

DÁIL ÉIREANN

AN COMHCHOISTE UM CHUMARSÁID, GNÍOMHÚ AR SON NA HAERÁIDE AGUS COMHSHAOL

JOINT COMMITTEE ON COMMUNICATIONS, CLIMATE ACTION AND ENVIRONMENT

Dé Máirt, 7 Feabhra 2017

Tuesday, 7 February 2017

The Joint Committee met at 12 p.m.

MEMBERS PRESENT:

Deputy James Lawless,	Senator Terry Leyden,
Deputy Michael Lowry,	Senator Tim Lombard,
Deputy Eamon Ryan,	Senator Joe O'Reilly.
Deputy Bríd Smith,	
Deputy Brian Stanley,	

In attendance: Deputy Shane Cassells and Senator Aidan Davitt.

DEPUTY HILDEGARDE NAUGHTON IN THE CHAIR.

The joint committee met in private session until 12.33 p.m.

Proposed Acquisition of Celtic Media by Independent New and Media plc: Discussion

Chairman: I draw witnesses' attention to the fact that, by virtue of section 17(2)(l) of the Defamation Act 2009, they are protected by absolute privilege in respect of their evidence to this committee. If, however, they are directed by the Chairman to cease giving evidence in regard to a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable. I also wish to advise that any submission or opening statements the witnesses make to the committee will be published on the committee's website after this meeting. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses, or any official by name or in such a way as to make him or her identifiable.

Today's meeting follows a call for submissions on a full media merger examination of the proposed acquisition of Celtic Media by Independent News & Media plc, INM, by the Broadcasting Authority of Ireland under the terms of the Competition Act 2002, as amended. I welcome our witnesses, who include academics and experts. We are joined by Professor Colum Kenny, who is attending in his capacity as emeritus professor of communications at Dublin City University and as a former member of the Independent Radio and Television Commission, now the Broadcasting Authority of Ireland, BAI. He was a member of the media mergers advisory group, whose report he co-authored. We are also joined by Dr. Michael Foley, emeritus research fellow from Dublin Institute of Technology, Dr. Roderick Flynn, school of communications, Dublin City University, Mr. Frank Mulrennan, CEO of Celtic Media Group, and Tadhg Carey, editor of the *Westmeath Independent* and *Offaly Independent*. Representing INM are Mr. Robert Pitt, CEO, and Mr. Gerry Lennon, managing director of INM regionals. From the National Union of Journalists, we have Mr. Séamus Dooley, secretary. It is proposed that the witnesses speak for five minutes and they will be followed by questions by the members. Questions must not exceed three minutes. Is that agreed? Agreed. I call Professor Kenny.

Professor Colum Kenny: I was asked at short notice to give some views on this matter. I sought some further information but I understand the documentation is very sparse and we have no firm details on the proposed takeover. Neither has the committee. There is no advisory group report although I understand one may be in the process of being written for the BAI. In these circumstances, it is extremely difficult to give an informed opinion on this matter. I can only say that, in these circumstances, one has to look to the first principles. I draw the members' attention, in particular, to the form available for applicants in media mergers or takeovers. It is very practical and arises in some respects from the report of the media mergers advisory group, on which I sat. It gives concrete indicators of diversity such that when one is examining a potential takeover, one may have regard to a broad range of impacts, including prior performance of the media organisation proposing to make a takeover, including its employment policies.

This is, perhaps, a way of assessing what any organisational impact might be. In the case in question, for example, one could consider the manner in which INM parted company with a particular correspondent in regard to the Garda whistleblower affair and decide whether that raises questions about the positions of staff in the organisation to be taken over. One could also examine a broad range of employment matters, including the likely impact on diversity in regard to such aspects of media as the representation of minorities and gender balance. There are far too many factors and concrete indicators for me to rehearse here in five minutes. I strongly refer the members to the forum I have mentioned, which is of very great value.

Some people regard this kind of takeover in personal terms. I do not although I must say I have some difficulties appearing before a committing looking at a takeover by INM, on which Deputy Michael Lowry sits. I am here anyway at the request of the committee. I believe there is a conflict of interest. I do not see this in personal terms. I believe that INM could be taken over tomorrow by the organisation that includes Fox News or Breitbart News, for example, just as TV3 could be bought by Silvio Berlusconi. These are matters of public interest. It is terribly important at this time that we protect the freedom and diversity of the media. We can see from the United States that when the fairness doctrine was abolished, the media there went on a slippery slope. We have now arrived at a position in which there seems to be difficulty in distinguishing between fact and alternative realities. It is up to the members to make the decisions that matter in these cases.

