage space available at very low cost on the computer systems that are linked to the internet, and the ability to perform complex searches within seconds. Other internet news services largely replicate conventional print and broadcast models. Scoop describes the principle of disintermediated news as follows:

> In the paper you read digested news – usually late. On the radio and TV you receive sound-bite news – compressed to fit demographic formats that must select and discriminate. Censor.
>
> The majority of internet based news services are based on feeds of news from the old – real-world – media, transcribed and regurgitated online. Scoop.co.nz is not – it's raw news as it gets released.
>
> On Scoop you can read the news at the same time that the media are reading it. It is all here… the good oil… the whole story… the whole speech… what the Prime Minister really said, not what the reporter heard her say. Better yet you get to hear it when the Prime Minister said it. Not tomorrow.

Where Scoop and Newsroom differ is in what they see as the purpose of this service. Newsroom sees it as a commercial service to clients. Scoop "believes in the power of information to transform lives. It believes in the power of the internet to resolve conflict. And it believes in the power of compelling ideas to propel themselves into political consciousness if they are able to get exposure and be debated. Scoop is, necessarily, a forum that is neither censored through its own prejudices nor controlled by a multinational media conglomerate. Therefore Scoop's mission is: 'To be an agent of positive change.'"[228]

The international news agencies

Though not directly owners of the New Zealand news media, the international news agencies are owners of our news in the wider sense. All our mainstream news media depend on them – often to the exclusion of wider sources of information and viewpoints – for their international news. This paper is not the place to explore them in detail, but it is important to be aware of our often invisible dependence on them for our view of the rest of the world.

This was emphasised by the New Zealand Press Council in a ruling in November 2005 on a reader's complaint about the balance of the coverage of the *Press* of the Palestine-Israel conflict[229]. The Press Council in not upholding the complaint explained in part:

> There is another consideration. New Zealand newspapers are not, on the whole, able to maintain their own sources of reporting major international issues. Resources are severely constrained by the size of the local market. Accordingly they must rely on established overseas agencies for much of their copy. This *The Press* clearly did in publishing the reports of which Parish complains – as with the two reports supportive of his point of view. As the editor points out, a range of agencies supplied the August reports. The various agencies offer differing perspectives. Certainly in a matter of such complexity, in which opinion is often so bitterly at odds, the aim should be to consider all feasible sources of news and views.
>
> The [Jennifer] Lowenstein article [provided by the complainant, a 'telling critique of the failure of Western media to represent the Palestinian and/or Arab viewpoints' according to the Press Council] claims there is a systematic failure on the part of Western media to take the Arab viewpoint into account. A single New Zealand newspaper cannot be expected to correct any such trend, if indeed it exists, when its own resources for coverage of a major international happening like the Gaza withdrawal are strictly limited.

The Press Council appears to be saying that in the end we have to accept that our sources of international news will be biased, and that our local newspapers cannot be expected to take responsibility for it by, for example seeking other sources of news reporting.

The media moguls: who are they?

Rupert Murdoch and News Corporation

Until 2005, the US-based News Corporation's influence over the New Zealand news media was through its control of INL, in which it had just over 45% of the shares. With INL's merger with Sky TV, News Corporation has 43.65% ownership[230] of its main New Zealand vehicle, Sky Network Television Limited, and thereby control. News Corporation is controlled by Rupert Murdoch, who through direct and family shareholdings owns 38% of the voting shares[231]. In 2007 Murdoch was valued at US$9.0 billion according to the Forbes Global list of the richest people in the world[232].

In total, Sky TV is at least 59% overseas owned, the shareholding of three of its four largest shareholders. The other main shareholder is the Todd family's Todd Communications Limited (11.11%)[233].

Described by *Vanity Fair* as "arguably the most powerful private citizen in the world" (and by US rival Ted Turner as "the most dangerous man in the world"[234]), Murdoch is highly controversial internationally for his raids on newspapers from Australia to the UK to the US He gave away his Australian citizenship so he would be allowed to buy TV channels in the US – and then complained when he couldn't buy channels back in Australia. The move to the US was completed in April 2004 when he moved the home country of its incorporation from Australia to the US[235]. In the UK he used vicious union-busting tactics, including police and Australian transport firms, to move his papers out of Fleet Street and de-unionise them.

News Corporation is one of the world's largest media corporations, in 2001 ranked the largest transnational media group[236]. In 1998 it included around 800 businesses around the world, including 40% of national newspaper circulation and BSkyB Television in the UK, 22 US television stations, the Fox broadcast network, 20th Century Fox, the *New York Post*, India's Star satellite network, HarperCollins publishers, and an Asia-wide satellite TV broadcaster based in Hong Kong[237]. Focussing increasingly on pay TV (in which he could often gain a monopoly position), after trying for at least three years Murdoch bought a controlling 34% of DirecTV in 2003 (cost: US$6.6 billion), the largest satellite pay TV company in the US This gave him coverage of some of the largest markets in the world – US, UK (BSkyB, controlled with 35%), Asia and the Middle East (Star), Australia (Foxtel, 25%), Brazil (Sky Brasil), Mexico (Sky Mexico) and New Zealand[238]. (Shortly after his DirecTV purchase the US Federal Communications Commission loosened its cap on TV ownership and cross-ownership of media, allowing Murdoch to expand even further[239].) Its acquisitions continue.

The sale of INL's publications to Fairfax occurred at about the same time as the huge DirecTV purchase – a rare sale of newspapers by Murdoch, which was symbolic because the *Dominion*, from which INL was built by further acquisitions, was his first acquisition outside Australia, purchased in 1964. Recalled journalist Craig Howie, "In those early years, Mr Murdoch would occasionally visit the Dominion's newsroom to keep an eye on his pioneering overseas business venture. New Zealand visits are now extremely rare."[240]

Murdoch is frequently criticised for the influence he has on editorial policy – towards entertainment and the reactionary[241]. He strongly defends his right to interfere in editorial matters: "it's my responsibility sometimes to interfere" he told a forum in January 1999[242]. Murdoch uses his newspapers to further his political and business interests.

Murdoch explicitly backed the US invasion of Iraq in 2003, saying, "We can't back down now, where you hand over the whole of the Middle East to Saddam, and I think Bush is acting very morally, very correctly, and I think he is going to go on with it". He was clear in his rationale: "The greatest thing to come out of this for the world economy...would be US$20 a barrel for oil. That's bigger than any tax cut in any country."[243] In an interview with *Fortune* magazine, he gave a further explanation: "Once it [Iraq] is behind us, the whole world will benefit from cheaper oil which will be a bigger stimulus than anything else."

News Corporation US subsidiary Fox News was widely criticised for its coverage of the Iraq invasion and the subsequent events. It was aggressively supportive and uncritical of US government statements which were widely seen as fabrications and either at the time or subsequently shown to be untrue by authoritative sources. This was no accident. In his feature-length documentary, "Outfoxed", director Robert Greenwald gives numerous examples of daily executive memos from the top in Fox News, outlining the “main message of the day”, which was faithfully repeated by each one of the channel’s anchors.[244]

It had the desire effect. A series of polls by the Program on International Policy Attitudes (PIPA, a joint program of the Center for International and Security Studies at Maryland and the Center on Policy Attitudes in the US) from January to September 2003 surveyed the belief of the US public in three such false statements – that evidence of links between Iraq and al-Qaeda have been found; weapons of mass destruction have been found in Iraq; and world public opinion favoured the US going to war with Iraq[245]. A majority – 60% – believed at least one of these statements, and 8% believed all three. The more misperceptions people believed, the more likely they were to support the invasion. A fourth falsehood – that Iraq played an important role in the 11 September 2001 bombings of the World Trade Centre in New York and the Pentagon – was also widely believed and increased support for the invasion. Among those believing none of the first three statements, a majority believed going to war was wrong. Those polled were asked where they tended to get most of their news. For every question, the rate of “misperception” was significantly higher for those who got most of their news from Fox. Overall, 80% of Fox viewers had at least one of the three misperceptions compared to just 23% for those who relied mainly on public broadcasting (National Public Radio or Public Broadcasting Service), and 47% who relied mainly on print media for their information (despite many of the print media being controlled by News Corporation, and wide spread misreporting in general including the *New York Times* which conceded in 2004 that its coverage of Iraq had been flawed and “credulous”[246]). The differences persisted even taking account of voting behaviour (Democrat versus Republican), and education level. Though Fox stood out in its failure to critically examine and report the news, as the following table shows, only those US media in public ownership did well.

Number of misperceptions per respondent	**FOX**	**CBS**	**ABC**	**CNN**	**NBC**	**Print media**	**NPR/ PBS**
None of the 3	20%	30%	39%	45%	45%	53%	77%
1 or more misperceptions	80%	71%	61%	55%	55%	47%	23%
Average rate of misperceptions	45%	36%	31%	30%	30%	25%	11%

Fox also played a role in creating an atmosphere of intolerance to any critical reporting. According to Michael Massing in the *New York Review of Books*, writing about the failure of US media to critically analyse government claims during the lead up to the invasion of Iraq,

> Many readers, meanwhile, were intolerant of articles critical of the President. Whenever *The Washington Post* ran such pieces, reporter Dana Priest recalls, “We got tons of hate mail and threats, calling our patriotism into question.” Fox News, Rush Limbaugh, and *The Weekly Standard* [a News Corporation owned magazine], among others, all stood ready to pounce on journalists who strayed, branding them liberals or traitors—labels that could permanently damage a career. Gradually, journalists began to muzzle themselves.

Massing documents the failure particularly of the US print media, including supposedly august institutions such as *The New York Times* and *Washington Post* to objectively investigate Bush administration exaggerations and distortions of the evidence. Indeed, some reporters actively cooperated with government-supported sources they should have known were unreliable or deliberately lying. Prominent *New York Times’* reporter Judith Miller said that as an investigative reporter in the intelligence area, “my job isn’t to assess the government’s information and be an independent intelligence analyst myself. My job is to tell readers of *The New York Times* what the government thought about Iraq’s arsenal.” Editors ignored or buried on back pages evidence that did not suit the Bush administration’s line. Only after the invasion had ended, did journalists find “no shortage of sources willing to criticize the administration”[247].

A Fox television station was also involved in a notorious episode in 1997 that lead to unsuccessful court action by reporters who had produced a report critical of Monsanto. Their documentary described how Florida dairy farmers had been secretly injecting genetically engineered rBGH into their cows and how Florida supermarkets sold milk from treated cows, despite promises to the contrary, in order to obtain "acceptance" by consumers. The station manager pressured the reporters to change the story, saying: "We paid $3 billion for these stations. We'll tell you what the news is. The news is what we say it is!" Despite submitting over 80 re-writes of their script, all rejected by the station, the journalists were sacked. In an initial court case the reporters charged that in sacking them for refusing to broadcast false reports and threatening to report the station's behaviour to the US Federal Communications Commission (FCC), Fox had broken Florida's whistleblower legislation. The journalists won, one of them, Jane Akre, being awarded US$425,000. Akre commented: "The jury verdict does not say I had a 'reasonable belief' the story [Fox wanted to run] was slanted, it says clearly that the story WAS false and slanted". They lost on appeal however on the technical grounds that the FCC had no "law, rule, or regulation" (as required by the whistleblower legislation) against deliberate distortion of the news – only a policy which had not been formally "adopted". "In essence," Akre observed, "the news organization owned by media baron Rupert Murdoch, argued the First Amendment gives broadcasters the right to even lie or deliberately distort news reports on the public airwaves."[248]

In the UK, Murdoch has interfered in national politics for many years. In 1995, Murdoch closed *Today*, one of the few major British newspapers opposed to the Conservative Government[249]. As he came close to obtaining a monopoly on digital pay television broadcasting in the UK in 1996, Polly Toynbee, columnist for the UK daily *Independent* accused both Conservative and Labour Parties of caving in to allow him the monopoly, through fear of the influence of his newspapers: "one of the most shameless conspiracies in Westminster for some time."[250]

A major factor in the 1997 "new" Labour election victory in the UK was Murdoch's support for Blair, via *The Sun* newspaper – which had supported the Conservatives in the previous election[251]. His support did not go unrewarded. In February 1998, the House of Lords voted to tighten competition law to curb Murdoch's tactics of setting "predatory" low prices on his newspapers (such as the *Times*) to drive rivals out of business. This was opposed by Blair, his spokesperson saying, "This amendment will not become law. It doesn't add to the effectiveness of the bill and singles out one company in a way that is unnecessary."[252] The following month, Blair tried to help Murdoch take over an Italian TV station, Mediaset, by speaking directly to the then Italian Prime Minister, Ramano Prodi[253].

Murdoch's continued support for Blair was far from unconditional. At the same time as the 2003 Iraq occupation, Murdoch and his UK executives were attacking the BBC. Tony Ball, then chief executive of British Sky Broadcasting (BSkyB), which is controlled by Murdoch, declared that the BBC should be forced to sell its most successful programmes, such as "EastEnders", "Casualty" and "Have I Got News For You" to its commercial competitors. He also called for the BBC to be banned from buying any foreign-made programmes, saying that it "would not be such a disaster" if the BBC were eventually to become a marginal broadcaster. The statements were seen as intended to influence the government as it reviewed the BBC's charter and the continuation of the licence fee which supports the BBC's public broadcasting. (British government papers leaked in February 2004 included just such options, among others that would split up and weaken the corporation[254].) The political context made the statements particularly pointed: the David Kelly Iraq affair, in which the BBC came under furious attack from the government, was undermining Tony Blair's and the government's credibility, and Murdoch was demonstrating an increasingly close and supportive relationship with the government. Murdoch's UK newspapers reporting of the affair had been "relentlessly negative" and anti-BBC according to observers. In response, in August 2003, the controller of BBC1, Lorraine Heggessey, attacked Rupert Murdoch, calling him a "capital imperialist who wants to destabilise the corporation" because he "is against everything the BBC stands for". She said "I would suspect that everybody who works for Rupert Murdoch knows what he expects of them and they know that if they don't deliver they will be booted out."[255] It therefore seemed more than coincidence that it was Murdoch's favourite mouthpiece, *The Sun* (see below) which received a leak of the official Hutton report into the Kelly affair, and a day before its official release in January 2004 triumphantly headlined its clearance of Blair and reported with relish its "devastating indictment" of the BBC. Many other observers, including one in another News Corporation newspaper, the *Times*, considered the Hutton report a whitewash[256].

