# NEW ZEALAND MEDIA OWNERSHIP 2019

*AUT research center for Journalism, Media and Democracy (JMAD)*

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## ABOUT THIS REPORT

This report is part of an ongoing series of reports on New Zealand media ownership. Since 2011, AUT research center for Journalism, Media and Democracy (JMAD) has published reports which document and analyse developments within New Zealand media. These incorporate media ownership, market structures, and key events during each year. The reports are freely available and accessible to anyone via the JMAD research center: https://www.aut.ac.nz/study/study-options/communication-studies/research/journalism,-media-and-democracy-research-centre

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Together we are stronger, thank you for the team work!

## Summary

The New Zealand media is facing the biggest changes since the first publication of the *JMAD New Zealand media ownership report* in 2011. In 2019, major New Zealand media organisations were put up for sale, and hundreds of jobs were at risk. In 2019, MediaWorks was seeking a buyer for its television arm including Three. Furthermore, the government was considering a fundamental restructure of the public media sector including TVNZ and RNZ.

In late 2019, MediaWorks was on the verge of becoming partly owned by Australian Quadrant Private Equity (which bought Australian outdoor advertising company QMS in October). Earlier, MediaWorks became partly owned by QMS as the two companies merged their operations. If Quadrant receives the final approvals to buy QMS, MediaWorks will once more become a 100% private equity owned company. Investment management company Oaktree Capital still holds 60% of MediaWorks shares.

In November, NZME confirmed that it was in discussion with Australian Nine about buying Stuff. To this end, NZME had made a proposal to the government about the deal, but the details were not announced. The outcome of the merger discussions is not yet known.

During 2019, pay models for news expanded in the search for extra revenue: the *NZ Herald* introduced a paywall and other outlets introduced other charges and voluntary payments. Our analysis shows that the *NZ Herald's* paywall is a 'soft model' as the majority of the site's content continues to be freely accessible. This softness may explain why the *NZ Herald* traffic has not been severely affected by the paywall.

### New Zealand media ownership - key trends and events

- MediaWorks gains new owner, its TV business is up for sale
- Government-owned media facing a fundamental restructure
- New Zealand Rugby became a substantial shareholder of Sky TV
- The *NZ Herald* introduced a paywall, other pay models expand
- An influx of streaming services entered the New Zealand market

## Content

## 1. Trends in the global media ownership

*Global media ownership patterns*

In 2019, recent trends in global media ownership continued: media firms continued to consolidate, private equity firms strengthened their influence in the media sector, and billionaires continued to add media assets to their portfolios. These ownership patterns partly reflect the "downward spiral" of newspapers which have long struggled to make money in the shadow of the internet (Pew Research Centre, 2019). Additionally, China has increased its influence outside China by buying media companies, and by extending content agreements with news outlets. As private equity companies strengthen their ownership in the media sector, news companies have speeded their cost cutting and selling of digital media assets. For some media companies, consolidation has become a business strategy for survival as it allows for cost-cutting (Smith, 2019). Verizon offers an example. In 2019, it was clear that Verizon's consolidation strategy was backfiring. In recent years, the company has purchased multiple online platforms, including Yahoo in 2017 for US$4.5 billion. During 2019, Verizon reduced its workforce by seven percent, and started to sell its online assets – including Tumblr – which was sold for a low value of US$3 million (Shieber, 2019). Additionally, in October, Verizon put the HuffPost on sale (Shieber, 2019). Other digital media outlets including Buzzfeed, Vice and Vox were also laying off staff (Shieber, 2019). In May, Disney – which owned 21% of Vice – also wrote down US$353 million of its stake in the company (Rodriguez, 2019).

As financial difficulties of media companies have continued, private equity companies have been buying media assets which have lost value and become relatively cheap to acquire. For example, New Media, which is controlled by the private equity Fortress Investment Group, has purchased multiple media companies since it emerged from bankruptcy in 2013. It now owns nearly 150 newspapers across the United States (Smith, 2019). New Media recently purchased Gannett, which owns *USA Today* and 11 other brands in the US, for US$1.4bn, further cementing the prominence of private equity in the media sphere (Smith, 2019). As seen in table 1, in the United States billionaires have amassed a large portfolio of media holdings. For example, Rupert Murdoch, Michael Bloomberg, Warren Buffet and Patrick Soon-Shiong have built substantial media holdings. Amazon's owner Jeff Bezos owns *The Washington Post* and Steve Job's widow Laurene Powell has a majority stake in *The Atlantic* magazine. Similarly to the United States, in the United Kingdom media ownership has continued to consolidate with five billionaires (including two brothers) owning 80% of all of the UK media ("5 billionaires own 80% of UK media, stats show", 2018). These media owners include Richard Desmond, who owns the *Daily Star, Sunday Star, Daily* and *Sunday Express*; Jonathan Harmsworth, who owns the *Daily Mail*, the *Mail on Sunday* and *Metro*; Sir David Rowat Barclay and Sir Frederick Hugh Barclay, owners of *The Telegraph*, *The Spectator* and *The Business*; and Rupert Murdoch, who owns the *Sun, Times, Sky* and others ("5 billionaires own 80% of UK media, stats show", 2018).

**Table 1: Billionaire media owners in the US in 2019**

| ***Billionaire*** | ***Main media assets*** |
|---|---|
| Michael Bloomberg | Bloomberg LP and Bloomberg Media |
| Donald and Samuel "Si" Newhouse | Advance Publications; *Wired, Vanity Fair, The New Yorker and Vogue* |
| Cox Family | Cox Enterprises; *The Atlanta Journal-Constitution* |
| Jeff Bezos (US) | *The Washington Post* |
| Patrick Soon-Shiong (US) | *Los Angeles Times; San Diego Union Tribune;* 25% in Tronc |
| John Henry (US) | *Boston Globe* |
| Sheldon Adelson (US) | *Las Vegas Review-Journal; Israel Hayom* |
| Rupert Murdoch (Australia) | Dow Jones Company; *The Wall Street Journal; The New York Post; The Times; The Sun; The Australian* |
| Warren Buffet (US) | *Omaha World-Herald; Waco-Tribune Herald; Richmond Times-Despatch* (roughly 60 newspapers) |
| Laurene Powell (US) | *The Atlantic* (a majority stake) |
| Marc Benioff and Lynne Benioff (US) | *The Time Magazine* |

Some news outlets that accommodate investigative, humanitarian and local journalism have been able to survive through philanthropic donations from private foundations such as the Bill and Melinda Gates Foundation (Scott et al., 2019).

A study by Scott et al. (2019) found that six out of the nine largest not-for-profit newspapers (including *The Guardian* and the Thomson Reuters Foundation) relied "almost entirely" on foundation support. Their study, based on interviews with 74 journalists and foundation representatives, revealed that journalistic autonomy was not necessarily at risk in these organisations as the foundations aimed to avoid impressions of them influencing media coverage (Scott et al., 2019).

Meanwhile, China has increased its efforts to influence global media coverage. According to a *Guardian* investigation, China has been taking advantage of the financial difficulties of global news organisations as a part of a "worldwide propaganda campaign" (Lim & Bergin, 2018). China has expanded its influence in Africa as well as Western markets by offering cash-strapped journalists "generous remuneration [packages] and new opportunities" (Lim & Bergin, 2018). Thus, when China's state broadcaster China Global Television Network (CGTN) launched its hub in London, it received over 6,000 applications for 90 journalism jobs "reporting news from a Chinese perspective" (Lim & Bergin, 2018). Lim & Bergin further observe that China is "trying to reshape the global information environment with massive infusions of money – funding paid-for advertorials, sponsored journalistic coverage and heavily massaged positive messages from boosters" (Lim & Bergin, 2018). Additionally, China's state-run news agency Xinhua has built a substantial audience by selling stories to newspapers around the world. The state-run English-language newspaper *China Daily* also deals with foreign newspapers such as *The*

*New York Times*, the *Wall Street Journal*, the *Washington Post* and *The Telegraph* (UK) (Lim & Bergin, 2018).

*Global media mergers*

In 2019, ownership convergence in the global media market continued, especially in the broadcasting sector, leading some analysts to forecast a "second wave" of media consolidation (Fontanella-Khan & Nicolaou, 2019a). During 2019, Disney finalised its merger with 21st Century Fox; CBS and Viacom agreed to merge; Nexstar bought Tribune Media; and New Media acquired Gannett. Additionally, Vox bought *The New Yorker* magazine. The combined value of these deals exceeded US$100 billion, as seen in table 2. For the media companies, the driving force behind mergers in the broadcasting sector was the necessity of competing with streaming services such as Netflix, and the need to build large banks of original film and television content to compete with them (PwC, 2019). PwC estimates that streaming video-on-demand platforms will continue to grow in popularity, predicting that in the United States alone revenue from streaming services will increase from US$32.8 billion in 2018 to US$72.8 billion in 2023 (PwC, 2019).

Deloitte's *2019 Media and Entertainment Industry Outlook* report observes that media industry mergers and acquisitions will continue as long as "media companies attempt to strengthen their content libraries, quality, distribution, and value" (p.5). For example, Disney has recently purchased multiple brands, and its Disney+ will host content from Disney, Pixar, Marvel, Star Wars, National Geographic and more (Smith, 2019).

In February 2019, the merger between AT&T and Time Warner was cleared as AT&T successfully challenged the United States Department of Justice which had tried to block the US$85.4 billion merger (Bartz & Shepardson, 2019). All three judges who heard the case ruled unanimously in favour of the acquisition (Bartz & Shepardson, 2019). Reuters' reporters Bartz and Shepardson (2019) called the deal a "turning point for a media industry that has been upended by companies like Netflix Inc and Alphabet Inc's Google that put content online with no need for a cable subscription" (Bartz & Shepardson, 2019).

In March 2019, The Walt Disney Company acquired 21st Century Fox and all of its subsidiaries (United States Securities and Exchange Commission, 2019). After the deal with 21st Century Fox, Disney owns media assets such as 20th Century Fox, Fox Searchlight Pictures, Fox 2000 Pictures, Fox Family and Fox Animation; Fox's televisions creative units, Twentieth Century Fox Television, FX Productions and Fox21; FX Networks; National Geographic Partners; Fox Networks Group International; Star India; and Fox's interests in Hulu, Tata Sky and Endemol Shine Group (The Walt Disney Company, 2019).

The value of the deal was approximately US$71 billion (United States Securities and Exchange Commission, 2019). The merger of two companies added to Disney's global dominance in ownership of media content. The *Financial Times* notes that Disney has become the “apex predator of the entertainment industry” as in the past 10 years it has bought multiple major television and film brands, including Lucasfilm and Marvel Entertainment (Leigh, 2019).

In August 2019, CBS and Viacom agreed to merge after years of discussions (previously, the two companies were part of the same entity until they went separate ways in 2006). The new company ViacomCBS has a combined revenue of US$28bn (Fontanella-Khan & Nicolaou, 2019a). As Netflix and Disney/Fox dominate large portions of the entertainment market, the two companies agreed to re-join to stay competitive (Fontanella-Khan &Nicolaou, 2019a).

Additionally, in September, the Federal Communications Commission (FCC) approved Nexstar’s US$4.1 billion takeover of Tribune Media’s television assets (Littleton, 2019). Once Nexstar purchased 42 of Tribune Media’s local television stations, it became the largest such owner in the United States with “more than 200 outlets serving a wide swath of the country” (Littleton, 2019).

The 2019 mega deals in the media markets did not just involve broadcasting, entertainment and telecom companies, they also extended to the newspaper industry. As mentioned, New Media Investment Group confirmed that it would acquire Gannett for US$1.4 billion (Fontanella-Khan & Nicolaou, 2019b). The merged company will be one of the largest newspaper companies in the United States as it “will bring under one roof 263 daily media organisations across 47 states and the US Pacific island territory of Guam" (Fontanella-Khan & Nicolaou, 2019b). According to media analyst Ken Doctor, the merger means that one of six newspapers in the United States will be owned by one company (Fontanella-Khan & Nicolaou, 2019b). Further, in September, Vox Media announced it would purchase New York Media which owns the *New Yorker Magazine* (Perper, 2019).

**Table 2: Major bids & deals in the media sector in 2019**

| **Bidder** | **Target** | **Deal value/ US$ billion** |
|---|---|---|
| New Media Investment Group (GateHouse Media) | Gannett | $1.4 billion |
| Disney | Fox 21st Century | $71 billion |
| Nexstar | Tribune | $4.1 billion |
| CBS | Viacom | $30 billion |

Sources: New Media Investment Group, The Walt Disney Co., Nexstar, CBS

*Trans-Tasman media mergers*

In 2017, the Australian government abolished media ownership rules which had prevented further concentration in the sector. As a consequence, there has been a wave of consolidation (as well as some disposals) in the Australian media sector. The new rules mean that a single media organisation can own all kinds of media assets in any given city, including television, newspapers and radio holdings. According to media scholar Johan Lidberg (2019), Australia has one of the most concentrated media markets in the world as four media companies – News Corp Australia, Nine Entertainment, Seven West Media and APN News – take 90% of all the media revenue in the country (Lidberg, 2019).

In October, Australian free-to-air television broadcaster Seven West Media announced that it was buying smaller competitor Prime Media Group for A$64 million to gain viewers and advertising revenue (Ashok, 2019). If the bid passes regulatory hurdles and gains shareholders' approval, Seven West's current shareholders will own 90% of the new company with Prime shareholders owning the rest, 10% of the company (Ashok, 2019). In October, Prime's board was "backing the offer in the absence of a superior bid" (Ashok, 2019).

