Teepa, Potiki, journalist, Te Reo Irirangi o Kahungunu, 27 September 1996.

Te Rito, J. chairperson, Te Reo o Ngati Kahungunu Inc (Radio Kahungun ongoing discussions 1993-1998.

Tumahai, Andrew, editor-in-chief, *Te Maori News*, 26 April 1996.

Wilson, Gary, associate editor, *Mana*, 26 April 1996.

Wright, Joel, lecturer, Aboriginal Media Studies, Charles Sturt University, 14 J 1996.

❑ *Ian Stuart is lecturer in Maori Studies at the Eastern Institute of Technolo in Napier, New Zealand, and is also a journalism educator. He is a member the editorial board of* Pacific Journalism Review.
istuart@eit.ac.nz

News media ownership:

How New Zealand is foreign dominated

If the concentration of media control in Australia in 1993 was leading to a loss of liberty to dissent at a critical time in Australia, it is even more true of New Zealand today. This article shows that ownership of NZ media is very concentrated in the hands of large overseas media organisations.

By BILL ROSENBERG

TWO companies dominate the New Zealand news media. Independent Newspapers Ltd (INL) owns newspapers which in 2001 had nearly half (49 percent) of the daily newspaper circulation in New Zealand. Its only real competition is from Wilson and Horton, which had 41.6 percent of the daily newspaper circulation in 2001 (28.1 percent of which came from the *New Zealand Herald*, the largest circulation newspaper in New Zealand). The two between them in 2001 owned 81.9 percent of daily press circulation of the provincial newspapers (those with under 25,000 circulation), and 92.8 percent of the metropolitan readership (those newspapers with more than 25,000 circulation)[1]. In addition they have extensive and increasing ownership of community newspapers, magazines, and broadcasting. Aside from state-owned radio and television, their only real commercial threat has been from an acquisitive Canadian competitor, CanWest, which owns two television channels and one of the two largest radio networks, but has recently waved the white flag due to over-commitment at home.

Print media

Less than 90,000 readers still have an independent daily newspaper. The largest such daily, the Dunedin *Otago Daily Times*, with a circulation in March 2001 of 43,350, is owned by Allied Press, belonging to the Smith family, which also owns the Greymouth *Evening Star* and a number of community newspapers in Dunedin, Otago and Southland (the *Dunedin Star* newspapers, the *Gore Ensign* and *Southland Express*). The remaining audited locally owned daily (or near-daily) newspapers are the *Ashburton Guardian, Gisborne Herald, Manukau Daily News, Northland Times, Wairarapa Times-Age, Westport News* and the *Whakatane Beacon.*

Independent Newspapers Ltd

The INL group's most profitable daily is the Christchurch *Press*, which has a near monopoly in the largest South Island city. It also owns both *The Dominion* and the *Evening Post*, Wellington's only morning and evening dailies, and in fact all the daily newspapers with circulation greater than 25,000 other than the *New Zealand Herald* (Wilson and Horton) and the *Otago Daily Times*. In 2001, it had 93.6 percent of the circulation of the country's five national weekly newspapers[2]. Far from being "independent" as its name proclaims, INL is just over 45 percent owned[3] and therefore controlled by the US-based News Ltd empire of Rupert Murdoch (which also owns the *Fiji Times* and *PNG Post-Courier* groups in the Pacific). INL's chairman is Kenneth Edward Cowley, a News Corporation director[4]. In total, INL is 76 percent overseas owned and publishes about 70 percent of New Zealand's newspapers, magazines and sporting publications[5]. Its ownership raised further concerns in May 2000 when Telecom took a 10 percent shareholding (reduced to 9 percent by 2002) and a seat on the company's board in order to get a close link with Sky Network Television, which until then it had been unable to take a stake in directly *(see below)*. The other main shareholder of INL is the Todd family — *see below for further details.*

INL was runner-up in the 1997 Roger Award for the worst transnational corporation in New Zealand "because of the immense power element they represent in an all-pervasive manner, in pursuit of the dominance and the imposition of neo-libertarian market-driven ideology". In the words of one judge, "The day in and day out publishing of INL's biased view of the world can be equated to a dangerous propaganda machine which deeply influences the hearts and minds of New Zealanders"[6].

Overseas, Murdoch is highly controversial for his raids on newspapers from Australia to the UK to the US. He gave away his Australian citizenship so he

In the UK, Murdoch used vicious union-busting tactics, including police and Australian firms, to move his papers out of Fleet Street and de-unionise them ... He is described by *Vanity Fair* as 'arguably the most powerful private citizen in the world'.

would be allowed to buy TV channels in the US — and then complained when he couldn't buy channels back in Australia. In the UK, he used vicious union-busting tactics, including police and Australian transport firms, to move his papers out of Fleet Street and de-unionise them. News Ltd is probably the world's biggest global media empire, in 1998 including around 800 businesses around the world, including 40 percent of national newspaper circulation and BSkyB Television in the U.K., 22 US television stations, the Fox broadcast network, 20th Century Fox, the *New York Post*, India's Star satellite network, HarperCollins publishers, and an Asia-wide satellite TV broadcaster based in Hong Kong[7,8] —and even *The Fiji Times* and *PNG Post-Courier*. Murdoch, described by *Vanity Fair* as "arguably the most powerful private citizen in the world", visited New Zealand in October 1995 and invited the Prime Minister to dinner, but his newspaper chain would release only limited details of what he was doing here[9]. The then Minister of Broadcasting (Maurice Williamson) visited Murdoch at his home in Los Angeles in 1992.

As he came close to obtaining a monopoly on digital pay television broadcasting in the UK, Polly Toynbee, columnist for the UK daily *Independent* wrote in October 1996: "Within a few years the whole of British broadcasting will be under Murdoch's control, the only entry to the new technology will be with his permission, through his gateway." She accused both Conservative and Labour Parties of caving in to allow him the monopoly, through fear of the influence of his newspapers: "One of the most shameless conspiracies in Westminster for some time." Murdoch uses his newspapers to further his business interests, Toynbee says, an example being that he took the BBC off his Asian Star satellite service because of its critical documentaries about China[10].

Neither is Murdoch above tax avoidance. In 1997 the UK, the US, Canada and Australia set up an international tax investigation into News Corporation — it paid almost no tax that year: 7.8 percent of profits in the previous year, as compared to 28 percent for the Walt Disney corporation[11]. Concerns about his corporation's tax habits have also been raised in the UK, Israel and the US. [12, 13] In 1989, an Australian parliamentary investigation found News Corporation was using tax havens such as the Dutch Antilles, the Cayman Islands and Bermuda to launder its profits. In the UK, News Corporation subsidiary, British News International paid only 1.2 percent of its profits in tax, compared to a company tax rate of 33 percent. *The Washington Post* has reported News Corporation's tax rates in the 1990s were 5.7 percent[14].

A few months after the 1996 election to power of the conservative Howard-led government in Australia, Murdoch criticised it for not carrying out radical reforms, saying New Zealand was the model to follow[15]. A major factor in the 1997 "new" Labour election victory in the UK was Murdoch's support for its leader, Tony Blair, via the *Sun* newspaper — which had supported the Conservatives in the previous election[16]. His support did not go unrewarded. In February 1998, the House of Lords voted to tighten competition law to curb Murdoch's tactics of setting "predatory" low prices on his newspapers (such as *The Times*) to drive rivals out of business. This was opposed by Blair, his spokesperson saying, "This amendment will not become law. It doesn't add to the effectiveness of the bill and singles out one company in a way that is unnecessary."[17] The following month, Blair tried to help Murdoch take over an Italian TV station, Mediaset, by speaking directly to the Italian Prime Minister, Ramano Prodi[18].

Murdoch is frequently criticised for the influence he has on editorial policy — towards entertainment and the reactionary[19]. He strongly defends his right to interfere in editorial matters: "It's my responsibility sometimes to interfere" he told a forum in January 1999 [20]. In 1995, Murdoch closed *Today*, one of the few major British newspapers opposed to the Conservative Government [21]. In addition to the example already cited of refusing to broadcast documentaries critical of China, in 1998 he intervened to prevent his publishing subsidiary, HarperCollins, from publishing a book critical of China by the former Hong Kong governor, Chris Patten [22]. A similar influence has been seen in New Zealand with the remodelling of *The Press* and INL's other dailies in 1993. The owners brought out an "expert" from the US for the job. They saw *The Press's* primary competition being with TV and their primary market the 18 to 35-year-olds, and designed it accordingly with bigger print, more colour, more pictures

and graphics, shorter stories and increasing proportions of crime, sex, celebrities and cats-up-trees in preference to hard news.

