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Word War

Demutualising the New Zealand Press Association

Gavin Ellis

**A thesis submitted in fulfilment of the requirements for the degree of
Master of Arts in Political Studies, University of Auckland, 2006**

The University of Auckland

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The coming of war was greeted with enormous popular enthusiasm in the capitals of all combatant countries.

John Keegan, *The First World War*, 2001

DEDICATION

To my dear wife, Jenny Lynch, who had a superior ability to estimate the time this thesis would take to write but a misguided view that my retirement from daily journalism would be a pathway to leisure. Her support and self-sacrifice have, as always, sustained me.

ACKNOWLEDGEMENTS

As the former editor-in-chief of a New Zealand daily newspaper, I found that the prospect of having this thesis supervised by one of the country's foremost – and forthright – media critics was mildly disconcerting. No longer protected by the power of the *New Zealand Herald's* masthead, I faced potential combat on unfamiliar ground – the academic territory in which the supervisor was clearly well-versed. My small anxieties were ill-founded. There was no combat, not so much as a cross word. Dr Joe Atkinson, senior lecturer in the Department of Political Studies, gave sound advice and enormous encouragement throughout the research and writing of the thesis. Not once did he call me to account for past 'sins' or forego discussion of the thesis to critique my editorial position on this or that. Rather, his understanding of daily journalism and media organisations was the source of advice that materially improved this study. He also helped me navigate that unfamiliar academic territory. I owe him a debt of thanks...and a decent bottle of wine for intruding on his Christmas 'holiday' with requests that he read chapters.

This thesis could not have been undertaken without the cooperation that was extended to me by news media executives, who gave so generously of their time and knowledge. In particular, I wish to thank the chief executive of the New Zealand Press Association, Lincoln Gould, whose support throughout the exercise was unstinting. I am grateful for the assistance provided by the editor of NZPA, Nick Brown, and other members of the agency's staff. I wish also to thank the NZPA board for allowing access to its records, and its current chairman, Peter O'Hara, for his generous assistance wearing a number of 'hats'. I am grateful to the past and present executives of the three newspaper groups and news agencies who provided valuable assistance in charting recent history and to the editors of New Zealand's daily newspapers who made time to take part in the survey that forms part of this research and to answer innumerable emails on points that emerged during the research process.

The staff in charge of the National Newspaper Collection at the National Library in Wellington and Emma Gray at the State Library of New South Wales provided helpful assistance while the anonymous security guard at the National Library, who recovered my lost research-laden laptop, saved my life.

Finally, I would like to thank Bruce Morris and Jenny Lynch for proof-reading the thesis.

ABSTRACT

In 2006, New Zealand's daily newspapers ceased the cooperative exchange of news stories through the country's principal domestic wire service, the New Zealand Press Association. Thereafter, the agency became responsible for producing all of the material it transmitted but was free to offer its services to clients outside the daily press. The thesis asks why a 125-year tradition was abandoned and explores the consequences of that decision.

Domestic news agencies have attracted relatively little academic attention beyond their early development, with the result that the thesis relies heavily on primary sources for much of its historiographic content, in particular the news media executives who were involved in the events leading up to demutualising of the service. Two field studies assess the early effects of the restructuring: firstly, an analysis of the non-local domestic content of six daily newspapers to measure changes in the use of NZPA material over time; and, secondly, a survey of daily newspaper editors to determine satisfaction levels before and after demutualisation of the news service.

The restructuring of NZPA was a manifestation of fundamental changes to New Zealand news media companies that can be traced directly to market liberalisation and the transition from local to transnational ownership. New levels of competition directly challenged the cooperative basis of NZPA and change became inevitable. The agency adopted a commercial model based on that of Australian Associated Press.

The loss of content from contributing newspapers had measurable effects on geographic coverage by NZPA and on the range and quality of stories written by its own editorial staff, which had not increased beyond pre-demutualisation levels due to financial constraints placed on the agency. These effects contributed to a drop in satisfaction levels among daily newspaper editors.

A positive outcome was the creation of a national news agency that was available to all media where, in the past, it had been limited to newspapers. NZPA began to attract non-newspaper customers, which reduced its financial dependence on traditional subscribers.

Research was undertaken during the first year of commercial operation. Therefore, findings on the agency's post-demutualisation performance should be regarded as interim and a basis for future monitoring.

CONTENTS

Chapter 1: Overview	1
Introduction	1
Structure	2
Methodology	3
Overview	3
Chapter 2: “God’s in His heaven...”	6
Introduction	6
Historical perspectives	7
Enter cooperation	18
Cooperative modus operandi	23
Chapter 3: Changing landscapes	27
To market	27
The altered playing field	31
Into foreign hands	33
Direct effects of aggregation on NZPA	36
Chapter 4: The New Zealand media market	45
Why are media markets particularly significant?	45
How did neoliberal reform affect New Zealand media policy?	47
What were the resulting characteristics of the media market?	49
How important was the Australian involvement?	59
Chapter 5: The end-game	61
The squeeze	61
Abrasions	63
A British lesson	66
Rising temperatures	67
Brinkmanship	70
The plan	73
Chapter 6: Brave New World	77
NZPA demutualised	77
Group initiatives	83
NZPA’s future	85

Chapter 7: Content analysis	89
Introduction	89
Methodology	89
Findings	94
Conclusions	119
Chapter 8: Satisfaction survey	125
Introduction	125
Methodology	125
Results and analysis	126
Editors' comments	138
Conclusions	139
Chapter 9: Consequences and conclusions	140
Was there a better way?	140
What are the consequences of reduced coverage?	146
Conclusion	150
Appendices	155
Appendix A: News breaks claimed by NZPA	155
Appendix B: NZPA camera-ready material	157
Appendix C: Satisfaction survey questionnaire	158
Appendix D: Survey of editors: comments	159
Appendix E: Average daily net circulation 1970-2005	162
Bibliography	163
Cover	
Compact disk of content analysis data in SPSS format	

Tables and graphs

<i>Fig. 3.1:</i> Newspaper ownership concentration: HHI index	28
<i>Fig. 3.2:</i> Thirty years of consolidating ownership	31
<i>Fig. 6.1:</i> NZPA editorial structure	78
<i>Fig. 7.1:</i> Publication dates for constructed weeks 1996-2006	90
<i>Fig. 7.2:</i> Total stories 1996-2006	94
<i>Fig. 7.3:</i> Changes in non-local content 1996-2006	95
<i>Fig. 7.4:</i> Sources of non-local domestic content across all titles	97
<i>Fig. 7.5:</i> Non-local domestic story sources	98
<i>Fig. 7.6:</i> Geographic distribution of stories in each title	102
<i>Fig. 7.7:</i> Contributions by members to NZPA network	103
<i>Fig. 7.8:</i> Overall proportional split of published NZPA topics	106
<i>Fig. 7.9:</i> Law & order percentage of total stories	108
<i>Fig. 7.10:</i> Story-associated picture display 1996-2006	111
<i>Fig. 7.11:</i> Fairfax and non-Fairfax use of topics	112
<i>Fig. 7.12:</i> Numerical variation in tone 1996-2006	113
<i>Fig. 7.13:</i> Percentage variation in tone 1996-2006	113
<i>Fig. 7.14:</i> NZPA change of tone in each title 1996-2006	114
<i>Fig. 7.15:</i> Proportional framing of stories 1996-2006	117
<i>Fig. 7.16:</i> Political story framing 1996-2006	119
<i>Fig. 8.1:</i> Satisfaction on geographic coverage	126
<i>Fig. 8.2:</i> Satisfaction on number of supplied stories	127
<i>Fig. 8.3:</i> Satisfaction on range of subjects	128
<i>Fig. 8.4:</i> Satisfaction on political coverage	129
<i>Fig. 8.5:</i> Satisfaction on business coverage	129
<i>Fig. 8.6:</i> Satisfaction on environmental coverage	129
<i>Fig. 8.7:</i> Satisfaction on entertainment coverage	129
<i>Fig. 8.8:</i> Satisfaction on social services coverage	129
<i>Fig. 8.9:</i> Satisfaction on law & order coverage	130
<i>Fig. 8.10:</i> Satisfaction on sport coverage	131
<i>Fig. 8.11:</i> Satisfaction on human interest coverage	132
<i>Fig. 8.12:</i> Satisfaction on race relations coverage	133
<i>Fig. 8.13:</i> Satisfaction on quality of supplied stories	134
<i>Fig. 8.14:</i> Satisfaction on timeliness of delivery	135
<i>Fig. 8.15:</i> Aggregated service satisfaction scores	136
<i>Fig. 8.16:</i> Overall satisfaction metropolitan/regional editors	137
<i>Fig. 8.17:</i> Perceptions of value for money	138

Chapter 1: Overview

Introduction

On Sunday, 1 January 2006, the last cooperative exchange of content between the country's daily newspapers was transmitted by the New Zealand Press Association (NZPA). The following day a new commercial regime came into force, ending 125 years of collaboration to provide nationwide news coverage. The change fundamentally altered the nature of the news agency and had significant effects on the newspapers that were its principal clients. This thesis examines the causes and effects of the restructuring, which it shows was a manifestation of the broader changes that have overtaken New Zealand's print media in the past decade. Competition replaced cooperation as ownership passed from local publishers with an investment in the community to foreign companies with high profit expectations and an almost pathological dislike of their rivals. NZPA inevitably fell victim to the cost-containment that new newspaper owners pursued with missionary zeal and to the expansionary strategies that put strains on collegiality as traditional geographically-delineated markets were recast. From within this new environment a short, sharp ultimatum was delivered to NZPA: change or die.

The changes made by the agency averted its dissolution but did not guarantee its survival. It was cast into a commercial world in which it was required to make its own way – a radical departure from what had been, in effect, a mutual society. NZPA lost not only its financial security but also the input of hundreds of regional reporters employed by the newspapers that had been contributors to the agency's news file as well as recipients of it. The thesis provides evidence of widespread and measurably detrimental effects. Those findings carry the caveat that the research was conducted during the early stages of the demutualised agency's operations. Improvement is possible and will be necessary if newspaper readers are not to become casualties of a war which, as far as NZPA was concerned, was fought over words.

The study of NZPA, indeed of any domestic news agency, is important because of the role that such institutions play in determining the ability of news organisations to shape people's perceptions of their nation. Day, whose research into NZPA's predecessor (the

United Press Agency) is an invaluable source for early history, states that existence of the agency gave the colony's newspapers "both a national focus and a distinctive national character" (1990, 238). That was not a transitory role. By drawing together the disparate aspects of life in New Zealand as seen through the eyes of local journalists, NZPA fulfilled both of those functions for 125 years. Boyd-Barrett and Rantanen lament the lack of scholarship on the role of domestic news agencies (2000, 86) and the observation is no more apparent than in relation to the New Zealand organisation. Scholarship has focussed largely on its relationship with international agencies and the only major work on NZPA has been an uncritical centennial celebration (Sanders 1979). There has been little public documentation of NZPA over the past quarter-century, a period that has arguably been the agency's most challenging era. The thesis adds to the meagre body of knowledge, not only by placing recent events on record but also by offering proof of the effects of change through comparative studies.

Structure

The thesis is divided into three parts:

- Part 1 is a historiographic account of the agency from its formation to demutualisation, together with the changing patterns of ownership and market conditions in which it operated.
- Part 2 contains two research projects:
 - A content analysis of four metropolitan and two regional newspapers to identify changes in the publication of non-local New Zealand material before and after demutualisation.
 - A survey of daily newspaper editors to measure levels of satisfaction with NZPA services before and after demutualisation.
- Part 3 examines the effects of demutualisation and their consequences, before speculating on a future that could further change New Zealand's national news agency in fundamental ways.

Methodology

The restructuring of NZPA is recent history and its architects, associates and advisors could be personally consulted. A total of six face-to-face and eight telephone interviews were undertaken, and email correspondence conducted with a further 27 subjects. All interviewees and correspondents had direct knowledge of the subjects discussed. Access was also granted to NZPA Minute Books dating back to 1965. As editor, then editor-in-chief of the New Zealand Herald the author was involved directly in a number of events leading up to the demutualisation and was aware of other facts. In such circumstances, the views of other participants or documentary evidence were sought in preference to a reliance on personal knowledge.

The methodology employed in the content analysis is described in detail in Chapter 7 and involved examination of six titles published in 1996, 2005 and 2006. The years were chosen to give (a) a long-term comparison and (b) a comparison of the year before and the year after demutualisation. The methodology adopted in the satisfaction survey is detailed in Chapter 8. The survey was in the form of an email sent to all daily newspaper editors, to which a questionnaire was attached, seeking their participation.

Overview

The New Zealand Press Association is not unique. Like domestic news agencies elsewhere it took advantage of the introduction of the telegraph to achieve national news coverage at (relatively) low cost and, in the process, placed an anti-competitive weapon in the hands of its newspaper publishing owners. Chapter 2 charts the beginning of agencies in the United States, Britain and Australia before turning to the development of a New Zealand agency and the model under which the country's newspapers freely shared their news content in a spirit of cooperation ideally suited to the local monopolies that they enjoyed. Despite the fact that the first half of the 20th century was wracked by war, New Zealand newspapers enjoyed a level of prosperous stability that placed God in his Heaven while all was right with (their) world.

The second half of that century saw the wind of change blowing through more than Africa. Chapters 3 and 4 chronicle the consolidation of New Zealand newspaper ownership that began in the 1970s and the growing foreign interest that began with a

minor incursion by a youthful Rupert Murdoch and culminated in the foreign domination of the country's commercial media. These developments had significant effects on NZPA, which was also facing a rising call for change from within its own ranks. New owners brought new attitudes and spirit of competition that began rapidly to erode the cooperative spirit that had long been a characteristic of the New Zealand industry. Lacking the historical background that had sustained the collegial attitude, new executives pushed their respective groups toward confrontation.

The battleground on which the two major groups – Fairfax New Zealand and APN News & Media – chose to engage was the New Zealand Press Association. Chapter 5 records the budgetary pressure that the agency experienced as a precursor to serious questioning over its future. That came with APN's launch of a new newspaper into the Fairfax-dominated Sunday market. Incensed, but unable to prevent the incursion, Fairfax targeted an area in which it believed its rival vulnerable – nationwide coverage. While out of proportion to the damage a new Sunday was likely to cause, destruction of the national news service was a form of punishment that Fairfax was prepared to mete out. Its fall-back position was that APN had altered the market to the point where a cooperative new agency was no longer a viable option and needed to change. While less insistent, APN had likewise reached the conclusion that it was time for change.

Chapter 6 details the changes that took effect on 2 January 2006 and the actions taken by NZPA to operate a service that had lost almost half of its previous level of content. Its transition from cooperative to commercial model was not helped by the determination by the newspaper groups to pay less for the news service. Faced with lower revenue from its traditional subscribers and a lead-time before new customers could contribute to the revenue stream, NZPA could not increase its resources to compensate. It was also faced by group initiatives to develop in-house services to gain competitive advantage over the rival publisher, particularly on Fairfax's part. The thrust of the thesis is that poorer service was inevitable and would be reflected in the news columns.

The purpose of the content analysis set out in chapter 7 is to give weight to this assertion. It reveals a decline in the level of non-local New Zealand content across all of the titles surveyed. The decline was consistent with NZPA's own estimation of the reduction in its output after the loss of newspaper contributions. Alongside lower

volumes, and therefore reduced choice, there was a change in both subject matter and the way in which stories were treated. A commercialised NZPA began to display a more aggressive and attention-seeking persona. The content analysis also reveals a long-term failure on the part of newspapers to provide a comprehensive picture of New Zealand, opting instead to concentrate on the main metropolitan centres with the greatest weight on Wellington and Auckland. This bias is likely to be exaggerated by the reduced geographic coverage available from a demutualised NZPA.

The survey of editors' attitudes is further evidence that the national news agency has suffered negative effects from demutualisation. Chapter 8 aggregates their views on NZPA services before and after the change and creates a picture of diminished satisfaction across every parameter in the study. When read in conjunction with the content analysis, it is a strong indicator of the areas in which the agency must make up lost ground. It also raises a question over whether editors fully understood the likely effects of demutualisation and whether their ignorance led to unrealistic expectations of the commercialised agency's capabilities.

Were alternatives available to the newspapers groups to avoid the course that they took? The final part of the thesis ponders this question and concludes that, while there were a range of theoretical alternatives, the state of the industry dictated that demutualisation was inevitable. Commercial rivalry meant the groups could no longer cooperate but nor could they operate efficiently without a national news agency. The restructured organisation that emerged from their enmity did not – indeed, given the financial constraints placed upon it, could not – provide the level of service that the cooperative had given. Chapter 9 therefore also examines the consequences of a continuation of the reduced service from NZPA at the beginning of its commercial existence and finds cause for concern among both newspaper organisations and the community. Weakened coverage further threatens the already-declining circulations of newspapers and the community, which already has an incomplete picture of itself provided by news media, is left with a reduced sense of national identity. Such consequences are not inevitable but their avoidance requires a higher level of investment in NZPA's resources. Whether that investment will be made is a vexed question. The thesis concludes that the demutualisation of NZPA was merely a link in the chain forged from the deregulation of international markets. In such an environment the public interest was subsumed by commercial considerations.

Chapter 2: “God’s in his heaven...”

Introduction

Political influence has been a prized aspect of the New Zealand press since its birth in the 1840s. The daily press, since its inception in the 1860s, has, however, placed one attribute higher than the ability to sway political opinion: profit, or as Scholefield (1958: 7) puts it, ‘financial independence’. In pursuit of it, for almost a century and a half, the newspaper industry has been held in thrall by two dancers, competition and protectionism, that are locked in a passionate tango. This chapter traces the influence on the formation of NZPA of what Day (1990: 5) describes as ‘economically defined rationality’ and how that influenced its first century of operation. It will show that the national news cooperative’s history bears remarkable similarities to other agencies formed not only to disseminate news but to protect the interests of their members.

No media markets are identical and Hallin and Mancini (2004: 4) caution against the universal application of ethnocentric research. However, the parallels between the New Zealand news cooperative story and that of other national (and some international) news agencies are sufficient to suggest comparative analysis is possible, at least within the boundaries of the current study. Limited historical narrative exists on the news agencies of Britain, the United States and Australia. Little critical analysis of these operations is available and, mindful that more than one history may exist (Curran 2002), it must be acknowledged that histories commissioned by the news agencies themselves have tended to paper over the imperfections. The worth of these works lies in establishing chronology. A more objective appraisal relies on a small body of modern work that ventures outside the fashionable area of international news coverage.¹

While there are historical parallels, they must be set alongside the later emergence of sharp differences. Few countries, if any, have experienced change as rapid and as sweeping as New Zealand did in the 1980s when, to quote Brash (1996: 15), it was “transformed from one of the most regulated economies in the OECD to arguably the

¹ The post-centennial history of NZPA has yet to be publicly documented.

least regulated.” The effect on media was dramatic. The commercialisation of broadcasting fundamentally altered the content of television and radio in New Zealand, along with the balance between broadcasting and print media. The New Economic Order also gained the attention of multi-nationals. Telecommunications, broadcasting and newspapers attracted overseas investors, all of whom sought controlling interests in their investments. The environment thus created went beyond that of other markets and put New Zealand at the extreme end of the market model (Herman & McChesney 1997: 178-183). While media market liberalisation has become widespread, the level of foreign ownership remains unparalleled. These factors emerge in the following chapter, which will show them to be powerful determinants in the changes to NZPA. Cause and effect cannot be fully understood, however, without putting the NZPA story into historical context

Historical perspectives

i. The United States

The growth of news agencies had technological origins. The introduction of the telegraph – initially in the United States in 1843 – had a profound effect on both news-gathering and dissemination. Not only did it compress time and space to alter the content of newspapers (Brown 1985: 124) but it also placed a new weapon in the hands of organisations that were already seeing the value of collective power in an increasingly competitive environment. Competition between rival newspaper proprietors was the catalyst for the creation of domestic news agencies and cooperation had only one purpose: the robust self-protection that cartels can deliver. Discussing the founding of American agencies, both Gramling (1940) and Starr (2004) point to already emergent competitive and commercial pressures as rival newspapers vied for advantage and set up news exchanges to steal a march on their rivals. In New York the six most powerful papers banded together to pay for a telegraph service that froze out other newspapers. As Gramling puts it (1948: 21):

Its concept was limited and largely selfish. There was no immediate thought of benefiting any but these six papers and there was no disposition to look upon the collection of news as a great public service. The organisation was by no means all that it might have been, but it was a beginning...They called it The Associated Press.

Starr (2004: 153-189) states the development of the telegraph in the United States gave rise to the first national monopoly and also “served as the basis for an unprecedented private monopoly in the national distribution of news”. Newspaper proprietors became investors in telegraph companies.

To newspaper men, the telegraph presented both a threat and an opportunity: a threat because the telegraph might provide more timely news directly to the public and displace newspapers, but an opportunity if telegraph dispatches could be used to stir excitement and sell more papers. The prompt response of leaders of the popular press reflected their immediate appreciation of the potential use of the telegraph and their interest in ensuring that it would be more a partner than a rival.

Starr 2004, 170.

It was this realisation that led the New York Associated Press to enter into exclusive contracts with American Telegraph and Western Union and force clients of its news service to make it their sole source of wire material, in what Starr characterises (after the demise of American Telegraph) as the first “bilateral monopoly” in the United States – a monopoly telegraph in close partnership with a monopoly news service. It was, he says, a structure that remained in place “for decades”, allowing Associated Press (AP) to exert “an extraordinary concentration of influence”. In the latter half of the nineteenth century this influence led to accusations of bias and misuse of its relationship with Western Union, consequences of what Starr characterises as “new problems for which nineteenth-century American thought and institutions were unprepared”. There was a lack of political power on the part of popular movements that upheld the principles of the First and Fourth Amendments “to overcome the institutional interests that early decisions about the telegraph had allowed to develop” (2004: 188-89). It would take a new body of law, some of which had to tip-toe its way around those Amendments to the Constitution, to constrain monopoly powers. It would take the growth of a financially-independent and politically-unaffiliated commercial press to force an end to Associated Press’s initial Republican bias.

ii. The United Kingdom

Ironically, it was a reaction against monopolies that led to the creation of the longest surviving domestic news agency in the United Kingdom. Provincial publishers (who could afford to publish daily newspapers rather than periodicals after the repeal in 1855

of the Stamp Act) wanted to challenge the hold that London newspapers had on national news. They could not do so effectively, however, until they banded together for financial strength and to challenge the monopoly of the private Electric and Magnetic telegraph companies that provided – through their Intelligence Department – an expensive, inaccurate, and tardy news despatch. The provincial newspaper proprietors challenged the monopoly by collectively lobbying for the nationalisation of the telegraph and forming the Press Association in 1868 (Scott 1968: 15-30). The Press Association was not only instrumental in bringing an end to private telegraph companies but later provided an effective vehicle to lobby against the Post Office on telegraph charges. The telegraph thus “freed the marginal provincial press from dependence on the big metropolitan press” (McLuhan 2003: 277). Its use by news agencies also served to “narrow the gap between the most and the least sophisticated publications” (Brown 1985: 125), a benefit that was no doubt also present when the news began to be shared between large city newspapers and small provincial publications in New Zealand.

The Press Association (PA) provided provincial newspapers with both a London news service and national coverage. It soon established a comprehensive network of correspondents throughout Britain, linked by telegraph to the agency’s London headquarters. From its inception, it relied on correspondents rather than cooperative story exchanges between newspapers. It did not enjoy a monopoly.² The Central News agency had been established as a commercial operation five years before PA and was to be a competitor for more than 70 years. Although inferior in terms of coverage and accuracy, it forced PA into a number of competitive actions. It kept PA charges down, led to partnerships with specialist agencies such as a horse racing service, and was a major factor in the creation in 1868 of an exclusive arrangement for the supply of Reuters’ foreign news to Press Association members and subscribers in return for PA supplying British news to Reuters.³ Moncrieff (2001: 57) credits “the nuisance” of Central News with forcing members of this wire alliance to both spend money and innovate.

² Brown 1985 includes a chapter on the development of Victorian news agencies (pp. 112-126).

³ The alliance took on greater importance as the Reuters service improved and led ultimately to the Press Association becoming its owner in 1926.

The Press Association did not enjoy an effective monopoly until the eve of the Second World War when it bought an ailing Central News Agency but competition did not prevent it from realising the ambitions of its founders. It had provided Britain's provincial newspapers with not only a news service but a level of collective influence they could not achieve in isolation. However, as Chapter 5 will show, it made the mistake of resting on its laurels.

iii. Australia

Australia's newspaper industry, wealthy and extremely competitive, produced in the mid-19th century a number of rival cooperatives that exchanged news around the eastern seaboard. These cooperatives predated the telegraph but gained in size and importance as international cable services developed and as links were established between the Australian colonies. The ability to receive overseas news as quickly as possible was critically important to publishers. Ships arriving at Adelaide (and later Fremantle) carried newspapers and despatches eagerly awaited by newspapers' agents who would send the news by telegraph to Melbourne and Sydney. The high cost of telegraph messages led to proprietors offering a service to non-rivals to defray the expense. The telegraph did not, however, prove to be a unifying force. Rivalry persisted until the present Australian Associated Press (AAP) was formed in 1935, 40 years after the first attempt had been made at a unified agency. That attempt – the creation in 1895 of the United Cable Association (also known as the Australian Press Association) – did not signify a reduction in competition so much as the formalising of a united front against Reuters international agency by the richest and most powerful publishers in negotiations over the securing of rights (Rantanen 1998: 41). Reuters and the Australian publishers had a fraught relationship which need not detain us here. The international agency pursued a strategy of securing sole rights in the Australian market but encountered reluctance by publishers, who had formed a series of domestic alliances, to join in a single agency on the British Press Association model. The *Argus* group, for example, was formed by the *Sydney Morning Herald* to overcome a regulation that prevented single newspapers receiving telegraph messages of more than 1500 words (they divided longer reports between them but all received the full despatch). Its rival was the Melbourne-based *Age* group. The *Argus* group entered an arrangement with Reuters in 1871 but took the service in London and processed material for dispatch to its members in Australia. Reuters disliked the arrangement and in 1877 offered a service

to all papers in Australia and New Zealand. It is useful to outline subsequent events in some detail as it cemented a trans-Tasman relationship (and inter-dependence) that has endured to the present time.

Sir George Fenwick, one of the founders of the United Press Association (later NZPA) left a record of those events shortly before his death in 1929. He noted that dissatisfaction with the Reuters-supplied services grew in both countries after its resumption in 1877. New Zealand proprietors, for example, objected to the fact that as new members took the Reuters service they were charged the same fee as existing subscribers and the international agency simply pocketed the proceeds with no extension of service or reduction in the overall charge (Fenwick 1929: 13). In 1887 a secret compact was made between the *Argus* and *Age* to establish a foreign news service to replace the Reuters contract, which was up for renewal in both Australia and New Zealand, and an emissary was sent to New Zealand inviting the association to join its service “on extremely favourable terms”. Unaware of the offer, the Reuters representatives, Henry and Ernest Collins, joined the meeting and refused to entertain any reduction in fees. The association’s directors left the room and signed the Australian offer. Fenwick recalled, with undisguised glee, what followed:

It was a rather dramatic scene, for the secret had been well-kept, and it was a veritable bombshell for the Reuters representatives. They realised that at one blow their newspaper services were cut out, not only from New Zealand, but from all Australia

(Ibid., 14).

The New Zealand newspapers were committed to an exclusive arrangement with the Australian newspapers. Reuters was restricted to supplying a cheap service to London-based representatives of the cartel and was effectively locked out of Australia and New Zealand for more than 20 years (Putnis 1998: 287-8). The contract formed the foundation of a close relationship between news agencies in both countries that endures today. Fenwick stated that “for many years the United Press Association was fortunate enough to secure the use of the service supplied by the Australian papers at a low subscription, and the New Zealand Press had the benefit of the cheapest cable service ever known anywhere” (Fenwick 1929: 15). The price paid was a prohibition on the buying of any alternative services.

In 1895 the Australian newspaper groups formalised their arrangement by creating the United Cable Association, a monopoly on overseas news that allowed them to dictate terms to suppliers and subscribers in an all-encompassing Australia and New Zealand agreement. It provides a striking example of the exercise of monopoly power: it restricted access to its service to the point where it was denied to many country newspapers⁴ and metropolitan competitors such as labour-leaning titles (Walker 1976: 207). It had also applied “obnoxious” restrictive fee structures to prevent either the creation of a new agency or admission to its ranks (Putnis 1998: 292, Walker 1976: 207). Indeed, the cartel was so tight it led to an Australian Senate enquiry in 1909 that produced a state-subsidised alternative agency, the Independent Cable Association. That agency, in direct contrast to the United Cable Association, was charged with freely admitting all applicants, applying uniform rates based on circulation and population, and permitting subscribers to also use other services.

The most heinous offence of the UCA was that it was a monopoly that inhibited competition against itself and against its members. Its rules gave the lie to Press professions about liberty and the public good. To set up an alternative Press service would cost £6000 *per annum*; a single paper could not bear this alone, and as the contracts of subscribers of the UCA terminated at different dates it was hard to join together in competition. Labor was particularly hostile to this international monopoly. In 1900-1 Robert Macmillan’s attempt to found a new Sydney daily, the *Australian Times*, was thwarted by the refusal of cables and later the pro-Labor Adelaide *Herald*, which wished to change from a weekly to a daily, was given the same treatment. The CPA Co-operative Company was also refused supply by the UCA, which had the effect of turning country proprietors against the combine; for country dailies, if not weeklies, cabled news was essential. Hence, in September 1909 Senator Pierce (Labor) moved for a Select Committee on the Press Cable Service...Pierce was unable to prove charges of grave inaccuracy and political bias but he did expose the objectionable nature of the monopoly. Indeed, the Committee enquiry caused the UCA to abandon the clause requiring unanimous support of members before a new metropolitan paper might be admitted as a subscriber.

Walker 1976: 207.

The subsidised service did not survive the First World War but a commercial rival, the *Sun Herald* Cable Service, stood in its place. It was to operate until amalgamation in 1935 with the UCA (by then known as the Australian Press Association) to form

⁴ Of 13 country dailies in 1909, four were republishing cables from Sydney newspapers without permission (Walker 1976: 204). This situation was almost certainly a direct result of exclusion from the United Cable Association service.

Australian Associated Press under the inaugural chairmanship of Sir Keith Murdoch, father of the News Limited founder, Rupert Murdoch.

iv. New Zealand

Restrictive practices, it will be seen, were not the sole preserve of Australian, British or American newspaper owners. They were to be applied by the New Zealand counterparts with whom they developed a close association based on mutual self-interest.

The development of New Zealand press agencies went hand in hand with the significant changes to newspapers that occurred during the accelerated economic growth from the 1860s onward. It marked a change in the nature of the press which, for the first two decades of their existence in the colony, had been primarily partisan political instruments.

While the desire for political influence was not lost in the 1860s, a strong commercial imperative overtook it and, with that change, came competition for more than men's hearts and minds. Scholefield notes that the first daily, the *Otago Daily Times* established in 1861, "soon discarded its political motives and devoted itself to the simple business of being a newspaper." (Scholefield 1958, 7) and others followed suit. Day regards the period as one that saw the entry of newspaper proprietors "whose orientation was primarily that of business entrepreneur rather than the established one of political activist" (Day 1990, 111).

Day provides an excellent analysis of the growth of the daily press that need not be repeated here beyond noting a number of developments that were to be influential in the formation of NZPA. Between 1860 and 1879 the rate at which publications were founded exceeded every period before or since. From 15 newspapers in 1859, in the following two decades 181 titles were launched (1990, 137). Over the same period the frequency of publication increased as daily, then morning and evening, editions emerged to satisfy the commercial ambitions of their proprietors. With the growth of titles came direct competition that differed from the partisan perspectives that had characterised the earlier contest. The game was financial and the aim was a knock-out competition, evidenced by the fact that 87 of the new publications did not survive into the 1880s. Such casualties are typical of an emerging media market. Both the commercial basis of the new press and its move toward daily publication led to the

appointment of professional journalists to replace what had largely been voluntary, often politically motivated, labour. As Day notes, the new profession attracted men of ambition who saw themselves as future proprietors (1990: 167), which contributed to the competitive spirit. Competition manifested itself in price wars that reduced the cost of newspapers (from between 2 pence and six pence to as little as a penny), which, together with advances in printing technology, increased readership both numerically and demographically. Into this lively environment came the telegraph.

Before the telegraph, rival newspapers had vied with each other to be first to reproduce news they gleaned from overseas newspapers, and those of their counterparts in other parts of the colony, that were snatched from arriving ships. Direct relationships were also established with newspapers in Australia and Britain that prepared special postal despatches for their clients. It may have been news but it was “dreadfully stale” (Harvey 2002: 25). The telegraph came to New Zealand relatively late – 1862 compared with 1837 in Britain, 1844 in the United States, and 1854 in Australia – and its growth was hampered by both terrain and, in the North Island, war. Nevertheless, the telegraph had a profound effect on life in the colony and is credited by Day with “the unification of the country in a manner previously impossible”. Not only did it allow such fundamentals as standardisation of time and weather reporting but it was “an important factor in the growing ascendancy of centralism over provincialism” (1990: 184-85). King concurs in that assessment, noting that in conjunction with improved transport:

All these innovations enabled the colony’s widely scattered settlements to communicate better with one another, and with the world beyond New Zealand. They were part of the process of creating a single society – or, at least, a single Pakeha society – and, because they allowed more effective centralised administration, they were a factor in the abandonment of provincial government in 1875.

King 2003: 231.

The press played no small part in this process of unification. While each centre promoted the news and views of its constituents, newspapers were finally able to carry in their columns the news and views of other centres as it emerged rather than as recent history. The first links were created between Lyttelton and Christchurch in 1862 and only four years later the laying of a cable across Cook Strait connected the South Island with the new capital. Hostilities in the Waikato, however, prevented Auckland from joining a national network until 1872. In 1876 a New Zealand-Australia link was

established. At each juncture the expanding network, and the actors involved in its use, had an effect on the country's newspapers. The effects were profound. Scholefield (1958: 10) states unequivocally that the telegraph "radically changed the functional character of the Colonial press" while Day (1990: 237-242) builds a persuasive case that places the telegraph at the centre of a "process of nationalisation and homogeneity" in the colony's daily newspapers as well as being a catalyst for the divergence of press and government interests. Ironically, this widening gap was due in part to the use of the state-owned telegraph for syndicated news services.

The first agency to "supply the press throughout New Zealand with the latest English and Australian intelligence" was set up at Bluff (first port of call of ships carrying Australian and British mails) in 1865 (Scholefield 1958: 11) with the promise of providing a competitive edge for *The Press* in Christchurch. For *The Press's* proprietor, James Edward Fitzgerald, "beating the *Lyttelton Times*" was an obsession (O'Neill 1963: 59) and the telegraphic agency set up by his brother Gerard Fitzgerald held out that promise. However, even before the last section of the telegraph link between Bluff and Christchurch was in place, the owner of *The Press* realised that he could not afford to sustain the service alone. He had heard of "ruinous competition" between London newspapers for telegraph services and this knowledge forced him to form a pool arrangement with the *Lyttelton Times* and the *Canterbury Standard* that probably lasted no more than five years although the demise of the telegraph agency went unrecorded (*Ibid.*: 66-7). As was the case in the United States, Britain and Australia, economics had proven to be a great incentive to cooperate. *Otago Daily Times* proprietor, Julius Vogel, on the other hand, saw the money-making potential of providing a service to other newspapers for a straight fee, which could be extended to North Island journals when the inter-island telegraph link was established. It is likely, however, that costs remained a concern and were responsible for Fitzgerald, Vogel, and Crosbie Ward of the *Lyttelton Times* – all current or former politicians – asking the central government to supply a national service to newspapers (Day 1990: 192-193). The Postmaster-General, John Hall, was one of the original promoters of *The Press* and was "well disposed towards a favourable Government treatment of newspapers" (Day 1990: 193). However, as had been the case with the monopoly arrangement in Britain, dissatisfaction with the service soon emerged – along with discomfort by other editors and the public at the government's involvement in news dissemination. In spite of Vogel's efforts to

maintain the service, it was closed in 1870 when newspapers refused to pay their subscriptions. At this point the *Otago Daily Times* re-established its Press Association which sold an exclusive service to provincial centre newspapers (Day 1990: 198). The end of the government service marked the beginning of a protocol that ruled telecommunications in New Zealand (and elsewhere) for more than a century: the common carrier should not be a content provider. In other words, the owner of a neutral transmission platform should not also create the services normally provided by its customers. The division was part, but only part, of the separation of the roles of government and press. There was a growing realisation that, in the new commercial environment, the interests of government were not necessarily those of newspapers or their readers.⁵

The *Otago Daily Times*' practice of selling to only one newspaper in each centre opened the way for a competing service, provided by the Australian-based Greville's Telegram Company, which was the Reuters agent for Australia and New Zealand. Within two years, and largely unheralded, the agencies had merged to form Holt & McCarthy and New Zealand had its first non-competitive agency that supplied an overseas news service and disseminated domestic news. Holt and McCarthy were the working face of the agency but its owner was Julius Vogel, who had secured the Reuters agency for New Zealand and deprived Greville's agency of much of its raison d'être Harvey 2002: 27). Within two years, however, there were signs of dissatisfaction with the Holt & McCarthy Agency (Harvey 2002: 27) and in 1878 a competing service, the New Zealand Press Association, was started with 26 foundation subscribers (Sanders 1979: 5) and, most significantly, the lease of a special government telegraph wire at a cost of £1000 per year. That arrangement reduced the high cost of telegrams by 25 per cent. The association's rules allowed for the membership of only one morning and one evening newspaper in each centre, leading the proprietor of the excluded *Auckland Star* to claim that the object was to "crush out rival journals" (O'Neill 1963: 71). Protests (and claims of corruption because the main association newspapers were supporters of the Government) by the Holt & McCarthy Press Agency, and newspapers that were excluded from the association, led to the provision of another special wire that marked

⁵ Day's narrative is rich in references to the declining practice of newspaper proprietors and editors holding national elected office. See, for example, pp. 176-181.

the beginning of an expensive, and ultimately doomed, ‘wire war’. O’Neill, in his history of *The Press*, outlines the campaign:

It was the signal for a new battle, and more bitterness, between the agencies, as each sought to outdo the other in the range and detail of its telegraph reports. The operating expenses of the two combines were high, the £1000 a year for the lease of a wire by no means the only heavy item of expenditure. It was only a question of how long the subscribers could carry the burden of competition later described as “wasteful” and “ruinous”. Often virtually the same messages were repeated over the separate systems. For instance, when Sir George Grey or a Minister was addressing an audience at any of the chief cities, a transcript of the speech, sometimes of many thousand words, would be telegraphed separately by each group to its subscribers throughout the North and South Islands. Often the Telegraph Department’s facilities were not equal to the double demand, and the congestion caused great inconvenience to the public. The annual report of the Telegraph Department (then separate from the Post Office) had this to say in 1873 when it commented on delays in telegraph traffic:

It must be noticed that the arrangements made by two competing Press Associations for supplying intelligence to newspapers were amongst the chief producers of public dissatisfaction. On the arrival of a steamer from Australia, the Associations endeavoured to excel each other in supplying their customers English and Australian news; consequently there was a substantial repetition of very long messages to each of the principal stations, and it was precisely when the Department was temporarily outweighed by those long repetitions that the commercial public sent in most messages and was most sensitive if the delivery of any of them was at all delayed.

O’Neill 1963: 71-2.

However, it was not the department’s criticism but the rising costs of this competition that led in 1879 to an invitation for other newspapers to join the New Zealand Press Association. *The Press* was required to pay a substantial joining fee (£250) to help defray some of the costs of the war. Other papers were charged a joining fee of between £25 and £50. This allowed the majority of existing newspapers to join but it was a narrow window of opportunity.⁶

⁶ Under the guise of ‘rising costs’ (Sanders 1979: 9) it was agreed that after 1 January 1880 the admission fee would rise to £500 for Auckland, Wellington, Christchurch and Dunedin dailies with two further tiers of £300 and £100 for smaller dailies. These fees were to rise again – entry by a daily in the main centres would cost £900 – until questions were raised in Parliament and in 1900 the premier, Richard Seddon, wrote to the association expressing his disquiet. Entry fees were cut by 50 per cent. Eight years later the subject was back on Parliament’s agenda with the threat (not carried out) of a committee of enquiry.

New Zealand newspapers now had a single service which, renamed the United Press Association, was registered in 1880. With a further name change in 1942 – back to the New Zealand Press Association – it was to endure in essentially the same form for 125 years. Its creation was, once again, a result of commercial imperative. Its prime mover, Sir George Fenwick of the *Otago Daily Times*, wrote in the 16-page monograph on the agency published after his death in 1929:

And thus was the way paved for bringing to an end the ruinous competition in telegraphic news between different sections of the Dominion's newspapers.

Fenwick 1929: 11.

It was both a cost-limiting measure and an act of protectionism. By embracing all of the existing major newspapers as shareholders it precluded the entry of a new agency and, by setting a substantial joining fee, it raised the bar over which new entrants to the market must jump.

Enter cooperation

Early in the life of the UPA there were concerns expressed about its monopoly position but few serious attempts to break it. As Day puts it “by joining the association, newspaper proprietors saw themselves as having common business interests that could best be treated by cooperative endeavour” (1990: 230). A Parliamentary enquiry in 1896 expressed concern at what was effectively a closed shop but did not break the cartel. A number of lesser newspapers cavilled but were unable to do more than suggest the need for competition (Day, Harvey). Scholars who have examined this era of New Zealand media history tend to acknowledge both the inherent problems with cartels and the nation-building aspects of this particular monopolisation of news distribution. Butterworth's view is that UPA distributed the views of land-owning Pakeha business interests and denied the public access to more radical views (Butterworth 1989: 144-145). Day acknowledges the lack of plurality but quite correctly ascribes that to the business motivation of the daily newspapers of the time, which saw the beginnings of the labour movement as contrary to their commercial interests (1990: 243). UPA may have been an extension, but it could not be described as the principal architect of this common stance nor of the desire to limit competing publications. At most, its constitution was a tool in the hands of protectionist proprietors and its news content a

direct reflection of what was appearing in their newspaper columns. In some respects, the news agency was simply a convenient collective noun for the daily newspapers of New Zealand.⁷

The association was accused of exercising control over content, a charge most directed against its first manager, Edward Gillon. A Member of Parliament complained that the UPA service bore “the imprint of one mastermind who had control of the news” while another asked whether Gillon was the press association (Byrne 1999: 66). However, while Gillon regularly upbraided editors over the quality of copy, his control was post facto. UPA agents in each newspaper chose and transmitted stories directly to member newspapers. The association was not yet the centralised clearing house and editing centre it was to become in the 20th century. It is also highly questionable that he had unprofessional motives. According to Byrne, Gillon demanded non-partisan reporting of political issues and cites examples of letters to UPA agents calling them to account for political bias in stories they transmitted (Byrne 1999: 65-66). There was a practical purpose in this stance: UPA transmitted stories to newspapers of different political leanings and, therefore, neutrality was an act of self-preservation by the agency. Byrne also credits Gillon with demanding high journalistic standards. Again, there were good commercial reasons for doing so: Gillon was no stranger to the inadequate services of the past and would not want UPA to suffer a similar fate.

The point to be made is not that rules were sometimes broken after the advent of press associations, but that at least one source of political news relatively free of partisanship had become available to the newspaper reading public... Gillon demanded political neutrality, insisted upon firm attribution of stories, stressed a need to quote people in authoritative positions, rejected opinions or rumours, encouraged enterprise, and condemned laxity. He lectured editors who withheld legitimate news from other papers for their own advantage. By the time he retired to take the editorship of a newspaper, he had made the press association the dominant force in New Zealand journalism.

Byrne 1999: 66.

The association exercised complete control over foreign news services. As an extension of the agreements that individual newspapers had had with Australian newspapers for

⁷ In the 1880s Britain’s Press Association, and its competitor, the Central News Agency, were similarly accused of being the voice of the Tories (Scott 1968: 82-84)

the supply of news dispatches, the association quickly entered into agreements with Reuters, the *Sydney Morning Herald* and the *Argus* for the supply of foreign news. Harvey notes that some newspaper owners (perhaps reluctant recruits to the UPA service) were annoyed at UPA's "iniquitous monopoly as to the supply of cablegrams" (2002: 28) but that this may have changed when UPA, in secret agreement with the *Argus* and *Age* groups in Australia effectively shut out Reuters and took an exclusive – and cheaper – service from its trans-Tasman counterpart. In 1887 UPA set up a Sydney office to coordinate dispatches and also set up an agent in San Francisco. The New Zealand agency was, however, happy to take a second service from the Independent Cable Association that resulted from the Australian Senate enquiry of 1909. Reuters' service did not return directly to New Zealand until the First World War forced a reappraisal.⁸ It continued, however, to receive both of the rival Australian services until the creation of AAP in 1935. The New Zealand agency became both a supplier and subscriber to the AAP service and established close working relationships with the Australian agency. In 1947 both NZPA (having changed its name from UPA) and AAP became shareholders in Reuters. It was a partnership that was to provide a later windfall for NZPA's shareholders but, in the meantime, it cemented a relationship that created a monopoly on international as well as domestic news. The disquiet over cartel arrangements first voiced in the 1880s obviously had little effect, principally because exclusivity – in both domestic and international news – provided strong bargaining tools during negotiations with both Reuters and the Australian agencies. There are recurring examples of UPA/NZPA directors beating down the price for these services and New Zealand was regarded as having some of the cheapest foreign news arrangements available. Commercial considerations carried far more weight than esoteric editorial arguments over the desirability of multiple sources.

