

MARKET ANNOUNCEMENT

26 November 2021

Update on engagement with Global Digital Platforms

AUCKLAND, 26 November 2021: NZME Limited (NZX: NZM, ASX: NZM) ("**NZME**") advises that the New Zealand Commerce Commission ("**NZCC**") yesterday registered an application from the News Publishers' Association of New Zealand Inc. ("**NPA**") on behalf of its members, including NZME and certain other New Zealand news media entities, seeking authorisation under the Commerce Act 1986 to collectively bargain with each of Google and Facebook (the "**Global Digital Platforms**") to negotiate for fair compensation to individual publishers for the content they produce that appears on the Global Digital Platforms.

A copy of the NZCC's media release and the application will be made available on the NZCC website.

A copy of the NPA's media release is **attached** to this announcement.

As NZME disclosed as part of its Investor Day on 18 November 2021, NZME has been engaging with Google and Facebook regarding them accessing and supporting NZME's editorial content.

In terms of timing, NZME expects that receipt of authorisation, if granted by the NZCC, may take some months. A provisional (interim) authorisation has also been sought, and that may be quicker.

While NZME fully supports the NPA application, it is important to note that participation in the arrangement proposed by the NPA is voluntary. Accordingly, while the NZCC considers the application, NZME may continue to engage directly with the Global Digital Platforms (and even if authorisation is ultimately granted, NZME will have full discretion to choose whether to participate in the collective bargaining initiative or not).

NZME's direct engagement with the Global Digital Platforms is at a very early stage, and outcomes in relation to NZME's direct engagement, the NZCC's decision on the NPA application for authorisation, or any resulting collective bargaining (if that application is authorised) are by no means predictable.

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25 November 2021

NPA seeking permission for New Zealand media to collectively bargain with Facebook and Google for fair payment for Kiwi journalism

The News Publishers' Association (NPA) today filed an application with the Commerce Commission seeking permission on behalf of its members, and all other independent New Zealand-owned media organisations, to collectively bargain with global giants Facebook and Google to seek fair payment for Kiwi journalism used on their platforms.

In Australia, a specific "bargaining code" has been introduced by law to help support the sustainability of the Australian news media sector by addressing the bargaining power imbalances between global digital giants, such as Facebook and Google, and Australian news businesses.

However, there is no such legislation in New Zealand, so the NPA is seeking permission from the Commerce Commission for independent New Zealand news media to be allowed to collectively bargain with each of Facebook and Google to try to address the same bargaining power imbalances that exist in New Zealand.

General Manager of the NPA, Brook Cameron, says the NPA has filed this application, on behalf of New Zealand's independent media, to seek approval for an initiative that should assist in achieving fairer remuneration for them to support their sustainability and viability and, therefore, contribute to greater diversity of views in New Zealand news and journalism that best represent and inform New Zealand communities.

"These global tech giants have built businesses of unimaginable size and amassed their dominant power using 'free press' on their platforms – news made and paid for by media companies.

While New Zealand media companies are investing in Kiwi journalism, Facebook and Google use journalists' content for free, pay very little tax in New Zealand,* and are understood to consume the majority of available digital advertising spend in New Zealand. Approximately only ten cents in every dollar spent on digital advertising in New Zealand goes to New Zealand news producers that invest in producing journalism and news content.** It's a lose, lose, lose for New Zealand.

Together these two giants have revenue that is greater than New Zealand's GDP.*** New Zealand businesses face a huge power imbalance in trying to negotiate with them to pay fairly for Kiwi journalists' content.

That's why we are asking the Commerce Commission for permission to negotiate collectively to seek fair payment for all independent New Zealand media organisations that choose to participate in this. This is about taking steps to support our New Zealand media companies to keep investing in great journalism to protect and grow a vibrant, thriving Kiwi media sector because that is critical to a healthy democracy.

The global pandemic has once again highlighted the critical role of New Zealand journalism as Kiwis turn to their trusted sources for news. At the same time our media companies have been investing

to fight the 'fake news' on social channels that have threatened to undermine our country's collective response to keeping New Zealanders safe from the virus.

Since the start of the pandemic the global platforms have significantly increased their market capitalisation.**** We are seeking an avenue to negotiate for fair payment, in the same way that media organisations in Australia have been provided the ability to negotiate with the digital platforms. "

The application is being made on an "opt in" basis, with it open for NPA members, and other independent New Zealand owned media organisations, to choose to participate in the collective bargaining group should it be approved by the Commerce Commission. The NPA invites any independent New Zealand-owned media organisation to register their interest in joining this, should it be approved, by emailing hello@npa.co.nz.

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* <https://www.nzherald.co.nz/business/why-taxing-big-tech-companies-is-tricky/NYYKDQJ5OLVHFAE76YDIR3ZBVY/>

<https://www.stuff.co.nz/business/121505796/google-and-facebook-pay-way-less-tax-in-new-zealand-than-in-australia--and-were-paying-the-price>

** Advertising Standards Authority data for 2020

*** <https://public.flourish.studio/visualisation/7409873/>

**** <https://finance.yahoo.com/quote/GOOG/> <https://finance.yahoo.com/quote/FB/>

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