Direct political involvement was revealed in the 1999 election when INL admitted to making donations to National and Labour as "an indication of support for the political process". Senior lecturer in journalism at the University of Canterbury, Jim Tully, however commented that "media companies should not be donating money to political parties", and that they were even more difficult to justify if they did not treat every party the same [23].

Murdoch is doing his best to ensure continued family dominance of his empire, though his separation from his wife in 1998 and her demand for half shares, was a complication. He has nominated his son Lachlan as heir-apparent, making him executive chairman of News Ltd in Australia. Lachlan Murdoch was INL's representative on the board of Sky Television in New Zealand [24] until he resigned from INL's board under pressure of his American and Australian commitments at the end of 1998 [25]. Rupert is following in the footsteps of his father, Sir Keith Murdoch, both in his politics and his nepotism. Sir Keith distinguished himself by banning a scoop by one of his reporters on the Melbourne *Herald*, who discovered Nazis were immigrating to Australia. Sir Keith thought it would give the Communist Party a propaganda opportunity — to him, more serious than exposing fascists entering the country [26].

Locally, INL does a fair imitation of Murdoch's views. At INL's annual meeting in 1992, after some years of staff cuts and new technology, the then chairman, Alan Burnet, asked for more tax relief, described unemployment as a "wretched plague on society and an enormous drain on welfare funds", and acclaimed the Employment Contracts Act as "one of the most important developments of recent years."[27] The reason for its enthusiasm was related to Parliament by the Engineers Union in June 2000 when it named INL and Telecom at the top of a list of nine companies which acted in bad faith under the Act. The union said the companies "stood out for their blatancy in denying workers the choice of union membership. They induced members out of collective contracts and refused to bargain collectively." INL had offered financial inducements for workers not to join the collective, obstructed those who later wanted to join the collective, and pressured existing members to leave the collective[30]. Despite denials by then managing director Michael Robson (1999 salary package $521,640 [31]), the company continued anti-union tactics even as the Act was in the process of being repealed. In a dispute at *The Press*, it accused an "outside union element" of "trying to escalate a dispute" against proposals under which workers who changed from individual contracts to the collective would be penalised. By then, less than a third of *The Press's* 450 workers were on two collective contracts [32]. The attitudes continued into 2001 when the Employment Relations Authority ordered INL to meet its employees' union representatives, finding that it had failed to act in good faith [31].

At its annual meeting in 1993, the directors were given a 44.9 percent rise in director's fees[32]. By 1995 the new chairman, Sir Colin Maiden, was worrying about the uncertainty brought about by MMP[33]. After the 1996 General Election campaign, Michael Robson repeatedly said INL would be interested in a privatised TVNZ[36,37] and in October 1997 visited the then Prime Minister, Jim Bolger to discuss TVNZ's possible sale shortly after Bolger suggested it might be sold [38]. As will be seen below, in the meantime it bought a controlling shareholding in Sky TV.

When Michael Robson died suddenly in December 2000, Murdoch took steps to tighten his control over INL. The move coincided with yet another major expansionary adventure by Murdoch in TV, aiming at forming an international satellite TV empire from similar operations around the world — possibly including Sky TV in New Zealand. All subsidiaries were reportedly being told to put major spending on hold. Murdoch appointed Tom Mockridge as chief executive of INL and replaced chairman Sir Colin Maiden with Ken Cowley. Just two months later, INL ally and Sky co-founder, Craig Heatley, announced he was taking an eighteen month family holiday overseas and resigned his directorships at both INL and Sky (shortly after, selling down the bulk of his INL shareholding at a substantial profit [37]). Mockridge replaced him as Sky chairman amidst speculation that News Corporation would move to take full control[38]. Mockridge, a New Zealander, worked his way up the ranks as a reporter. He covered the Australian Federal Parliament for the *Sydney Morning Herald* before becoming a press secretary and senior adviser to then Australian Treasurer, Paul Keating. He joined News Ltd, News Corporation's Australian branch, in 1991 focussing on pay TV, being a former chief executive of Australian pay-TV group Foxtel, in which News Corporation is a major shareholder along with Telstra. He is described as coming from News Corporation's "inner sanctum", and by Murdoch's youngest son, James, as "one of the most valued people within the News organisation".

Cowley was chief executive of News Ltd from 1979 to 1997 and had been a director of News Corporation since 1985. He had been a director of INL since

1990. He is also on the boards of the Commonwealth Bank of Australia and chairman of the ill-fated Qantas New Zealand (the former Ansett New Zealand, owned by News Corporation until sold in 2000) [39] in which he was also a major shareholder along with Tappenden Holdings *(see below)*.

INL's print and internet media are detailed in the accompanying table. Its magazines include the country's largest selling publication, *TV Guide*, and it has a virtual newspaper monopoly in many cities and in the national Sunday newspapers. Numerous titles have come and gone among its magazines, mainly purchased from other companies (at least eleven since 1992), but with a few of its own startups. For example, it bought two of the last significant provincial dailies the *Nelson Evening Mail* (September 1993) [40], and the *Marlborough Express* (circulation about 10,000) with its give-aways *Saturday Express* and

INL's PRINT AND WEB MEDIA[41]

Metropolitan dailies	**Magazines**	**National weeklies**
The Dominion (Wellington)	*Boating New Zealand*	*Sunday Star-Times*
The Evening Post (Wellington)	*Fish and Game NZ*	*Sunday News*
The Press (Christchurch)	*Friday Flash*	*NZ Truth & TV Extra*
	Best Bets	
Provincial Dailies	*Turf Digest*	**Community newspapers**
Manawatu Evening Standard	*New Zealand InfoTech*	57 throughout NZ
(Palmerston North)	*Weekly*	
Nelson Mail	*New Zealand Gardener*	
The Daily News	*New Zealand Growing*	**International**
(New Plymouth)	*Today*	8 newspapers, mainly
The Marlborough Express	*New Zealand Horse and*	in Australia
	Pony	
The Southland Times	*New Zealand Fishing*	
	News	
The Timaru Herald	*New Zealand Trucking*	**Regional**
Waikato Times	*NZ Bloodhorse*	A-Z Directory
	NZ House and Garden	
Web sites	*Style*	
stuff.co.nz	*Truck Trader*	
jobstuff.co.nz	*TV Guide*	

INL's COMMUNITY NEWSPAPERS

Putaruru Print	*Horowhenua Mail*	*Rotorua Review*
Auckland City Harbour News	*Kaikoura Star*	*Ruapehu Press*
Cambridge Edition	*Kapi-Mana News*	*South Waikato News*
Central Canterbury News	*Kapiti Observer*	*Taieri Herald*
Central Districts Farmer	*Look North*	*Taupo Times*
Central Leader	*Manukau Courier*	*Te Puke Times*
City Weekend	*Matamata Chronicle*	*The Christchurch Mail*
Clutha Leader	*Motueka-Golden Bay News*	*The Chronicle* (Kerikeri)
Contact	*Newslink*	
Dargaville and District News	*North Harbour News*	*The Hawera Star*
The Hutt News	*East and Bays Courier*	*North Shore Times Advertiser*
The Leader	*East Waikato Country*	*North Taranaki Mid-week*
The Mirror	*Eastern Courier*	*North Waikato Tatler*
The Norwester	*Feilding Herald*	*Northern News*
The Saturday Express	*Feilding Herald and Northern Outlook*	*The Tribune*
Rangitikei Mail	*Nor'West News Brief*	*Upper Hutt Leader*
Franklin County News	*Otago-Southland Farmer*	*Wairarapa News*
Hamilton Press	*Papakura Courier*	*Western Leader*
Hauraki Herald	*Piako Post*	*Whangarei Leader*
High Country Herald		

Kaikoura Star in September 1998 [42]. In 1998 it announced a new glossy: *Grace*, aimed at the "independent woman"[43]. The May launch had a touch of farce when rival Australian magazine *Claudia* came out with the same cover photo of Hollywood star Helen Hunt. INL Magazines reportedly resolved the matter by buying every copy of *Claudia* bound for the New Zealand market[44]. It was not a good start: the magazine closed in January 2001[45].