Early misgivings over monopoly and the high cost of entry notwithstanding, membership of the association was both enduring and growing. The original membership of 25 in 1880 grew to 45 within two years, to 63 by 1910 and peaked at 74 in 1917 (Sanders 1979: 193). And, in spite of concern expressed by politicians, there was legislative backing for it. In 1882 the Protection of Telegrams Act – initially drafted by Gillon as a Copyright Bill – prohibited unauthorised publication of overseas telegrams for 18 hours after the first (authorised) publication. This prevented UPA's

⁸ The negotiations that led to Reuters return to New Zealand are recorded in Sanders 1979, 46-53.

services from Reuters and Australian newspapers from being poached by non-members and was a significant reinforcement of the monopoly. It was also a tacit recognition of copyright in news reports. It was legislation that predicted the landmark United States Supreme Court Associated Press decision in 1918 that created a new form of ‘property’ that prevented use of a wire services message until its commercial value as news had expired (Kaplan 1967: 86).

The fact that local news telegrams were not protected by the legislation is interesting and suggests that no value was attached to information once it had reached the limits of its profitable distribution, that is, outside its circulation area. It was a situation (discussed further in Chapter 3) that was to last well into the 20th century but one which, when it changed, would have mounting consequences for NZPA.

In the meantime, however, this belief in limited proprietary value sustained the cooperative movement. This cohesion was possible because, as the nineteenth century progressed toward its close, a pattern of newspaper ownership was emerging that may be characterised as peaceful co-existence. Major newspapers were separated by either distance or time (morning and evening). For the first 100 years of the cooperative’s existence the newspaper scene was increasingly comfortable. Where there was competition, from, for example, the Christchurch and Auckland *Sun* newspapers before the Second World War or the post-war Labour supporting *Southern Cross* in Wellington, it was seen off. A cosy duopoly of morning and evening “competitors” developed in metropolitan centres and larger regional towns.

The objectives of the Newspaper Proprietors’ Association, incorporated in 1903, carried the hallmarks of a cartel and included:

- To promote, as far as possible, uniformity of practice in advertising charges.
- To facilitate co-operation among members in all matters affecting their common interests, and to afford opportunities for personal intercourse and interchange of opinions.
- To assist in regulating the rates of wages and conditions of labour in the different newspaper offices in the colony, provided that newspaper proprietors in the different centres shall have full liberty to make their own

industrial agreements with the linotype operators, and that similar liberty shall be given with respect to all wages in newspaper establishments.

*Rules of the Newspaper Proprietors' Association of New Zealand
1903 (Alexander Turnbull Library)*

In fact, the first meeting that led eventually to the formation of the NPA had been held five years earlier to regulate the pay and conditions of linotype operators. The NPA – unashamedly a vehicle for joint industry action – played an important role in industrial negotiations up to the breaking of national awards under the Employment Contracts Act 1991. It was also a major player in negotiations over newsprint pricing, although this arrangement came under threat in the new millennium. Through common membership, the Newspaper Proprietors' Association (which later changed its name to the Newspaper Publishers' Association in deference to the arrival of corporate ownership) was inseparable from the New Zealand Press Association.⁹

Hence, when attempts were made by competing media to buy a service from what had (in 1942) become the New Zealand Press Association, the first instinct was toward protectionism. In 1953 the New Zealand Broadcasting Service enquired about full membership. Years of negotiation and a failure to resolve membership issues indicate NZPA was, in fact, stonewalling. Finally, it agreed in 1965 to supply an international news service (principally Reuters) to the state broadcaster, but not domestic news. The protectionist character of the organisation was further underlined in 1969 when it agreed to supply a domestic service to private radio stations in which newspapers had a minimum 30 per cent interest. The arrangement was, however, nullified the following year when the Broadcasting Tribunal imposed cross-media ownership restrictions. NZPA did, however, offer the international service to all stations. Only when a competing domestic and international service was available to broadcasters did some members of the association advocate the sale of a domestic service to radio but others “adhered to the view that the association should not, under any circumstances, sell its domestic news to radio” (Sanders, 1972: 78-85). A former NZPA chairman, Neil Blundell, recalled in 1998 that the issue of selling a news service to radio had “aroused

⁹ The organisations had separate board membership but that, too, changed in 1988 when the NPA was restructured and a Board of Control established, after which both boards had the same membership.

violent disagreement among members of NZPA [and] the move to sell the service finally failed, but it is still a lively subject of debate today.”¹⁰

The lock-out – applied to television as well as radio – was to prevail, as the next chapter will show, until the association was demutualised in 2005. Even websites, apart from those of the member newspapers, were denied access. In the 1990s a corporate information service, Newsquest, was established on the strict proviso that subscriber companies did not publish the material they received for monitoring purposes.¹¹ The protectionist attitude did, however, have the benefit of forcing broadcasters to develop domestic news services of their own that provided some measure of plurality to the media in New Zealand.

Within the press, the monopoly service ensured that there was minimal variation in the portrayal of events and a uniformity in the range of opinions published from various parts of the country. Larger newspapers were able to provide their own coverage of major events, such as when all four North Island metropolitan newspapers despatched their own reporters to the scene of the Napier earthquake in 1931. In addition, the metropolitan newspapers maintained their own parliamentary reporters whose material was not available to NZPA.

Co-operative modus operandi

The manner in which the cooperative operated warrants some description. For many years services were dictated by the location of telegraph offices and communication was by telegrams prepared by association agents in member newspapers. Incoming stories were similarly delivered by Post Office telegrams. Leased line multipoint communication with teleprinters was investigated before the Second World War but it was not until October 1950 that teleprinters were installed in all member newspapers. In each newsroom, reporters would produce a carbon copy of every story they wrote, which would be placed in the “PA basket” on the desk of a journalist appointed as the association’s agent. In 1952 NZPA had 57 agents or correspondents within New

¹⁰ Commemorative programme Newspaper Publishers’ Association Centennial 1998.

¹¹ Newspaper editors had a long-established objection to the sale of a service that would have stories broadcast before press publication in the same region. INL/Fairfax’s lack of radio assets was another factor in blocking domestic news sales to private radio stations after deregulation, which by extension was also applied to television.

Zealand, 44 of them in newspaper offices (Sanders 1979: 77).¹² The NZPA agent would choose which stories to transmit, usually what Starr describes as “breaking news of extralocal interest” (2004, 177), and carry out a first edit. Where necessary the story would be referred back to the reporter for correction or clarification. It would then be passed to a teleprinter keyboard operator for transmission to NZPA in Wellington. At the agency’s headquarters it would go through a further process to wean out material not considered worthy of placement on the network. Stories would then undergo final editing before being transmitted to newspapers. In addition to stories contributed by member newspapers, NZPA also maintained its own staff in the Parliamentary Press Gallery and in overseas posts in the United Kingdom, the United States, Australia and Asia (the number varied but has now been reduced to only a Sydney office).¹³

A former NZPA general manager, Graeme Jenkins, explained that when the network started there was a single transmitter and all newspapers received everything that was sent, including their own stories sent back to them. Later when two circuits were introduced it was possible to block the Auckland and Wellington newspapers (which produced most stories) from receiving their own messages. It was not so much a matter of convenience as economics: saving teleprinter paper rolls in the *New Zealand Herald*, *Auckland Star*, *Evening Post* and *Dominion*.¹⁴

Until the second circuit was introduced, the evening newspaper would receive NZPA until its run had been completed. The New Zealand Post Office would then switch the NZPA circuit to the morning paper in two newspaper towns. For those locations that had only one newspaper, whether evening or morning, the circuit was alive only for the hours the newspaper was in production. In Auckland, carbon copies of material were swapped between the *New Zealand Herald* and the *Auckland Star* to provide two-cycle coverage to both newspapers.

Once the "mule train" (which was the description given to the transmission set up by the Post Office) was running, newspapers had the option of taking both evening and

¹² Some appointees would have been nominal in regional newspapers which often had more ad hoc arrangements for filing to NZPA.

¹³ See Chapter 3. The location of the Asian office shifted from Singapore to Hong Kong, with additional contract representation in Japan.

¹⁴ Email to author 7 April 2006.

morning paper runs. Only a few of the larger newspapers took both. They would have had access to all messages on the file.

When computerised editing started it was comparatively easy to manage the traffic flow and during the brief life of the *Auckland Sun* – when both the *New Zealand Herald* and the *Auckland Sun* were contributing to the NZPA file – messages from one could not be seen by the other. This was an example of the value chain that attached to stories contributed to the network. Once beyond the circulation area of the contributing newspaper, the value to the supplier was negligible. With the *Auckland Sun* and the *New Zealand Herald* both circulating in Auckland, material transmitted by one newspaper would have potential value to the other. Hence access to it was denied.

Scholefield describes NZPA during this cooperative period as “a national institution...[that] has profoundly contributed to the character and integrity of New Zealand journalism”. He added that “the consistent reliability of the news columns is based on this co-operative distribution of New Zealand news.” (1958: 15).

The standards set by NZPA were not, however, simply a matter of professionalism. They were a pragmatic necessity. Political stories had to be impartial in order to avoid criticism (and rejection) by newspapers of one political persuasion or another. Attribution and accuracy were necessary to avoid continual queries from newspaper sub-editors applying standard editing tests to the material passing through their hands. The reasoning was the same in counterpart agencies such as Associated Press in the United States and the Press Association in Britain (Gramling: 192, Scott: 47).

Scholefield reflects a narrow view of New Zealand journalism that does not explore its social implications. Butterworth, who claims newspapers invented “the great New Zealand Clobbering Machine” (1989: 145), suggests that journalists were allowed to operate only within strict Establishment limits and those dissatisfied with these establishment controls either left journalism or moved to the “less repressive atmospheres of other countries”. She might have added that newspapers were, however, only one element of a social framework that entrenched economic and political hegemony while raising conformity – sometimes draped in the more acceptable guise of ‘equality’ – to an almost religious ideal. The Depression and an emerging literary movement chipped away at the structure but Gibbons, in a reflection on the

development of New Zealand social attitudes and cultural values up to the Second World War (1992: 308-336), suggests that an “an intolerance of dissent” remained. The ligatures were slowly loosened but newspapers in the post-war era were repositories for reportage that reflected established values while largely ignoring significant sections of society such as manual workers and Maori. Nevertheless, the 1950s and 1960s saw NZPA’s technical capacity enhanced and the appointment of its own correspondents in Asia, Britain and the United States. These decades were what McLauchlan describes as “those halcyon days of print” – the days before television and radio “dug in” and the “management follies of the eighties” began (McLauchlan 2004: 106). Importantly, there was relative stability in the ownership of newspapers, with more than two-thirds of titles held either independently or as part of small regional groupings (Molineaux 1995: 5). In circulation terms – the basis on which NZPA charges were by then calculated – no one group could command even a quarter of the aggregated numbers. This ensured a range of voices being heard around the NZPA board table, even if there continued to be a collective desire to preserve the status quo. Indeed, the board prided itself on reaching decisions by consensus.¹⁵

¹⁵ Interview with NZPA chairman, Julian Smith, 6 September 2006.

Chapter 3: Changing landscapes

To Market

The first signs that the comfortable status quo was about to be destabilised occurred in 1964 when Lord Thomson made a bid for ownership of Wellington Publishing, publishers of the *Dominion*, only to be trumped by Rupert Murdoch in his first offshore foray. The Australian newspaper owner acquired 30 per cent of Wellington Publishing before agreeing to withdraw his takeover bid. Eighteen months later the Holyoake government introduced the News Media Ownership Act limiting overseas media ownership to 20 per cent.¹⁶ The bids for the *Dominion* provoked Wilson & Horton to enter the fray – unsuccessfully. It was the beginning of a series of acquisitions and mergers that were to completely alter the New Zealand press landscape.

The immediate threat, therefore, lay not in overseas ownership but in domestic consolidation. In 1970 Wellington Publishing acquired *Truth* – and with it the *Sunday News* which had been acquired in the takeover of A.D.Organ Ltd by Truth (NZ) Ltd shortly before the sale – and less than a year later launched a bid for Independent Publishers Ltd, owners of the *Waikato Times*. Labour MP Dr Martyn Finlay, during the introduction in June 1971 of a private member's bill seeking (unsuccessfully) to establish controls over such acquisitions, said that newspapers in Rotorua, Wanganui and Masterton were “already being measured for their economic coffins” (Verry 1985: 259).¹⁷ Within a year, Wellington morning and evening newspaper publishers, Wellington Publishing and Blundell Brothers, had merged into Independent Newspapers Ltd.

Immediately before the creation of INL there were six significant companies who commanded between them only 31.7 per cent of the daily titles, although in circulation terms those companies collectively commanded more than 70 per cent of the circulation (Molineaux 1995: 5). A decade later that circulation was in the hands of four companies and little more than half the titles were independently owned.

¹⁶ A trust agreement between Murdoch and Wellington Publishing had already effectively reduced his voting rights to 14 per cent and thus avoided triggering the Act, which was to remain in place for a decade (Verry 1985: 105).

¹⁷ In fact, it would be more than a decade before the owners of the Wanganui and Rotorua newspapers, United Press and Publishing, were absorbed by Wilson & Horton Ltd.

The consolidation of the newspaper market may be measured by use of the Herfindahl-Hirschman Index (HHI) used by the United States Department of Justice to calculate the impact of horizontal mergers.¹⁸ The department divides the spectrum of market concentration into three regions broadly characterised as unconcentrated (HHI below 1000), moderately concentrated (HHI between 1000 and 1800) and highly concentrated (HHI above 1800).¹⁹ For purposes of comparison, the concentration index has been calculated from 1971 to the present day.

Fig. 3.1 Newspaper ownership concentration: HHI Index

1971	1981	1991	2005
1164.1	1441.27	3475.81	4197.45

In 1982, New Zealand News, publisher of the *Auckland Star* and other newspapers and magazines, succumbed to corporate raider, Brierley Investments. Initially its directors were held in check by the influence of the existing cartel, not least because of industry-wide negotiations over newsprint and labour. That influence faltered, however, and the traditional market balance was challenged by a decision to embark on head-to-head competition against the *New Zealand Herald* through the launch of the *Auckland Sun* in 1987. Wilson & Horton and New Zealand News had acted like classic duopolies for many years – competing where necessary but cooperating when it suited both parties. An example of this cooperation was an agreement that existed for many years whereby if the presses of either the *New Zealand Herald* or the *Auckland Star* were incapacitated, the other group would print its editions.²⁰ Such cooperation was abruptly ended by the launching of the *Auckland Sun*²¹ although outside the region relationships were unaffected.

¹⁸ The HHI is calculated by summing the squares of the individual market shares of participants. For the purposes of this exercise, companies that controlled >3.5% of total circulation were included.

¹⁹ U.S. Department of Justice and the Federal Trade Commission, *Horizontal Merger Guidelines*. Issued 2 April 1992 and revised 8 April 1997.

²⁰ Memorandum of Understanding in Wilson & Horton archives.

²¹ For example, when the *New Zealand Herald's* NZPA circuits failed, a request to the *Auckland Star* to collect material from its feed was refused. (Interview with retired *New Zealand Herald* editorial manager, Ken Stead, on 18 April 2006).

There was a significant difference in the way that the long-established players interacted with each other compared with their relationship with the Brierley-appointed New Zealand News personnel. An example may be found in the NZPA minute entries relating to the dispersal of Reuters shares to members in what was to prove a huge windfall for the New Zealand industry when the international agency's shares were floated.

There was an acrimonious exchange at the 9 July 1984 meeting with New Zealand News disputing the formula on which the share dispersal would be based. Others had agreed to the formula but the New Zealand News chief executive, Pat Williams, challenged it. The board affirmed that its formula was fair and reasonable. The New Zealand Press Association was the conduit through which Reuters shares would be made available. In September New Zealand News made a bid for all the shares in NZPA that it did not own. The board rejected the offer and went so far as to suggest a submission to the Commerce Commission stating that the takeover offer "was not in the interests of New Zealand Press Association Ltd shareholders and the public in general".²²

New Zealand News countered by directly approaching the directors of each of the member companies urging them to require their NZPA representatives to accept the offer. At a meeting in December, Wilson & Horton managing director Michael Horton said comments on radio by New Zealand News directors had cast doubts on the integrity of some NZPA directors, suggesting they had put personal interests before those of their shareholders. INL managing director Michael Robson added his criticism, saying he found it insulting that the New Zealand News offer had been sent out to individual directors of his company at their home addresses. Like Horton he had taken exception to radio remarks. It had been an attack on people's integrity and was not conducive to the smooth running of the organisation. The offer was not helping things either. It was obvious that members were not interested in selling and Robson asked that the New Zealand News board take this into account. He asked for a return to the old relationships within the board.

Williams, in reply, said New Zealand News had helped in the reorganisation of NZPA in every way possible. He disputed the statement by Robson that the industry was not

²² NZPA Minutes September 12, 1984.

interested, adding that only one shareholder had written that it not interested in selling at any price. Most had simply said the price was too low. Williams said that exchanges on the board had not been started by him but followed a 'vicious attack' on him by Horton at an earlier board meeting. Robson, who was about to leave the meeting, had a parting shot, commenting that the fact that New Zealand News had now made two offers, neither of which were acceptable, was not doing anything for the relationships in the industry. NZN had to face reality: the takeover was a block to harmonious relationships.²³

New Zealand News later withdrew the bid and sold 2690 shares in NZPA to other agency shareholders. In Sept 1986 the Brierley subsidiary advised that it was taking action against NZPA on the basis that it had been misled over the Reuters shares. On 19 June 1990 the NZPA board was advised that New Zealand News would file a motion for discontinuance provided that NZPA members did not claim any costs. The board agreed.²⁴

Brierley Investments' entry into the newspaper market had precipitated a rash of acquisitions by players already in the industry. In 1985 Wilson & Horton bought Rotorua-based United Publishing and Printing (UPP) and two years later INL acquired *The Press* after negotiations that had also included Wilson & Horton, which had begun to build a stake in the Christchurch company. However, these purchases paled beside the feeding frenzy that occurred the following year. Brierley Investments' interest in New Zealand News had been in the value of its assets and in the aftermath of the 1987 sharemarket crash those assets were offered for sale to the two other groups in a carve-up reminiscent of the Congress of Vienna.²⁵ The result was the creation of a division of media power that persisted with only minor variation as remaining small independent titles were acquired.

Molineaux notes that this was a period when, with a few exceptions, newspaper circulations had peaked and begun to fall. Acquisition, she says, allowed the major groups to grow while the industry shrank. Indeed, combined newspaper circulation fell from 1,062,472 in 1985 to 838,832 in 1995, a decline of 223,640 copies.²⁶ Molineaux's

²³ NZPA Minutes 17 December 1984.

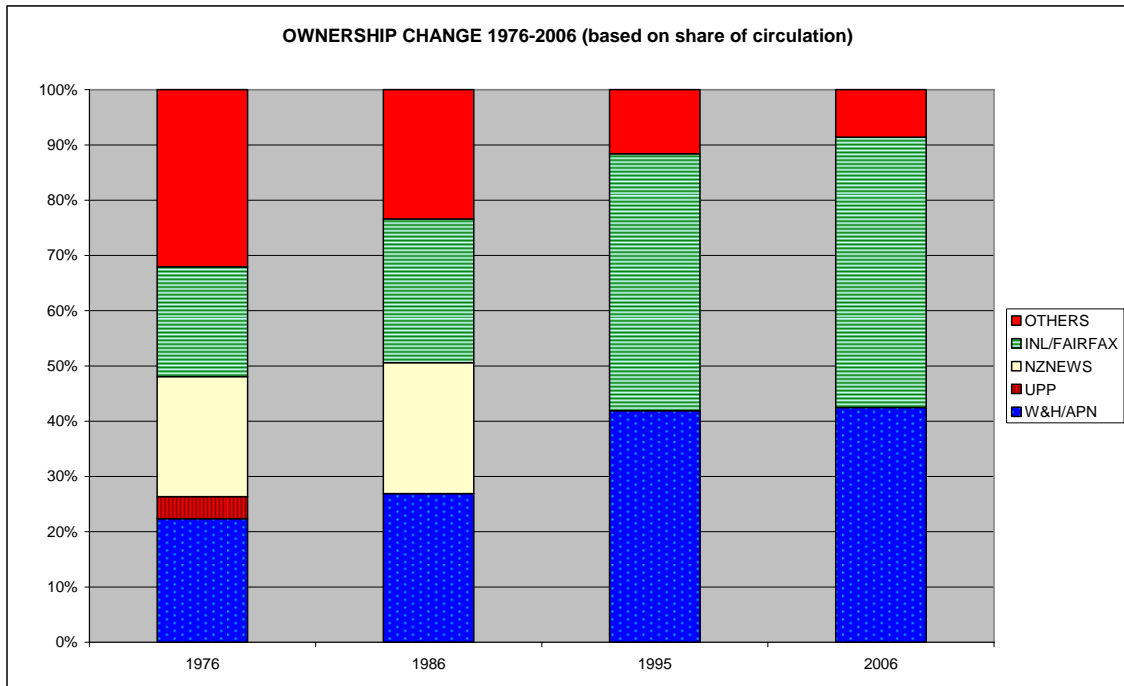
²⁴ NZPA Minutes 19 July 1990.

²⁵ McGregor 1992 and Molineaux 1995 have chronicled the acquisitions.

²⁶ Audit Bureau of Circulation 2006. By 2005 combined circulations had dropped to 727,285.

calculations, updated to 2006, demonstrate both consolidation and the maintenance of the new order (Fig.3.2).²⁷

Fig 3.2 Thirty years of consolidating ownership



* Graph does not include Sunday newspaper circulations of which Fairfax NZ has 77% and APN 23%. INL and Wilson & Horton had become Fairfax NZ and APN respectively between 1995 and 2006.

The altered playing field

These purchases blurred the thinking that had previously defined newspaper companies as regional entities. While the overlap of individual newspaper circulation areas was, as yet, relatively minor, the effect on corporate thinking was more profound. INL, in particular, began to regard itself as an organisation with interests that reached well beyond its Wellington base. Where companies confined to different regions could comfortably combine to pursue national issues, those companies with interests that extended across different regions were to find the collegial approach increasingly difficult and NZPA would feel that effect (see later in this chapter). Each newspaper was also becoming increasingly aware of the contribution it was expected to make toward recovering the large sums of money that their owners had expended in adding titles to the stable. Wilson & Horton, for example, spent more than \$86 million in acquiring its share of the New Zealand News assets. Commercial pressure intensified

²⁷ Molineaux 1995: 5-6: calculation of ownership by share of circulation.

the competitive climate and closure of the *Auckland Star* in August 1991 by its new owner INL did nothing to reduce the growing sense of competition between the two rival groups.

When the *New Zealand Herald* launched a weekly Waikato edition in 1992 and made tentative enquiries about local NZPA copy (from the rival *Waikato Times*) the Hamilton newspaper's owners, INL, were unequivocal: under no circumstances would they allow the *Herald* access to that material. Former *New Zealand Herald* editor, Peter Scherer, recalled the episode:

I was an NZPA director. I murmured at an NZPA board meeting that we were contemplating injecting an NZPA-sourced element into "This Week" (the Waikato edition). Instant shock and horror erupted around the table. No way! I had merely wanted to provoke Mike Robson, then-chairman of NZPA, and INL's head in Hamilton, Peter Henson – and succeeded, in spades.²⁸

Robson told the NZPA board that the *Waikato Times* would withdraw from the agency if the *Herald* put a publication "outside the *Herald*" (Robson's description for a stand-alone publication) into Hamilton.²⁹ Scherer's intentions, in fact, did not extend beyond an extra section inside the newspaper.

The groups were also beginning to compete beyond the newspaper market and in this new territory they were unconstrained by the conventions that had maintained relative peace in print and this had an effect on relationships. Typical is the manner in which the groups made (ultimately unsuccessful) bids for involvement in television in 1979-87 (Cocker 1996, 128-147). A proposal to take an industry-wide approach (favoured by Wilson & Horton) was nullified by the creation of the Alternative Television Network (ATN) by New Zealand News and INL (plus Radio Hauraki) which forced Wilson & Horton and the remaining newspaper companies to join together in a counter bid. Cocker's view that the newspaper industry was "riven by bitter rivalry and factionalism" (1996, 131) is partially correct. Wilson & Horton was incensed by the INL/New Zealand News move. However, it is illustrative of the waxing and waning of relationships between the groups that, after the ATN proposal was abandoned, INL was offered a 5 per cent holding in SCTV, the television warrant company launched by Wilson & Horton, and a leading 20 per cent stake in an associated company, United

²⁸ Email to author 9 April 2006.

²⁹ NZPA board minutes 8 September 1992.

Telecast Corporation (UTC), making a bid for the Region 2 warrants that embraced Hamilton, home of INL's *Waikato Times*. SCTV's stated intention was to sell the majority of its holding in the operating companies in the lower North Island and the South Island "when commercially practicable", presumably opening the way for INL and Otago Press & Produce (owners of the *Otago Daily Times*) to take a holding if they wished.³⁰ The cracks may have been beginning to appear but the regional interests of the newspaper groups could still be left on a cooperative basis and this was reflected in the UTC arrangement. Ironically, the bid for the third channel provided Wilson & Horton with vital protection against the first assault on its ramparts by a foreign invader.

Into foreign hands

The repeal of the News Media Ownership Act in 1974 did not send an immediate signal offshore. News Limited's stake in INL had, during the period the Act was in force, been constrained by a trust deed that limited its voting rights. Successive issues by the company, unavailable to the foreign shareholder, progressively diluted the Murdoch company's holding which fell from its initial 29.57 per cent to a low of 8.22 per cent in 1972. Following repeal of the Act there was a slow rebuilding of News Limited's holding to 22.03 per cent by 1982 (Verry 1985: 359-360) but it exerted little executive influence. Protected by a general limit of 24.9 per cent on foreign holdings in New Zealand companies without the permission of the Overseas Investment Commission³¹, the industry did not feel threatened. Even Rupert Murdoch's application in 1986 to raise his stake in INL to 40 per cent did not unduly worry the industry as INL had been able to steer a relatively independent course, a position reinforced by the appointment in October 1983 of Michael Robson as managing director. Robson was to put a distance between his Australian shareholder and the day-to-day operations of INL that was to persist until his sudden death in December 2000 (see Chapter 4). Robson, a former NZPA correspondent, was a staunch supporter of industry bodies such as the Newspaper Publishers' Association, NZPA, and the New Zealand section of the Commonwealth Press Union under whose auspices he was instrumental in the creation of the New Zealand Media Freedom Committee.

³⁰ Broadcasting Tribunal, Applications for Television warrants and television programme warrants: Decision. August 1987.

³¹ Disestablished in 2005.

In May 1987, however, the sense of security was shattered by the announcement by South African-born Australian Robert Holmes à Court that his Bell Group had acquired a 10 per cent shareholding in Wilson & Horton. The purchase made the Bell Group the second-largest shareholder after the AMP Society and directors saw a real risk that Holmes à Court could gain a controlling interest. They resorted to an extraordinary tactic for neutralising the threat. Under the requirements for eligibility for a private television warrant, there were strict (and complex) limits on foreign investors in the applicant companies. Wilson & Horton's directors seized on this requirement and, amid the mobilisation of support from New Zealand shareholders, held an extraordinary shareholders' meeting in June – a month after the Bell Group purchase – at which the company articles were changed to give directors the right to restrict share transfers that infringed the company's ability to pursue a television broadcasting warrant (the company had been embroiled in Broadcasting Tribunal hearings since 1984). Three months later the Broadcasting Tribunal released its decision which granted all warrants to TV3 (which offered diverse individual shareholding across the broadcast regions and minor cross-media ownership through Radio Pacific's 20 per cent holding in the Auckland region) but the Wilson & Horton board left the provision in place in the expectation, it stated in the 1988 annual report, that changes to government regulation might allow future involvement in the medium. The move effectively blocked Holmes à Court's bid for a stake in the company and within a year the Bell Group had relinquished its holding – and the company articles were quietly allowed to revert to their original form.

In 1987 Holmes à Court was involved in a bitter bidding war against Rupert Murdoch after the latter announced a bid for the Herald and Weekly Times company. Holmes à Court's unsuccessful challenge added \$A500 million to the price Murdoch would eventually pay for his father's old business (Chenoweth 2002: 65-67). Had Holmes à Court been successful in gaining control of Wilson & Horton, relationships within the New Zealand newspaper industry would almost certainly have deteriorated more rapidly as Murdoch reacted to what he would see as yet another challenge to his interests. As matters stood, the two major groups were able to spend much of the next decade acquiring publishing interests, acquisitions that would make them increasingly attractive as takeover targets themselves.

In December 1994 the industry's old nemesis, Brierley Investments, executed a meticulously timed raid on Wilson & Horton, minutes after its managing director, Michael Horton, had taken off from Auckland Airport bound for Los Angeles. The timing created a 'window' in which Horton was incommunicado. A message was finally passed to him by aircrew and he returned to Auckland after the aircraft reached Los Angeles – too late to prevent the sale of 28 per cent of the company's shares to Brierley Investments. Given its record with New Zealand News, Horton did not regard the investment company as an appropriate investor and immediately embarked on a quest for a 'white knight' prepared to allow Brierley to realise a profit on its investment which had effectively cost it \$8 a share.³² In June 1995 Brierley's holding was sold to the Irish group controlled by Dr Tony (later Sir Anthony) O'Reilly for \$10.50 a share.³³ O'Reilly's 'rescue' was, however, far from altruistic and in the following 14 months he increased his holding to 45 per cent before making a full takeover offer for the Wilson & Horton Group in September 1996. Along the way he had encouraged Wilson & Horton to purchase a one-third interest³⁴ in The Radio Network when state-owned commercial stations were sold by the New Zealand Government in July 1996. Three months before the full takeover of Wilson & Horton, then Governor of the Reserve Bank, Dr Don Brash, conceded that there was "quite widespread concern about the extent of foreign investment in New Zealand, with many people worried that foreign ownership of many large institutions and companies represented a 'loss of sovereignty' and a threat to our future prosperity" (Brash 1996: 17).

The final act in the imposition of effective overseas control of the New Zealand newspaper industry came in December 2000 with the death of INL chief executive Michael Robson. It was a signal for News Ltd to finally take direct management control by replacing the late managing director with executives from the parent company. This, together with O'Reilly's decision to appoint non-New Zealand chief executives at Wilson & Horton, put more than 90 per cent of the newspaper industry under foreign direction – corporately, if not editorially.

³² The price was \$9.50 but was discounted by a special \$1.50 dividend Wilson & Horton paid during Brierley's short period of shareholding.

³³ Wilson & Horton shares were trading at \$9.60-\$9.70 before the offer.

³⁴ In a joint venture with Clear Communications of the United States and with Australian Radio Network, in which O'Reilly already had an interest.

Direct effects of aggregation on NZPA

NZPA traditionally had been relatively immune to the commercial imperatives that were stalking the newspapers because it was not seen to be part of the commercial equation. In 1967 then *New Zealand Herald* editor, John Hardingham, edited a *Manual of Journalism* in which he defined the difference between newspapers and NZPA.

News is vital to newspapers, and newspapers cannot survive unless they make profits. But the absence of any profit motive in the working of a co-operative news agency is one guarantee of its integrity and impartiality. Hardingham 1967: 26

In the new climate, however, the structure was showing hairline fractures. The two decades preceding the millennium had been turbulent and NZPA could not expect to be immune to the effects. Those effects were both positive and negative, sometimes a combination of both. At the centre of NZPA throughout the period of greatest effect – the early 1990s – was managing editor and chief executive, Peter O’Hara,³⁵ who used the upheaval to bring about changes to a system that he believed had inherent flaws. At that stage newspaper shareholders had not contemplated an end to the cooperative system and professed satisfaction with the status quo. The impetus for change was from within the staff of NZPA, notably O’Hara, news editor Tom Bridgman, and production specialist Chris Peters. O’Hara took up the story:³⁶

“The agency itself was not particularly active in chasing down stories. It sat there in the middle of the process and waited for stories to arrive. Those of us who were there at the time – and I would mention Tom Bridgman's name in this regards – were determined to change the agency from something that sat back and waited for things to happen into one that became very active. So we saw an opportunity with the closure of those two papers [Auckland and Christchurch *Star*] to set up bureaux, which we did in Christchurch and Auckland. We had long wanted to be more active and, in fact, in the late 1980s the job that I came back to – news editor – was a new role and I sat in the middle of the newsroom trying to curry things up and get things moving more quickly.

³⁵ O’Hara was managing editor and chief executive of NZPA from 1990-95. He subsequently became chief operating officer and editor-in-chief of Fairfax New Zealand and in September 2006 became chairman of the Newspaper Publishers’ Association and NZPA.

³⁶ Interview 4 July 2006.

“The great problem for NZPA always had been, and was while copy sharing was happening, the constant bickering over [late] filing: who was responsible and was it deliberate or was it accidental? It was endemic, a fundamental flaw in the NZPA model that we operated under. You were totally dependent on people filing to you – of whom you were not the master. They had other priorities, other people to report to. So all you could do was to cajole, beg and urge, flatter, and do everything you could to get copy out of them because, at the end of the day, you couldn't control them. Even when there was a fulltime NZPA agent [the *New Zealand Herald* had one], they were part of the overall structure of that newspaper. There was a loyalty to NZPA and they probably had an invidious role. I imagine they were a little bit torn at times: what they were hearing all around them about the reality of whether that story should go to NZPA now or not. The morning after was always a nightmare because you would have to try to track down why that story arrived just after another newspaper's deadline and there were always many, many reasons and you could never really fathom whether was something more in play here or not...always suspicions: rival newspapers suspected others of deliberately withholding copy and you sometimes thought that might have been the case. Other times you could see a genuine reason for delay. That was the burden you carried in NZPA.

It was really sitting in Wellington powerless to do much about all of the inadequacies of the system. We had wanted to be much more active in New Zealand and be out there gathering our own news. So what we started to do in the late 80s was to chase down more stories by phone. So we set up some reporting functions in the Wellington newsroom. So some people were designated as reporters instead of being simply sub-editors. And we started to chase and chase and chase stories.

O'Hara's view was supported by Bridgman:

The quality and timeliness of contributed copy had become a real issue. Both Peter [O'Hara] and I had been to AAP and elsewhere and seen the advantages of internal story generation. All three of us [O'Hara, Peters and Bridgman] felt it was time to put NZPA on a stronger footing. NZPA had been doing some writing but it lacked a formal structure in which to work, so we set up a reporters' desk.³⁷

Bridgman felt that NZPA's survival depended on its ability to generate its own stories, that the cooperative system was flawed. His preference would have been to move away from the copy exchange although he doubts that he articulated that desire in strong terms. The first priority was to bring about change from within.

³⁷ Telephone interview 24 October 2006.

O'Hara believed the results were positive:

Everything we did in that regard was positive [in terms of member newspapers' reaction]. It was very positive. We immediately started to get good feedback from papers about at least having the elements of a story if not the whole story from a local newspaper. We were encouraged in every direction. I have to say there were realities around budgets that meant the board of directors were probably not quite so enamoured of it. Ray Smith was chairman of the board through that time and was amazingly supportive. The board's view always was 'well why can't you get a story out of the local paper? If my newspaper is offending, you tell me and I'll do something about it' or 'Why don't you stop the service to offending newspapers for a day?' I guess we always took the view that these were not realistic options and if you took a complaint to the board what would really happen? We were more pragmatic in our approach and we knew that if you get closer relations with people in key positions all around the newspapers you could probably do a hell of a lot more. On those occasions when something went wrong, if you could address it personally with someone then hopefully you would get a better performance next time. But you knew you were fighting against the tide most of the time.

The board required some encouragement to see where we wanted to go and Ray [Smith] was instrumental in supporting us in getting through what we wanted – which was to establish the Auckland and Christchurch bureaux. I think he saw the benefit to newspapers. The initial view of the board was 'why can't we just get the *Press* and the *Herald* to file [to afternoon papers]?' I think we all knew how difficult that would be at the end of the day: to get a paper to focus on something that was not in its time. Agency journalism has its own wonderful differences and qualities. Agency journalism was focussed on delivering the news quickly and accurately, doing it straight up and down, maximizing attribution...that sort of thing. And you had to get in on the wire real fast. We knew that if something happened in Auckland at 8 am we would want to see it on the wire by, say, 8.30 am with 'leads following', 'second leads' and so on. We knew it would be hard going to the *Herald* and saying 'Can you move stories in that fashion, in that style'. It just wasn't realistic. The same in Christchurch. There is quite a different culture around agency journalism.

The closure of the *Auckland Star* happened without warning. When NZPA became aware of its demise, Bridgman and staff member Joanne Black drove through a weekend snow storm from Wellington to Auckland and were ready to begin transmitting on the evening newspaper cycle at 7 a.m. on Monday. They were the only inhabitants of the (by then former) *Star* newsroom apart from journalist Frank Haden.

Bridgman concurred with O'Hara on the inability of newspapers to file stories outside their normal production routines and deadlines and goes further, blaming this lack of 'real-time' news for the inability of NZPA to further talks with Telecom and others in the early 1990s on the provision of an electronic news service. He confirmed that NZPA and Telecom had talks but the issue was always the inability to generate a timely service. The agency was geared to newspaper filing. He believed, with hindsight, that the end of the cooperative at that stage would have placed NZPA in a very good position for providing services on the emerging Internet. With considerable support from then NZPA chairman, Ray Smith, O'Hara was, however, successful in pushing through a proposal to develop a subscription service that supplied news monitoring to companies and organisations. Called Newstrack, the service was to become a significant contributor to NZPA's finances.

O'Hara recalled:

When the board agreed to allow us to sell the service to corporates and others through Newstrack³⁸ in the early 1990s that was a huge milestone and moved the organisation into a new realm, broadening what had been a narrow focus on copy-sharing. This was a critical decision under Ray Smith's chairmanship and one which was a cornerstone of our strategy to change the organisation in that era. It also made a significant contribution to subsidising the subscriptions paid by members and opened up the capability for new revenue streams.

It was, however, a rare display of entrepreneurial spirit by the board. Bridgman agreed with O'Hara that NZPA's directors were less enthusiastic than staff about the need for change and recalled a comment by Wilson & Horton managing director, Michael Horton, who said that newspapers received a good service for the \$5 million that NZPA cost to run and saw no reason to make major changes.

The Auckland and Christchurch bureaux were staffed with new people (an increase in staff numbers). The increased output of original material from the larger Wellington newsroom was accomplished with no increase in staff. It was accomplished through reorganisation of functions in the newsroom. At the same time, however, naturally-occurring vacancies and a general tightening within other sections of the news industry allowed NZPA to recruit a cadre of quality journalists in their 20s who were employed

³⁸ Later renamed NewsQuest and enhanced with additional Web-based services.

principally for their news-gathering and writing skills and experience. O'Hara recalled the new ethos:

Staff generally welcomed it because they suddenly had the opportunity to move away from the screen and go and make calls and chase down a story. And that suited some people. I guess with others it didn't and they may have preferred not to do that but in general we managed to re-engineer the newsroom without changing the resources.

At the outset the original output was very little, although we can't ignore that fact that NZPA was doing much better in those days externally, with bureaux outside this country. The parliamentary desk was also doing its thing and to a lesser extent so, too, was the finance desk and, of course, the sports desk. There always were stories generated by NZPA staff. What we changed was the general news function. What had previously been solely involved with subbing was suddenly producing stories. It was very rudimentary in those early days when it was a quick phone call to the Gisborne police...four or five paragraphs...and you had something on the wire. It ramped up very quickly and when I left [in 1995] it was just part of the daily routine.

It didn't reduce the complaints over late filing. It simply filled a gap...I think it did allow papers to say 'we'll leave that to NZPA' and I think that was a downside and one that the board would not have been in favour of...that we were letting newspapers off their responsibilities if you like. I think we always saw that [responsibility] as a valid argument but reality ruled. I have to say, however, that generally newspapers did cooperate at that time and did take some pride in discharging that responsibility – and took umbrage sometimes when accused of failure to file when they had their own internal issues. I probably avoided making judgments about anyone at that time because it was counter productive.

O'Hara, in fact, had more broadly based changes in mind. On 18 February 1992, the NZPA board considered a strategic plan he had prepared. The plan dealt with funding issues, suggested a wider customer base that included selling to broadcasters, and proposed picture services and the provision of page-ready material that newspapers could simply drop into an edition. The document stated that because of immediate funding problems as a result of the loss of two major daily newspapers, members would have to choose between substantially increased fees, a reduction in the service or a widening of the customer base. It was proposed that NZPA develop its role as an information supplier and deliverer, essentially as a conduit for information. He also suggested an expanded parliamentary service to provide regionals with coverage of

local political issues (this was later canvassed with editors and dropped for lack of support).³⁹

As already noted, the issue of selling to broadcasters was not new. It stretched back to 1953 and since 1958 had been brought back to the board with a regularity that would have been monotonous had it not been for the passions that it seems to have generated among board members. The NZPA Minutes reveal a pattern of support for a wider customer base by INL and consistent rejection by Wilson & Horton and its regional supporters. Extracts from the minutes of a board meeting on 2 December 1971 are instructive:

H.N. Blundell [Blundell Brothers, publishers of the *Evening Post*] said that if a member were pressed, against his wishes, to make his news available to parties other than members, the result, in the long run, must be disastrous, inasmuch as the transmission of news would be delayed, or perhaps items would not be transmitted at all. It would be naïve to expect that newspapers with first-class local news stories would make them available for broadcast before their own newspapers were on the street. It would also be naïve to believe that, if the broadcasting service were supplied with an internal news service, they would cease to employ their own reporters. If NZPA supplied an internal news service to broadcasting services, the latter would have at their disposal a news service, not only equal to, but superior to that of NZPA. In addition to the NZPA service, they would have their own, which they would be under no obligation to make available to NZPA... J.F.W. Hardingham [Wilson & Horton, publisher of the *New Zealand Herald*] predicted that if the proposal were adopted NZPA would disintegrate within three years. Said that his company had asked him to say that, in the event of a decision to sell the NZPA domestic news service, the company would have to consider its position very seriously, and reserved its right to take independent action... Chairman J.A. Burnet [Wellington Publishing Co., publisher of the *Dominion*] said he believed the service should be sold and that everything possible should be done to make NZPA a thoroughly commercial news agency. He felt that the effect on newspapers of selling a service to radio would be less than some people believed.” [The proposal did not proceed].

Ten years later, at a board meeting on November 10, 1981:

The board considered a legal opinion from Bell Gully on whether NZPA could sell to electronic media. Some members disagreed with the opinion and a dissenting opinion from IZARD WESTON was tabled. J.M. Robson [INL], speaking to a paper he had prepared for the board

³⁹ NZPA Minutes 18 February 1992.

said that the selling of domestic news to radio would bring NZPA into line with overseas agencies such as AAP Reuters and AP, all of which had strong and profitable news wires...NZPA was selling overseas news to radio and he saw the sale of domestic news as a chance to get extra revenue for NZPA which had a declining revenue base. If the association did not get into the business of selling domestic news to private radio there would be yet another news network set up. There were commonsense reasons for selling the news and, while problems could arise, these were capable of resolution. It would be turning the association's back on the twentieth century if the news could not be sold...H.M. Horton [Wilson & Horton] said he did not support the sale of the domestic news service and he never would. If the matter was proceeded with to the stage where a major decision was needed, his company would resign from the association. It was not going to subsidise other people. He said proceeding with the proposition would split the NZPA. There was nothing new on the scene apart from the possibility that in the near future newspapers might be able to acquire interests in radio and television. If the news service were then made available to everyone the newspapers' exclusive rights to their own news would disappear. He said Wilson & Horton would not be changing from that position. [The proposal did not proceed]

Clearly, a decade had changed nothing.⁴⁰ In spite of the vision shown in O'Hara's 1992 plan, it was rejected by the board which decided that "the NZPA service not be extended beyond members and subscribers currently receiving it."⁴¹

Board members were not alone in their opposition to a broader-based agency. Many editors were opposed to the notion of 'their' stories being made available to others before they could be published in the newspaper. Equally, they were opposed to O'Hara's proposal (also advocated by Bridgman) to start a photographic syndication service. Editors saw it as an intrusion onto their 'patch'. A former *New Zealand Herald* picture editor, Wayne Harman,⁴² recalled the reasons for rejecting the scheme:

- A picture exchange system, operated daily on a quid pro quo basis, already existed between newspapers.
- Newspapers incurred expense in producing photographs and wished to retain their rights.

⁴⁰ A consultant's report in 1984 also recommended broadening the customer base but it was not acted on.

⁴¹ The board did agree to the establishment to a service called Newstrack, which supplied a news service to corporate clients on the proviso that they did not redistribute it. It added \$1 million a year – about 20 per cent – to NZPA's revenue. O'Hara described approval for the service as surmounting "a great psychological barrier". However, it did not alter board decisions on sale to competing media.

⁴² Subsequently the newspaper's managing editor. Interviewed 20 November 2006.

- NZPA wanted to tie in various overseas picture syndication services with which newspapers had existing agreements.