It is ultimately a political, moral and aesthetic decision on the part of the people who control media policies as to what kind of media we have. It is not a mathematical formula. No competition authority applying sheer statistics in regard to readership, audiences or percentages of ownership can arrive at a satisfactory solution. The kind of media and policy environment we have is one of choice. It is the responsibility of people to make that choice based on the kind of society we want and the kind of media we want. That will not change. No amount of balancing statistics can replace the decision the Dáil must make.

The procedure is very awkward. I do not quite understand how it came about that at the end of the day the Joint Committee of Communications, Climate Action and Environment is asked to consider the matter before the Broadcasting Authority of Ireland, BAI, has considered it and without having access to a report from an advisory council. It puts the committee in a very awkward position, but it can certainly affirm the need for diversity, having regard to the various concrete indicators of diversity that I have mentioned and are in the form that the applicants have to provide to the committee.

I have provided a written statement which goes into much more detail, but I was asked to limit my oral contribution to five minutes. I have spoken for five minutes. I thank the Chairman for the honour of the invitation to come before the committee today and I am available to be of further assistance if I can be.

Chairman: I thank Professor Kenny. I invite our second witness, Dr. Michael Foley, honorary emeritus research fellow from the Dublin Institute of Technology. Dr. Foley has five minutes.

Dr. Michael Foley: I thank the Chairman and members of the committee for inviting me to address them. It is a great honour to be here.

I draw the members' attention to a number of reports, looking at Ireland as well as many other countries in the world, which concentrate on media ownership. Reporters without Bor-

ders, RSF, describes the concentration of media ownership in Ireland as a major problem. The American human rights organisation, Freedom House, which reported on Ireland in 2016, said in reference to press freedom that a “high concentration of ownership affects plurality and competitiveness in the sector”. A recent report for the European Commission conducted by Dr. Roderick Flynn showed that Ireland was high risk in terms of concentration of media ownership.

In another report commissioned by Sinn Féin’s Ms Lynn Boylan MEP, Ireland was described as having one of the most concentrated media markets in any democracy. The issue of the concentration of media ownership is well known and well documented. We are aware that a media whose ownership is highly concentrated is seen as damaging for democracy and it has been assumed for nearly 200 hundred years that multiplicity of media outlets is the lifeblood of debate and ensures citizen can receive as a wide a range of views and opinions as is possible, whether it is about politics or the economy as well as other aspects of life, including education and culture. The more concentrated the market is, the more exposed it is to the lack of variety and content.

Coming to the issue before us, it is assumed in the legislation that media is not like other business endeavours. The whole reason we are here is because media differs from other types of commercial activity. The reason that the Competition and Consumer Protection Act 2014 passed responsibility for media mergers from the Minister for Jobs, Enterprise and Innovation to the then Minister for Communications, Energy and Natural Resources reflects that point. The Minister can now determine whether a proposed media merger would be contrary to the public interest in protecting the plurality of media. That is stated quite explicitly in the guidelines, which I will not read as members have probably seen them. It should be noted that when the guidelines were issued by the then Minister, Mr. Alex White, there was criticism that they and the legal changes were too little and too late and nothing could be done retrospectively. There is a Bill before the Dáil, sponsored by Deputies Catherine Murphy and Róisín Shortall, that hopes to address that retrospective issue. In the meantime, there is no doubt that if Independent News & Media Holdings Limited, INM, is allowed to acquire the Celtic Media newspapers, it will strengthen INM’s already dominant position and mean that INM will be by far the biggest single player in the regional newspaper market.

Cross-media ownership and plurality impact very directly on the people who live in the areas served by Celtic Media. They currently have access to an independent newspaper, produced in their locality. After a takeover, those same people might be receiving their national news, local news and possibly radio news all from the same company or from media organisations linked to one another through shareholding. INM has suggested the takeover of Celtic Media is nothing more than a business or commercial decision, with no further implications. The deal would lead to possible synergies, according to INM, as I have read, which in itself is worrying. Synergies could mean the outsourcing of some editorial functions, such as sub-editing as has happened with INM titles, or even one newsroom serving a number of titles, thereby reducing the number of reporters and impacting negatively on the gathering of local news. This has happened already with radio stations.