In 2004 it was reported that Murdoch told Blair that he could not support the re-election of a Labour government unless it did a U-turn and held a referendum on the then proposed European Union constitution. Blair did the U-turn, which other newspapers attacked as a bid to gain political advantage domestically rather than demonstrating a commitment to democracy. Murdoch's *Sun* had led the charge against signing up to the constitution (although another Murdoch newspaper, the *Times* equally strongly criticised Blair's turnaround)[257].

Murdoch supported Blair again in the May 2005 UK elections, with a supportive editorial in *The Sun*[258] and continued to support him and his heir apparent, Treasurer Gordon Brown as Blair came under increasing public attack. "I think it's been a pretty good government in many, many ways but they have extended the nanny state, the welfare state and gone a long way to destroy this idea of personal responsibility for people's lives," he said. "I do believe that the country is certainly overtaxed and I think that business is suffering"[259].

More recently he was asked "I know you will be aware that there's a lot of speculation in Fleet Street that your attitude to Blair has changed. They point to what's happened at *The Sun*, and the way that *The Sun's* editorial stance has changed; the claim being that you feel Blair and his colleagues are too much like Old Labour than New Labour." His response simultaneously made clear his use of his newspapers as his mouthpiece, his view of Blair, and his own politics:

> No. Certainly, I think Tony is being extraordinarily courageous and strong on what his stance is in the Middle East. It's not easy to do that living in a party which is largely composed of people who have a knee-jerk anti-Americanism and are sort of pacifist. But he's shown great guts, as he did I think in Kosovo and various problems in the old Yugoslavia. But about *The Sun ... The Sun* is very clear about that too. *The Sun* certainly has been consistently against him on the euro, and most European matters. We are more against [British Chancellor of the Exchequer] Gordon Brown than we are against Tony Blair, and Gordon is, if anything, more of a friend. I admire him as a person. But it's his insistence that only the government can provide health services and education and just locking out the private sector. That, I think, is really a huge mistake. No one government, one cabinet or one person can run a health service with over one million employees. It's just impossible. I think it's fair to say that on those sorts of issues, we might have raised our voice a bit more over the past few weeks than we did the previous few weeks, but it's just a matter of tone rather than substance. We haven't changed our stance on these issues.[260]

Murdoch has also been working to gain influence in China, in part by controlling his editorial lines. He took the BBC off his Asian Star satellite service because of its critical documentaries about China[261]. He was rewarded for his good behaviour (which included praising China's leadership in an address to Beijing Communist Party cadres[262]) – in 2001 he paid US$325 million ($808 million) for a 12.5% stake in China Netcom, which was building the country's first broadband telecoms network. He was not concerned that the purchase was illegal: Chinese law at the time prevented foreign investors from owning any part of the country's basic telecoms network, including China Netcom. China promised to change the law as a cost of entry into the World Trade Organisation, but at the time of Murdoch's purchase, the law had not been changed[263]. In 1998 he intervened to prevent his publishing subsidiary, HarperCollins, from publishing a book critical of China by the former Hong Kong governor, Chris Patten[264].

A few months after the 1996 election to power of the conservative Howard-led government in Australia, Murdoch criticised it for not carrying out radical reforms, saying New Zealand was the model to follow[265].

And Murdoch is not above tax avoidance. In 1997 the UK, the US, Canada and Australia set up an international tax investigation into News Corporation. It paid almost no tax that year: 7.8% of profits in the previous year, as compared to 28% for the rival international media giant, the Walt Disney corporation[266]. Concerns about his corporation's tax habits have also been raised in the UK, Israel and the US[267] In 1989 an Australian parliamentary investigation found News Corporation was using tax havens such as the Dutch Antilles, the Cayman Islands and Bermuda to launder its profits. In the UK, News Corporation subsidiary, British News International paid only 1.2% of its profits in tax, compared to a company tax rate of 33%. The *Washington Post* has reported News Corporation's tax rates in the 1990s were 5.7%[268]. More recently, when Murdoch moved his headquarters from Australia to the US, "he reportedly avoided paying stamp duty of A$53 million (NZ$57 million) and capital gains tax of up to A$1.2 billion by moving control of his ultimate family company, Kayarem, to the Caribbean and listing it on the Bermuda Stock Exchange."[269]

Murdoch is doing his best to ensure continued family dominance of his empire, though his separation from his wife in 1998 and her demand for half shares, was a complication. He nominated his son Lachlan as heir-apparent, making him executive chairman of News Ltd in Australia and head of Fox television in the US. Lachlan Murdoch was INL's representative on the board of Sky Television in

New Zealand[270] until he resigned from INL's board under pressure of his American and Australian commitments at the end of 1998[271]. However, Lachlan, in the words of one author, Paul Barry, did not emerge as one of "the brightest crayons in the box" in one headline-making fiasco. Barry was commenting on the A$1 billion collapse of Australian discount phone company One.Tel in 2001. Lachlan and James Packer, son of Rupert's competing media magnate, Kerry Packer (see above), "are said to have dragged their reluctant fathers into investing in the operation", taking a 51% share[272]. In 2005, Lachlan quit News Corporation apparently of his own volition but amid rumours of friction with the company's chief operating officer Peter Chernin.[273] He remained on the board however. Rupert has turned to his next son, James, to be the heir apparent[274].

Around the same time as BSkyB was trying to undermine the BBC (see above), BSkyB's shareholders were questioning the impartiality of directors chosen to search for a new chief executive. Murdoch wanted to put his son James, head of News Corporation's Star TV, in the job. Both were on the BSkyB board, described by an expert in corporate governance as "cosy to the point of incestuousness", with Rupert in the chair. There was dismay but no surprise when James was given the position, despite it being described as "blatant despotism" and handing too much power to News Corporation[275].

Rupert is following in the footsteps of his father, Sir Keith Murdoch, both in his politics and his nepotism. Sir Keith distinguished himself by banning a scoop by one of his reporters on the *Melbourne Herald*, who discovered Nazis were immigrating to Australia. Sir Keith thought it would give the Communist Party a propaganda opportunity – to him, more serious than exposing fascists entering the country[276].

Locally, INL did a fair imitation of Murdoch's views. At INL's annual meeting in 1992, after some years of staff cuts and new technology, the then chairman, Alan Burnet, asked for more tax relief and acclaimed the Employment Contracts Act as "one of the most important developments of recent years."[277] The reason for his enthusiasm was related to Parliament by the Engineers Union in June 2000 when it named INL and Telecom at the top of a list of nine companies which acted in bad faith under the Act. The union said the companies "stood out for their blatancy in denying workers the choice of union membership. They induced members out of collective contracts and refused to bargain collectively." INL had offered financial inducements for workers not to join the collective, obstructed those who later wanted to join the collective, and pressured existing members to leave the collective[278]. Despite denials by then managing director Michael Robson (1999 salary package $521,640[279]), the company continued anti-union tactics even as the Act was in the process of being repealed. In a dispute at the *Press*, it accused an "outside union element" of "trying to escalate a dispute" against proposals under which workers who changed from individual contracts to the collective would be penalised. By then, less than a third of the *Press's* 450 workers were on two collective contracts[280]. The attitudes continued into 2001 when the Employment Relations Authority ordered INL to meet its employees' union representatives, finding that it had failed to act in good faith[281].

In 1995 a new chairman, Sir Colin Maiden, was worrying about the uncertainty brought about by MMP[282]. After the 1996 General Election campaign, Michael Robson repeatedly said INL would be interested in a privatised TVNZ[283] and in October 1997 visited the then Prime Minister, Jim Bolger to discuss TVNZ's possible sale shortly after Bolger suggested it might be sold[284]. In the meantime it bought a controlling shareholding in Sky TV. Murdoch visited New Zealand in October 1995 and invited the Prime Minister to dinner, but his newspaper chain would release only limited details of what he was doing here[285]. The then Minister of Broadcasting (Maurice Williamson) visited Murdoch at his home in Los Angeles in 1992.

Direct political involvement was revealed in the 1999 New Zealand election when INL admitted to making donations to National and Labour as "an indication of support for the political process". Senior Lecturer in Journalism at University of Canterbury, Jim Tully, however commented that "media companies should not be donating money to political parties", and that they were even more difficult to justify if they did not treat every party the same[286].

When Michael Robson died suddenly in December 2000, Murdoch took steps to tighten his control over INL. The move coincided with yet another major expansionary adventure by Murdoch in TV, aiming at forming an international satellite TV empire from similar operations around the world. All subsidiaries were reportedly being told to put major spending on hold. Murdoch appointed Tom Mockridge as chief executive of INL and replaced chairman Sir Colin Maiden with Kenneth Cowley, a News Corporation director. Mockridge, a New Zealander, was described as coming from News Corporation's "inner sanctum", and by Murdoch's youngest son, James, as "one of the most valued people within the News organisation". It was Mockridge's "business-first" approach in place of "newspaperman first" Robson that was blamed for the closure of the *Evening Post* in June 2002, at the cost of 84 jobs[287]. Other staff were employed by the *Dominion*, renamed the *Dominion Post*. It was not an immediate success. Audit figures released for the six months to September 2002 showed the combined circulation dropped from 124,714 to 101,511, well behind the proclaimed target of 120,000[288] and that was its peak. But it appears that that was the job Mockridge had been sent to do. In September 2002 he was off to head Italy's pay TV company, Stream, half-owned by News Corporation. He was replaced by Peter Wylie, News Ltd director and managing director of the company's Advertiser Newspapers, the publisher of Adelaide's morning daily[289] whose plans to "dominate the entire communications action"[290] were cut short by the sale of INL's operations to Fairfax in 2003.

News Corporation has other interests in New Zealand. Twentieth Century Fox, also a subsidiary of News Corporation, bought 80% of the internationally recognised natural history division of Television New Zealand, corporatised as Natural History Ltd. According to Fox's international television president, Mark Kaner, "the Natural History team had been lauded and admired around the world for its commitment to excellence. Natural History is the third largest producer of natural history programmes in the world." TVNZ initially retained the remaining 20% with guaranteed access to the unit's productions but later sold it to News Corporation[291]. Another News Corporation subsidiary, Corporate Research Services, was noted snooping round in 1992, with a view to buying TV2[292]. And when Air New Zealand bought out News Ltd's 50% of Ansett Australia in its ill-fated June 2000 deal, part of the agreement was that it would issue News Ltd with Air New Zealand shares equivalent to 10.5% of the company at February 2000, or equivalent cash, in two to four years. In February 2004, News Corporation subsidiary Nationwide News was issued with 78 million shares in Air New Zealand – by then only about 2.6% of the company[293].

O'Reilly, Clear Channel Communications

APN News and Media (ANM) is an Australian registered company which is controlled by Independent News and Media (INM), of Ireland, through its 45% shareholding. ANM also shares ownership of The Radio Network with Clear Channel Communications of the US through their company ARN.

O'Reilly

INM is controlled by the O'Reilly family, headed by the Irish former rugby international and billionaire magnate, Sir Anthony (Tony) O'Reilly, who first hit New Zealand TV screens as the Chief Executive Officer of H.J. Heinz and Company when it took over another icon, Watties Ltd[294] (he has since resigned from his posts as both CEO and then chairman of Heinz[295]).

INM has interests in Ireland, the UK, South Africa and Australia, as well as New Zealand. Headquartered in Ireland, it is that country's largest media company, including being the largest publisher of both national and local newspapers, with leading positions in commercial newspaper printing, wholesaling and distribution, and interests in yellow page directories and online advertising and database services. It owns the largest newspaper group in Northern Ireland, and the *Independent* and other newspapers and magazines in the UK It owns the largest newspaper publisher in South Africa, along with interests in magazines, outdoor advertising and electronic media. Through ANM it owns Australia's second largest radio network (ARN) and claims to be Australasia's largest radio broadcaster, and the largest operator of outdoor advertising in both Australia and New Zealand, with subsidiaries in Hong Kong, Malaysia and Indonesia[296]. O'Reilly and family have other interests in Australia: one that unites him with a number of media rivals is private investment company Bayard Capital whose managing director is Tony's son Cameron, and whose shareholders include Tony, Seven Network chairman Kerry Stokes, Rural Press chairman John B Fairfax, former Lion Nathan head Douglas Myers, and the wealthy Smorgon family[297].

O'Reilly does not have the same reputation for interference in politics and editorial policy as his rival, Murdoch. His *New Zealand Herald* has at times allowed a noticeably broader representation of opinion than INL's publications, and his magazines include what was for some years New Zealand's only left of centre mainstream magazine, the *Listener* (more recently becoming an increasingly bland lifestyle magazine with a change of editor).

But he is no left-winger. Under his control, Wilson and Horton co-sponsored the elitist “Williamsburg” conference on Asia in Queenstown in March 1998. At it, O’Reilly offered “an investor’s view” of New Zealand, praising “a 20% return on capital”, describing New Zealand as “the top destination for multinational corporations which wish to locate in a fair, free and friendly enterprise for all of South-east Asia”, and ending

> Looking at and participating in the miracle of New Zealand in commerce, I have no doubt whatsoever that the next century will confirm what we already know – that New Zealand has found the economic way of fairness and transparency and a real return on capital; and that because of this, many others are in the process of finding the way to invest in this extraordinary country.[298]

In May 2000, Labour MP David Cunliffe told Parliament that the *Herald’s* business editor, Rod Oram, had been removed from that post on the urging of the Business Roundtable. He quoted *The Independent* as saying that “Business Roundtable chairman Ralph Norris had a word to the chief executive of the *Herald*, John Sanders. He said ‘I don’t like your *Business Herald* editor Rod Oram. I think he’s soft on the [new Labour/Alliance Government’s] Employment Relations Bill’ and that is why several days ago Mr Oram was told he was ‘gone’.” Norris is on a *Herald* advisory board[299]. He denied that he had influenced the decision. But a month later it was announced that Oram had resigned from the newspaper[300].

