

# 6 Views of third parties

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## Introduction

6.1. We invited views from newspaper publishers, trade and consumer associations, trade unions, local and district councils, and major advertisers in Johnston and HCN newspapers. This chapter summarizes the views we received.

## **Publishers**

### ***Publishers of The Advertiser***

6.2. *The Advertiser*, based in north Hertfordshire, was launched in January 1997 by a consortium of local businesses following threats by HCN to impose huge increases in advertising rates after it had acquired the *Herald* series. According to *The Advertiser*, HCN had used its monopoly position since the acquisition to increase rates for many businesses, and had openly claimed that there was nowhere for businesses to advertise their services other than in its publications.

6.3. *The Advertiser* said that, now it was offering a realistic alternative for businesses, HCN had retaliated by using unfair tactics. These took the form of offering a vast amount of businesses which advertised in *The Advertiser* price deals on HCN's current rates within its titles, or an additional newspaper free of charge, provided they did not advertise in *The Advertiser*. Some of the deals offered by HCN were in its view much lower than HCN's marginal costs. Some of its customers had found the situation disturbing but they had no option but to consider HCN's proposals.

6.4. *The Advertiser* believed that if the transfer were allowed to proceed, Johnston too would use its monopoly power, which could only exacerbate the situation, and for that reason it was very much against the transfer.

### ***Publishers of the Dacorum Independent***

6.5. The *Dacorum Independent*, launched in March 1998, is a free weekly newspaper distributed throughout the Hertfordshire borough of Dacorum, which includes Hemel Hempstead, Berkhamsted, Tring and Kings Langley.

6.6. The *Dacorum Independent* pointed out that starting a business from scratch took a lot of courage; launching a new regional newspaper was no exception. There had been a monopoly in the Hemel Hempstead area since Johnston bought out its opposition and closed or merged titles a few years ago. This had left both readers and advertisers in the area with no alternative in local newspapers other than a Johnston title. This situation had inspired the launch of the *Dacorum Independent*, first published on 4 March 1998. It had experienced difficulty in obtaining delivery staff, which it attributed to Johnston's tactics. It believed that Johnston's distributors had been threatened with loss of employment if they delivered the *Dacorum Independent*. It said that there was nothing wrong with healthy competition which kept everyone on their toes and generally ensured best practice. However, it feared that Johnston had no intention of improving what it did or offering a better service, but rather that it intended to rely on 'bully-boy' tactics in an attempt to return to a monopoly and its stranglehold on regional newspapers in the area.

### ***Eastern Counties Newspapers Group Limited***

6.7. Following the announcement that ECNG had made an offer for HCN and that holders of 60.9 per cent of HCN's shares had given irrevocable undertakings to accept the offer, we asked ECNG about its plans for HCN's titles in the overlap areas.

6.8. ECNG told us that its business case for the acquisition recognized the losses in the businesses of HCN in the overlap areas and assumed that their losses would be eliminated in the short to medium term. On the basis of the limited information currently available to ECNG, [

*Details omitted. See note on page iv.*

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*Details omitted. See note on page iv.*

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### ***Local Sunday Newspapers Ltd***

6.10. LSN publishes *Bedfordshire on Sunday* (launched in 1977), *Luton on Sunday* (launched in 1993) and *Milton Keynes on Sunday* (1997); all are free Sunday newspapers.

6.11. LSN told us that its newspapers reached almost every household in Bedfordshire. In Bedford and mid-Bedfordshire its *Bedfordshire on Sunday* was market leader in financial terms with about 40 per cent of the newspaper advertising market. The rest was split evenly between on the one hand Johnston's *Bedfordshire Times and Citizen* and its *Biggleswade Chronicle* and, on the other, HCN's *Bedfordshire Herald*.

6.12. In Luton Johnston's *Herald and Post* was market leader by a substantial margin, LSN's *Luton on Sunday* was second and HCN's *Luton Leader* was third. HCN's two paid-for newspapers in Luton and Dunstable were not substantial players in the advertising market. In Luton Johnston's newspaper made respectable profits, LSN broke even or made profits on the margin, and the HCN titles were heavy loss-makers.