Other subsidiaries include the major magazine distributor, Gordon and Gotch (which it values because "there are large benefits for the company in being owned by a large player in the printing and publishing industry"[46]), to which it added the Auckland-based magazine distributor, Network Distributors in August 1996. Gordon and Gotch distributes "55 percent of all [magazine]

titles circulated in the country"[47].

News Corporation has other interests in New Zealand. PMP Communications Group, until July 1997 40 percent owned by News Corporation company, has operated in New Zealand for some time [48,49] Twentieth Century Fox, also a subsidiary of News Corporation, bought 80 percent of the internationally recognised natural history division of Television New Zealand, corporatised as Natural History Ltd. According to Fox's international television president, Mark Kaner, "the Natural History team had been lauded and admired around the world for its commitment to excellence. Natural History is the third largest producer of natural history programmes in the world." TVNZ retained the remaining 20 percent with guaranteed access to the unit's productions [50]. Another News Corporation subsidiary, Corporate Research Services, was noted snooping round in 1992, with a view to buying TV2 [51]. And when Air New Zealand bought out News Corporation's 50 percent of Ansett Australia in its ill-fated June 2000 deal, part of the agreement was that it would issue News Corporation with Air New Zealand shares equivalent to 10.5 percent of the company at February 2000, or equivalent cash, in two to four years [52].

Wilson and Horton

Wilson and Horton, in addition to its flagship, the *New Zealand Herald*, owns eight provincial newspapers [53], all of which are dailies except for the *Oamaru Mail* (not published on Saturday). It owns the large-circulation magazines *New Zealand Listener* and the *New Zealand Woman's Weekly* and publishes magazines on contract, including *Skywatch* and *AA Directions*. It has a substantial stock of give-away newspapers, owning Community Newspapers Ltd, totalling 32 community newspapers. It also publishes two tourist giveaways: *NZ Thermal Air* (Rotorua) and *Auckland Tourist Times*.

Its subsidiaries include 14 commercial printers including plastic credit card maker, Security Print, which claims to be the "largest plastic card manufacture in the Asia Pacific region" with its own subsidiaries in Australia. Wilson and Horton owns Stanley Newcomb and Co Ltd which markets toys, gift packaging and similar products. Other publishing subsidiaries are Universal Business Directories and Wises Publications (maps), and book publishing arm, W&H Publications. Its subsidiary Look Outdoor sells outdoor advertising. In August 1997, it sold its educational publisher, Shortland Publications and its US subsidiary, Shortland USA, operating in Denver Colorado, to the Tribune

WILSON AND HORTON'S PRINT AND WEB MEDIA

Metropolitan daily
New Zealand Herald (Auckland)

Provincial dailies
Northern Advocate (Whangarei)
Bay of Plenty Times (Tauranga)
Daily Post (Rotorua)
Christchurch Star Print
Hawke's Bay Today (Hastings)
Wanganui Chronicle
Evening News (Dannevirke)
The Chronicle (Levin)
Oamaru Mail

Publishing
W&H Publications
UBD (Business directories)
Community newspapers
Wises Maps

Magazines
NZ Woman's Weekly
NZ Listener
Contract publishing

Web sites
www.nzherald.co.nz
www.ubd.co.nz (business directories)
www.look.co.nz (outdoor advertising)
www.wises.co.nz (maps)

Tourist giveaways
NZ Thermal Air (Rotorua)
Auckland Tourist Times

Community newspapers
32 throughout New Zealand

Printing
W&H Print
ComPrint
Colorgraphic Print
Security Print
Hutcheson Bowman & Stewart
Webprint Colour
W&H Graphics
Ellerslie Printers
BankPrint
CHB Print
Rotorua Printers
PrintCorp
The Print Place

Group of the USA, owner of the *Chicago Tribune*[55].

Until May 1995 Wilson and Horton was a rarity among large New Zealand companies: it was New Zealand owned. Courtesy of a raid by Brierleys on its shares, however, Irish newspaper group, Independent Newspapers Plc (INP, now Independent News and Media, INM), gained a controlling 28 percent interest. By the end of that year the control had risen to 45 percent[56]. The Brierleys shareholding had been regarded as unfriendly by the Horton family—mainly for the good reason that it was the kiss of death when it owned the *Auckland Star* and *Christchurch Star*. INP's shareholding was welcomed by the Horton family as a "white knight" and a "stimulus for change"[57]. By August 1996, however, former managing director Michael Horton had resigned from the board to start his own printing business[58]. By September, INP had made a 100 percent takeover offer for the company, attaining a (for INP) disappointing 85 percent[59]. It steadily built up its shareholding however, and by April 1998

WILSON AND HORTON'S COMMUNITY NEWSPAPERS

Whangarei Report
Manurewa Week
Papatoetoe Otahuhu Week
Shore News
West Weekly
Our Town Papakura
Coastal News
Waikato This Week
The Riversider (Hamilton)
Katikati Advertiser
Bay News (Tauranga)
Independent Herald (Wellington)
Weekender (Rotorua)
Te Awamutu Courier
Taupo Weekender
Turangi Chronicle
Wanganui Mid-Week
Weekly News (Levin)
Eastern Bay News (Kawerau)
Napier Courier
Hastings Leader
CHB Mail (Waipukurau)
Porirua News
Wainuiomata News
Western News (Wellington)
Cook Strait News (Wellington)
Christchurch Star
Observer (Christchurch)
Pegasus Post (Christchurch)
News Advertiser (Christchurch)
North Canterbury News
Canterbury Times

had 98.7 percent and was compulsorily acquiring the remaining shares[60]. However, in 2001, INP sold its shareholding for $999 million to APN News and Media, an Australian company in which it has a 40 percent shareholding (which would rise to 45 percent after the deal), and which already was a partner with it in The Radio Network *(see below)*. The move was partly to release funds for other purchases (O'Reilly was interested in the Australian media group, John Fairfax Holdings) but also as a way of avoiding Australian media ownership laws that restrict foreigners to 25 percent of a newspaper company and prevent control of television, radio and newspapers in the same market[61, 62].

INP is controlled by the O'Reilly family, headed by the Irish former rugby international and billionaire magnate, Dr Tony (now Sir Anthony) O'Reilly, who hit New Zealand screens as the CEO of H.J. Heinz and Company when it took over another icon, Watties Ltd[63] (he has since resigned from his posts as both CEO and then chairman of Heinz[64]).

Like INL, Wilson and Horton has been steadily acquiring provincial and community newspapers. Almost symbolically, just days after the 1995 INP acquisition, Wilson and Horton announced it had bought the Northern Publishing Company, publishers of the *Northern Advocate*, one of the last independently owned newspapers in the country, and of the *Whangarei Report*[65]. In December that year it bought the *Hawkes Bay Sun*, a nine-month-old free twice-weekly community newspaper with a circulation of 50,000[66]. Its provincial paper Hastings *Hawke's Bay Today* was created from the merger in April 1999 of the Hawkes Bay *Herald Tribune* and the Napier *Daily Telegraph* with the loss of 60 jobs[67]. In 1996 the then Minister of Education, Wyatt Creech, launched the specialist weekly *New Zealand Education Review* which is owned by Wilson and Horton with O'Reilly's Australian Provincial Newspapers Educational Media. The Australian company publishes similar education-based weeklies in the UK, South Africa and Australia[68]. In March 1998, O'Reilly companies Look Outdoor and Adshel gained Commerce Commission clearance to buy the outdoor advertising business of 3M New Zealand, known as 3M Media[69]; it was absorbed into Look Outdoor.