In July 2001, O’Reilly invited former Canadian Prime Minister, Brian Mulroney, to visit New Zealand to sell the idea of joining the controversial North American Free Trade Agreement (NAFTA) which covers Canada, the US and Mexico. Mulroney had signed Canada into NAFTA after an election campaign promising he wouldn’t. He became possibly Canada’s most unpopular and distrusted politician, his Progressive Conservatives Party having its parliamentary numbers cut from 155 to two. Mordecai Richler (described by another Canadian Prime Minister, Jean Chretien, as “simply one of the most brilliant artists in Canadian history”) wrote that “Mulroney, to give him credit, was a consummate pro, a mellifluous fibber with the built-in advantage of never once being inhibited by shame. In office, Mulroney lied regularly, even when it wasn’t necessary, just to keep his hand in.”[301] O’Reilly rewarded Mulroney by putting him on the international advisory board of the *Herald’s* parent company, INM (which includes an array of other current and former politicians). On his visit to New Zealand, the *Herald* gave Mulroney (and NAFTA) a week of cringing star treatment, relegating the hugely popular anti-globalist author, Naomi Klein (who had attracted between 800 and 1,000 people to her public meeting in Auckland during the same week) to one interview in the lifestyle pages. *Political Review* editor, Chris Trotter, described the Mulroney episode as “advocacy journalism” and commented:

> The ownership of a significant daily newspaper, in the context of a society which still subscribes to the precepts of democracy, entails a number of crucial responsibilities. Foremost among these is the responsibility to provide its readers; citizens all; with the information they require to arrive at sound judgments about political and economic affairs. The *New Zealand Herald’s* campaigning stance on the issue of free trade, its advocacy journalism in favour of joining NAFTA, and its close association with the knowledge conference; a government propaganda exercise; call into question both its willingness and its ability to accept that responsibility. Indeed, the *Herald’s* leader-writers demonstrate an impatience with the democratic process that is truly worrying. It’s almost as if they believe that the voting public and politicians who “pander” to its “prejudices” are not to be trusted with economic decision-making.[302]

Herald Assistant Editor and business journalist, Fran O’Sullivan, takes a leading role in business groups (for example she is a former vice-president of the New Zealand United States Council and is a member of the council’s advisory board) advocating a US-New Zealand free trade and investment agreement, and her writing in the *Herald* supports that stance. In September 2003, she attended the WTO Ministerial meeting in Cancun, Mexico sponsored by the free trade business lobby group, the Trade Liberalisation Network, Fonterra and the Ministry of Foreign Affairs and Trade, apparently without seeing any conflict of interest[303].

In 2002, *The Independent* journalist, Deborah Diaz reported that a former editor of the *Herald*, Steven Davis, was writing a book which included “allegations of corporate influence over the newspaper – both from the outside and from within the ranks of Wilson and Horton management. Sources close to Davis say he felt under more pressure as *Herald* editor than during his 10 years on Fleet Street.” This included pressures from advertisers, but "more controversial still are allegations that Wilson and Horton management, its board or marketing department tried to influence news coverage."[304]

In August 2003, in a move that drew condemnation and active protests from readers, the *Herald* sacked its popular award-winning cartoonist, Malcolm Evans. Media commentator Russell Brown described the circumstances as follows:

> The *New Zealand Herald's* editorial cartoonist for seven years, Malcolm Evans officially departed the paper this week. On Tuesday, Evans received a month's notice after he and the *Herald's* managing editor, Gavin Ellis, were unable to agree on the terms on which Evans, an independent contractor, would provide work to the paper.
>
> Evans' departure caps off a debate that has gone on behind the scenes for more than a year. It relates to cartoons he has drawn on the Israeli-Palestinian issue, including a recent one which drew a parallel between the situation in the Occupied Territories and apartheid. A number of those cartoons attracted complaints – both through the paper's letters page, and, according to Evans, in person, when Ellis was bailed up at social events.
>
> Evans says Ellis eventually forbade him to address Israeli-Palestinian issues in his work – a condition that Evans found unacceptable.

Evans said that he had been assured of complete editorial freedom when he joined the *Herald*. The Herald didn't agree: "His claim that he was sacked for refusing to stop drawing cartoons critical of Israel's government is incorrect and is denied." Yet it did acknowledge refusing at least one of Evans' cartoons on the subject. It replaced Evans with an Australian cartoonist, Rod Emmerson, living in Rockhampton, Queensland. That brought criticism from widely syndicated fellow New Zealand cartoonist Garrick Tremain, saying it would be very difficult for Emmerson to reflect the views of *Herald* readers from that distance: "it would be very difficult for me to reflect the views of people in Rockhampton".[305]

In a development which resulted in concern around the world, in March 2007, O'Reilly announced that his Irish and New Zealand print media would be outsourcing their sub-editing and layout operations. Those affected in New Zealand included his daily papers, the *Listener* and *Herald on Sunday*.[306] Sub-editing can be seen as a simply technical job of checking for errors of fact, typographical and spelling errors, and applying standard styles to reports. Taking this conveniently mechanistic view, O'Reilly wrote in 2006:

> With the exception of the magic of writing and editing news and views that the public really wants to see and feel – and that is the ethos of every newspaper, local and national – almost every other function, except printing, is location-indifferent. No reader knows where the page is made up.[307]

Yet there are real concerns. Checking of facts frequently requires intimate local knowledge which only a local reporter can acquire. A person in a centralised, remote location, perhaps in another country (in this case, Pagemasters New Zealand, Melbourne-based subsidiary of Australian Associated Press was proposed to carry out the role, though initially at least from Auckland) can hardly be in a good position to check such facts in the constantly pressured environment of a newsroom, and particularly when the facts are on issues that might be controversial, surprising, or subject to contention. Central imposition of styles can lead to blandness of both writing and publications – the factory approach hinted at in O'Reilly's statement.

Martin Hirst, Associate Professor in the Auckland University of Technology's School of Communication Studies and leader of their journalism programme, put it like this: "You'd have to think that over time there will be declining quality. Maybe not every day, in every story, but over time, you'd think that would be the trend, because you're going to lose that connection with the local community, and that immediate, (face-to-face) link between the subs and the journalists."[308]

The face-to-face link between sub-editors and journalists is important: it provides accountability for stories and editing, in both directions. Without it, journalists become part of an assembly line rather than responsible professionals.

It can be more sinister: a source of central control for imposing a particular political view. This was strikingly exemplified in an example relating to CanWest's control of its newspapers, of which more below. Reuters complained to CanWest about its policy of inserting the word "terrorist" into news stories to describe "primarily Arab" groups – in many cases, erroneously or disputably. The key passages of that report make the power of the "technical" function of the subeditor clear:

> In an interview, *Ottawa Citizen* editor Scott Anderson conceded fighters in Fallujah were not terrorists but said CanWest has a policy of renaming some groups as terrorists. He added the paper had applied that term primarily to Arab groups, and that mistakes had been made occasionally.
>
> However, Anderson said he did not believe the paper had a duty to inform its readers when it changed words. "We're editing for style...," he said. "We're editing so that we have clear consistent language to describe what's going on in the world. And if we've made a mistake, we should correct that. And we will."[309]

Here, "style" and "clear and consistent language" had become a cover for enforcing a particular political slant on world events.

This 2004 example arose from editorial policies within the CanWest group starting in 2001, again using a centralised editorial process which illustrates the blurred line between sub-editing and editorial control over content. The *Washington Post* reported CanWest columnist Stephen Kimber found that "the editing of his writing became more and more inexplicable. It wasn't so much dropped commas or the introduction of errors. Sometimes he would open the newspaper, the Halifax Daily News, and find that his opinions had been removed. 'I put up with that for a while, then I began to censor myself,' said Kimber. 'I would remember, "No, I'm not supposed to write about that."'" This began when CanWest took over his newspaper. Around that time, December 2001, "the company announced that all 14 of its big-city newspapers would run the same national editorial each week, issued from headquarters in Winnipeg, and sometimes written at CanWest papers around the country. Any unsigned editorials written locally at the 14 papers, the company said, should not contradict the national editorials, which covered such subjects as military spending, the Israeli-Palestinian conflict and property rights." Journalists said that the effect of this edict went "far beyond the editorials, imposing control on columnists and reporters as well. In the United States, the National Conference of Editorial Writers, whose members include Canadians, joined in, saying the decision was 'likely to backfire with readers who are accustomed to editorials on national and international subjects that take account of the diversity of views in their communities.' Many journalists say the company is breaking age-old traditions that keep reporters and columnists independent of the publications' owners." CanWest couldn't see a problem. "All they are doing, they say, is exercising the legitimate prerogative of owners to influence a limited part of their publications, the editorials."[310]

Outsourcing also has important employment implications. Employees concerned were understandably reluctant to move to the outsource suppliers, losing pay, conditions and career prospects. Particularly in smaller centres, it would reduce employment opportunities, and especially for younger journalists. It was also seen as a move to weaken union representation, strong in O'Reilly's operations in both countries. In the New Zealand case there is a high degree of unionisation, especially at the *Herald*, and the newspaper had been involved in a number of industrial disputes. Unions were among the strongest critics of the outsourcing, seeing it as undermining standards of journalism. Up to 70 jobs would be affected by the move, cutting editorial staff by 20-25%. The outsourced equivalents would presumably keep working if a strike occurred.

O'Reilly's motivation was clearly reducing his cost of labour. He preceded his previously quoted comment with:

> it is on the production side that I believe that the internet can yield an extraordinary opportunity to the newspaper industry in putting together its products at a much lower cost. If we except newsprint, the real cost of newspapers lies in putting them together – writing them, editing them, producing pages, getting them camera ready, producing plates, printing – and finally, in distribution.[311]

Press journalist Matt Philp reports that "the outsourcing of newspaper editorial is already well-enough established to have generated a dismissive tagline: 'remote-control journalism'. Much is heading to highly educated, low-wage India. United States newspaper outsource graphic design to Pune [in Maharashtra, India]; Reuters takes corporate information, including an increasing amount of Wall Street reporting, from an outfit based in Bangalore."[312]

Clear Channel Communications

Partner with ANM in its ownership of the Australian Radio Network (ARN) is Clear Channel Communications, of San Antonio, Texas. It was reviled enough in the USA to merit a dedicated Clear Channel Sucks web site (since corrupted) which stated on its home page in 2003:

> Clear Channel owns over 1,200 radio stations and 37 television stations, with investments in 240 radio stations globally, and Clear Channel Entertainment owns and operates over 200 venues nationwide. They are in 248 of the top 250 radio markets, controlling 60% of all rock programming. They outright own the tours of musicians like Janet Jackson, Aerosmith, Pearl Jam, Madonna and N'Sync. They own the network which airs Rush Limbaugh, Dr. Laura, Casey Kasem, and the Fox Sports Radio Network. With 103,000,000 listeners in the US and 1,000,000,000 globally (1/6 of the world population), this powerful company has grown unchecked, using their monopoly to control the entire music industry.

Even the mainstream internet news and commentary site, Salon.com, ran a series of articles entitled "Radio's big bully: A complete guide to Salon's reporting on Clear Channel, the most powerful – and some would say pernicious – force in the music industry."[313]

But the most striking complaint against Clear Channel in the context of news, was its behaviour during the invasion of Iraq. Noted Indian writer Arundhati Roy described it most clearly:

> Clear Channel Worldwide Incorporated is the largest radio station owner in the country. It runs more than 1,200 channels, which together account for 9 percent of the market. Its CEO contributed hundreds of thousands of dollars to Bush's election campaign. When hundreds of thousands of American citizens took to the streets to protest against the war on Iraq, Clear Channel organized pro-war patriotic "Rallies for America" across the country. It used its radio stations to advertise the events and then sent correspondents to cover them as though they were breaking news. The era of manufacturing consent has given way to the era of manufacturing news. Soon media newsrooms will drop the pretence, and start hiring theatre directors instead of journalists.[314]

The US magazine, *Multinational Monitor*, listed Clear Channel among its "10 Worst Corporations of 2003", saying "Clear Channel and its subsidiaries have violated the law on 36 separate occasions over the last three years, demonstrating its poor character." It gave as examples

- Misleading the public about the rules for radio contests, including its "So You Want to Win 10,000" contest which offered a prize of "10,000" to listeners who could accurately answer 10 questions -- without informing the audience that the prize was 10,000 Italian lira (or $53), not $10,000;
- Deceptive advertising;
- Broadcasting conversations without obtaining permission of the second party to the conversation;
- Broadcasting obscene and indecent material during daylight hours when children are likely listening;
- Illegally taking operational control of a radio station;
- Repeatedly flouting the rules pertaining to the testing of the emergency alert system, maintenance of station logs, and antenna construction;
- Conviction for animal cruelty in violation of state law for the purpose of promoting an on-air personality;
- Pleading guilty to criminal mischief in violation of state law for the purpose of promoting an on-air personality;
- Disturbing the peace in violation of state law for the purpose of promoting an on-air personality;
- Defacing public property in violation of state law for the purpose of promoting an on-air personality; and
- Falsely causing a public emergency to be reported for the purpose of promoting an on-air personality.[315]

Clear Channel lobbied intensively and successfully to have restrictions removed that try to preserve some degree of competition in the news media. "The Federal Communications Commission is considering further deregulation that would allow Clear Channel to expand even further, particularly into television", wrote Paul Krugman, prominent US economist and *New York Times* columnist. Krugman continued as follows:

> The company's top management has a history with George W. Bush. The vice chairman of Clear Channel is Tom Hicks, whose name may be familiar to readers of this column. When Mr. Bush was governor of Texas, Mr. Hicks was chairman of the University of Texas Investment Management Company, called Utimco, and Clear Channel's chairman, Lowry Mays, was on its board. Under Mr. Hicks, Utimco placed much of the university's endowment under the management of companies with strong Republican Party or Bush family ties. In 1998 Mr. Hicks purchased the Texas Rangers in a deal that made Mr. Bush a multimillionaire.[316]

Clear Channel is currently considering a takeover bid by leveraged buyout investment company, Thomas H Lee Partners LP, and private equity investor, Bain Capital LLC, for US$19.5 billion[317].