Shortly after (in October) private equity firm Quadrant announced that it had made a A$420 million bid for Australian outdoor advertising company QMS which owns 40% of MediaWorks (Kruger, 2019). QMS chairman Wayne Stevenson said that "the board believes this offer allows QMS shareholders to realise significant value for their shares" (Kruger, 2019). In September, QMS finalised its merger with MediaWorks which cost the latter A$38 million (QMS, 2018). The combined company became the "largest multi-media advertising group in the country [New Zealand]" (QMS, 2018). As a part of the deal QMS received a 40% shareholding in MediaWorks while Oaktree Capital Management retained 60% ownership (QMS, 2018).

In August, Stuff's owner Nine Entertainment acquired a 45.5% stake in Macquarie Media, giving it 90% shareholding in the business. Nine stated that after obtaining 90% of the shares, it would purchase the remaining 10% of the company (Nine, 2019a). The share deal was valued at A$113.9 million (Nine, 2019a). Macquarie owns several radio stations across Australia, and purports to reach a broadcast audience of two million Australians per week (Macquarie Media Limited, 2019).

Before the acquisition, in April, Nine sold approximately 160 of its regional newspapers for A$115 million (Meade, 2019). Chief executive Hugh Marks said that the selloff was part of the company's strategy of exiting "non-core businesses" and focusing on Nine's digital platforms (Ryan & Davis, 2019). The purchasers of this cluster of regional papers, Australian Community Media, were former Fairfax executive Antony Catalano and billionaire investor Alex Waislitz (Meade, 2019). After the purchase, Catalano lobbied for the Australian government to change merger rules as he contemplated merging his business with other regional brands as a response to the country's regional newspaper "crisis" (Duke, 2019).

## 2. New Zealand media ownership and market structure

*General structure*

In October 2019, journalism academic Mel Bunce at City, London University, assessed that “journalism’s economic crisis has hit New Zealand journalism particularly hard” (Bunce, 2019, p.9). She argued that because New Zealand spends considerably less money on the public media than countries such as Australia and Canada, it “means less journalism [is] protected from economic shocks” (Bunce, 2019, p.9). In 2019, the financial vulnerability of New Zealand media companies was on full display; commercial broadcasters made losses, and multiple news companies – TVNZ, Sky TV, NZME – were unable to pay dividends to their shareholders.

There were major changes in media ownership patterns and market structures as commercial broadcasters either engaged in expansion, or planned divestments. New streaming services flooded the New Zealand market, adding to the commercial broadcasters’ financial woes. In its financial year 2019 presentation, Stuff’s owner Nine listed the company as a “discontinued, held for sale” asset (Nine, 2019b). In August, the prospect of a NZME-Stuff merger re-emerged after *The Australian* claimed that NZME had renewed its interest in such a deal (Murphy, 2019a). At the time, Stuff chief executive Sinead Boucher declared that the merger “isn't on our agenda at all" (Murphy, 2019a). Back in 2017, the Commerce Commission had rejected the attempt to merge NZME and Stuff because the deal would have reduced media voices and plurality. However, in November NMZE confirmed that it was in discussions with Nine to buy Stuff, emphasising that “there can be no certainty at this stage that these discussions will result in any transaction” (NZME, 2019e). NZME also said that it had put a proposal to the government “regarding a possible transaction” (NZME, 2019e). According to Stuff, NZME had put to the government a proposal for a “Kiwishare arrangement” which had been used by the Crown in 1990 to protect free calls and fixed phone line rentals when Telecom NZ was privatised (Malpass & Watkins, 2019). Malpass and Watkins (2019) state that this arrangement could “ringfence Stuff's editorial operations and protect local journalism”, and it would answer to the Commerce Commissions concerns raised in 2017.

**MediaWorks** is a privately held television and radio broadcaster, headquartered in Auckland. Its main assets include television channel Three, Newshub and half of New Zealand’s commercial radio network. In 2019, it merged its assets with QMS New Zealand, owned by Australian outdoor advertising company QMS. As stated above, QMS then gained 40% of MediaWorks shares while funds managed by Oaktree Capital kept a majority 60% shareholding (MediaWorks, 2019a). QMS is a stock market listed company (ASX), but Oaktree Capital is a privately held investment management company. In October, MediaWorks announced that it was seeking a buyer for its television operations. Shortly afterward, MediaWorks head of news Hal Crawford announced that he was leaving the company in February 2020.

**Sky TV**, is a publicly owned company, listed on the New Zealand stock exchange (NZX), and is headquartered in Auckland. The company broadcasts live sports and offers pay television services via its platform and Igloo, and if offers subscription video-on-demand services. In October, Sky TV secured broadcasting rights with the New Zealand, Australian, South African and Argentinian Rugby Unions until 2025. As a part of the deal New Zealand Rugby (NZR) became a 5% shareholder in the company. In a press release, Sky TV stated that "the deeper partnership between NZR and Sky cements the shared commitment to nurture and grow the game in New Zealand at all levels" (Sky TV, 2019a). The rights fees were not published, but Sky TV stated that "the rugby rights have materially increased from our current arrangements. Now that Sky has greater certainty on other key rights, it is working the details into its revised forecasts. This was said to advance its revenue and profits (Sky TV, 2019a).

In August 2019, the company bought RugbyPass from the US-based private investment firm Cooper & Company for NZ$62 million dollars (Sky TV, 2019b). RugbyPass "broadcasts live in 63 countries and is the largest publisher of Rugby content in the world… reaching over 40 million people a month" (Sky TV, 2019b).

There were no other major changes in the main media market structures and ownership. The number of publicly owned, commercial media companies remained the same as in 2018, and these included NZME, Stuff Limited and Sky TV. MediaWorks became partly owned by corporate entity QMS and its shareholders. Outside of MediaWorks, the number of privately and independently owned media outlets remained the same. These included Allied Press, Bauer Media, BusinessDesk, Crux, MediaWorks, NBR, Newsroom, The Spinoff and Scoop. Of these, independently owned BusinessDesk gained a new major owner. In 2019, there were three Crown-owned companies: TVNZ, RNZ and Māori Television.

**NZME** is a publicly owned company, headquartered in Auckland. The company is listed on the New Zealand (NZX) and Australian stock market (ASX). NZME's main brands include the *NZ Herald* and Newstalk ZB. Additionally, the media company owns a group buying site GrabOne; an online job advertising platform YUDU; a property portal OneRoof; and the car and motoring website Driven. According to NZME, in the first half of 2019, it had a total monthly audience of 3.3 million New Zealanders – the *NZ Herald* had a daily brand audience of 1,098,000, and an average readership per issue of 477,000 (NZME, 2019a).

**Stuff,** also headquartered in Auckland, is owned by Nine Entertainment which is a public company listed on Australian stock exchange (ASX). Stuff's main brands include *Stuff* (website); newspapers *The Dominion Post* and the *Press;* neighborhood and community website *Neighbourly*; broadband company Stuff Fiber, pay-per-view streaming service Stuff Pix, Play Stuff, and online job search site Adzuna. In 2019, *stuff.co.nz* had a unique audience of 1.94 million (Stuff, 2019a).

**Māori Television**, funded by the government, is New Zealand's indigenous broadcaster, providing a wide range of local and international programs for audiences across the country and online.

**Table 3: Major communication companies in New Zealand in 2019**

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

**RNZ** is Crown-owned, and the only advertising-free, public interest broadcaster in New Zealand. Its operations are funded through NZ on Air and the Ministry for Culture and Heritage.

**TVNZ** is Crown-owned, but it is commercially funded with no public service obligation. Approximately 95 percent of its operations are funded by advertising, and its primary mandate is to pay a dividend to the New Zealand government.

**Bauer Media** is a privately-owned, global media conglomerate, headquartered in Germany. Approximately 85 percent of its shares are owned by Bauer family member Yvonne Bauer. The company owns over 600 magazines, 400 digital media outlets, and over 100 radio and television stations.

### ***Print and online news outlets***

#### *Print*

In 2019, Stuff and NZME maintained their duopoly in print and online markets (as seen in tables 4 and 5). In November, *The Guardian* confirmed that it had hired its first full-time reporter in New Zealand, and that the paper would have a dedicated New Zealand section on its home page (Greive, 2019a). A spokesperson for *The Guardian* commented that "we are going to increase the number of stories that we do – that means more news, commentary and features on the subjects we already know New Zealanders care about" (Greive, 2019a). Otherwise, local news reporting received temporary relief from the *Local Democracy Reporting* pilot program, launched by RNZ, NZ On Air and the Newspaper Publishers Association (NPA). The NZ$1 million pilot, funded from the RNZ & NZ on Air Innovation Fund, runs only for one year, and there is no guarantee that the program will continue in the future (NZ On Air, 2019a). The launch was controversial because it allowed existing newspapers – which were culling local reporters in 2018 – to fund reporters around the country. Additionally, the programme does not extend to digital media outlets such as *Crux*, *Newsroom* and *The Spinoff*. Veteran political journalist, Richard Harman, who runs the *Politik* website, said that the scheme "smells more like a subsidy for struggling companies" (Peacock, 2019a). However, NZ On Air executive Jane Wrightson said that the pilot was established "to ensure public media funding addresses gaps in the market" (NZ On Air, 2019a). The reporters will only cover news related to local institutions such as councils, community boards, council-owned businesses, trusts and health boards (NZ On Air, 2019a). Of the eight jobs funded by the pilot, NZME and Stuff have been allocated four positions. Other reporters will work at the *Gisborne Herald/Wairoa Star*, Beacon Media Group, *Wairarapa Times-Age* and *Greymouth Star* (NZ On Air, 2019b). During 2019, some new community papers were established. Ellen Irvine founded *Papamoa Post*, a new free monthly newspaper delivered to 10,500+ households; and Rob Drent launched *Rangitoto Observer* in Auckland's North Shore (Sherson, 2019). Drent has been editor and publisher at the fortnightly *Devonport Flagstaff* for 22 years.

**Table 4: Print circulation and print & online readership in 2019**

| ***Publication*** | ***Print and online readership (12 months ending June 2019)*** | ***% change from previous year*** | ***Circulation (March 2019)*** | ***%change from the same time previous year*** |
|---|---|---|---|---|
| *NZ Herald* | 1885000 | 4.4.% | 104266 | -8.3% |
| *The Dominion Post* | 485000 | -3.0% | 39626 | -13.3% |
| *Sunday Star Times* | 309000 | -23% | 63538 | -12.99% |
| *The Press* | 344000 | -5.5% | 39758 | -14.4% |
| *Otago Daily Times* | 238000 | 7.2% | 30948 | -3.7% |
| *Waikato Times* | 250000 | 23.2% | 15489 | -12.7% |
| *Hawkes Bay Today* | 146000 | 24.8% | 16242 | -5.1% |
| *Southland Times* | 121000 | 40.7% | 13164 | -17.5% |
| *Sunday News* | 90000 | 8.4% | 12062 | -17.1% |

Sources: ABC, Roy Morgan Research

During 2019, circulation of the leading print daily newspapers and Sunday papers continued to decline. As seen in table 4, the year-on-year print circulation of the *NZ Herald* fell 8% by the end of March 2019, and *The Press* and *The Dominion Post* continued to lose print subscriptions (ABC, 2019). Circulation of the *Sunday News* declined 17% and the *Sunday Star's* declined almost 13% from the same time during the previous year (ABC, 2019). As the print circulation fell, the combined print & online readership of some newspapers rose substantially. As seen in table 4, this was the case for regional newspapers such as the *Southland Times*, the *Hawkes Bay Today* and the *Waikato Times* (Roy Morgan, 2019). The combined readership of the *NZ Herald* rose 4.4% from the same time in the previous year, but for *The Press* and *The Dominion Post* their combined online and print readership declined (Roy Morgan, 2019).

During 2019, both NZME and Stuff saw their profit and revenue shrink. In the first six months of the 2019 financial year, NZME's net profit declined 73 percent to NZ$900,000, and its revenue fell four percent to NZ$181 million compared to the same time in the previous year (NZME, 2019a). For the financial year 2019, Stuff's operating profit fell to NZ$30 million, and total revenue declined 10% to NZ$261 million (Nine, 2019c).

*Digital news sites*

In 2019, most of the general news and media sites in New Zealand could be freely accessed. However, at the end of April 2019, the *NZ Herald* introduced digital subscriptions – a paywall – for its premium content, limiting the public's access to all of its content. Additionally, other media outlets such as The Spinoff and Scoop launched new pay systems to support their journalism (these are further analysed later in this report).

In 2019, Stuff and the *NZ Herald* continued to dominate audience share in online news. According to Roy Morgan, the *NZ Herald* had 1,545,000 online readers and *The Dominion Post* and *The Press* 498,000 online readers (Roy Morgan, 2019). In September, the *Stuff* website had just over 34 million unique visits compared to the *NZ Herald's* 26 million (as seen in table 5). The combined number of visits to the *NZ Herald* and *Stuff* websites was 60 million compared to the combined visits of 17.6 million for Newsroom, Newshub, RNZ, The Spinoff and TVNZ. The two dominant news websites had almost 3.5 times more visits than the other five news outlets put together.

**Table 5: Unique audience and total visits in 2019**

| ***Website*** | ***SimilarWeb: Total visits from desktop and mobile (millions)– September 2019[1]*** |
|---|---|
| Newsroom | 0.56 |
| Newshub | 5.1 |
| New Zealand Herald | 26.2 |
| RNZ | 3.5 |
| Stuff | 34.3 |
| The Spinoff | 1.0 |
| TVNZ | 7.4 |

Source: SimilarWeb, 2019

[1] Total visits is the sum of all visits to the domain, within a country and time period analysed. SimilarWeb calculates a visit for the website if the visitor accesses one or more pages (SimilarWeb, n.d.)