Although O'Reilly does not have the same reputation for interference in politics and editorial policy as his rival, Murdoch, and his *New Zealand Herald* was for some time allowing a noticeably broader representation of opinion than INL's newspapers, he is no left-winger. Wilson and Horton co-sponsored the elitist "Williamsburg" conference on Asia in Queenstown in March 1998. At it, O'Reilly offered "an investor's view" of New Zealand, praising "a 20 percent return on capital", describing New Zealand as "the top destination for multinational corporations which wish to locate in a fair, free and friendly enterprise for all of South-east Asia", and ending:

> Looking at and participating in the miracle of New Zealand in commerce, I have no doubt whatsoever that the next century will confirm what we already know - that New Zealand has found the economic way of fairness and transparency and a real return on capital; and that because of this, many others are in the process of finding the way to invest in this extraordinary country.[70]

In May 2000, Labour MP David Cunliffe told Parliament that the *Herald's* business editor, Rod Oram, had been removed from that post on the urging of the Business Roundtable. He quoted the *Independent* as saying that "Business Roundtable chairman Ralph Norris had a word to the chief executive of the *Herald*, John Sanders. He said 'I don't like your *Business Herald* editor Rod Oram. I think he's soft on the [new Labour/Alliance Government's] Employment Relations Bill' and that is why several days ago Mr Oram was told he was

> Former *New Zealand Herald* editor Steven Davis is writing a book, which includes 'allegations of corporate influence over the newspaper — both from the outside and from within the ranks of Wilson and Horton management'.

'gone'." Norris is on a *Herald* advisory board[71]. He denied that he had influenced the decision. But a month later it was announced that Oram had resigned from the newspaper [72].

Independent journalist Deborah Diaz reports that a former editor of the *Herald*, Steven Davis, is writing a book which includes "allegations of corporate influence over the newspaper — both from the outside and from within the ranks of Wilson and Horton management. Sources close to Davis say he felt under more pressure as *Herald* editor than during his 10 years on Fleet Street." This included pressures from advertisers, but "more controversial still are allegations that Wilson and Horton management, its board or marketing department tried to influence news coverage."[73]

In July 2001, O'Reilly invited former Canadian Prime Minister, Brian Mulroney, to visit New Zealand to sell the idea of joining NAFTA. Mulroney had signed Canada into NAFTA after an election campaign promising he wouldn't. He became possibly Canada's most unpopular and distrusted politician, his Progressive Conservatives Party having its parliamentary numbers cut from 155 to two. Mordecai Richler (described by another Canadian Prime Minister, Jean Chretien, as "simply one of the most brilliant artists in Canadian history") wrote that "Mulroney, to give him credit, was a consummate pro, a mellifluous fibber with the built-in advantage of never once being inhibited by shame. In office, Mulroney lied regularly, even when it wasn't necessary, just to keep his hand in."[74] O'Reilly rewarded Mulroney by putting him on the international advisory board of the *Herald's* parent company, Independent News and Media. On his visit to New Zealand, the *Herald* gave Mulroney (and NAFTA) a week of cringing star treatment, relegating the hugely popular anti-globalist author, Naomi Klein (who had attracted between 800 and 1,000 people to her public meeting in Auckland during the same week) to one interview in the lifestyle pages. *Political Review* editor Chris Trotter described the Mulroney episode as "advocacy journalism" and commented:

> The ownership of a significant daily newspaper, in the context of a society which still subscribes to the precepts of democracy, entails a number of crucial responsibilities. Foremost among these is the responsibility to provide its readers; citizens all; with the information they require to arrive at sound judgments about political and economic affairs. *The New Zealand Herald's* campaigning stance on the issue of free trade, its advocacy journalism in favour of joining NAFTA, and its close association with the knowledge conference; a government propaganda exercise; call into question both its willingness and its ability to accept that responsibility. Indeed, the *Herald's* leader-writers demonstrate an impatience with the democratic process that is truly worrying. It's almost as if they believe that the voting public and politicians who "pander" to its "prejudices" are not to be trusted with economic decision-making.[75]

Herald assistant editor and business journalist Fran O'Sullivan takes a leading role in business groups advocating a US-New Zealand free trade and investment agreement, and her writing in the *Herald* supports that stance.

Other print media

The two remaining national newspapers are the "politically correct" (from the Right) *National Business Review* (circulation 14,398 at 31 March 2001), and *The Independent* (circulation 8,976), two business papers which are in constant bitter, often vitriolic, rivalry. *NBR* is owned by New Zealander Barry Colman's Liberty Press, formed in 1997, which also publishes *New Zealand Personal Investor, New Zealand Business Who's Who, The Capital Letter, New Zealand Property Investor, Motoring Guide, New Zealand Tender, Rip It Up, Food Industry Week* and *Grocers' Review* among others. It claims its *Property Press* and *Motor Guide* classified papers have circulations in excess of 40 million a year[76]. However, it sold 15 titles to Kerry Packer's Australian Consolidated Press in November 2001, including *Property Press (see below). The Independent*, which tolerates a somewhat broader range of views in its columns, is owned by a former *National Business Review* editor and award-winning investigative journalist Warren Berryman.

The Auckland yuppy *Metro* is owned by Kerry Packer's Australian Consolidated Press (ACP), which also publishes *Australian Women's Weekly* (New Zealand edition), *Auto Trader, Buy Sell and Exchange, Cleo* (New Zealand edition), *Deals on Wheels, Fashion Quarterly, Little Treasures, More, New Zealand Home and Building, New Zealand Women's Day, Next, North and South, Pacific Way, Rugby League Week, She & More, Trade-A-Boat* and *Your Home and Garden*[77]. In November 2001, he bought 15 classified advertising titles from Liberty Press for about $48 million[78]. Packer, the richest man in Australia, is notorious for his gambling (in September 2000 he lost $46 million in a single gambling spree) and his tax avoidance (in 1991 he famously told the Australian House of Representatives select committee on print media: "If anybody in this country doesn't minimise their tax, they want their heads read"[79]). At the end of 1996, Packer and Murdoch met on Murdoch's $30 million pleasure cruiser, *Morning Glory*, in the Bay of Islands. They are said to have been "likely" to have discussed the future of Australian rugby league (the possibility of reuniting Super League and Australian Rugby League), the ownership of the Fairfax Group (raided shortly before by Brierley Investments Ltd) and a dispute over rights to Fox Television programs (Fox is owned by Murdoch but Packer's Channel 9 claimed it had rights to exclusive use)[80]. More recently he bought into New Zealand television through the Prime network *(see below)*.

PMP of Australia publishes *New Idea, That's Life, B, TV Hits, Girlfriend, K-Zone* and *New Zealand Weddings in New Zealand*[81].

Profile Publishing Ltd of Auckland produces a number of trade magazines and directories. Its magazines include *Ad/Media, Boardroom* (for the Institute of Directors), *DEMM* (for the engineering and manufacturing sectors), *Management, New Zealand Business, New Zealand Forest Industries, New Zealand Marketing, New Zealand Office Products News* and *Onfilm*[82].

Even some of New Zealand's most important rural publications are overseas owned. Federated Farmers' flagship *Straight Furrow* was sold to the Australian-owned New Zealand Rural Press Group in January 1999. Rural Press, which has over 100 publications in Australasia and the USA, already owned the *New Zealand Farmer, AgTrader, Dairyman, Farm Equipment News, Grape Grower, Horticulture News, Lifestyle Farming, Rural Waikato* and *Southerner*. It intended to incorporate *Straight Furrow* into *Farm Equipment News*.[83] In April 2001, Rural Press closed the *New Zealand Farmer*, then 120 years old (though owned by Rural Press only since 1987) and regarded as one the most authoritative farming publications in New Zealand[84], its circulation having declined from 29,000 in the mid-1970's to only 10,000. It had earlier closed the *Journal of Agriculture*. *New Zealand Farmer's* competitor, *Rural News* is privately New Zealand-owned, substantially owned by Auckland businessman, Brian Hight. Hight commented on the closure of *New Zealand Farmer* that it was "an icon of New Zealand farm publications but Australians may not appreciate that"[85].

In 2001 a new group appeared on the map in Christchurch. The New Zealand Media Group, "headed by two Americans with right-wing, fundamentalist political and religious connections"[86,87] Geoffrey Botkin and James D. McCotter, started up the tabloid newspaper *The Citizen* in July 2001[88] in competition with the Christchurch *Press*. They had earlier bought CTV. Neither showed great success, with reports by early 2002 that they were selling out to another American group[89].