O'Reilly and Clear Channel's principal New Zealand radio network, Newstalk ZB, was in international hot water, but escaped disciplinary action by the Broadcasting Standards Authority, in September 2003 when high profile broadcaster Paul Holmes repeatedly described UN Secretary-General Kofi Annan as a "cheeky darkie" for warning that nations could not act alone and that US President George Bush's doctrine of pre-emptive military intervention could lead to dire global consequences. At the same time, Holmes made denigratory remarks about women journalists. The broadcast was condemned by the Prime Minister, Helen Clark, and described as a "gross error of judgement" by University of Canterbury Journalism head, Jim Tully. A producer of TVNZ's Holmes Show resigned in protest, and its sponsor, Mitsubishi, pulled out. The Radio Network (TRN) made a "confidential" donation, understood to be $10,000, to the Save the Children Fund, and both it and Holmes apologised publicly. Both TRN and Holmes sent letters of apology to Kofi Annan and met with leaders of the New Zealand Ghanaian community. Unspecified "internal action" was taken against Holmes by TRN. Race Relations Conciliator met with 30 Newstalk ZB and Radio Sport hosts, producers and journalists "to advise on the responsibilities and part that radio can play on race relations", and with TRN's human resources division "to ensure appropriate staff race provisions are in place". TRN refused however to accept Holmes' offer of resignation. Seven months later it was forced defend Holmes again when he called then Labour MP, future leader of the Māori Party, Tariana Turia, a "complete fool" and "a confused bag of lard" regarding her attitude to the controversial foreshore and seabed legislation then being debated in Parliament[318].

The Broadcasting Standards Authority conceded that "the opinions imparted and the thoughts promoted by the lengthy commentary went beyond the limits of acceptability. The host did not confine himself to legitimate criticism of the United Nations and its Secretary-General. By denigrating a public figure merely on the basis of race and colour, and reducing the UN Secretary-General to a racist caricature, the comments might have been seen to have promoted the view that a non-white person lacks the skills and qualities needed to hold such a position of authority. The host in this instance is arguably the country's leading broadcaster by virtue of hosting top rating prime time programmes on both radio and television, both of which are broadcast nationally. As such the host is someone whose views and opinions could be expected to influence, shape or reflect the views of a significant proportion of the population." However, the Authority considered that the action taken by the broadcaster was sufficient and declined to take any further action[319].

The ZM network was criticised by a women's health group in September 2004, in the build up to the bi-annual listener surveys which give stations their all-import ratings which in turn determine the rates they can charge advertisers. It was giving away cosmetic surgery items including new breasts, laser eye surgery and dental surgery. Women's Health Action attacked the giveaway as misleading and contributing to a deteriorating social climate which had "an influence on teenage girls at a time when they are very sensitive to these issues." Director Jo Fitzpatrick quoted increasing numbers of teenagers getting breast implants influenced by promotional information without considering the impact on breast feeding in future[320]. ZM modified another promotion after a public outcry in November 2005. The "Amp It Up" promotion encouraged loud parties by offering to pay fines imposed when noise-control laws were broken, describing council noise-control officers as "party poopers". Rather than heed complaints from the Christchurch City Council, the New Zealand Institute for Environmental Health, and "dozens" of individual complaints, ZM just changed its give-aways from paying fines to stereos. Backer Lion Red however withdrew[321].

In 2004, The Radio Network closed down a unique facility belonging to Radio New Zealand, its public radio competitor and former owner. Radio New Zealand's sole remaining music studio, the Helen Young Studio in Auckland, was demolished to make way for offices after TRN, which got ownership of the building it was in when it bought the privatised network, rejected an offer from Radio New Zealand. The move was criticised by local musicians as "bad news for local music". Don McGlashan, former frontman for a number of groups said, "The growth of miniaturised, digital studios means there just aren't that many decent-sized places around where large groups can set up and record. Now the city is losing an excellent studio equipped with great gear, operated by very good people. Life will become a lot more difficult for up and coming bands."[322]

Fairfax

In 2006 John Fairfax Holdings Ltd became Australasia's largest print and digital media group, valued at about $10.3 billion and owning some 240 publications, with the takeover of Rural Press Ltd,[323]. In 2005 the pre-merger company had 20-24% of the Australian capital city and national newspaper market (all but 10-15% of the rest of the Monday-Saturday market is owned by News Corporation, and the two share the Sunday market)[324]. The Rural Press acquisition increases this share further. It has a good reputation for its journalism in Australia, where it publishes the generally well-regarded Melbourne *Age,* the *Sydney Morning Herald*, and *The Australian Financial Review* which allow a variety of opinion. Rural Press added the *Canberra Times* along with several regional rural publications. Nonetheless its management is politically conservative. For example, there was concern in Australia in 2002 when former Liberal Party Treasurer, Ron Walker, who still had strong political ties, was named as a director[325]. Its chief executive is David Kirk, former executive assistant and chief policy adviser to National prime minister Jim Bolger, Rhodes Scholar and All Black captain, who had no newspaper experience when he took the job in 2006[326].

Though it carries the Fairfax name, the company no longer has Fairfax family ownership (though ironically its takeover of Rural Press brought back some of the family, led by John B. Fairfax and the family company Marinya Media, with at least 13% of the merged company[327]). The company almost went bankrupt in the early 1990s and was forced to sell its magazine division and other assets. Though Tony O'Reilly was a bidder for the company[328], Kerry Packer and far-right then Canadian media magnate, Conrad Black (see below) became controlling shareholders in 1991. Eventually Black withdrew, and Packer was constantly on the edge of breaching Australia's media ownership rules. In 2001 he sold his 14.9% shareholding, leaving largely institutional shareholders including Bankers Trust Australia Ltd (then 8%) and Tyndall Australia Ltd (then 10%)[329].

But Fairfax is by no means squeaky clean. Part of its formula for buying INL's newspapers was for New Zealand taxpayers to help it. Using a scheme that O'Reilly used with his New Zealand newspaper operations, the plan was to sell the mastheads of the newspapers (which INL had revalued in 1997 from $228 million to $673 million) to a US bank and lease them back. Tax advantages in both New Zealand and the US would have doubled the return on Fairfax's acquisition – using a handy $33 million of our money in tax benefits. Unfortunately for Fairfax, the Minister of Finance Michael Cullen intervened and legislated to close the loophole in 2004. Exactly how much ANM made a year from our taxes has not been revealed, but it would have stood to lose up to $200 million by 2006 if the 2004 legislation had been back dated to 2001. In 2006 the government passed special legislation to protect ANM from the liability. O'Reilly revalued the company's mastheads from $82 million to $794 million after he purchased Wilson and Horton in 1996, and then, when Wilson and Horton was resold to ANM in 2001, sold the mastheads to JP Morgan of the US for $1.1 billion, but paid JP Morgan $601 million back for the "reversionary rights" to use the mastheads after the seven year term. ANM then leased the mastheads for seven years at $94.5 million a year. Effectively, ANM was mortgaging the mastheads for $515 million, but the tax advantage was that ANM could claim a tax deduction for the whole payment, whereas with an ordinary loan only the interest would be deductible. Meanwhile, due to different tax laws in the US, JP Morgan could claim depreciation on the right to use the mastheads[330]. Both countries lost on the deal; both companies gained.

At the time of Fairfax's purchase of its New Zealand media empire, it was commonly regarded as the weakest of the major media companies in Australia financially, but with highly desirable assets. Kerry Packer before his death, his son James Packer in 2006, and O'Reilly have all shown interest in purchasing it. News Corporation bought 7.5% of the company October 2006, prior to the takeover of Rural Press, leading to speculation that it was readying itself for control or ensuring it would be party to a break-up of the company with the change in Australian media ownership laws, but sold out again in May 2007[331]. Kerry Stokes of Seven Network also bought about 5% at around the same time[332]. O'Reilly might have difficulties with the Commerce Commission as it would give him almost total control of New Zealand's print media. That may have been a motivation for Fairfax's New Zealand purchase – the new assets forming a poison capsule which makes it more difficult for O'Reilly to buy the company. The more recent Rural Press purchase also made acquisition of Fairfax more difficult. In early 2005 there was talk of Fairfax buying out CanWest's operations in both Australia and New Zealand, but CanWest's exit from the region have presumably taken that off the table unless the new owners see a quick profit from such a resale[333]. However Fairfax now appears to be relatively strong financially, partly on the shoulders of its New Zealand acquisition which has been very profitable after lowered costs due to repeated cuts in staff numbers, increases in advertising charges and volumes, and cover price increases for the newspapers[334]. It is paying out a high 80% of its profits in dividends[335] but obviously feels strong enough to continue making substantial purchases in both the internet where it sees its main growth occurring (such as the $700 million Trade Me acquisition) and conventional media (such as Rural Press and numerous individual newspapers and magazines).

In 2004, its *Sunday Star-Times* was criticised for failing to report a successful defamation case against the newspaper and one of its journalists, Rosemary McLeod. (The offending story was published when the newspaper was owned by INL). According to competitor, *National Business Review*, the only coverage of the case in the Fairfax chain was a brief report in the *Dominion Post. NBR* quoted head of journalism at the University of Canterbury, Jim Tully, as saying that there was "a reasonable expectation that a news organisation would report any case in which it was involved. The Press Council required that a paper publish decisions involving it, whether for or against". Cate Brett, *Sunday Star-Times* editor, said that the decision not to publish "was based entirely on legal advice" but declined to comment further[336].

There is an ongoing debate within Fairfax as to the degree of centralisation of its activities, which is showing up in its operations in New Zealand. Among the company's first actions on taking control – along with warning that advertising rates and newspaper cover prices were likely to rise – was to examine "editorial sharing across papers, and printing, distribution and back-office systems". Then Fairfax chief executive Fred Hilmer, who stepped down in November 2005, said that the newspapers within INL had been run independently "almost as a series of silos" and had not taken advantage of their relationship with a major newspaper company[337]. The company appointed an editor-in-chief immediately after the takeover, and a Group Editorial Development Manager less than six months later[338]. Some of this centralisation was simply seeking to reduce costs (see below); but increased editorial sharing in particular, which has been reflected in 130 staff redundancies (out of 2800 staff)[339] and increased numbers of items reprinted from other newspapers in the New Zealand Fairfax empire, raises concerns about reduced opportunities for differing views to be expressed in New Zealand's media, and about centralised control of editorial lines. At an extreme, said to be under active consideration, it would mean whole pages being produced centrally, leaving little authority with local journalists and reduced local identity[340]. Certainly, there is an increasing sameness in style and content (with only different local emphasis and parochial content) among its newspapers.

While some commentators welcomed Fairfax's entry into the New Zealand newspaper industry on the basis of the quality of its journalism, much of its effort to date has been to take the emphasis off what it saw as "very editorially driven organisations" to focus on sales and cost saving. Fairfax moved Brian Evans, its general manager of regional and community newspapers, to New Zealand to run the new acquisition. An immediate focus was to "build on" the merger of the *Dominion* and the *Evening Post*: "The costs have already been incurred; the benefits are yet to be realised", said Hilmer. The *Dominion Post's* margins were $8 million lower than those of the *Press*, and both were lower than those of the *New Zealand Herald*. National advertising was seen as another potential money earner[341]. In July the new management appointed a group manager for sales and marketing[342]. By October it had announced it would tighten national control over the group's commercial sheet fed printing, with all operations reporting to a single national manager and their budget and ongoing strategic direction would be "guided by Group Operations"[343]. Soon after, a national marketing structure, complete with a national Head of Marketing and two other regional marketing managers, was created to bring "greater co-ordination across the group, working closely together on group initiatives"[344]. Evans brought an expert in classified advertising and telemarketing in from Australia, saying "The papers in New Zealand have been very editorially driven organisations, not a sales and marketing organisation. What we do need to do is bring more sales and marketing thrust that generates more revenue."[345] In 2006, Fairfax New Zealand chief executive Joan Withers described Fairfax as being in the business of "advertising and information delivery" and had to find innovative ways to "monetise" its content[346].

The intensifying concentration of newspaper ownership had another effect both related to and strengthening these internal trends within Fairfax. It was foreshadowed in 2003 by then media commentator for *The Independent*, Bill Ralston: that it was probably not in the interests of Fairfax for the New Zealand Press Association (NZPA) to continue. NZPA is a news-sharing agency jointly owned by New Zealand media companies, in which Fairfax owns around 40%. Fairfax would be able to source its own news from almost all centres, including Sydney, where NZPA maintains its only overseas office. The only possible exception was Auckland, though even there it had community newspapers on which to base a news gathering operation – and it would have an interest in building these up if it wished to challenge the *New Zealand Herald* on its own turf. On the other hand, Fairfax's competitors, ANM and the small independents, depend on NZPA for national news coverage[347].

The move occurred in April 2005, when NZPA announced it was moving to become "more independent" by making its news service available to other media including broadcasting and internet. It would be phasing out sharing stories between newspapers and would instead boost its own news gathering[348]. Fairfax and ANM had stopped providing their reports to NZPA's wire service. The predicted move was triggered by ANM's launch in 2004 of the *Herald on Sunday*. Rival Fairfax stopped supplying their Saturday stories to NZPA to starve the Sunday *Herald* of national content. The April 2005 announcement followed a meeting in which Fairfax and ANM said they would stop providing material to NZPA but would continue to subscribe to it. NZPA had been handling around 180 demestic stories a day of which about half were supplied and half written within NZPA; by August 2006, NZPA's own journalists and freelancers were writing 120 a day. Predictably, ANM and Fairfax thought the change was a success, Fairfax saying it strengthened the news coverage for its papers, sharing more stories within the group. But independents found the coverage only "adequate", missing "small stories that the big metropolitans aren't interested in", fewer "colour" stories, and losing the ability of a reporter from a small town newspaper to file a story that might be picked up nationally. "We are seeing nothing from Nelson or Blenheim", said *Westport News* editor Colin Warren.[349] It was another reflection of the dominance of the big two.