As stated, if INM’s acquisition of Celtic Media goes ahead, it will control 28 regional newspaper titles in addition to its five national titles. The radio sector is also a factor, given that the Communicorp Group, which is owned by the same major majority shareholder as INM, controls Newstalk, Today FM, 98 FM, Spin 1038 and Spin South West, or 20% of the radio market. When one looks at the Dublin, one will see a larger figure, where Communicorp radio stations

are higher than RTE. It is essential when looking at media ownership in Ireland that the cross-media ownership by INM and Communicorp Group is considered at the same time.

The Government's case is that nothing can be done retrospectively about media ownership because of the constitutional protection of private property which could, of course, be tested if Deputies Catherine Murphy and Róisín Shortall's Bill is allowed to proceed. However, if dealings with media ownership retrospectively is impossible, it would be unwise at this stage to allow a company to expand in the face of almost universal agreement that there is a problem with the degree of media ownership concentration in Ireland. The signal the Minister would be sending is that the Government has no intention of addressing a major issue facing Irish democracy.

Chairman: I thank Dr. Foley. Our third witness is Dr. Roderick Flynn from the school of communications, DCU.

Dr. Roderick Flynn: I thank the joint committee for inviting me to come before it. I think the reason I am here is because in addition to this being a research focus, I am the Irish rapporteur for the media pluralism monitor, which as Dr. Foley has pointed out, identified the Irish communications market in terms of concentration as constituting a high risk.

It might be helpful if I briefly rehearse how we got to this point. Some 22 years ago, the Irish Newspaper Commission, among other things, looked at the question of the degree of pluralism and diversity in Irish media. It concluded that there was sufficient diversity at that point, that is, in 1995, but that any further diminution in competition and consolidation of ownership would create an issue. Immediately after that we had a more or less helter-skelter deluge of media acquisitions, starting with the UK player, Scottish Radio Holding and Trinity Mirror coming into the radio and print media markets. This prompted the Population Communications International, PCI, Media Impact in 2001 to adjust their ownership and control policy. Under some pressure from the Competition Authority, which was looking for a more relaxed approach to media ownership and as a consequence in 2001, the Broadcasting Commission of Ireland, BCI, announced a new lighter touch approach to regulation and ownership thresholds, which existed at the time, were substantially relaxed.

Up to that point no individual or firm could own more than 27% of any individual media outlet. This related to BCI regulated media, that is, to radio stations. The new limit was no more than 25% of an entire sector, right across the radio sector and, therefore, 100% ownership of up to a quarter of all BCI licensed radio stations was possible from this point onwards. The BCI's competence at that point did not extend to print media and its new rules made no reference to television but coincidentally in the period after than between 2001 and 2007, there was a deluge of radio and print acquisitions, mainly in the local and regional markets. These went largely unchallenged by the competition authorities, successive Ministers for enterprise and by the Broadcasting Commission of Ireland. By my reckoning, there were almost 90 media mergers between 1995 and 2008, of which perhaps three were subjected to any kind of extensive scrutiny.

By 2008, a number of groups were emerging in the print sector, including Independent News & Media Holdings Limited, which had been there since the 1970s, Johnston Publishing, Alpha Newspaper Group, Dunfermline Press which becomes the Celtic Media Newspaper Limited and Thomas Crosbie Holdings. One could add smaller groups, but these are the main players. In radio, the incumbent players were RTE, Scottish Radio Holdings, which in turn was taken over by Emap, UTV, Thomas Crosbie Holdings and Communicorp Group Limited. In 2007, we had the last major acquisition in this phase, namely, the acquisition by Communicorp

of Emap Holdings, that is, Today FM, FM 104 and Highland Radio. I mention this because the acquisition was unusual in that it was subjected to a full-scale investigation by the then Competition Authority. However, even before the authority completed its work, the Broadcasting Commission of Ireland stepped in to announce it would not sign off on the sale of FM 104 as part of the deal as this would have placed both national commercial stations and the two leading Dublin commercial stations in the hands of a single company. Although the acquisition proceeded, FM 104 was immediately sold off to ITV.