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

*Independents*

In 2019, New Zealand continued to have a number of independently-owned media outlets of which most delivered content digitally. Independent digital media outlet Scoop celebrated its 20th birthday, The Spinoff its 5th birthday, and digital-only Newsroom its 2nd birthday. Wellington-based BusinessDesk gained a major new owner. Independent media outlets provided at least some news and current affairs content, and many of them introduced new pay models to support their journalism. The independents included:

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

**Allied Press** is an independent, Otago-based media company, which employs more than 400 people. It is owned by Sir Julian Smith and his family. The company's leading newspaper the *Otago Daily Times, odt.co.nz*, was founded in 1861. In 2016, the company announced that it would launch a paywall for the *Otago Daily Times*, but this has yet to materialise. According to Allied Press, the *Otago Daily Times* has an 89,000 average issue readership, 78,000 unique users per day and 50,821 Facebook followers (Allied Press, 2019).

The publisher holds a majority interest in the *Greymouth Evening Star* and has a range of community and farming newspapers throughout the South Island including *North Canterbury News, The Ashburton Courier*, *The Timaru Courier*, *The Oamaru Mail*, *The News*, *The Mountain Scene*, *The Star* and *The Ensign*. In 2018, the company bought the 124-year-old community paper *Clutha Leader* from Stuff. Allied Press also owns a television station in Dunedin, Chanel 39, which is the only local television provider in the area.

**Asia Pacific Report** news website was launched by the AUT's Pacific Media Center in 2016. It is a joint venture between Multimedia Investments Ltd and AUT's Pacific Media Centre. The core of its content is produced by thee postgraduate students attending the Pacific Media Center's journalism studies course at the AUT School of Communication Studies (Asia Pacific Report, 2019). The students report on issues related to the Asia-Pacific region, ranging from "climate change and the environment to education and health to politics, media, law social justice and sustainable business" (Asia Pacific Report, 2019). Editor of the site is AUT Professor David Robie.

**BusinessDesk** is a Wellington-based independent newswire service, established in 2008. Its ownership structure changed in 2019. In April, Milford Asset Management co-founder Brian Gaynor took a 40% shareholding in the company (BusinessDesk, 2019). Milford Asset Management is a New Zealand-based investment company with NZ$7 billion of assets under management. Gaynor has been reducing his operational involvement at Milford since early 2017, and has written weekly business columns for the *NZ Herald* for more than two decades. In a press release, BusinessDesk noted that Gaynor's involvement was "a huge vote of confidence in the importance of a fair, accurate, timely and 'no fear or favour' business news service" (BusinessDesk, 2019). Pattrick Smellie, co-founder of BusinessDesk, retained a 35% holding in the media outlet and chief reporter Paul McBeth now owns 25% of the company's shares. Jonathan Underhill, who co-founded BusinessDesk with Smellie, sold his shares to Gaynor after taking a media advisory role in the National Party leader's office. The BusinessDesk reporting team includes senior reporters such as Jenny Ruth (former NBR), Rebecca Howard (ex AP-Dow Jones), Gavin Evans (ex Bloomberg, ex *Freeman Media Energy News*) and Victoria Young, (ex *NBR*). In October 2019, BusinessDesk launched a new website which offers individuals, groups and corporates subscriptions for the first time. According to BusinessDesk co-owner Pattrick Smellie, the new website and subscription structure reflect “a shift from providing solely a wholesale content wire-style service for republication by other news outlets to offering news online direct to consumers” (Pattrick Smellie, personal communication, October 23, 2019). BusinessDesk continues to be available as a wire service for republication.

**Crux** launched in May 2018 as a public interest news site covering Queenstown, Wanaka and Cromwell. The media outlet says that it is “activating the voices of our community on fundamental issues such as the airport, a new hospital, growth, local governance and now, water quality” (Crux, 2019). Its founder and managing editor is Peter Newport, an experienced New Zealand journalist and television producer, who has also worked overseas for the BBC, Channels 9 and 10 Australia and the Discovery Channel. Crux is operated by the not-for-profit Crux Media Trust, and it has three regular journalists as well as a group of freelancers and video production partners. The site has gathered “over 140,000 unique users, has had over 700,000 pages views, and now averages over 60,000 page views month” since the launch (Peter Newport, personal communication, August 12. 2019). Additionally, the site has approximately “60,000 engagements on Facebook a month” (Peter Newport, personal communication, August 12. 2019). Although Crux’s initial funding has come from local donors, it has “targeted on developing new community revenue models with a view to eventually becoming community owned” (Peter Newport, personal communication, August 12. 2019). The site has received funding from NZ On Air for three major video series: *Living in La La Land, The Developers* and *Southern Lens.*

**NBR** is a business newspaper publisher, and its masthead, the *National Business Review*, is mainly published in a digital format. The publisher also has a streaming video service NBR TV as well as NBR Radio for audio broadcast. The company has been owned and published by Todd Scott since 2012. During 2018, NBR lost some of its most experienced journalists. In 2019, the NBR website lists 14 reporters and 3 sub-editors as working for the outlet. Additionally, its team includes an art director, content and web-producers and a social media coordinator (NBR, 2019a). In November Newsroom reported that NBR was "reviewing its business with five to six roles affected as it changes its video product, NBR View" (Murphy & Jennings, 2019a). According to Newsroom, some junior staff jobs were affected along with the radio broadcaster Grant Walker's position (Murphy & Jennings, 2019a). According to NBR's media kit, in 2019 *nbr.co.nz* had 102,257 unique users, and NBR had 35,000 email subscribers and "100+ corporate IP company subscribers" (NBR, 2019b). In 2018, NBR had 23,000 email subscribers, 200+ corporate IP (office-wide) subscriptions and 5,000+ individual subscribers (Myllylahti, 2018a). Based on these figures, NBR's corporate subscriptions have declined whereas e-mail subscriptions have grown. In 2019, it was unclear how many individual subscriptions the company had.

**Newsroom,** a digital-only news site, celebrated its second birthday in 2019. The site has become known for breaking, investigative news stories, and has won multiple awards for its journalism. It was launched in 2017 by Tim Murphy (former chief editor of the *NZ Herald*) and Mark Jennings (former head of news at TV3). It is primarily owned by Murphy and Jennings (with support from private investors). Additionally, Bernard Hickey owns 12.6%, Melanie Reid 8%, Craig and Selwyn Pellett 3% and "an early individual investor" 2.5% of the company (Tim Murphy, personal communication, August 13, 2018).

In July 2019, *newsroom.co.nz* had a unique audience of 210,000 (Tim Murphy, personal communication, August 7, 2019). In August 2019, Newsroom had 15 fulltime and five part-time staff members. Additionally, it had three additional contracted roles and one RNZ secondee working on the RNZ's The Detail podcast (Tim Murphy, personal communication, August 7, 2019). In 2019, Newsroom formed a closer partnership with the public broadcaster RNZ as they launched a joint podcasting initiative, and a content sharing agreement which means that stories from both organisations will be published on the other's site.

Newsroom consists of a freely accessible public site *newsroom.co.nz* and Newsroom Pro which is a paid subscription service. It also receives voluntary donations to support its operations. According to Murphy and Jennings, Newsroom Pro "has grown rapidly" (Murphy & Jennings, 2019b). Newsroom has also received "substantial one-off donations" from individuals, and 725 people support the site by monthly donations, and a handful with annual donations which are paid via the PressPatron platform (Murphy & Jennings, 2019b). According to the site's co-founders, "forging a sustainable business model in these tumultuous times for media is not for faint-hearted", Newsroom therefore continues to seek support from donors and sponsors (Murphy & Jennings, 2019b). Currently, its major sponsors include Kiwibank (banking), Chorus (a telecommunications infrastructure company), Vodafone Business (telecommunications), Bell Gully (law firm), Ecostore (consumer goods), Victoria University of Wellington, Auckland University, Otago University and Beca (engineering and consulting company).

**Scoop** is an independent, digital-only, and free news website which celebrated its 20th birthday in 2019. It is owned by Scoop Publishing Limited, a social enterprise wholly-owned by the Scoop Foundation for Public Interest Journalism. The not-for-profit charitable trust was established in 2015. Scoop is funded by subscriptions, licensing revenue and crowd-funding. In 2019, it had 265 "subscribers" who paid the license fee, and it also launched a paid e-mail service to aid funding of its operations (Cederwall, 2019). Joseph Cederwall, co-editor of Scoop, notes that the media outlets' "operating budget will be 100% non-advertising funded by January 2020", and this will give the site an "opportunity for the first time in some years to start expanding the team" (Cederwall, 2019). Scoop's editorial team includes co-editors Joseph Cederwall and Ian Llewellyn, Gordon Campbell (political editor) Lyndon Hood (news editor) Lindsay Shelton (Wellington editor) and Howard Davis (art editor).

Currently, Scoop reaches "more than 500,000 readers a month" (Scoop, 2019). The media outlet provides its clients with press releases and articles, and it produces its own independent journalism as well. The site focuses on publishing “important political and local content rather than clickbait” (Scoop, 2019). Cederwall notes that “we are at a crucial juncture for the continued thriving of Scoop and independent online news in New Zealand in general” (Cederwall, 2019). In August 2019, *Scoop* launched a new online platform *thedig.nz* which is a “new public interest, in-depth, engaged journalism platform” (The Dig, 2019).

**The Spinoff**, an independent, New Zealand-owned digital-only media outlet, celebrated its fifth birthday in 2019, and was named as the best New Zealand website at the Voyager Media Awards. The media outlet considers itself as “a magazine for the digital age, not always racing to break stories, but striving to analyse what they mean” (Greive, 2019b). According to the publisher Duncan Greive, the outlet has “more than 20 staff, over 130,000 followers across various platforms and millions of views on our stories and shows every day” (Greive, 2019b). The largest shareholders in the company are Greive and his wife who each hold 44 percent of the company’s shares. The rest are held by Alexandra Casey (senior writer), Toby Manhire (editor) and Scott Stevenson (senior sportswriter). The site’s operations are funded by partnerships, including those with Lightbox (Spark), Kiwibank, Unity Books and Callaghan Innovation, and it also publishes sponsored content. The site has also gained funding from NZ on Air and Creative New Zealand. In 2019, The Spinoff launched memberships, and its readers can pay voluntary donations to support its journalism via PressPatron platform. Greive says that people can “pay as much as they can afford” (Greive, 2019b). At the start of

August 2019, the site had 1,300 members. Greive states that voluntary reader payments will ensure that its content remains free to all, while enabling the outlet to "expand into areas which are extremely difficult to fund" (Greive, 2019b).

*Ethnic media*

During 2019, the objectivity and independence of the Chinese media outlets in New Zealand was robustly debated. Some New Zealand media companies also collaborate with Chinese media outlets. In 2016, the *NZ Herald* launched a new website in collaboration with the *Chinese Herald* to attract Chinese readers (Myllylahti, 2018a). Additionally, the *NZ Herald* has a content partnership with the *South China Morning Post.*

An article by Newsroom reporter Laura Walters observed that the executives and editors of New Zealand's Chinese-language media had "been attending state-sponsored conferences in China aimed at getting overseas media to promote the Chinese Communist Party's policies" (Walters, 2019a). For example, Lili Wang who is director and shareholder of the *Chinese NZ Herald*, attended in 2018 to a forum which was "hosted by state-run media *The People's Daily*, along with the Hainan Provincial Committee of the Communist Party of China" (Walters, 2019a). Further, Stella Hu who is a shareholder of NZC Media Group (which owns Panda TV, Radio Chinese, *Kiwi Style* magazine and the *Chinese Times*) has attended state-sponsored conferences (Walters, 2019a). Walters notes that "other CCP-friendly media in New Zealand have been invited to China, on expenses-paid trips. Recently, director and part-owner of Oceania TV, Luis Pang, was photographed with President Xi Jinping during a trip to China" (Walters, 2019a).

During 2019, relations between New Zealand media outlets and the Chinese government became somewhat strained. In June, Newsroom reported that it had been blocked in China as a part of the Chinese government's "Black Friday crackdown on foreign media" in response to coverage of the Tiananmen Square massacre (Jennings, 2019a). *The Guardian*, the *Washington Post*, *NBC* and *HuffPost* were among other sites blocked by the Chinese government. Mark Jennings, co-editor of Newsroom, writes that the news site was most likely added to the list of banned news sites because it "published a story by New Zealand China expert, Professor Anne-Marie Brady, who described the massacre as an open sore on the Chinese body politic" (Jennings, 2019a). On June 10, 2019, Newsroom co-editor Tim Murphy retweeted Brady's tweet which stated that the New Zealand media is not immune to Chinese censorship (Murphy, 2019b).

***Chinese NZ Herald*** is 100% owned by Lili Wang (Myllylahti, 2018). It has a staff of 27, and is published four times a week with a print circulation of 10,000 (Myllylahti, 2018a). Wang estimates that the paper's readership is "around 150,000 per week" and that the online site has "more than 13,000 visitors per day on average" (Myllylahti, 2018a). In an interview Wang said that the paper needs to "stay neutral as a media company" in order to "build the trust in its content" (Myllylahti, 2018a). However, in September 2019, a Newsroom article reported that "experts have identified the *Chinese NZ Herald* website as a propaganda outlet for the government of China" (Walters, 2019b). However, NZME, co-owner of the news outlet, said that the *Chinese NZ Herald* "is not beholden to China's media guidelines and censorship requirements" (Walters, 2019). Back in 2017, though, Professor Brady warned that "in the space of a few years, New Zealand's Chinese language mass media has gone from being an independent, localized, ethnic language medium to an outlet of China's official messaging" (Myllylahti, 2017). Brady observed that New Zealand's Chinese language media platforms had content co-operation agreements with Xinhua News Service and received their China-related news from Xinhua which is controlled by the People's Republic of China (Myllylahti, 2017).