The company reinforced its conservative outlook when it formed a New Zealand Advisory Council consisting entirely of business people: Hilmer and Evans; Wayne Boyd, Chairman of Auckland International Airport and a director of several companies; Lloyd Morrison, Executive Chairman of Morrison & Co, Managing Director of Infratil, Vice Chairman of NZX and a director Port of Tauranga, TrustPower and Wellington International Airport; Humphry Rolleston, a member of the INL Board and a director of many other companies; and Joan Withers, a professional company director on the board of several large companies including The Warehouse Group Ltd, Meridian Energy Ltd and Auckland International Airport Ltd. Only Withers could be said to have substantial media experience: she "was formerly Chief Executive of The Radio Network and has significant media management experience in both radio and newspapers."[350] She later became Fairfax New Zealand chief executive.

In a 2006 move which brought debate over whether Fairfax was trying to control or to support the professional training of its journalists, the company approached journalism schools in New Zealand asking them to be part of an internship scheme. Fairfax wanted to offer each student it selected a place at one of the schools, reimbursing them if they passed their course, and giving them work in a Fairfax newspaper, bonding them for two years. The controversy was over Fairfax's requirement that it select the students, which could conflict with the universities' own entry criteria. Auckland University of Technology (AUT), which had limited entry to its journalism course, declined the proposal because "the places allocated to students are funded by the taxpayer and the public has an expectation that each student has an equal opportunity for selection" whereas Fairfax would have required AUT to accept the interns without them going through the usual university process. University of Canterbury, Aoraki Polytechnic, Massey University and Waikato Institute of Technology accepted Fairfax's proposal. Canterbury's Jim Tully felt uncompromised, saying the University had the right to say "no" to any of the students Fairfax offered.[351]

A sour taste was left in the mouth of *Cuisine* readers over a scandal in 2006 over whether the prominent Wither Hills winery had cheated in wine competitions by supplying bottles of Sauvignon Blanc different from its normal run for that label. The difference was picked up by *Cuisine's* wine editor, Michael Cooper, an expert on New Zealand wines. Fairfax's *The Press* reported that "Cooper says he was heavied by Fairfax executives to keep quiet about the discrepancy and went public when it seemed to him that *Cuisine* was not going to make the matter public". Fairfax Magazines general manager Lynley Belton denied "putting journalistic responsibilities behind the magazine's role of 'celebrating' the industry" saying it wanted to check the details of the story before going to print.

Cooper however talked about it to the wine industry and was told his services were no longer required by *Cuisine* – Belton saying the magazine wanted a "less weighty" wine writer. The magazine did eventually publish the story.[352]

CanWest

Although CanWest has sold its interests in New Zealand and Australia, its background is still worth remembering because of the influence it has had on New Zealand broadcasting.

Canadian corporation CanWest is Canada's largest media empire[353] and also has holdings in the US, UK, Northern Ireland, Republic of Ireland and Australia, covering film and TV production, TV broadcasting and internet content. Until 1996 it had a 50% interest in Chile's La Red Television[354]. In Australia it was 56.4% owner of the national TV network, the Ten Network[355], which also owned the outdoor advertising company Eye Corporation. Only 14.9% of the Australian interest had voting rights, due to Australia's restrictions on overseas ownership of news media[356]. CanWest lobbied over a long period to allow it full control[357]. Australia's news media laws changed in 2006 (taking effect in April 2007), as a result of concerted lobbying by media owners.

Lobbying and politics were not unusual for Izzy Asper, late founder of CanWest Global Communications Corporation, and until his death in 2003, owner of around 90% of the voting power in CanWest. (Following his death, the Asper family formed a trust to control their 89% of the voting rights and 44% of the equity shares in the company[358].) In the 1970's, he was leader of Manitoba's (conservative) Liberal Party, and was a vocal supporter of the economic policies of the last two decades in New Zealand, particularly the "zero restrictions on foreign investment in the media". "I was recently representing Canada in Brussels at a G7 meeting. I said to all the G7 heavyweights, Japan, the US and all, 'The only example in the world of a country that has its head screwed on and isn't distracted by silly stuff is the government of New Zealand,'" Mary Holm quotes him saying. "Since the reformation in New Zealand in the 80s, you've become the experimental laboratory for the entire world. Sir Roger has travelled to Canada and is revered … the fact is, New Zealand is one of the most professionally managed countries in the world."[359]

Adding to the political flavour of the company, in August 2000 CanWest bought 13 big-city newspapers, many other smaller dailies, internet properties and various other interests in Canada from Hollinger Inc, in one of the biggest media transactions in Canadian history, costing C$3.5 billion ($5.2 billion). Hollinger was chaired by the notorious extreme right-wing media baron, Conrad Black. In the transaction, Hollinger gained a 15% equity interest and 6% voting interest in CanWest – the second-largest stake behind the Asper family – and two seats on the CanWest board, one of which Black took personally[360].

However as it turned out, it was not Black who became the villain of this piece. Rather than imposing his right-wing views, he pursued personal glorification, renouncing his Canadian citizenship to enable him to become Lord Black of Crossharbour in the U.K. Hollinger sold its stake in CanWest for $418m, the shares going to mainly institutional shareholders[361]. In 2003 Black was forced to quit as chief executive and (in 2004) as chairman of Hollinger and put the company up for sale after a company investigation found he pocketed US$7.2 million ($11 million) without the board's approval and misled shareholders about US$25 million ($38 million) more. Some of the money was linked to a C$80 million "non-compete" payment (payment to the vendor in exchange for a promise not to set up a competing business for a specified time) made in connection with the sale of Hollinger's newspapers to CanWest. CanWest asserted the payment was part of the total price negotiated and that although it had proposed the payments, the amount was set and disposed of by Black[362]. Further even more extensive allegations followed. One result was that Black and his Hollinger off-sider, David Radler, also implicated in the scandal, left CanWest's board of directors[363]. Legal proceedings led to Radler pleading guilty and turning against his former partner. The high profile court case against Black continues with Radler the key witness against him.

As noted above, the controlling Asper family imposed a rule that "all 14 of its big-city newspapers would run the same national editorial each week, issued from headquarters in Winnipeg … Any unsigned editorials written locally at the 14 papers, the company said, should not contradict the national editorials, which covered such subjects as military spending, the Israeli-Palestinian conflict and property rights". *Washington Post* writer, DeNeen L. Brown, reported: "The decision provoked immediate complaints from journalists across Canada, who say its effect goes far beyond the editorials, imposing control on columnists and reporters as well." The Aspers showed no sympathy: "CanWest publications committee chairman David Asper borrowed lyrics from the rock group REM: 'I can say to our critics and especially to the bleeding hearts of the journalist community that, "It's the end of the world as they know it . . . and I feel fine." Brown continued: "John Miller, director of the newspaper journalism program at Ryerson University, Toronto, Canada, said that CanWest newsrooms have become demoralized. 'It is not so much the national editorial, but the fact that everyone has been sent the message they have to watch what they write,' Miller said. 'If it goes against what is perceived as the Asper line, then some stories aren't going to get written, or some stories will be written and then they will be killed.'… Reporters at the Montreal Gazette have staged a 'byline strike,' withholding their names from stories to protest the editorial policy." Columnists were censored or discarded. A regular columnist was forced to resign after writing a column critical of the Aspers[364].

The trend was confirmed in June 2002, when the Aspers dismissed Russell Mills, the publisher of the *Ottawa Citizen* in their Southam Newspaper chain purchased in 2000. Mills said he "had paid the price for not letting CanWest review an editorial calling on the Liberals to overthrow [Canadian Prime Minister] Chretien if he did not resign and a longer, critical review of the prime minister's record." The Aspers are close friends of Chretien. Southam ordered all its major papers to run two special editorials attacking journalists in general, and the *Ottawa Citizen* in particular, for their reporting of the sleaze scandal surrounding Chretien. The Director of Carleton University's school of journalism, Christopher Dornan, commented that the Aspers had "compromised the integrity of their entire newspaper chain" by their action in sacking Mills. "This, unfortunately for the country, extends into the corridors of governance as well because this seems to be an action taken – perhaps independently – at the behest of the prime minister." He said the Aspers "did not fully understand what it took to run a news organisation". The action showed "they would act with impunity and not tolerate any employee deviating from the party line".[365]

The political views of Leonard Asper, president and chief executive of CanWest, were made clear in an outburst in October 2003 where he wrote in an opinion piece in his own company's *National Post* that "that the world media, and particularly European and state-run media organizations, have an institutionalized bias against Israel." "Many news journalists are either doctrinaire socialists or hold political views left of centre," he said. "That leads them to be suspicious of free markets and capitalism, to resent the corporate world and politicians who support the capitalist system. They are generally supportive of anyone who they deem to be oppressed, victimized or otherwise aggrieved by a stronger party… Once Israel had turned into a strong entity whose survival was no longer in question, who would no longer wait until the enemy was killing its people in the synagogues but rather whose policy, like that of the United States today, evolved to one of meeting the enemy in the field, the cause for journalists became Palestine, not Israel. The hero was Yasser Arafat." He blamed anti-Semitism, explicitly equating it with anti-Zionism. Yet displaying his own prejudices he stated: "Another societal difference is that the Palestinians can get a mob together for a video shoot in five minutes. It is part of the strategy. There are no Israeli mobs. There are no staged funerals. It is too civilized a society for this war and there is no strategy." His answer was for Israel to "dramatically improve its public relations", for the public to "respond to bias when you see it", and for media owners and managers – like himself – to "ensure that the people they hire do not bring their ideology into their newsrooms, and that journalists do proper research before filing stories and do not rely on dubious second-hand sources. The media must also scrutinize their use of headlines, pictures and words."[366] The message to his own employees about the political views they should have was very clear.

However Canadian Broadcasting Corporation (CBC) TV journalist Neil Macdonald challenged the accuracy of some of his statements, and the reporting of the *National Post* itself. Asper, Macdonald wrote,

> singled me out, and cited a passage from a story I filed on Hezbollah last year from Beirut. 'Neil Macdonald of the CBC pompously, but dangerously, suggested Hezbollah was a "national liberation movement victimized by unfair smears cast around by supporters of the Jewish state,"' wrote Mr. Asper. He went on: 'No reference to Israel, just "the Jewish state."' Now, from the transcript of my story, here is the actual quote: 'Of course, what this all really boils down to is the old question of what constitutes terrorism. Is Hezbollah a national liberation movement, or, as Israel and its supporters maintain, a murderous global menace? To many people in this part of the world (the Arab world), to label Hezbollah a terrorist organization is to choose sides in the defining conflict of the Middle East.' A perfectly accurate characterization of a bitter debate, I thought. (I did not use the term Jewish state, and what if I had? Israel proudly calls itself

that). But in Mr. Asper's crusading hunt for Marxists and anti-Semites in the media, the accuracy of the quote hardly mattered. He repeated what he wanted to believe I'd said. Now, Leonard Asper is not a journalist, so perhaps I shouldn't expect him to get a quote right. But for him to mangle it so thoroughly, and then go on to lambaste the media for laziness and bias, is profoundly ironic. I had actually been sent to Beirut to match a *National Post* story. The story had quoted Hezbollah chief, Hassan Nasrallah, as having advocated the export of suicide bombings worldwide. The Canadian government had been considering banning Hezbollah based on the Nasrallah quotes. But Hassan Nasrallah, I discovered in Beirut, had said no such thing. Canadian embassy staff in Beirut came to the same conclusion. (The Canadian government eventually found other reasons, perhaps perfectly good reasons, to ban Hezbollah as a terrorist group.) But it all demonstrated the difference between Mr. Asper's approach to the Middle East and the CBC's. His paper relied on a freelancer who wrote, from London, what the Aspers wanted to believe. We maintain a bureau in the region, and investigated the story first-hand. I've remained silent for the past year as the Aspers and their editorials have relentlessly attacked me and the CBC, but enough is enough. This latest salvo is inaccurate, loathsome, and defamatory. It merits an apology. I don't expect one from the Aspers, though. I expect more bullying, more bombast, more ideological, anti-journalistic nonsense. I used to work for the newspapers they now own. Several of my ex-colleagues, still there, tell me they find the Aspers' approach to journalism an embarrassment. But they cannot speak publicly. Thank heavens I can.[367]

The behaviour continued in 2004 when David Schlesinger, the global managing editor for the major international news agency Reuters, described changes CanWest's newspapers had been making to Reuters news reports as "unacceptable". He said CanWest newspapers had been "altering words and phrases in its stories dealing with the war in Iraq and the Israeli-Palestinian conflict" and he would complain to CanWest. A CBC News report went on:

> [Schlesinger] said CanWest had crossed a line from editing for style to editing the substance and slant of news from the Middle East. "If they want to put their own judgment into it, they're free to do that, but then they shouldn't say that it's by a Reuters reporter," said Schlesinger.
>
> As an example, Schlesinger cited a recent Reuters story, in which the original copy read: "...the al-Aqsa Martyrs Brigades, which has been involved in a four year-old revolt against Israeli occupation in Gaza and the West Bank." In the National Post version of the story, printed Tuesday, it became: "...the al-Aqsa Martyrs Brigades, a terrorist group that has been involved in a four-year-old campaign of violence against Israel."…
>
> But the *Ottawa Citizen*, another CanWest paper, has admitted to making erroneous changes in a story about Iraq from another leading news agency. Last week, the Citizen inserted the word "terrorist" seven times into an Associated Press story on the Iraqi city of Fallujah, where Iraqi insurgents have been battling US-led occupation forces.
>
> In an interview, *Ottawa Citizen* editor Scott Anderson conceded fighters in Fallujah were not terrorists but said CanWest has a policy of renaming some groups as terrorists. He added the paper had applied that term primarily to Arab groups, and that mistakes had been made occasionally.
>
> However, Anderson said he did not believe the paper had a duty to inform its readers when it changed words. We're editing for style...," he said. "We're editing so that we have clear consistent language to describe what's going on in the world. And if we've made a mistake, we should correct that. And we will."[368]

The power of the subeditor is a matter we have already discussed in relation to outsourcing and centralisation of these functions.