It was perhaps for similar reasons that a page-ready service was not attractive to editors. The notion of placing pages of material that they had not had an opportunity to edit was alien to their thinking. In addition, many already operated de facto exchange schemes with newspapers in other parts of the country for feature stories that they were not required to supply to NZPA.

In any event, newspaper owners would have been reluctant to pay for such services. Indeed, the cost of acquisitions and a downturn in advertising that persisted for some years after the 1987 sharemarket crash led to a decided reluctance to spend more money. NZPA was expected to live within its means in spite of rising costs, which led to the closure of two overseas bureaux. In 1980 the board had voted to close the Hong Kong bureau and the cost of maintaining a Washington bureau was regularly questioned. The establishment of bureaux in Auckland and Christchurch had added \$250,000 a year to NZPA's costs and in 1991 the board decided to close its U.S. office.⁴³ A feasibility study for re-establishing a post in Asia (Singapore) carried out by Bridgman in 1994 had estimated it would cost \$500,000 to properly resource an overseas bureau, a figure that guaranteed the board had no appetite for overseas expansion and a sensitivity toward the cost of overseas correspondents. It was the beginning of a consolidation of overseas representation that was to continue to the point where NZPA today has only one overseas post – in Sydney.

In the meantime, however, the sale of New Zealand News assets to the two main groups had fundamentally altered the shape of industry. This was bound to have consequences for the governance of the main industry body, the Newspaper Publishers' Association, and of NZPA itself. Independent newspaper representatives on the NPA board had gradually dwindled as the groups began acquiring their titles. It had been dominated by Wilson & Horton, INL, New Zealand News and, to a lesser extent, Allied Press. With the break-up of New Zealand News not only representation on the two boards was called into question but the governance structures themselves. The result, in September 1989, was a move away from board appointees from individual newspapers to the

⁴³ O'Hara managed to manipulate the budget to keep the Washington bureau operating until midway through 1992.

creation of group appointments that created voting blocks. Wilson & Horton and INL each would have the right to appoint three members, Allied Press one representative and the remaining independent companies one representative between them.

Where previously there had been separate representation for the NPA and NZPA, the group appointees were to govern both organisations. The ability of individual newspapers to influence deliberations through the NZPA board was at an end. The industry bodies were under the direction, pointedly, of a Board of Control. Under its articles, NZPA was required to have a separate board but nothing in the articles prevented that board from having representation that was a clone of the NPA Board of Control. Apart from the creation of overpowering voting blocks in the hands of the two main groups, the change also had the effect of drastically reducing editor representation on the NZPA board. In 1979 there were five editors among the 12 members of the NZPA board. A single editor now had observer status at board meetings.⁴⁴

The new arrangement was described with thinly-disguised regret by a former NPA president and UPP chief executive, Ray Smith. It was a description that not only marked the passing of an era but also fired a parting shot on behalf of the once-independent newspaper owners who each had a voice and a vote in industry matters but who were now effectively silenced by corporate power blocs:

...the old NPA organisation, which was mainly based on a co-op basis, with all members, irrespective of size, having equal votes, was changed to the current Board of Control. This, in effect, means they who own, control. That is, Wilson & Horton [now APN] and Independent Newspapers Limited [now Fairfax New Zealand] are the NPA. The age of the family-owned provincial press, whose deliberations at conferences entailed much debating on how to outsmart the metropolitan moguls, was over. Such is progress.

Ray Smith, NPA centennial dinner October 1998.

The large groups made a pact that both would have to agree before any industry action was undertaken by the NPA. Ironically, however, the two votes that sat outside the duopoly – Allied Press and the representative of the few remaining independent owners – were to have profound implications for NZPA in 2005.

⁴⁴ In 2006 the representative was *Otago Daily Times* editor, Robin Charteris.

Chapter 4: The New Zealand media market

Fundamental changes in the structure and ownership of the New Zealand newspaper industry over the past decade are vital elements in the changing fortunes of NZPA. The market conditions that underpinned them require some examination to give context to the actions that took place. It is appropriate to do so by posing a series of questions.

Why are media markets particularly significant?

A former chief executive of the now-defunct New Zealand News group, Pat Williams, said that selling newspapers was much like selling baked beans.⁴⁵ Veljanovski characterises the media as commodities “no different to cheese” (Veljanovski 1990: 305) Both suggest there is nothing unusual about media markets. In a number of important respects they are wrong. Further, they use poor analogies. Newspapers are, indeed, commodities but their inherent limitations in time (old news is no news) and space (circulation has its boundaries) make them highly perishable. Their lifespan would be better related to fresh milk before refrigeration. These prosaic characteristics of newspapers helped define to the market that each carved for itself.

At its most prosaic, the newspaper business is just that: a business. Doyle provides an economist’s view of the media business. The aim, she says, is to “make intellectual property, package it and maximise revenue by selling it as many times as is feasible to the widest possible audience and at the highest possible price”(2002: 18). While journalists may seek a higher calling for their endeavours, managers and shareholders would agree with Doyle’s definition, adding perhaps a desire to minimise competition by acquisition.

Beyond that, however, the news media do exist in an environment that is unique and serve purposes that differentiate them from the goods on a supermarket shelf. Various scholars have identified characteristics that set these media markets apart from general consumer markets. C. Edwin Baker, for example, lists four identifying features for what he describes as “communication products”:

⁴⁵ To a gathering at the *Napier Daily Telegraph* in 1984.

1. Significant ‘public good’ aspects, including non-rivalrous use and nonexclusivity with high first-copy costs followed by very low marginal costs.
2. Two purchasers of the same product – advertiser and audience.
3. Perceptions of value that do not equate with other commodities.
4. “Extraordinarily significant” positive and negative externalities, including impacts on democracy. The externalities identified by Baker include effects on:
 - The quality of public opinion and political participation
 - Audience members’ interactions with other people
 - Audience members’ impact on cultural products available to others
 - Exposing and deterring abuses of power
 - Other behavioural responses to the possibility of media exposure
 - Non-paying recipients
 - Positive benefits to people or entities wanting their message spread
 - Messages’ negative effects on those who do not want the attention
 - Gains or losses to media sources
 - Costs imposed or benefits created by information-gathering techniques.

Baker 2002a: 44

Bagdikian puts it more succinctly when, in describing the unique quality of media products, he says they “manufacture a social and political world.” (2004: 9). Such was the power of media that proprietors recognised civic responsibilities as well as commercial duties to shareholders and had adopted a Church and State separation of editorial and advertising departments. Owners believed that, as the chairman of directors of *The Press*, D.W.J. Gould, stated in a preface to that newspaper’s centennial history in 1961, a newspaper was “very much a part of the community whose history has been faithfully recorded in its columns” (O’Neill 1963: viii). This recognition, together with historical and legal precedents, allowed newspapers to win a measure of freedom from state control. However, the state felt under no obligation to treat latter-day broadcast media in the same fashion and they were subjected to tight governmental control – which gave great weight to the need to husband scarce radio spectrum – in recognition of the perception that their power could exceed even that of newspapers.⁴⁶ Both forms of restraint – self-imposed obligation and regulation – existed until neoliberal policies in the last two decades of the twentieth century swept away much of the regulatory framework in the belief that the market is its own policeman. Given the obvious importance to society of the externalities of the media business, one might have

⁴⁶ There is clear evidence that, since the Second World War, technological advances have more than compensated for periodic ‘crowding’ of available spectrum. Exclusion of private enterprise and maintenance of state-controlled monopolies cannot be justified on spectrum conservation grounds alone.

expected governments to see this market as a special case. Many western governments did not see matters that way. Past New Zealand administrations, perhaps as a reflection of the welfare state, recognised the need to protect disadvantaged members of the community from the potentially harmful effects of commerce. Regulation was aimed at preventing further erosion of their vulnerable position and limited ability to pay. This thinking changed and a competitive market was seen as ‘protecting’ citizens by providing the ‘best deal’. So profound was the influence of Chicago School economists that community and commerce came to be seen as indivisible. When it came to benefits, however, there was a clear division. In this lightly regulated market the beneficiaries were to be commercial interests rather than the community.

How did neoliberal reform affect New Zealand media policy?

Charles Lindblom, in an explanation of the market system, observes that the people in it do not go their own way; they are tied together and turned this way and that through market interactions (Lindblom 2001: 8). He also notes that the State is an insider in the market system, not an outsider (Ibid.: 256-257). Both observations ring with particular clarity in the New Zealand media market where, as Herman and McChesney observe (1997: 178-183), this country pushed its media beyond even the free market model of the United States. As a result the media market has been shaped by the interaction of the players within it rather than by pursuit of a normative ideal. By adopting a pro-market policy, successive governments since the mid-1980s have, like Pontius Pilate, shaped destiny by doing little or nothing. I agree with Atkinson’s charge that the changes to New Zealand media in the decade after 1984 were “primarily a result of state action or a by-product of it” (1992: 2) and would suggest that it is a good example of Lindblom’s view of the state’s inevitable role in the market. The actions of Government were designed to remove it from the arena rather than to place it in the position of ringmaster but in so doing it still set the rules. The market-led liberalised regulation of broadcasting (which followed the telecom model and shifted the emphasis from common interest to business interests) and the removal of impediments to overseas ownership created a market in which the state professed to exert minimal commercial control over the way the market developed but in which it expected its principal broadcasting asset, Television New Zealand, to compete freely and to alter the media playing field in an overtly neoliberal manner. Its sale of other broadcasting assets altered the balance in the

radio market and officially sanctioned cross-media ownership. Its attitude to regulatory control placed more emphasis on morality and taste⁴⁷ than on mandatory elements of the programme mix to which British, Canadian and Australian broadcasters were yoked. In short, it imbued mainstream media with a driving commercial imperative.⁴⁸ Only two state-run radio networks and minority broadcasters such as community radio stations and, latterly, Maori Television could be considered free from those drivers.

For their part, media companies saw the government's hands-off policy as *laissez-aller*: the freedom to create commercial empires with markedly less emphasis on public good or public interest considerations. Newspaper ownership in New Zealand had been free from constraint since the repeal of the News Media Ownership Act in 1974 and the Commerce Commission had taken a questionably relaxed attitude toward acquisitions (Molineaux 1995: 10). Together with broadcasting deregulation and the removal of all overseas ownership restrictions on the electronic media in 1991, this free-for-all environment has created a degree of foreign ownership unparalleled in the western world (Norris 2002: 36), and an absence of mechanisms to balance commercial and public interests. The Commerce Act 1975 had contained "public interest" provisions in relation to mergers and takeovers but they were ill-defined and victim to a basic conflict in the legislation between the rights of consumers and the desire to develop industry and commerce (O'Keefe 1978: 32). The re-writing of that Act a decade later was a model of Chicago School economic theory that substituted wording – "public interest" became "public benefit" – and accepted a new presumption that the activity of the market itself was the best safeguard for "the consumer".⁴⁹ In its first two years under the 1986 Act, the Commerce Commission considered 833 merger/takeover applications and declined only six.

⁴⁷ Media regulatory bodies adjudicate on what may NOT be broadcast or printed but have a minimal role in shaping what types of material go to air or on the page. The New Zealand Press Council, the Advertising Standards Authority, the Broadcasting Standards Authority and the Office of Film and Literature Classification are mandated in restrictive roles to control material that offends against morality (in a broad sense) and good taste (which may be seen to include privacy), and to censure offending organisations. They have produced guidelines for media organisations. New Zealand on Air does not have a role in shaping programme schedules although its programme funding may carry a time schedule requirement. Nevertheless, its encouragement to produce certain types of programme (but not news) falls well short of the programming *requirements* that were in place for many years in Australia, Canada and the United Kingdom.

⁴⁸ Radio New Zealand's emphasis on its share of available radio audience (see media release 12 September 2006: "Radio New Zealand Audiences 2006") suggested an emerging quasi-commercial attitude and the largest 'niche' broadcaster, Maori Television, exhibited similar traits (see press release 1 December 2006, "Maori Television Rocks the Ratings – Again!").

⁴⁹ See discussion paper "Review of the Commerce Act 1986", Department of Trade and Industry, Wellington, 1988.

Herman and McChesney, influenced by New Zealand academics Atkinson, Cocker and Kelsey, sum up the New Zealand market thus:

The impact of the free market revolution on the New Zealand media has not been favourable to diversity, widening choice, the preservation of indigenous production of content, public service performance, or even competition.

Herman & McChesney 1997: 181.

The opening of the media market made this country attractive to overseas buyers who saw an opportunity to spread their interests between the cash flow benefits of a mature newspaper market and the growth potential of electronic markets. And the minimalist approach of the Commerce Commission to acquisitions, based on a narrow definition of newspaper markets⁵⁰ and a disregard for the aggregate effects of the insatiable acquisitive appetites of Fairfax New Zealand (and its predecessor INL) and APN (and its predecessor, Wilson & Horton), created a concentration of newspaper ownership which, within the OECD, is exceeded only by Iceland.⁵¹

What were the resulting characteristics of the media market?

A market in which oligopolistic competition exists is one where, according to Shubik (1959: 3), the economic influence of at least one player must be taken into account by at least one other player in planning its actions. As a sub-set of that market, in a duopoly two players must take account of each other's strengths. A monopolistic market, on the other hand, is one in which the monopolist is the only player with strategic possibilities. In spite of the apparent contradiction, both definitions can be applied to the New Zealand newspaper market, which enjoys, in commercial terms, the best of both worlds: a local monopoly created by one-newspaper markets in unique circulation areas coupled with the commercial throw-weight of large organisations that own a string of these local monopolies.

⁵⁰ The definition of "market" in the 1986 Act is singularly unhelpful in assessing any public interest considerations: a "market for goods and services within New Zealand that may be distinguished as a matter of fact and commercial commonsense".

⁵¹ World Association of Newspapers' *World Press Trends 2004* shows Iceland has three dailies with two owners. New Zealand has 24 dailies with the top 10 (representing 82% of daily circulation) in the hands of three publishers while the Netherlands shows the next highest level of concentration with 35 dailies and the top ten (representing 62% of total daily circulation) in the hands of three publishers.

By the early 1990s there were three ownership groups⁵² so the industry might be described as an oligopoly but, as the publisher of the *Otago Daily Times* (Allied Press) has no influence outside the lower South Island and is surrounded by newspapers owned by the other groups, it would be more accurately described as a duopoly. However, the characteristics of a duopoly are oligopolistic and for the purposes of this discussion they will be regarded as one and the same. Friedman notes (1983:1) that “the key distinguishing feature that sets oligopoly apart from competition and (textbook) monopoly is that oligopolists are strategically linked to one another. The best policy for one firm is dependent on the policies being followed by each rival firm in the market.” Friedman goes on to distinguish between two types of oligopoly:

"Oligopoly can be approached from either of two directions: *cooperative* and *noncooperative*. The former is based on the assumption that the oligopolists will collude and that they will be able to make legally binding agreements. There are two main questions to be answered under this approach: (a) What coordinated policies will get the most profits for the oligopolists? (b) What division of profits will be agreed on? Under the noncooperative approach the oligopolists act independent of one another in the sense that they do not collude; however, they do each choose their policies taking into account the behaviour they expect from their fellow oligopolists."

Friedman 1983: 21.

Unfortunately, ideal-type definitions do not adequately explain the relationship between INL and Wilson & Horton (and their latter-day incarnations Fairfax New Zealand and APN News and Media), which is more complex than such terms might suggest. It has been simultaneously cooperative and noncooperative, compartmentalising operations to fit into one or other relationship depending on the benefit to be derived. Further, it is a relationship that needs to be examined on both sides of a line first drawn in 1996 by the O'Reilly purchase of Wilson & Horton, thickened by the News Ltd assumption of direct control of the management of INL in 2000, and made indelible by the sale of INL to Fairfax in 2003.

As already noted, corporately the landscape had compacted by the early 1990s. However, the newspaper market itself had remained delineated by time and space – mass circulation morning newspapers, afternoon regionals, urban ‘free’ communities,

⁵² Of the 24 dailies, only the *Ashburton Guardian*, *Westport News* and *Gisborne Herald* remain outside direct group control. However, while independent shareholders retain 51 per cent control of the *Gisborne Herald*, APN holds the remaining 49 per cent.

and national Sundays. This has created what might be called complex monopolies. This term describes a market in which one group commands sole rights but only at a given time or for a given purpose.

- In the 1990s the *New Zealand Herald* (Wilson & Horton) held a monopoly of the morning daily market in the Auckland and Hamilton markets, while the *Waikato Times* provided INL with an evening newspaper monopoly in Hamilton. In addition, strong weekly or bi-weekly community newspapers (distributed free-of-charge) in Auckland (INL) and the Waikato/Bay of Plenty (Wilson & Horton) attracted advertising that would not be placed in a wide-circulation daily and did not compete for paid newspaper sales.⁵³ The Sunday market was an INL monopoly with the *Sunday Star-Times* and *Sunday News* serving different segments of the market. Two independently owned business newspapers commanded small circulations that did not impact on either INL or Wilson & Horton.
- In the same time period in Wellington, the morning *Dominion* and the *Evening Post* maintained even more than a temporal division, playing out a rivalry designed to deflect Commerce Commission attention from their common INL ownership. Outside the capital, the *Dominion's* market bore some resemblance to that of the *New Zealand Herald* with a monopoly on the morning market south of Taupo broken only by its stable-mate, the *Taranaki Daily News* and by Wilson & Horton's *Wanganui Chronicle*, respectively New Zealand's second-oldest and oldest newspapers.⁵⁴ Other newspapers in the *Dominion's* circulation area were regional afternoon titles, some owned by INL and others by Wilson & Horton.
- In the South Island, the *Press* had a paid daily monopoly after Wilson & Horton converted the *Christchurch Star* to a free bi-weekly in 1992, and a regional morning monopoly throughout its circulation area.
- The morning/evening bisection in Dunedin had ended in 1979 when the *Otago Daily Times'* owner converted the *Dunedin Evening Star* (which it had purchased four years earlier) into a community newspaper.

⁵³ Wilson & Horton had a small group of suburban Auckland community newspapers but these were small scale and had minimal effect on the INL stable.

⁵⁴ *Wanganui Chronicle* began publication in 1856. Its circulation during 1990s was ± 14,500. The *daily News* was founded in 1857. Its circulation during the 1990s was ± 28,000.

Throughout New Zealand, markets had become clearly delineated and the major owners allowed each of the regional markets to operate in an autonomous fashion. Each, for example, set its own advertising rates and pursued independent editorial policies. Frontal assaults on each other's territory were not seen to be in their mutual interests.⁵⁵

That is not to say that there were no disagreements between the groups but they tended to be resolved through the industry's time-honoured tradition of compromise in the interests of good relations. By and large, the groups engaged in classic Nash two-person cooperative games in which intentions were well telegraphed in the interests of acquiring gains that were beneficial to both. As Shubik explains the theory: "Nash claims that each player should be willing to accept this (fair) division scheme which takes into account both the amount they can obtain by cooperation and the damage they could do to each other if they decide to fight" (1959: 50). In other words, the newspaper industry was perceived as a non-zero-sum game in which the losses to one side are not matched by commensurate gains to the other. More often than not the two main groups were looking for saddle points – equal minimum gain.⁵⁶

Indeed they have displayed classic traits of cooperative oligopolies – as much as the Commerce Commission might allow. This was evidenced by their joint negotiation on newsprint pricing through the Newspaper Publishers Association and the maintenance of a Newspaper Advertising Bureau (established in 1977) to provide a 'one-stop-shop' for the sale of advertising in all metropolitan and regional dailies through a centralised system. The NAB offered not only a convenient booking system but packages to advertising agencies that embraced all metropolitans, all regionals, or a combination – irrespective of ownership. The bureau was an important tool in the battle by newspapers

⁵⁵ There had been only one recent serious threat to territory and time slot in the industry. The launch of the *Auckland Sun* in opposition to the *New Zealand Herald* in 1986 was an aberration that was seen to be the work of an outsider rather than a breaking of ranks within the establishment. While it was the brainchild of New Zealand News executives, it had been enthusiastically embraced by NZ News' majority shareholder, Brierley Investments, an investment company with little regard for the newspaper industry's "gentlemen's club". Mounting losses may have been the immediate reason for INL's decision to close the *Auckland Sun* after the 1988 division of New Zealand News assets, but it was a decision that had the added benefit of returning the industry to its comfort zone. The episode was, however, indicative of the market destabilisation that could occur when traditional balances were upset by the arrival of an outsider.

⁵⁶ A trait the New Zealand owners had in common with global media conglomerates. See Herman and McChesney 1997 chapters 2-3.

to compete against the national advertising reach of television, providing simultaneous publication in different newspapers to match television's nationwide coverage.⁵⁷

The takeover of Wilson & Horton in 1996 did not alter relationships between the groups in the short-term. While the purchase saw the departure of Michael Horton from the company, his replacement as managing director, John Maasland, was an existing employee who maintained the industry traditions of internal stability and observance of game theory's Nash Equilibrium both as company chief executive and as chairman of the Newspaper Publishers' Association. An example of this adherence to the status quo may be found in the industry's continuing desire to discourage new players in the market. An attempt was made by Horton Media in 1998 to launch an Auckland daily, the *Manukau Daily News*. Although it was to be positioned in the daily afternoon slot vacated by the defunct *Auckland Star* and therefore would not disturb the time-slot monopolies enjoyed by the major groups, its application to join the NZPA network met with the time-honoured anti-competitive response. Horton Media was initially required to pay a start-up fee of \$244,104 for an NZPA service for its 14,000 paid subscribers but an additional \$330,000 was demanded when the *Manukau Daily News* began free promotional distribution of extra copies. The increased sum, Horton Media chief executive Matthew Horton said, was the "catharsis" that led to the newspaper's closure on 4 June 1999 after 16 months of publication.⁵⁸

Maasland's departure in 1998 ushered in an era in which the New Zealand newspaper industry was under the control of foreign executives. His replacement, Englishman Phillip Crawley, left for Canada after only a year to become president of the *Globe and Mail*. Australian John Sanders was appointed chief executive of Wilson & Horton. He had been a critic of Regional Dailies of Australia, a regional equivalent of the NPA, because it had become "an excuse to get out of their small regional towns to socialise." In New Zealand he found levels of cooperation he had not anticipated. In an interview he said: "Going in there, I got a surprise in terms of the level of cooperation within NPA and NZPA. I suppose my view had been tarnished by the RDA, but I was quite surprised that the organisation tended to operate reasonably effectively and (also

⁵⁷ Since 1993 advertising turnover statistics have indicated newspapers have attracted a larger share than television but this was achieved by combining the statistics for paid newspapers and communities. Prior to 1993, free newspapers' advertising revenue was not included.

⁵⁸ Email to author 26 April 2006.

surprised) at the cooperation between the different publishers, because there was clear demarcation in terms of the territories. It seemed to work...”

Sanders was initially influenced in his industry dealings by INL’s managing director, Michael Robson. This regard for his opposite number was an important factor in impressing upon Sanders the differences between Australia and New Zealand and modifying his outlook: “Mike Robson had vision. He was one of the early influences on me...You listened to him and you paid attention and you put together some valuable perspectives.”⁵⁹

Robson began his career on the *New Zealand Herald* and was an NZPA foreign correspondent before being offered the editorship of Wellington’s *Evening Post* and then the role of chief executive of INL. As CEO he had been able to steer INL on a course largely independent of its Australian investor, News Limited. He had been able to do so, according to a former INL executive, because of two factors: Firstly it would not have been politically acceptable for News Limited to be seen to be exercising control in the early 1990s when it was facing a debt crisis and, secondly, autonomy had been a personal reward for Robson who had been instrumental in negotiating the purchase of the Sky TV network from Craig Heatley (at a time when Rupert Murdoch was creating worldwide satellite television operations).

However, Robson’s sudden death in December 2000 at the age of 61 signalled a change. With his passing, News Limited mounted what was effectively a board and executive takeover, installing one of Rupert Murdoch’s long-serving deputies, Ken Cowley, as chairman, and a News International executive, former Foxtel head Tom Mockridge, as chief executive.

Mockridge, a New Zealander, had a reasonable working relationship with Sanders until, six months after his appointment, the *New Zealand Herald* published a story about his purchase of a \$4 million home on Auckland’s North Shore. Sanders confirms that following publication of that story Mockridge refused to speak to him, a situation that persisted until the INL chief executive left in 2002.

This lack of communication between chief executives and a consequent cooling of relations between the groups compounded problems facing both organisations. A flat

⁵⁹ Telephone interview 22 July 2006.

New Zealand economy was already affecting advertising revenue when the terrorist attacks of 11 September 2001, caused a dramatic drop in advertising. Adding to Wilson & Horton's problems was the desire by its parent, Independent News and Media, to sell the company to APN, the Australian organisation in which O'Reilly had a controlling interest.⁶⁰ The impending sale meant Wilson & Horton needed to maintain its record of profit growth. O'Reilly believed his company had paid a high price for Wilson & Horton and he wanted to get a good return by pushing up profits. Sanders says O'Reilly targeted about 20 per cent profit growth a year but in 2001 the prevailing observation was that the Government was driving interest rates too hard and therefore the economy would slow down.

In the latter part of 2001 and into 2002 the *New Zealand Herald* embarked on a number of initiatives to improve its bottom-line results, one of which was to become an abrasive element in relations between the groups. Sanders (also a former News Limited executive) launched plans to markedly increase the number of copies of the *New Zealand Herald* sent daily to Wellington and to offer home delivery in selected areas of the capital. Small numbers of newspapers had previously been flown to Wellington, largely to satisfy the needs of politicians and business head offices, but the system was expensive and vulnerable to airport closures in poor weather. The new proposal involved trucking the *Herald* south from Auckland, with a large increase in the numbers that could be carried. The aim was two-fold: to increase circulation and to create an enhanced advertising market. It was a move that had been questioned by company chairman, Liam Healy, who wanted to be assured that the gains would outweigh potential costs. Those costs could not be measured in financial terms alone but needed to take account of the broader consequences of breaching the long-established reluctance to invade each other's flagship circulation areas. As Sanders observed, "Liam was concerned about rocking the boat a bit too much." And rock the boat it did.

INL chief executive Tom Mockridge responded by sending the *Dominion* into the Auckland market and the traditional non-aggression pact was sundered. A former *Dominion* editor, Richard Long, recalled:

We had two big newspaper groups [going] at each other: the *Herald* and the *Dominion* encroaching on each other's territory. Mockridge

⁶⁰ Part of a refinancing programme by Independent News and Media begun in July 2001

pushed the trucking of the *Dominion* to Auckland. Before that it was flown. It created phenomenal production problems but it meant large numbers [of newspapers] could get to Auckland very early and also to all the stops along the way. It *had* to help in terms of circulation and advertising. Meanwhile, the *Herald* was all over Wellington and causing us problems.

The erosion of old boundaries was to continue. In October 2002, *Hawkes Bay Today*, APN's afternoon newspaper in INL's morning *Dominion* market, changed its Saturday edition to a morning delivery. In July 2003, the *Waikato Times* did likewise in a retaliatory move in the *New Zealand Herald's* market.

Rivalry even extended into the previously sacrosanct area of newsprint arrangements with a threatened break-away from an industry-wide agreement that had been established with Tasman Pulp and Paper and continued after the paper mill's sale to Norske Skog. Under the agreement, there were joint negotiations with the manufacturer and the setting of an industry-wide price on the basis that there would be a single source of supply for standard newsprint. Sanders received a direct offer from an Indonesian paper manufacturer. He recalled: "We took it to the limit, I suppose, in that we put it to the NPA that we were prepared to take our full newsprint supply from the Indonesians – which we never were [prepared to do] because it was too risky – but we had to get the price down from Tasman [Norske Skog]." INL executives publicly took the view that the New Zealand industry should stay with its local supplier. Under pressure, however, Norske Skog reduced its price to New Zealand newspapers, a godsend for both groups as they fought to reduce costs. Sanders believed INL had a sanctimonious view of the Indonesian game-play: "I think they [INL] were having an each-way bet. Letting us be the bad guy and courting Tasman on the one hand but at the same time being happy to take the better price that was going to come out at the end."

In 2002 the executive leadership of both main newspaper groups changed. With the sale of Wilson & Horton to APN, the chief executive, John Sanders, moved to the Australian head office and was replaced by fellow Australian Ken Steinke, an APN regional newspaper executive, who was to head a National Publishing division [which included the *New Zealand Herald*] while New Zealand regional newspapers were folded into APN's Australian management. Steinke saw his task as shoring up the *New Zealand Herald's* Auckland market against attack. Meanwhile, INL chief executive Tom Mockridge was replaced by a forthright News Limited executive from Australia, Peter

Wylie, whose relations with APN quickly soured. Wylie's main task, however, was to prepare INL for sale to John Fairfax Holdings Ltd in 2003. Then Fairfax appointed one of its Australian executives, Brian Evans, to run its New Zealand acquisition. Evans ran headlong into APN's expanded market strategy and, in the process, created a level of inter-group rivalry that was unprecedented in this country but was a defining characteristic of the relationship between Fairfax and News Ltd in Australia.

Brian Evans came to New Zealand after fighting a bruising battle with News Ltd for newspaper supremacy on the Central Coast region of New South Wales. Fairfax launched the *Central Coast Herald* in September 2002 and News Ltd immediately converted its free bi-weekly *Express Advocate* into a free daily and halved the price on the Central Coast of the *Sydney Daily Telegraph*, to which it added a designated Central Coast section.⁶¹ There was a bitter and costly battle between the giants but, ultimately, Fairfax called time and closed its newspaper in July 2004. The combative spirit that had driven Evans during that battle was brought to New Zealand. Steinke believes that Evans' experience in the Central Coast battle meant that "Fairfax was going to be as aggressive toward APN as News Ltd had been toward them."

Evans was confronted by two APN initiatives that directly attacked his company's traditional Auckland community and Sunday newspaper markets. Steinke explained:⁶²

Specifically in Auckland, I thought there were company weaknesses that I was looking at rather than industry weaknesses per se. What I'm saying is that APN's position in Auckland was weaker than it should be. Not so much with the New Zealand Herald but with the associated print products around the Herald. It was standing all by itself without protection. It was a battleship without a destroyer screen. I looked at that in terms of community and Sunday opportunities.

One of APN's tactics was to block repeated requests that the Newspaper Advertising Bureau be permitted to sell on behalf of Sunday newspapers, both Fairfax owned. Evans said that "when the NAB said they would not represent the Sundays that was the start of the decay."⁶³ He admitted, however, that the *New Zealand Herald's* inroad into the *Dominion Post's* Wellington market was "part of us being fairly disgruntled early in the piece" although he concedes that, had he been in APN's shoes, he would have done

⁶¹ Australian Newspaper History Group Newsletter No. 23, July 2003.

⁶² Interviewed in Auckland 15 May 2006.

⁶³ Telephone interview 8 May 2006.

likewise. APN's closure of a network of poorly-performing free suburban newspapers and the introduction of *The Aucklander*⁶⁴ in 2003 in opposition to Fairfax's Auckland community newspaper stable was the first of Steinke's initiatives borne out of his belief that APN needed to protect the *New Zealand Herald's* home territory but it was the launch of the *Herald on Sunday* in 2004 that finally broke the traditional relationship. It was, in Fairfax's eyes, the full-frontal attack that the industry had so long avoided.

Peter O'Hara, Fairfax's New Zealand chief operating officer and editor-in-chief, was in no doubt about the effect that the launch of a new Sunday had on his group: "Life changed dramatically when the *Herald on Sunday* launched. It was seen as a direct challenge to Fairfax and so raised the inevitable question 'well, why are we cooperating at all?'"

Steinke felt there was an element of brinkmanship in the inter-group relationship:

I think it varies from player to player but I think all of us play a little bit of 'how far can you push them before they react?' As far as the *Herald on Sunday* was concerned we tried to be as honest as we could be. We didn't come out and give them six months' notice or anything but they had a pretty fair inkling of what we were going to do. We didn't lie. If we were pushed to the edge we chose not to answer which, in a way, yes, was confirmation. I don't think it was a terrible surprise to them when it did happen. I think they would recognise too that, in terms of a publishing strategy for Auckland, we probably didn't have much choice. We had to do it at some stage of the game. If Fairfax had been able to sufficiently dominate Auckland with their Sundays that would have been a real threat to the Herald in terms of agency advertising because they [Fairfax] would have been able to say [to agencies] 'you get all of New Zealand, including Auckland'. Part of our strategy had always been to punch a hole in the Auckland part so that agencies could not get Auckland without going through the *Herald*. That was very important to us and I think they [Fairfax] knew that. The *Herald on Sunday* was always aimed at making us successful and our competitor weaker. The success of the Sunday has encouraged us to think that maybe we can go further. You wouldn't think the *Herald on Sunday* would ever have a role beyond the North Island. You'd wonder about the economics of taking it to the South Island. In the short term we want to shore up the top of the North Island and really get that wrapped up with us as the dominant player. If we can do that, that's the battle. What comes after that is probably a whole new strategy.

⁶⁴ A free community publication distributed across Auckland through nine area-defined editions.

How important was the Australian involvement?

The *Herald on Sunday* did not, of course, represent the first challenge to the Sunday domination by INL/Fairfax. The launch of the *Sunday Herald*⁶⁵ by Wilson and Horton was the 1970s equivalent but did not produce the strength of reaction that the *Herald on Sunday* generated. Fairfax chief operating officer, Peter O'Hara, believed the involvement of Australian executives was significant: "I think the point is that the personnel had changed. We now had in Auckland two competing groups who were led by Australians fresh out of a very competitive market. I'm pretty sure that their competitive instincts were well-honed by what they would do if someone took an initiative against them. If the people had been different when the *Auckland Sun* launched, the same would apply."

It was a view also held by the former Fairfax New Zealand chief executive, Brian Evans, who volunteered the following statement, which was as appropriate in the broader industry context as in the issue of content sharing through NZPA that prompted it:

It may be a strange thing for me to say but I think the influence of Australians has a big bearing in this. I think [APN New Zealand chief executive] John Sanders, when he came in, said the same thing. Peter Wylie [News Ltd appointee as INL chief executive] said the same thing. We all said: 'This doesn't fit. It just doesn't feel right. And the day that Wilson & Horton was bought by APN and the 'non-News' INL business⁶⁶ was bought by Fairfax, those issues quite clearly meant that Australians who were not passionate toward the historic issues went: "No! This is not where we want to go". I think there is a cultural difference [between the countries]. Kiwis in my view are competitive on the sporting field but you are a lot more passive about things than Australians. Where Australians always want to win at any cost, New Zealanders do not. They want to leave a little on the table for the other guy.⁶⁷

However, the APN perception was one in which the Australian origins of the chief executive played little part. The view of former APN New Zealand chief executive, John Sanders, was that individual personality and, more importantly, the requirements of the task were key issues.

⁶⁵ A seventh day edition of the *New Zealand Herald* but with its own editorial staff, the *Sunday Herald* began publication in 1972 and ceased three years later.

⁶⁶ A reference to the high level of autonomy from News Ltd enjoyed by the New Zealand chief executive, the late Mike Robson.

⁶⁷ Telephone interview 8 May 2006.

In my time I never thought in terms of Australians or New Zealanders. I just thought we were all there just doing a job. I don't think it would have mattered if I'd grown up in New Zealand or not. The task would have been the same. The point in relation to history is valid. But I think the dominant thing was purely the change that was being asked for and, unfortunately, I was just an overly-driven person. So you didn't have time to think about the history you were playing with. However, I was always conscious, and always have been in newspapers, that the masthead will long outlast my involvement in the industry – or anyone else's involvement in the industry – and therefore there was a due diligence, if you like, given to what the masthead represented but not necessarily to everyone who had been part of getting it to where it was.

Sanders' successor, Ken Steinke, believed that the introduction of 'fresh blood' that did not have a background in the New Zealand newspaper industry was strongly influential:

I would agree that it was the presence of new executives. I'm not sure that (being) Australian has much to do with it. I think the same would have been true if they had been New Zealand executives who didn't have the history of the industry. You had a situation where both of the major groups had executives who had no history and they didn't feel they were upholding a tradition that had been around for 80 years. They were simply looking at and saying 'Well, what's the best way of running this for our organisation?' That was more the key, I think. I don't think Australians are innately more aggressive. They come out of situations that are competitive. I think that, in the way people reacted to the Sunday, there were personalities involved. It got pretty angry and certainly, if you looked at it from afar, the reaction was disproportionate to the problem.⁶⁸

Although these Australian executives experienced cut-throat competition in their own country, the issue of nationality per se should not be overplayed. The more important characteristics were the commercial imperatives imposed by the groups' changing owners, competitive attitudes born of professional experience, and a lack of historical encumbrances. Year-on-year profit growth expectations and the need to keep both groups in a strong financial position throughout various sales processes led the owners of both groups to install executives with a strong focus on the bottom line. The combination so created led to a form of executive performance that had not been seen since the formative years of the newspaper industry in New Zealand. These were executives who saw the game in zero-sum terms and the consequences for a cooperative-based NZPA were almost terminal.

⁶⁸ Interviewed in Auckland 15 May 2006.

Chapter 5: The end-game

The squeeze

The business climate that confronted newspaper groups on both sides of the Tasman in 2001 was described by APN chairman Liam Healy, with characteristic understatement, as ‘demanding’.⁶⁹ It was a year in which cost-cutting was a substitute for revenue growth and NZPA was targeted as a significant cost burden. On 23 May 2001 the Newspaper Publishers Association Board of Control⁷⁰ resolved to carry out an operating efficiencies review of its three divisions: the Newspaper Advertising Bureau, NZPA and the Newspaper Publishers’ Association itself. An eight-man team with representatives from the three newspaper groups plus the NPA chief executive (then Hamish Riach) and NZPA editor (then John Crowley) were charged with finding ways to cut \$1 million from the NZPA operating budget.⁷¹ The effect was three-fold: the London bureau was closed and its two correspondents returned to New Zealand; assets in London and Sydney were liquidated;⁷² and there was an end to the days when NZPA operations were largely accepted as a necessary impost on the industry and the beginning of hard-nosed questioning of costs and benefits.

John Crowley, who later resigned his position as NZPA editor to become group editor of Fairfax New Zealand, believed the cost-cutting led the newspaper groups to prioritise what they wanted from the agency. While there was a capital gain from the sale of property, the review committee was not able to achieve the \$1 million saving in operational expenditure, opting finally for ‘savings’ of approximately \$700,000:

I think there was an ignorance of the value they got from NZPA at that time. I think they under-estimated it. Having said that, they obviously looked to ways to recoup some money and they assumed that there was money shloshing around in NZPA. The fact that they worked so hard and so long with a review committee – that I worked alongside – and that eventually they got gun-shy [suggests] they had a much better understanding of what they were getting. They decided not to be as ruthless as planned.⁷³

⁶⁹ APN News & Media Annual Report 2001, p. 7.

⁷⁰ Membership comprises the three newspaper groups plus an independent publishers’ representative.

⁷¹ The author was a member of the committee, to which the NZPA board also appointed Peter O’Hara (general manager, *Waikato Times*), Richard Long (editor, *Dominion*), Tim Pankhurst (editor, *The Press*), Robin Charteris (editor, *Otago Daily Times*) and Bruce Morris (editor, *Bay of Plenty Times*).

⁷² Houses in each city were sold, realising almost \$2 million.

⁷³ Interviewed in Wellington 19 May 2006.

The future of the Sydney bureau had been examined during the exercise but the committee decided that an Australian presence was necessary, if only to provide coverage of the growing number of premier sporting fixtures involving New Zealand teams. It is also likely that closure of the Sydney bureau would have caused a political reaction, as had the closure of the Washington bureau.⁷⁴ The loss of the London office did not have political consequences as the NZPA travel budget was left relatively unscathed and the agency could still afford to send staff to cover, for example, prime ministerial visits to Europe.

The cost of maintaining five staff in the Parliamentary Press Gallery did, however, come under scrutiny. Crowley explained the rationale that led to their maintenance:

You needed to drill down and acknowledge that [although] the *Herald* is very strongly represented in Parliament as are the *Press* and the *Dominion Post*...there were a lot of papers that had nowhere to look for their parliamentary coverage. For example, all the evening papers – except the *Evening Post*, when it was around – and the other morning papers...People looked to NZPA in the main to cover major parliamentary trips, and even the big papers looked to NZPA to cover the House chapter and verse [while] they picked the cherries and developed those. The demand was late at night and those day leads first thing in the morning. If NZPA doesn't have someone in the House every minute they certainly have someone listening to the radio broadcast...Blanket coverage of the debate ended and like everyone else NZPA began covering angles, but no other media was in there with the same continuity of presence. We did, however, look at cranking back the resource when the House wasn't sitting and we did bring people back to head office for other duties.

Savings of approximately \$700,000 did not prevent ongoing concern over the agency's costs, with the *New Zealand Herald* – which faced an annual fee in excess of \$1.1 million – increasingly unhappy about the size of its contribution.⁷⁵

APN National Publishing chief executive, Ken Steinke, believed that the country's largest daily had paid a disproportionate share of the NZPA budget which amounted to cross-subsidy:

⁷⁴ Ironically, the criticism in 1991 of the closure of the Washington bureau had been made by a Minister of External Affairs who presided over the closure of the New Zealand consulate in New York and a reduction of staff at the consulate in Los Angeles. The criticism was described by NZPA board member, Peter Scherer, as “a prime example of political hypocrisy, if not impertinence” (NZPA Minutes 16 October 1991). In an email on 19 December 2006 Scherer said his recollection was that the minister was Don McKinnon, later Commonwealth secretary-general.

⁷⁵ Based on each newspaper's proportion of total daily circulation throughout the country.

“When you look at the Herald you say ‘this doesn't look right and we shouldn't be paying this much.’⁷⁶ It always looked out of whack but in some ways that was the compensation you paid because could you do it in a cheaper way? You almost subsidised the operation for the benefits you gained in another form.”

Those benefits accrued particularly to the nine regional newspapers in the APN New Zealand group, who collectively paid little more than 40 per cent of APN's NZPA costs while the *Herald* paid the lion's share. Fairfax was also unwilling to further burden its newspapers and there was an agreement that NZPA subscriptions would not rise by more than increases in the Consumer Price Index. The agency was subsequently able to compensate for fee capping through an arrangement that allowed it to collect and retain a copyright fee from companies and institutions for the reprinting of newspaper content. As will be soon be seen, however, this largesse was short-lived.

Abrasions

Abrasive relations between the groups began to concern the new chief executive of the NPA and NZPA, Lincoln Gould. During a board meeting in Auckland in December 2002, Gould and his support staff were asked to leave and discussion between directors became so heated that raised voices could be heard through the closed door. Gould and Steinke confirm that they had already had a preliminary discussion (during an industry dinner in Wellington) about possible changes to NZPA but matters had not progressed as Steinke had become seriously ill (he was away from his desk for several months before making a full recovery). Following the fractious December meeting Gould considered resigning and says he was “totally frustrated by the whole thing.”⁷⁷ He decided against resignation and, instead, took the initiative. He explained:

I re-found a positive attitude and wrote a very high level summer dream plan which, as far as NZPA was concerned, saw it extended to providing for news to broadcasting and so on but also some major new strategic alliances [with groups] such as Reuters but, most importantly, what I grappled with at that time was: what is it that I can use to get these guys to allow the change, to allow change to happen? And I came up with the idea that if I could reduce their costs – costs to the shareholders – by 25 per cent, but let us open up and develop new

⁷⁶ A view also held at that time by the author who, as editor-in-chief of the *New Zealand Herald*, believed the circulation-based fee was disproportionate to the high number of stories contributed to the service compared to a relatively light use of incoming NZPA stories. The fee was a significant non-negotiable component of an editorial budget that was under pressure to reduce costs.

⁷⁷ Interviewed in Wellington June 12, 2006.

services and sell those wherever we could find a buyer, that would take costs out and that device would persuade them to let things happen. As we developed these ideas we realised we would have to go it alone. Intellectual property became the issue. It [the contributed content] was their [the newspapers'] intellectual property.

Gould showed his plan to APN and INL. INL chief executive, Peter Wylie, expressed little interest but *Herald* executives wanted to see the plan developed further. It was not, at that stage, disclosed to the chief executive of the *Otago Daily Times*' parent company, Julian Smith, who had expressed satisfaction with the cooperative arrangement. Gould recalled:

Wylie at that time was still blistering about Sundays being kept out of the NAB. I don't think I ever heard him express an opinion about NZPA but when he left [following the sale of INL to Fairfax] I immediately showed the Summer Dream Plan, updated a bit if I remember, to [the new Fairfax New Zealand chief executive] Brian Evans. He said 'Oh yes, it's quite interesting.'

Peter O'Hara (by this stage Fairfax New Zealand chief operating officer and editor-in-chief) believed it was premature to consider change at NZPA because his company had too many other issues with which to deal. The momentum at this point seems to have slowed: Fairfax was not moving on it and at APN Steinke was sitting on the fence. However, relations between the two groups continued to deteriorate through 2003 for the reasons outlined in the previous chapter and concerns began to be felt over the future of NZPA. In January 2004 the *New Zealand Herald* commissioned a feasibility study on APN providing its own domestic news service in the event of an NZPA collapse because it had heard rumours that Fairfax was thinking of walking away from the agency. Gould's recollection was that this had not been discussed at the board meetings. He said that Fairfax had, however, effectively warned him: 'You guys watch out, because we *could* do it ourselves.'