Television

TV1 and TV2 are still state-owned, but TV3, after a turbulent history, is owned by the biggest privately owned TV broadcaster in Canada, Canwest Global Communications Corporation[90]. Shortly before the October 1996 election, in a politically charged presentation, it announced that it would start up another national commercial, entertainment-based, channel, TV4. It would have no news and current affairs, and no new local content, reinforcing TV3's reputation for low local content[91], and began broadcasting at the end of June 1997. CanWest was at that time keen to buy other media in New Zealand[92], and was a bidder for the Radio New Zealand network when it was privatised[93]. In July 1997 it bought the More FM radio network followed by extensive acquisitions in commercial radio *(see below)*.

CanWest is also 57.5 percent owner of the Ten Network in Australia, and owns Chile's La Red TV network, and Talk Radio in the UK[94] In January 1997 it acquired a further 20 percent voting and 10 percent equity interest in Ten Network from Donholken Pty for $159 million[95]. Not all of the Australian interest has voting rights, due to Australian restrictions on overseas ownership of news media. CanWest is lobbying to allow it up to 50 percent voting shares[96].

Lobbying and politics are not unusual for Izzy Asper, owner of over 90 percent of the voting power and 65 percent of the equity in CanWest. He has been a leader of his province's (conservative) Liberal party, and was a vocal supporter of the economic policies of the last two decades in New Zealand, particularly the "zero restrictions on foreign investment in the media". "I was

> CanWest bought 13 big city newspapers, many other smaller dailies, internet properties and various other interests in Canada from Hollinger Inc., in one of the biggest media transactions in Canadian history — valued at $7.7 billion.

recently representing Canada in Brussels at a G7 meeting. I said to all the G7 heavyweights, Japan, the U.S. and all, 'The only example in the world of a country that has its head screwed on and isn't distracted by silly stuff is the government of New Zealand,'" Mary Holm quotes him saying. "Since the reformation in New Zealand in the 1980s, you've become the experimental laboratory for the entire world. Sir Roger has travelled to Canada and is revered ... the fact is, New Zealand is one of the most professionally managed countries in the world."[97] However by November 1997 CanWest was complaining about the effects of a "slow economy" on its revenue, CanWest vice-president of global operations, Gerry Noble, saying, "we want the economy to get back on track"[98].

Adding to the political flavour of the company, in August 2000 CanWest bought 13 big-city newspapers, many other smaller dailies, internet properties and various other interests in Canada from Hollinger Inc., in one of the biggest media transactions in Canadian history — valued at $7.7 billion. Hollinger was chaired by the notorious extreme right-wing media baron, Conrad Black. In the transaction Black gained a 15 percent equity interest and 6 percent voting interest in CanWest — the second-largest stake behind the Asper family — and two seats on the CanWest board, one of which he intended to take personally[99].

However as it turned out, it was not Black that became the villain of the piece. Rather than imposing his right-wing views, he pursued personal glorification, renouncing his Canadian citizenship to enable him to become Lord Black of Crossharbour in the UK. Hollinger sold its stake in CanWest for $418 million, the shares going to mainly institutional shareholders[100]. Instead, the controlling Asper family imposed a rule that "all 14 of its big-city newspapers would run the same national editorial each week, issued from headquarters in Winnipeg ... Any unsigned editorials written locally at the 14 papers, the company said, should not contradict the national editorials, which covered such subjects as military spending, the Israeli-Palestinian conflict and property rights". "The decision provoked immediate complaints from journalists across Canada, who say its effect goes far beyond the editorials, imposing control on columnists and reporters as well ... Many journalists say the company is breaking age-old traditions that keep reporters and columnists independent of the publications' owners." The Aspers showed no sympathy: "CanWest publications committee chairman David Asper borrowed lyrics from the rock group REM:

> I can say to our critics and especially to the bleeding hearts of the journalist community that, "It's the end of the world as they know it . . . and I feel fine"'...

John Miller, director of the newspaper journalism programme at Ryerson University, Toronto, Canada, said that CanWest newsrooms have become demoralised. 'It is not so much the national editorial, but the fact that everyone has been sent the message they have to watch what they write,' Miller said. 'If it goes against what is perceived as the Asper line, then some stories aren't going to get written, or some stories will be written and then they will be killed.'... Reporters at the *Montreal Gazette* have staged a 'byline strike,' withholding their names from stories to protest the editorial policy." Columnists were censored or discarded. A regular columnist was forced to resign after writing a column critical of the Aspers[101].

The indigestion caused by the Hollinger acquisition (creating a $7 billion debt) was also the downfall of CanWest in New Zealand. It is currently trying to sell its media operations in New Zealand because of the financial pressures of its acquired assets at home and continuing losses from TV3 and TV4, attracting wide interest.[102]

TV3 was in the centre of controversy after the 1999 election when it revealed that it donated $25,000 to the National and Labour Parties (as had INL — *see above*) and not to minor parties.[103]

TV3 was also fined $500,000 in advertising revenue by the Broadcasting Standards Authority in 2000, for a *20/20* story. CanWest's RadioWorks network was criticised by the authority's chief executive for "causing difficulties by not supplying the authority with audio tapes of contentious shows", despite the fact that they were required to keep news, current affairs, and

talkback tapes for at least 35 days. Broadcasting Minister Marian Hobbs threatened to increase the authority's powers because when complaints were laid against "certain private radio stations", they would "accidentally delete" the only copy of the broadcast.[104] In November 2001, a RadioWorks station, The Rock, was fined $24,500 by the Broadcasting Standards Authority when it upheld complaints over its "jokes" about incest, child abuse, child sex, sodomy and masturbation. The authority said it took into account that RadioWorks was fined $5,000 on seven complaints the previous December, but had continued to breach broadcasting standards. Once again, there were problems obtaining tapes of shows.[105]

The commitment of TV3 and TV4 to local content has been minimal. In 1999 it reached a nadir, the two CanWest channels screening no new local drama or comedy shows during the year. Only New Zealand On Air funding persuaded it to recognise its New Zealand location in 2000[106].

CanWest is also financing a 952 hectare forestry development at Redcliffs Station, Te Anau, Southland[107] and in June 1997 acquired the Frader Group[108].

In November 1997, Prime Television New Zealand Ltd, owned by Prime Television Ltd of Australia, announced it would start regional broadcasting in 1998, having bought 34 UHF licences covering about 89 percent of New Zealand (though broadcasts reached only about 75 percent). Prime Television runs regional television services throughout Australia, being its largest regional broadcaster. It developed a new Auckland facility at Albany for about $A10 million ($11.23 million). From 1 August 1998 it broadcast into "five of the largest markets in New Zealand" (Dunedin, Christchurch, Wellington, Hamilton, Auckland) from Auckland, including local news and commercials. By the end of March 1998 it was announcing its interest in buying TVNZ if it was put up for sale[109]. Prime also ran the Argentinian television network, Azul Television, but pulled out in August 2001 as a result of heavy losses.[110,111,112] Despite its early optimism, it failed to make any profits in New Zealand, losing over $10 million in 2001, possibly because it featured high quality documentaries and drama which TV1 no longer appeared to be interested in. In December 2001, Prime announced a deal with Kerry Packer's Publishing and Broadcasting Ltd (PBL). His Nine Network in Australia would supply programming for Prime and ACP in New Zealand would assist with advertising and promotion (including programmes promoting its magazines such as "Fresh: Cooking with *Australian Women's Weekly*"). In return, PBL gained an option to buy 50 percent of Prime New Zealand by 2008. The new mass-market Prime programming competes directly with TV2 and TV3, and is gaining market share.[113,114]

A number of small regional TV stations also exist. For example, operating in Christchurch are:

❑ CTV, formed from the local assets of TVNZ's CTV and owned by a succession of mainly fundamentalist religious businessmen, was sold in 2001 to the New Zealand Media Group (*with similar ownership: see above*);

❑ Now TV (renamed from CHTV in 2001[115]) directed by George Balani and backed (and largely owned) by international production company West Media Services Ltd, also owner of talk radio 1017AM[116], which was formed with a number of the employees of the CTV that Television New Zealand closed in 1997[117]; and

❑ Freedom TV, supported by evangelical churches and spokesman Warren Smith's Christian Superstore, and owned by non-profit company, Successful Living Foundation (NZ) Ltd[118].

A casualty of the intensely commercial environment was Auckland music station, Max TV, which closed in 1997 for financial reasons, having failed to persuade the government to support a youth network[119].