In addition to the *Chinese NZ Herald*, there are three main television channels in Mandarin and Cantonese, multiple print publications, three Freeview stations and eight subscription channels to keep Chinese audiences informed (Creative NZ, n.d.).

***The Multicultural Times*** is a digital ethnic media outlet, launched in 2018 by Gaurav Sharma and Eric Chuah (co-founders). It was originally launched in print and online form, but in 2019 it moved to digital-only as "the reach, engagement and scope of innovation in the digital space is far superior to print" (The Multicultural Times, 2019). When the paper was launched, it stated that "Aotearoa has 213 ethnic groups calling it home, but ethnic communities in New Zealand still feel alienated, left out, or voiceless". In response, the paper aimed to bring "the ethnic side of things into mainstream New Zealand" (The Multicultural Times, 2018).

***Indian Weekender*** is one of the best known Indian publications in New Zealand, targeting 120,000 ethnic Indians in Auckland region (Indian Weekender, 2019). However, the online version of the publication "is increasingly being accessed by readers in Fiji, Australia, India, the US, the UK, Canada, Singapore and Malaysia besides other countries" (Indian Weekender, 2019). The publication has correspondents in India and Fiji. The weekend publication is published by KMG Interactive and its publisher Bhav Dhillon. *Indian Weekender* has a circulation of 15,000 print papers, and a readership of 60,000 every week (Indian Weekender, 2019). Otherwise, the Indian population in New Zealand is served by three main radio stations, seven print publications, one Freeview channel and two subscription channels (Creative NZ, n.d.).

**Maori and Pasifika** media includes 21 Iwi stations, multiple print publications such as *Mana* magazine, and one Freeview television station, Māori TV, to serve Māori communities (Creative NZ, n.d.). In October 2014, NZME launched the first mainstream Māori newspaper *Māngai Nui* in collaboration with the *Rotorua Daily Post*. Pasifika communities are "well catered" with multiple radio stations and five main print publications, however, there is no Pasifika specific television channel in New Zealand (Creative NZ, n.d.).

New Zealand also has specific media for Filipino and Korean audiences. There is one radio station for Filipino communities, one print publication twice monthly and one paid television channel on the Sky platform. Additionally, there are five print publications for Korean communities and two subscription channels on the Sky platform.

*Blogs*

2019 marked the end of an era in the blogosphere when it was announced that the controversial right-wing blog *Whaleoil*, **"**the most notorious publication of the digital media era in New Zealand has closed down for good" (Braae, 2019). On August 1, the *Whaleoil* website announced that the site was closing down, and directed readers to new destination *The BDF* ("It's the end of an era… and start of a new one", 2019). In the last post, the site stated that "*Whaleoil* grew to what we know it is now, a vibrant community of like-minded people who embrace the freedoms that liberal Western democracy has given us. We value those freedoms highly" (It's the end of an era… and start of a new one", 2019). It added that the blog was " so influential that shadowy forces conspired to take it down and a hacker was paid to hack it" ("It's the end of an era… and start of a new one", 2019). The blog was started by Cameron Slater in 2005, but came to the end in 2019 after Slater became unwell, and was burdened by defamation lawsuits and financial troubles. During its heyday, the blog had a substantial audience and political influence, and Slater was named as a blogger of the year at the 2014 Canon Media Awards. In the same year, Nicky Hager's *Dirty Politics* revealed "uncomfortable alliances between citizen media, politicians, PR companies and legacy media" (Myllylahti, 2014). His book documented how the National Party and PR practitioners used the blog to drive their agendas. As Braae puts it, if the blog would be “remembered for anything, let it be for making politics a crueler, and more viscerally hateful arena” (Braae, 2019). In a bittersweet twist, businessman Matt Blomfield who was targeted and defamed by Slater, bought the website in August 2019 (“Businessman defamed by Cameron Slater buys Whale Oil website”, 2019). Blomfield said that he wants to remove harmful content from the website before deciding what to do with it in the future (“Businessman defamed by Cameron Slater buys Whale Oil website”, 2019).

In 2019, some of the most well-known blogs and blogging platforms included *PublicAddress* (which features Russell Brown’s *Hard News*); Lizzy Marvelly’s *Villainesse*; Martyn Bradbury’s *The Daily Blog*; David Farrar’s *Kiwiblog; The Standard*, *The Dim-Post*, Chris Trotter’s *Bowalley Road* and *Bill Bennett.*

### ***Television, on demand and streaming***

#### *Commercial television broadcasters*

During 2019, it was obvious that commercial television broadcasting in New Zealand was in trouble as broadcasters reported losses. The influx of global video streaming services brought more bad news for the sector which continued to fight for its financial viability. Before announcing the sale of MediaWorks’s television arm, CEO Michael Anderson was lobbying hard to make TVNZ 1 commercial-free. If TVNZ 1 was to become free from advertising, it would immediately boost MediaWorks’s bottom line, as approximately 95% of the TVNZ’s funding comes from advertising. Anderson declared that MediaWorks might have to pull completely out of television broadcasting altogether if the government did not address the ‘anti-competitive’ behaviour of TVNZ 1 (Greive, 2019d). After these threats, it put its television operations for sale. TVNZ is funded by advertising, and its stated purpose is to make money, and to pay a dividend to the government. However, in the next three years, TVNZ is not planning to pay a dividend as it will increase its local content production (TVNZ, 2019a). In response to MediaWorks’s comments, TVNZ CEO Kevin Kenrick pointed out that MediaWorks had been losing money for a decade, and that the whole of New Zealand’s television broadcasting sector was suffering from the global competition from the companies such as Facebook, Google and Netflix (Jennings, 2019b). To address challenges by global giants, TVNZ has decided to increase its local content production – one of the moves that infuriated MediaWorks. TVNZ plans to invest an additional NZ$20 million per year in local content as it is "intending to shift from 'international' to 'local'" (Pullar-Strecker, 2019a).

**TVNZ** operates five television channels including TVNZ 1 and TVNZ 2, and its flagship news program is 1News. The broadcaster also has live-streaming on TVNZ 1, TVNZ 2 and Duke, and a video streaming service TVNZ OnDemand. For the financial year ending in June 2019, it reported a 44% drop in its profit from the previous year to NZ$2.9 million, and it was forecasting a NZ$17 million loss for the forthcoming financial year (TVNZ, 2019b). In financial year 2019, the company’s total revenue declined 2.5% from the previous year to NZ$311 million as its advertising revenue declined. TVNZ announced that it would not pay a dividend to the government, and that it was contemplating becoming a non-profit broadcaster. While reflecting on the company's results, CEO Kevin Kenrick said that financial results for the company were "reflective of challenging market conditions" (TVNZ, 2019b). However, Kenrick stated that its flagship news program1News was performing well: "the standout achievements for the year have been the stellar ratings performance of our local news and entertainment content, and the growth in TVNZ OnDemand" (Anthony, 2019b).

**Sky TV** broadcasts live sports and offers pay-television services via its own platform and its brands including Igloo and NEON. Its FanPass offers its users passes to view premium sports content, and SKYGo enables satellite customers to stream a selection of Sky's linear channels and view content on-demand. Additionally, Sky owns free-to-air TV channel Prime.

Last year, Martin Stewart was appointed as chief executive of Sky TV, and during his first year at the helm, the company expanded its rugby offerings. In the financial year ending June 2019, Sky TV made a loss of NZ$670 million after writing off goodwill. Its revenue was down seven percent from the previous year (Sky TV, 2019d). Sky TV also suffered from falling subscriber numbers, and in the financial year 2019 it lost another 42,000 satellite subscribers (Sky TV, 2019c). In September, the company was consulting with 250 staff members as it planned to cut the costs and restructure (Pullar-Strecker, 2019b).

In August 2019, Sky TV was facing increasing competition from telecom company Spark and streaming services, and hence acquired an online-streaming platform RugbyPass which will give Sky TV an audience of 40 million ("Sky TV shares rise on US$40m RugbyPass acquisition", 2019). The deal is understandable as Sky TV lost rights to broadcast the 2019 Rugby World Cup in New Zealand to its fierce competitor Spark. In October, Sky TV announced several major developments regarding the company. The company extended its exclusive broadcasting deal with International Cricket Council for the next four years (Sky TV, 2019c). Shortly afterward, the company announced that New Zealand Rugby (NZR) and Sky TV had "agreed a revolutionary new broadcast deal" whereby the former became a substantial shareholder in Sky TV (Sky TV, 2019d). In October, Sky TV's shareholders approved the deal for SANZAAR rugby rights and the equity deal with NZR ("Sky gets tick of approval for NZR deal from wary shareholders", 2019). As RNZ wrote, "it was anticipated the proposal would get shareholders' approval, despite the cost of the rights remaining confidential" ("Sky gets tick of approval for NZR deal from wary shareholders", 2019). However, some shareholders "raised concerns that the company was putting all of its eggs in one basket" ("Sky gets tick of approval for NZR deal from wary shareholders", 2019).

**Spark Sport** has added many sports to its line-up including English football, motorsport, cricket, hockey, and basketball. In March, ahead of the Rugby World Cup, Spark launched its own streaming service Spark Sport which enables audiences to watch live and on-demand sport. Its live streaming during the Rugby World Cup angered some customers, and by October, the Commerce Commission received 31 complaints about the company's services (Nadkarni, 2019). In October, the company announced that it had secured New Zealand Cricket rights from April 2020, and that it was partnering with TVNZ to broadcast some matches free to air (Spark, 2019). Spark chief executive Jolie Hodson said that "streaming is the future of sports viewing", and that the latest contract was "another major step towards Spark's strategy of building a profitable sports media business" (Spark, 2019).

**MediaWorks** owns half of the New Zealand's commercial radio stations**.** As stated above, it has now put its television brands up for sale. Its media assets include Newshub; a multiplatform service covering television, radio and digital news services and television channel Three. On its website, MediaWorks lists Newshub, The AM Show (radio), The Project (TV) and Magic under "news and current affairs" brands, but channel Three (TV) and Three Now (on-demand) are listed under the music and entertainment brands together with Bravo and entertainment programs.

**Freeview** is New Zealand's digital terrestrial television platform. It is operated by a joint venture between the country's major free-to-air broadcasters – government-owned Television New Zealand and Radio New Zealand, government-subsidised Māori Television, and the Australian-owned MediaWorks New Zealand.

*Public interest television*

**Māori Television,** funded by the government, is New Zealand's indigenous broadcaster, providing a wide range of local and international programs for audiences across the country and online. In May 2019, Shane Taurima was appointed as new chief executive of the company (Māori Television, 2019). Māori Television board chair Jamie Tuuta commented that Taurima "brings 25 years of industry experience in radio and television broadcasting at the forefront of Māori and mainstream media with a passionate commitment to the development of Māori, te reo and our culture" (Māori Television, 2019). During 2019, Te Puni Kōkiri, the Ministry of Māori Development, was conducting a review of the Māori media sector, and how it is positioned for the future. The review found that Māori media receives "significantly lower budgets to produce content compared to other media" ("Review reveals 'challenges that Māori media organisations face", 2019). According to Māori Development Minister Nanaia Mahuta, Māori media struggled to find the resources to deliver content to its audiences ("Review reveals 'challenges that Māori media organisations face", 2019).

Māori Television attracts, on average, three percent of all media consumers, and ten percent of Māori media consumers ("Review reveals 'challenges that Māori media organisations face", 2019). During 2017-2018, it received funding from three main sources including $19 million from Vote Māori Development, $16m from Te Mangai Paho and additional income from advertising. The country's 21 iwi radio stations each receive $500,000 in annual funding (“Review reveals 'challenges that Māori media organisations face”, 2019). At the time of writing, it was not known how the future funding of Māori media sector would be organised.

*Streaming video on demand services*

During 2019, there was an influx of subscription video-on-demand (SVOD) services in New Zealand, adding to the worries of television broadcasters. Apple and Disney launched streaming services (Apple TV+ and Disney+), and the UK based Acorn also entered New Zealand. Additionally, Sky TV and Spark launched new sports services, and Stuff introduced Play Stuff. In 2019, several other companies were already offering subscription video-on-demand. These include Amazon’s Prime, YouTube Prime, Netflix, Lightbox, NEON, Coliseum Sports Media, Vodafone TV and broadcasters’ video services such as TVNZ OnDemand and 3Now. The companies offering streaming services in New Zealand are reluctant to publish any information about streaming numbers. In the last financial year, TVNZ OnDemand had a “record 184 million video streams” (TVNZ, 2019c). According to media reports, Spark’s Lightbox has 355,000 subscribers (McBeth, 2019). In the financial year ending in June 2019, Sky saw its streaming customer base increase from “107,000 to 161,000”, but as Keall points out, the company did not “break out how many of those were with NEON, and how many with FanPass (or both)” (Keall, 2019).

In August 2019, Stuff launched Play Stuff which is a free online video-on-demand service. Stuff has partnered with BBC, Reuters, VICE, Red Bull, Bravo New

Zealand, Madman and NZ on Screen as well as others to deliver thousands of titles. In the initial launch catalogue, there are 10,000 titles across a wide range of genres which cover news, sports, entertainment as well as lifestyle programs ("Stuff launches Play Stuff, an online video destination free to all", 2019). It was followed in September by Acorn TV which streams world-class mysteries, dramas, and comedies from Britain and beyond. Acorn has around one million paying subscribers for its mix of British, Canadian and Australian "quality dramas" (Keall, 2019). It is one of the cheaper streaming services in New Zealand, although some of the programs are already available on other services.

In November, Apple TV+ and Disney+ were launched to compete with other streaming services such as Spark's Lightbox and Sky TV's NEON in New Zealand. Apple TV+ offers original programming such as *The Morning Show*. Globally, Apple is spending some US$6 billion on original programming, putting it in the same league as Netflix, HBO and other top streamers and broadcasters. In New Zealand, Disney+ offers classic Disney films, exclusive Marvel TV shows, a new Star Wars series and National Geographic documentaries ("Disney announces when streaming service Disney+ will land in NZ", 2019).