The *Herald* feasibility study, carried out by consultant Bruce Morris,⁷⁸ found that the demise of NZPA would be 'inconvenient for the *Herald*, at times seriously so' but that a greater impact would be felt by APN regional newspapers, which had a heavy reliance on NZPA material. It acknowledged that APN would be more exposed to geographic

⁷⁸ Former deputy editor of the *New Zealand Herald* and former editor of the *Bay of Plenty Times* who had been a member of the 2001 NZPA review committee.

‘blind spots’ than Fairfax, which had a better geographic spread of newspapers throughout the country.

The Morris study envisaged:

- A stand-alone APN news service incorporating:
 - A head office operating out of the *New Zealand Herald*
 - Bureaux in Auckland, Hamilton, Wellington and Christchurch
 - Stringers in four other centres plus a sports stringer in Sydney⁷⁹
 - Close liaison with The Radio Network (part-owned by APN)
 - Pooling of stories produced by APN newspapers
 - Contracts with international news agencies such as Reuters and Australian Associated Press.

It calculated:

- Annual basic overhead costs to APN estimated at \$2.2 million compared to then current NZPA subscriptions of \$1.7 million.
- Additional costs would be borne by independent subscribers such as the *Otago Daily Times*, bringing the total budget to \$2.65 million.
- “A satisfactory service could plainly not be expected within the existing \$1.7 million.”⁸⁰

Much of the antagonism between Fairfax and APN was directed not at NZPA but at the Newspaper Advertising Bureau. Gould explained:

Evans still tried to get the Sundays into the NAB and when he realised that wasn't going to happen he carried on putting resources into the development of what is now called the Fairfax Network,⁸¹ which Wylie had started as a threat against NAB. Suddenly Evans began to wind up that network and he was vaguely threatening to withdraw Fairfax from NAB. He turned around to me at one meeting and said: ‘I'll tell you something: if APN do what I think they're going to do (launch a Sunday newspaper) then everything is off! We're out of everything’. In other words, there would be a linkage between NAB and NZPA.

APN's aspirations to enter the Sunday market had created, as stated in the previous chapter, a new dynamic. Long before there was any formal announcement, rumours had circulated about the new publication. Steinke admitted the plan became something of an open secret (see p. 58). Increasing speculation about the new title rapidly had an effect on NZPA. Gould tried to develop his plan in more detail but found it difficult to do so

⁷⁹ The *New Zealand Herald* already had a Canberra-based staff correspondent, Greg Ansley, who would file to the APN news agency.

⁸⁰ APN regional editors operating within the *New Zealand Herald's* circulation area had serious concerns about an internal service dominated by the flagship newspaper.

⁸¹ A booking service that allows advertisers to buy space in multiple Fairfax titles at ‘package’ rates.

without external resources. He turned to two men who had experience in news agency change management: Clive Marshall (chief executive of Australian Associated Press) and Terry Quinn (editor-in-chief of APN regional titles in Australia and New Zealand). Both men had been involved in the redevelopment of the British Press Association but on opposite sides of the fence. It is worthwhile recounting the changes to the British agency because those developments informed some of the thinking when NZPA reorganised.

A British lesson

In Britain in 1993 Quinn had been involved in a high-stakes game by Thomson Regional Newspapers to end its contract with the Press Association over issues of cost and quality. Quinn described the agency in the 1980s and early 1990s as “a creaking, cranky old institution”.⁸² Marshall was to become sales director of PA and joined the agency at the time of the Thomson initiative. The agency was not based on cooperative copy exchange between newspapers but had, in Quinn’s view, “a formidable network of stringers [contributors]” in addition to its large staff. It was beginning to come under “huge pressure” from a number of newspapers that felt it was not meeting their needs and/or its charges were too high. Thomson’s editorial director, Stuart Garner, and Quinn began planning for an alternative British domestic service in partnership with Reuters in response to refusals to reduce charges or alter the circulation-based method on which charges were calculated. Quinn recalled that PA executives had “dismissively” informed Thomsons that they had no alternative but to take their service.

It was only following the receipt of a facsimile message on a Friday afternoon in 1993 – announcing that Thomsons were cancelling their contract worth an estimated £1.6 million – that PA realised it had a problem. Its solution, however, was short-sighted. It negotiated what Quinn described as a “new, more attractive deal” for Thomsons, which had the effect (once the arrangement became known) of causing deep resentment among other PA clients. Marshall recalled that the Thomson arrangement led to a plethora of “deals” that involved the selling of services packaged for individual newspapers. This packaging prevented easy comparison of charges and, in any event, shareholders were never given access to contract details. Marshall remembered that “no customers were

⁸² Interviewed in Auckland 5 July 2006.

buying the same service for the same use and the same time.”⁸³ Such a packaging approach was to cause problems for NZPA during its own restructuring when Fairfax began pushing for ‘unbundling’ of the various components of the agency’s news service.

Packaged deals were not, however, a long-term panacea for PA. In 1995 a rival agency, UK News, threatened ‘the very future of the Press Association’ (Moncrieff 2001: 264).⁸⁴ The editor of UK News, Alex Leys, believed he could destroy PA and began negotiating with one of Britain’s largest newspaper proprietors, the Mirror Group, which announced it would cancel its contract. At the 11th hour the Mirror Group decided against a move but the shock to the Press Association’s system had been profound. The editor of PA, Paul Potts, reorganised the news operation and, together with chief executive, Robert Simpson,⁸⁵ set up a centre in Yorkshire from which a range of new products such as camera-ready pages⁸⁶ were produced. Marshall said the culture of the agency changed to a customer focus and, in commercial terms, it began to behave like a listed company. The Press Association also saw the potential of the Internet and set up a separate company to develop web services. It sold that company, Ananova, in 2001 for £95 million, a windfall that enabled it to reduce its fee to regional newspapers by 50 per cent and to nationals by 25 per cent. In that year Marshall became chief executive of Australia’s principal news agency and began to employ some of the lessons he had learned from PA’s turbulent recent past. The New Zealand Press Association was to gain considerable insight from Marshall and Quinn, with Gould regularly consulting Marshall and his staff at AAP.

Rising temperatures

The need for such consultation was growing. On 30 July 2004, APN announced to the New Zealand Stock Exchange its intention to enter Fairfax’s exclusive Sunday domain.⁸⁷ Evans responded to the announcement with a press release that described news of the Sunday newspaper as “the worst-kept secret in New Zealand publishing history” and said Fairfax was “fully prepared”. He included a warning to APN: “We see

⁸³ Telephone interview 7 July 2006.

⁸⁴ Chapter 29 contains a detailed summary of the battle between PA and UK News.

⁸⁵ Credited by Moncrieff with ‘holding the company together during the incredibly difficult mid-1990s’.

⁸⁶ Quinn said this was one of the innovations that he and Garner had demanded of PA.

⁸⁷ APN Company News archive <http://www.apn.com.au/fileRep/radBQG8B.pdf>

significant opportunities for extending our franchises and growing our share of the Auckland advertising market and overall, and we will vigorously pursue them.”⁸⁸ No date for the launch of the *Herald on Sunday* had been announced but Fairfax’s intelligence network kept the company apprised of developments. One week before APN’s 1 September announcement that the new newspaper would be launched on 3 October, Evans wrote to NZPA seeking clarification of the agency’s position if it were asked to provide a service to the new Sunday. He posed a number of questions about the process that would be followed with any application and said that Fairfax was reviewing its own position on the matter. The arrival of the letter coincided with an email from APN asking for an outline of the procedure it should follow in applying for a news service. In fact, there was no laid-down procedure and APN was told simply to make a formal application. Gould assured Evans that no decision to supply a service would be made without board approval.

Gould was contacted by Evans on 1 September – presumably in response to the announcement of the *Herald on Sunday* launch date – and told that Fairfax would not support an application to supply a news feed to the APN Sunday newspaper because it would be in direct competition with the Fairfax Sundays. If a feed was supplied, Evans told him, Fairfax would withdraw from NZPA. Under the articles such a withdrawal requires 12 months’ notice. Evans indicated that during such a notice period Fairfax would refuse to supply stories to the agency (a breach of its agreement). APN, which had been made aware of Fairfax’s position, made a formal application on September 2 for a news service for the *Herald on Sunday*, requesting a commencement date no later than September 20. A letter from APN’s Auckland deputy chief executive, Rick Neville,⁸⁹ indicated that the new newspaper would want a seven-day service on terms similar to the *Sunday Star-Times* and *Sunday News* (no requirement to file to NZPA except to meet the agency’s obligations to overseas agencies) and would accept the blacking out of feeds to the other Sunday newspapers (similar to the arrangement when the *New Zealand Herald* and the *Auckland Sun* competed in the same market). Neville’s letter requested an NZPA board meeting to consider the application.

⁸⁸ Fairfax press release 30 July 2004: “Fairfax New Zealand Well Prepared for Competition”.

⁸⁹ Michael Robson’s deputy at INL and subsequently general manager of News Limited subsidiary, Adelaide Newspapers, before joining APN’s National Publishing Division in Auckland in 2004.

NZPA, unlike the NPA, was a registered company and its constitution followed conventional corporate lines. Meetings of the board could be called by any director and there was no provision for a period of notice. Meetings could be by directors being physically present or via conference call. The company could also frame a written resolution and circulate it to directors for signature. Crucially, a quorum was a simple majority of directors. There was no requirement that both of the major newspaper groups needed to be represented. A requirement that both major groups must agree on any resolution – effectively a right of veto – was a characteristic of the NPA board of control that could not be carried over to NZPA under company law. Both APN and Fairfax were well aware of the distinction.

Gould prepared a background paper for the board which noted that the news service had been supplied to both dailies and Sundays since the introduction of the latter in 1965. Where newspapers receiving the feed were in competition with other newspapers the news feeds were filtered to ensure that competitors were not disadvantaged. He said legal advice over the past decade had indicated that the board had authority to approve or not approve any applications but warned that there were potential risks under competition law in relation to such decisions.

On 10 September Steinke wrote to Gould requesting the NZPA board meeting ‘as a matter of urgency’. His letter suggested that *Herald on Sunday’s* timelines were becoming seriously compressed. If it did not receive a feed by 20 September its plans for a full ‘dummy run’ of the newspaper before first publication on 3 October could be placed in jeopardy. On the morning of 14 September Gould issued a formal notice of a meeting of NZPA directors at 4 p.m. the same day. Evans was in Europe and O’Hara was acting chief executive of Fairfax New Zealand. A letter signed by O’Hara and the other Fairfax director on the NZPA board, Don Churchill, was faxed to NZPA stating that neither would attend the meeting. The NZPA chairman, Julian Smith, had written to O’Hara offering to change the time, but it was clear that Fairfax intended to boycott it.

The meeting went ahead with a quorum of five of the eight directors.⁹⁰ Gould and Steinke confirmed that considerable care was taken to ensure that all legal requirements of the meeting were met to the letter to avoid the possibility of Fairfax seeking a judicial

⁹⁰ Three APN directors plus the chairman, Julian Smith (*Otago Daily Times*) and independents’ representative Michael Muir (*Gisborne Herald*).

review. The attending directors unanimously passed a resolution authorising the supply of a news service to the *Herald on Sunday* and instructing the NZPA executive to begin negotiations on terms and conditions. Any agreement would have to be returned to the board for ratification but it was clear from the vote that, even if they decided to attend a meeting, Fairfax's representatives would lack the numbers to overturn the decision.

In spite of the legitimacy of the vote, NZPA remained in a very difficult position: its largest collective subscriber (50 per cent) was effectively in dispute with the agency. Fairfax remained deeply opposed to the *Herald on Sunday* service. In a letter to NZPA the company said its principal objection was that "the NZPA structure was based on regional newspapers supplying news to a central pool for distribution to each other, which does not reflect current industry structures."⁹¹ The wording of the letter was such that it could be read in the narrow context of APN's challenge to Fairfax (which could be resolved by reversing the decision to supply a service) or in a wider context suggesting that the company had deeper-seated and more general systemic issues relating to the agency. Interviews with Fairfax executives suggest the latter but the company was, at that point, in no mood to discuss NZPA's future.

Brinkmanship

Gould began to look for solutions to the immediate problem and suggested a moratorium on newspaper filing of stories on Friday night and Saturday. This, he felt, would overcome the problem with the Sundays and also an increasing problem with Saturday 'weekend' editions, whose editors were becoming reluctant to file their front page stories and there had been a succession of disputes. He told directors:

Clearly it would be useful if NZPA could initiate a process which would overcome the competitive tensions within the industry which are threatening to cause major disruption to the cooperative structure that has worked so well for 124 years. Weekend papers have become the lightning rod for competition, but not just the Sundays. Saturday editions, particularly in metropolitan areas have become distinctly different from the weekday editions. NZPA experiences competitive tensions of this, particularly on Friday nights. If one looks at the non-filing disputes that NZPA has to deal with, there is a growing pattern of problems around Friday night filing.

⁹¹ A reference to the erosion of traditional regional monopolies that supported a cooperative copy exchange.

Before Gould's proposal could be advanced, however, Fairfax took pre-emptive action and instructed all of its newspapers to cease filing to NZPA on Saturdays. It did not officially inform NZPA of the ban but the agency's acting editor, Nick Brown, learned of it and was able to put in place contingency measures to cover major (mainly sports) events and NZPA maintained its normal weekend file. The ban began on the weekend that the *Herald on Sunday* was launched. On 8 October Evans wrote a measured letter to Gould formally giving notice that Fairfax newspapers would not file on Saturdays while the *Herald on Sunday* continued to receive a service and noted that the newspaper's national distribution – not just the Auckland region as had been inferred from APN announcements – confirmed his company's view that the NZPA arrangement no longer reflected the structure of the industry.

Fairfax's action was technically in breach of the News Service Agreement governing subscribers and could have triggered a suspension of all NZPA services to its newspapers. However, such action could have brought about the collapse of NZPA and, in any event, the agency had been able to compensate for the loss of Fairfax coverage. APN was unlikely to have pushed for a triggering of the penalty clause. Steinke's recollection was that the Fairfax move had been ineffectual:

The reaction over NZPA surprised me. I fully expected a very aggressive marketing campaign and very aggressive campaigns in the media and all sorts of other things. We were prepared for that. The one on NZPA came a bit out of left-field. We couldn't quite see what the gain was. We could see it being a hassle for everybody, a bit of a nuisance for all of the players if you like. We couldn't see how the refusal to supply the Sunday would really affect us. The group that was really hurt was NZPA itself because they had a contractual obligation to supply us. If they couldn't get it from the Fairfax publications, then they had to find a way of supplying that material. Sport was the biggest worry and NZPA had to find a way of ensuring that we had adequate sports coverage available. How much else we had to do I can't quite recall. I'm sure we had to plug some gaps but it wasn't major. The burden just fell back on NZPA.

The ban may have been a symbolic gesture but Fairfax was considering escalation of the dispute. It had taken legal advice on the consequences of walking away from the NZPA News Service Agreement, a move that would have cost it almost \$2 million across the group. The contract stipulated a 12-month notice period or, in default, liquidated damages amounting to the annual subscription. In addition, notice could only be given in June or December of each year.

This condition represented a waypoint for Fairfax: should it decide to withdraw from NZPA it would have to give notice within the following three months or face the possibility of a prolonged notice period during which it would be contractually bound to file to the agency or risk a default and consequent financial liability. It had also already hired the former NZPA editor, John Crowley, who had an intimate knowledge of wire service operations and who was charged with developing an internal group service, based on a new editorial computer system being installed at the time, which would see all Fairfax newspapers sharing stories. The internal service was a potential rival to NZPA. Both Evans and O'Hara confirmed to the author that Fairfax was prepared to give notice in December 2004 if there was no movement to resolve the issue of newspaper contributions passing to rival titles.

The dispute between the groups was, in the meantime, causing problems for NZPA. Gould wrote to the chairman, observing:

It will be obvious to you that it is becoming increasingly difficult to manage the cooperatively-owned industry organisation within the current environment. Staff are continuing to leave and I am aware that a number of senior staff are seeking other appointments amidst fear of the future. Of course, our whole budgetary procedure has been thrown into confusion by the Fairfax boycott. As well, the daily firefighting associated with the current dispute between Fairfax and APN is a major distraction from the normal business of me and the management team.

Gould had been giving considerable thought to the restructuring of NZPA and indicated that he would be able to put a proposal before the board at its next meeting on November 25. Although Fairfax had declined to attend NZPA finance committee meetings in the interim, its representatives did attend the board meeting. Gould presented an outline proposal to restructure NZPA under a commercial model (similar to AAP) and was given approval to prepare a detailed feasibility and implementation plan to put before directors in February-March 2005. Fairfax was, however, keeping its options open and the board agreed that any notice of withdrawal from the agency made before 31 March 2005, would be back-dated to 31 December 2004. In other words, the feasibility plan decision may have been seen as merely a stay of execution for the agency.

Following the meeting APN began calculating the cost of the agency's collapse and concluded that there would be substantial redundancy costs (the agency had 55 staff at that point) and ongoing contractual liabilities relating to wire service contracts. The agency's assets would fall well short of covering its winding-up costs, leaving the shareholding newspaper groups to cover the short-fall. The liability would exist even if Fairfax made an orderly withdrawal, seeing out its period of notice as a contributor to the service. APN would face more than 40 per cent of these costs as well as being exposed to further expense if the Morris proposals for an APN news service were implemented. Fairfax would be faced with even greater winding up costs than its rival.

The plan

In March 2005 a five-year business plan was written by the NZPA management team and circulated to directors in advance of the board meeting. Under the plan NZPA would:

- Cease to operate a co-operative story exchange and generate its own news content.
- Sell to any news media organisations, restricted only by the ability to pay.
- Expand its existing commercial services and develop new products and services.
- Restructure its newsroom to meet commercial requirements
- Significantly reduce the cost of news services to existing newspaper clients.
- Repatriate to publishers the bulk of licence fees from the Print Media Copyright Agency from 2007 (retaining a 30 per cent handling fee).
- Set a date of July 2005 for the restructuring.

Under the proposal, the newspaper subscriptions as a proportion of total income would drop from 61 per cent in 2005 to less than a quarter in 2007 and those subscriptions would be frozen for five years. The two major groups would receive a 40 per cent cut in their NZPA news service subscriptions while the smaller newspaper owners received a 20 per cent drop.⁹² The royalties newspapers would receive from the copyright agency were substantial.

⁹² The differential, resented by the smaller shareholders, reflected a view held by Fairfax and APN that the other owners, in particular Allied Press (owner of the *Otago Daily Times*), had been 'free-riding'

Gould, who remained apprehensive about the reception the plan would receive, was summoned to an early morning meeting with Evans, O'Hara and Fiona Reid, General Manager of Fairfax Interactive (the Internet wing of the New Zealand operation), at Wellington's Duxton Hotel on the day of board meeting. At that meeting he was told that the group would support the restructuring. When the NZPA board met, directors endorsed the business plan, subject to final details of implementation which were to be completed by 1 August 2005. The board agreed that an NZPA project team should explore new products – such as camera-ready content, photographic services, electronic artwork and newspaper archiving – and accepted the concept of selling outside the newspaper industry. It was, in effect, full acceptance of the business plan, including an end to the cooperative. The only misgivings were expressed by APN directors, who had concerns about future content quality and the ability of the agency to meet the August 1 deadline. Fairfax directors expressed broad support for the plan.

Given that support, was the Fairfax threat to withdraw from NZPA no more than bravado? Hindsight suggested not, but there were a number of factors that stayed the group's hand. Evans was prepared to withdraw but felt constrained on two fronts:

To be practical about it, there were legal requirements and a 12 month notice period that created some issues. Secondly, our [editorial computer] systems were not able to yet give us what we wanted. We were actually prepared to give notice in December 2004 – that was the due date – but obviously we were able to stall that [to 31 March 2005], based on some movement. I guess I used the threat – no, it was a reality – of resigning and giving 12 months notice as a catalyst to get some movement.

O'Hara agreed that resignation was a real prospect and believes the system issue could have been overcome, certainly within the 12 month notice period. However, he appeared to have been a moderating influence on the issue of resignation. He warned Fairfax's executives the social consequences of the demise of the agency:

What we did make sure was well understood was the societal implication, if you like, and the political implications if there had not been an NZPA in this country. The role of an independent news agency is very much part of journalism in this country and we need it.

(receiving a disproportionate amount of material relative to what they paid), a view hotly disputed by Allied chairman, Julian Smith, who maintains that after the demise of the evening papers, the *Otago Daily Times* began filing both morning and afternoon cycles and did so right up until the end of the cooperative. In contrast, the Auckland and Christchurch morning newspapers declined to compensate for the loss of filing from evening papers, forcing NZPA to cover the expense of branch offices in those cities.

From our side they came to understand that. Also it was important because Fairfax was a relatively new player in this market and one that had a strong sense of responsibility in terms of its relationships, governmental and otherwise. So I think it quickly appreciated that point.

O'Hara confirmed that the decisions relating to NZPA were made entirely in New Zealand, although Fairfax's head office in Australia was kept informed. His sensitivity to the potential for political fall-out was well-placed. The Prime Minister's Department *was* aware of the problems that had beset the agency.

Gould's restructuring plan promised a viable commercial future for NZPA but it was Fairfax's acceptance of the plan that averted destruction of the agency. However, there were numerous matters to be resolved. Financial survival depended on the attraction of new customers and the creation of profitable new services. Neither was guaranteed, and before those mountains could be climbed there was another obstacle to be overcome – the issue of conflicts of interest among shareholders who competed directly with media to which NZPA would henceforth be eager to sell.

Gould had discussed the situation with Marshall, whose agency (AAP) had the same issue with principal shareholders Fairfax and News Limited. It had been solved by Marshall keeping his shareholders at arm's length from commercial contracts and retaining considerable freedom of action regarding customers, an arrangement that directors understood and endorsed. When Gould presented the implementation plan to the NZPA board in August, it included recommendations that were heavily influenced by AAP's guidelines.

The recommendations set out commercial protocols with which directors would not interfere:

- NZPA content can be sold to any media organisation provided they are prepared to pay a fair commercial price, acceptable to the NZPA board, for the use of specified services.
- Prices charged will be fair commercial value and will not be subsidised by shareholders.
- Prices will be made up of a cost component and a profit component.

- Each commercial proposal will be reviewed by the corporate services manager to ensure charges have been developed in line with board policy.
- News content including photos will be sold on a non-exclusive basis.
- Sale of content does not undermine or damage NZPA itself.
- NZPA would not give a customer the right to re-sell content, except in the case of news agencies and news monitoring databases (where resale rights will be specified).
- Customers of NZPA will not be able to onpass NZPA copy. The streaming of the NZPA newswire to new media websites would not be permitted

The board accepted those recommendations and endorsed plans for NZPA to expand into a new range of products. It approved NZPA's new operating proposals and decided that copy sharing – the backbone of the agency since its inception – would end on 31 December 2005. A new era – with profound consequences for both New Zealand journalism and service to readers – was about to dawn.

Chapter 6: Brave new world

Earlier chapters canvassed the creation of the NZPA cooperative and the reasons for its demise. Part 2 of the thesis examines the effects of demutualisation on content and on the reputation of the news agency but that analysis requires some understanding of the changes that have taken place since the cooperative ended. Therefore, this chapter describes the replacement structure and services of NZPA within the context of the requirements placed on the organisation by its shareholders. It concludes with a discussion of what the future may hold for the agency, in recognition of the fact that NZPA will continue to be a fertile field for study.

NZPA demutualised

The chief executive of AAP, Clive Marshall, was convinced that NZPA had to own the copyright on its material if it was to control its own destiny and could not do so while merely a distributor of contributed newspaper material.⁹³ Only by owning its material would the agency be free to sell to media that directors had previously vetoed. The end of the cooperative secured the copyright and the ability to sell beyond traditional customers but the board of NZPA placed on the agency strictures that might later compromise its ability to fulfil its commercialised purpose. Directors demanded a large reduction in the annual subscriptions paid by their newspapers, which resulted in a budget that gave NZPA no ability to increase journalistic staff and compensate for the loss of a large network of newspaper journalists. While a small number of staff was hired to handle new services into which the agency ventured, replacement of the newspaper reporting network had to rely on a system of commissioned freelancers, known as stringers, that was a poor substitute. NZPA editor, Nick Brown, conceded that freelancers had not been easy to find in some regions, leading to significant gaps in areas such as Whangarei and the central North Island.⁹⁴ Some newspapers supplied stories – mainly court coverage – by arrangement but this practice was frowned upon by Fairfax, with one of its newspapers withdrawing an initial agreement to cooperate. At least one editor within the *New Zealand Herald's* circulation area refused to cooperate

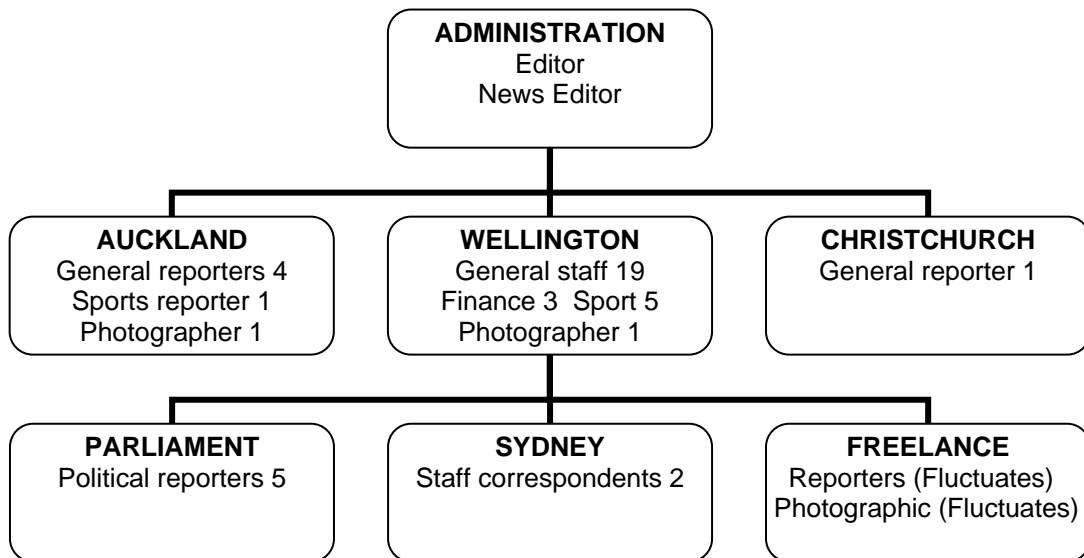
⁹³ Telephone interview 7 July 2006.

⁹⁴ Interviewed in Wellington 3 November 2006.

for fear that stories would appear in the *Herald* before they could appear in his own newspaper, despite both newspapers being part of the same group.

While the NZPA editorial headcount of 44 full time staff was unchanged, Brown instituted a number of operational changes. There were fewer filing editors (he and the news editor assumed some of these editing duties) with more staff assigned to writing than to sub-editing tasks. Numbers in the agency’s Auckland bureau increased and the Christchurch bureau re-opened. Staffing in the parliamentary Press Gallery remained unchanged. Support staff, in areas such as information technology and graphic production, and freelancers were not included in the editorial headcount. In 2007 the editorial organisation was as follows:

Fig. 6.1: NZPA editorial structure



Brown calculated a basic number to produce “a reasonable level of service to keep existing customers happy and attract new customers.” He admitted the agency was “struggling a bit at times” but believed NZPA could generally manage with existing numbers, although he would like to be less reliant on ‘stringers’.

While we’d like to break more stories and do all sorts of other things better, I believe NZPA punches above its weight in the NZ media. When we were re-inventing ourselves in 2004/5 and I was arguing to hold on to our editorial head count, I found that NewstalkZB boasted 45 reporters, Radio New Zealand employed about 100 journalists in news and current affairs, the *Otago Daily Times* had 70 journalists, the *New Zealand Herald* 170, The *Press* 122 and so on...Direct comparisons are difficult because we all operate differently in

different markets, but what 44 NZPA journalists achieve in a 24/7 operation is something we can be proud of.⁹⁵

The agency's former editor, John Crowley, acknowledged that there were areas of news-gathering in which NZPA continued to impress him:

I believe that NZPA is unrivalled in New Zealand in its ability to cover, in a very comprehensive fashion, news which is not on its doorstep and to which in the main it cannot immediately send staff. I believe that is still the case.⁹⁶

Crowley gave two examples of NZPA's ability to deliver breaking news stories through reporters' skilled use of telephone communication. The first was a mid-air collision between two aircraft from a Palmerston North flying school in February 2006 that saw the agency filing a rapid succession of updates as the story unfolded. The second example was the May 2006 sinking of a fishing vessel in Foveaux Strait with the loss of six lives.

It demonstrated to me that they still have those skills. [NZPA responded to] the challenges of the isolation surrounding the sinking of the boat in Fouveaux Strait. I can look at the NZPA file and see a magnificent job. A lot of that comes through the experienced people that NZPA has, but I think there is an example set all staff at NZPA: there should be no horizons and they really do have to cover nationwide.

Increased productivity was achieved within NZPA by staff working harder and longer but the need to turn sub-editors into reporters led, by Brown's own admission, to a reduction in quality control. The agency subsisted with only two duty filing editors (who selected and sub-edited stories) or a single filing editor supplemented by the editor and news editor undertaking that role. It was also forced to 'cut corners' on some reporting, particularly in sports coverage where the loss of newspaper input forced the agency to prepare many of its reports from live television coverage rather than sending staff to a match.

Brown freely admitted using the method, which had also been employed by newspapers:

⁹⁵ A list of notable NZPA stories distributed in its first year of commercial operation is attached as Appendix A.

⁹⁶ Interview in Wellington 19 May 2006.

We have responded to the challenge by covering nearly everything off live television, including the NPC rugby competition at least until the semi-final stage. We've tried to send reporters to the later matches. It's much quicker if they do it off television than if they travel to the game. Our reporter might miss the post-match press conference but most officials are quite obliging in coming to the telephone.

More contentious was the practice of writing stories from published newspaper accounts, which led to complaints from the editors of publications in which the stories initially appeared. Brown admitted:

People complained early in the piece. We don't like having to do it but every group that complains will have used something that we have rewritten from a rival newspaper. *Stuff* (Fairfax newspapers) and the *Herald* website will both use material that has been picked up from the rival group. It's something that news agencies traditionally do. You can go overboard and I think we were going overboard initially. Sometimes one or two staff can be a bit lazy and not chase up a story for themselves but often it just comes down to numbers and, early in the morning, not being able to get hold of the source. We will try wherever we can to develop stories for ourselves but we do put attribution in there for whatever newspaper we're picking it up from. We're not disguising the fact that the story is from a certain newspaper. Other media organisations are not quite so honest.

This remained, however, as an unresolved issue. On the one hand, copyright law sided with NZPA so long as it paraphrased and did not 'lift' large passages directly from the newspaper report but, on the other hand, retention of the intellectual property that the groups saw residing in their content was a central issue in the pressure to demutualise. Both editors and company executives expressed annoyance at the continuation of the practice.

Prior to demutualisation, Brown and his senior staff visited every member newspaper to determine their needs under the new arrangement. There was little conformity among editors, he said, on likes and dislikes. In spite of a lack of clear direction from newspaper editors, important changes were made to the way stories were written to reflect a more commercial outlook.

Brown reflected on the changes:

It's not sacrificing the serious stuff like political coverage, financial news coverage and serious general news but we are trying to do a varied news wire where we cover everything from light to serious. We carry a lot of crime stories and I sometimes wonder whether we go overboard on that... We started to lighten up some time ago. I think we realised that every time we picked up a [supermodel] Rachel Hunter story from an overseas magazine and rewrote it, it would get a run whereas if you wrote about trade negotiations you would be lucky if it got much of a run anywhere. But I don't think we've leaned too far. We are simply trying to get a mixed newswire with some fluffy stories and some serious.

He also noted that the agency was transmitting shorter stories, catering not only to newspapers that were running fewer in-depth stories but also for Internet, radio and television customers that it was beginning to attract. The trend was, however, also a reflection of the fact that NZPA did not have the staff to develop some stories as much as it would like.

What we've started doing in the last year or so is writing 120-word stories on moderately important news breaks, particularly in late morning/early afternoon. There aren't many afternoon papers who can take stories after 10 am but if we put a [short] story out there may be able to get a bit on the front page and we are not wasting their time and ours by writing a longer story. We still write stories in takes as we have always done but we found that having 120-word formats was good for radio, the Internet and mobile phones.

While NZPA regarded newspapers as core clients, it aggressively pursued new customers. In the year after demutualisation it began providing services to CanWest's Radio Live and TV3 divisions, to Telecom's Xtra website plus a range of other Internet customers, and was negotiating with both Television New Zealand and Prime (Sky Television). It had existing news monitoring services, to which it was adding new products, and news archives which it was extending. It continued to offer a public relations release distribution service. Its Commercial Services division had a staff of four and additional support staff were hired to service new activities such as Web services.

During Brian Evans' tenure as CEO of Fairfax New Zealand, suggestions were made by the group that the NZPA newswire service should be broken down into different components,⁹⁷ allowing Fairfax (and others) to take only those elements it did not wish to produce internally – and paying separately for each component. This so-called 'cherry-picking' could have financially undermined the agency and led to a disposition of resources that would compromise a comprehensive news-gathering operation. It was, in fact, a practice rejected by most news agencies. Determined to offer only a full news service to its media customers, NZPA rejected the suggestion.

The agency did, however, offer new 'products' to traditional newspaper customers, including its new photographic service and a graphics services that supplies material in camera-ready or ready-to-print form.⁹⁸ To increase its attraction as a supplier of camera-ready services – an area that it saw as having future revenue potential as newspapers continued to cut editorial budgets and staffing – NZPA became New Zealand agent for Pagemaster, a camera-ready service owned by Australian Associated Press (AAP). Pagemaster was the supplier to New Zealand newspapers of TAB racing form guides and television listings, to which NZPA added share tables⁹⁹ and began trialling camera-ready news and feature pages.

A camera-ready news service was a controversial issue as it had the potential to reduce both diversity and newspaper staff employed to prepare pages with national and international content. However, both major groups showed interest in preparing their own 'shared pages' to be distributed among their respective newspapers, with or without NZPA involvement.

⁹⁷ The NZPA service is divided into separate subject categories for transmission and stories appear in different 'queues' in newspaper editorial systems (e.g. National News, Politics, Sport, Business, Foreign etc) from which editors select material for publication. However, these sections cannot be purchased individually and are available only as a complete package.

⁹⁸ Services may include full or partial pages and panels. They may include foreign, national, business and sports news and features as well as a wide range of listed information. An example is included as Appendix B.

⁹⁹ Competing with the existing provider, Metra.

Group initiatives

At the time of writing, neither major group had achieved significant sharing of finished camera-ready news pages produced within their respective organisations. Both APN and Fairfax had ambitions to do so.¹⁰⁰ Fairfax, however, had a significant lead over APN in the sharing of 'raw material'. Sharing of stories and pictures between its newspapers predated the demutualising of NZPA¹⁰¹ but uncertainty over the agency's future and the Fairfax group's determination to maximise the value of its newspaper content added urgency to plans to create a comprehensive internal story and picture sharing network. Central to the creation of this new network was former NZPA editor, John Crowley, who was recruited to become Fairfax New Zealand's group editor in 2004. Fairfax developed a syndication service, linking nine daily and two Sunday newspapers,¹⁰² which had all the appearances of a national wire agency service. It utilised an agency-style subject queue structure and operated in much the way NZPA had in the past. The group's editors committed themselves to supplying stories to the network on a daily basis and, in return, had access to its content. Editors were under pressure to supply to the Fairfax Media National News Network (also known as Wirestream after the computer server through which it operated) but not, Fairfax's editor-in-chief Peter O'Hara emphasised, to the detriment of their own publications. He also stated emphatically that they were under no obligation to use the material.

There has to be a light touch. You can't go in there dictating to editors and section editors that they will 'do it this way'. You can provide them with the resources and give them all the tools and the ability to access material. Then you let them get on with it.

Crowley admitted there were gaps in Fairfax's geographic coverage but noted that Auckland resources were increased to compensate for the loss of material supplied to

¹⁰⁰ APN's Australian regional tabloids employed extensive sharing of camera-ready material but, in New Zealand, broadsheet format and variable advertising layouts made sharing more difficult. Only puzzles were distributed regularly through its New Zealand regionals, together with occasional special features such as election and budget pages produced by *Hawkes Bay Today*. The Hastings newspaper supplied a daily foreign news page but it lapsed because the mechanics of allotting half a page each day proved too much for smaller papers.

¹⁰¹ Fairfax group editor, John Crowley, said the *Press* and *Dominion Post* had joint Friday sports tabloids, shared TV pages, and some synergies in their parliamentary coverage. This exchange predated an end to copy sharing with NZPA because the newspapers were not obliged to send such content to NZPA.

¹⁰² Plus some of its free circulation community newspapers and the *Independent Business Weekly*.

NZPA by the *New Zealand Herald*. What had previously been a *Dominion Post* branch office¹⁰³ became a Fairfax bureau serving all of the group's publications. In 2006 its staffing comprised:

- Two general reporters
- Three Business Day staff plus a general manager of business publications
- Website staff
- A photographer

The content analysis that follows will examine whether Fairfax titles replaced NZPA material with stories from the Fairfax Media National News Network and assess whether the group derived significant editorial advantage from its internal service compared to what had been published by rival group, APN.

APN had a picture sharing arrangement between its publications and created its own internal story network in the wake of the demutualisation of NZPA. However, it met with less success in its operation because many of the group's regional dailies were within the circulation area of the *New Zealand Herald* and material had little appeal to them if it had already been published in APN's flagship daily. This mirrored the reluctance, noted earlier in the chapter, of one APN regional editor to enter into arrangements to supply NZPA after the cooperative ended. In addition to the APN Network, the *New Zealand Herald* developed a story exchange arrangement with the *Otago Daily Times*. The *Herald* had general reporting staff in Wellington and Christchurch before the demutualisation and they remained in place but, far from bolstering its branch offices to compensate for loss of NZPA material, it reduced its coverage, removing staff from both Whangarei and Tauranga due to tightened editorial budgets.

Facing greater geographic issues than Fairfax and mindful that it could not replicate an agency service at lower cost,¹⁰⁴ APN was more inclined than its competitor to advocate retention of NZPA. However, it was apparent that Fairfax's attitude also shifted toward a more supportive position after demutualisation.

O'Hara, who assumed the chairmanship of the NZPA board in September 2006, saw the agency as running in parallel with the Fairfax Media National News Network:

¹⁰³ Staffed by one general reporter plus *Business Day* staff who also served other Fairfax newspapers.

¹⁰⁴ O'Hara confirmed that Fairfax's own calculations showed the group could not replicate NZPA services at a lower cost than its contribution to the agency and believed that, with the reduction in subscriptions, it saved money by staying with the service.

Partly because we don't want to do all of the things that NZPA does. One very obvious example of that is the international service which gets boiled down from all of those words that pour into the country into a coherent agency-style service where everything is slugged [given a file name], you know which file, which particular lead you are looking at. Those sorts of things could be replicated and we looked at replicating it. We could do it but why bother? It is good value in terms of what they do. There is also, without a doubt, that operation [NZPA] which is out there as an insurance policy listening to radio bulletins and chasing down breaking news stories wherever it is in the country. While we may want to do parts of those ourselves, it is good to have that backup and know there is an agency out there that you can rely on to pursue something whether it happens in the middle of the night or 6am or whenever.

Ken Steinke, the APN National Publishing chief executive who left the group in mid-2006 to become chief executive of West Australian Newspapers, gave his verdict on NZPA's demutualised operation before departing:

I think it has gone down the right path. I think there is still stuff to be done and, to a degree, there are still things to be tested – finding their own level, [and] where the commercial opportunities lie. But if you look back, and ask how far they have come in that period of time, I think they have done bloody well. They really had to adjust and to some degree effect a cultural change. They had to become a commercial organisation, not a mutual organisation. They are going to be judged on how they perform and I think they've done that well. As they go on, I suspect they will refine some of the things that they are doing in terms of the commercial opportunities and also they'll grow some credibility. One of their problems at the moment is that nobody knows them.¹⁰⁵

Part 2 of the thesis reveals contrasting views of managers and editors on the question of NZPA performance.

NZPA's future

The restructuring of NZPA as a commercial enterprise may have resolved issues borne out of increasingly competitive attitudes within the newspaper industry but it did not secure its future. The agency faced financial issues as a result of its capital structure, client base and a pressing need to upgrade its technology.

¹⁰⁵ Interviewed in Auckland 15 May 2006.

NZPA was an unusual limited liability company. It had a share capital of only \$10,000 and, under its constitution, its shares could only be held by a publisher who was also a recipient of its news service. If a shareholder ceased to meet those qualifications it was required to transfer its shares to an eligible person or company. The agency had negligible equity and few assets (it leased floor space) on which it could raise capital in its own right.¹⁰⁶ These were the legacies of a cooperative structure that served no other financial purpose than attempting to balance operating expenditure and revenue each year. Under its existing financial structure it would be obliged to look to its shareholders to cover any capital expenditure programme.

Such a requirement faced NZPA in 2007 when its editorial computer system was no longer to be supported by the supplier. The Systems Integrators Inc (SII) system was installed in 1994 and the agency had little choice but to replace it when the hardware support contract expired or be faced with the expensive – and virtually unworkable – alternative of sourcing spare parts overseas for an obsolete system. It needed a new system that was more capable of serving multi-media customers and had fast, reliable archive retrieval.¹⁰⁷ Replacement would require either a capital injection from the shareholders or adoption of a proposal that would tie the agency closely to Australian Associated Press. The latter option would see NZPA's operations residing on AAP's computer servers in Sydney, albeit separated from the Australian service, and would avoid the need for large capital outlay. It was the subject of discussion between the agencies and NZPA's editorial IT manager visited Sydney in 2006 to examine the AAP system.¹⁰⁸

AAP had an ongoing interest in the New Zealand agency. Its chief executive, Clive Marshall, believed that a single AAP/NZPA agency was feasible but acknowledged that there would be issues of national interest to be considered. In the meantime he committed his agency to providing advice and assistance to its New Zealand counterpart as it found its commercial feet. Whether AAP could provide an opportunity for capital injection by taking a shareholding in NZPA remained, however, merely a matter of conjecture.

¹⁰⁶ New Zealand Companies Office: New Zealand Press Association Limited Financial Report for the Year Ended 31 December 2005.

¹⁰⁷ The system required fail-safe capability to ensure continuity of service – a factor in the choice of the SII system which incorporated technology used by the banking sector.

¹⁰⁸ Confirmed by AAP chief executive, Clive Marshall, and NZPA editor, Nick Brown.

So, too, was the possibility that NZPA might seek a broader-based shareholding than its existing constitution allows or make a public offering of shares. The introduction of shareholders outside the newspaper industry, or perhaps outside publishing altogether, could lead to a change of direction in the company. It could, for example, see a greater emphasis put on non-news services that had a greater revenue-generating capacity.¹⁰⁹ An initial public share offering (IPO) seemed unlikely as neither AAP nor the British Press Association had produced balance sheets that cried out for public share issues and the highly profitable Reuters float was generated by its financial services, not its news functions.¹¹⁰ Nevertheless, some change to NZPA's capital structure would be necessary in the future if it was to finance a level of expansion that generated a healthier cash flow than it could expect from within the narrow confines of the traditional New Zealand media market.

Between 2000 and 2005 the annual cost of running NZPA rose by approximately five per cent a year and by 2007 would stand at roughly \$7 million. In the cooperative past, annual subscriptions were calculated to cover this cost and achieve a zero balance. In 2005 the agency was allowed to develop a surplus (\$314,000) in anticipation of restructuring costs. This would not, however, overcome the effects of reduced newspaper subscriptions in 2006. Delaying the publishers' claw back of revenue from the Print Media Copyright Agency until 2007 recognised the need to provide a cash-flow buffer until the agency had sufficient alternative revenue sources. A further delay in returning the majority of copyright fees to publishers might prove necessary to give NZPA time to develop its customer base. The agency had no choice but to put Herculean effort into this activity. The newspaper executives who demutualised the agency held high expectations that the broadened customer base would significantly reduce the proportion of NZPA costs that they met. In 2005 they met 60 per cent of those costs but in 2010 – with shareholders' news service subscriptions frozen – they would expect to pay less than 20 per cent. The remaining 80 per cent of revenue would need to be generated by other customers. It remained to be seen whether the New Zealand media market was large enough to sustain a free-standing commercial news agency or whether NZPA would need to seek entirely new pastures to survive.

¹⁰⁹ Financial services would have been an obvious target were it not for the fact that Reuters Economic Service and Bloomberg had already very effectively bisected the market.

¹¹⁰ Safeguards were built into the restructured Reuters organisation to guard against withdrawal from news services in pursuit of more lucrative products.

Just as newspapers shaped the agency in the past, new customers would have a fundamental effect on NZPA in the future. It was unrealistic to expect that customers providing less than 20 per cent of the revenue (newspapers) would continue to dictate the primary functions of the organisation. The newspaper publishing business faced pressures to take resources away from traditional publications for ‘investment’ in new enterprises and such pressures might well be magnified within an agency that is, after all, an information wholesaler meeting the needs of its retailers. For example, if communications companies – Telecom New Zealand, Vodafone, TelstraClear et al – became major customers (and they were being courted by NZPA) their needs would be different to those of newspapers and give the agency strong incentives to change. NZPA editor Nick Brown suggested, with his comments on the effect of the Internet on story word count, that NZPA would be an ‘early adopter’ as it pursued its quest for more customers. Just how such transformation might be manifested was, perhaps, best left to a broader enquiry into the paradigmatic change confronting news media as print and broadcasting lost ground to blogs and podcasts.