The net effect of all this is that, over the course of a decade between 1998 and 2008, we moved from a position whereby local media in particular were largely constituted of privately owned and often family owned independent operations to a position whereby all but a handful of commercial radio stations and nearly every local newspaper with a significant circulation had been absorbed into larger media groups. The scale and pace of this concentration attracted some political attention and in 2008, the advisory group on media mergers, on which Professor Colum Kenny sat, was established to assess whether media merger regulation was up to scratch. The conclusions of the advisory group were that, although it was ultimately the Minister for Enterprise, Trade and Employment who determined whether a merger should proceed, it was the Competition Authority which performed the assessments informing the Minister's judgment. The advisory committee noted, however, that the Competition Authority's expertise lay in assessing the market impact - I emphasise that term - of media acquisitions. By its own admission over the previous years, the Competition Authority was not competent to assess the impact of such acquisitions on pluralism and diversity. I emphasise that the former is an economic question, whereas the latter is a political one. Consequently, the advisory group recommended that responsibility for approving mergers be shifted from the Department of Enterprise, Trade and Employment to the then Department of Communications, Energy and Natural Resources. This was meant to reflect the shift from viewing media acquisitions through a purely economic prism to viewing them from a political as well as an economic or market perspective. While it took six years to implement this recommendation, it finally emerged in the Competition and Consumer Protection Act 2014. As of today, although the Competition and Consumer Protection Authority still plays a role, responsibility for assessing media mergers is shared with the Minister for Communications, Climate Action and Environment and, potentially, the Broadcasting Authority of Ireland.

Since the introduction of the 2014 Act, there have been six significant media acquisitions, namely, UTV on two occasions, TV3, Setanta, UTV's radio holdings and the acquisition that is currently under review. In all of these cases, the media holdings in question have been acquired by much larger media groups, namely, Liberty Global, News Corporation, Eir and now Independent News and Media. If we accept that the media play a constitutive role in the operation of a health democracy - that may be a banal observation but it is also true - it is striking that until the proposed acquisition of Celtic Media Newspapers by INM, none of the recent acquisitions had been subjected to an in-depth examination.

Chairman: I thank Dr. Flynn and invite Mr. Frank Mulrennan of the Celtic Media Group to make his presentation.

Mr. Frank Mulrennan: Chairman and members of the joint committee, I am the chief executive officer of Celtic Media Newspapers Limited, and I represent 98 colleagues who work in six newspaper centres in Mullingar, Athlone, Cavan, Navan, Tullamore and Castlebar. I am joined by Mr. Tadhg Carey, editor of the *Westmeath Independent* and *Offaly Independent* newspapers, which have a proud heritage in providing good journalism and solid community

coverage since 1846. Mr. Carey will make some opening remarks in a few moments.

Having been a journalist for the first 18 years of my career, I have a great commitment to editors having full autonomy in their decision making. I have secured full guarantees that this editorial independence will continue under our newspaper titles when the sale to Independent News and Media is approved. For the past 16 years, I have been managing local newspaper titles and I have seen our industry go from the Celtic tiger years when high prices were paid, primarily by British investors, for local Irish newspapers to a position in which, since 2008, the business model in local newspapers is broken.

Our company and the jobs of 98 colleagues earning more than €4.2 million in salaries almost went out of business in 2012 due to the weight of bank debts and continually falling revenues. My colleagues were extremely supportive of the management buy-out which I led in 2012 and under which their jobs and 950 years of newspaper history were secured. It is important to make the joint committee aware that we took the very progressive decision to allocate 25% of the equity in the company from the management buy-out to our editors, sales managers and a production manager. Mr. Carey is one of the beneficiaries of this decision.

We borrowed €5.5 million in June 2012 in the teeth of recession. Five years later, we are faced with a broken business model in terms of publishing local newspapers or, dare I say it, newspapers in general. For this reason, we ask members to approach this sale approval process with an open mind and to ignore the considerable noise around this issue in the national media, which has nothing to do with the job security of my colleagues.

While I have great regard for the contribution of our media academics, I respectfully suggest that the tone of today's contributions would be different if we had an economic consultant or business analyst before the joint committee because we are dealing with tough commercial reality. For example, since 2008 the regional newspaper industry, the business in which I work, has suffered a 65% fall in print advertising and a 35% fall in circulation revenues. I take Dr. Flynn's point about the health of the business prior to that time. Since 2008, however, only one investment has been made in local newspapers, namely, when Johnston Press was sold in 2014. Nobody else has seen fit to invest in local newspapers since. While there has been major growth in digital advertising, three quarters of this growth is going to Facebook and Google.

I respectfully suggest that the interests of my colleagues and the future of our newspapers will be best protected through being part of a larger company with funds to invest in a digital platform and marketing. I know the company in question will provide the editorial independence that I want to protect. I ask members to bear in mind that this sale was approved by the Competition and Consumer Protection Authority at the first stage because there is no overlap in the titles. While the sale is very important to the Celtic Media Group, members should note that it only adds 3% to the circulation of Independent News and Media.