In October, a survey conducted by HorizonPoll showed that eight out of ten New Zealand adults were using video-on-demand streaming services (HorizonPoll, 2019). TVNZ OnDemand was the most popular with 59% of adults accessing it (HorizonPoll, 2019). TVNZ OnDemand has more people accessing it than Netflix: "56% of adults in around 935,200 households, say they now have access to Netflix"

(HorizonPoll, 2019). ThreeNow was accessed by 29% of adults, and Sky TV by 29% of adults (HorizonPoll, 2019).

**Table 6: Pricing of streaming services in New Zealand 2019**

| ***Company*** | ***Pricing per month*** |
|---|---|
| Acorn | $7.99 |
| Apple+ | $8.99 |
| Amazon Prime Video | $7.20 |
| Disney + | $9.99 |
| Lightbox | $12.99 |
| Netflix | $16.99 (standard) |
| NEON | $13.95 |
| Play Stuff | Free |
| Sky Sport Now | $49.99 |
| Spark Sport | $19.99 |
| 3Now | Free |
| TVNZ OnDemand | Free |
| YouTube Premium | $15.99 |

Sources: TVNZ, NZ Herald, Spark

Another study found that in 2019, 75% of Kiwis were paying for at least one streaming service (NZ Compare, 2019). The study notes that the adoption rates for streaming services "are pretty impressive, even for older age groups" (NZ Compare, 2019). Streaming is more popular in New Zealand than terrestrial television (approximately 87% of Kiwis aged 25-54 have streamed content) (NZ Compare, 2019). Older generations were more likely to “stick with using Sky subscription online” while younger ones were turning to Netflix (NZ Compare, 2019).

Increasing competition in streaming services has also meant fiercer price competition. While Netflix increased its subscription prices in August, Sky’s NEON dropped its subscription prices in September to compete with the service, as seen in table 6. Acorn, Apple TV+, Disney+ and Amazon Prime Video offer substantially lower streaming prices than Netflix, NEON, Lightbox and Spark Sport.

### *Radio broadcasting*

#### *Commercial radio*

In 2019, New Zealand’s commercial radio sector provided different results for NZME and MediaWorks. In the first half of 2019, NZME’s radio revenue “returned to growth” with revenue growing 0.2% from the same time in the previous year to NZ$53.5 million (NZME, 2019). According to NZME, in the first half of 2019 the company increased its radio audience market share to 37.7% from 34.9% in 2018 (NZME, 2019a). For the financial year ending December 2018, MediaWorks radio revenue fell from NZ$159 million in 2017 to NZ$153 million in 2018 (Longley, 2019). MediaWorks CEO Michael Anderson said that “while the radio stations' rating share remained good throughout 2018, tough market conditions in the third quarter saw revenue take a tumble” (Longley, 2019). As the competition between the two radio companies intensified, NZME hired Wendy Palmer – an ex-

MediaWorks employee – as chief radio and commercial officer ("NZME appoints Wendy Palmer as chief radio and commercial officer", 2019).

In the commercial radio space, MediaWorks Radio and NZME continued to operate as a virtual duopoly. However, after MediaWorks announced that it was selling its television business, the future of MediaWorks' radio arm was not known. NZME operates eight brands in most centers: Newstalk ZB, Radio Sport, Flava, ZM, The Hits, Mix, Coast, Radio Hauraki, as well as Hokonui in some rural locations in the South Island. Similarly, MediaWorks has nine brands in most regions: Mai FM, The Edge, George, The Rock, More FM, Breeze, The Sound and Magic.

In June, after GfK's independent radio survey (second of the year) NZME declared that its "relentless focus on connecting with listeners fueled sensational results" for its radio arm (NZME, 2019b). In a release NZME said that "Newstalk ZB grew its dominance of the commercial radio networks", adding that "Mike Hosking and Marcus Lush are streets ahead of their competition" (NZME, 2019b). NZME CEO Michael Boggs said that the results "give radio industry plenty to celebrate" and that "radio is delivering incredibly engaged audiences for advertisers all around New Zealand" (NZME, 2019b).

In September, GfK's third commercial radio survey revealed that commercial radio reached 77% of New Zealanders and was "a regular part of 3.3 million New Zealanders lives every day" (GfK, 2019a). The results showed that in the aftermath of the Christchurch mosque attacks, radio listeners were increasingly tuning in to listen to the news.

**Table 7: Commercial radio reach, rankings and station share in 2019**[2]

| *All people 10+* | *Total station share %* | *Rank* | *Breakfast station share %* | *Weekly cumulative reach (000)* |
|---|---|---|---|---|
| Newstalk ZB | 11 | 1 | 15.1 | 512.4 |
| Breeze | 9.0 | 2 | 7.5 | 555.1 |
| More FM | 8.3 | 3 | 9.7 | 571.4 |
| Network Magic Music & Talk | 7.9 | 4 | 7.4 | 373.2 |
| The Rock | 7.2 | 5 | 7.0 | 430.3 |
| ZM | 6.6 | 6 | 7.3 | 492.5 |
| The Edge | 6.4 | 7 | 6.1 | 590.8 |
| The Hits | 5.4 | 8 | 5.3 | 406.7 |
| Mai FM | 4.5 | 9 | 4.9 | 390.7 |

Source: GfK, third radio survey, 2019

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

Radio Broadcasting Association (RBA) chief executive Jana Rangooni said that "radio continues to be a trusted source of news, information and commentary in times of significant news events. We see this with major events of national interest and more frequently with localized issues like this week's flooding in the Coromandel" (GfK, 2019b).

The GfK's September survey reveals that in September, NZME's Newstalk ZB was the number one station nationally and in Auckland when measured by the total station share (GfK, 2019a). As seen in table 7, MediaWorks's Breeze was ranked as second and its network More FM as the third (GfK, 2019). In the breakfast station share Newstalk ZB was ranked first with More FM and Breeze taking the second and third spots (GfK, 2019a).

*Public interest radio*

RNZ Radio New Zealand) is New Zealand's only commercial-free public interest broadcaster. It is a Crown-owned company, and it is governed by the Radio New Zealand Act 1995 and the Radio Amendment Act 2016. RNZ is run by a charter that sets out the purpose, function and operating principles. Its purpose is to provide high quality, diverse, comprehensive and independent radio and online content for New Zealand and Pacific audiences. As stated elsewhere in this report, during 2019 the debate about the future of New Zealand public broadcasting – including RNZ – continued, and the government was expected to announce its policy by the end of

2019. In an opinion piece written for *Stuff*, RNZ chief executive Paul Thompson said that “one of the things governments can do, is to ensure their independent public broadcasters are not subjected to constantly shifting market forces” (Thompson, 2019). He added that at RNZ “we do strongly believe that comprehensive public broadcasting services provide one antidote to the existential threat that faces the local industry” (Thompson, 2019).

RNZ is funded through NZ on Air and the Ministry for Culture and Heritage. In 2019, the broadcaster received extra funding in the budget. This fell short of that previously promised by the government. The budget allocated NZ$4.5 million for RNZ, NZ$4 million for NZ on Air, and NZ$6 million for innovation split between RNZ and NZ on Air. Peter Thompson, chairman of advocacy group Better Public Media, described the budget support as "rather underwhelming" (Pullar-Strecker, 2019c).

In 2019, RNZ continued to improve listenership ratings, and it had “strong multi-platform results” (RNZ, 2019). The third GfK radio survey of the year for RNZ showed that “typically 669,600 New Zealanders or 15.4% of the 10 plus population are tuned in to RNZ radio each week” (RNZ, 2019). Additionally, they revealed that RNZ National has a market share of 11.1% and a cumulative audience of 599,800 listeners (RNZ, 2019). In the breakfast category, Morning Report reached 441,300 listeners, giving a station share of 14.4% of the total radio listening audience in the breakfast station segment (RNZ, 2019). RNZ head of radio and music, David Allan, commented that “there is an obvious audience need for a trusted source of challenging, innovative and engaging content which promotes informed debate in this country” (RNZ, 2019). RNZ radio results were boosted by growth in online audiences as it collaborated with other major media organisations, including Stuff, NZME, MSN, TVNZ and Bauer. The broadcaster had “significant growth across digital channels as 805,000 users accessed the RNZ website during a typical week” (RNZ, 2019). During 2019, its digital audience grew year-on-year 36%, and it had on average over 1,264,000 monthly views of RNZ content on YouTube (RNZ, 2019).

*Iwi Radio Network*

Te Whakaruruhau o Ngā Reo Irirangi Māori, commonly referred to as the Iwi Radio Network, is a federation of 21 Māori radio stations typically attached to individual iwi throughout New Zealand. Operating on broadcast frequencies reserved for the revitalisation of te reo Māori, the iwi radio stations are “committed to preserving and promoting te reo Māori, and engaging audiences with content from their rohe [region] and across Aotearoa New Zealand” (Māori Affairs Committee, 2018, p.7). It is funded by Te Mangai Paho, and in 2019 NZ$4.5 million was spent on iwi radio services (Te Mangai Paho, 2019).

### *Platforms*

In May 2019, The Workshop published a *Digital Threats to Democracy* report which was funded by the New Zealand Law Foundation’s Information Law & Policy

Project and Luminate Group. The report states that in New Zealand the use of social media is high, and that "around a quarter of the sample [of New Zealanders] used social media to engage with political issues or politicians" suggesting that people were using these platforms as a tool "for engagement in formal democratic system" (The Workshop, 2019, p.37). Another report, published in 2018, noted that there were "power imbalances in digital media markets" as Google and Facebook dominated the New Zealand digital advertising market. They were the main websites measured by traffic as well as primary drivers for the news companies' website traffic (Myllylahti, 2018b). During 2019, the big platform companies' dominance in the New Zealand media market continued. Figures from the Interactive Advertising Bureau New Zealand (IABNZ) show that in the first quarter of 2019, search (mainly Google) made 63% of total digital advertising revenue and social just over 3% (IABNZ, 2019). The total revenue for digital advertising was NZ$275 million of which search's proportion was NZ$174 million and social media's NZ$9 million. The rest was split between display and classified advertising (IABNZ, 2019).

In January 2019, 3.4 million New Zealanders were actively using social media – meaning that social media companies reached 71% of the population (Hootsuite, 2019). The data based on monthly average traffic, gathered from SimilarWeb, shows that search engines and social media websites such as Google, YouTube, Facebook and Netflix dominated website traffic in New Zealand (Hootsuite, 2019).

**Table 8: Most visited websites and social media sites in 2019**

| ***Monthly average traffic*** | ***Function*** | ***Most active social media platforms (survey based)*** |
|---|---|---|
| Google.com | Search | YouTube |
| Youtube.com | Streaming video | Facebook |
| Google.co.nz | Search | FB Messenger |
| Facebook.com | Social | Instagram |
| Trademe.co.nz | Shopping | Pinterest |
| Netflix.com | Streaming video | Snapchat |
| Stuff.co.nz | News | WhatsApp |
| Wikipedia.org | Reference | LinkedIn |
| Reddit.com | Social | Skype |
| NZHerald.co.nz | News | Twitter |

Source: Hootsuite, 2019

As seen in table 8, *stuff.co.nz* was the seventh most visited website and the *nzherald.co.nz* the tenth most visited website when measured by the monthly average traffic (Hootsuite, 2019). Of the social media platforms, YouTube was most actively used, followed by Facebook, Facebook Messenger and Instagram (Hootsuite, 2019).

In June 2019, Stuff's neighbourhood community site *Neighbourly*, or what Stuff calls a "social media network", turned five with "more than 730,000 members (Lovell, 2019). By then, the site had "recorded more than 21 million posts, 54 million interactions between neighbours and helped to organise more than 21 thousand events" (Lovell, 2019). *Neighbourly* is used by its members to "interact on topics such as crime and safety, council issues, local services and lost pets" (Lovell, 2019).

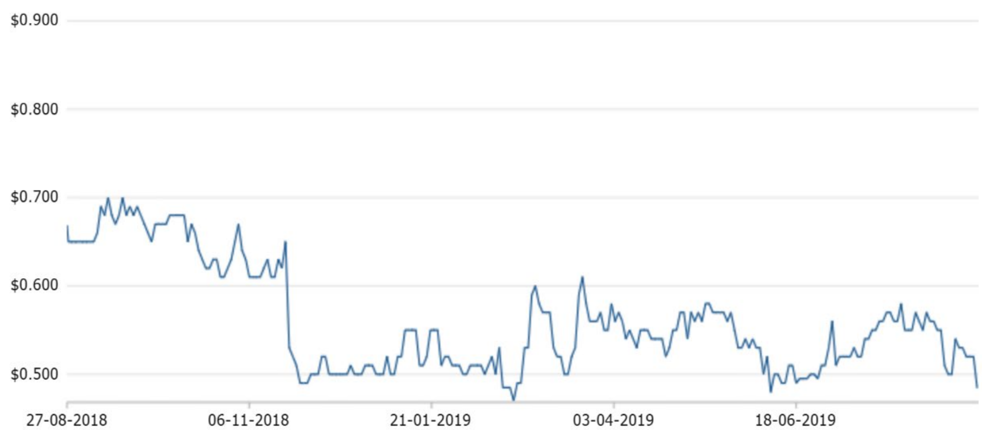
## 3. New Zealand media ownership and patterns

During 2019, there were major changes in media ownership, and major structural changes were anticipated as well. Financial results for New Zealand media companies were far from uplifting as they reported declining revenues and profits. MediaWorks became partly owned by Australian outdoor advertising conglomerate QMS, and Sky TV gained a new substantial shareholder in Rugby New Zealand (5%). Additionally, the New Zealand government's Accident Compensation Corporation became a substantial shareholder in Sky TV.