The indigestion caused by the Hollinger acquisition (creating a $7 billion debt) was also felt by CanWest in New Zealand. In 2002 it put its media operations in New Zealand up for sale because of the financial pressures of its acquired assets at home and continuing losses from TV3 and TV4. It attracted wide interest, but CanWest then lost interest in selling, probably persuaded by the increasing profitability of TV3[369]. However another large Canadian acquisition in 2007 led to CanWest once again putting its Australasian broadcasting interests on the market (though the increasing competition for programmes and viewers from TVNZ and Murdoch's Sky TV and Prime in the New Zealand market probably helped encourage the sale). With merchant bank Goldman Sachs Capital Partners, it bought the Canadian television group Alliance Atlantis Communications for C$2.1 billion (NZ$2.6 billion), and although CanWest initially contributed only C$132 million, it already had C$2.6 billion in long term debt leaving only C$1.4 billion in shareholders' funds on assets of C$5.6 billion. Alliance owns 13 speciality TV channels and co-produces and distributes the CSI TV show franchise.[370]

At the time it was considering putting its operations on the market in 2002, it was trying to persuade the government that the Māori TV channel should lease time on TV4's broadcasting frequency in order to improve TV4's profitability[371]. Though some at the Māori Television Service supported the idea because it would give cheaper access for both MTS and its audience, the government eventually decided on the original proposal of a UHF channel reserved for it. It called the TV4 proposal "unorthodox", and gave MTS a $7 million funding increase[372].

TV3 was in the centre of controversy after the 1999 election when it revealed that it donated $25,000 to the National and Labour Parties (as had INL – see above) and not to minor parties.[373]

A number of examples indicate a pattern throughout the MediaWorks chain of running close to borders of the law and public taste to attract attention and audience share.

TV3 was fined $500,000 in advertising revenue by the Broadcasting Standards Authority in 2000, for a 20/20 story. CanWest's RadioWorks network was criticised by the Authority's chief executive for "causing difficulties by not supplying the authority with audio tapes of contentious shows", despite the fact that they were required to keep news, current affairs, and talkback tapes for at least 35 days. Broadcasting Minister Marian Hobbs threatened to increase the authority's powers because when complaints were laid against "certain private radio stations", they would "accidentally delete" the only copy of the broadcast.[374]

In November 2001, a RadioWorks station, The Rock, was fined $24,500 by the Broadcasting Standards Authority when it upheld complaints over its "jokes" about incest, child abuse, child sex, sodomy and masturbation. The authority said it took into account that RadioWorks was fined $5,000 on seven complaints the previous December, but had continued to breach broadcasting standards. Once again, there were problems obtaining tapes of shows[375].

CanWest's Radio Pacific made a kind of history in August 2002 when a judge, Mark Lance, QC, won an out-of-court settlement against it for defamation, believed to be tens of thousands of dollars, after talkback host Mark Middleton made a sustained attack on him over several weeks in terms the judge's barristers described as "scandalous, humiliating and untrue, injuring his professional reputation". As part of the settlement, Middleton broadcast a retraction and apology admitting that he used "personalised criticism and vitriol that was quite over the top". Station management did not intervene, saying "if we thought it was wrong we would have stopped it." It was believed to be the first time a judge had won a payout over media criticism[376].

In 2004, The Edge was forced to withdraw a stunt after complaints to the Children's Commissioner when it mounted an "ugliest kid" competition asking the public to vote on which of three childhood photos of presenters was the ugliest[377].

A controversial interview of Prime Minister Helen Clark by John Campbell on TV3 during the 2002 General Election, over evidence of a cover-up of a release of genetically engineered sweetcorn documented in the book "Seeds of Distrust" by Nicky Hager, led to a complaint by her (and others) to the Broadcasting Standards Authority. Riled by her belief that the interview and the "Corngate" affair cost the Labour Party several seats and an absolute Parliamentary majority in the election, she accused TV3 of ambushing her, claimed that the interview was conducted in an "unfair and misleading manner", and called Campbell "a little creep". She called for a number of remedies including a statement of apology and an order directing TV3 to refrain from broadcasting advertising for 12 hours. After almost a year's deliberation, the Authority released its findings. It disagreed that she had been ambushed, and defended Campbell's right to an aggressive style during an election campaign. But it also said that aspects of the broadcast were unbalanced and inaccurate, lacked impartiality and objectivity, and were unfair, in that TV3 had not given similar treatment to Hager, and had not told Clark of the basis for his questions (Hager's book). Both sides claimed vindication, but it was seen by one observer as "an important moment for freedom of the press in New Zealand" in giving approval to surprise and "robust and aggressive" interview techniques, especially during election campaigns – though the Authority had come to a similar conclusion in a very similar case (not involving a politician during an election) in 1999. Another noted that contrary to the Authority's finding, there was no logical principle that both sides in a debate should be treated with equal aggression – journalists have the right to decide whether one side had a sound basis in fact. Others sided firmly with the Prime Minister, considering her treatment unfair. Yet again tapes were wiped: the Authority commented that it was "astounded" that TV3 had wiped raw tapes of an interview with Hager which the Authority had requested for comparison. TV3 was required to broadcast a statement describing the Authority's findings, and pay $11,000 towards legal costs and $14,000 to the Crown[378]. It appealed the decision to the High Court, which agreed that the programme was unfair and biased, on the grounds that Clark was not told of the basis for Campbell's questions, but sent the accusation of lack of balance back to the Authority[379]. The High Court decision, and TV3's position, were muddied however by an attempt by Campbell to contact the judiciary, querying whether they were aware that Justice Ron Young, who presided over the case, had been a law partner and one time election organiser for the late Labour MP Bill Dillon and thus had a conflict of interest[380].

TV3 was again in court in the 2005 election when two party leaders, Peter Dunne and Jim Anderton, asked for a ruling that TV3 should include them in a high profile leaders debate. TV3 had taken only the top six parties using the results of one of its opinion polls. The High Court ruled in Dunne's and Anderton's favour, saying in effect that "even though TV3 is a private company, there are occasions when companies do things that are so pivotal to our democracy that the courts may have to step in to make sure they don't make a complete hash of them", according to Victoria University adjunct law lecturer and media commentator, Steven Price. "Here, TV3 was running a debate that could conceivably affect the make-up of the next government."[381]

In June 2003, TV3 was in trouble over publicising the name of a sex offender released in Palmerston North, apparently in breach of the Criminal Justice Act because it could lead to the identification of his victims[382]. It was also involved in a high profile court case in February 2004 when National MP Nick Smith was accused of contempt of court for a "trial by media" in which he publicised details of a Family Court custody case. Radio New Zealand was also a defendant but TV3 distinguished itself by saying that Family Court Judge Patrick Mahoney should be in the dock too. Terence Taylor, a TV3 executive director, defended the channel's documentary on the case, claiming that Mahoney had revealed details of the case in a Radio New Zealand interview[383].

In February 2006, C4 screened a South Park episode featuring a statue of the Virgin Mary menstruating over characters including the Pope. Within a month it had received over 100 formal complaints and criticism from the Prime Minister, Helen Clark. It admitted it regretted airing the show and apologised, though the apology was described by Catholic Church spokeswoman Lyndsay Freer as "self-serving"[384]. The church appealed a Broadcasting Standards Authority decision not to uphold a complaint against MediaWorks to the High Court saying the programme offended good taste and decency whether or not you were a Catholic.[385]

In July the same year, RadioWorks was fined $750 for breaching suppression orders related to the Louise Nicholas police rape case after pleading guilty[386].

Until government pressure brought change, the commitment of TV3 and TV4 to local content was minimal. In 1999 it reached a nadir, the two CanWest channels screening no new local drama or comedy shows during the year. Only funding from government agency New Zealand On Air persuaded it to recognise its New Zealand location in 2000[387]. A Television Local Content Group was formed in December 2002 chaired by former TVNZ chief Rick Ellis. Members agreed to local content targets for 2003. For TV One the target was 53% between 6am and midnight, TV2 17%, and TV3 20%. TV3 reached that target in 2004 according to New Zealand On Air monitoring[388]. CanWest made no commitment on TV4 (to become C4)[389]. By 2005, the company was realising that its viewers liked to see local programmes on their screens. It said it would increase its spending on New Zealand programmes such as cartoon broTown and comedy-drama Outrageous Fortune (funded with the assistance of New Zealand On Air). "Local content was a way to differentiate channels," Chief Executive Brent Impey said. "If we didn't have local content we'd be just like a Sky channel."[390] By 2006, he was saying "The strategy that we have is to concentrate on local, particularly news and current affairs and other local programmes, and have less complete dependence on offshore." Despite the added cost, it was paying off in increased audience share – but the company was still competing vigorously with TVNZ for overseas programmes such as those from Disney[391]. It even found there was an international market for Outrageous Fortune: Channel 9 in Australia played it as part of its

Australian drama quota, under the CER agreement between New Zealand and Australia which provides that the content produced in either should be regarded as local content in both countries – something Australian (and New Zealand) producers were not happy with.[392] Nonetheless, CanWest's New Zealand company is almost totally dependent on advertising for its revenue: 99% is from advertising[393].

In 1997 CanWest financed a 952 hectare forestry development at Redcliffs Station, Te Anau, Southland[394]. This turned out to be part of what Inland Revenue called "New Zealand's biggest tax avoidance scheme", involving the loss of $3.7 billion of tax revenues over 50 years. It was known as Trinity after the foundation at the centre of it, and ended up in court in 2004, implicating many other pillars of the legal, commercial and clerical communities[395]. In a decision in December 2004, the High Court judge "ruled the dominant purpose of the Trinity arrangement … was tax avoidance" and that "the investing plaintiffs took 'an abusive tax position'."[396] The Court of Appeal agreed in 2007 when dismissing an appeal, saying the scheme was "an emperor with no clothes", whose real purpose was not conducting a forestry venture for profit "but rather the generation of spectacular tax benefits"[397]. CanWest was described as a "key investor" among 300 other wealthy would-be tax avoiders, and then was criticised by the High Court for trying to liquidate its holdings in the scheme before the case was fully settled. CanWest agreed to a settlement with the IRD in 2004 after the IRD got wind of the affair (apparently through a tip off from The Warehouse founder, Stephen Tindall, through the Prime Minister, Helen Clark's office). The abusive scheme involved associates of its subsidiary CanWest Forestry paying Trinity $50,000 a year for 50 years as part of a licence to undertake a forestry venture on land in Southland owned by the Trinity Foundation (associated with the Anglican Church, the charitable trust at the heart of the deal). CWF "was to pay Trinity $1.7 billion in 2048 when the forest was harvested, using the proceeds from the harvest" but the tax advantage was based on depreciating the licence fee even though the expenditure had not been made.[398]

The private equity investment corporations

A new and worrying trend became evident in 2006-2007. Increasing numbers of media companies are being taken over by "private equity investors" or "LBO (Leveraged Buy Out) investors" – to simplify, corporate entities whose sole interest and expertise lies in getting the best return from the money they own or borrow. In the first half of 2007, ANM came under a (failed) offer from a consortium of its ultimate parent, INM, Providence Equity Partners and The Carlyle Group, the latter two being major private equity investors. CanWest was in the process of selling its New Zealand assets to another, Ironbridge Capital. Many of our magazines were owned by joint ventures between Seven Network and huge US private equity investor Kohlberg Kravis Roberts; and between PBL and private equity fund CVC Asia Pacific. Clear Channel Communications was debating whether to sell itself to leveraged buyout investment company, Thomas H Lee Partners LP, and private equity investor, Bain Capital LLC.

Given our concerns about the current owners, what worse could these financially tunnel-visioned corporations do? The answer is that they introduce a further degree of commercialisation of the news media. They are typically investing for at most 4-5 years – often shorter if an attractive offer comes along. They have no interest in any particular industry or sector, as long as they can see opportunities for profit. For example, Ironbridge, which bought CanWest out of MediaWorks, also owns one of the largest aged care chains in New Zealand, Qualcare Group Holdings Limited, which operates 16 retirement villages and 976 rest home and hospital beds, acquired in 2005, and the waste firm EnviroWaste Services Ltd, acquired in December 2006.

The modus operandi of these corporations are to increase the debt level of the target company to make payments that enable them to recoup their investment quickly, and to strip out what they, in a strongly financial view, see as "unnecessary". Operations that are "unnecessary" in the short term, may be necessary for long term quality, relevance, local needs, skills, or the democratic processes of the society in which the news media are embedded. However the raider's concern is to raise short term profits so that the value of the company to prospective new owners is apparently increased, and they can sell at a large profit – not infrequently at a price two or more times what they paid.

So we can anticipate that these developments will lead to even more intensive use of cheap imported programmes and reporting, deskilling of the professional work force, closures of small local operations, centralisation and outsourcing of skilled operations. That in turn implies greater homogenisation and more focus on advertisers' needs rather than those of readers, listeners and viewers.

In addition to these general concerns, at least one of these companies, Carlyle, which was part of the failed offer for ANM, has an extraordinary background which raises the stakes even higher. Carlyle is a private equity investor, but much more than that. Its closeness to the Reagan and Bush administrations in the US and its intelligence and military involvement in Saudi Arabia and surrounding countries have made it one of the most controversial corporations of recent years.