Chapter 7: Content analysis

Introduction

The changes to NZPA that took effect on 1 January 2006, had obvious consequences for its structure and methods of operation. Less obvious was the effect that the restructuring might have on the content of daily newspapers around the country and, thereby, on the information being imparted to readers in one location about events in other parts of New Zealand. In order to gauge such effects, if any, an analysis of non-local¹¹¹ domestic (i.e. New Zealand) content was undertaken.

Methodology

Six newspapers were chosen for analysis. They were the four metropolitan dailies – *The New Zealand Herald* (Auckland), the *Dominion Post* (Wellington), *The Press* (Christchurch) and the *Otago Daily Times* (Dunedin) – and two regional daily titles, the *Bay of Plenty Times* (Tauranga) and the *Daily News* (New Plymouth). *The New Zealand Herald* and the *Bay of Plenty Times* were owned by APN; the *Dominion Post*, *The Press* and the *Daily News* were owned by Fairfax New Zealand; and the *Otago Daily Times* was owned by an independent company, Allied Press. All titles published six days a week (Monday to Saturday). Although the *Dominion* and *Evening Post* did not merge until 2002, *Dominion Post* was used throughout when referring to news coverage that spanned the decade,

Editions from 1996, 2005 and 2006 were examined. While changes between 2005 and 2006 might indicate the effects of the restructuring, a comparison with 1996 would allow content change that had occurred over time, as part of the natural evolution of each title, to be isolated from restructuring effects. As the changes to NZPA occurred late in 2005, the months of February and March were chosen for analysis. Traditionally the holiday months of December and January are atypical of the normal news cycle in New Zealand. By February the “silly season” has ended, newspapers have returned to

¹¹¹ “Non-local” may be defined as being outside the continuous urban area of the city or town in which the newspaper is located. For example, Stratford would register as “non-local” in the case of the New Plymouth-based *Daily News* as would Wellsford in relation to the Auckland-based *New Zealand Herald*.

their normal pagination and advertising volumes and the commercial and administrative institutions that ‘feed the news’ are again fully operational.

A constructed week (Monday to Saturday) was developed for each of the years under examination, using an online random number generator (www.randomizer.org). The number of specific days of the week in the two-month period of each year under review was entered to arrive at the required number of dates. Allowance was made for 25 March 2005 being a non-publishing day (Good Friday). The random number generator provided the following dates for examination:

Fig. 7.1: Publication dates for constructed weeks 1996-2006

	Mon	Tue	Wed	Thu	Fri	Sat
NZ Herald	11.3.96	5.3.96	14.2.96	8.2.96	15.3.96	18.2.96
	28.2.05	8.3.05	2.3.05	31.3.05	25.2.05	20.2.05
	13.2.06	14.2.06	15.3.06	2.2.06	17.2.06	11.3.06
DominionPost	18.3.96	27.2.96	6.3.96	1.2.96	16.2.96	24.3.96
	7.3.05	1.3.05	2.2.05	3.3.05	4.3.05	12.3.05
	20.2.06	14.3.06	8.2.06	9.2.06	3.3.06	18.3.06
Press	4.3.96	26.3.96	7.2.96	21.3.96	29.3.96	3.2.96
	28.2.05	8.3.05	23.3.05	10.2.05	18.3.05	5.2.05
	20.3.06	14.2.06	22.3.06	9.3.06	10.2.06	11.3.06
Otago Daily Times	5.2.96	27.2.96	14.2.96	8.2.96	1.3.96	16.3.96
	14.2.05	15.3.05	23.2.05	17.2.05	25.2.05	12.3.05
	13.2.06	14.3.06	22.3.06	9.3.06	10.2.06	11.3.06
Bay of Plenty Times	11.3.96	5.3.96	27.3.96	14.3.96	9.2.96	24.3.96
	21.3.05	22.3.05	30.3.05	10.2.05	18.3.05	26.3.05
	6.2.06	14.2.06	8.3.06	2.2.06	3.3.06	4.2.06
Daily News	12.2.96	20.2.96	7.2.96	22.2.96	29.3.96	10.2.96
	28.2.05	1.3.05	30.3.05	31.3.05	25.2.05	5.3.05
	20.2.06	14.3.06	8.2.06	9.2.06	3.3.06	18.3.06

The analysis eliminated material produced by staff from within each newspaper's principal location, foreign stories, letters to the editor and contributed editorial opinion commentaries, listings, amusements, and supplements. In the case of the Wellington-based *Dominion Post* removal of such staff stories had the effect of reducing the apparent level of some classes of Wellington-based material that figured more prominently in other newspapers – notably staff-written political, business and social issues stories that emanated from within the capital. To correct this impression an analysis of the full content of the selected Wednesday editions of that newspaper in 1996 and 2006 provided a comparative sample.

The non-local domestic content for each newspaper was then categorised according to 11 variables. The first nine related to manifest information and were, therefore, wholly quantitative. Those variables were:

1. Page on which the story appeared
2. Quadrant (location on the page: choice of 8 attributes)
3. Heading size (choice of 4 attributes)
4. Story length (choice of five attributes)
5. Whether a picture was associated with the story (yes/no)
6. If so, picture size in column width (choice of six attributes)
7. Story source (choice of five attributes: staff, group, NZPA, non-group special arrangements, and others)
8. Story location (utilising the 15 geographic regions employed by the Department of Statistics)
9. Story topic (Divided into eight categories: politics, business/economics/consumer, Law and order/emergencies, environment, human interest and miscellaneous, sport/entertainment, social issues [health/education/welfare], and race relations).

Two additional qualitative variables were applied – story tone (five attributes from negative to positive) and story framing. Care was taken to apply judgment consistently to provide valid year-on-year comparisons. News frames are not used in this analysis to determine likely public reception of media reports but are used, along with assessments

of story tone, for diachronic analysis of the manner in which stories were written and sub-edited. Framing analysis provides a means by which any changes in the construction of stories can be measured. Frames function as semantic fields that draw together stories subjected to similar journalistic treatment. In particular, the analysis seeks to determine whether there have been shifts over time that indicate increasing commercial influences that manifest themselves in news packaging.

The choice of appropriate methodology requires some discussion. Semetko and Valkenburg acknowledge that there is “not yet a standard set of content analytic indicators that can be used to reliably measure the prevalence of common frames in the news”(2000: 94). One approach would be to apply Iyengar’s categorisation of stories as episodic or thematic, surmising that episodic stories that were focused on individuals and their actions were more ‘popular’ or ‘commercial’ than thematic stories that attempted to contextualise subject matter. However, that model, predicated as it is on the attribution of responsibility, would have been too narrow in its scope and would not reveal a number of characteristics associated with commercialised media such as celebrity and editorialising. Frames employed in the model utilised by Jamieson and her collaborators Cappella and Waldman,¹¹² while designed to test the framing effects of political stories, contain a sufficient range of framing types to allow appropriate categorisation of the material under study. Their model recognises five common news frames:

1. Strategic – focuses on winning and losing, advantage and self-interest.
2. Conflict – adversarial, with participants cast as combatants
3. Personal – actor and personal attributes are central focus
4. Issue – story contains substantive contextualised and balanced information.
5. Episodic – concrete episodes with concentration on individual perpetrators, victims or other actors.

Frames are employed in this study across a much wider range of subjects than the political focus of Jamieson’s research. This has the effect of de-emphasising strategic and conflict news frames and weighting cases toward issue, personal and episodic frames. The episodic frame has also been modified for this exercise. It is defined as news events recorded as reportage without interpretation, a definition which, while

¹¹² Cappella and Jamieson 1997, Jamieson and Waldman 2004.

acknowledging the decontextualised nature of the material, does not ascribe to it the deficiencies envisioned by Iyengar in 1991 when he used it to determine the extent to which media attributed responsibility or blame.¹¹³ That element of the frame is not applied in this analysis.

Each of the newspapers examined made extensive use of digests of short items or briefs. Where analysis would be aberrated by inclusion of such small items (less than 5 cm in length), they are omitted. An example of this skewing effect was the initial inclusion of briefs in framing analysis. The brevity of each story, rather than the intentions of the author, increases the likelihood of episodic frames. This influenced the proportional incidence of framing types. For example, in 1996 the percentage of stories with strategic framing almost doubled (from 3.2 to 6.3 per cent) after briefs were excluded from the overall exercise. Where appropriate, the omission of briefs is noted.

The *Otago Daily Times* functions as a regional newspaper with a hinterland that includes the large Otago province, South Canterbury and parts of Southland. The inclusion of a very large number of staff-generated stories from within this area also produces a diluting effect in proportional analysis. For example, in 1996 the overall percentage of stories located in Otago drops from 15.8 per cent to 2.2 per cent after the *Otago Daily Times*' staff-written regional stories are removed, while the percentage of Auckland-based stories in that newspaper rises from 16.6 per cent to 18.7 per cent. Except where noted, such material has been omitted and net figures used.

A computer disk containing SPSS-format data files compiled during the content analysis can be found inside the thesis cover, as Attachment 1.

¹¹³ Cited in Curran 2002: 163-4.

Findings

i. Numerical decline

Across all three years a gross total of 3342 stories were recorded. The year-by-year breakdown was as follows:

Fig. 7.2: Total stories 1996-2006

	1996	2005	2006
Total stories	1146	1241	955
ODT regionals	129	122	124
Total minus ODT regionals	1017	1119	831
Briefs	203 (20% of net)	268 (24% of net)	186 (22.4% of net)
Total minus ODT regional & briefs¹¹⁴	<u>814</u>	<u>851</u>	<u>645</u>

Analysis of non-local material in each of the newspapers under study showed substantial increases in between 1996 and 2005, growth that was consistent with increased pagination. However, in 2006 all newspapers with one exception recorded substantial decreases of non-local stories from the previous year and from a decade ago. The *Bay of Plenty Times* 2006 total was higher than a decade ago but, in keeping with all other titles, was lower than in 2005. The other regional title in the study, the *Daily News*, recorded the second smallest 2005-2006 decline. These results suggest that regional newspapers, which traditionally have low editorial staffing, continued to rely on external sources – either group or agency – to fill many of their columns in spite of a stated desire to provide a local news focus.

¹¹⁴ For explanation see p.93.

Fig. 7.3: Changes in non-local content 1996-2006

	NZ Herald	DominionPost	Press	ODT*	BoP Times	Daily News
1996	184	127	234	180	135	157
2005	174	177	262	207	178	121
2006	128	80	133	118	163	98
Difference 1995-2005	-5.4%	+39.3%	+12%	+15%	+31.8%	-22.9%
Difference 1996-2006	-30.4%	-37%	-43%	-34%	+20.7%	-36.6%
Difference 2005-2006	-26.4%	-54.8%	-49.2%	-43%	-8.4%	-19%

*Otago Daily Times staff-written regional stories omitted.

The most substantial decreases were in the metropolitan titles formerly owned by Independent Newspapers Ltd and now owned by Fairfax New Zealand. In order to determine whether these statistics were simply indicative of a general reduction in the news content of Fairfax newspapers caused by, for example, a reduction in the number of news pages, a comparison was made with full editorial content of copies of the *Dominion* in 1996 and the *Dominion Post* in 2006 that had been used in the content analysis study. The comparison revealed that pagination and story count had, in fact increased. In 1996 the *Dominion* contained 25 editorial pages. By 2006 editorial pagination had risen to 36 pages. The merging of the *Dominion* with its afternoon stable-mate the *Evening Post* in 2002 could be seen as a reason for increased size that was not repeated in other newspapers. However, the New Zealand newspaper industry enjoyed a substantial increase in advertising revenue in the decade under review which was reflected in page growth in most daily and weekend titles.¹¹⁵ The *Dominion/Dominion Post* comparison was chosen as it is a mid-size newspaper. Use of

¹¹⁵ The Advertising Standards Authority's New Zealand Advertising Industry Turnover statistics to December 2005 show newspaper advertising revenue rose from \$538 million in 1996 to \$830 million in 2005. In preliminary financial results for 2006 APN reported "increased advertising volumes in key sectors" while Fairfax's annual report in August 2006 stated that its New Zealand advertising revenue increased two per cent to \$427.8million.

the *New Zealand Herald* for this purpose could have produced misleading results as it was significantly larger than its contemporaries. Single issues of the *Dominion* and *Dominion Post* were seen as sufficient for this comparison and Wednesday was chosen as it is midway through the weekly cycle and a day on which pagination was consistently strong¹¹⁶. Analysis of the full content of the Wednesday editions from 1996 and 2006 showed total story count had not fallen but had, in fact, risen from 107 to 141, a percentage increase over the decade of 31.8 per cent¹¹⁷. The increase was highest in Wellington-sourced and foreign-sourced stories.

The reduction in non-local New Zealand content in 2006 was accompanied by marked changes in the sources of the stories that were published. Staff written stories are those produced by journalists employed by the newspaper. However, staff numbers dropped in New Zealand newspapers during the decade and there was a commensurate move toward ‘outsourcing’. Freelancers contracted to supply material could have been included in the staff category because of the increasing difficulty of determining their status from byline information which seldom gave the status of the writer, that is, acknowledging whether or not the journalist was a member of the newspaper’s staff or not.

Perhaps as a further consequence of staffing reductions, the amount of material shared among newspapers in the same group increased over the decade but most markedly from 2005 to 2006 when the restructuring of NZPA took place. The agency’s material prior to 2006 included both agency-produced material and stories supplied by newspaper members under the cooperative arrangement. There had been informal arrangements between non-competing newspapers in different groups (in the late 1980s, for example, the *New Zealand Herald* and the *Evening Post* exchanged feature material) but by the mid-1990s these had virtually disappeared, only to re-emerge in the exchange of ‘specials’ between the *Otago Daily Times* and APN newspapers because they lacked Fairfax’s group exchange strengths.

¹¹⁶ Display and classified advertising is strong in the Wednesday editions of New Zealand newspapers.

¹¹⁷ Does not include letters to the editor and contributed opinion, listings, amusements, and supplements.

Fig. 7.4: Sources of non-local domestic content across all titles*

	1996	2005	2006
Staff	140	169	99
Group	10	185	206
NZPA	853	748	492
Specials	1	8	30
Other	12	6	4

**Otago Daily Times* staff-written regional stories omitted.

Between 2005 and 2006 the amount of NZPA material declined by 34 per cent. The shift was most apparent in Fairfax titles. The most dramatic change occurred in the *Daily News*, where NZPA content dropped from 91 per cent of the total to less than 40 per cent while material sourced from within the Fairfax group rose from eight per cent to almost 60 per cent. Fairfax metropolitans exhibited more complex proportional shifts but in both there was a marked fall-off in the number of stories sourced from NZPA: the *Dominion Post's* NZPA story count dropped from 83 in 2005 to 50 in 2006 while *The Press* carried 100 NZPA stories in 2005 but only 50 in 2006. Staff-produced content from outside Wellington increased in the *Dominion Post* in 2006 while *The Press*, like the *Daily News*, showed an increased reliance on group copy exchange. In 2006 the Fairfax group was being supplied with stories from a bureau in Auckland (where it had no daily title) comprising two general reporters, three BusinessDay reporters, web staff and a photographer, compensating for loss of material from the *New Zealand Herald*.

The newspapers outside the Fairfax group displayed a lesser ability to compensate for declining NZPA totals by exchanging stories with other titles although, as will be seen, the impact was less than might be expected. The *Bay of Plenty Times* had a tenfold increase in the number of stories from other newspapers in the APN Group but the total remained small – from 2 to 20. The *Otago Daily Times*, without a group with which to share, forged its arrangement with APN titles for the supply of non-group specials that accounted for 12.5 per cent of its material in 2006 but the most significant effect for that newspaper was the 34.5 per cent drop in the number of NZPA stories published. Only *The New Zealand Herald* increased NZPA's percentage share of content between 2005 and 2006. However, far from reflecting an increase in that title's coverage of other parts of New Zealand, it resulted from an increasing amount of Auckland material in the

newspaper. There was, in fact, a marked decrease in the total non-local domestic story count, caused largely by a 41 per cent drop in the number of staff-written stories. Between 1996 and 2006 budget constraints led to the closure or reduced staffing of all of the *Herald's* regional bureaux in the upper half of the North Island.¹¹⁸ As a result, for example, staff stories from Northland (which accounted for 10 per cent of the staff total in 1996) and from the Bay of Plenty (which made up almost 15 per cent in that year) each fell to only 2.1 per cent of the non-local staff-written total in 2006. Wellington staff output fell by 45 per cent between 2005 and 2006, but this may have been due in part to a temporary staffing shortfall in both the Press Gallery and the Wellington bureau in the first quarter of 2006.¹¹⁹ A more accurate picture of NZPA's role in the *New Zealand Herald* is provided by the *number* of agency-sourced stories, which dropped by almost 16 per cent year-on-year. In other words, the country's largest newspaper also reflected a diminished role for the national agency.

Fig. 7.5: Non-local domestic story sources¹²⁰

		1996		2005		2006	
		Number	%	Number	%	Number	%
DomPost	Staff	29	22.8	38	21.5	25	31.3
	Group	10	7.9	56	31.6	31	25
	NZPA	86	67.7	83	46.9	50	43.8
	Other	2	1.6				
NZ Herald	Staff	68	37.0	83	47.7	49	36.7
	Group					5	3.9
	NZPA	115	62.5	82	47.1	70	53.1
	Non gr sp			7	4	8	6.3
	Other	1	0.5	2	1.1		
BoPT	Group			2	1.1	20	12.3
	NZPA	135	100.0	176	98.9	151	86.5
	Non gr sp					2	1.2
DNews	Staff	1	0.6	1	0.8	1	1
	Group			10	8.3	62	59.2
	NZPA	156	99.4	110	90.9	40	39.8
Press	Staff	40	17.1	43	16.4	13	9.8
	Group			117	44.7	88	57.1
	NZPA	189	80.8	100	38.2	54	33.1
	Non-gr sp	1	0.4				
	Other	4	1.7	2	0.8		
ODT	Staff	3	1.7	7	3.4	11	6.9
	NZPA	172	95.6	197	95.2	129	78.1
	Non gr sp			1	0.5	20	12.5
	Other	5	2.8	2	1	4	2.5

¹¹⁸ The number of regional offices fell from four to two.

¹¹⁹ Email from Herald editor, Tim Murphy, to the author 28 August 2006.

¹²⁰ Rounding of percentages has been applied. *Otago Daily Times* staff-written regional material has been omitted. 'Non-gr sp' are special arrangements between newspapers that fall outside group copy exchange.

The reduction in NZPA content from 2005 to 2006 was unsurprising, given that the end of the 125-year content sharing agreement between newspapers denied the agency half its previous output. Before 1990 the majority of NZPA content emanated from its member newspapers, with only the NZPA Press Gallery and overseas bureaux routinely filing stories. In 1990 then NZPA managing editor, Peter O'Hara, began to increase internal story production (see Chapter 3). In 2005, more than half the stories transmitted on the agency network were being produced by its own staff.¹²¹ That the aggregate NZPA content in the six newspapers under study dropped by *less than* half (34.2 per cent) attests to increased output from agency staff after the copy-sharing scheme ceased. Had this gradual increase in in-house agency production not occurred, the fall off in non-local domestic stories would have been even more dramatic.

The loss of shared copy does not, however, fully explain the reduction in non-local stories in several of the newspapers under study. The *Otago Daily Times'* non-local content declined by 43 per cent, which is likely to be a reflection of that independent newspaper's inability to compensate through group copy exchanges. Its increased use of APN material did not close all of the gaps it encountered in regional coverage. Most significantly, it was vulnerable to the loss of Canterbury stories that had previously been filed to NZPA by *The Press*, which were of particular interest to southern readers, and which could not be adequately compensated by material from elsewhere in the country. In the case of the *Dominion Post* and *The Press*, the decline can be attributed to both the loss of NZPA content and decisions by the respective editors to increase the level of local content in their newspapers. *Dominion Post* editor, Tim Pankhurst, saw the content analysis findings as consistent with change in editorial policy.

This has not been driven by the changes to the NZPA file. Rather, it is the result of reader research that showed a clear demand for more local content...We know local coverage is our natural advantage - no one else is going to do it to our extent, certainly not television - and we needed to play to that...We don't see the NZPA changes as pivotal to this process although it no doubt has some impact.¹²²

The statement supports the view that newspapers had become more market-oriented since the deregulation of broadcasting and the shift from local to foreign ownership, and became more sensitive to the results of their market research. It suggests that a more

¹²¹ Figures from 2001-2005 showed some fluctuation in percentages but the agency produced roughly half the content over that period. In 2005 its share rose to 58 per cent as the groups wound down contributions.

¹²² Email to author 7 July 2006.

commercialised outlook was in place before the restructuring of NZPA. This attitudinal change was discussed in chapter 4 on the New Zealand media market.

Fairfax titles demonstrated a growing preference for material on their group network that gives further weight to the increasing competition thesis. While Fairfax editors were not required to give preference to group sources (see Chapter 6) they chose to do so – as use of group material by *The Press* and the *Daily News* indicates. There was a belief within the group that the geographic spread of its titles – from the *Sunday Star-Times* and *Waikato Times* in the north to the *Southland Times* in Invercargill – gave it an undeniable advantage over APN’s North Island regional titles, many of which were within the *New Zealand Herald’s* circulation shadow and which, therefore, had a limited ability to utilise that newspaper’s large output of material because (a) within the Herald’s circulation area the readers of other APN titles would potentially have been previously exposed to the material and (b) unlike the morning daily in Auckland, APN’s regional dailies – with the exception of the *Wanganui Chronicle* and the Saturday editions of *Hawkes Bay Today* and the *Horowhenua Kapiti Chronicle* – published in the afternoon. This disparity between the groups is confirmed by the lesser ability of APN titles and the *Otago Daily Times* to find sources to compensate for lower NZPA output.

ii. Weighted geographic coverage

In all three years under examination the greatest bulk of stories emanated from Wellington (the capital) and Auckland (the largest population centre). With the exception of the *Dominion Post* (whose totals were aberrated by the fact that its staff-written Wellington content was deemed local, and outside the scope of the study), all newspapers registered more than half their non-local content from those two centres (averaged across the three years): *New Zealand Herald* 52.6 per cent, *Bay of Plenty Times* 66.5 percent, *Daily News* 67 per cent, *The Press* 64.8 per cent, and *Otago Daily Times* 73.8 per cent. The *Dominion Post* registered 45 per cent for the reason stated above. In the case of the *New Zealand Herald* non-staff copy emanating from Auckland was statistically insignificant, suggesting that it had an aversion to using material from the NZPA bureau in its ‘home territory’. In percentage (of total non-local coverage) terms, there were five rises and seven falls in the level of Auckland and Wellington content but, more importantly, in every newspaper the total number of Auckland and Wellington stories fell from 2005 to 2006.

The distribution of stories from other centres was mixed and the numbers small, although Canterbury totals did reflect Christchurch's metropolitan status and, perhaps, its dominance in the South Island. Newspapers gave some preference to stories from areas adjacent to their own region but beyond those territories there was a spread across regions. However, as *Fig. 7.6* shows, such coverage was at a very low level.

Numeric increases between 1996 and 2005 might be explained by rising pagination, with the 2006 decline consistent with the overall reduction in non-local domestic stories cited above. However, the changing percentage of coverage for each region over time showed little consistency. In some newspapers, the proportion of Auckland and Wellington coverage rose between 1996 and 2005 while declining or remaining static in others. The reasons for these variations were likely to lie in the editorial decisions made by individuals in each newspaper. Between 2005 and 2006 the percentage changes were more readily explained. For example, reliance on group exchange led *The Press* to a greater use of Wellington-based copy from its stable-mate, the *Dominion Post* (up from 44.7 per cent to 55.6 per cent), while the *Otago Daily Times* compensated for a reduction in NZPA content by publishing proportionately more Auckland-based material from the *New Zealand Herald* (up from 17.9 per cent to 22.5 per cent).

The analysis reveals clearly that the number of stories published about areas outside the metropolitan centres was low and had been consistently so across the past decade. In 1996 two-thirds of the regions in the survey had fewer than 50 stories in total published about them in the six newspapers in the constructed weeks. By 2005 this proportion had risen to 73 per cent and a year later to 80 per cent. These figures included stories published as briefs. Briefs do carry information, albeit minimal, and therefore should not be discounted. However, when they *are* removed from the equation, and analysis is limited to substantial stories (more than 10 column centimetres in length), lack of coverage is even more marked. The number of areas outside the metropolitan centres that registered fewer than 50 stories across all of the titles over a week increased from 73 per cent in 1996 to 80 per cent a decade later, before recording a similar seven percentage point change to 87 per cent in the following year. In other words, the erosion of a decade was doubled between 2005 and 2006. The number of regions that had 20 or fewer substantive stories published about them shows even more dramatic change after the end of NZPA copy exchange. In 1996 40 per cent fell into that category, growing to 47 per cent by 2005. By 2006 the proportion had increased to 66.6 per cent. In all

newspapers the picture was one of concentrated pools of coverage around the major urban centres, not one suggesting that a comprehensive NZPA network with contributing newspapers marching down the country had led to blanket news coverage of the nation.

These findings came as a surprise to the author, who must accept responsibility for contributing to the failure to provide comprehensive nationwide coverage during his editorial stewardship of the *New Zealand Herald*. The *New Zealand Herald* was not alone in this shortcoming, which was a characteristic shared by all titles under study. The fact that the findings were a revelation suggests that editors did not have the means available to them effectively to monitor the breadth and depth of coverage over time. The daily demands of news selection and presentation may have obscured such longer-term perspectives.

Fig 7.6: Geographic distribution of stories in each title



Poor coverage should not be seen necessarily as a criticism of the news agency. Rather it suggested that, at least until the end of the cooperative exchange, a comprehensive supply of regional news was available but had been used on a highly selective basis. Decisions on what to publish rested with individual editors and they opted to ignore much of what was available about New Zealand. *Fig. 7.7* shows the number of stories from member newspapers networked by NZPA. In the latter stages of the cooperative era newspapers received credits against their subscription based on the number of stories they filed to the agency. Hence, there was an incentive to send material, not all of it worthy of nationwide distribution. The table indicates a much higher level of available material from each region than reached the columns of other newspapers, statistics that cannot be explained away simply by suggesting it was unworthy. Statistics represent stories vetted and retransmitted by NZPA staff. The pattern was continued after the restructuring when less material was available and less selected.

Fig 7.7: Contributions by member newspapers to NZPA network 1995-2005

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Ashburton Guardian	94	84	135	181	144	220	229	134	266	276	269
Bay Of Plenty Times	534	918	961	1276	834	722	638	583	666	849	735
Daily News New Plymouth	726	782	693	887	779	858	708	660	678	807	663
Dannevirke Evening News#	26	12	19	16	21	12	15	16	6	0	0
Dominion/Dominion-Post++	2896	3415	3874	4778	5088	4855	4449	5074	4591	4714	3730
Evening Post++	5436	5115	6158	5826	6145	5923	5335	2777			
Gisborne Herald	279	327	321	211	275	359	257	261	224	307	219
Greymouth Evening Star*	270	187	180	217	160	200	163	181	181	349	279
H.B. Herald Tribune/H.B. Today**	318	349	495	543	899	882	777	758	1218	1167	863
Levin Chronicle/Horowhenua#	160	284	189	145	188	108	170	59	108	203	59
Manawatu Evng Std	3612	3080	4072	2386	1161	991	927	1260	1100	1050	2097
Marlborough Express	250	331	490	765	647	818	902	1049	1049	934	616
Napier Daily Telegraph**	402	464	620	823	0	0	0	0	0	0	0
Nelson Evening Mail	1193	1653	1757	1700	1328	1304	1343	1249	1354	1468	1203
N Z Herald	4947	5404	6086	6213	5895	5246	4511	4327	4295	4567	3603
Northern Advocate	958	1043	1295	1182	1073	1027	924	1031	1320	1155	908
Northland Times*	6	45	67	24	10	0	0	0	0	0	0
Oamaru Mail	148	104	111	154	127	167	223	256	343	422	206
Otago Daily Times	1653	2203	2376	2591	3069	2763	3005	3313	3288	3205	2761
The Press	3588	3907	4026	4168	4338	4007	3660	3889	3980	4411	3768
Rotorua Daily Post	438	1102	1372	1894	1350	1217	872	1053	1358	1417	1007
Southland Times	772	1034	934	1302	1265	1052	1196	1459	1678	1575	1082
Timaru Herald	462	648	710	593	524	481	441	318	476	393	259
Waikato Times	2482	2489	2603	2778	2505	2609	2016	2057	2429	2289	1684
Wairarapa Times Age	93	92	127	212	45	79	152	128	290	297	340
Wanganui Chronicle	564	569	600	396	468	457	321	330	273	314	230
West Coast Times*	36	7	4	0	0	0	0	0	0	0	0
Westport News	73	48	61	23	174	311	205	149	126	140	91
Newspaper Total	34411	35696	40332	41580	38512	36668	33439	32371	31297	32309	26672

Merger ++ Merger ** Merger and name change * Ceased daily publication

The statistics require some explanation. They include only those stories sent by member newspapers to NZPA in Wellington for transmission on the network to other members. These totals would have been augmented by at least a comparable number of stories from the NZPA's own newsroom and bureaux staff¹²³. Although the NZPA staff-produced subject matter would be more concentrated and narrower in its geographic topicality, it would not be confined to Auckland and Wellington stories. Hence, the table would understate the overall number of stories relating to some districts networked during the period. Conversely, the location analysis of content *overstates* the number of unique stories published. Across the six newspapers in the survey, there were 59 instances of dates coinciding in the random selection of days.¹²⁴ This coincidence means that some of the cases will be duplicates of the same story or a version of it taken from the NZPA daily file. Hence the number of unique stories published would be lower than the total number of cases cited and, therefore, the disparity between available and published stories would be larger.

The conclusion is that the filing of stories from centres throughout New Zealand had exceeded the capacity or willingness of newspapers to make use of that material. The finding that each paper derived more than half its non-local content from Wellington and Auckland suggested that, far from wishing to "cover the country", editors had a strong bias toward elite news sources and "cherry-picked" stories from other regions even when they had been filing more comprehensive coverage of their own region to NZPA.

iii. Subject selectivity

"Cherry-picking" of NZPA material is evident not only in locational selection but also by subject. In addition, not only had newspapers been highly selective in their choice of subject but they had begun to choose less of it. Analysis of the topics carried in the six newspapers showed reductions, some small and others very large, in the number of stories published in each designated subject area in 2006. Across all titles between 2005 and 2006 the level of non-local sports and entertainment stories – principally sport – dropped significantly. While there is no obvious reason for this trend, it may be due to two factors: pressure on sports editors to create 'stars' by giving preference to by-lined

¹²³ NZPA staff filed a total of 29,983 stories in 2001, rising to 36,552 in 2005.

¹²⁴ Out of a total of 108 dates. Hence in 55 per cent of cases same-day editions were examined.

local staff writers, and budgetary pressure on travel. Five of the six also recorded significant declines (of between 36 per cent in the *Daily News* and 72 per cent in the *Otago Daily Times*) in the number of stories related to crime, law and emergency services. *The New Zealand Herald* recorded the most modest drop in law and order stories (18.5 per cent) but the decline between 1996 and 2005 had been 60 per cent. With the exception of the *Daily News*, which maintained the same level of content, all titles recorded declines between 2005 and 2006 in the number of non-local business stories. The *Dominion Post* recorded the sharpest decline in business stories with a drop of 46 per cent, followed by *The Press* at 43 per cent and *The New Zealand Herald* at 38 per cent. In numerical terms *The Press* maintained its record for the largest number of non-local business stories in each of the years under review. With the exception of the *Bay of Plenty Times*, which in 2006 cut its political coverage by 74 per cent from the previous year and by half from 1996 apparently in pursuit of a local focus, all other titles maintained relative equilibrium in the number of non-local political stories that they published. This may be explained by the fact that traditionally the Parliamentary Press Gallery newspaper representatives¹²⁵ were not required to file stories to NZPA. The agency maintained its own Press Gallery representation (five staff with full accreditation in 2006) which provided an independent file of political stories and therefore did not experience a sudden reduction in this type of material after restructuring. With the exception of the *Dominion Post*, which had retained near parity throughout all three years, other titles recorded declines between 2005 and 2006 in the number of non-local stories on social issues such as health, education and welfare.

Given the importance placed on race relations in New Zealand, the analysis of coverage of race produced surprising results. With the exception of peaks in *The Press* in 1996 and *the New Zealand Herald* in 2005, newspapers carried fewer than half a dozen stories on ethnic issues in the periods under review, some carried none.

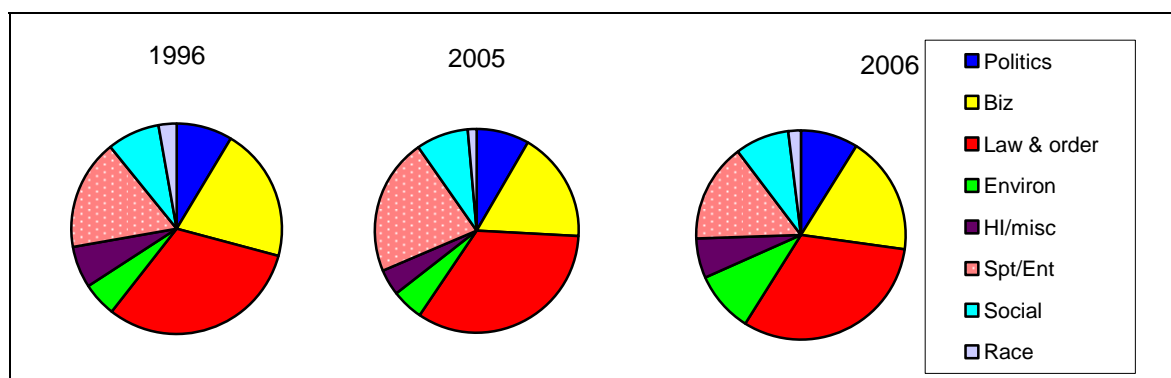
In 1996 newspapers were heavily reliant on NZPA, particularly for stories in the main topic areas of politics, business, and law and order/emergency services. Ninety-two per cent of non-local law and order/emergency services stories emanated from the agency, while 82 per cent of business stories and 70 per cent of political stories were from that

¹²⁵ Current daily newspapers with staff fully accredited to the Parliamentary Press Galley: *New Zealand Herald*, *Dominion Post*, *The Press*. Regional newspapers have not had direct representation for many years and have relied on NZPA and, to a much lesser degree, the parliamentary service SOPAC.

source. By 2005 reliance on NZPA for political and business stories had dropped, with 63 per cent of political stories and 51.4 per cent of business stories being NZPA-based. A greater reliance on NZPA for crime and emergency services stories remained, with 82.8 per cent of such stories coming from the agency. In 2006, its share of political stories had dropped to 42.3 per cent and law and order/emergency services stories to 64.7 per cent. The share of business stories remained virtually unchanged at 51 per cent. In the case of political stories, newspapers had moved away from a journal-of-record approach to parliamentary coverage and, hence, reliance on NZPA for coverage of events in the House of Representatives and debate reportage. Business coverage, on the other hand, had grown in importance as both Fairfax and APN regarded this as a prestige part of the newspaper and encouraged their editors to devote space and resources to it. Both groups ‘branded’ their business coverage – APN’s *Business Herald* and Fairfax’s *BusinessDay* – and gave preference to exclusive content by staff or contract writers. NZPA continued to provide coverage of the Stock Exchange, for example, but faced increased competition from Reuters Economic Service.

A closer examination of subject selection or “cherry-picking” of NZPA content revealed patterns of news bias. The agency was seen by all newspapers as either the primary source of non-local stories about crime, justice, accidents and other emergency services or at least a major source. The following graphs illustrate how the proportion of published NZPA stories in this ‘law and order’ category remained almost constant and significantly higher than any other category. It consistently outweighed politics and business combined.

Fig. 7.8: Overall proportional split of published NZPA topics



'Law & Order' includes crime, court coverage, accidents and stories relating to Police, Justice and Corrections departments.

Numerically, totals for this category varied from newspaper to newspaper and fluctuated over time. All newspapers recorded a fall in the total number of non-local law and order stories in the 2006 survey although the *New Zealand Herald's* reduction was slight, largely due to an editorial policy introduced several years ago that consolidated and reduced crime coverage to remove a perception of doom-and-gloom on every page.¹²⁶ Larger 2006 declines in other titles may have been due to what the *Bay of Plenty Times's* editor, Craig Nicholson, described as “a strong emphasis on local news mixed with only the biggest and best on the national scene”¹²⁷ although the *Otago Daily Times* editor, Robin Charteris, believed changes in his newspaper were due to reduced availability of NZPA material such as court coverage.¹²⁸

Proportionately law and order stories from all sources have continued to represent either the largest or second highest category in each newspaper while overwhelmingly registering the highest percentage of stories sourced from NZPA.¹²⁹ In the case of the *Dominion Post*, fully half of the NZPA stories it published in the 2006 period were law and order subjects. There are well-documented effects which explain the continuing proportional bias toward law and order stories and the statistics confirm McGregor's belief that “crime news is a pervasive and systematic component of journalism.” McGregor's study of crime news between 1992 and 2001 (McGregor and Comrie 2002: 81-95) indicated a rising incidence of coverage by New Zealand newspapers that was largely replicated by this study. Crime may be localised but it was seen by news editors as compelling – wherever it occurs – because it offered the opportunity to act out modern morality plays with what McGregor describes as the enduring elements of “good versus evil, of lust and greed and of victims and devils.” McGregor cites three reasons beyond the ‘morality play’ for the attraction of crime news: reinforcement of news values such as negativity, violence, emotion, personification and lack of ambiguity; ease of news-gathering through police and court supply of information; and the opportunities provided for advocacy. That said, the numerical reduction in law and order stories in 2006 merits further research beyond the scope of this thesis. While the

¹²⁶ Policy instituted by the author. Excessive crime coverage in the *New Zealand Herald* confirmed by McGregor's 2002 study of content.

¹²⁷ Email to the author 7 July 2006.

¹²⁸ Telephone interview with author 17 July 2006

¹²⁹ Law and order stories represented the highest proportion of NZPA topics in all six newspapers in 1996. A policy to reduce crime stories saw NZPA's business stories predominant in the *Herald* in 2005 and in 2006, a year in which *The Press* carried a higher proportion of NZPA business stories than crime but the margin of two percentage points represented a single story.

current analysis excluded the local crime coverage encompassed by McGregor et al and uses different methodology, an updating of that study may be timely.

Even allowing for change, it was apparent that newspapers had given an emphasis to crime and emergency stories that overstated their significance. This was particularly the case in regions outside Auckland (the apparent ‘crime capital’) and Wellington, where the percentage of stories in this category outweighed all others and, in the majority of cases, represented more than a third of all stories from those less populous regions. In some cases more than half the total coverage of a region had been dedicated to crime and emergencies, which could not be said to be an accurate reflection of daily life in those areas.

Fig. 7.9: Law & order as percentage of total stories

	1996	2005	2006
Northland	48.1	52.4	50.0
Nelson/Marlborough	33.3	51.6	40.0
Canterbury	39.6	44.3	50.0
West Coast	25.0	18.5	35.7
Otago	33.3	44.4	37.0
Southland	33.3	34.6	44.4
Waikato	32.2	31.1	42.9
Bay of Plenty	40.0	45.5	61.8
Taranaki	38.5	30.0	41.2
Hawkes Bay	44.8	44.1	55.2
Manawatu/Wanganui	37.5	40.0	55.0

* Tasman and Gisborne statistically insignificant.

The continuing reliance on NZPA for crime and emergency stories placed on the agency a demand that could, if allowed to develop, see the assignment of more of its reporting staff to what is known in journalism as ‘ambulance chasing’. Pressure to increase this type of cover might have been accentuated by the reduced use of NZPA political and business coverage. The Fairfax newspapers and the *New Zealand Herald* gave preference to staff-written stories on both subjects and the *Otago Daily Times* had an arrangement with APN for use of *Herald* political coverage that predated the restructuring of NZPA. The introduction of new and revised business publications by both major groups¹³⁰, together with Fairfax’s *Business Day* service to its daily newspapers, may also have given added impetus to a drive for ‘exclusive’ coverage of business affairs that further reduced reliance on NZPA.

¹³⁰ *The Business* in *The New Zealand Herald* and Fairfax’s relaunched *Independent Business Weekly*.

iv. Downgrading NZPA

It is evident from the survey that preferential treatment was given to staff and group stories. The number of NZPA stories reduced to briefs or short stories was consistently high; staff and group stories were given preference for placement, display and illustration. It was a reflection of a growing desire, particularly between Fairfax and APN, to ‘differentiate’ their newspapers. This desire was most apparent in the creation of the Fairfax group copy exchange network (see chapter 6) which the *Dominion Post* editor, Tim Pankhurst, credited with positive results for both his own newspaper and APN’s *New Zealand Herald*:

What we are seeing is the two major dailies, now that they are no longer exchanging stories, developing much more distinctive looks. On some days there are no common stories. That is a healthy development.¹³¹

It would be reasonable to draw the inference that this differentiation had been at the expense of NZPA but the survey indicates that newspapers had promoted their own content for some time. For example, throughout the period under review, a significant proportion of NZPA output published in the six titles took the form of briefs. In 1996 23.7% of agency copy was published in digests of stories less than five column centimetres in length. In 2005 the proportion had risen to 31.8 per cent, with an increase in numerical terms from 202 in 1996 to 238 cases in 2005. In 2006 the proportion had risen to 33.1 per cent although the number of cases dropped to 163, a combination suggesting that when newspapers’ reliance on NZPA dropped they attached even less significance to its content. The proportion of NZPA stories that were less than 20 column centimetres in length remained consistently high: 79.7 per cent in 1996, 78.7 per cent in 2005, and 73.2 per cent in 2006. This may illustrate an interesting difference in value perception. If a reporter was paid, say, \$50,000 a year,¹³² editors may perceive the first-copy cost of a staff-written story to be high and therefore wish to extract greatest benefit (length and display) from it (see Baker 2002, Chapter 2). NZPA content, on the other hand, may not carry the same perception as its first-copy cost is seen to have been carried elsewhere.¹³³ As a result, greater prominence may be given to

¹³¹ Email to author 9 July 2006.

¹³² Journalism Training Organisation National Survey of Journalists 2006 available at <http://www.journalismtraining.co.nz/publications/resources/200608jtosurvey.pdf>

¹³³ This ignores NZPA’s annual subscription but perception and reality do not necessarily coincide.

staff stories which, after all, had been conceived and nurtured within the newspaper itself. That is not to say, however, that all NZPA stories were discounted. At the other end of the scale, the agency's share of substantial stories fluctuated. While headlines larger than 56-point¹³⁴ were exceptional on news stories in 1996, NZPA secured 26.7 per cent of headlines above that size and 42 per cent of stories longer than 40 column centimetres. In 2005 its proportion of headlines greater than 56-point fell to 17.4 per cent and the percentage of all non-local stories longer than 40 column centimetres dropped to 19 per cent. However, in 2006 the agency secured a third of all headlines above 56-point and stories over 40 column centimetres long but 60 per cent were Wellington-based and more than half was political or business content. The 2006 results may have reflected an emphasis on what the *Bay of Plenty Times*' Nicholson described as "only the biggest and best on the national scene", while relegating or rejecting other NZPA material.