6.13. In Leighton Buzzard it was difficult to know which was the market leader out of LSN's Leighton Buzzard edition, HCN's *Leighton Buzzard Observer* and Johnston's *Leighton Buzzard Citizen*. LSN's Leighton Buzzard edition was a net contributor to the group's finances.

6.14. In Milton Keynes Johnston's *Milton Keynes Citizen* was market leader by a very substantial margin and was the only newspaper in that area to make a profit.

6.15. LSN said that there was no significant regional dimension in Bedfordshire and Buckinghamshire and the transfer would not have any particular regional implications for advertisers or readers. The effects would all be local.

6.16. LSN had mixed views about the transfer. It said that, if the transfer were permitted, LSN would be Johnston's only competitor in the whole of Bedfordshire and Milton Keynes. However, it believed that the present situation with regard to local newspapers in Bedfordshire and Milton Keynes was unstable and unsustainable. Experience had shown that it was possible for two competing companies to make profits but not three. In the long run, two strong newspapers competing with each other was the best guarantee of value for readers and advertisers alike. The two newspapers did not have to have equal market shares; a newspaper might survive quite comfortably with a smaller market share and still provide its rival with competition in advertising and editorial. LSN saw itself in direct competition with HCN and Johnston titles.

6.17. LSN observed that advertising prices in all sectors had fallen in real terms in recent years. The price for property advertising (other than new homes) had fallen even in nominal terms. Allowing for inflation, and using the common yardstick of cost per thousand newspapers, estate agents in Bedford were paying about one-fifteenth of what they were paying in 1978. Many owners of free newspapers were anxious to attract property advertising as a passport to bulk and respectability. However, as a matter of policy, LSN had refused to accept advertising from estate agents at prices which were below cost. Predatory pricing was always a temptation in the newspaper business.

6.18. Johnston and HCN tended to produce newspapers with large numbers of pages on the back of cheap advertising. The ratio of editorial to advertising content in their newspapers therefore tended to be lower than in LSN's, although the actual amount of editorial might be similar.

6.19. LSN noted that both companies put fewer resources than LSN into the editorial side, particularly in the ratio of junior to senior journalists. LSN's journalists were locally based in each of its areas. It had won five awards for regional newspaper journalists of the year.

6.20. LSN had some concerns that the transfer could lead to competition being squeezed out by predatory pricing. It was not easy for new entrants to succeed. For example, there had been two recent attempts by new entrants in Bedford which had failed, although LSN had not adopted unfair or predatory tactics as a response. Launching a free newspaper in a new area was a long process. Preparation for LSN's newspaper in Milton Keynes had taken months. Establishing a distribution network was difficult, particularly as advertisements for distributors could not be directly placed in a rival newspaper without revealing the launch plans. Moreover a rival newspaper might refuse to accept such advertisements.

6.21. LSN told us that its rationale was to enter a market by launching a newspaper rather than by acquisition. It would expect losses for four or five years. LSN had entered the market in Milton Keynes in 1997 because it saw that area becoming a more promising market than Bedford.

6.22. LSN had complained to Johnston that customers of *Milton Keynes on Sunday* had been contacted by sales staff of Johnston's *Sunday Citizen* and offered substantial cuts in whatever rate they were paying LSN. It had accepted Johnston's assurance that that kind of competitive practice was not company policy but LSN was commenting on the difficulty of controlling staff 300 miles from head office. LSN did not see Johnston as being particularly aggressive in terms of price and rate competition.

6.23. LSN could think of no reason for Johnston to bring out the *Sunday Citizen* in Milton Keynes except as a 'spoiler', to confuse advertisers. The purpose of the launch, which would be costing Johnston a great deal, was to weaken the opposition. LSN forecast that the *Sunday Citizen* would eventually be withdrawn, either because Johnston was no longer prepared to battle against a successful *Milton Keynes on Sunday* or because the latter failed, and opposition to Johnston's other titles was thereby removed.