Carlyle is

> one of the world's largest private equity firms. As of 31 January 2007, The Carlyle Group had more than US$51.8 billion under management. Since its founding in 1987, The Carlyle Group has invested US$24 billion in 576 transactions. Globally, The Carlyle Group has more than 400 investment professionals operating out of offices in 16 countries in North America, Europe, Asia and Australia… The Carlyle Group focuses its investments on various industries, including aerospace and defence, automotive and transportation, consumer and retail, energy and power, healthcare, industrial, infrastructure, real estate, technology and business services and telecommunications and media.
>
> The Carlyle Group's current and former media portfolio companies include cable TV operators in the US, Europe and Asia (InSight Communications, Com Hem, Genesis Cable, Prime Communications, Taiwan Broadband Communications and Hyundai Communications and Network), The Nielsen Company (global information and media company), *Le Figaro* (leading French daily newspaper), Dex Media (directories in the US), Entertainment Publications (coupon books and merchant promotion publications in the US) and Gakusei Engokai (job placement magazine in Japan), among others. [399]

In 2001 it was the 11th-largest defence contractor in the United States. Among those associated with Carlyle are former US president George Bush senior (father of George W), former UK prime minister John Major (as Chairman of Carlyle Europe), and former president of the Philippines Fidel Ramos. Former members of the Bush administrations have appeared in senior positions, such as chairman Frank Carlucci, who was Ronald Reagan's former defence secretary, George Bush senior's former secretary of state, James Baker (senior counsel to Carlyle, who in 2006-07 chaired a panel desperately looking for ways to exit the Iraq war), and current Carlyle Group Managing Director Robert Grady, former speech writer and Deputy Assistant to the first President George Bush in the White House. Carlyle clientele have included the Bin Laden family of Saudi Arabia, and a Saudi Prince. Its services to Saudi Arabia have included training and expanding the Saudi Arabian National Guard, troops sworn to protect the monarchy – at US$50 million a year. Its mercenary-like Vinnell Corporation subsidiary (owned 1992-1997) had such close ties to the Pentagon and other arms of the US state that its activities in Saudi Arabia gave it the reputation of being a cover for the CIA.[400]

And just to add further suspicion, the involvement of both Carlyle and Providence Equity Partners in the ANM buyout was structured through tax and investment havens. They each used a Luxembourg subsidiary for the formality of the consortium, but this in turn was owned by two Cayman Island subsidiaries specially structured as "limited partnerships" in which each in turn had as its "general partner" another Cayman Island subsidiary.[401]

We are fortunate this particular takeover failed. But the failure was on the basis of the price offered, not the nature of the investment corporations seeking control, let alone the particularly inappropriate nature of Carlyle. The trend towards financially driven ownership of the major media companies makes it increasingly likely that such a corporation will at some point succeed.

Does ownership matter?

Even the former National Party government Minister responsible for Radio New Zealand, Tony Ryall, conceded (in reference to the need for public radio):

> "We do actually want to have stations and programmes that are owned by New Zealanders and are uniquely New Zealand, and I'm not convinced that we want all our stations owned by Mr Murdoch. In the seas of signals you're going to want one or two lifeboats of New Zealand culture."[402]

And ACT leader Richard Prebble, now a unquestioning believer in the free market, in a past life as Minister of Broadcasting conceded that

> in the case of broadcasting, I am recommending against any significant liberalisation for three reasons. Firstly it is important that our media reflect our values and our culture. It is clear that New Zealanders put more value on a media that informs rather than just entertains. These and other cultural values will only be protected by New Zealand ownership. Secondly, we make world class broadcasting in this country. Thirdly, foreign broadcasting will have a pervasive role in our media. Already radio and television are dominated by overseas programmes, and direct satellite television broadcasts from overseas will be a reality in the near future.[403]

In 1993, the London-based magazine "Index on Censorship"[404] commented on the news media in Australia that Australians were "losing some of their liberty to dissent at a time when the country is undergoing profound changes and the need to ventilate dissent is critical. The causes of the weakening of dissent are not, for the most part, the imposition of legal limits. Rather, the chief cause is a potent increase in the concentration of media control in a few hands." Saying the Australian media was being "colonised by new global powers", it named Rupert Murdoch's News Corporation and Conrad Black as dominating the Australian press, Kerry Packer as dominating magazines and television, and Packer and Murdoch as about to dominate pay television. If the concentration of control in Australia in 1993 was leading to a loss of liberty to dissent at a critical time in Australia, the loss is even more likely in New Zealand today[405].

This paper has discussed ownership of the media in New Zealand, and has shown that it is very concentrated, and concentrated in the hands of large overseas media and investment corporations. The significance of that state depends on the importance of various factors in determining media content and emphasis.

The factors that are frequently identified are concentration of ownership vs competition; the effect of commercialism; the nature of the owners; and whether the owners are overseas or local.

There are many elegant and persuasive statements from people rightly held in great respect – but also from others reaching similar conclusions motivated by self-justification and self-interest – to the effect that a healthy society requires a healthy diversity of competing media expressing different views. In that view, competition is seen as a solution to the dominance of a few narrow viewpoints. Yet this is not the whole answer. Competition in ideas is indeed a healthy state. But competition of commercial news media organisations, and particularly for a small population like New Zealand, is likely to be largely at the commercial level.

Commercialism arises from the profit motive, which can then outweigh the needs of society for accurate and relevant information. As a former editor of the *Sydney Morning Herald*, Eric Beecher, put it: "Almost all the key decisions being made about journalism – particularly newspaper journalism – in most advanced countries, now revolve around cutting costs. No matter how it's dressed up, that is the agenda, … It is sad for journalism, and sad for democracy, but it is the reality of a world where media is fragmenting so much and nearly all media is owned by corporations whose primary responsibility is to their shareholders."[406]

Commercialism in the media mainly functions through advertising. According to sharebroker, Forsyth Barr, "the business of newspaper publishing is selling advertising"[407]. We have quoted Fairfax New Zealand chief executive Joan Withers describing Fairfax as being in the business of "advertising and information delivery"[408]. Doubtless they would say the same for all news media. We have already noted that 99% of the revenue of CanWest's New Zealand operation is from advertising, and similar percentages apply to the commercial radio operations we have discussed. Advertisers are the real customers of a commercial media organisation, not its readers, viewers or listeners. This brings pressure to shield advertisers from views they do not like, to avoid complicated or expensive stories, and to avoid content that does not attract the maximum possible audience at any given time. Certainly there is little to make us doubt that the few owners of New Zealand's news media see it in any other way. The low level of local content in non-news commercial broadcasting is one indicator.

Commercial competition does not provide a variety of voices. Rather, it provides sameness of voices for fear of driving off advertisers and mass audiences – and for ownership reasons I shall return to. We only have to look at our television over the last decade to see this starkly illustrated: one where commercials are often more creative than its programmes (and certainly have more local content). Even commercially driven publicly owned TV has been motivated by the same pressures, with consequent falls in the quality of its news and current affairs services.

Commercialism also brings pressure to cut costs through centralisation – one of the media's forms of mass production – which has a number of harmful effects, including reducing the variety of voices. Moves by Fairfax, CanWest and ANM in this direction have been noted. In radio, *Listener* journalist Denis Welch observed that the increasing centralisation of radio programming is killing the vitality of community radio. "I tried [tuning in to local stations] in Hawke's Bay the other day and all I got was wall-to-wall Solid Gold, Classic Hits and Newstalk ZB; all national networks piped out of Auckland with only vestigial traces of Hawke's Bay about them. In terms of any sense of place these stations were generating, I might just as well have been in Auckland. Or Taranaki. Or Taupo. Or nowhere." Many well-known media personalities had got their start in the newsrooms of community radio stations, which were in many ways the heartbeats of their regions, he said. But staff numbers were well down on the times when there was local news, interviews, gardening and other information. "What local content there is tends to be pre-recorded and fed into nationally co-ordinated timeslots, or should we say microsoundbites." "And", wrote Welch, "given that one parent of The Radio Network, our largest radio company, is a Texas-based conglomerate with radio outlets all over the word, perhaps it's not surprising that tuning into a local station these days is the aural equivalent eating a Big Mac."[409]

That is not to say that commercial competition is unimportant. Concentration of ownership, as in any industry, increases the political and commercial power of the owners – in this case at both national and international levels – and delivers to them the ability to fix prices, control coverage, and undermine the conditions that give journalists the strength to resist improper pressures on what they report: strong unions, secure jobs, the ability to change employers, and good working conditions. But it does not follow that competition in itself necessarily brings diversity of voices – particularly in countries with populations as small as New Zealand or Australia, but even in larger countries like the US the diversity is limited. Debate where it occurs is usually within a more or less narrow band of opinion.

Thus if we focus on competition, it must be on the competition of ideas, and that will only be genuinely released when the commercial aspects of news media production are minimised or removed altogether. Hence we have the vital need for public-interest broadcasting, whether government or community owned. Perhaps we also need public-interest print media. There is a gap waiting to be filled – that is for a quality national daily newspaper.

One further comment is important here. The mainstream media fulfil a critical function that all the Indymedia, internet email lists, alternative media, and even most commercial magazines do not fill. They set the agenda for discussion, for people's common view of the state of the world and for what is important in it. Once that agenda is set, it is very difficult to rearrange, even with quite literally the best information in the world. Yet it is that agenda that frequently guides people's actions and priorities. So the mainstream news media – which are frequently the commercial news media – remain vitally important despite the growth of wonderful new forms of information distribution.

What is the significance then of ownership? It must determine the direction taken by the increasing similarity of views and sources presented in the media.

Evidence that influence and direction by owners does occur has been presented in this paper, but journalists frequently object that they have not seen it happening *to them*. Some of the influence is subtle: conscious or unconscious self-censorship by journalists who get to know what is editorially acceptable and see no point in challenging that; selection of staff (especially at senior levels) who will reflect the owner's philosophies, and so on. A May 2000 survey of journalists by The Pew Research Centre in the US, in association with the *Columbia Journalism Review*, "Journalists Avoiding the News: Self Censorship – how often and why", published in May 2000, confirmed this[410]. In a survey of nearly 300 US journalists and news executives, it found that

About one-quarter of the local and national journalists say they have purposely avoided newsworthy stories, while nearly as many acknowledge they have softened the tone of stories to benefit the interests of their news organizations. Fully four-in-ten (41%) admit they have engaged in either or both of these practices.

Much of this is because of commercialism: the pressure to protect advertisers, avoid complicated or "boring" stories. But disturbingly often, news suppression is to protect the news organisation itself: the owners. Of those surveyed, "More than one-third (35%) say news that would hurt the financial interests of a news organization often or sometimes goes unreported". It happened more often in "local" rather than national media – increasing the concern in New Zealand's environment where most media are local. Cutting even more closely to where a news organisation should be most effective,

Investigative journalists, who were surveyed separately from the local and national reporters and editors, are most likely to cite the impact of business pressures on editorial decisions. Fully half of this group – drawn from members of Investigative Reporters and Editors (IRE) – say newsworthy stories are often or sometimes ignored because they conflict with a news organization's economic interests. More than six-in-ten (61%) believe that corporate owners exert at least a fair amount of influence on decisions about which stories to cover; 51% of local journalists and just 30% of national journalists agree. Since this group is comprised of members of IRE, and thus does not represent a cross-section of journalists, its responses are not included in the total.

The surveyed journalists gave news organisations poorer marks than the previous year on the question of whether the media does a good job of informing the public: the proportion saying they were doing a good or excellent job of balancing journalism's twin goals of telling the public what it *wants* to know and what it *needs* to know dropped from about a half to about a third.

When we reflect back on the strongly held political views, the commercial practices (including high levels of tax avoidance) and willingness of the owners of our media to bend, or lobby for removal of, restrictions on their freedom of action, we should not wonder why issues like media ownership, the unpopular economic policies of the 1980s and 90s, international trade agreements, and business behaviour are not more intensively scrutinised by our news media. The owners are highly successful beneficiaries of such policies, and it would be surprising if they allowed their news outlets to challenge them in any serious and sustained way. Neither should it be a surprise that the media at best ignore trade unions and trade unionists, except in times of industrial crises, and frequently express hostility towards them, when media owners are large scale employers in their own right, and depend on advertisers who are also employers.

Closer to home, the Australian Broadcasting Authority commissioned research on "Sources of News and Current Affairs" from Bond University's Centre for New Media Research and Education[411]. It analysed data gathered from a literature review, a survey of 100 news producers and "in-depth interviews with 20 key news producers and media experts". Among its findings were that

- Ownership interference was sometimes explicit, but more often described as a subconscious pressure which led to self-censorship. Some news producers reported no experience of ownership pressure.
- The concentrated media in Australia meant fewer career opportunities for news producers who fell out with major employers.
- News producers encountered some pressure to bow to advertisers' demands in their news and current affairs products, but this was not a new phenomenon.
- News producers expressed concern about the 'cosy' relationships between media owners and politicians.

A graphic example of such interference was given in debate in the Australian House of Representatives over the contentious Broadcasting Services Amendment (Media Ownership) Bill 2002 which sought to reduce controls on cross-ownership of the Australian news media (see below). Former journalist Peter Andren MP related[412]:

The minister might refer to this sort of information sharing as an economy of scale but, in real terms, it is called a homogenous editorial opinion. A few years later I worked at Channel 9, where Kerry Packer exerted a direct and at times hands-on influence on the content of news bulletins, particularly at politically sensitive times—almost invariably sensitive to conservative political interests. I can remember several occasions when Mr Packer exercised a direct influence over editorial policy. It is a nonsense to suggest that that sort of influence would not be exerted across a stable of media interests if it were deemed politically expedient, as was the case during the 1975 federal election campaign.

> Later, when I joined Channel 8 Orange, there was no management interference from the locally based and essentially locally owned operation—in this case, Country Television Services. It was only after the local station was subsumed into the Prime Network that management interference from head office—now in Sydney—became a common feature in both the editorial and the production components. There has been a steady trend towards generic stories able to be spread across the whole regional market, which have very little relevance to particular local audiences. As well, the local news service often becomes a vehicle to promote national network programming, particularly AFL, racing and programs such as that. Apart from management influence over news policy, the further concentration of media ownership is therefore likely to further diminish rather than expand the variety of viewpoints available.

Could it happen here? Given that the owners of most of New Zealand's news media have world-wide interests, and the examples presented here, it would be amazing if it did not. That does not mean that some owners do not allow some diversity of views amongst their employees and in their columns. They do. But the overwhelming picture is of political conservatism.

So ownership does matter.