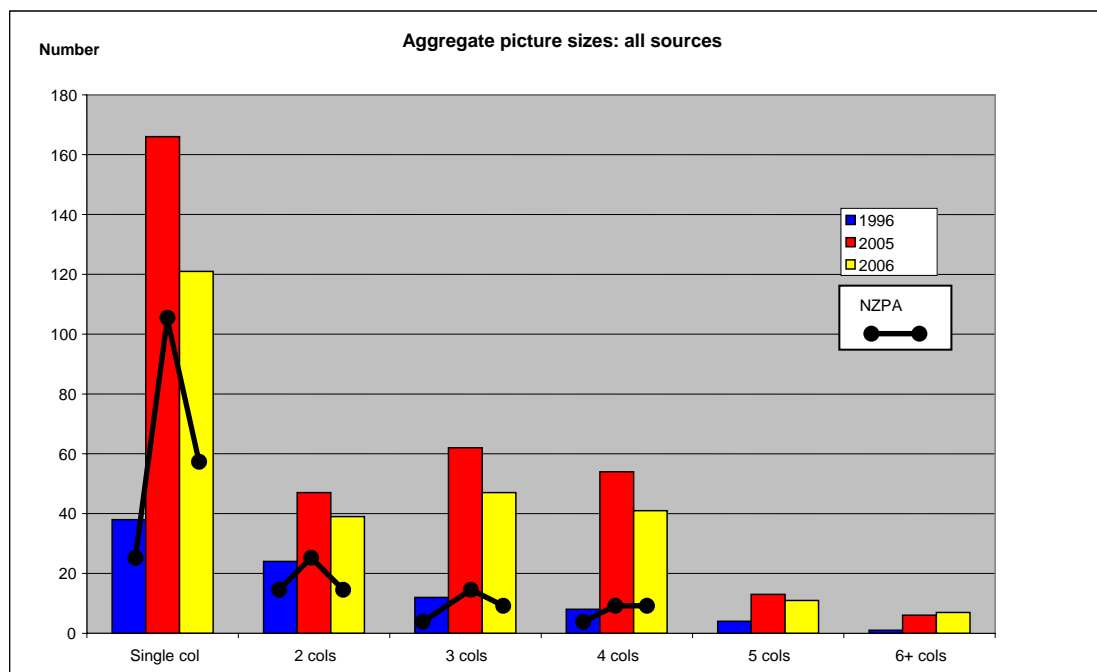
The bias toward 'in-house' content was supported by the finding, consistent across all three years, that NZPA stories were less likely to be illustrated by photographs than staff or group material. In 1996, while 26.4 per cent of illustrated staff-written stories were accompanied by photographs, only 4.8 per cent of NZPA stories were embellished by them. And staff stories tended to be more lavishly illustrated. Of the staff stories, 29.7 per cent had single column images, while 56 per cent of the illustrated NZPA stories carried single-column pictures, usually stock portraits. The number of larger pictures published in 1996 was small compared with newspaper illustration a decade later but the number of three and four column pictures published with staff stories (11) was almost twice the number of similar sized photographs published with NZPA stories. Illustration, even in the text-dominant days of 1996, was not limited to 'live' images by news photographers. Many stories were illustrated with 'stock' photographs from newspaper libraries, a service as available for the illustration of NZPA stories as it was for staff material. By 2005, when group stories had been added to staff-generated copy (particularly in the Fairfax group), newspapers had become more graphic in their presentation and half of this 'in-house' material was illustrated, compared with only 21.5 per cent of NZPA stories. The size of illustration again suggested a strong bias. Thirty-one per cent of illustrated staff and group stories carried single column pictures while 46.3 per cent had illustrations of three or four columns wide. In contrast, two-

¹³⁴ One point equals 0.351 mm therefore 56 points is approximately 2 cm high.

thirds of illustrated NZPA stories had single column images while only 18.6 per cent were three or four columns wide. Overall picture use in 2006 declined from that in 2005, a reflection of the drop in the non-local story count across all titles. In that year, 47.9 per cent of staff and group stories were illustrated, of which 39 per cent carried single column pictures and 36.3 per cent had three or four column images. Illustrated stories had dropped to 20.1 per cent of the NZPA total, of which 58 per cent were single column pictures and 26 per cent three or four column. In light of the obvious tendency to downplay NZPA content, it is unsurprising that in each of the years under review the number of occasions on which NZPA stories were accompanied by pictures with a width of five or more columns was so small as to be statistically insignificant.

Fig. 7.10 shows the increase in illustration made possible by the introduction of computer technology and four-colour offset presses in the 1990s. It also reflects the dramatic drop in non-local material between 2005 and 2006 and the greater likelihood that local stories will be illustrated by local photographers. The inequality of NZPA stories in the battle for eye-catching illustration is evident.

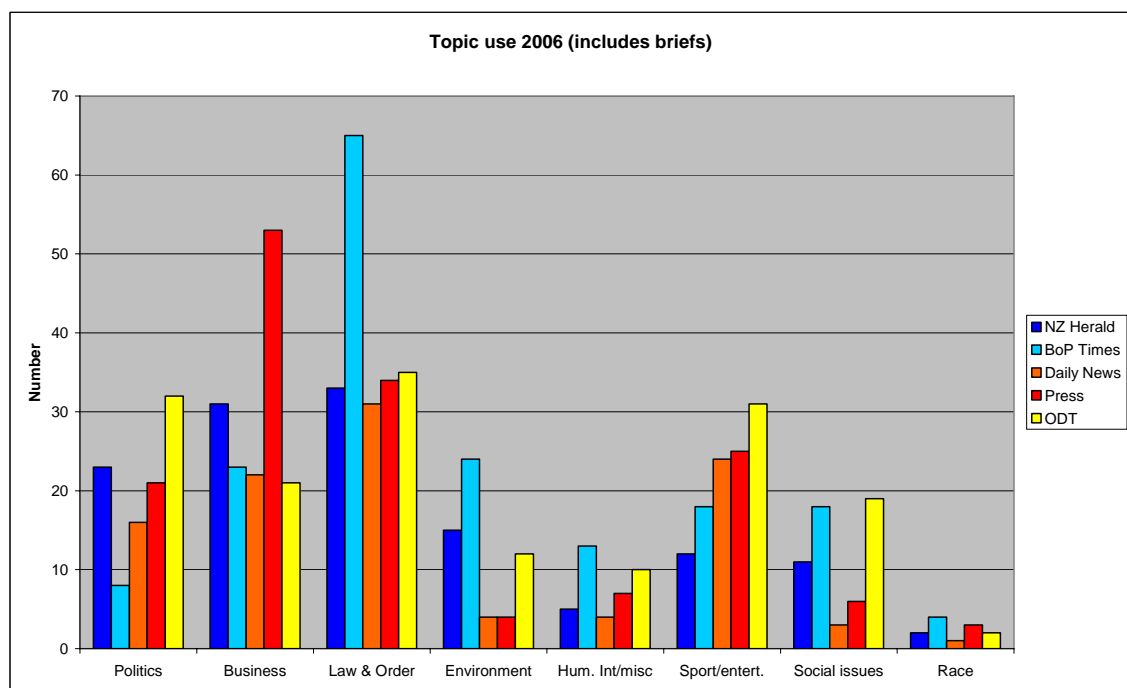
Fig. 7.10: Story-associated picture display 1996-2006



A clear manifestation of the downgrading of NZPA was the Fairfax network, the creation of which was to secure a competitive advantage. *Fig. 7.11* assesses the impact of the Fairfax group copy exchange system – which was fully operational by the beginning of 2006. The *Dominion Post* is omitted because, as noted, much of its

governmental and institutional content is deemed to be local in this survey. A comparison of other titles, however, shows no obvious evidence that Fairfax newspapers had a material advantage in any topic area other than business, where the group's *Business Day* Auckland, Wellington and Christchurch bureaux may have benefited *The Press* (and the *Dominion Post*) even though, as already noted, in numerical terms the non-local business coverage was significantly less than in 2005. An apparent advantage by *The Press* in non-local sports coverage was not matched by its regional Fairfax stable-mate, suggesting the difference between *The New Zealand Herald* and *The Press* may have been due to editorial decisions rather than availability. The greater number of sporting events in Auckland ('local' for the *New Zealand Herald*) must also be taken into account.

Fig. 7.11: Fairfax and non-Fairfax use of topics



Comparatively, non-Fairfax newspapers have carried as much, if not more, on given subjects than their Fairfax counterparts. Even though its overall story count was down in 2006, the *Otago Daily Times* carried more stories than Fairfax newspapers in six of the eight categories. The *Bay of Plenty Times*' apparent supremacy in a number of categories was due to 47 per cent of its 2006 content being in the form of brevities, with law and order stories dominant but it held its own against the *Daily News*.

v. A change of tone

Analysis of the tone of stories¹³⁵ published in the three survey periods reveals another even more politically significant change. In 1996 there was a marked tendency toward publication of stories with neutral or moderate tones. This trend continued in 2005 although beginning to change. In 2006, however, moderation and neutrality declined and a more polarised effect was evident.

Fig. 7.12: Numerical variation in tone 1996-2006

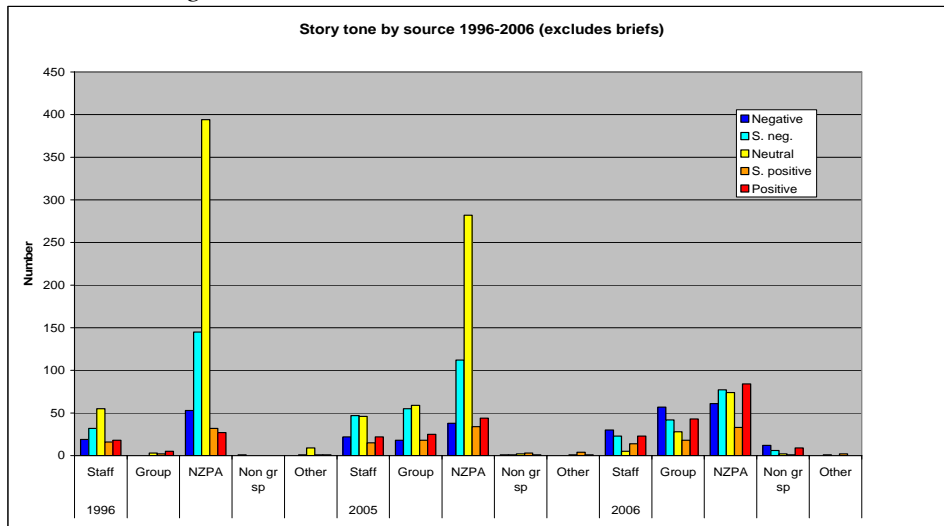
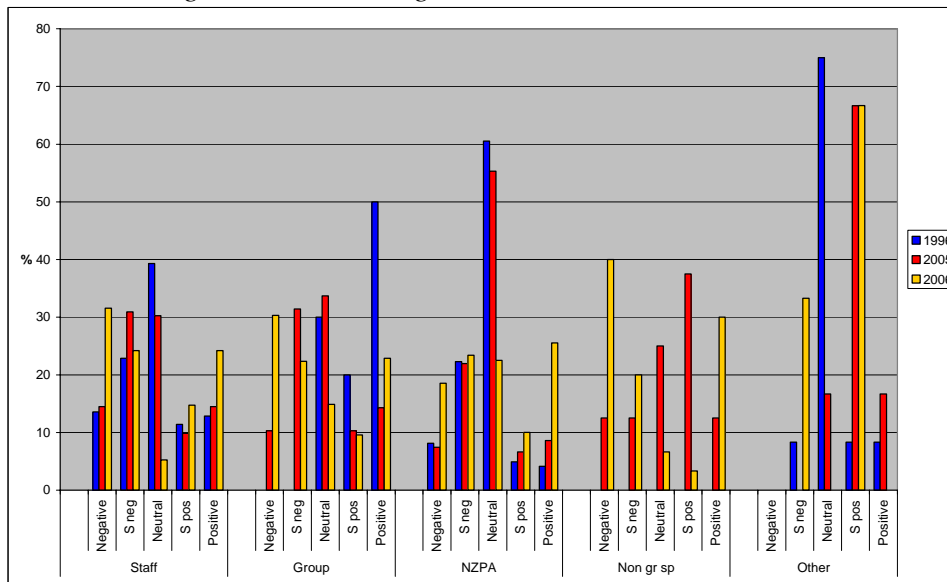


Fig. 7.13: Percentage variation in tone 1996-2006

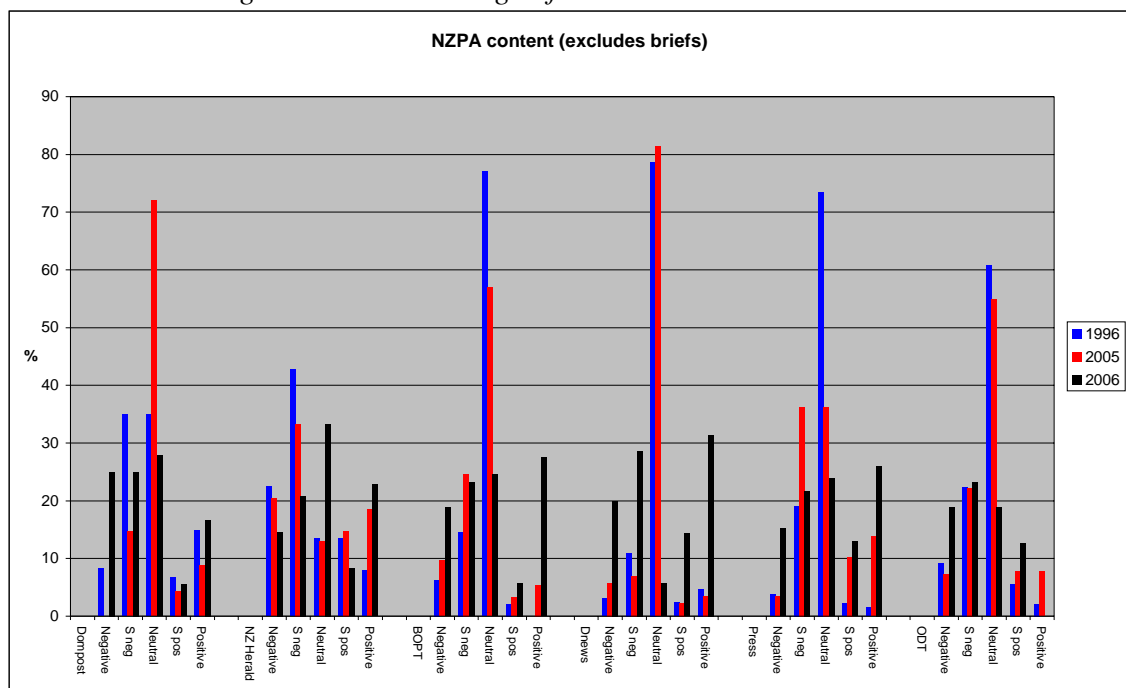


While the trend away from a neutral position to more emotive tones was evident across most sources, the most obvious change in 2006 related to NZPA. In past years the

¹³⁵ Briefs omitted – assessment of tone difficult due to episodic nature of single paragraph reports.

agency had distributed large numbers of stories that were neutral in tone. Although the number declined between 1996 and 2005, in percentage terms this neutrality was maintained. In 2006, however, the number of neutral NZPA stories plummeted by 74 per cent on the previous year, from 282 to 74. This could not be explained away by the drop in total stories transmitted: proportionally, neutral tone declined. In 2005 neutral stories had represented 55 per cent of the NZPA total. In 2006 this proportion had dropped to 22.5 per cent, a 40 per cent drop. It should be noted that proportionally NZPA had slightly more positive than negative stories in 2006 than in 2005 but numerically both categories grew. There was some variation between newspapers but, overall, the pattern was one of change.

Fig. 7.14: NZPA change of tone in each title 1996-2006



The rivalry between the two major groups (discussed in Chapters 4 and 5) may explain the notable 2006 shift toward a polarised tone in staff and group stories evident in *Fig. 7.12*. Competition may lead journalists to strive for greater effect and a more eye-catching presentation of their stories. Less explicable was the even more dramatic shift in the tone of NZPA stories published in that year. There are two likely causes: either the staff of NZPA had begun to ‘angle’ more stories to make them attractive to newspaper editors who might otherwise favour staff or group alternatives, or newspaper editors were choosing to run only those stories that conformed to their own more polarised view of content and were rejecting NZPA stories in which the tone was

neutral. The former is more likely given the volume of agency material involved and the mix of titles studied.

An examination of the topical forms of NZPA stories that changed in tone is revealing, and may reflect general changes in newspapers that are struggling to retain readers. The number of crime and emergency services stories from the agency that had negative or somewhat negative tone rose from 26.7 per cent of the total to 71.8 per cent, suggesting that this type of story had been subjected to more eye-catching treatment to give it the irresistible qualities identified in McGregor's research. The question must be asked whether political content is also an area where NZPA will strive to make its stories more 'eye-catching' in future. The number of NZPA political stories dropped by almost 30 per cent from 2005 to 2006 as newspapers gave preference to staff or group-sourced political stories, 65 per cent of which were negative or somewhat negative. There was a sense of 'follow my leader' in the changing tone of NZPA's political stories in 2006.¹³⁶ Neutral NZPA political stories dropped by 45 per cent to represent only a quarter of the total, while negative and somewhat negative stories rose from 45 per cent to 51 per cent. This shift had implications for the relationship between NZPA's parliamentary staff and the politicians who traditionally saw them as neutral purveyors of information. A drift into more emotive styles of political writing can carry with it claims of a loss of neutrality. The issue is encapsulated by Atkinson:¹³⁷

If we accept that speaking the unvarnished truth requires minimal presentational skills, rhetorical acts, or eloquence, then it follows that the journalism of partisan persuasion requires more careful delivery and argument with emotion and drama.

The NZPA editor, Nick Brown, maintained there had been no conscious effort or policy to change the way the agency's staff wrote or edited stories. He said that NZPA "always had one or two people on the desk who liked to inject impact into headlines and intros if they're perceived to be dull" but as a news agency generally NZPA avoided sensationalism. He conceded, however, that "we're also trying to concentrate on hot news and the big news issues each day - high impact stuff."¹³⁸ This concentration was

¹³⁶ Business stories showed a similar pattern, with NZPA mirroring the move by staff and group writers away from neutral tones.

¹³⁷ Atkinson J., *Performance Journalism and the Public Interest* paper prepared for presentation to the *In the Public Interest* conference, Christchurch, 25-26 August 2006.

¹³⁸ Email 21 July 2006. Brown provided further clarification on 30 January 2007 in which he said: "News editor Kevin Norquay and I have occasionally reminded staff to avoid using 'emotive' terms or

seen by NZPA as a necessary consequence of the reduction in resources available to it with the end to newspaper copy exchange. However, a focus on major news does not, of itself, result in a shift in the tone of stories. The polarising of content reflects how a story is written, not its subject.

Even given that NZPA had not instituted a new policy in relation to its treatment of stories, the similarities between the tone of its stories in 1996 and 2005 and a marked departure from that pattern in 2006 can only be explained by the change to a commercial environment. It was made clear to NZPA staff during the restructuring that they would exist in a ‘new world’ and, consciously or sub-consciously, those journalists appeared to have changed the way they wrote and edited to suit the new climate and the ‘new news values’ – enumerated by McGregor (2002: 111-125) – to which they were exposed as media consumers. In so doing, their behaviour had much in common with their newspaper counterparts and raised the spectre of a culture shift which, while not on the scale that followed the deregulation of broadcasting,¹³⁹ posed serious dangers for the agency.

vi. Framing effects

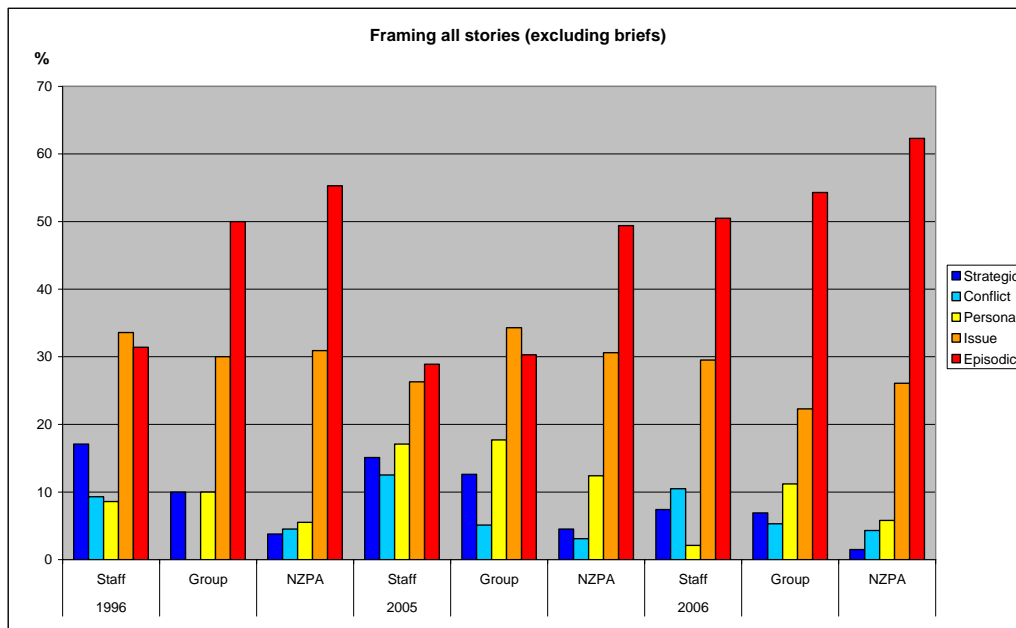
The framing of stories is allied to tone, since both contribute to the metaphors that journalists use to tell society about itself. Whether applied consciously or unwittingly, frames not only influence the way in which news is received but also tell us something about the media organisation from which it emerged. An analysis of story framing was, therefore, a useful device to help determine cultural change within newspapers and within NZPA.

In percentage terms there was some variation in the framing of stories. The most significant changes were a rise across all sources in the proportion of episodic stories and a decline in the proportion of issue-framed stories between 2005 and 2006, suggesting that stories had become less contextualised. In each of the periods reviewed, between 49 per cent and 62 per cent of NZPA stories exhibited episodic framing, with issue framing following as the next highest category.

‘loaded’ words. We will need to be ever more watchful that NZPA’s commercial imperatives do not change our core function as neutral recorders of news.”

¹³⁹ See, for example, Atkinson’s “The State, the Media and Thin Democracy” in Andrew Sharp (ed) *Leap into the Dark: The Changing Role of the State in New Zealand Since 1984*. Auckland, A.U.P. 1994.

Fig 7.15: Proportional framing of stories 1996-2006



While there was relative consistency across the years and a low level of strategic and conflict framing in NZPA stories generally, a different picture emerged when framing analysis was restricted to political stories, the area to which framing effects have most often been applied. While the tone of the agency’s political stories had altered only recently, its framing of such stories have displayed over the past decade as much adversarial framing as the newspapers’ own material (see Fig. 7.16). This finding is important, as a news agency would have been expected to exhibit a more neutral, reportorial style. In 1996 NZPA produced a similar number of stories with strategic frames as did newspaper staff but more stories with conflict frames,¹⁴⁰ although in percentage terms the newspapers had a higher concentration on strategic framing than on other schema. The percentage of strategic and conflict framing by NZPA in 1996 (48 per cent) was similar to that in the 1996 copy of the *Dominion* used for comparative purposes. In that issue 54 per cent of the 13 political stories were framed in that manner. The findings suggest that, while NZPA staff a decade earlier may have been able to adopt a relatively neutral tone in their writing to conform to agency expectations, they were already susceptible to “the game schema” that Patterson says increasingly dominates the journalist’s outlook on politics. His belief that it does so “in part because it conforms to the conventions of the news process”¹⁴¹ suggests a pre-conditioning of

¹⁴⁰ Twelve agency stories against only one conflict-framed newspaper staff story.

¹⁴¹ Patterson 1994: 60.

journalists to accept as normative the view that personal gain and enmity are the kingpins of politics. Such framing did not replace the more contextualised and informative issue-framed story but it did overshadow both NZPA and staff/group issue-framed output.

By 2005 there was a 20 per cent fall in the total number of political stories published, due entirely to a decline in the use of NZPA material (which dropped from 67 stories to 44). While group material replaced some staff-written political stories, the overall level of newspaper-based political stories remained on a level similar to 1996.¹⁴² There was, among staff and group stories, a marked increase in the number and proportion of personality-framed stories, a frame that fits within the game schema. Adding this frame to the mix showed that, proportionately, a strong preference for game-framed 'in-house' material had been maintained. However, the proportionality of NZPA political content had changed, with a decline in strategic and conflict framing and a 25 percentage point increase in issue-framed stories. This change needs, however, to be kept in context. While the number of strategic and conflict framed stories dropped by almost two-thirds (32 down to 11), the number of issue-framed stories was relatively stable – up only three to 26. This may be read as newspapers taking NZPA for the bread-and-butter coverage of politics while preferring to have their own spin on material higher up the news agenda.

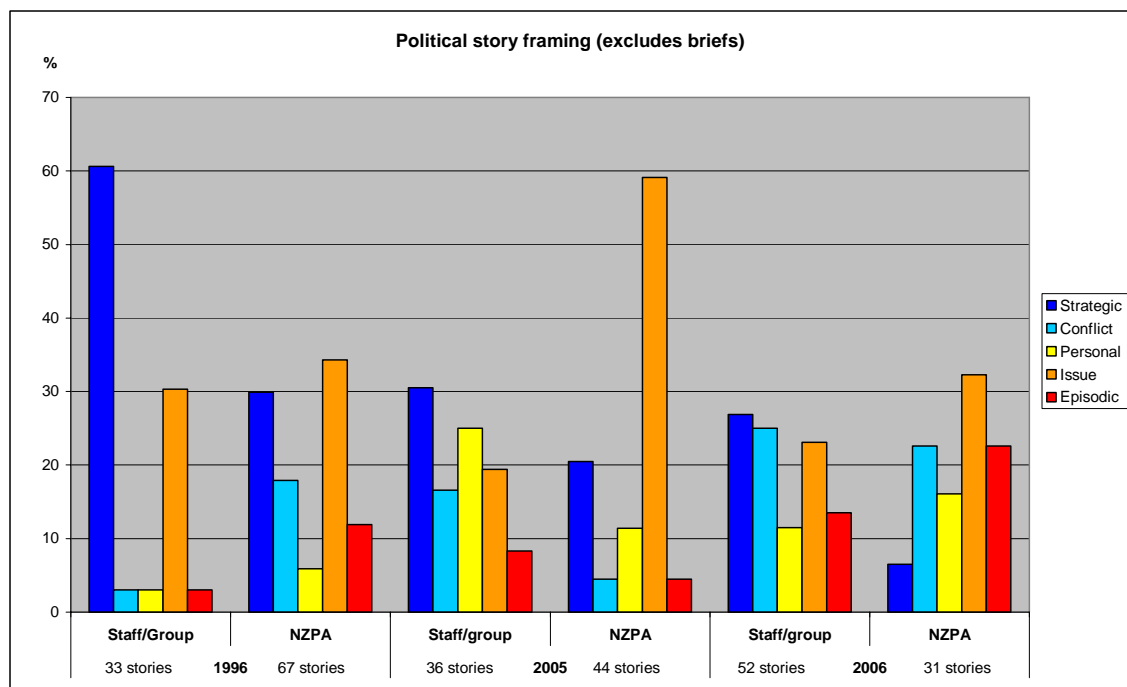
The political news hole did not shrink further in 2006 but NZPA's share of it continued to contract, to the point where it was beginning to represent almost the reverse of the ratio that existed a decade earlier. Its proportion of strategic and conflict framed stories remained consistent with the previous year (25-30 per cent) but an interesting change had occurred elsewhere: there was a dramatic fall in both the number and proportion of contextualised issue-framed stories and an equally significant rise in episodic stories that lacked the informational virtues of issue-framing.

Overall, the picture is one in which NZPA, over the past decade at least, engaged in behaviour similar to its newspaper counterparts when an agency might have been expected to take a more demonstrably neutral approach to its political coverage. It failed to filter out those elements of tone and framing which might influence the way in which readers interpreted political stories. In so doing it provided the ingredients that are most

¹⁴² Thirty six stories in 2005 against 33 in 1996.

attractive to news media. These failings may, if one were to put a more charitable cast on it, have been due to the same problem that faced editors in monitoring geographic coverage: the agency might have lacked the mechanisms to monitor trends in its political coverage. More likely, the presence of such tone and frames was a reflection of both the input from newspapers that passed through the NZPA editing process without alteration up to the end of 2005 and of NZPA journalists applying similar framing to their political stories as the other Press Gallery journalists with whom they competed.

Fig. 7.16: Political story framing 1996-2006



Conclusions

The first conclusion that can be drawn from the analysis is that there was a drop in the number of non-local domestic stories carried in New Zealand newspapers after the restructuring of NZPA. The findings bore a close correlation with the agency's own calculations of output before and after the change. The agency stated that in 2006 it is producing between 60 and 70 per cent of the 2005 output¹⁴³ and this content analysis found an overall decline in NZPA use among the six titles of 34 per cent. A 25 per cent reduction in non-local stories from all sources suggests this deficit had not been fully compensated by alternative means.

¹⁴³ Figure supplied by NZPA editor, Nick Brown, in July 2006.

The decline was across all subject areas and, with two minor exceptions,¹⁴⁴ all regions. It coincides with demutualisation and, therefore, cannot be explained away by an earlier move – by regional dailies in particular – to concentrate on local stories. The obvious conclusion to be drawn is that, since NZPA demutualised, readers had less choice in what they read and where it was located. Any diminution in choice is a matter of concern but in a newspaper duopoly (see Chapters 3 and 4) it must be viewed even more seriously. The cooperative version of NZPA provided a conduit through which the readers of a single newspaper could be exposed to stories from journalists working for what was ostensibly a rival organisation. While seldom providing an alternative perspective on the same story, the exchange did at least allow the subtle intrusion of the ethos of other newsrooms – even if through the neutralising filter of an NZPA sub-editor. It may have been a poor substitute for true plurality but it was, nonetheless, another ‘voice’. It is largely that content that was lost after demutualisation. The qualification ‘largely’ is applied because intra-group exchanges did allow for the injection of some differences into other newspapers in the group. However, this must be judged alongside some potentially detrimental effects of the development of a ‘group ethos’ discussed in the final chapter.

In addition to the overall effect on choice, the loss of cooperative content had an impact on regional coverage and on the ability of local actors to reach a wider audience. The analysis produced disturbing results on regional coverage across all three years and all titles. While some produced creditable coverage of their own region, none could be said to provide comprehensive information on the rest of the country. With limited regional coverage and constrained circulation areas, none could aspire to the appellation ‘national newspaper’. This could not be blamed on NZPA. The log of stories transmitted by each member newspaper in the decade before demutualisation (*Fig. 7.7*) suggest that comprehensive regional material was available but that editors were highly selective about the areas chosen for coverage. Some of this selectivity was natural – emphasis on the main metropolitan centres and regions in close proximity to the newspaper’s home territory – but other choices suggest ‘provincial’ New Zealand held little attraction. The analysis suggests this was not a new problem but that a new

¹⁴⁴ Overall, Gisborne coverage rose but numbers were so low as to be insignificant and NZPA content from Manawatu/Wanganui was static.

dimension had emerged: past unwillingness to provide nationwide coverage had been reinforced by a new inability.

Media politics can be seen as a process in which contending political and cultural discourses struggle for:

- Visibility: to be seen and heard
- Credibility: to be taken seriously
- Ascendancy: to be able to set the agenda rather than react to rules created elsewhere.

In New Zealand, as the content analysis shows, many regional and provincial voices no longer even get admitted to the contest. The information flows that help New Zealanders build and maintain a collective picture of themselves are impaired; and local actors face increased difficulty in reaching a wider audience. They face this difficulty because there are fewer entry points to the national media system when local coverage is not available for national distribution. The impairment is exacerbated by the loss of a body of ‘second tier’ stories that falls outside the area of major news but which regional newspapers, in particular, were apt to file to NZPA. Such stories would never make the front page of a metropolitan newspaper or even an inside page lead story. They were down-page general interest stories that once helped to build a mosaic picture of other regions.

There was evidence in 2006 of attempts to fill some gaps by having NZPA staff write what are known as ‘matchers’ of stories published in one of the dailies.¹⁴⁵ Such stories cover the main points and are attributed to the original publication. There is, however, an obvious time lag. They are not written until after the original publication, although wider distribution of the story is achieved. Nevertheless, the timeliness, which would previously have been satisfied by transmission on the cooperative network, was lost.

The analysis also suggests that commercial pressure, as well as affecting the structure of NZPA, was beginning to influence the nature of non-local domestic news. A reduction in the neutral tone of NZPA stories together with an increase in episodic treatment and

¹⁴⁵ It is a practice being increasingly frowned on by newspapers, which see it as providing ‘our story’ to rivals.

the admission by its editor that its journalists were concentrating on “hot news and big news issues” creates a danger that context could be lost from association stories.

In summary, the analysis suggests that there were negative effects on all elements of the journalist’s “Five-Ws” news mantra:

- Who: Access by local actors to the national news agenda was reduced
- What: Content across all subject areas was reduced
- When: Resort to ‘matchers’ reduced timeliness
- Where: Regional gaps appeared in the national network
- Why: Commercial imperatives were pushing NZPA away from contextualised stories toward ‘spot news’.

There were some countervailing advantages: large amounts of NZPA copy had been unused by newspapers in the past and the new system was simply more efficient; group exchanges allowed redistribution of content to create more clearly differentiated publications; there had not been comprehensive coverage of the regions for at least a decade so nothing was lost in that respect; and editors were free to seek and choose whatever material they wished. Each of these arguments has a degree of validity and each is true in its own right. But the fundamental issue of reduced choice remains. Replacement mechanisms had not filled all of the gaps, coverage was reduced, there were fewer ‘voices’, fewer entry points to the national agenda, and a diminished discourse.

The analysis suggests, in addition to this reduced choice, some changes in attitude had altered the newspaper and news landscape. APN’s aggressive move into the Sunday newspaper market and intrusive daily circulation developments by both it and Fairfax New Zealand set the scene for change. Consequently, Fairfax New Zealand was open in its desire to develop its own internal resources for the benefit of its member newspapers and to the detriment, it hoped, of rivals that it regarded as receiving a ‘free ride’ on the coat-tails of the stories it produced. The content analysis confirms this policy was taking effect and that it had already impacted on newspaper content. The most dramatic manifestation of this change was in Fairfax’s Taranaki *Daily News*, where NZPA content dropped by more than 56 per cent between 2005 and 2006 to be replaced by group content. However, the study also shows that over time there was a growing

preference among all newspapers for staff and group material over NZPA, a view supported by the latter's inferior treatment in terms of story placement, display and illustration.

This trend, and the need for NZPA to demonstrate its ability to survive in a commercial environment, pushed the agency toward a more aggressive and attention-getting persona that influenced both the subject matter and treatment of its content offerings. However, there is a caveat on that conclusion: the study embraced only the first months of the new regime and could reflect an unwittingly over-enthusiastic embrace of the commercial environment. Be that as it may, there were potential quality and public-benefit issues in that approach if it continued. This was not an issue that could be laid solely at NZPA's door. Much of the responsibility lay on the desks of the newspaper editors whose editorial policies dictated the direction in which their publications were taken and the content they sought from the agency. In 2006 they displayed an undiminished preference for crime and emergency stories (about 28 per cent of total non-domestic stories each year) and a growing failure to comprehensively tell the country about itself. They were not, however, alone among the news media. Fountaine et al laid a similar failure to cover what they call "the empty heartland" at the door of television (Fountaine, Comrie & Cheyne 2005).

One hypothesis of this thesis is that structural change to NZPA would manifest itself in changes to the content of New Zealand's newspapers. The content analysis provided strong, if early, evidence that this was the case. While some editors noted that changes in policy have led to more local content, there are too many correlative facts to dismiss the changes as manifestations of such policy shifts, because:

- The decline in content was consistent across titles, not all of which had adopted a strongly local focus in 2006.
- The decline was consistent with NZPA's own assessment of its productivity since the restructuring and shortfall on 2005 output.
- The change in the sources of material in Fairfax newspapers coincided with the end to the cooperative system and a resultant escalation in its group copy exchange.
- Marked changes occurred in the approach to NZPA stories after commercialisation.

A continuation of this content analysis into the future would help to determine whether the effects are systemic and long-term or a temporary manifestation of a wire service getting to grips with the demise of a structure that had survived for 125 years. If the former proved to be the case, it would suggest that the survival of NZPA had been bought at some cost to readers. If the latter, the agency would have moved to fill the gaps in coverage and redressed emergent practices that, over time, could have eroded its reputation for breadth, balance and neutral reportage.

Chapter 8: Satisfaction survey

Introduction

On 16 October 2006 a survey questionnaire was distributed via email to 19 daily newspaper editors throughout New Zealand seeking their assessment of NZPA news services before and after the cessation of cooperative copy sharing. Responses were received from 15 editors (79 per cent), 12 of whom also appended comments.

Methodology

The questionnaire, attached as Appendix C, was divided into two sections, representing old and new NZPA systems, and in each section posed the same six questions, one of which was multi-dimensional. Respondents were asked to express their level of satisfaction through a numerically-based Likert-type scale ranging from 1 (poor) to 5 (very good). The first area concerned subject coverage and, in addition to seeking a response to the overall range of subjects covered, sought assessments of NZPA coverage of the nine subject types monitored in the content analysis. The other questions addressed geographic coverage, story quantity and quality, timeliness of delivery and value for money. Space was made available for comment, with attribution optional. Responses to the set questions were non-attributable. Initial emails were followed by reminder messages to editors.¹⁴⁶

Analysis of the responses took two forms: Likert-scale responses were collected for each question in section A and compared with like responses in section B; and item scores were summed to provide an overall attitudinal score for each respondent before and after demutualisation. Results for the first analysis are presented as radar charts¹⁴⁷ in which A and B series are combined to indicate attitudinal changes over time on each concept while the second analysis contains information in a variety of formats.

¹⁴⁶ An earlier attempt within the industry to survey satisfaction on NZPA elicited only three responses from editors and prompted the author to take a pro-active approach to encouraging participation in this survey.

¹⁴⁷ Radar or spider charts graphically illustrate gaps in performance and may combine series to show changes in performance over time. In media organisations, for example, they are utilised in reader satisfaction surveys. The scale indicates the number of respondents at each satisfaction level.

Results and analysis

Before-and-after questionnaires may create expectations of change and a tendency, therefore, for respondents to alter positions from one section to the other. Some allowance should be made, therefore, for such a demand characteristic in this survey. Nevertheless, aggregated scores show 60 per cent of respondents recorded a change in overall satisfaction beyond that indicated by a one point shift on the scale for each question; that is, beyond the bias such an inherent survey characteristic might reasonably assume. The survey revealed no evidence of a tendency toward a position response bias in which participants tend to mark at either extreme of the scale. All respondents possessed the necessary knowledge to make reasoned value judgments.

i. Responses to individual questions

Major shifts in satisfaction levels before and after demutualisation were observed in survey results relating to geographic coverage by NZPA and the number of stories it supplied, with mass migration from 'very good' and 'good' to 'satisfactory' and 'below expectation' (see *Figs. 8.1 & 8.2*).

Fig. 8.1: Satisfaction on geographic coverage

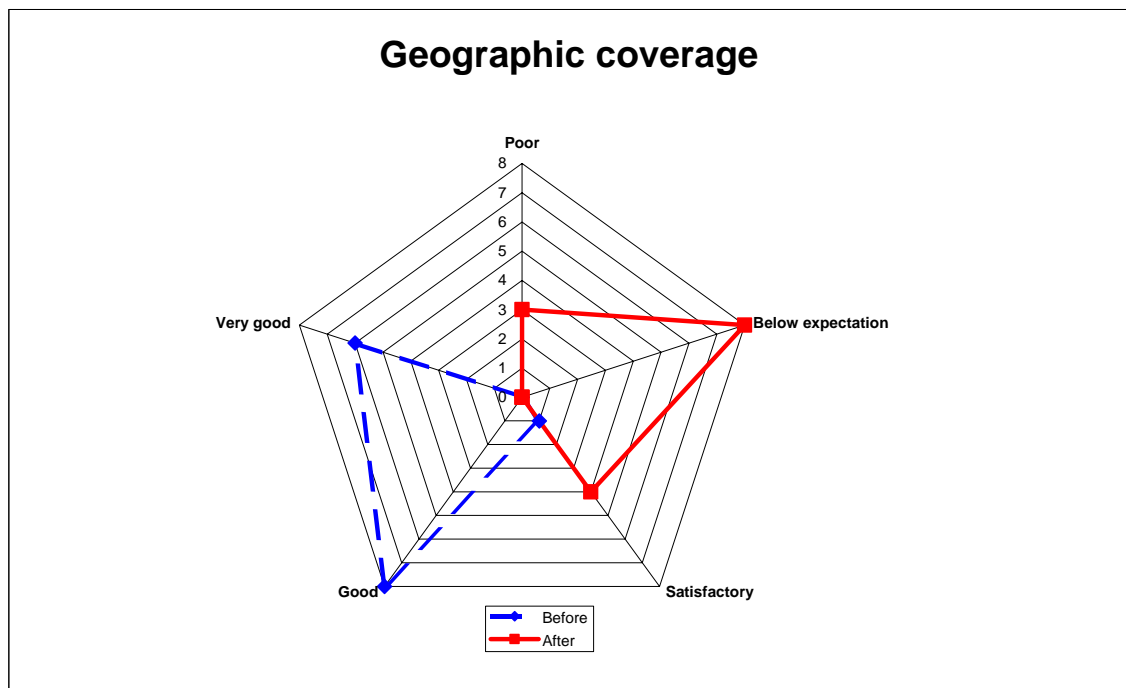
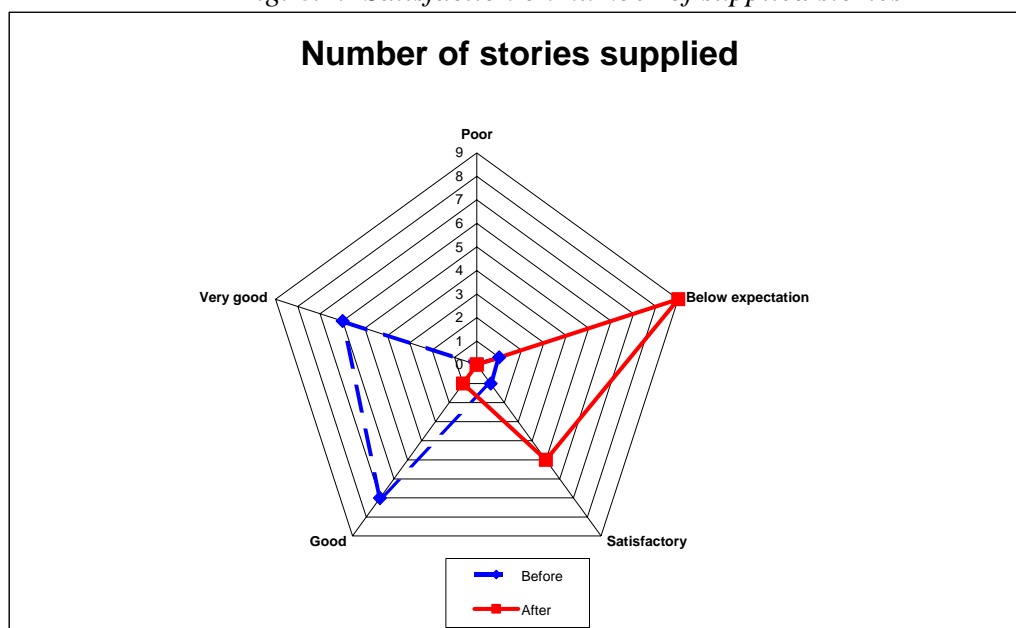


Fig. 8.2: Satisfaction on number of supplied stories

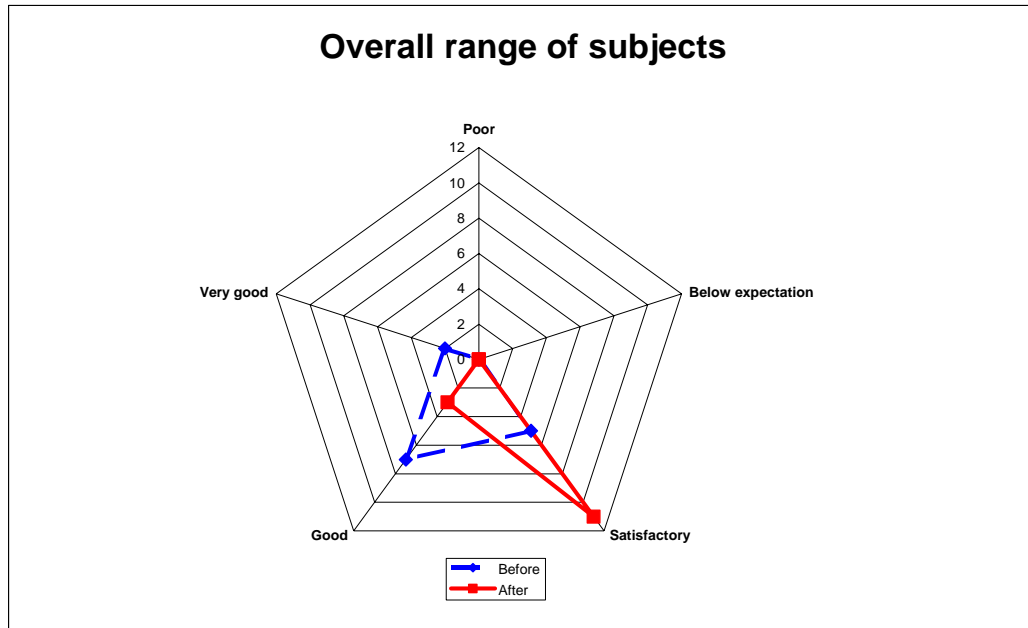


After the loss of contributing newspapers that had ranged the length of the country, some shift would be unsurprising. It is significant, however, that the effects on the NZPA news file were sufficiently large to register with editors for whom day-to-day demands might have obscured trends. Nevertheless, there is a certain irony in the perceived drop in geographic coverage, given findings in chapter 7 which showed newspapers' collective record on geographic breadth of coverage in their publications had been poor for at least a decade.¹⁴⁸ The subsequent decline in perceived story numbers tallies with the content analysis of NZPA usage and with the NZPA editor's own assessment of output before and after demutualisation. However, given that NZPA's in-house productivity increased by some 20 per cent with no change in editorial staff numbers after demutualisation, one can only wonder at the expectation by nine editors (60 per cent) that the agency's output might be even higher.