A local operator, Mainland Television, broadcasts four channels in Nelson, some of which is provided by Sky TV[120,121].

The near-monopoly cable and satellite pay TV operator, Sky TV (Sky Network Television Ltd), was founded by business pillars of the New Right in New Zealand, Craig Heatley (an ACT party founder and financer), Terry Jarvis, and Tappenden Construction (headed by fellow new right evangelists, Alan Gibbs and Trevor Farmer). For some time, Sky was controlled by the "HKP Partnership" comprising Bell Atlantic International Inc., American Information Technologies Corporation, Tele-Communications Inc, and Time Warner Inc, with 51.1 percent of Sky's shares. The other shareholders were TVNZ, Heatley, Jarvis, Tappenden Construction, Todd Corporation, and the US subscription sports Television network ESPN. Bell Atlantic and Ameritech were the owners of Telecom New Zealand when it was privatised (but have since sold out at a huge profit). It is no coincidence then that Telecom subsidiary, First Media, began working on introducing a trial of cable television in the Auckland and Wellington areas, in cooperation with Sky TV[122] but opposed by telephone rival, Clear. First Media abruptly stopped work on installing optic fibre cables for the project in 1998, saying it had other ways of getting into the market.

Sky has made a determined attempt to corner the market: it owns about 86 percent of available frequencies in the South Island, but used only about 40

INL bought out most of TVNZ's share in Sky in a deal reeking of special favours. What raised eyebrows was the price. TVNZ accepted a lower price, despite an offer worth an extra $6.9 million. The low price was doubly surprising.

percent. It bought them as a commercial block to prevent other parties getting them according to former CTV director of resource, Grant Roberts[123]. In 1997 it also added satellite broadcasting to enable it to reach the 30 percent of the country not receiving it via UHF. Sky has been aggressively looking for partners in expansion opportunities. It is subsidising its installations in order to build its audience: its prospectus for a public share offer in 1997 stated the cost at $920 excluding GST, but subscribers paid only $650[124]. A proposal to take a shareholding in internet provider, Ihug, fell over.

In August 1997, INL took a controlling 48 percent shareholding in Sky TV but that fell to 40.5 percent after a public share offering, 60 percent of which went to overseas institutions[125,126]. However it later bought some of TVNZ's shares, and bought further shares, bringing its current shareholding to 66.25 percent[127,128]. In March 1997 INL had made an unsuccessful attempt to buy a 83 percent share of Sky, despite the Commerce Commission over-ruling concerns about News Ltd's growing dominance over programming, particularly sporting events[129].

INL took control of Sky by buying out the HKP Partnership and selling 3.1 percent of it back to the other shareholders, who also bought out the small ESPN shareholding. TVNZ ended up with 17.49 percent, Heatley and Jarvis 17.01 percent (later sold down to 11.9 percent[130]), Tappenden 8.6 percent, and Todd 9.44 percent[131]. In 1999, INL bought out most of TVNZ's share in a deal reeking of special favours. What raised eyebrows was the price. TVNZ accepted a price of $2.75 per share, despite a higher offer from a consortium of institutional investors of a reported $2.90 — worth an extra $6.9 million. The price on the Stock Exchange was $2.88 just before the INL bid was announced, and rose to $3.19 by the end of June. The low price was doubly surprising given that the then National government had repeatedly tried to sell TVNZ, alleging it would cost too much to upgrade to digital television. It then grabbed $70 million of the proceeds as a special dividend, as if to underline its hypocrisy. It apparently allowed its chair, Rosanne Meo, to accept the lower bid on the feeble — and anti-competitive — grounds that "TVNZ places considerable importance and value on a positive and co-operative ongoing relationship with Sky and its existing major shareholders". It did not pay dividends: within weeks, Sky was ditching TVNZ for TV3 to rebroadcast its sports — rugby, rugby league and cricket — and provide Sky's news feeds[132]. Even the Stock Exchange's market surveillance panel asked for an explanation, but said "it was prepared to accept the unqualified assurances at face value from Sky and INL, two reputable listed issuers"[133]. Rosanne Meo, Alan Gibbs and Trevor Farmer have all been members of the Business Roundtable.

The remainder of TVNZ's share went to Heatley and Todd Corporation. However, in October 1999, Heatley and Todd launched a bid for shares in INL, at a premium of 14 percent to market value. Heatley sold some of his Sky shares — at $3.17 — to finance part of the acquisition. Heatley said he had an association with News Corporation going back eight or nine years.[134] By December 2000, Todd Corporation and Heatley (through his company Classics Communications Ltd) had 5.03 percent each[135] but Heatley later sold his shareholding down when he took his family for an extended trip abroad (see above). In February 2001, Telecom bought out Tappenden's 12.2 percent of Sky for $192.6 million and took a seat on its board[136].

Since then, Sky has lobbied the Government to have TVNZ broadcast TV1 and TV2 through Sky's digital network. It achieved its aim in a 10-year deal announced in November 2001, after a open access deal between TVNZ and TelstraSaturn fell through. The publicly owned channels will still be free to air, but this forces viewers to buy a limited, proprietary Sky set-top-box to decode signals — thus giving Sky monopoly control of digital services, the future technical direction of television[137,138]. "Forget any advanced interactive services TVNZ might want to develop, and forget any idea of access to the internet through digital television," says Paul Norris, former senior TVNZ executive and head of the Broadcasting School at Christchurch Polytechnic Institute of Technology. "Most of all, forget any idea that TVNZ is any longer in control of what services it can develop or offer. It will be in thrall to Sky. If Sky does not want to carry these services, it will simply say no."[139] TVNZ's channels will also introduce local content largely lacking from Sky's content, apart from sport.

Other pay TV operators have also tried to get into the market, but with

difficulty. Saturn Communications (which started life in New Zealand as Kiwi Cable) laid cable and offered cable TV channels (including its own regional station) on the Kapiti Coast, the Hutt Valley and in Christchurch as well as telephone, on-demand movies, Internet and data services. After running into financial difficulties, it was taken over by Telstra (the Australian, half government-owned, equivalent of Telecom), then merged with Clear Communications becoming TelstraClear, and has announced plans to expand its cabling to Auckland. Rather than develop its own offerings, it capitulated to Sky, though adding some channels with its own brand. Saturn was owned by Australian-listed Austar, which in turn is 70 percent owned by United Global Com of the USA[140]. While Saturn was unhappy at INL's foray into Sky, United International Holdings owns an Australian television and programming company in conjunction with another News Ltd subsidiary, Foxtel, together with Telstra.

Radio

The internet site radio.net.nz lists 212 radio stations operating in New Zealand[141]. While a large number of small local community (almost do-it-yourself) radio stations have sprung up in the last few years, as well as 25 iwi radio stations funded by Te Mangai Paho[142], the concentration of ownership of stations is rapidly increasing. In 1996 there were 157, of which over half (87) were owned by just three companies: New Zealand Radio Network, Radio Pacific and Energy Enterprises[143]. Since then Radio Pacific and Energy Enterprises have merged, taken over a number of other stations, and in turn been taken over by CanWest. Meanwhile, New Zealand Radio Network has also continued to accumulate stations. The only solid competition to these two networks is the State-owned non-commercial National Radio and Concert networks.

In 1996 the commercial stations of Radio New Zealand were set up for privatisation as the Radio Company Ltd. In April 1996 they were sold for $89 million to three companies closely associated with Tony O'Reilly. The purchaser was New Zealand Radio Network Ltd, which was then owned 33.3 percent each by Wilson and Horton Ltd, Australian Provincial Newspapers Holdings Ltd, and Clear Channel Communications Inc. APN (which later changed its name to APN News & Media) is 45 percent owned by Independent Newspapers Plc of Ireland which is 25 percent owned by the O'Reilly family[144], and CCC (no relation of Clear Communications, the former New Zealand phone company) is a San Antonio, Texas based broadcasting company which is on the acquisition path in the U.S.A. Its O'Reilly connection is that it and APN each owns 50 percent of the eight station Australian Radio Network.

O'Reilly's acquisition consisted of 41 stations plus the Radio Bureau — an advertising production studio — and Radio New Zealand Sport. Initially New Zealand Radio Network continued to use Radio New Zealand's news service, but in April 1997 the expected happened and it declined to renew its contract, leaving the already financially pressured Radio New Zealand a further $1 million short[145].