6.24. Johnston might close down two titles in Milton Keynes. That would not necessarily weaken LSN's position, other than by providing Johnston with more money with which to fight its opposition. Depending on which newspapers were closed, LSN might even benefit. The danger was that Johnston would keep all four newspapers open and offer so many combinations across titles at very low add-on rates that it would be impossible for LSN or any other company to compete.

6.25. Milton Keynes was a very rich market, which would become richer. Johnston had a stranglehold on it and would be reluctant to loosen its grip.

6.26. In LSN's view, any transfer should carry a government warning that using a monopoly or near-monopoly to destroy potential opposition through predatory pricing would not be tolerated.

### ***Mirror Group plc***

6.27. Mirror Group welcomed the transfer, which it believed would secure the present level of service to local communities and provide a sound base for further improvement.

6.28. Johnston was a successful and enlightened company with an excellent record of producing newspapers of high editorial quality and relevance to local communities.

6.29. In commercial terms, the share of the local market which the merged company would hold in any locality where their titles overlapped at present would be below that of regional publishers in many other counties and in most cities.

6.30. Mirror Group said that with the wide range of printed, broadcast and other outdoor media available to advertisers and the low cost of market entry for new free publications, the combined advertising market share of the two companies would be insufficient to enable it to act in a manner which would disadvantage local advertisers.

## **Advertisers' associations**

### ***The Incorporated Society of British Advertisers Ltd***

6.31. The Incorporated Society of British Advertisers Ltd (ISBA) said that regional newspaper groups in the UK tended to operate from a base of regional strength. It would be concerned if Johnston's or HCN's regional strengths overlapped, thus leading to significant market dominance of the merged group in any particular region. This concern would be further exacerbated if that region of dominance was one of significant population, as that would make it an important marketing area for ISBA members.

6.32. The ISBA would regard any transfer which offered opportunity for leveraging of improved market share in order to increase advertising rates as anti-competitive and against advertisers' interests. The ISBA would expect any such transfer to offer efficiency savings, some of which should be passed on to advertiser customers in the form of improved advertising rates and facilities. But experience had shown that this was seldom the case as returns to shareholders were inevitably given priority.

6.33. The ISBA noted that whilst both companies had fairly modest shares of the total UK market, their strengths were in London and the home counties; moreover, their overlapping area of strength was one of the most populated. The ISBA said that if the transfer were allowed to proceed, enforceable assurances should be sought from the merged enterprise to satisfy these concerns.

### ***Institute of Practitioners in Advertising***

6.34. The Institute of Practitioners in Advertising was not aware of any concerns felt by its members about the transfer.

## **Advertisers**

6.35. We wrote to 49 advertisers, including 47 with the greatest expenditure in Johnston's and HCN's newspapers in the overlap areas. We received views from seven advertisers, including two agencies, about the transfer.

### ***John Ayling and Associates Limited***

6.36. John Ayling and Associates Limited (Ayling), an independent advertising agency, expressed concern about the transfer, particularly about the situation which would arise on national sales representation. The transfer would have a direct effect on the interests not only of this agency but all media agencies and their clients involved in advertising in the regional press, which was second only to television in its share of advertising revenue.

6.37. Ayling said that Mediaforce, based in London, was contracted to represent *all* regional press titles owned by Johnston, including new acquisitions. They also represented the interests of Southnews and Independent Newspapers.

6.38. Southnews had recently acquired the interests of the South East division of United Provincial Newspapers, namely *The Yellow Advertiser* and *Informer* groups. *The Yellow Advertiser* published titles in east London and Essex. Independent Newspapers published titles in east London. HCN had a division (South Essex Recorders) which published titles in east London and Essex. HCN also published in Luton, Milton Keynes and Bedford. If Johnston acquired HCN and if representations for all the group's national sales was then handled by Mediaforce, then this could not be viewed as a fair and unbiased service to agencies and their clients.