The shift in satisfaction at the overall range of stories was less dramatic, although that result (*Fig. 8.3*) has a strong correlation with both the loss of geographic coverage and a reduction in the size of the story file. Here, too, editors' responses suggest the loss of newspaper input has had an impact. While 50 per cent regarded the range under the cooperative as 'good' or 'very good', post-demutualisation 79 per cent rated the range no higher than 'satisfactory'. One respondent did not complete this question.

¹⁴⁸ The observation in that analysis was that editors had not been taking full advantage of the range of regional news available to them via NZPA.

Fig. 8.3: Satisfaction on range of subjects



Declining satisfaction levels registered in all nine of the individual subject areas surveyed, although the shift was more significant in some subjects than others and, in the case of minor movement, may reflect the demand characteristic recognised at the beginning of this section. Caution is warranted in results relating to coverage of politics, business, environment, entertainment and social services. In the case of politics and business (Figs. 8.4 & 8.5), NZPA had a substantial filing record by its own staff before demutualisation, with dedicated reporters in both areas. Newspaper staff in the Parliamentary Press Gallery had not been required to file to NZPA. There was, therefore, no loss of coverage from those sources and the agency's own Press Gallery office was fully staffed except during parliamentary recesses. Similarly, branch office business staff in Wellington (the *New Zealand Herald*) and Auckland (Fairfax's *Business Day*) did not file to the agency.

Satisfaction changes in environment, entertainment and social services were minor. This probably reflects the fact that the content analysis showed little use of NZPA environment and social services stories before and after the change. The combination of sport and entertainment in the content analysis prevented a similar comparison of entertainment stories.

Fig. 8.4: Satisfaction on political coverage

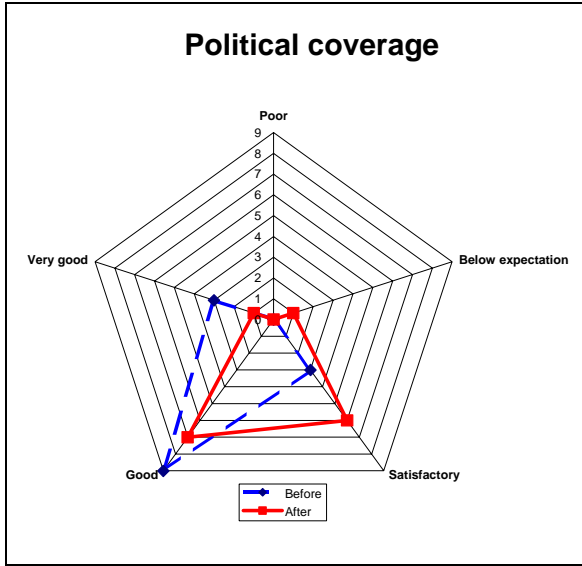


Fig. 8.5: Satisfaction on business coverage

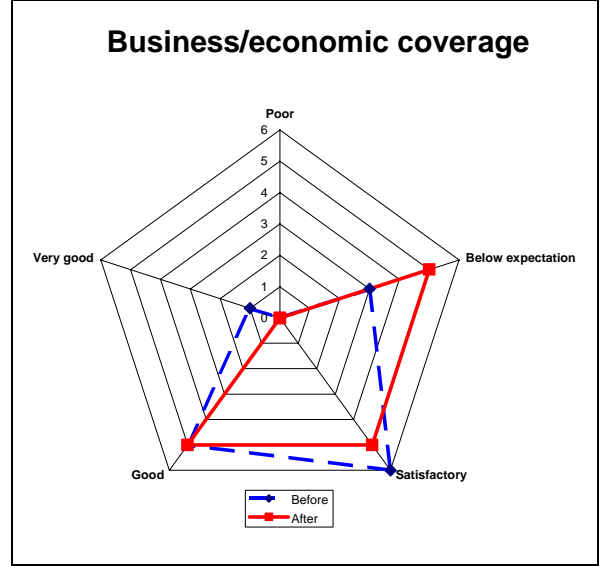


Fig. 8.6: Satisfaction on environmental coverage

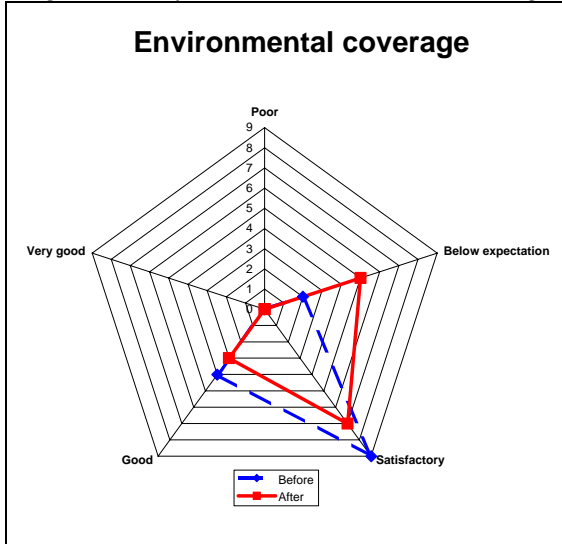


Fig. 8.7: Satisfaction on entertainment coverage

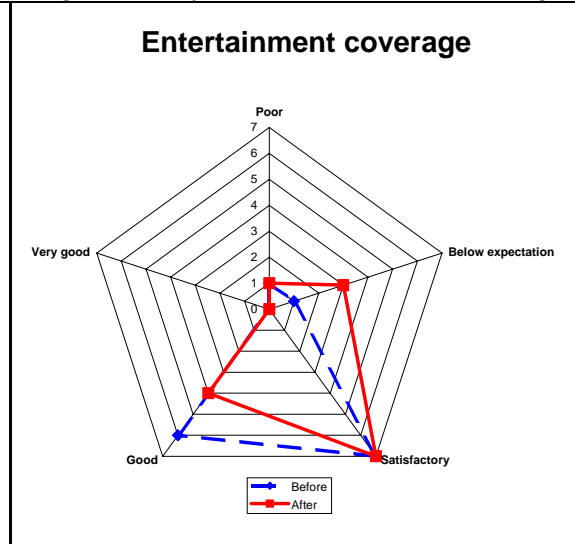
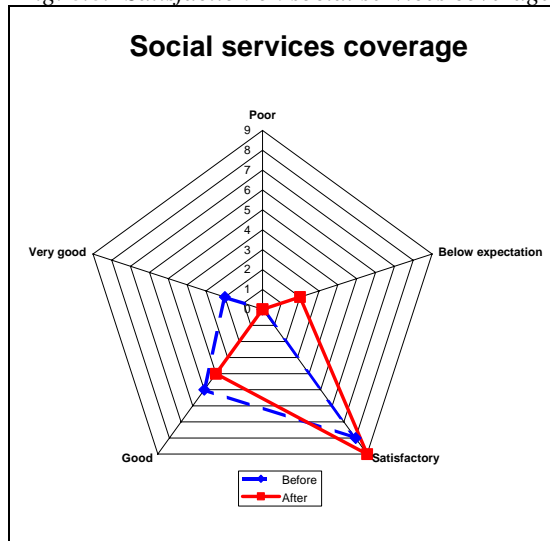


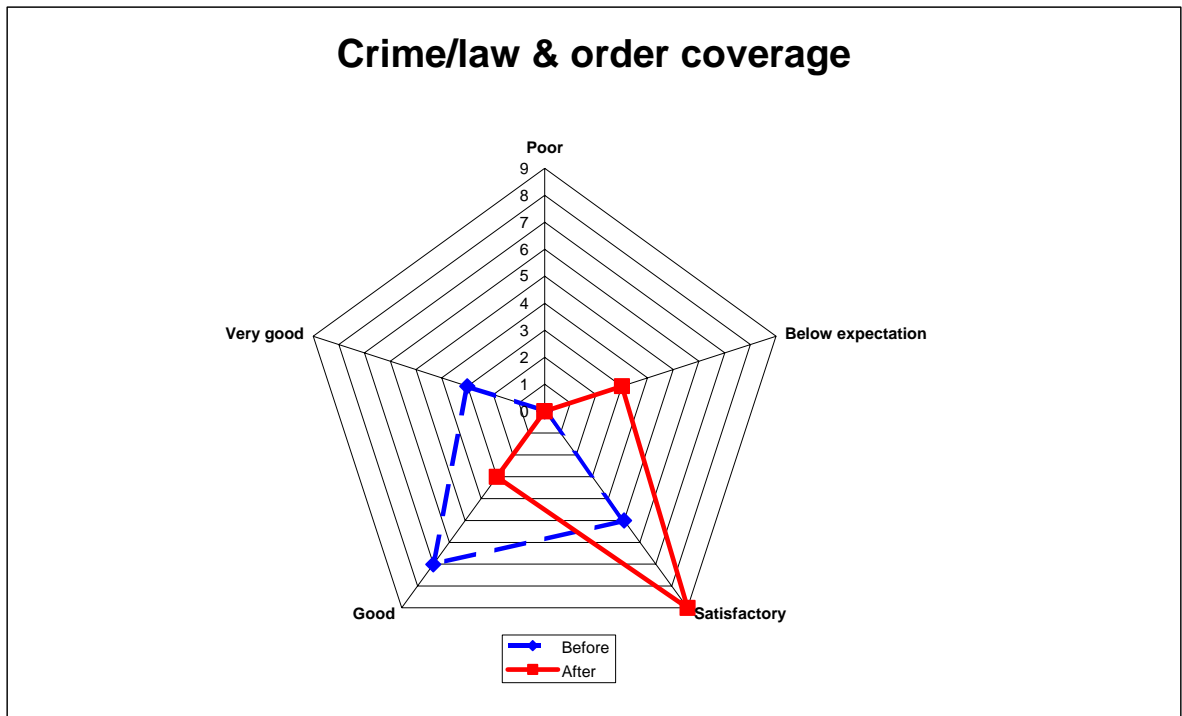
Fig. 8.8: Satisfaction on social services coverage



Greater significance may be attached to the results for the four remaining subject areas although some exhibit eccentricities. The results strongly suggest that editors did not fully appreciate the impact of the end of the cooperative which carried with it an inevitable reduction in the ability of the demutualised agency to monitor certain subjects as comprehensively as contributing newspapers had done on its behalf in the past.

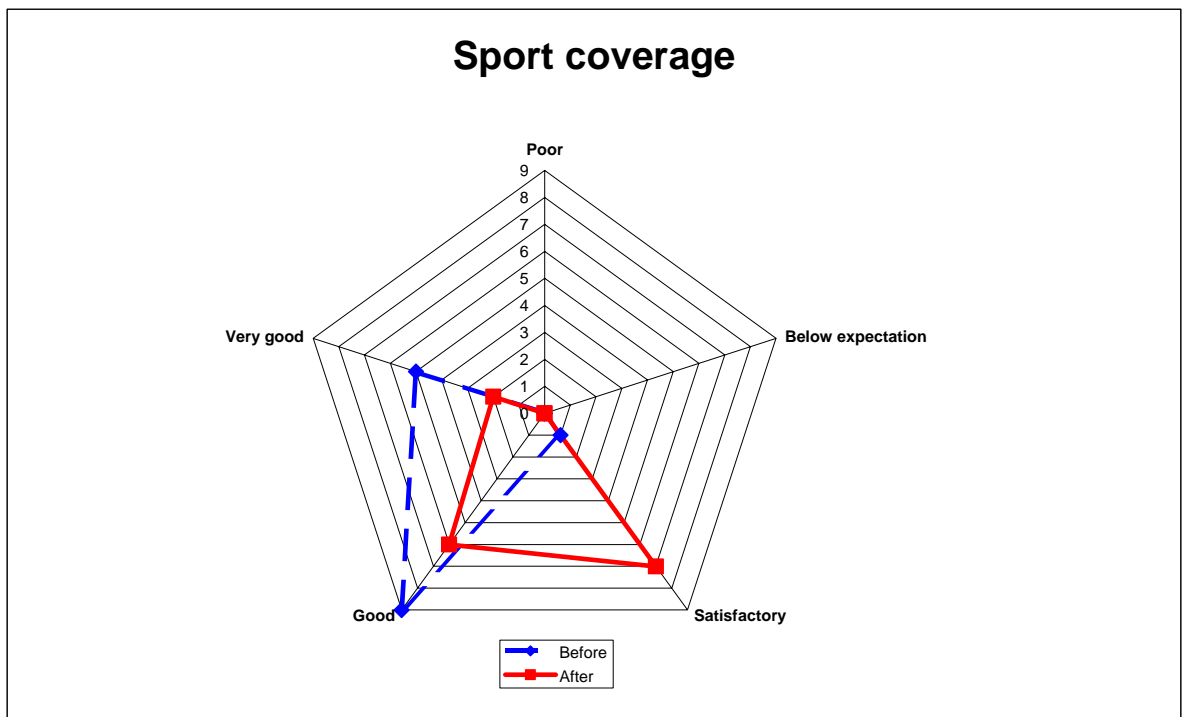
The content analysis in Chapter 7 revealed a continuing bias toward heavy use of NZPA law and order content although there was a numerical decline in 2006 for which editors ascribe different causes (see p.107). Yet there was a marked deterioration in satisfaction levels (*Fig. 8.9*). Before demutualisation two-thirds of respondents thought coverage of this subject was either ‘good’ or ‘very good’ but following the change 80 per cent revised their opinions to ‘satisfactory’ or ‘below expectation’. Such a result would disappoint NZPA, which had devoted considerable effort to maintaining coverage of the various police districts, if only by telephone contact. Its ability to cover courts, however, had been reduced after local newspaper coverage of judicial proceedings was no longer available to it and the comment by *Otago Daily Times* editor, Robin Charteris, to that effect sheds light on the result (see p.107).

Fig. 8.9: Satisfaction on law & order coverage



NZPA’s reputation for sports coverage before the change was an enviable one. Ninety-three per cent of respondents rated the service at that time either “good” or ‘very good’. The loss of newspaper coverage of some events, however, had an inevitable effect. While a majority still rated sports coverage positively, 47 per cent expressed a more neutral view of the current service, rating it ‘satisfactory’. The content analysis indicates a decline in the use of NZPA sports coverage after demutualisation (see *Fig. 7.8*)¹⁴⁹ although it is noteworthy that the agency continued to be relied upon for coverage of some international sporting tours that declining editorial budgets put beyond the reach of newspaper staff sports writers. For example, NZPA editor Nick Brown stated that both Fairfax and APN groups intended to rely on NZPA coverage of the 2007 Cricket World Cup in the West Indies. Declining satisfaction was likely to reflect a reduction in some provincial sports coverage.

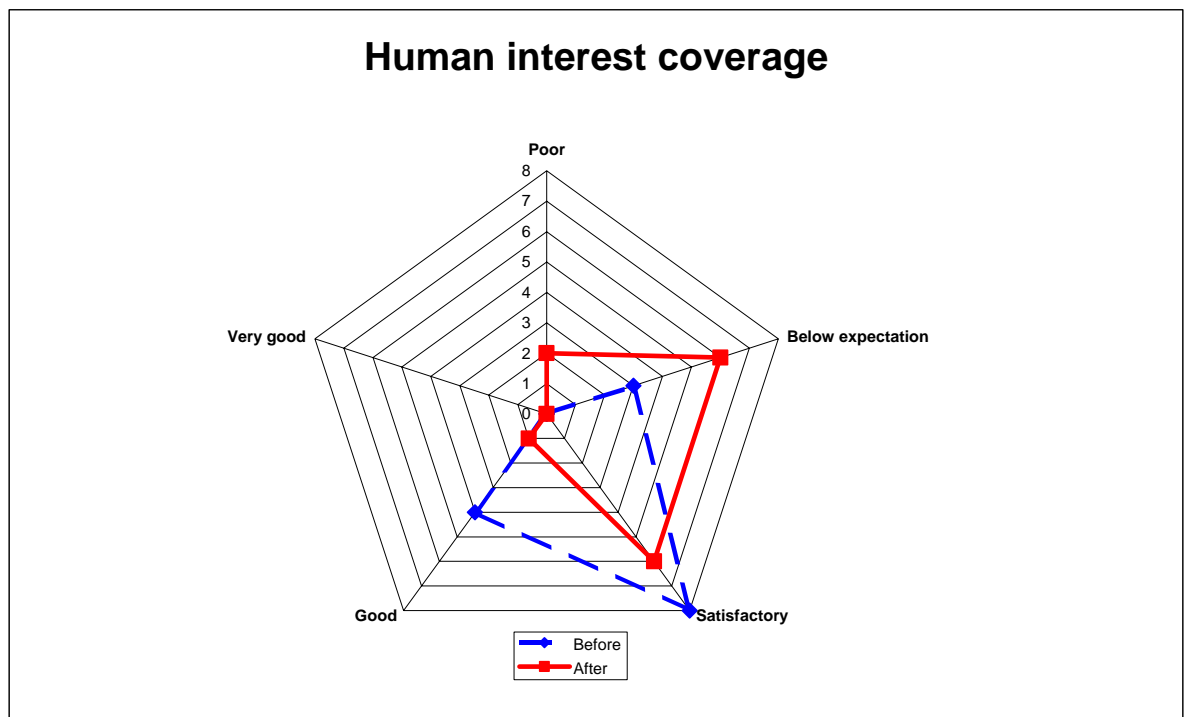
Fig. 8.10: Satisfaction on Sport coverage



¹⁴⁹ The combination of sport and entertainment in the content analysis deny the opportunity to quantify the decline but the category in that study was heavily weighted toward sport.

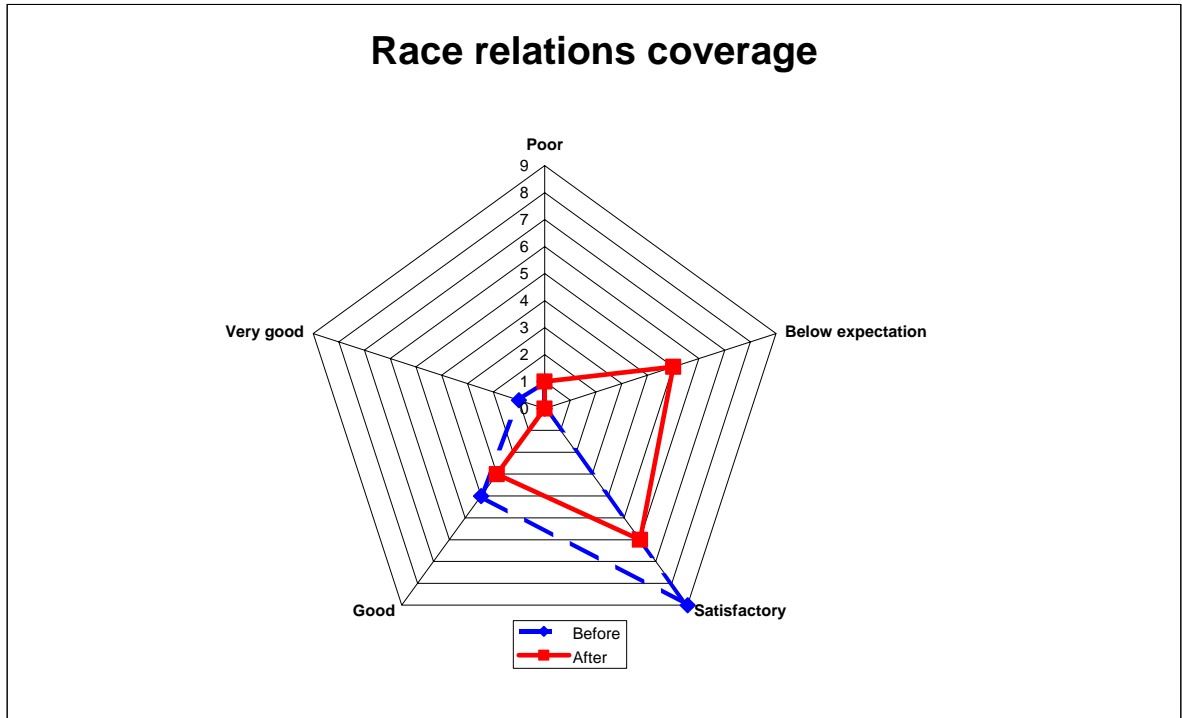
Coverage of human interest stories before the restructuring was moderately well regarded, with 80 per cent of respondents rating it ‘good’ or ‘satisfactory’ (Fig. 8.11). After the change, more than half rated coverage in this area as either ‘below expectation’ or ‘poor’. Given that gathering this content often required local knowledge and had largely been drawn from newspaper sources in the past, it is somewhat ironic that a majority of editors had high expectations of NZPA after local sources of material had dried up.

Fig. 8.11: Satisfaction on human interest coverage



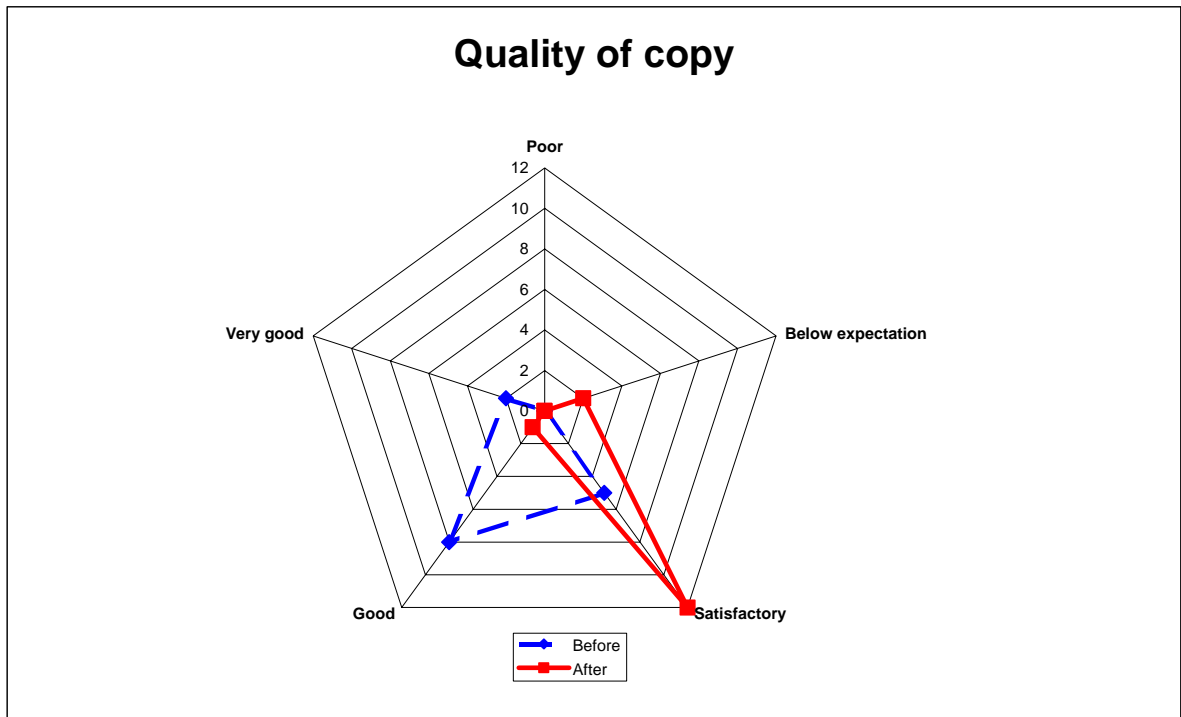
There is a basic incongruity in respondents’ perception of coverage of race relations (Fig. 8.12). In the content analysis, this topic barely registered in newspapers’ use of NZPA material either before or after the restructuring, yet survey respondents had significantly different views on either side of the change. Eighty six per cent thought coverage under the cooperative was ‘good’ or ‘satisfactory’ but after the change 40 per cent felt coverage of race by the agency was ‘below expectation’ or ‘poor’. There was no obvious reason for such a change in perception except, perhaps, contamination from other negative impressions.

Fig. 8.12: Satisfaction on race relations coverage



It is difficult to rationalise a shift in perceptions of copy quality across all topic areas (Fig. 8.13), which two thirds of respondents judged 'good' or 'very good' under the cooperative but which 80 per cent judged only 'satisfactory' in the commercial era. Under the cooperative, skill levels at contributing newspapers varied greatly and this was often reflected in filed material. In NZPA's current complement, senior staff outnumber juniors 2:1 and this should have been reflected in story quality. The perception might be due to increased production pressures on agency staff that had allowed literals and other minor errors to creep into work.

Fig. 8.13: Satisfaction on quality of supplied stories

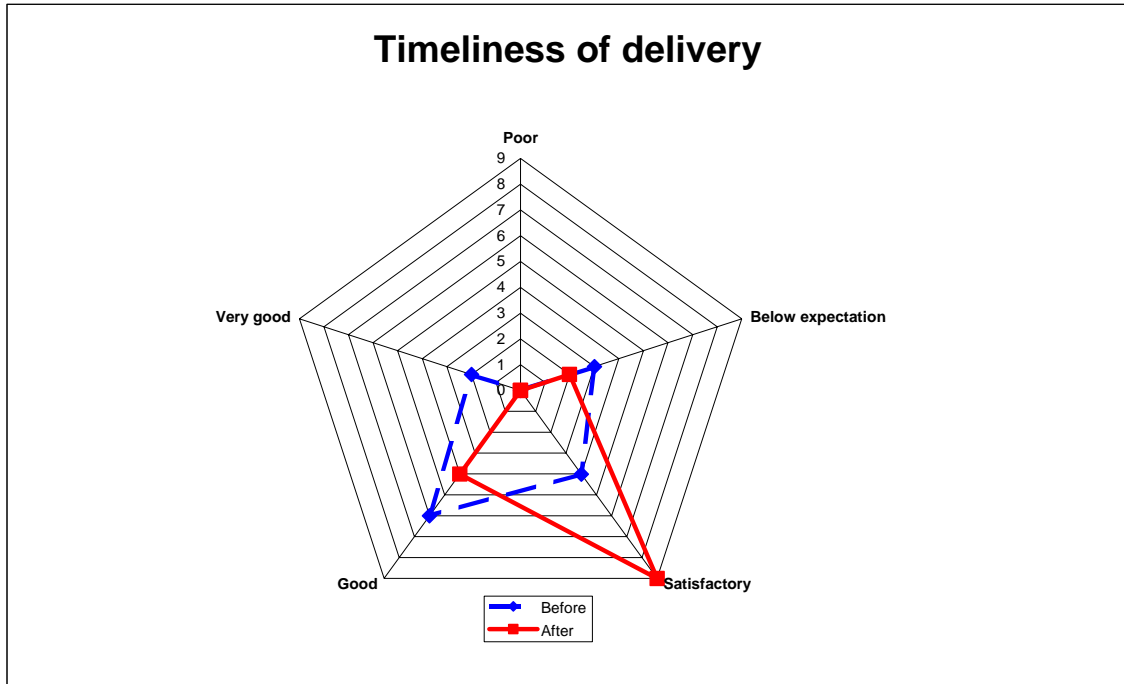


Results for the timeliness of delivery (Fig. 8.14) showed a conspicuous movement but this negative shift was also somewhat puzzling, given that NZPA was no longer dependent on newspapers to file material in a timely fashion and placed material on the network as soon as it was written and edited.¹⁵⁰ When this result was queried with several editors, their explanation was that it reflected a current trend for NZPA to transmit ‘matchers’ or rewrites of stories that had already appeared in newspapers. Such stories are often distributed the day *after* they appeared in a newspaper whereas, under the cooperative, the newspaper’s story would have been sent to NZPA *before* publication. This practice created tensions because, while NZPA included newspaper attribution in ‘matcher’ or rewritten stories, the practice annoyed editors and publishers who saw it as impinging on their intellectual property rights.¹⁵¹ It also gave rise to the perception among other newspapers that they were receiving ‘second-hand goods’ once they had been published elsewhere, a view that appeared nevertheless to exclude publication on the Internet. Some regional (afternoon) editors felt early morning filing – during their busiest production phase – was too slow.

¹⁵⁰ Problematic in the old system’s latter stages when stories were held until close to deadline – or not transmitted – to disadvantage competitors.

¹⁵¹ A difficult proposition to sustain, given the legal view that there is no copyright on news but only on modes of expression. See Burrows & Cheer 1999: 146

Fig. 8.14: Satisfaction on timeliness of delivery



ii. Aggregated results

The second phase of analysis involves a comparison of overall satisfaction levels by summing the question scores (ranging from 1 to 5)¹⁵² for each respondent in section A then section B and comparing the results. These scores are then compared with results for the question on perceived value for money, our proxy for an overall indicator of satisfaction.

No respondent recorded an increase in satisfaction and there was an average 20 per cent drop. There was a relatively high satisfaction level (averaging 73 per cent) under the co-operative but a significant decline after it ceased. The most notable change was a decline of 31 per cent by the respondent who had demonstrated the highest pre-demutualisation level of satisfaction (93 per cent). Another respondent recorded an even greater rate of change (almost 33 per cent) but had a below average opinion of NZPA services both before and after demutualisation. Finally, the only respondent to record no

¹⁵² Respondents were asked to enter a numerical score for each question: 1=poor, 2= below expectation, 3=satisfactory, 4=good and 5=very good. Maximum possible score was 75 (100% satisfaction), and minimum possible score 15 (20% satisfaction) if all questions were answered.

change in aggregate satisfaction scores expressed a low satisfaction level under both scenarios.

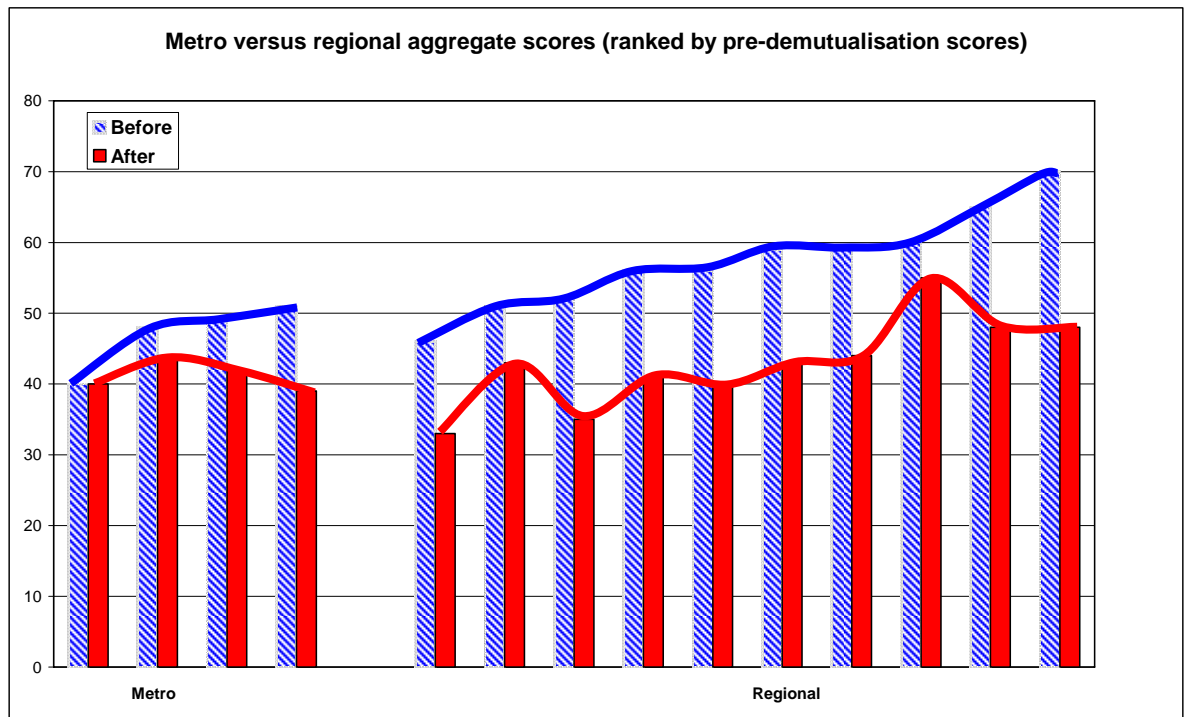
Fig. 8.15: Aggregated service satisfaction score

Respondent	Before	After	Change
1	70 (93.3%)	48 (64%)	- 31.4%
2	51 (68%)	39 (52%)	- 23.5%
3	49 (65.3%)	42 (56%)	- 14.3%
4	40 (53.3%)	40 (53.3%)	n/c
5	51 (68%)	43 (57.3%)	- 15.7%
6	52 (69.3%)	35 (46.6%)	- 32.7%
7	56 (74.6%)	41 (54.6%)	- 26.8%
8	56 (74.6%)	40 (53.3%)	- 28.6%
9	59 (78.6%)	43 (57.3%)	- 27.1%
10	59 (78.6%)	44 (58.6%)	- 25.4%
11	67 (89.3%)	60 (80%)	- 10.4%
12	60 (80%)	55 (73.3%)	- 8.3%
13	65 (86.6%)	48 (64%)	- 26.1%
14	46 (61.3%)	33 (44%)	- 28.3%
15	48 (64%)	44 (58.6%)	- 8.3%
Average	55 (73.3%)	44 (58.6%)	- 20%

As might be expected, the greatest decline in overall satisfaction was among editors of regional newspapers.¹⁵³ These newspapers had been more reliant on NZPA than their better-resourced metropolitan counterparts and, therefore, would feel any reduction in service more acutely.

¹⁵³ Editors identified themselves in responses but were given undertakings that responses to set questions would be treated as anonymous and only basic statistical distinctions would be drawn between metropolitan and regional titles. This approach was acceptable to all respondents.

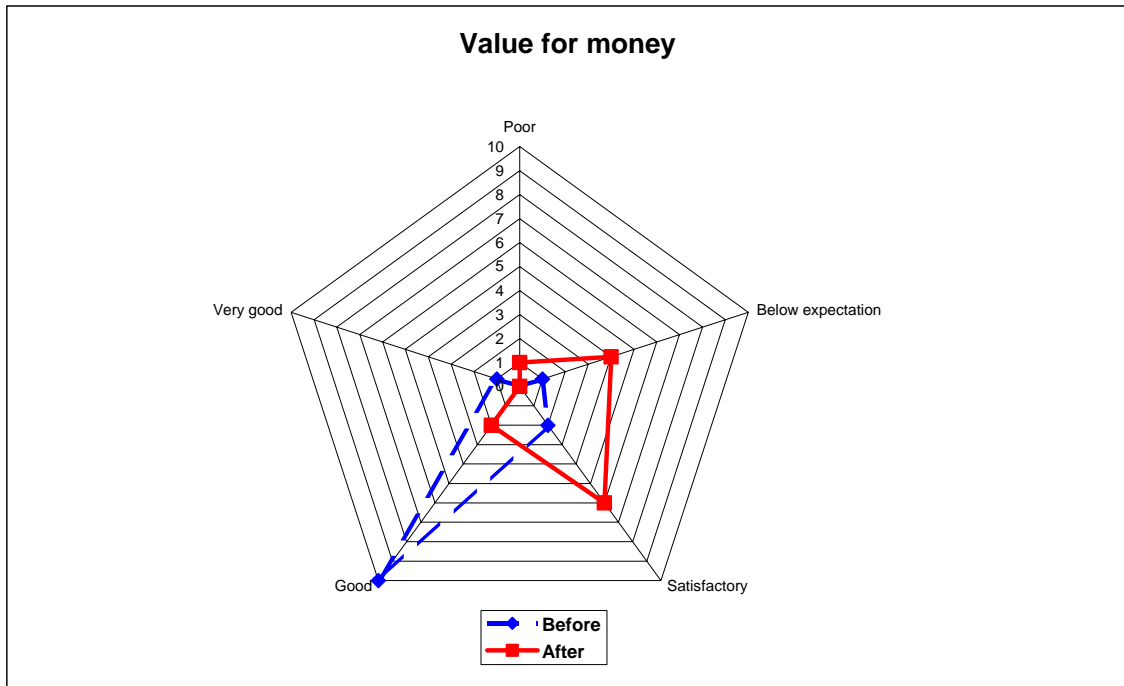
Fig. 8.16: Comparison of overall satisfaction among metropolitan and regional editors



The deterioration in overall satisfaction scores was then compared with results for the ‘value for money’ question (Fig. 8.17).¹⁵⁴ Before demutualisation almost 80 per cent of editors rated the service either ‘very good’ or ‘good’ value for money. After the change, more than 70 per cent rated it ‘satisfactory’ or ‘below expectation’ and one respondent felt it was ‘poor’ value. When all of the numerical responses to that question were aggregated, there was a 77 per cent satisfaction level in perceived value before demutualisation but a satisfaction level of only 48.6 per cent after the change. This compared with the overall aggregated score average for all questions of 73.3 per cent pre-demutualisation and 58.6 per cent after it. The 10 percentage point disparity could be due to the fact that some managers had not told their editors there had been a reduction in NZPA annual subscriptions. That said, most editors were aware of the fee change and it is possible that responses to this question were more intuitive than financially analytical.

¹⁵⁴ Two respondents either did not answer or only partially answered this question.

Fig. 8.17: Perceptions of value for money



Editors' comments

Qualitative comments were also highly critical of the service. While some respondents recognised and made allowances for the diminution in resources that followed the end of the cooperative, the majority expected more from NZPA than it was delivering. To conserve space in the thesis, the comments are attached as Appendix D. However, common areas of criticism included:

- Reduced geographic coverage
- Too many 'matchers' of published stories
- Reduced subject coverage
- Poor copy flow to afternoon (regional) newspapers

Conclusions

This survey was conducted approximately nine months after NZPA lost access to more than 32,000 stories a year that it had previously received from contributing newspapers. The results represent, therefore, early views that might alter with the passage of time. In the meantime, however, there was a clear view among editors that the service was inferior to that which they enjoyed under the cooperative model. By its own estimations the agency had coped well with the change but an average 20 per cent slide in overall satisfaction levels and declines in every survey indicator suggested that the agency had not coped as well as it imagined. Alternatively, editors may have harboured unrealistic expectations of its ability to compensate for newspaper contributions.

Some critical reaction was perhaps inevitable. The agency could neither compensate for the geographic representation it had received from contributing newspapers (certainly not within the first year of operation) nor increase overall productivity by almost 50 per cent without a major increase in staffing levels (which it did not receive). Much of the decline in satisfaction could be attributed to these over-riding influences, but it was an open question whether the agency could, nonetheless, have performed to a higher level.

Of greater concern, however, was the effect on newspaper readers. It is clear from the survey that the news resources available to publications diminished and that this reduction translated into poorer coverage. Had newspapers been able to compensate for weaker NZPA coverage, perceptions recorded in the survey might have been tempered but it could be inferred from the responses that, across a broad spectrum of subjects, readers now had available fewer stories and were less likely to be informed about certain parts of the country. There was a further worry that, if there were question marks over the quality and timeliness of NZPA stories, editors might opt to fill space with local stories or material from other sources – using columns that would have been devoted to informing readers about other parts of New Zealand. The reaction of many regional editors to the change suggested their readers had been more disadvantaged than readers of better-resourced metropolitan newspapers and that intra-group copy exchange had not provided a full substitute. The survey strongly suggested that, at metropolitan and regional levels, editors were receiving – and by implication delivering – less.

Chapter 9: Consequences and conclusions

In November 2001 former Prime Minister Sir Geoffrey Palmer paid a glowing compliment to the New Zealand Press Association, saying that the reason New Zealand always had better news coverage than its size would indicate was that it had a cooperative news service in the press association, which enabled it to make “many efficiencies and get very good New Zealand-wide coverage through cooperation”. He felt compelled, however, to add that “the bigger players now seem to be turning against it” (McGregor and Comrie 2002: 178-179).

The inference in Sir Geoffrey’s caveat was that, without cooperation in a small market like New Zealand, news services would suffer. The preceding chapters of this thesis offer strong evidence that such was the case. Geographic coverage deteriorated, the number of distributed stories dropped, and content was modified to suit a commercial market. Numerous questions arising from the demutualisation of NZPA would be answered only with the passage of time but two immediate issues stood out: Was there a better way to resolve the differences that had arisen within the cooperative, and what are the consequences for the nation of the diminished coverage that resulted from the decision to demutualise? This final chapter will address those queries.

Was there a better way?

In order to determine whether there were alternative paths down which the newspaper publishers could have journeyed, some initial conclusions must be drawn from the research that documented the agency’s development from its beginnings to the introduction of a commercialised model.

A cooperative news exchange, utilising the new telegraph network, was an efficient and economic means of ensuring that newspapers in the relatively isolated settlements of the colony (a) received sought-after overseas news as quickly as possible and (b) were kept informed of events in other districts. Competing news agencies were not cost-effective in an environment that spawned large numbers of short-lived publications and in which

the survivors' driving force was profitability, not the financing of one-upmanship. A cooperative exchange was, therefore, logical and carried with it implicit recognition of publications' territorial rights and of the limited financial value of local content beyond each newspaper's circulation area; that is, beyond the point where a direct charge could be made. The inability (or unwillingness) of out-of-town publications to pay to reproduce such material led to an equitable sharing arrangement. Tight membership controls served the interests of both the agency (by enforcing its monopoly) and existing newspaper proprietors (who benefited from the financial barrier to market entry arising from high initial fees).

Patterns of development that led to population centres being served by one morning and one evening newspaper (and the demise of their competitors) benefited the agency, which was able to separate morning and afternoon news feeds and thus avoid direct conflict. This arrangement was, by modern standards, remarkably long-lived and survived the initial opening of the Sunday newspaper market and early consolidation of ownership through an attitude that placed accommodation before conflict and unity above all else. Strongly differing viewpoints on the sale of NZPA services to broadcasting, dating back to the early 1970's, could have been highly destructive had not shareholders opted for the status quo rather than risk withdrawals from the service.

By the last decade of the twentieth century cracks were beginning to appear in the NZPA operation when the collegial approach was threatened by the 'outsider' attitudes of the Brierley-run New Zealand News, whose demise led to significant aggregation of titles that created an effective duopoly. Furthermore, there were pressures for change from inside the agency. Then the market-led policies of the fourth Labour Government, perpetuated by its National Party successor, opened the New Zealand media market to commercialism, foreign ownership (leveraged to a point where high profit targets were imposed) and management by executives with neither the historical knowledge nor the inclination to maintain the status quo.

Faced with declining circulations¹⁵⁵ but undiminished profit expectations, the two major groups cut costs (demanding reductions in the NZPA budget) and expanded their circulation areas, breaching the unwritten agreement to respect each other's territory and severely damaging the time/space separation that had been the foundation of the

¹⁵⁵ A chart showing average net circulation 1970-2005 is attached as Appendix E.

cooperative copy exchange. A new ethos – in fact an extension of the open conflict that pervaded the media market on Australia’s eastern seaboard – took hold in the New Zealand newspaper industry. Intrusion by one group into the other’s monopoly Sunday market triggered a level of hostility that was excessive, given the minor impact on overall circulation.¹⁵⁶ NZPA became a battleground on which various grievances could be played out.

In theory, there were at least six potential options available to NZPA’s shareholders to resolve the crisis in which the agency found itself. They were:

- i. Persevere with the status quo, mindful of the fact that there would be a growing number of complaints over failure to file stories in order to gain a competitive advantage.
- ii. Wind up NZPA and allow rival groups to create their own internal news services.
- iii. Merge NZPA with Australian Associated Press (securing a seat on its board) – with the joint company providing a demutualised New Zealand service.
- iv. Wind up NZPA and wait for another agency, such as AAP or Reuters, to fill the vacuum with a domestic New Zealand service.
- v. Divest NZPA of its newspaper ownership, offer shareholdings by private placement or public offering, and create a stand-alone commercial service.
- vi. Demutualise and provide an NZPA service based entirely on material generated by agency staff.

In reality, and beyond the rhetoric, the groups left themselves with no option: NZPA had to be demutualised. Relationships between the companies had deteriorated beyond the point where a continued cooperative exchange was a realistic option. Both Fairfax New Zealand and APN had developed competitive strategies that relied on exclusivity of content. The intrusion by newspapers into rival circulation areas required differentiated publications, a demand that was further amplified when group websites, battling for supremacy in the Internet-based news market, began to carry group content before it was published in their respective newspapers. Added to this were highly competitive commercial tactics that forced the groups further apart. The status quo

¹⁵⁶ Total daily and Sunday circulations in 2003 (before the launch of the *Herald on Sunday*) was 1,042,092. In 2005 the figure was 1,133,566 which suggested the majority of the new newspaper’s 101,000 circulation was incremental and not at the expense of the Fairfax titles.

meant nothing more than mounting dissatisfaction that would lead to catastrophic meltdown of NZPA when one or other group cried ‘enough!’

Both groups had investigated the possibility of setting up their own internal news services and realised they could not do so at lower cost than their NZPA subscriptions. The winding-up costs of NZPA also would have placed extra financial burdens on the agency’s shareholders. Both groups were committed to cutting budgets, not adding to them. Both realised there were significant gaps in their capabilities. Neither group enjoyed complete geographic presence: Fairfax was disadvantaged by a lack of an Auckland daily in its stable, and APN had substantial gaps throughout the country that placed it at a greater disadvantage than its competitor. Both also realised that there were functions routinely carried out by NZPA that they would find burdensome in terms of resources and time – sports results, market reports and so on. While in-house services were a possibility and were seriously entertained by Fairfax (APN saw the exercise as a contingency in case its rival opted for an intra-group network), to have moved in that direction would have been more a reflection of mindless competition than good sense. The sharing of content between group newspapers and on a group website (as Fairfax did with notable efficiency) had its uses. Economically, if not in pursuit of pluralism, such practices extended the value of content beyond its traditional single use. However, as events proved, it was to be a supplement to the national news agency service, not a substitute for it.