In October 1996, the Commerce Commission refused to allow it to make a further acquisition: all the radio stations and frequencies owned by Fifeshire FM Broadcasters in Nelson, Westport and Picton. The refusal was on the basis that the two further stations and control of the frequencies would give it a dominant position in those markets. Already broadcasting in Nelson, the addition would give it 99 percent of the market for radio advertising in Nelson[146].

It tried again in November, this time going for one of its largest competitors: it offered $40 million to British media company, GWR Group, for Prospect (formerly known as IBC). Until March 1996, Prospect was owned by Brierley Investments Ltd. BIL sold the company for $26.5 million to GWR[147] which was also bidding for the Radio New Zealand commercial network[148]. In June 1996, GWR tried to merge Prospect with Radio Pacific, taking a 50 percent ownership of the combined group, but the proposal fell through when it refused to enter a satisfactory binding agreement before committing itself to the due diligence procedure[149]. Prospect owned three companies that supply other broadcasters, including the Independent Radio News and sports service, and seven further companies including the Primedia group. Its operations included 12 radio stations: seven in Auckland and five in Hamilton, including The Breeze, i98FM, Hauraki FM and i97[150,151].

The sale gave a handy $10.2 million profit to GWR (who said its acquisition costs had been $29.8 million) and was subject to Commerce Commission approval. The Commerce Commission acted true to form and allowed the purchase, but forced the sale of three stations, which it ruled gave market dominance[152]. The purchase brought criticism from the Labour Party for its cramping of competition and the absence of rules on cross-media ownership, and additionally by the Alliance for the growing foreign ownership of broadcasting[153].

The purchase gave New Zealand Radio Network 60 percent of the radio advertising market[154], and 53 stations, large even in international terms. Since then, New Zealand Radio Network has continued attempting to acquire more

NZ Radio Network claims to be the country's largest commercial radio operator with 53 stations and more than 50 percent of advertising revenue, but its share of the Auckland market is falling — to the benefit of the independents.

stations. In March 1997 it announced the purchase of C93 and i94FM in Christchurch, subject to Commerce Commission approval[155]. This was turned down on the grounds that it would give NZRN dominance over Christchurch radio advertising[156]. However in September 1997 it sold two Waikato FM frequencies (93.8 FM and 100.0 FM) to Energy Enterprises as part of the requirements the Commerce Commission put on NZRN when it bought Prospect[157].

By the end of 1997, although the number of its stations had risen to 56, the company's share of radio advertising revenue had dropped to 58.7 percent[158]. It currently claims to be the country's largest commercial operator with 53 stations and more than 50 percent of advertising revenue[159], but its share of the Auckland market is falling — down from 46.2 percent in 2001 to 43.5 percent in 2002, to the benefit of independents and "others".[160]

For many years, Radio Pacific was the only independent network. Its frequencies reached 95 percent of New Zealanders, eight of which came from its acquisition of Energy Enterprises in March 1997, which had stations in Rotorua, Hamilton, Palmerston North and Hawkes Bay. Radio Pacific's chairman (also an Energy director), Derek Lowe, said, "I do feel there should be some media companies that are owned and therefore controlled by New Zealanders."[161] Two months later it took over seven North Island stations belonging to smaller independent, Radio Otago — in Tauranga (92.5 Classic Rock), Rotorua, Taupo, Hawkes Bay and Wanganui. In the same deal it sold Radio Otago four frequencies in the South Island: two in Dunedin, one in South Otago and one in North Canterbury[162]. Further acquisitions, including the 93.4FM frequency in Auckland and two FM frequencies in Waikato (93.8FM and 100.0FM from Radio Network), by November 1997 brought its total frequencies to 44, and it employed 200 staff. Energy Enterprises had 18 music stations[163,164].

In March 1998 Energy Enterprises bought three FM frequencies in the

Wellington area from Phoenix Broadcasting: Wellington 97.5FM (the Quake), on the Kapiti coast and in the Wairarapa[165]. Two months later, Radio Pacific bought XS Radio which broadcasts in Palmerston North, Masterton, Levin and Kapiti, and Radio Horowhenua for $4.449 million of borrowed money from the XS Corporation of Palmerston North[166]. That gave it 59 stations[167]. In December 1998 it bought the frequency for station 89FM in Christchurch for $1.133 million, and 738AM, also in Christchurch for $255,000. At the same time it also bought a Timaru frequency, 1071AM for $26,741[168], shortly followed by a third frequency in Wellington for $600,000. That brought their frequencies owned, leased or operated to 80[169].

Radio Otago, which owned Radio Dunedin 4XD, said to be the oldest radio station in the world outside North America[170], bought Christchurch's C93FM (including C93 and i94.5 FM) with the $4.5 million proceeds of its North Island sale to Radio Pacific[171]. In July 1998 it bought Nelson's Fifeshire FM to complete its plan to cover all the South Island's biggest markets[172]. Its independence did not last much longer: in May 1999, its merger with Radio Pacific to form RadioWorks was announced. The new company grouped 85 frequencies, second only to the Radio Network[173]. The merged company kept on accumulating. In April 2000 it bought Northland Radio which operates KCC FM and Magic FM, adding 11 frequencies and bringing the number of community radio stations owned and operated by RadioWorks to 22[174]. It also owned music networks Solid Gold, the Edge, and the Rock[175].

A serious competitor to both the Radio Network and Radio Pacific emerged with the announcement in July 1997 that TV3's Canadian owner, CanWest, had bought the More FM radio network for $33 million. More FM had eight stations with two in Auckland, three in Wellington, and one each in Christchurch, Dunedin and the Kapiti Coast. Its founder-owners, Doug Gold and Craig Thompson, would continue as managers, with intentions to continue the rapid expansion it had experienced since it was founded in May 1991[176]. CanWest also owned Channel Z in Christchurch and Wellington and the Breeze in Wellington.[177]

But CanWest's full intent was revealed in May 2000 when it launched a bid for RadioWorks — by then twice the size of its More FM subsidiary. Despite Lowe's criticism of the price offered, CanWest's tactics of standing in the market for shares without consulting the RadioWorks board, the board's "don't sell" recommendation, and Lowe's previous brave words extolling New Zealand ownership of New Zealand news media, he led the lolly scramble to sell his shares. CanWest ended up with 71.8 percent of the company, including 12.2 percent formerly owned by the TAB. It bought the company cheaply according to a report commissioned by independent directors — at 825 cents per share compared to a valuation of 876 cents to 997 cents. The new RadioWorks board included Asper among the four CanWest representatives, but Lowe kept a seat[178].

In December 2000 CanWest made an offer for the remaining shares (through its subsidiary, Media Investments), and was assured of success when Energy Investments Taranaki, still a 10.6 percent shareholder, accepted the offer. Its chairman, Norton Moller, said that "CanWest's bid had thwarted the aspirations of many RadioWorks shareholders who had wanted to be part of a strong and influential New Zealand-owned radio company"[179]. RadioWorks was by then the second largest radio company with Radio Pacific, The Edge, The Rock, and Solid Gold networks plus 22 other local stations[180]. The takeover gave it a revenue share of 47-48 percent[181]. As noted above, RadioWorks' public behaviour has been less than exemplary.

Internet

A rapidly growing alternative source of information and entertainment is the international computer network, the internet. Originally run not-for-profit by educational and research institutions, the realisation of its commercial potential has led to commercialisation as rapid as its growth. This threatens its open nature.

Internet Service Providers (ISPs) in New Zealand were initially either universities, their commercial off-shoots, or small businesses set up for the purpose. PlaNet, founded by environmental activists, has loosely-related services in a number of centres. A host of others are struggling to exist against larger competitors Voyager (Australia), ClearNet and Paradise (TelstraClear) and Telecom's Xtra. Xtra is particularly controversial because of its predatory pricing. Soon after its startup in 1996 it dropped its prices to below what it charges other ISPs, and, they claimed, below cost. They threatened taking it to the Commerce Commission and formed an organisation of independent ISPs from which Telecom was excluded[182]. Second to Xtra is the Internet Group (Ihug). It is locally owned, controlled by members of the Woods family and Bart Kindt. In May 1999 Sky Network Television announced it would take a 30 percent interest in it, with an option to buy a further 15 percent, but the deal fell over due to disagreements over future directions[183].