6.39. National advertising sales were significant as a proportion of regional press business. The potential concentration of selling points into one was of great concern because of the effect it could have on the rate structure and on the real market rates which would doubtless emerge.

### ***W J Billington Ltd***

6.40. W J Billington Ltd of Flitwick, a motor car dealer, was totally opposed to the proposed transfer. It said that the merged company would have a virtual monopoly of local newspapers in the area, allowing it to set advertising rates without fear of competition.

### ***Halifax Property Services***

6.41. Halifax Property Services (Halifax) was strongly opposed to the transfer. Its representative said that in towns where there was only one newspaper, or one leading newspaper, advertising costs were extremely high and service to advertisers was often less attentive. It cited Aylesbury and Milton Keynes where Johnston published the leading newspapers and where Halifax considered page costs to be significantly higher than where there was more effective competition, even allowing for the greater number of copies distributed.

### ***Michael K Howard Ltd***

6.42. Michael K Howard Ltd (MKH), an advertising agency with branches in Harpenden, Milton Keynes and Northampton, did not express views for or against the proposed transfer, but provided useful background information. It did perceive a regional dimension to the markets in question. It expected that, if the transfer proceeded, Johnston would produce a number of regional publications, which might well be attractive to advertisers who wished to cover all of Bedfordshire and Buckinghamshire. Advertisers with a regional interest could include the prestige car market and night-clubs. At present, only about 5 per cent of all advertising in the region came within the regional rather than local category, but with regional publications this might increase.

6.43. MKH thought that three publications within a local area was probably the best number for advertisers. With more, the market became fragmented and difficult to analyse.

6.44. The value of advertising placed in publications in the area concerned has been rising. Both Johnston and HCN had increased their sales staff in recent years.

6.45. MKH said that LSN's newspaper was the acknowledged market leader in Bedford and mid-Bedfordshire as far as advertising was concerned. Generally speaking, the title that was the market leader was more expensive, but if it abused that position it was likely to lose advertisers to lesser rivals. In any case, advertisers did not necessarily prefer the newspaper with the largest share.

6.46. New entrants in the area were not frequent: possibly one in three years in the Home Counties area. New entrants would normally be supported by advertisers in the early stages particularly where the editorial content was strong.

6.47. Advertising rates tended to be lower in Bedfordshire and Buckinghamshire than elsewhere, partly for historical reasons and because the players watched each other carefully. But the transfer, if it went ahead, was unlikely to have much effect on advertising rates, because certain advertisers would be in a powerful position to resist price rises.

6.48. A high increase (for example, 15 to 20 per cent across the board) would provide an opportunity for a new entrant. Moreover, it would be difficult for Johnston to recapture the market later by bringing rates down. What was more likely was that advertisers would be offered a combination of titles—for example, three for the price of two.

6.49. MKH did not think that, in the event of the transfer, Johnston would have any incentive to eliminate LSN by predatory pricing because they would not be much of a threat. On the contrary, a weak opponent provided a block to other contenders.

6.50. MKH thought Johnston's main reason for seeking to acquire HCN was to obtain key titles in the area. The transfer would have no great effect on the local market. When asked about its views on the efficiency of each group, it said that there had been no problems with Johnston. The service from HCN fluctuated with changes in management but at present the group was very advertiser-orientated.

### ***Thomas and Company***

6.51. Thomas and Company, estate agents in Milton Keynes, had no comment other than to observe that Johnston's *Milton Keynes Citizen* had been the market leader over the 15 years, even when an alternative was available.

### ***Woolwich Property Services Ltd***

6.52. Woolwich Property Services (Bedford branch) felt that the transfer would be against the public interest. It noted that Johnston and HCN were the two main competitors in the free newspaper market. The transfer would be against its interests as a monopoly for advertising would result. Any increase in its costs would lead either to increased costs to clients or a reduction in service standards. The same problem would apply to other businesses in the area.

### ***An advertiser***

6.53. The company, which gave written and oral evidence but wished not to be identified, in order to avoid the risk of sanctions against it by either HCN or Johnston, was opposed to the transfer and concerned more generally about the concentration of the local press in the hands of a few major groups.