In 2019, five financial institutions owned 48% of NZME's shares, and 38.5 percent of Nine's shares. Additionally, financial institutions had 28.4 percent ownership in Sky TV's shares. Financial institutions listed here are institutions with a substantial shareholding in the company – owning five percent or more of the company's shares.

*NZME*

**Figure 1: NZME share price August 2018 - 2019**




Source: NZX

During 2019, the NZME share price fell substantially: in a period from September 2018 to September 2019, the share price dropped 38 percent. In the first six months of this financial year, NZME's net profit fell 73 percent from the same period in 2018, and its revenue declined four percent to NZ$181 million (NZME, 2019a). Australian equities fund management group Auscap Asset Management continued to be the largest substantial shareholder in the company with a 19.2 percent shareholding, and boutique fund manager Renaissance Smaller Companies maintained its 12.4 percent of NZME shares. Australian boutique fund manager Forager Funds Management held 6.3 percent of the company's shares, Sydney based investment manager Spheria Asset Management 5.3 percent, and investment bank UBS continued to hold 5.1 percent of the shares (NZME, 2019c). Together, these five companies owned almost half of the company's shares, as seen in table 9. The composition of the NZME board remained the same as in 2018 (table 10).

**Table 9: NZME substantial shareholders 2019**

| ***Substantial shareholders*** *(as of September 2019)* | ***Ownership*** |
|---|---|
| Auscap Asset Management | 19.2% |
| Renaissance Smaller Companies Ltd | 12.4% |
| Forager Funds Management | 6.3% |
| Spheria Asset Management | 5.3% |
| UBS | 5.1% |
| **Total** | **48.3%** |

Source: NZME

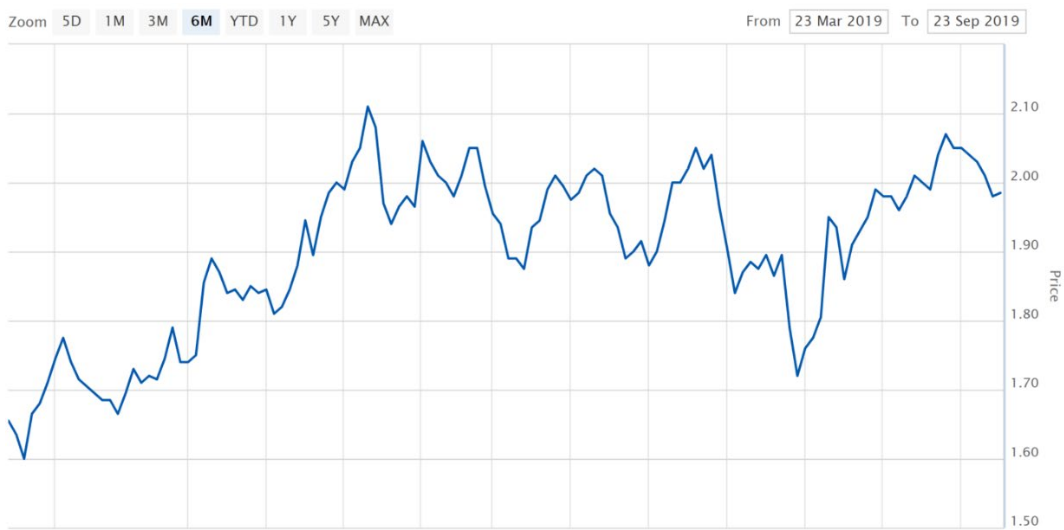
**Table 10: NZME board members 2019**

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

Source: NZM

*Nine/Stuff*

**Figure 2: Nine share price September 2018-2019**




Source: ASX

Nine saw its share price declining 11 percent in a period from September 2018 to September 2019. As a result of its merger with Fairfax Media Australia, Nine's revenue in the financial year 2019 grew 40 percent from the previous year to A$1.8 billion (Nine, 2019c). The group's net profit grew by 19 percent to A$187 million. The total revenue of Stuff fell 10 percent to A$253 million with advertising revenue falling 18 percent from the previous year. During 2019, Nine sold its regional newspapers in Australia, and was in process of acquiring rest of the Macquarie radio network (as discussed above). As also stated, Nine has listed Stuff as a sellable asset as it has no long-term objective to hold New Zealand media assets. In

September 2019, the largest shareholders of the company were financial institutions with six financial companies owning 38.5 percent of its shares. The largest shareholder of the company is Birketu Pty, an investment firm connected to Bermuda-based billionaire Bruce Gordon who owns television company WIN Corporation in Australia (Nine, 2019d). Australian investment management group Pendal owns 7.5 percent of the company's shares and this is followed by American investment management firm Fidelity Investments, American investment advisory group The Vanguard Group, Australian asset management Antares Capital Partners and American investment management corporation BlackRock (as seen in table 11).

**Table 11: Nine substantial shareholders 2019**

| ***Substantial shareholder*** *(as of September 2018)* | Ownership |
|---|---|
| Birketu Pty (Bruce Gordon) | 14.1% |
| Pendal Group | 7.5% |
| FIL Investment Management | 5.7% |
| The Vanguard Group | 5.0% |
| Antares Capital Partners | 3.3% |
| BlackRock Investment Management | 2.9% |
| **Total** | **38.5%** |

Sources: ASX, Nine

Nine's board is led by Peter Costello, who became chairman of the company in 2018. The company's deputy chairman is Nick Falloon, who was chairman of the Fairfax board before taking up his current role in Nine in December 2018 (Nine, 2019e). Another ex-Fairfax member of the board is Mickie Rosen, who served on the Fairfax board from March 2017, before moving on to the new board when Nine and Fairfax merged in December 2018. Rosen has previously led business for the companies such as Yahoo, Fox and Disney (Nine, 2019e). According to Nine, Hugh Marks has "over 20 years' experience as a senior executive in content production and broadcasting in Australia and overseas" (Nine, 2019e). The other board members have a background in either global/local legal, financial or consultancy businesses (see table 12).

**Table 12: Nine board members 2019**

| ***Board member*** | ***Other director roles*** |
|---|---|
| Peter Costello, Chair | |
| Nick Falloon, Deputy chairman | Domain Holdings, chairman |
| Hugh Marks | |
| Patrick Allaway | Bank of Queensland, Chair; Domain Holdings, non-executive director |
| Samantha Lewis | Orora and Aurizon Holdings, Board member |
| Mickie Rosen | |
| Catherine West | |

Source: Nine

*Sky TV*

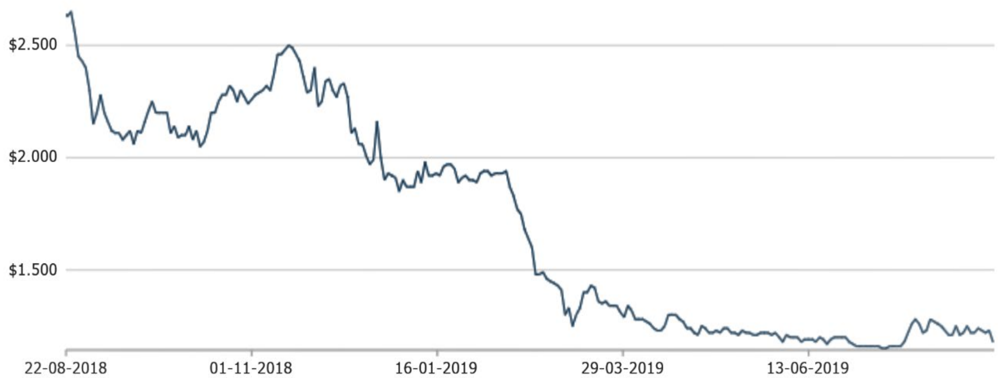
During 2019, Sky TV's share price dived as the company made a substantial loss and announced that it was not paying a dividend (Sky TV, 2019b). In October, its share price dropped to an all-time low as Spark secured domestic cricket broadcasting rights for the next six years. Sky's shares fell 17 percent, giving the company a value of "NZ$381 million, a fraction of the NZ$2.7 billion market capitalisation it commanded at its peak in mid-2014" ("Sky shares plunge to all-time low as Spark steals the cricket rights", 2019). As seen in figure 3, the company's share price declined sharply during 2019 (but it recovered somewhat after it secured SANZAAR rugby broadcasting rights and gained NZR as its shareholder). In October, Sky TV's shareholders "overwhelmingly backed the company's rugby rights deal with NZ Rugby", and their support was needed as the deal was "worth more than NZ$235 million, which is more than half of Sky's market value on the NZX" (Stock & Pullar-Strecker, 2019b).

Sky TV gained a new set of investors during 2019. Rugby New Zealand took a 5 percent ownership in the company, and RugbyPass investors gained a 6.1 percent shareholding after Sky's takeover of the company (as seen in table 13). The government-owned Accident Compensation Corporation (ACC), which is the Crown entity responsible for administering New Zealand's universal accidental injury scheme, became a substantial shareholder in the company with a 7.2 percent holding. Two financial institutions, Scottish asset management firm Kiltearn Partners and British fund manager Jupiter Asset Management were the largest shareholders in the company. (In 2018 Kiltearn Partners did not appear as a large shareholder in Sky TV, but it held over 15 percent of the company's shares in 2017.) In 2019, American investment group BlackRock Group and the Australian Allan Gray Group were no longer substantial shareholders of Sky TV.

In February 2019, British media executive Martin Stewart took helm of the company, and restructured the company's board. In March 2019, Sky TV's former chief executive John Fellet, who served the company for 28 years, resigned from the company's board in an "out with the old, in with the new" move (Ambler, 2019). In an NBR article, Fat Prophets head of research, Greg Smith, said that the overhaul was the right move as "the incumbent management team had stood by for years and watched massive disruption and destruction in shareholder value without lifting a finger and with an air of extreme complacency" (Ambler, 2019).

Following the retirement of long-standing chairman Peter Macourt, Philip Bowman was appointed as the company's chair (Sky TV, 2019). Previously, Bowman had led several global brands and companies, including Sky UK, Burberry and British Sky Broadcasting (Sky TV, 2019e). He also sits on the boards of Kathmandu, Ferro vial SA and Better Capital PCC (Sky TV, 2019e). Weeks later, New Zealand businesswoman and professional director Joan Withers was appointed to the company's board (Sky TV, 2019f.). She has previously held CEO positions at Fairfax and The Radio Network as well as being the former chair of TVNZ (Sky TV, 2019f). Withers is also chair of The Warehouse Group, Mercury and a director of ANZ NZ (Sky TV, 2019f). As a part of the SANZAAR deal, NZR "didn't want a seat at Sky Network Television's board table in its deeper relationship with the pay-TV operator" ("NZ Rugby not ready for a seat at Sky board table", 2019).

**Figure 3: Sky TV share price August 2018 - August 2019**




Source: NZX

**Table 13: Sky TV substantial shareholders 2019**

| ***Substantial shareholder** (as of September 2019)* | Ownership |
|---|---|
| Kiltearn Partners | 10.4% |
| Jupiter Asset Management | 9.9% |
| Accident Compensation Corporation | 7.2% |
| Rugby Pass Investors | 6.1% |
| New Zealand Rugby | 5.0% |
| **Total** | **38.6%** |

Sources: NZX, Sky TV

**Table 14: Sky TV board members 2019**

| ***Board member*** | ***Other director roles*** |
|---|---|
| Philip Bowman Chair | Kathmandu, Ferrovial SA and Better Capital PCC. |
| Martin Stewart, CEO | |
| Joan Withers | Chair of The Warehouse Group, director of ANZ NZ |
| Susan Paterson | Chair of Steel and Tube and Theta; director of Goodman NZ, Arvida Group, ERoad and Les Mills NZ. |
| Geraldine McBride | Director of National Australia Bank and Fisher & Paykel Healthcare. |
| Derek Handley | |
| Mike Darcy | Chair of M247; director of Arqiva |

Source: Sky TV

*MediaWorks*

During 2019, MediaWorks became partly owned by Australian QMS, and its board also became occupied by Australian directors. MediaWorks gained a new majority shareholder as it merged its assets with QMS New Zealand, owned by Australian outdoor advertising company QMS. As a part of the deal, QMS gained 40 percent of MediaWorks's shares with funds managed by Oaktree Capital, keeping a majority 60 percent shareholding (MediaWorks, 2019a). In 2018, Oaktree Capital owned 100 percent of MediaWorks's shares. As a part of the deal, QMS received a capital return of A$38 million (MediaWorks, 2019a). However, in October, private equity firm Quadrant made an offer to buy QMS. If the deal goes through, MediaWorks will become 100 percent owned by Oaktree Capital and Quadrant. However, the deal requires approval from shareholders, the Australian Foreign Investment Review Board and the New Zealand Overseas Investment Office (Edmunds, 2019).

As a part of the MediaWorks/QMS merger, QMS gained two board seats of the five-member board of MediaWorks. Both QMS chairman Wayne Stevenson and QMS group chief executive officer Barclay Nettlefold were appointed to the company's board. At the time of the merger, Nettlefold said that "QMS NZ and MediaWorks merger will deliver compelling value for advertisers and maximise cross-platform revenue synergies for the business" (MediaWorks, 2019a). He also said that the "merger and capital return [will] realise value for QMS shareholders, better positioning the company to take advantage of compelling future investment opportunities as they arise" (MediaWorks, 2019a).