A merger with Australian Associated Press presented the Australian owners of most of New Zealand’s newspapers with a series of problems:

- Such a ‘merger’ could amount to a takeover as NZPA was considerably smaller than AAP (44 journalists compared to more than 200), with negligible assets and a much smaller client base.
- Unlike Fairfax, APN was not a shareholder in AAP although it was an existing subscriber in Australia. Only Fairfax and News Ltd had board representation on the Australian agency although it had two other shareholders, West Australian Newspapers and Rural Press.
- The loss of yet another media organisation – one with nationwide significance – to Australian control could finally trigger political reaction over issues of national interest.

The Australian agency would have had to make concessions that guaranteed both the continuity and editorial independence of the New Zealand service in order for a merger between AAP and NZPA to overcome these issues. Such undertakings would not be beyond AAP, which already enjoys a guarantee of editorial independence from its shareholders, but the willingness to offer undertakings over future levels of service would have been another matter, particularly if NZPA were perceived to be ‘a wounded animal’. Direct representation on the AAP board would also have been problematic. Directorships were reserved to Australia’s two largest newspaper companies. Why should New Zealand take a place at the board table denied to other Australian shareholders, particularly when the largest owner of New Zealand newspapers (Fairfax) was already represented? Further, changes to Australian media ownership rules mooted at the time of the NZPA restructuring were likely to alter the balance within the industry and have an impact on AAP’s shareholder base and governance. In fact, within 12 months of the NZPA restructuring, Fairfax and Rural Press had announced their intention to merge and West Australian Newspapers was identified as a takeover target. Meanwhile APN’s largest shareholder, Ireland’s Independent News and Media headed by Sir Anthony O’Reilly, had disclosed a future buy-out bid. Paradoxically, were APN admitted to the AAP boardroom to balance the ‘New Zealand’ representation, O’Reilly’s intended ownership could create its own political waves in Canberra over ‘foreign’ influence on Australia’s national news agency.

Simply winding up NZPA and waiting to see who filled the news service vacuum was never an option for the newspaper groups which, even given their internal efforts at copy sharing, required continuity of service. The resulting uncertainty over the nature and cost of services was something that neither publishers nor editors could tolerate.

Theoretically, divestiture was an option but faced two difficulties. Firstly, newspapers in many countries have shown a reluctance to lose control of their domestic news services and New Zealand publishers and editors shared that reticence. The desire of present shareholders to freeze newspapers’ NZPA subscription levels is another reason they would not relinquish control. Secondly,

the economics of news agencies do not show strong profit profiles. Cooperatives by definition are not profit-driven but are satisfied with sufficient liquidity to maintain operations. Unless investors had alternative motives – Telecom, for instance, wishing to transform NZPA into an exclusive content provider or AAP wishing to gain a cornerstone shareholding to allow it to expand its services in New Zealand – NZPA would not provide an attractive financial opportunity.

The two major groups were unable and unwilling to turn back the clock to more accommodating times. Demutualising was the only acceptable solution to the crisis they had created for themselves. In taking that path they ensured that a national news service remained in place but did not compromise their respective commercial ambitions. However, even setting aside the questionable efficacy of all-out competition in a market the size of New Zealand, the decision embodied a number of imperfections.

- i. Major cuts in the level of subscriptions and the signalled claw-back of copyright royalties denied the agency the ability to increase permanent resources to compensate for the loss of newspaper contributions. Even if repatriation of copyright royalties were delayed a year the agency would be unable to commit to the hiring of permanent staff unless there was a guaranteed alternative source of revenue.
- ii. Financial restrictions also limited the ability of NZPA to retain freelance journalists in regional centres to provide uniform geographic coverage.
- iii. The four-month period between final board decisions on demutualisation and the start of the commercial service was insufficient for the agency to put in place measures to provide a comprehensive service. A six-month transition period, preferably longer, should have been given to re-organise and to launch the new operation.
- iv. While directors agreed to staged commercial targets, there was no parallel timetable for the rebuilding of the news service back to levels of the past. In the absence of well-communicated targets for restoring geographic coverage, subject breadth and volume of service, newspaper editors' expectations were in many cases unrealistic.

These shortcomings led many editors to a negative view of both the strategy and the results. The sentiments were summed up by the editor of Rotorua's *Daily Post*, Craig Cooper, in comments appended to his response to the satisfaction survey:

A naïve optimist would say that the two companies should review their positions. Given the changes NZPA have made, a reversion to the pre-change era would arguably provide a stronger overall service for all parties. My understanding is that such discussions in the present competitive climate are unlikely.

What are the consequences of reduced coverage?

If, as Butterworth (1989: 144-146) and Day (1990: 237-238) suggest, the existence of a national news agency had a profound effect on the nature of New Zealand newspapers then it is reasonable to assume that any major change in that agency would have a concomitant effect on the press. It is undeniable that, after demutualisation, the NZPA service was not what it used to be. It is equally undeniable that, in the circumstances, it could not be expected to be as good as it had been. Such statements do not preclude the possibility that it could improve over time and move nearer to its former levels of service, but they acknowledge that, in the interim, demutualisation represented a net loss to newspapers in terms of news content and their readers' knowledge of the country in which they lived.

While short-term deficiencies may be irksome, their effects are limited. However, if the current level of service and newspapers' utilisation of NZPA continued, the long-term consequences would be serious: the already patchy picture that New Zealanders have of their country would become even more fragmentary. Comprehensive newspaper coverage would be necessary while television provided an incomplete picture of the nation (Fountaine, Comrie & Cheyne 2005) and radio, that other ubiquitous medium, similarly neglected regional coverage after both its commercial operators and the state broadcaster, Radio New Zealand, moved to centralised network formats (Norris 2002: 48-9). Newspapers – through NZPA – represented the most likely comprehensive

source of news from beyond the immediate region and the main centres.¹⁵⁷ Any reduction in such newspaper coverage would be likely to have a range of broad social effects.

1. It represents a net loss of information that contributes to a sense of national identity and would otherwise sustain that broad picture of how New Zealanders perceive themselves. Indeed the tendency by editors to choose (from a more commercialised NZPA offering) only the more sensational material from lower-coverage areas (see *Fig. 7.9* on p. 108) risked erosion of identity by strengthening the perception that crime and accidents were the principal activities of some regions.
2. Further concentration on the Auckland-Wellington news regions (already pronounced, as shown by *Fig 7.6* on p. 102) reinforces the urbanisation of New Zealand thinking – in a country where the rural sector contributed 65 per cent of exports.¹⁵⁸ Concentration on North Island coverage – and consequent downgrading of the importance of the South Island – would be exacerbated by the fact that NZPA had only one southern representative (in Christchurch) and that group coverage was, at best, asymmetrical.¹⁵⁹
3. Inadequate national coverage of a region has the potential to diminish that region’s sense of its own importance and relevance.
4. Diminishing knowledge about some regions lessens the ability of voters to fully assess the effectiveness of Government’s national policies, a consideration that has gained greater electoral significance under MMP and the exercising of a party vote.

Such effects are difficult to quantify. Daniel Hallin describes the creation of a sense of belonging to a larger community as “one of the basic social functions of the newspaper” (1986: 118). It is reasonable to suggest that any shortfall in that function would diminish citizens’ perceptions of nationhood, even though that may be hard to measure.

¹⁵⁷ Both major newspaper groups maintained individual newspaper websites as adjuncts to their ‘main brand’ websites (stuff.co.nz and nzherald.co.nz) but the main sites tended to mirror metropolitan newspaper story selection.

¹⁵⁸ Source: Ministry of Agriculture and Forestry.

¹⁵⁹ Newspapers had, for example, largely lost coverage of the Otago region and the considerable output of the *Otago Daily Times* (with its excellent network of regional branch offices, much of the output of which was sent to NZPA). For its part, the Dunedin daily lacked the group associations to do more than make ad hoc exchanges with the *New Zealand Herald*.

There is a further potential social effect which, if it eventuated, would be more apparent: a reduction in the range of media ‘voices’. Its cause would not lie entirely at NZPA’s door but demutualisation was one manifestation of more profound change in the news media. ‘Synergy’ became a byword in media companies worldwide. The more proprietary attitude toward content led to information-sharing becoming a widely-employed practice that commonly translated into serving more outlets with fewer resources.¹⁶⁰ It led to accusations of homogenised news and less diverse analysis. The accusations were not new. They were leveled at NZPA, the early years of which were described as “a monopoly of domestic and incoming news which was to have critical consequences for the public culture over more than half a century” (Butterworth 1989: 144-146).

However, the view that NZPA’s cooperative output restricted newspapers to a single source of national news became increasingly outmoded as major newspapers augmented agency cover with their own coverage of major distant events. The cooperative also enabled readers to see events through the eyes of a diverse range of contributors, not merely agency staff. Therefore, any reduction in the range of available information caused by the weakening of the national agency and the growth of group-wide networks would have the potential to raise concerns anew.

By default, NZPA narrowed the diversity of input to its news service. Denied access to several hundred reporters who previously provided content from around the country, it had to rely on its own reporting staff. Agency staff would be bound by a single editorial policy where, in the past, NZPA was merely the gatekeeper on material gathered under a range of editorial directives. Do in-house networks produce a similar ‘single voice’? Fairfax editor-in-chief, Peter O’Hara denied that his group had sought a common voice in its newspapers, citing the freedom its editors enjoyed to publish network material only as they saw fit. Such protection, while reassuring in O’Hara’s case, were only as good as the management that delivered it.¹⁶¹ The existence of comprehensive group editorial networks would be likely to increase the uniformity of group-wide content. At

¹⁶⁰ A trend not limited to newspapers or New Zealand: Television New Zealand, according to John Drinnan writing in the *Weekend Herald* on 13 January 2007, was considering developing a "news agency" model to supply content to viewers in a growing range of formats. British and American publishers restructured their newsrooms to supply multiple ‘outlets’.

¹⁶¹ O’Hara has displayed consistent support for editorial freedom, within both the Fairfax group and the wider industry.

their worst, such initiatives could lead to common editorial policies and a single voice – the impact of which was demonstrated in Canada within CanWest-owned newspapers where previously independent editors were required to follow a common company editorial policy. (Knox 2002: 503-520).

Uniform content is at its most apparent in shared or camera-ready pages, prosaic examples being television listings and racing form pages. These ready-made pages were seen by the commercialised NZPA as an important means of extracting additional revenue from newspapers to augment reduced news service fees. The groups themselves saw shared pages as a convenient cost-saver. Editors might see them as a way to live within ever-tighter budgets. However, if the offering included daily national and international news pages to be published across a range of newspapers, they would represent a further reduction in the diversity of news selection and analysis.

Loss of diversity was one of the consequences of the commercial imperatives accepted by NZPA and its shareholders. There were others. The quest for new non-newspaper markets, a necessary strategy when newspaper publishers refused to fully fund the agency, could have at least three negative effects on NZPA's traditional subscribers:

- a. The diversion of editorial resources to service new clients whose principal requirement may not be hard news.
- b. Production of 'one-size-fits-all' stories, suitable for electronic as well as print use, which omitted detail previously included in such copy.¹⁶²
- c. The lowering of standards to meet the demands of new clients who lacked an appreciation of traditional editorial integrity and news values.

In sum, the potential consequences of poorer service could add to a growing catalogue of reasons people might stop reading a newspaper and why the country would be poorer for it.

¹⁶² Also an internal danger that faces newspaper newsrooms as they adapt to multiple platform delivery of the news. For an assessment of the effects of the Internet on content quality and resource issues, see Baker 2007: 115-120.

Conclusion

Demutualisation had negative effects, as this thesis has shown. Those deficiencies would need to be addressed if the New Zealand Press Association was to survive as a news agency that reflected the finer qualities of such institutions and provided a valuable independent source of news and analysis. It would do so, however, only if the publishing groups that controlled New Zealand's newspapers were willing to support it through the difficult stages of post-demutualisation restructuring. Their initial decisions suggested that such support was, at best, qualified. By demanding substantial reductions in the annual fees they paid to NZPA, the publishing groups satisfied some of their internal bottom-line pressures but the demand was short-sighted. It prevented the agency from increasing resources to compensate for the massive loss of material when the cooperative exchange ended. This inability to expand diminished NZPA's standing in the eyes of many editors who did not appear to have fully considered the consequences of demutualisation – a process driven from management offices rather than newsrooms.

Nevertheless, the thesis has shown that the status quo could not have been maintained without also turning back the clock on the ownership and ethos of the companies that controlled New Zealand's daily press. Competition was central to the market-driven economy that was introduced to New Zealand in the late 1980s and which reached its full realisation within a decade. News media were susceptible to this competitive spirit and sensitive to its effects. Nothing could be more sensitive than an organisation at whose foundation was a repudiation of competition. Change would come and it was merely a question of when. The immediate catalyst for demutualising – the launch of the *Herald on Sunday* – was something of a contrivance. It would have been a simple matter to ring-fence the Sunday newspapers and such a cordon sanitaire had been proposed by NZPA chief executive, Lincoln Gould. However, given the combative attitudes that had developed between the groups on other issues such as sales policies of the Newspaper Advertising Bureau, it was unlikely that another year would have gone by without crisis. Was January 2006 the right time to demutualise? The most that can be said is that it was better than the August 2005 date initially proposed. More time would have helped the agency prepare for change but, in reality, a more important consideration was the resource level that the agency would be allowed after the change.

Without a monumental change in the proprietary attitude toward group-generated content, NZPA could not have started to diversify its customer base before the beginning of 2006. It could not start the process of compensating for the loss of newspaper revenue until after that loss had occurred because it could not sell content to which it did not hold clear copyright. By producing all, rather than half, of its own material it was then free to seek new markets. It made progress during its first commercialised year but not enough to say that its financial future was secured. There remained an unanswered question over whether the New Zealand market was large enough or willing to pay the fees needed to sustain a full-service commercial agency.

The first responsibility for financial support lay with the newspaper owners who, in spite of their ignorance of (and apparent disdain for) New Zealand's media heritage, held the 125-year-old cooperative in trust. It is reasonable to suggest that, in dismantling it, they had some obligation to sustain its successor. A national news agency is widely-regarded as a necessity. Boyd-Barrett and Rantanen believe that "the core product of national news agencies is a unique one, one that is not easily replicated by any single 'retail' medium, and which is of considerable public value" (2000: 103). Even in the pernicious competition of Australian newspapers, the need for a geographically-extensive, wide-ranging, impartial news service has been recognised and supported. In-house story exchanges are no substitute for a fully-fledged free-standing news agency. The in-house network is, as Schudson puts it, simply "a dietary supplement" (1995: 147) and this research suggests that neither of the major New Zealand newspaper groups has found a substitute for NZPA.

Importantly, NZPA survived demutualisation as a viable and still-credible operation. Moreover, it was a 'national news agency' that was available to all media outlets where, in the past, NZPA was an exclusive operation with its output being supplied to only a section of the media – daily newspapers – that jealously guarded the closed shop. In 2006 it became a neutrally operating (if not neutrally owned) agency available to a range of media that was expanding at astonishing speed.

The thesis has revealed imperfections and shortcomings, both within NZPA and in the newspapers that used its services, and many of the benefits of competition over cooperation were yet to manifest themselves. However, the agency had had only one

full year of demutualised operation at the time of writing and there were a number of positive signs that suggest that even the pessimist should resist passing judgment too soon:

- The agency increased output without increased editorial resources.
- Its management made considerable progress in finding new sources of revenue, particularly with Internet-based customers.
- Its governance structure insulated day-to-day operations from shareholder self-interest of the sort that restricted the agency's client base for three decades.
- There was an apparent resolve among the newspaper groups to give the model time to prove itself.

In its new guise, NZPA operated in the same manner as Associated Press, the British Press Association and Australian Associated Press, all of which relied entirely on their own editorial staff and 'stringer' networks. It needed to strive to maintain the same journalistic standards as those counterparts even though it suffered the limitations of smaller scale. However, there could be no realistic expectation of a return to the level of coverage that the cooperative provided. A commercial model could not sustain the nation-wide corps of journalists that the cooperative boasted or which larger agencies enjoyed. In that respect there was a permanent, irretrievable loss.

Such losses were never assessed in terms of their impact on the community. No public interest tests were applied to the restructuring of the agency. Its shareholders did not convene to assess whether the proposal would enhance or detract from the quality of content, geographic coverage or the diversity of voices – the sort of criteria against which the British regulator, Ofcom, tests newspaper mergers. The newspaper publishers were not required to consider such matters and, in the climate that prevailed, were not disposed to do so voluntarily.

This thesis has argued that the restructuring of NZPA was inevitable in light of the displacement of newspaper industry cooperation by competitive corporate philosophies. Neither demutualisation nor a market-driven break with the past should be seen in isolation. 'Globalisation' is an emotive term but, rhetoric aside, the changes to New Zealand's national news agency can be traced directly to the deregulation of international markets. The thesis has documented the evolution of New Zealand

newspaper companies from centrepieces of the colonial community, through their growth into viable locally-owned commercial enterprises in well-defined markets, to their purchase and reorganisation by foreign media conglomerates. Admittedly, some of those early owners were also foreigners in New Zealand but the distinction from their latter-day counterparts may be summed up by John Ralston Saul:

Countries around the world said they needed foreign investment to finance the development of their economies. But they rarely differentiated between the two sorts of foreign investment: investing in order to build up something versus simply buying a fully developed corporation. The first is an investment. The second is coupon clipping for the lazy, a sophisticated form of asset stripping at the international level.

Saul 2006: 125.

The changes to NZPA could not be described, literally, as asset stripping because the agency had few material assets. However, it could hardly be described as an investment. Demutualisation was a reduction, not a building up. It *was*, literally, coupon clipping: cutting something out of a newspaper to save money. It was indicative of the approach that latter-day newspaper owners took to the management of their New Zealand assets, characterised by cost-cutting and high profit expectations. These assets sat comfortably (or uncomfortably) within the prevailing definition of the multinational subsidiary, which was expected to put international corporate expectations ahead of local interests and to regard the local market as an extension rather than a unique entity. The multinationals could not put the mutualised agency into any of their common frames of reference. That was because cooperatives fall outside the concepts of free markets and mobile capital, the forces behind ‘economic reform’ and globalisation. Mutual societies are regarded by market economy disciples as anachronisms – organisations crying out to be converted to competitive commercial enterprises. As Martin and Turner put it, demutualisation was one of the genies that governments let out of the deregulation bottle (2000: 237).

At its most basic the restructuring of NZPA could be seen both as a consequence of globalisation and as part of what the late Bruce Jesson, in one of his many attacks on post-1987 economic policy, described as a “neurotic need to model our entire society along commercial lines” (2005: 333).

As the study of the first months of the agency in its new guise has shown, the effects began to be felt from the moment the cooperative ended. Some, like the gaps in geographic coverage, would have been anticipated by NZPA's management and staff; others, such as the level of dissatisfaction among editors and the changed character of agency stories, would have been unexpected. Allowed to continue and become engrained, the negative indications would have disturbing public interest implications. However, throughout the research for this thesis the management or staff of NZPA spoke of their desire to improve its services and of the advances that they were in the process of making. Future monitoring of the agency and its relationship with the daily press would determine how successful they had been.

Appendix A

News 'breaks' claimed by NZPA in its first year of demutualised operation.

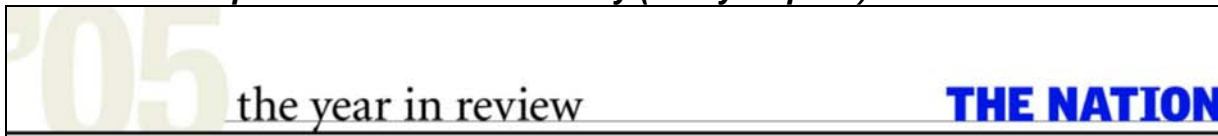
- CAA allowing limited cellphone use on NZ flights.
- The Oxford murder of former Auckland medical researcher Dr Barbara Johnston.
- Man arrested on insurance fraud charge after claiming in 2004 he ditched his plane off the Canterbury coast and surfed ashore.
- US winter Olympic coach dumped because of his affair with a NZ athlete.
- Razza the rat swimming across open ocean to avoid NZ researchers only to be killed in a trap baited with penguin.
- Vietnam's decision to sign a WTO deal with NZ (24 hours before an official announcement).
- Moves to award a Polar Medal to a snubbed hero of Shackleton's voyage.
- NZ lawyer walking away from King's College, Cambridge, with a \$1.7m golden handshake.
- Apec interview with Phil Goff in which he revealed Australia's foreign minister had quizzed him about Winston Peters' role in government.
- Fonterra exposed as a participant in the bribery and corruption scandal surrounding Iraq's oil-for-food programme.
- David Benson-Pope's press secretary misleading over selective leaking of a police report into the tennis ball saga.
- MPs given pre-Christmas pay rise on the quiet.
- NZRU CEO annoyed at Australia voting against NZ for 2011 World Cup.
- Taxi drivers to lose their jobs if they can't speak adequate English.
- Parents of NZ woman killed in Uganda calling for the death penalty.
- Kiwi and kakapo most at risk from bird flu.
- Dinosaur bones found on the Chathams.
- Female teacher caught driving with what is believed to be highest breath-alcohol level ever in NZ.
- Writ served on Winston Peters over a disputed debt.
- Mark Inglis' Everest expedition left a British climber dying on the mountain.

- Prominent NZ climber, Karen McNeill, missing presumed dead in Alaska.
- Michael Campbell calling for NZ Golf bosses to quit over their failure to find sponsorship for the NZ Open.
- The obituary of Professor David Lloyd who was alleged to have been poisoned by a colleague years ago.
- NZ boy bashed by a Scottish soccer thug for wearing an England team shirt.
- Hollywood star Denzel Washington's visit to Wellywood.
- Italian actresses/models doing the Ka Mate haka for a Fiat car ad.
- The discovery of Tony Stanlake's handless corpse on Wellington's south coast.
- Harmeet Sooden attacking New Zealand's involvement in Iraq and Afghanistan.
- The NZ actress exposed as ``LonelyGirl15'' in the online video diaries which attracted millions of followers on youth-oriented websites.
- Norwegian documentary raises concerns about the safety of NZ meningococcal vaccine (with Health Dept response).
- Israeli ambassador accused of making racist comments returns to duty, but tenure may be short-lived.

Source: Nick Brown, Editor, New Zealand Press Association.

Appendix B

Example of NZPA camera-ready (ready-to-print) material



A spectacular trip of fire erupts when the former HMNZS Wellington, a jetty... Lamerer Class Frigate, is sunk off the coast of Island May... Wellington's... a... for... over...

NZPA's KEVIN NORQUAY looks back at a year peppered with a real ballsy election, champs to cheer, the death of a statesman, the tragedy of terror ... and a bunch of Kiwis killing 'em at the movies.

A left testicle and the secretive Exclusive Brethren church popped unexpectedly into public view in 2005, only to be blamed for altering the election outcome.

The incident – presumably one of two attached to National Party MP Rob Clarkston – hit the headlines as its owner tried to prise the Taupo road off Winston Peters.

It was handed into the election spotlight when Mr Peters said his multi-millionaire builder rival was once centre of a sexual harassment campaign.

It turned out a woman once complained about Mr Clarkston after she overheard him saying, "I bet my left testicle the All Blacks would win".

Mr Clarkston managed to announce further interest in his grain by hitching it in front of a live TV reporter, proclaiming his "testicle was so sore".

"Despite all that, or because of it, Taupo elected him to Parliament on September 17, ditching Mr Peters after 21 years.

It was one piece of a knife-edge election outcome that left the Green Party hammering.

With the left and right deadlocked, the Greens with their six seats were sidelined in post-election haggling over forming a Government.

They blamed a pamphlet – "Hooping 'em" – written by the Exclusive Brethren for costing it vital support.

"We were simply shut out by Bob the Builder's private parts and other extraneous items," Green Party co-leader Rod Donald said.

After saying during the election campaign he was not interested in the "baubles of office", New Zealand's first leader Mr Peters somehow wound up Foreign Minister.

His deal with Labour was a weird arrangement in which NZ First was not officially part of the Government, and Mr Peters did not attend Cabinet.

A rotten year for the Greens was complete when Mr Donald died suddenly in November. He was a fit, popular and health conscious 48 and his death touched a nerve.

A similar outpouring of mourning followed the death of the often

ebullient and much-loved former prime minister David Lange in August.

More than 2000 people went to a three-hour memorial service at Ericsson Stadium in Auckland.

Former ACT MP Dennis Austin Haata represented the other end of the political spectrum – diagnosed and jailed after being found guilty of fraud.

Another kiwi madden from Hawke's Bay also found herself in a spot of bother – Napier's iconic Pania of the Reef statue.

Pania was swiped from her Marae Parade base, and it was nearly three weeks before she was returned. Three people were charged with her theft.

Perhaps Porirua City Council may have pondered a statue of 'Tiki' Bay golfer Michael Campbell after he won the US Open in July.

In the end the city opted to celebrate the Tiger Woods-taming star by either renaming an existing road (Michael Campbell Drive was popular), a new road or a reserve.

Campbell 36, won the major on the manicured fairways of Ploverhurst, as his father and friends watched him on TV in the rustic Tiahi Bay clubhouse.

He highlighted a wonderful year for New Zealand sport, which ended with a giant black exclamation mark in November.

Hours after the Lion-taming All Blacks sealed a rare rugby Grand Slam in Edinburgh, the Kiwis demolished Australia 24-0 in Leeds to win the Tri Nations rugby league tournament.

Rowing more than matched footy with four world championship gold medals on the one September day in Japan.

Sculler Mabo Drysdale, men's pair George Bridgman and Nathan Twaddle, and women's pair Nicky Cole and Juliette Haigh joined Olympic champions Caroline and



Clockwise from left: Naomi Watts and Peter Jackson at the King Kong premiere, Bob Clarkston, rugby champ Brent Todd, Sports Minister Trevor Mallard celebrates the Rugby World Cup coup, the stolen Pania, disgraced Marc Ellis, and David Lange.

Georgia Everes-Swindell on the dock.

In other news, writes over Australia by softball's Silver Ferns, women's hockey Black Sticks and the cricketing Black Caps (in a record rain chase) would have taken the cake.

In 2006 they were simply the icing.

But the most notable sporting victory came when New Zealand secured hosting rights to rugby's 2011 World Cup, an event worth billions to the economy.

Written off to a three-horse race with Japan and South Africa, New Zealand emerged from the International Rugby Board (IRB) meeting in Dublin clutching rugby's most treasured prize.

In a race featuring far more than a mere three horses, Matamoras stayer Xcofent ran a solid third in the Melbourne Cup.

As much as New Zealand would have loved to see Xcofent win, a third consecutive victory by magnificent Aussie mare Makyebe Liva was regarded with unqualified admiration.

Domestic racing was hit by scandal with top jockey Lian Cropp reported to have tested positive to methamphetamine in a routine drug

Holmes might have been laughing, had not his show on Prime been axed, six months and one day after it began on February 7.

A lot of time was spent searching for people, boats and aircraft.

Geriatric backpacker Nigel Brunser sparked a major manhunt when her body was found at Lucy's Gully near Okara, in Taranaki, in September.

Multi-millionaire businessman Michael Eozag 49, and Dutch brewery executive Guus Klatter, 38, were both killed in a helicopter crash near two weeks to launch.

Yachting Bruce Cox and partner Heloise Kortekaas were more lucky, rescued after a four-day battle for survival in horrendous seas about 750 km northeast of the Chatham Islands.

New Zealanders found trouble overseas, with Shelley Mather one of 56 people killed when suspected Islamic extremists blew up three trains and a bus in London on July 7.

She was "assured by unscrupulous, unprincipled killers without any human qualities", her devastated father John told mourners at her Auckland funeral.

London bombings resulted in New Zealand hate crimes, with Jason Mulloy, 19, and Ross Baumgartner, 18, convicted on seven charges of intentional damage to Auckland mosques and cultural buildings.

A man who sent hate-filled letters to Wellington Muslims was given a six-month jail term and ordered to pay \$500 to three victims.

Victim Peter Jackson did it again, his remake of the 1933 classic King Kong opening to critical acclaim in New York on December 5.

In the same month The Chronicles of Narnia: The Lion, the Witch and the Wardrobe debuted to mixed reviews, but great box office sales for New Zealand director Andrew Adamson.

Add in The World's Fastest Indian, and New Zealand has every prospect of winning an Oscar in 2006.

It could be hard to celebrate with Reserve Bank governor Allan Bollard around. Dr Bollard played Christmas Capull, convicted of sex offences, in a for a tough time in jail.

So shelve those plans to buy truckloads of King Kong paraphernalia, leave that Oscar-night champagne in the bottle, turn over a new leaf for 2006. It'll be both my best tickets you don't.

2005 – who and what made the news

JANUARY	14	Bush's body found dead in a sewer drain in Hastings.
	15	Don Brash fails to live up to the hype in 'Stress Mark' speech.
	16	Andrew Adenham and Taha Wairua contacted for Oscars – neither won.
FEBRUARY	3	Activist Lane 50 charged with breach of peace after storm on television being shot from Zealand flag.
	7	Prime Minister Peter Holness' new cabinet officers show.
MARCH	11	TVNZ launches Campbell Live programme.
	12	Manhattan's Empire State attracts the New Year Eve bonfire as far away as San Francisco.
APRIL	3	New Zealand wins 10 Job Seeker's Parades, former Democratic premier and socialist politician, also aged 54.
	25	John Howard bids to attend bushfire with Australian soldiers, including New Zealand's Colgate's maintenance services.
MAY	11	Blackbird parents warned a certified paedophile in their team.
	12	Associate education minister David Benson-Pope denies in Parliament he assaulted a child with a teacher.
	16	Relinquished New Zealand Qualifications Authority (NZQA) chief executive Karen Van Kesteren resigns.
	18	State of emergency in flood-ravaged Bay of Plenty.
	26	British Lions rugby side arrives in New Zealand to start a calendar tour.
JUNE	10	Julian Mather charged with the US Open in Pleasant, North Carolina.
	26	Former Christian Heritage Party leader Graham Capill arrested in Northland after pleading guilty to rape and indecent assault.
JULY	4	Four men found guilty of abducting and raping a woman 18 years ago.
	7	New Zealand's Graham White, shot in Northland during battle.
	26	New Zealand's anniversary election date – September 17.
AUGUST	6	Prime minister Peter Holness' programme is to be axed.
	12	David Farrer and Progressive who used case to be 703 jobs.
	13	Former prime minister David Lange dies.
	15	Three South Island gullies of Gorgeons (living in 190) destroyed.
	26	Former ACT MP Dennis Austin Haata and husband Mr Haata found guilty of fraud and trying to prevent the course of justice.
		Convicted of sexually assaulting a young girl.
SEPTEMBER	2	New Zealand reveals its four world championship gold medals.
	12	Exclusive Brethren and Progressive who used case to be 703 jobs.
	16	Body of former Minister Nigel Brunser found in Taranaki.
	21	New Zealand's anniversary election date – September 17.
OCTOBER	1	Exclusive Brethren 'yes' and 'no' detected in South Island.
	1	Exclusive Brethren 'yes' and 'no' detected in South Island.
	1	TVNZ says July 2005 will not have \$200,000 contract renewal.
	4	Michael Scott Wallace, 44, arrested for the murder of Mr Brown.
	12	Double murder of a pair of rugby fans 700m north of Chatham.
	15	Miss Clark announces Winston Peters will be Foreign Affairs Minister, but not part of her Cabinet.
	27	Patience of the Reef, some 10-year-old statue, is stolen in Napier.
	28	TVNZ chief executive, Ian Fraser resigns.
NOVEMBER	17	TVNZ premier Susan Wood says she should attend at her trial after hearing of TVNZ plans to cut her salary by \$100,000 to \$500,000.
	4	Patience of the Reef, some 10-year-old statue, is stolen in Napier.
	5	Case Michael and Sarah Maclean arrested at northern airport.
	6	Green Party co-leader Rod Donald, 48, dies suddenly.
	16	New Zealand wins the right to host the 2011 Rugby World Cup.
	16	Hannaford 50th birthday celebrated in Invercargill.
	21	All Blacks end only their second Grand Slam, New Zealand have passed Australia 24-0 in the Nations Cup.
DECEMBER	1	World premiere of King Kong in New York.
	7	Director of Reserve Bank to work part-time in London.
	9	London couple jailed for sexually abusing another woman.
	10	Black Caps beat Australia with the greatest run chase in the history of one-day cricket.
	14	New Zealand premier of King Kong in Wellington.
	25	Christmas Day.

QUOTE ME... IF YOU MUST

<p>You've got to get up dancing, fellas, because it will enhance your relationship 10 times without even saying a word. Women love men who can dance.</p> <p>Television dancing king Norm Hewitt reveals how moves on the dance floor can improve... moves off it.</p>	<p>It's all part of the OE experience, but a bit more extreme.</p> <p>The father of Zoe Hadram, 18, who was caught in Hurricane Katrina's aftermath and spent five days trapped and hiding from armed looters.</p>	<p>I'd like to apologise to my parents, my family and friends and supporters. I made an error of judgement on an evening for which I'm paying the price and I'm genuinely sorry.</p> <p>Marc Ellis after his drug conviction.</p>	<p>Everyone was getting naked, and I kept looking down and saying, 'Oh sorry, sorry', it was a bit different from the rugby routine when you're just with the boys, but that's no worries.</p> <p>Former All Black Norm Hewitt out of his comfort zone modelling at New Zealand Fashion Week.</p>	<p>He's a bit of a sissy. Any bully will have a whack at him.</p> <p>Sociologist Greg Newbold predicts Christian Heritage leader Graham Capull, convicted of sex offences, is in for a tough time in jail.</p>	<p>When Shelly throws, no one was safe from the ball except her.</p> <p>Donna Kelly, recalls the cricketing skill of London victim Shelly Mather.</p>
<p>I should make it clear that this is not about the TVNZ board losing confidence in its chief executive. It's about the fact that I have lost confidence in my board.</p> <p>TVNZ chief executive Ian Fraser resigns.</p>	<p>It has affected my sleeping, eating and how I've felt.</p> <p>Kevin Stanley saw one shoot at his children, which normally I wouldn't do. I guess a sign of stress is you take it out on an easy target, which I am ashamed of.</p> <p>Susan Wood on plans to cut her pay by \$100,000... to \$350,000.</p>	<p>You see a lot of airports, you see Invercargill, which I think ties with Christy or Bhopal or wherever.</p> <p>DIC rugby commentator and former England rugby player Brian Moore endears himself to the south.</p>	<p>My heart went out for that little boy. The way the woman was driving with her baby in the car, that really p****ed me right off. I said, 'Lady you shouldn't be driving, you are drunk!'</p> <p>Pat Rata, who jack-knifed his truck to force a drink-driver off the road.</p>	<p>Just call me William.</p> <p>Prince William's response to Nick Starmann, 13, a patient at Starship Children's Hospital.</p>	<p>Men's problems are traditionally dealt with by the criminal justice system. Women on the other hand get a bloody Courtwright inquiry and get millions of dollars thrown at their breasts and ovaries.</p> <p>Former Labour MP John Tattershire.</p>

Appendix C

Survey: Editors' views of NZPA service

Please answer the following questions by placing a number next to each topic based on the following scale:

1 = Poor 2 = Below expectation 3 = Satisfactory 4 = Good 5 = Very good

Section A: In relation to NZPA services under the old co-operative copy exchange system please rate the following:

- Overall range of subjects covered =
 - Coverage of politics =
 - Coverage of business/economics =
 - Coverage of crime/law & order =
 - Coverage of environment =
 - Coverage of human interest stories =
 - Coverage of sport =
 - Coverage of entertainment =
 - Coverage of social services (health etc) =
 - Coverage of race relations =
- Geographic coverage of New Zealand =
- Number of supplied stories =
- Quality of copy =
- Timeliness of delivery =
- Value for money =

Section B: In relation to NZPA services under the current system with NZPA creating all of its material please rate the following:

- Overall range of subjects covered =
 - Coverage of politics =
 - Coverage of business/economics =
 - Coverage of crime/law & order =
 - Coverage of environment =
 - Coverage of human interest stories =
 - Coverage of sport =
 - Coverage of entertainment =
 - Coverage of social services (health etc) =
 - Coverage of race relations =
- Geographic coverage of New Zealand =
- Number of supplied stories =
- Quality of copy =
- Timeliness of delivery =
- Value for money =

ADDITIONAL COMMENT: Attributable? If so, please attach name.

Appendix D

SURVEY OF EDITORS: COMMENTS

“NZPA promised a much better service than it has been able to deliver. It has not achieved the breadth of coverage it promised and at times is sorely lacking in any original copy. It relies too much on straight steals from publications, sourcing back to the particular newspaper.”

- **Dave Saunders, *Wairarapa Times-Age*.**

“We are now getting very poor substitutes for stories we use to have access to. The big national stories from certain sites and now being put on the wire in a sub-standard shortened form that does not do them justice. I believe we are all (APN and Fairfax) poorer for the changes.”

- **Unattributed**

“NZPA has been superceded to a certain extent by the setting up of Wirestream within the Fairfax group. This is akin to an internal agency that distributes copy between the 9 dailies and two Sundays within the group. This is supplemented by PA copy.”

- **Tim Pankhurst, *Dominion-Post***

“NZPA is trying hard but definitely delivering an inferior service and the slack is not entirely picked up by the Fairfax Wirestream network, especially in coverage of Auckland, Dunedin, the West Coast and much of the East Coast of the North Island. In particular, afternoon papers aren't getting the timely, fresh coverage that we used to receive. If one NZPA staffer deserves a medal, it's David Jones, who has earned the gratitude of our news editor Peter Watson on many occasions.”

- **Bill Moore, *Nelson Mail***

“NZPA has made progress in reinventing itself as a news-breaker and wire service providing fresh and interesting copy. But it still relies too heavily on stories and leads lifted from the papers. Its coverage of some regional cities and towns is poor. And it is sometimes slow to file and is regularly beaten by our own websites. Sport coverage, however, has improved. Its file is generally solid and reliable but it needs to provide more stories and more scoops.”

- **Paul Thompson, *The Press*, Christchurch**

“Copy flow is light between 10pm and 7am, meaning an afternoon paper such as our with an off-site press and an 8.15am deadline struggle for fresh national PA. We offset the lack of pa copy by lifting copy off websites.”

- Unattributed

“I had expected PA to provide cover of breaking news stories etc in all areas, such as Otago, Hawkes Bay, Whangarei etc where there is no Fairfax paper to supply the Fairfax group. It isn't happening.”

- Fred Tulett, *Southland Times*

“Variety of stories noticeably decreased. Difficult to find sufficient national copy for business and farming/rural pages. Early national copy is not appearing in time for our morning deadline (we require copy at 6am for a 7am print deadline). Geographic gaps in coverage are noticeable (eg Sth Island). Sub-editing of copy appears to have deteriorated (grammar, literals, fact checking). Graphics and prepared pages, however, are an excellent service.”

- Laura Franklin, *Northern Advocate*

“Copy flow is light between 10pm and 7am, meaning an afternoon paper such as our with an off-site press and an 8.15am deadline struggle for fresh national PA. We offset the lack of pa copy by lifting copy off websites. Fairfax copy arrives a day late, often rewritten by NZPA with attribution (ie The Waikato Times reported) and vice versa with APN copy for Fairfax. The latter's presence in the South Island means less copy for APN. Wellington and Hamilton are also problem areas for APN regionals. NZPA photo coverage has improved – albeit at a cost.

“Overall, the changes have resulted in the two media groups punishing each other by delaying access to the each other's copy by 24 hours. A cynic would say the two groups are also punishing themselves by doing this. A naïve optimist would say that the two companies should review their positions. Given the changes NZPA have made, a reversion to the pre-change era would arguably provide a stronger overall service for all parties. My understanding is that such discussions in the present competitive climate are unlikely.

“In the interim we have an inferior overall service, compensated only in part by additional services NZPA now provides such as photographs, graphics and page-ready features/pages.”

- Craig Cooper, *Daily Post, Rotorua.*

“A general feeling that service is nowhere near as good, comparing previous and current system. Lack of copy from rural sector.”

- Unattributed.

“The "new" NZPA service is not as good as it was, albeit understandably so. Without filing from member newspapers, the "local" has gone out of local news. Very often, we find ourselves running NZPA stories that are rewrites (attributed) of previous day's stories from other newspapers. And to the extent that newspapers are no longer sole clients, the value of the service has decreased. Our internet and radio competitors receive stories well ahead of us.

“There are benefits: we are paying less (small comfort though that is); and we don't have late-night bottlenecks with our last few pages when trying to deal with tardy filing by other member papers.”

- **Robin Charteris, *Otago Daily Times***

“We think it is an okay result overall, but the volume of material from around the country in general news and sports, in particular has predictably fallen away sharply. Business and politics are pretty much the same as they were. The new Christchurch office has been okay for day-by-day news supplementing our Christchurch reporter. On the up side, PA has started clever searching of the wires and the net for NZ related stories and the photo service has proved to be a useful backstop and a good way of getting us into pooled photo arrangements (Tonga and an upcoming Antarctic trip are examples). Their foreign sports assignments are still very useful to supplement our own. We do find that the volume of material is especially thin on public holiday weekends. Is it value for money? In relative terms, it is much the same. We pay less and get less of what we might have wanted.”

- **Tim Murphy, *The New Zealand Herald***

Appendix E

Average net daily circulation 1970-2005

	1970	1975	1980	1985	1990	1995	2000	2005
DAILY PRESS								
New Zealand Herald	225,000	233,500	241,000	243,933	248,430	238,851	213,334	204,549
Auckland Star	139,000	130,500	119,000	111,001	77,865			
Dominion Post (Dominion)	78,000	72,500	63,774	71,176	73,085	65,666	68,743	98,232
Evening Post	100,904	98,688	93,042	86,695	76,770	66,974	59,055	
The Press	69,000	74,000	77,600	85,581	95,933	100,436	92,992	92,458
The Christchurch Star	69,000	68,400	62,530	60,012	46,587			
Otago Daily Times	41,500	44,500	52,500	53,140	50,969	47,884	44,093	44,928
Ashburton Guardian	3,734	5,006	5,772	6,759	6,493	6,365	5,770	5,460
Marlborough Express	8,031	8,756	8,937	9,840	10,228	10,424	10,317	10,362
Dannevirke Evening News	2,987	2,955	2,824	2,877	-----	2,715		
The Northland Times		2,566	2,684	3,033	3,020	2,974		
Gisborne Herald	11,325	11,708	11,685	11,937	10,582	9,790	8,994	8,631
Greymouth Evening Star	5,439	5,685	5,783	6,202	6,028	5,604	4,778	4,289
The Waikato Times	34,172	36,772	38,858	39,741	41,090	39,812	40,588	41,017
Hawke's Bay Herald-Tribune	17,952	19,495	20,218	21,010	20,867	20,236	31,571	30,073
The Hawera Star	3,118	3,157						
The Southland Times	30,657	33,381	33,049	34,787	35,391	33,310	30,496	29,567
Horowhenua Kapiti Chronicle	4,868	5,171	5,904	6,560	6,630	6,406	3,950	2,868
Wairarapa Times-Age	8,130	9,009	9,017	9,137	9,222	9,170	8,027	7,664
The Daily Telegraph	17,006	18,218	19,108	18,464	16,868	16,018		
Nelson Evening Mail	16,073	17,344	17,380	19,074	19,549	19,270	18,067	18,437
The Daily News	20,243	21,727	22,467	25,554	30,454	29,074	26,752	26,754
Taranaki Herald	11,790	11,337	10,800	10,897				
The Oamaru Mail		4,223	5,310	5,755	4,208	-----	3,691	3,561
Manawatu Evening Standard	22,738	26,008	24,981	26,017	25,757	24,113	21,106	20,576
The Daily Post	14,449	16,024	15,614	16,195	13,992	13,421	12,244	12,063
The Bay of Plenty Times	12,676	14,426	16,301	19,577	21,061	21,307	21,985	23,919
The Timaru Herald	15,296	16,883	17,539	16,801	16,339	15,095	14,141	14,335
Wanganui Chronicle	11,870	11,500	11,185	11,402	16,549	15,673	13,471	12,652
Wanganui Herald	10,212	10,074	9,710	9,004				
Westport News	2,108	2,113	2,200	2,478	2,415	2,272	2,167	
Northern Advocate	15,197	17,213	17,655	17,833	16,654	15,972	14,602	14,890

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Brown, Nick	Personal interview (Wellington)	3 November 2006
Crowley, John	Personal interview (Wellington)	19 May 2006
Evans, Brian	Telephone interview	8 May 2006
Gould, Lincoln	Personal interview (Wellington)	12 June 2006
Long, Richard	Telephone interview	21 November 2006
Marshall, Clive	Telephone interview	7 July 2006
O'Hara, Peter	Personal interview (Auckland)	4 July 2006
Quinn, Terry	Personal interview (Auckland)	5 July 2006
Shaw, John	Telephone interview	2 May 2006
Smith, Julian	Telephone interview	6 September 2006
Stead, K.J.	Telephone interview	18 April 2006
Steinke, Ken	Personal interview (Auckland)	15 May 2006
Tucker, Jim	Telephone interview	4 May 2006