6.54. The company emphasized the importance of local newspapers as an advertising medium for many thousands of local businesses such as plumbers, builders, estate agents, motor dealers, mortgage brokers, introduction/dating agencies, car servicing and repairs, travel services, coach hire and other service providers who needed to target specific local markets. Advertising was a substantial part of the costs of some of these businesses such that more expensive or less effective advertising could easily destroy their viability or significantly increase costs to the general public they serve. Other media such as directories or local television and radio often covered too broad an area to provide an economic or sufficiently accurate means of targeting local customers. The fact that there were three television areas covering the northern Home Counties—Central/Midlands, Anglia and London—was an added difficulty in the area affected by the transfer. Advertising media such as *Yellow Pages* directories provided long-term advertising which may not be responsive enough to local market changes. They also required a financial commitment that could be too substantial for small businesses.

6.55. The advent of free newspapers with comprehensive coverage of the localities in which they were distributed helped major publishers to acquire territory. These newspapers provided sufficient editorial material for readers not to find it worthwhile to buy weekly paid-for newspapers. The latter newspapers had had a declining circulation and now largely served as a source of local information and advertising for those living in rural areas where publishers found it uneconomic to distribute free newspapers. Other local publishers of free newspapers found it difficult to compete against the comprehensive distribution patterns and financial strength of the major groups who could if necessary run their titles at a loss until the competitors were squeezed out or bought out. This company said that in several territories absolute monopolies had already been created by previous mergers. These tended to lead to rising advertising rates, poorer service and sometimes cuts in distribution. A number of newspapers also offered services, for example travel schemes, introductions/telephone dating, which could conflict with the interests of their advertisers, particularly as the publisher may not only charge itself

lower rates for this advertising, but could give itself a more favourable or prominent location than independent advertisers offering comparable or competing services.

6.56. The company noted that it was often the case, at least outside big cities, that where there were three or more independently-owned newspapers in competition in a local market, the total advertising revenue available probably would not be enough to allow the papers to be economically viable. To have two major groups competing in a locality would be advantageous but major groups seemed disinclined to compete head-on, preferring apparently to develop monopoly positions in their own distinct and separate territories within larger regions.

6.57. The transfer currently proposed would create a virtual monopoly in Bedford, mid-Bedfordshire, south Bedfordshire, Luton and Milton Keynes where LSN's Sunday newspapers provided the only newspaper competition. Johnston would also acquire HCN's existing virtual monopoly in Stevenage and north Hertfordshire although the recent launch of *The Advertiser* had introduced competition in north Hertfordshire. In addition Johnston held a virtual monopoly in Hemel Hempstead and mid-Buckinghamshire. The company was concerned that unless prices and service levels were subject to independent regulation, this situation could only lead to increases in advertising rates or cuts in discounts, and to a poorer service.

6.58. The best measure of trends in advertising costs was the rate charged per thousand readers reached. On this basis, a combination of rate increases, mergers of titles and cuts in distribution had led to some significant increases in advertising costs in the areas concerned since HCN took over Herald Newspapers in 1995 and Johnston took over EMAP's titles in the area in 1996.

6.59. The company considered that, when viewed as an alternative to Johnston's or HCN's titles, LSN's free Sunday newspapers had some advantages but also some limitations. They offered coverage of smaller towns and villages outside the areas served by HCN's or Johnston's free newspapers. They also generally appeared more readable in that the news items were more attractively produced and the news items and the editorial comment invited the reader to browse through the newspaper, occasioning a higher degree of impulse purchases than the other newspapers. On the other hand, they came out on a Sunday when the substantial offerings of the national newspapers competed for readers' attention. It also meant that they were not available until after many readers had seen the competing weekday titles, although there was some evidence that they were also read in the following week before the new editions of the weekday competitors. Their smaller size possibly also made them less attractive than the larger weekday competitors as a first choice for readers searching for particular goods or services, although the reverse may be true of potential buyers not searching for particular goods or services who may be more attracted by their readability. As a complement to HCN's and Johnston's titles, LSN's newspapers had significant advantages as they reached readers who did not have time to look at mid-week editions and had later advertising and news deadlines. The best mixture of local newspapers in a given area might therefore be one Sunday newspaper plus one or at most two weekday newspapers.