**Table 15: MediaWorks board members 2019**

| ***Board member*** | ***Other director roles*** |
|---|---|
| Jack Matthews, Chairman | Oaktree Capital, Plexure Group |
| Michael Anderson (CEO) | |
| Jonas Mitzschke | Oaktree Capital |
| Wayne Stevenson | QMS Chairman |
| Barclay Nettlefold | QMS Group CEO |

Source: MediaWorks

### ***Key events and trends***

During 2019, New Zealand’s media sector was full of uncertainty. The fate of MediaWorks’ television arm was not known at the time of writing, and potentially hundreds of jobs at the broadcasting company were at risk. It was not clear if MediaWorks would be sold or simply closed. Mark Jennings, co-editor of Newsroom, wrote after the announcement that there was not much value left in MediaWorks. He stated that the “*Three* business now could sell for a small amount of cash, or more likely someone taking on the programming and staff liabilities. It won't quite be a case of 'free to a good home' but it will come close” (Jennings, 2019c). He assessed that the only logical buyer for MediaWorks’s television business would be Sky TV, however that company is facing its own challenges as it competes with Spark and streaming services.

Additionally, the government was planning “the biggest shake-up in broadcasting for 30 years” as it considered a new public media organisation to replace TVNZ and RNZ (Peacock, 2019b). Broadcasting Minister Kris Faafoi was expected to announce the government’s plan by the end of December 2019. On November 14, RNZ journalist Jane Patterson had revealed that the government’s advisory group regarded the current status quo as "unsustainable". It therefore "collectively recommended the government agree to disestablish TVNZ and RNZ and to establish a new public media entity" (Patterson, 2019). The advisory group, whose members have not been identified, considered three options for the revamp of public broadcasting: a merger between RNZ and TVNZ newsrooms; increasing funding of New Zealand On Air; and the establishment of a new public media entity (Patterson, 2019). According to Patterson (2019), the new entity would have a "clearly defined public media mandate and purpose" and operate across a variety of platforms, some of which may be free from advertising (Patterson, 2019). The new entity would be funded by various sources including the state, advertising, sponsorships and subscriptions (Patterson, 2019). Newsroom co-editor Mark Jennings commented that simply combining TVNZ and RNZ would not succeed (Peacock, 2019b). He noted that "we've had two organisations that have had very clear focuses. To try and turn them into something like the ABC in Australia now risks an awful lot" (Peacock, 2019b). TVNZ chief executive Kevin Kenrick said that if there were going to be any changes in TVNZ's future obligations, "the legislative process would likely take years to implement" (Pullar-Strecker, 2019d). Advocacy group Better Public Media's chairman, Peter Thompson, said it would be good to see a multi-platform public media provider, but warned that "it would not be a simple task to glue public service and commercial priorities together in the same institution without significant compromises" (Pullar-Strecker, 2019d).

The proposal to overhaul New Zealand's public broadcasting is at an early stage, and Faafoi was not willing to comment on the decision of the government before it had "a chance to consider its options" (Pullar-Strecker, 2019d). However, Prime Minister Jacinda Ardern said that "doing nothing to address the challenges facing public broadcasting in New Zealand is not an option", adding that "we need to support public broadcasting" ("Bolstering public broadcasting is the answer – Ardern", 2019). However, there are multiple hurdles to be overcome before the public broadcasting system can be restructured. As Duncan Greive points out, the plan is "something that TVNZ, in particular, will find hard to digest, and that private sector media will be rightly very wary of. The media's year of chaos rolls on, without a conclusion in sight" (Greive, 2019c).

*MediaWorks – facing commercial realities?*

When MediaWorks announced in October 2019 that it was selling its television network including Three, Bravo and ThreeLife, many observers had a sense of déjà vu. The sale did not come as a surprise: MediaWorks has been a loss-making entity for years (table 16). The company's management had sent warning messages about the viability of its television business throughout the year. When commenting on the sale of TV operations, MediaWorks chairman Jack Matthews (representative of Oaktree Capital) said that "we are in a commercial environment and have to face commercial realities", adding that "clearly the market has a larger impact on Three given its genuine commercial imperative". In the latter context he was referring to the free-to-air television market in New Zealand (MediaWorks, 2019b). He further stated that "the ongoing success of our radio business and recent merger with QMS demonstrates that MediaWorks has a very bright future… our focus now is to accelerate the opportunities that exist for those platforms" (MediaWorks, 2019b).

His statements indicated that Oaktree Capital wanted to divest the television side of the business.

**Table 16: MediaWorks's financial performance**

| | ***Loss/profit $NZ millions*** |
|---|---|
| 2009 | -55 million |
| 2014 | +12 million |
| 2016 | -15 million |
| 2017 | -5.7 million |
| 2018 | -5.5 million |

Sources: JMAD reports 2014-2018; Venuto, 2019

The curious question though is why MediaWorks was not sold earlier on. *The Spinoff* reported that in 2015, "a very serious offer of over NZ$400m was made to buy MediaWorks from Sky TV, and if the two companies had merged it "would have created a TV powerhouse of unparalleled strength" (Greive, 2018). Oaktree Capital has never explained publicly why the Sky TV's offer did not go further.

In a press release, MediaWorks CEO Michael Andersson said that in 2019, Three had "record ratings and revenue share highs", adding that "MediaWorks TV is now in a place where it can be separated and operated under a new owner in a more sustainable fashion, and ultimately, for profit" (MediaWorks, 2019b). However, in the financial year ending December 2018, the company made a NZ$5.5 million loss of NZ$350 million in revenue (Venuto, 2019). Anderson insists that Three is not a failing business, and just needs a new owner. He said that because the government has given privileges to TVNZ, it has skewed the market: “whether it be dividend relief, whether it be the granting of no debt, whether it be the new premises, whatever it is, gradually over the years it's enabled a stronger and stronger and stronger position for TVNZ to take" (“Three not failing, just needs a new owner – MediaWorks CEO”, 2019). However, MediaWorks has also enjoyed some privileges granted by the government.

The JMAD New Zealand media ownership reports from 2011 to 2018 provide a timeline of the developments concerning MediaWorks’s ownership and finances. The company has been owned by private equity and investment management funds for 12 years. If the Quadrant Private Equity buys QMS, financial ownership of MediaWorks continues determining its future. As Peter Thompson points out, “one might also contend that allowing vulture capitalists to buy up media companies to extract short-term speculative profits was the ultimate regulatory problem in MediaWorks case. If their television business does close, Oaktree (and Ironbridge before them) must ultimately hold themselves responsible for inflicting death by a thousand cuts” (Thompson, 2019a, p.17).

**In 2007,** CanWest sold its 70 percent stake in MediaWorks to HT Media which was a subsidiary of Ironbridge Capital. Hope (2015) states that “this exemplified a new financialised phase in the transnational colonization of domestic media” (p.4). Ironbridge Capital then launched a 100 percent takeover of MediaWorks at NZ$727 million, including net debt (Ironbridge Capital, 2007). Ironbridge Capital is an Australasian private equity group. At the time, Ironbridge Capital New Zealand operational partner Kerry McIntosh said that: "this acquisition follows our extensive due diligence investigation of the business… the vendor recognised not only the attractive offer we put forward, but equally our commitment to preserve the strength and integrity of the MediaWorks business" (Ironbridge Capital, 2007).

**In 2009-2010,** MediaWorks was heavily indebted but managed to raise NZ$70 million of new capital from investment banks including Goldman Sachs JBWere which took a 13 percent stake in the company. After restructuring the company's debts, Ironbridge Capital chairman Brent Harman said that "the recapitalization, combined with the restructure of the company's banking arrangements, has placed the company on a sound financial footing. This, together with the improving ad market conditions, places the company in an excellent position for 2010 and beyond" (Myllylahti, 2011).

**In 2011,** the government deferred MediaWorks's NZ$42 million payments to the Crown for its radio spectrum licenses as the company was restructuring debts and recapitalising. The move was widely criticised because MediaWorks was owned by a private equity firm. Then Labour Party's MP Trevor Mallard wrote that "at a time when many Kiwi companies are struggling, taxpayers will want to know why a private company was given a $42 million low interest deferred payment scheme for radio licensing agreement" (Myllylahti, 2011). In the same year, Ironbridge Capital's operating partner Kerry McIntosh and partner Mike Hill stated in a press release that "the financial position of the company is good, earnings have improved and debt has been reduced… MediaWorks generated earnings before interest and tax depreciation (EBITDA) of NZ$501 million in FY10. That represented an increase of 11%. We consider this to be a credible result in a tough market and compares favourably with our peers" (Myllylahti, 2011).

**In 2012,** MediaWorks had paid in full its deferred payments to the Crown for radio spectrum licenses, nearly two years ahead of schedule (Myllylahti, 2012). The company again restructured its debts and gained TPG and Oaktree Capital as its main debtholders. Oaktree Capital bought NZ$125 million of MediaWorks's debt from Bank of Scotland and BNZ. At the end of 2011, MediaWorks was making a NZ$306 million loss after writing off goodwill, and the costs from its loan interests rose almost to NZ$60 million (Myllylahti, 2012).

**In 2013,** MediaWorks was placed in receivership to reduce its debt burden. At the time, the company's managing director Sussan Turner noted that the "debt structure that was adopted when MediaWorks Limited changed hands in 2007 was unsustainable" (Myllylahti, 2013). Just before the receivership, MediaWorks had assets of NZ$329 million but owed NZ$528 million to its lenders. Once in receivership, the company sought to cut its debts from NZ$700 million to less than NZ$100 million (Myllylahti, 2013). As part of the restructuring, Ironbridge Capital withdrew from the company. During its six-year reign, MediaWorks's total debt burden rose from NZ$165 to NZ$797 million (Hope & Myllylahti, 2013). During

2013, MediaWorks's assets were transferred to a new holding company which was owned by Oaktree Capital (26.7 percent), Royal Bank of Scotland (21.9 percent), private equity firm Texas Pacific Group Capital (15.7 percent), Westpac Banking Corporation and Rabobank each hold 14.6 percent, and JP Morgan holds 6.5 percent (Myllylahti, 2013).

**In 2015,** MediaWorks returned to profit. In ten months ending in September 2014, the company made an NZ$12 million profit (Myllylahti, 2015). At the time, MediaWorks described the company's television business as healthy. However, by September 2015, the group revenue had fallen from NZ$50 million to NZ$20 million from the previous year as a result of costs ballooning at its television arm (Myllylahti, 2015). In April 2015, MediaWorks announced that Oaktree Capital owned 77.8 percent of the company's shares after purchasing them from Royal Bank of Scotland and Westpac. It was later reported that Oaktree Capital owned 100 percent of the company (Myllylahti, 2015).

**In 2016,** MediaWorks revealed that its profit had nearly halved in the year to December 2015 because of the weak advertising market and its costly reality television programs (Myllylahti, 2016).

**In 2017,** MediaWorks reported a substantial loss in the financial year ending December 2016. For the financial year 2016, its television and radio business made an operating loss of NZ$15 million (Myllylahti, 2017). Company's CEO Michael Anderson said that the company had suffered "internal disruption" as key broadcasters and managers were lost: “we gave away more share than we should have but we didn’t have a clear focus – we do now” (Myllylahti, 2017).

**In 2018,** MediaWorks announced that in the financial year 2017, it made a substantially smaller loss than in 2016 – a loss of $5.7 million on revenue of $300 million (Myllylahti, 2018). MediaWorks’s radio operations had revenue of NZ$159 million compared to the television revenue of NZ$130 million. During 2018, MediaWorks chief executive Michael Anderson created headlines as he warned the government about its plans to launch RNZ+. Late in 2018, MediaWorks announced that it was planning to merge with Australian outdoor advertising company QMS, which would take a 40 percent stake in the company, leaving Oaktree Capital with 60 percent shareholding. As a part of the deal, QMS was to receive a capital return of A$38 million.

*The NZ Herald paywall and other new pay models*

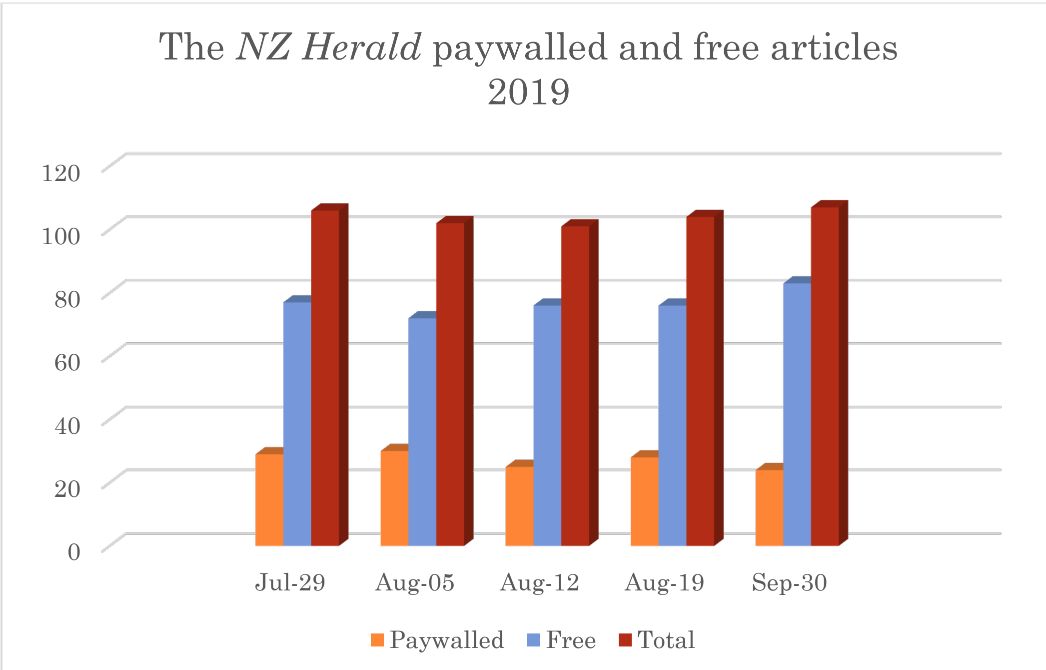
In 2019, pay models in the media sector expanded as outlets were seeking ways to financially support their journalism: the *NZ Herald* introduced a paywall, The Spinoff introduced voluntary memberships, and Scoop offered paid e-mail subscriptions. The *National Business Review* and Newsroom Pro already have digital subscriptions for their content, and additionally Newsroom has voluntary donations in place. Non-profit *Crux* has also introduced voluntary donations. Of the major news outlets, the *Stuff* website is the only one without any digital reader payments. In April 2019, the *NZ Herald* launched digital subscriptions for its premium content. In June, the parent company NZME reported that the news site had attracted 10,000 subscribers in the first six weeks – its target for the full year (McBeth, 2019). According to NZME chief executive Michael Boggs, 35 percent of those 10,000 subscribers had signed up to an annual payment plan of NZ$199. The rest took the NZ$2.50 a week introductory offer which rose to NZ$5 a week after two months (McBeth, 2019).