The line between the internet and other publishing and communications is increasingly blurred. Telecom's stake in INL and ownership of Xtra have already been noted, along with its interest in cable television. TelstraClear has similar ambitions. Both INL, with its *Stuff* web site, and Wilson and Horton, with its own web site including *The New Zealand Herald*, are now publishing over the internet as well as conventionally, but there are many more examples.

❑❑❑❑❑

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

> We do actually want to have stations and programmes that are owned by New Zealanders and are uniquely New Zealand, and I'm not convinced that we want all our stations owned by Mr Murdoch. In the seas of signals you're going to want one or two lifeboats of New Zealand culture.[184]

In 1993, the London-based magazine *Index on Censorship*[185] commented on the news media in Australia that Australians were "losing some of their liberty to dissent at a time when the country is undergoing profound changes and the need to ventilate dissent is critical. The causes of the weakening of dissent are not, for the most part, the imposition of legal limits. Rather, the chief cause is a potent increase in the concentration of media control in a few hands." Saying the Australian media was being "colonised by new global powers", it named Rupert Murdoch's News Corporation and Conrad Black as dominating the Australian press, Kerry Packer as dominating magazines and television, and Packer and Murdoch as about to dominate pay television. If the concentration of control in Australia in 1993 was leading to a loss of liberty to dissent at a critical time in Australia, it is even more true of New Zealand today.

This article has discussed ownership of the media in New Zealand, and has shown that it is very concentrated, and concentrated in the hands of large overseas media organisations. The significance of that state depends on the importance of ownership in determining media content and emphasis. There is an ongoing debate as to whether commercialism is a more important degrading influence on media content that the influence — subtle or direct — of owners. Evidence that direction by owners does occur has been presented in this article, but journalists frequently object that they have not seen it happening to them.

Some of the influence is subtle: conscious or unconscious self-censorship by journalists who get to know what is editorially acceptable and see no point in challenging that; selection of staff (especially at senior levels) who will reflect the owner's philosophies, and so on. A survey of journalists by The Pew Research Centre in the USA, in association with the *Columbia Journalism Review*, "Journalists avoiding the news: Self Censorship — how often and why", published in May 2000, confirmed this.[186] In a survey of nearly 300 US journalists and news executives, it found that

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

Much of this is because of commercialism: the pressure to protect advertisers, avoid complicated or "boring" stories. According to sharebroker, Forsyth Barr, "the business of newspaper publishing is selling advertising"[187]. Doubtless they would say the same for all news media. Certainly there is little to make us doubt that the few owners of New Zealand's news media see it in any other way. The low level of local content in non-news commercial broadcasting is one indicator.

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

> Investigative journalists, who were surveyed separately from the local and national reporters and editors, are most likely to cite the impact of business pressures on editorial decisions. Fully half of this group — drawn from members of Investigative Reporters and Editors (IRE) — say newsworthy stories are often or sometimes ignored because they conflict with a news organisation's economic interests. More than six-in-ten (61 percent) believe that corporate owners exert at least a fair amount of

influence on decisions about which stories to cover; 51 percent of local journalists and just 30 percent of national journalists agree. Since this group is comprised of members of IRE, and thus does not represent a cross-section of journalists, its responses are not included in the total.

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

Could it happen here? Given that the owners of most of New Zealand's news media have world-wide interests, and the examples presented here, it would be amazing if it did not.

Both ownership and commercialism of our news media must be carefully monitored, and if necessary, regulated.

Notes:

[1] All the data in this paragraph are audited circulations calculated from "Newspapers —daily, non-daily, weekly, community: Summary of Audited Circulations, Period ended 31 March 2001", New Zealand Audit Bureau of Circulations (Inc), May 2001, tables "Daily Press > 25,000" and "Daily Press < 25,000"; and "Information about newspapers, 2000-2001", Newspaper Publishers Association of New Zealand (Inc), p. 3.

[2] "Newspapers - daily, non-daily, weekly, community: Summary of Audited Circulations, Period ended 31 March 2001", New Zealand Audit Bureau of Circulations (Inc), May 2001, table "Weekly Press".

[3] INL was 49.29 percent owned by News Ltd in June 1999, according to the Overseas Investment Commission, when approving its purchase of Sky TV, but that had fallen to 45.27 percent on 29 March 2002 (according to Datex) after an INL share buy-back.

[4] INL website, www.inl.co.nz/about/board.html, accessed 26 April 2002.

[5] "INL tipped to fall short of $48m target", *Press*, 18 August, 1994, p 37.

[6] Roger Award 1998: statement from the judges.

[7] "Tax task force formed to inquire into News Corp", *Press*, 5 February 1998, p30.

[8] "British Govt firm on law", Press, 12 February 1998, p.21.

[9] Quoted by Tom Frewen in the *Listener*, "Mediabrief", 11 November 1995, p102.

[10] "Fears of digital TV monopoly", *New Zealand Herald*, 2 October 1996.

[11] "Not Shaken, Not Stirred: Murdoch, Multinationals and Tax", by Kylie Morris, Australian Broadcasting Corporation, 20 April 1998,www.abc.net.au/news/features/tax/default.htm

[12] "Tax free: Rupert Murdoch's zero status," BBC, 25 March 1999, news.bbc.co.uk/hi/english/special_report/1999/02/99/e-cyclopedia/newsid_302000/302366.stm

[13] "Rupert Murdoch Tries to Avoid a $1 Billion Tax Bill", by Craig Scheider, CFO.com, 16 January 2001, www.cfo.com/printarticle/0,5317,1945|A,00.html

[14] "Tax task force formed to inquire into News Corp", *Press*, 5 February 1998, p30.

[15] "Howard hits back at reform criticism", *Press*, 20 December 1996, p10.

[16] "'Sun' hails Blair as man of vision", *Press*, 19 March 1997, p 9.

[17] "British Govt firm on law", *Press*, 12 February 1998, p 21.

[18] "Blair under fire over role in Murdoch deal", *Press*, 25 March 1998, p 14.

[19] "Living with the Octopus", Media Watch by Paul Smith, *Listener*, 28 August, 1993, p 60.

[20] "Murdoch cool on Net, likes Asia", *Press*, 14 January 1999, p 21.

[21] "No tomorrow for 'Today' despite rescue bid", *New Zealand Herald*, 18 November 1995.

[22] "Publishing row rumbles on", *Press*, 4 March 1998, p 13.

[23] "Political donations criticised", *Press*, 9 May 2000, p 9.

[24] "INL pair join Sky TV board", *Press*, 11 October 1997, p 26.

[25] "Changes at INL", *Press*, 19 December 1998, p 22.

[26] Quoted in a review of *A Hack's Progress*, by Phillip Knightley, Vintage, 1998, in "Forty years as newspaper hack", reviewed by Paul Savage, *Press*, Weekend, 19 December 1998, p 8.

[27] "INL earnings well ahead", *Press*, 17 October 1992.

[28] "Firms deny behaving badly", *Press*, 1 June 2000, p 9.

[29] "INL directors' fees up", *Press*, 21 September 2000, p10.

[30] "Union trying to escalate Press dispute — manager", *Press*, 10 May 2000, p 3.

[31] "INL ordered to meet union within 28 days", *Press*, 7 August 2001, p 9.

[32] "Fee lift for INL directors", *Press*, 16 October 1993.

[33] "INL chairman warns of election uncertainty", *Press*, 30 September 1995, p 27.

[34] "INL keen on TVNZ sale", *Press*, 17 August 1996, p 25.

[35] "INL interested in TVNZ", *Press*, 4 October 1997, p 31.

[36] "INL talks with PM on TVNZ", *Press*, 29 October 1997, p 27.

[37] 'INL shares net $63m for Heatley", *Press*, 7 April 2001, p 23.

[38] "INL-Sky TV link tightens", *Press*, 3 February 2001, p 25.

[39] "News Corp tightens grip on INL", *Press*, 6 January 2001, p 11.

[40] "'Evening Mail' sale cleared", *Press*, 7 September 1993.

[41] *Source:* INL's website, www.inl.co.nz/publications/index.html, accessed 26 April 2002

[42] "INL to buy newspaper", *Press*, 18 September 1998, p 24.