6.60. The company was, however, concerned that the launch of Johnston's *Sunday Citizen* in Milton Keynes alongside its market-leading *Milton Keynes Citizen* could be a prelude to a rates war against LSN's *Milton Keynes on Sunday* which could be sustained until the LSN title was withdrawn or its financial viability destroyed. This process could also be repeated in other areas and with other smaller independent publishers' titles until an absolute monopoly was achieved over a wide area.

## **Trade associations**

### ***National Federation of Retail Newsagents***

6.61. The NFRN was concerned about the possible effect of the transfer on retail margins on paid-for newspapers. Past experience suggested that a merger would keep down the margins offered to retailers, either by Johnston, where it sold direct to retailers, or by independent wholesalers. Multiple wholesalers had relatively little involvement in the local press.

6.62. The NFRN said that following an acquisition by Johnston two years ago (of *Lynn News* and newspapers published by Welham Valley Newspapers Ltd) the discount terms offered to retailers had been reduced. It seemed that while cover prices for the consumer were being pegged, increases in distribution costs and profit margins were being borne entirely by the retailer.

6.63. The NFRN was concerned that the transfer would mean that more retail margins were reduced to the lowest common denominator and that retailers would decide that handling the local newspapers affected by those reductions or providing home delivery was no longer viable. It would be detrimental to the public interest if retailers chose not to make titles available.

6.64. Where distribution channels were being reduced because of unacceptably low margins to retailers, the publisher might choose subscription or direct delivery to customers. This provided a temporary solution only, and as the title lost circulation, further rationalization would follow and the local community would lose its local news publication. The NFRN pointed out that many local titles covered rural or semi-rural areas where there might be only one convenient retail outlet and where wholesaler distribution costs were high. This made direct delivery and subscription less viable for the publishers.

6.65. The NFRN said that, as a safeguard, an undertaking should be sought to the effect that current retailer margins should not be reduced for a specified period, or that any change should be subject to scrutiny by the Director General of Fair Trading in accordance with his powers under the Fair Trading Act 1973.

### ***The Newspaper Society***

6.66. The Newspaper Society said that the degree of local concentration likely to result from the proposed transfer was not exceptional. Also it was consistent with the developments that were necessary within the industry if regional and local newspapers were to retain their position within the UK's changing media landscape and to offer an alternative editorial voice to other media.

6.67. The Society explained that the ownership structure of the regional and local newspaper industry had changed radically in the last decade. Ownership consolidation had been necessary to ensure a vigorous, well-resourced and effective regional and local newspaper industry, which faced growing competition from all media sectors and needed to evolve to meet the changing needs of its readers and advertisers.

6.68. The shift in ownership from multinational and multimedia corporations, with diverse media interests, to expanding regional specialists such as Johnston was to the benefit of the communities which local and regional newspapers served. Dedicated and focused regional press companies helped to ensure that the regional newspaper industry retained its vigour and maintained a central role in the changing communication industries. This helped support regional and local newspapers' enormous investment in journalism, which provided an essential dimension to local news and editorial coverage.

6.69. The generic characteristic of the regional press was such that its titles circulated in circumscribed geographical areas, providing editorial and commercial services for local communities. High local circulation and household penetration were essential to the viability of regional and local newspapers, since competition came from a variety of sources and this was likely to intensify.

6.70. Development of specialist regional newspaper companies within the industry, which itself remained diverse in comparison with the media sectors against which it competed, should be fostered. These companies' traditions of responsibility, expertise and editorial independence were being maintained, to the short-term and long-term benefit of readers, advertisers and their local communities.