In addition, there is the issue of foreign versus local ownership. While it is quite clear from the examples given here that local ownership is no guarantee of a variety of views, at the same time it is more likely to reflect local needs, and to use local talent. Perhaps even more importantly, foreign ownership immediately means heightened commercialism, since success in commerce is what has given the media transnationals the ability to dominate their international markets. Their owners are likely to support conservative economic policies because it is in that environment that they have thrived. With the arrival into the New Zealand news media industry of the huge private equity and leveraged buy-out investment corporations, that has become even clearer. Paul Norris, who describes the extent of foreign ownership of New Zealand's media as "without parallel in the developed world", puts it this way:

> Does the extent of foreign ownership matter? Clearly it does. Foreign private owners have no particular concern for our national identity and culture. In television terms, why should they spend money on New Zealand programmes when they can import proven ratings winners for a fraction of the cost? To make a New Zealand documentary costs roughly ten times as much as an existing programme from the BBC, Australia, or some other foreign distributor. For a locally produced drama or mini-series, the differential is even greater.[413]

Australia takes the probability seriously enough to maintain the Australian Broadcasting Authority to monitor and research these issues – though this was merged in July 2005 with the Australian Communications Authority to form the Australian Communications and Media Authority. Australia's media ownership laws, though constantly being defended against the media owners themselves, have for many years restricted both overseas ownership of the news media and cross-ownership of the different media – television, radio and newspapers. As noted above, the current Australian government is in the process of removing restrictions on foreign ownership of the print media, and weakening cross-ownership regulation of the media. This was strongly resisted in the Australian Senate and in the community and was repeatedly delayed until the Howard government won a majority in the Senate in 2004. (See for example www.xmedia.org.au: "Xmedia is a voluntary group of working journalists, artists and others united in their mission to keep Australia's existing cross media ownership laws and to inform the public of the tragic consequences of allowing Australia's two largest media barons to gobble up what remains of the country's independent media.").

Following the Howard win in 2004, it was able to push through new legislation. The pre-2006 Australian foreign ownership restrictions limited aggregate foreign (non-portfolio) interests in national and metropolitan newspapers to 30%, with a 25% limit on any single foreign shareholder. The aggregate non-portfolio limit for provincial and suburban newspapers was 50%. The cross-media rules prohibited a person or company from being in a position to control or be a director of either commercial television/commercial radio, or commercial television/associated newspaper, or commercial radio/associated newspaper within the same licence area.

The new rules demolished most of these restrictions. Cross media ownership is now allowed as long as there are no fewer than five independent owners in metropolitan markets and no fewer than four independent owners in regional markets, and as long as it does involve more than two out of three types of media in the same market. All special restrictions on foreign ownership in the media have been removed but media remain a 'sensitive sector' under the Foreign Investment Policy, any level of foreign ownership requiring approval from the Federal Treasurer. Even these severely weakened laws are stronger than New Zealand's complete lack of cross-media ownership restrictions.

Restrictions on cross-ownership of the media exist in many other OECD countries. Austria, Belgium, Denmark, France, Germany, Hungary, Ireland, Italy, Japan, South Korea, Netherlands, Norway, Spain, UK and the U.S. all have some restrictions. Canada and Switzerland retain the right to do so on a case by case basis[414]. India, Indonesia, Japan, South Korea, Malaysia, and Thailand all have restrictions on foreign ownership[415].

Such regulations attempt to use competition and ownership restrictions to encourage diversity of views and local content and control. Given that they do not address the problems caused by commercialism, and the continuing dominance of a few owners in even strongly regulated countries like Australia, the effect is useful but limited in effectiveness. Creating and strengthening publicly owned news sources and broadcasting are further options that many take. The example given above of how the commercial media in the US have misled the US public about the reality of Iraq with the most serious of consequences, gives urgency to this view.

Even in publicly owned media though, commercialisation through reliance on advertising can simply replicate the problems presented by privately owned media (as our own public TV channels have graphically shown). Community owned non-profit media (print, radio, TV or internet) exist in most countries, providing alternative sources of information, but rarely have sufficient power to shape the social and political agenda in the way the mass media do.

The media in New Zealand – including commercialised publicly owned television – are not a great deal better than the commercial media in the US, according to David Robie, Senior Lecturer in Journalism at the Auckland University of Technology, describing coverage of the US invasion of Iraq:

> The bias and editorialising of much of the New Zealand media coverage, relying heavily as it did on news sources, satellite feeds and wire agencies from Anglo-American protagonists, was quite significant. More than 1,000 peace protesters marched on Television New Zealand and *The New Zealand Herald* offices in Auckland on 12 April 2003 to express their displeasure. While *One News* acknowledged the demonstration in a brief news report that night, the *Herald* ignored the protesters. In a letter delivered to chief executive Ian Fraser of TVNZ, a state-owned company operating two free-to-air channels, the protesters claimed its news service had become a "mouthpiece and visual portal for an unrelenting stream of bald US/UK propaganda and blatant lies".
>
>> TVNZ has simply set aside the fact that the US invasion is illegal, immoral and unsanctioned and has portrayed it over the past three weeks as a 'war of liberation', undertaken on behalf of the Iraqi people with barely a nod towards the great mass of humanity - and a clear majority of New Zealanders – who oppose this organised aggression against the people of Iraq.[416]
>
> The rare exceptions included the *Listener*, particularly with editorials by editor Finlay Macdonald and analysis of the war by Gordon Campbell, and Scoop www.scoop.co.nz, which pursued a fiercely independent line and posted images of the Anglo-American POWs in defiance of an American directive to media. US authorities happily violated the Geneva Convention when taking Afghani captives in shackles to Guantanamo Bay, Cuba, where they are far removed from constitutional protections, and were happy for TV networks to show pictures of surrendering Iraqi soldiers.
>
> Why is it that when journalists who generally respect the ethical norms of balance, fairness and impartiality during "normal times" are happy to jump on the bandwagon of jingoism and suspend their critical faculties during war? And New Zealand, unlike Australia, was not even at war. Rarely did we get reports of the "other side" of the story

– reports from Arabic satellite channels such as al-Jazeera, the independent academic analysis, or even insightful reporting on the Iraqi community in New Zealand.[417]

The New Zealand government at least now recognises a problem exists, but its willingness to act even on its restricted definition of the problem is limited. In 2003, Minister of Broadcasting Steve Maharey lamented that "For some years from the late 1980s through the 1990s, government in New Zealand moved away from any real appreciation of broadcasting as a cultural and educative force. In its embracing of market-driven policies, government distanced itself from what I believe is its responsibility to ensure that New Zealanders have access to a genuinely indigenous broadcasting system. Certain measures were in place to support New Zealand content in the broadcasting media, but they were vulnerable aberrations within an essentially commercial context. I have to say that this caused me considerable concern." He boasted that "since 2000 there has been a fundamental shift in the way government in New Zealand thinks about broadcasting, and how it sees its own role in broadcasting. This government, like others around the world, has reclaimed the right and the obligation to involve itself meaningfully in the broadcasting sector. The essence of this government's objectives in regulating broadcast content is to ensure the promotion of national culture and identity, to promote participatory democracy, and to encourage the availability of diverse sources of information."

Yet the government's expressed concerns are restricted to broadcasting, and even there it has narrow ambition: "In charging our publicly-owned television broadcaster with the dual remit of implementing its public service charter while maintaining commercial viability we have created an arrangement to meet our particular needs as a nation. We are forging a new approach that combines social and commercial objectives for public service television. In a country with the tax-base the size of ours, the government cannot hope to make sufficient funding available to fully support a public television service. While the government provides extra money to support the Charter, TVNZ nevertheless relies on commercial revenue from advertising to pay for much of its local content."[418] This limited, mixed model of commercialised public service television has had limited success in achieving its public service aims, with its need to make a profit and hence compete head to head with the commercial channels, still dominating its behaviour. In February 2006, a list of former governors-general, majors, writers and other prominent New Zealanders signed a letter to Maharey, calling for a public television system, requiring "radical changes". It complained of too few decent local programmes and too much advertising[419]. A year later, prominent television writer and actor, David McPhail, after reminiscing about examples he had experienced of the distance between TVNZ programmers and its audience, concluded, "the so-called charter will always remain a bogus document while programmes continue to be made not for the audiences but for the advertisers".[420]

Maharey responded to the February 2006 letter saying there were no plans to create a fully-funded television channel, but that the Government had "substantially increased the public investment in public broadcasting through charter funding for TVNZ and increases to NZ On Air funding". He said that "Local programming had increased from 2,804 hours in 1989 to 6,423 in 2004. In the past year, 42.3% of peak-time programming on TVNZ was local content. On TV One, local content made up nearly 60% of peak programming, including the news."[421] (However 2005 figures were disappointing, with both of TVNZ's channels missing their local content targets, and hours of new (first-run) New Zealand shows across TV One, TV2 and TV3 falling from 2004.[422])

Head of the broadcasting school at the Christchurch Polytechnic Institute of Technology, Paul Norris, while agreeing that serious investigative news and current affairs were lacking, also countered that the days of a semi-captive audience for public broadcasting were long gone, and publicly funded digital television channels, which would allow much more variety to cater to minority interests, were the solution[423].

The government appears to have moved in that direction. When announcing the commitment to free-to-air digital channels, the government hinted that it might need to increase the funding for local content recognising concerns that the anticipated flood of new channels would be dominated by cheap overseas programmes, drowning out local content. But it has ruled out any local content requirements.[424] However in November 2006 it announced it would support two new digital TVNZ channels to the tune of $79 million over six years. Both commercial-free and free-to-air, one would be 24-hour news and sport to open in 2007, the other 18 hours a day focusing on the arts, children and families to open in 2008. But only 30% of the content (and only 15% of the children's programming) would be new, the rest bought from overseas or re-runs of locally produced TV One and TV2 shows. They would form relationships with international counterparts including Australia's ABC, the US public broadcaster PBS, and the BBC. CanWest was apoplectic, accusing the government of playing favourites and bailing out One News, saying it raised questions over any commitment the company would make to additional digital channels. It was not clear however how the two channels would continue to pay their way after the six years of government funding. Maharey defended the move, saying “they are a public service broadcaster and we are asking them to do things that are not of commercial value up front. We want to see risk-taking, innovation. We want to see audiences that are quite small, like new ethnic groups in the country, getting some services.”[425]

It is clear that the government sees its only options in achieving these social objectives as being either to plead with the few huge and aggressive media companies that dominate our media landscape and which are self-avowedly motivated almost solely by the financial returns on their investments; or by pouring more money into publicly owned (and sometimes privately owned) networks. Because of commitments made in 1994 under the GATS agreement in the WTO, we are prevented from mandating a sensible level of local content and from controlling either the level or nature of foreign ownership of our media, and we are constrained in the cross-media ownership regulations we may use; yet these are paths we should be taking.

The evidence presented in this paper shows that in New Zealand, the need for changes in the ownership, regulation and commercialisation of our media is exceptional. Change is long overdue.

Appendix: Print ownership

Daily Press with over 25,000 circulation

Town	Publication	Owner	Overseas owned?	ANC 6 months to 30/09/2006
Auckland	NZ Herald	ANM	Yes	196,182
Christchurch	Press	Fairfax	Yes	89,027
Dunedin	Otago Daily Times	Allied	No	42,503
Hamilton	Waikato Times	Fairfax	Yes	42,104
Hastings	Hawke's Bay Today	ANM	Yes	28,061
Invercargill	Southland Times	Fairfax	Yes	29,384
New Plymouth	Daily News	Fairfax	Yes	26,510
Wellington	Dominion Post	Fairfax	Yes	98,256
Total			**8**	**552,027**
Total overseas owned			**7**	**509,524**
% overseas owned			**87.5%**	**92.3%**

Daily Press with under 25,000 circulation

Town	Publication	Owner	Overseas owned?	ANC year to 31/03/2006
Ashburton	Asburton Guardian	Ind	No	5,529
Gisborne	Gisborne Herald	Ind	No	8,586
Greymouth	Greymouth Evening Star	Allied	No	*4,289*
Levin	Horowhenua-Kapiti Chronicle	ANM	Yes	*2,868*
Masterton	Wairarapa Times-Age	ANM	Yes	7,698
Nelson	Nelson Mail	Fairfax	Yes	18,445
Oamaru	Oamaru Mail	ANM	Yes	3,517
Palmerston North	Manawatu Standard	Fairfax	Yes	20,578
Rotorua	Daily Post	ANM	Yes	12,056
Tauranga	Bay of Plenty Times	ANM	Yes	24,038
Timaru	Timaru Herald	Fairfax	Yes	14,114
Wanganui	Wanganui Chronicle	ANM	Yes	12,486
Whangarei	Northern Advocate	ANM	Yes	14,987
Total			**13**	**149,191**
Total overseas owned			**10**	**130,787**
% overseas owned			**76.9%**	**87.7%**

Total Daily Press

	Owner	Overseas owned?	ANC latest
	Fairfax	Yes	338,418
	ANM	Yes	301,893
	Allied	No	46,792
	Ind	No	14,115
Total		**21**	**701,218**
Total overseas owned		**17**	**640,311**
% overseas owned		**81.0%**	
Independent		**19.0%**	**60,907**

Audited Non-Daily Press

Town	Publication	Owner	Overseas owned?	ANC year to 31/03/2006
Blenheim	Marlborough Express	INL	Yes	10,371
Kaitaia	Northland Age	Ind	No	6,222
Westport	Westport News	Ind	No	*2,016*
Whakatane	Whakatane Beacon	Ind	No	8,409
Total			**4**	**27,018**
Total overseas owned			**1**	**10,371**
% overseas owned			**25.0%**	**38.4%**

Weekly Press

Town	Publication	Owner	Overseas owned?	ANC 6 months to 30/09/2006
Auckland	Herald on Sunday	ANM	Yes	91,154
Auckland	Independent Financial Review	Fairfax	Yes	3,255
Auckland	National Business Review	Ind	No	12,394
Auckland	Sunday News	Fairfax	Yes	96,279
Auckland	Sunday Star-Times	Fairfax	Yes	190,804
Total			**5**	**393,886**
Total overseas owned			**4**	**381,492**
% overseas owned			**80.0%**	**96.9%**
Fairfax			**73.7%**	**290,338**
ANM			**23.1%**	**91,154**

Source of circulation data: New Zealand Audit Bureau of Circulations (Inc)
ANC = Annual Net Circulation

ANM = APN News and Media (formerly Wilson and Horton)
Ind = Independent

Circulation in italics indicates the most recent available

Endnotes

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