



## **No matter what the merger outcomes – more changes ahead**

(JMAD press release, December 1, 2016)

In 2016, the New Zealand media sector was left shaken and stirred as the ownership and market structures of media companies faced dramatic changes. The *JMAD New Zealand media ownership report 2016* observes that the New Zealand media and telecom sectors are most likely to face further consolidation, but it is not clear what combinations will emerge.

- What we learned from the USA elections is that there was a disconnect between media corporates and local communities, and there was not enough local reporting. I think this just proves that we clearly need a vibrant local and community media also in New Zealand, says Dr Merja Myllylahti, author of the report.

Commerce Commission delayed its decision about the Sky TV-Vodafone merger until December 21, and in November, it declined approval of the NZME-Fairfax merger in its preliminary ruling. The final decision is expected on March 15, 2017

The report finds that New Zealand media companies are now owned by financial institutions. Media moguls and media corporations, including News Corp, have pulled out and sold all their shares in New Zealand media companies. The report also notes that the board structures of media corporates support further consolidation: many of the directors have no declared media interests, but have directorships in financial firms and corporate advisory businesses.

- Consolidation in the media and telecommunication sectors is not over yet. For the first time in six years our media companies are exclusively owned by financial institutions, and it is in their interest to push structural changes through, says Myllylahti.

In November 2016, 85.6 percent of NZME's shareholders were banks, investment banks and fund management companies. MediaWorks was 100 percent owned by Oaktree Capital, a vulture fund. All substantial shareholders of Fairfax Media and Sky TV are financial institutions.

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