6.71. This had been demonstrated by Johnston's performance over the last decade. It had a reputation for editorial independence and serving the needs of readers and advertisers in the public interest. The proposed transfer would be likely to operate in the public interest.

### **Trade unions**

### ***Chartered Institute of Journalists***

6.72. The Chartered Institute of Journalists said that it had always deplored the prospect of too many newspapers falling into too few hands. However, if the transfer was the only way of preserving titles and sustaining jobs it was preferable to the alternative.

6.73. The Institute was becoming increasingly alarmed by the number of newspaper proprietors who actively sought to dissuade their staff from belonging to trade unions or professional bodies. This was in direct conflict with the freedom of the press which owners of newspapers preached when it suited them.

6.74. However, Johnston had a good reputation in the industry and, in view of the Institute's concern for the future welfare of 24 titles covering a vast area of population, the Institute could not oppose the transfer.

### ***Graphical, Paper & Media Union***

6.75. The Graphical, Paper & Media Union said that it had no objections to the transfer.

### ***National Union of Journalists***

6.76. The National Union of Journalists had no objections to the transfer. It said that Johnston had a better record as an employer than the majority of newspaper owners.

### **Local authorities**

6.77. We wrote to 30 local authorities in the areas where HCN titles were available. Of these, three submitted views on the transfer.

### ***Aylesbury Vale District Council***

6.78. Aylesbury Vale District Council said that although it felt the transfer would not necessarily change the geographical spread of news coverage for the Aylesbury district, mergers of this nature frequently led to rationalization of staff. This could lead to reduced capacity for newspapers to source their own news stories with more dependence on other agencies, such as the District Council, for material. Whilst this might give the Council and its services greater coverage, the essence of a good newspaper must be balance and variety.

6.79. The Council was concerned that single ownership had the potential for news stories to be shared between titles, and the loss of individual editorial style. This would lead to less choice for the reader.

### ***North Hertfordshire District Council***

6.80. North Hertfordshire District Council's Public Affairs Sub Committee supported the transfer, but believed that local newspapers should retain their editorial independence.

## ***Rochford District Council***

6.81. Rochford District Council said that it generally did not support a concentration of the media within a few companies.

### **Others**

#### ***Mr Kelvin Hopkins, MP for Luton North***

6.82. Mr Kelvin Hopkins MP stressed the fact that there were no local or regional daily newspapers circulating in the Luton and Dunstable area. HCN published the *Luton News* and its sister newspaper the *Dunstable Gazette*, which were the only paid-for weekly newspapers in Luton and Dunstable respectively. There were two weekly free sheets, HCN's *Luton and Dunstable Leader* and Johnston's *Luton and Dunstable Herald and Post*. A small-circulation Sunday free sheet was published by LSN. Mr Hopkins said that a key point of the proposed acquisition was that, with the exception of LSN, it would result in all newspapers in the Luton area being owned by one company. This would restrict both access to the news media and the free expression of a variety of opinion. A second point was that newspaper advertising would be unacceptably concentrated (above the 25 per cent threshold). It seemed likely that Johnston would merge the *Luton and Dunstable Leader* and the *Luton and Dunstable Herald and Post* if the merger went ahead.

#### ***Mr Hugh D Ramsey***

6.83. Mr Hugh Ramsey of Dunstable was opposed to the proposed transfer of titles. If the transfer were allowed to proceed, he feared the disappearance of the valued and respected *Dunstable Gazette* in favour of an even larger *Herald*, which normally consisted of 80 per cent advertising and 20 per cent editorial.

#### ***A member of the public***

6.84. One correspondent from Wethersfield, Essex, was concerned that the transfer would operate against the public interest. The correspondent believed that ownership of the media was already concentrated in too few hands. A further concentration of ownership must inevitably compromise the freedom of the press and put at risk the ability of the media to scrutinize events and individuals without fear of commercial bias.

D J MORRIS (*Chairman*)

S E BROWN

M KERSEN

M R PROSSER

T R C WILLIS

P A BOYS (*Secretary*)

12 May 1998