In August, NZME announced that the *NZ Herald* had "hit a new milestone with more than 15,000 paid digital subscribers" (NZME, 2019d). Boggs commented that the *NZ Herald* paywall had been "a huge success" as the subscriptions and revenue exceeded expectations (NZME, 2019d). In a statement the company said that "thousands" of the *NZ Herald* print subscribers had activated their digital subscriptions, meaning that the papers premium service had been activated by "close to 40,000 subscribers" (NZME, 2019d). According to Murphy, the *NZ Herald* was making around NZ$3 million out of its digital subscriptions (Murphy, 2019).

Based on the four weeks quantitative data analysis of the *NZ Herald's* paid and free content, conducted by JMAD co-director Merja Myllylahti, it is evident that the *NZ Herald* paywall model is a soft model as the majority of the site's content is freely accessible – approximately 27 percent of the content requires a digital subscription (figure 4[3]).

[3] The research was conducted by Dr Merja Myllylahti. The number of free and paid articles – labeled with or without the premium content label - on the NZ Herald home page were counted once a week between July 29 and September 30, 2019. Branded content including GrabOne, YUDU, OneRoof and Driven were not included in the sample.

**Figure 4: The *NZ Herald* home page paid and free content**



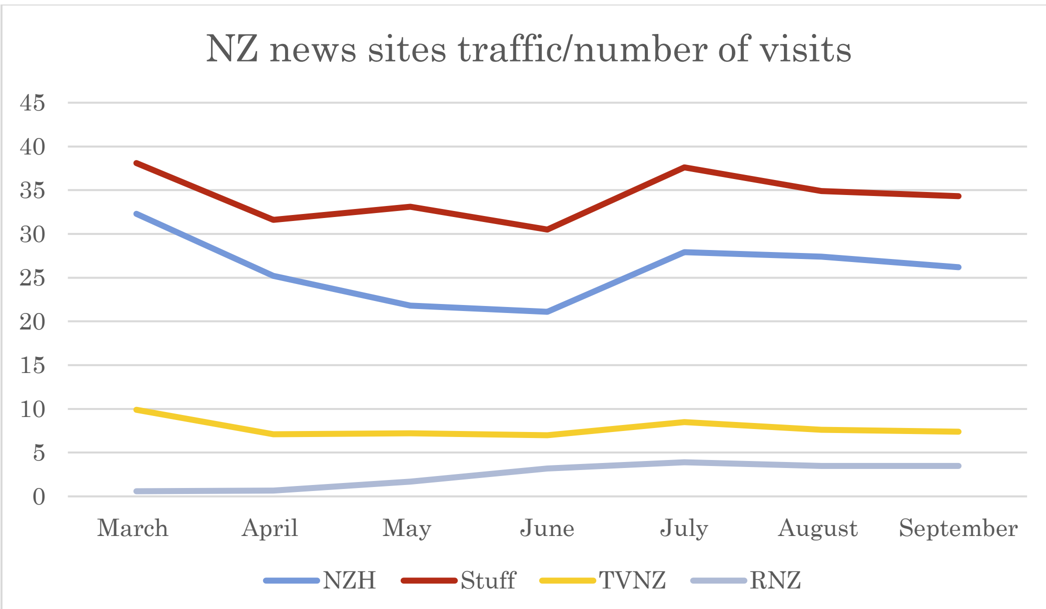

Source: Myllylahti, 2019

All the major New Zealand news sites saw increases in their traffic in March because of the Christchurch Mosque attacks. Consequently, their traffic – measured by a number of visits – declined in the April-May period (figure 5). For the *NZ Herald*, the number of visits to its site fell between April and June whereas *Stuff's* traffic stabilised[4]. However, both the *NZ Herald's* and *Stuff's* traffic have increased since June, indicating that the *NZ Herald's* website traffic has not been greatly affected by the paywall. On the other hand, RNZ's website has seen an increase in

[4] The traffic numbers are measured by the visits to the sites from desktop and mobile devices. Figures are from SimilarWeb analytics. The number of visits to the sites were recorded from March to September 2019.

its visit numbers, whereas the number of visits to TVNZ's website has remained stable. The growth in RNZ visits may be partly due to its content partnerships with other news outlets.

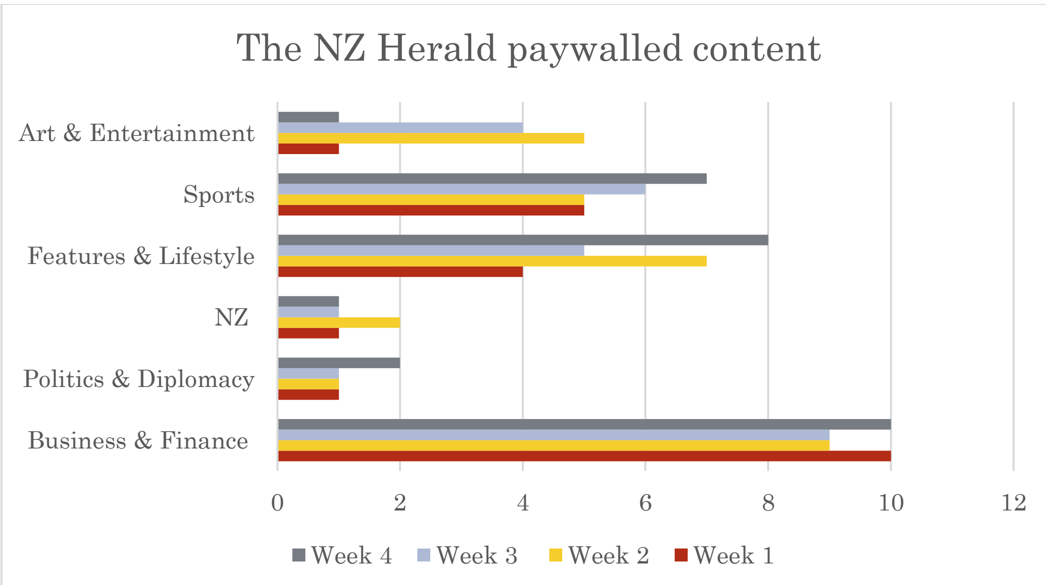
**Figure 5: New Zealand news websites number of visits 2019**




Source: SimilarWeb

In October, the *NZ Herald* advised that its premium subscriptions had "expanded business, political and investigative journalism, insightful analysis and commentary and international content" (The NZ Herald, 2019). The newspaper also said that "much of our journalism, including breaking and 'commodity' news, will remain free" (The NZ Herald, 2019). Straight after the implementation of the *NZ Herald's* digital subscriptions, the most paywalled content on the *NZ Herald* home page included business and finance stories, features and lifestyle, and sports[5] (figure 6). Most general news concerning New Zealand and politics/diplomacy were mainly free to acccess.

**Figure 6: The *NZ Herald* paywalled content after launch**




Source: Myllylahti, 2019

[5] The content sample was taken from the *NZ Herald* homepage once a week between May 14 and June 4, 2019.

## Conclusion

During 2019, the New Zealand media sector was facing fundamental changes as major media companies continued to fight for their financial viability. It was evident that the New Zealand media was a "broken estate" (Bunce, 2019). In this context it was not surprising that the prospect of the NZME-Stuff merger resurfaced, and that pay models for news expanded. Of the main commercial media outlets, *Stuff* remained the only one without any kind of payments for its digital readers.

The year proved that the commercial television broadcasting sector was in serious trouble: MediaWorks put its television arm for sale; Sky TV invested heavily in rugby broadcasting rights with a high cost (while not paying a dividend); TVNZ announced plans to invest more in local content while withdrawing dividends from the government for next three years. As the commercial broadcasters experienced financial difficulties, the public broadcasting sector was facing its biggest restructure in decades. However, the New Zealand government was yet to announce its plans for the public broadcasting sector.

From 2011, JMAD New Zealand media ownership reports have explained how financial ownership structures were undermining the viability of media companies. This general process was identified in the case of Sky TV, NZME, Stuff and MediaWorks. During 2019, the future of the entire private broadcasting sector was placed in the hands of two financial firms: American Oaktree Capital and Sydney-based Quadrant Private Equity. At the time of writing, Oaktree Capital owned 60 percent of MediaWorks, and Quadrant was in the process of acquiring MediaWorks's second largest owner QMS. If that merger goes through as expected, the private equity firm will become the second biggest owner of MediaWorks. This also means that MediaWorks would be 100 percent owned by Oaktree Capital and Quadrant. They will have strong influence on how the New Zealand media market is shaped in the future. On this matter, an important lesson can be drawn from previous JMAD reports. Private financial entities regard media companies not as structured wholes but as assemblages of business units that ought to be continually restructured to maximise profit rates.

## Epilogue: Platform regulation – abandon the carrot approach

In late October 2019, a quick Google search of the keywords "platform regulation after the Christchurch attacks" brought up 816,000 search results. Another search with the keywords "platform regulation in New Zealand after Christchurch attacks" brought up 1.3 million results. Clearly, platform regulation was a hot topic in the aftermath of the Christchurch Mosque terrorist attacks which were live-streamed on Facebook and other social media platforms. However, very little has changed in terms of platform regulation in Aotearoa, as the country has adopted a "carrot rather than stick approach to social media giants" (Daalder, 2019). Perhaps it is time to abandon that carrot approach.

In May, Prime Minister Jacinda Ardern met French president Emmanuel Macron in Paris in an action summit called the "Christchurch Call". The call "outlines collective, voluntary commitments from governments and online service providers intended to address the issue of terrorist and violent extremist content online and to prevent the abuse of the internet as occurred in and after the Christchurch attacks" (Christchurch Call, 2019). In May, 17 countries, the European Commission, and tech companies including Amazon, Facebook, Google, Twitter, Microsoft and YouTube signed the agreement to "eliminate terrorist and violent extremist content online" (Moir, 2019). Additionally, New Zealand and global investors worth more than $NZ5 trillion were uniting "to put pressure on companies who have signed up to the Christchurch Call" (Moir, 2019). At the time that investor group included 55 funds of which 27 were from New Zealand, including NZ Super Fund and various banks (Moir, 2019). By September, that investor group included "89 entities with NZ$13 trillion assets under management" (NZ Super Fund, 2019). The NZ Super Fund update noted that investors in the group were "working to engage directly" with Facebook, Google and Twitter to "encourage them to strengthen controls" over live streaming or distribution of harmful content (NZ Super Fund, 2019). NZ Super Fund CEO Matt Whineray commented that "we want to see solid actions from the companies involved" (NZ Super Fund, 2019). Reportedly, KiwiSaver manager Milford Asset Management sold its shares in Facebook just after the March attacks (these were valued at around NZ$14 million) (Smellie, 2019). In August, Whineray did not rule out selling "some or all of its holdings in Facebook, Twitter and YouTube", yet he said that the sale would be a last resort (Mandow, 2019). In an interview with *Newsroom*, he observed that "as soon as you don't own shares you are a lot less powerful as a voice" (Mandow, 2019). However, he admitted that the decision for any sale was "not just about ethics – it's about investment risk. If customers lose faith in Facebook, Twitter or YouTube, or if the companies face huge financial payouts, investors will lose out" (Mandow, 2019). At the time of writing, it was not clear if the NZ Super Fund or any other large New Zealand or global investors in the group had sold or reduced holdings in Facebook.

As authorities around the globe are busy investigating platforms or implementing regulations, there is no real action in New Zealand. In July, the Australian

Competition and Consumer Commission published its *Digital Platform Inquiry* recommendations for a year-long investigation. To address platform power in Australia, the commission recommended changes in merger laws, new codes of conduct, monitoring of the advertising market, protection of privacy and private data collection, and greater transparency, among other things (ACCC, 2019). In response to the ACCC report, the New Zealand Commerce Commission indicated that it did not plan to run a similar investigation. The Commission's spokesperson said that "we will watch the response of the Australian Government to the ACCC's recommendations with interest and continue to monitor developments and discussion on this issue in other countries as well" (Daalder, 2019). As Peter Thompson points out, New Zealand's media policy frameworks have changed "relatively little since the deregulation of the Rogernomics era, from the mid-1980s and 1990s" (Thompson, 2019b, p.3). He says that in New Zealand, "light-touch regulation has generally been preferred, with policy interventions generally focusing on the state sector itself (e.g. public broadcasters)" (Thompson, 2019, p.3). Regulating platforms in New Zealand is complicated as companies such as Facebook do not see themselves as subject to New Zealand jurisdiction. Surely there has to be some scope for regulation. As the US media academic Victor Pickard points out, "Facebook has hurt democracy around the world. Considering the accumulating damage it has wreaked and the skewed power asymmetry between Facebook and its billions of users, we need a realignment" (Pickard, 2019). Time for a stick, not a carrot.

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