If Dr. Foley will excuse me, I wish to correct a point he made. The number of titles involved in this sale when it is approved is not 28 but 20 and a good number of the titles are small. There are two other fine companies in the local newspaper companies, namely, Iconic Newspapers, which has 13 titles, and Landmark Media. My colleagues are in the process of making submissions to the Broadcasting Authority of Ireland and do so of their own accord. I understand our sales team is making a collective submission and that my 20 pre-press colleagues in Mullingar will also make a collective submission. Others are making submissions off their own bat because they know the future of our company is best protected by being part of a larger company with a digital force.

The titles concerned are the five local newspapers in the group, namely, the *Westmeath Independent*, the *Westmeath Examiner*, *The Anglo-Celt*, the *Meath Chronicle* and the *Connaught Telegraph*, as well as our two free newspapers, the *Offaly Independent* and *Forum*. We have seen newspapers close and I want to protect against further closures. With that, I will hand over to Mr. Carey.

Chairman: Mr. Carey is editor of *Westmeath Independent* and *Offaly Independent*.

Mr. Tadhg Carey: As editor of *Westmeath Independent* and *Offaly Independent*, I work with 12 colleagues in publishing *Westmeath Independent* each Wednesday morning and the free newspaper *Offaly Independent* each Friday morning. I can honestly state I never thought our small local newspapers would ever be the focus of leader articles in Sunday newspapers, receive so much coverage on the airwaves or the subject of Oireachtas debates such as this. I am here as an editor and a journalist working in Athlone with a newspaper that was founded in 1846 in the midst of the Famine. It is a newspaper which has a long, proud and distinguished record of reporting for over 170 years in its community.

While in Ireland there is a unique commitment to provide local news and many of the 76 regional newspaper titles in the Republic are older than the State, the harsh reality is that the traditional newspaper model is no longer commercially sustainable. While I respect the expertise and knowledge of the three previous delegates and found their contributions very interesting from an overall perspective, I was a little surprised that there was no reference to the difficulties in the sector. As Mr. Frank Mulrennan referenced, I have seen newspapers in the midlands close, including *Roscommon Champion*, *Longford News*, *Athlone Voice* and *Offaly Express*, with two of which I previously spent time working. I have seen significant job losses in this industry in the past 16 years. The average regional newspaper now employs 50% of its 2000 staffing level. In my company journalists have taken pay reductions and embraced the changes in how we report news items across a number of platforms. They have been flexible and adaptable, but we are effectively swimming against the growing tide of digital dominance.

It is vital that the joint committee understand competition does not just come from other newspapers, it also comes from social media, including Google and Facebook, which are swallowing up ever-increasing slices of Irish marketing budgets. Despite this, we, in Celtic Media, have worked very hard to build our digital presence. We are proud of having more than 500,000 monthly visitors to our websites and more than 150,000 social media followers of our titles, while continuing to produce quality weekly newspapers. The reality is, however, that we are not at the races in achieving a decent digital commercial return, certainly anything that will compensate for the decline in advertising and circulation revenues, about which the committee has heard previously. Only through being part of a larger group that can facilitate a much larger investment in a digital presence can small newspapers such as ours hope to survive in the future.

As I said, I am here as a working journalist and an editor. I am privileged and honoured to be in the position of editor of two fine regional newspapers. It is a special role. I agree fully with Dr. Foley when he says newspapers are not solely a commercial product. Regional newspapers have a real value and a special place in the rural communities that they serve. Long-standing newspapers such as my own, *Westmeath Independent* and *Offaly Independent*, are embedded in community life. They are part and parcel of the community. Each week, with each addition, we hold up a mirror for the community in which to see itself. For me, if media plurality is to mean anything, it must mean the continuation of local newspapers such as my own, *Westmeath Independent* and *Offaly Independent*, in whatever form and securing the jobs these titles bring. That is my sole driving motivation in being before the committee.

As an editor, it is very much welcome that INM has stated in its written submission to the Minister, Deputy Denis Naughten, that our newspapers will continue as independent publications with editors who will have full and effective independence and that they will continue with dedicated staff on the ground whose function it will be to produce the content needed to serve local areas. It is also stated in the submission that there is no intention on the part of INM to make material changes to the operating policies of the newspapers following the transaction. This includes the policies on staff pay, the frequency and size of the publications and the information gathering practices used by staff reporters. It is these commitments and the imperative for future investment to secure the newspapers that have led me and my fellow editors across the group to support the decision to sell the company to one with the necessary resources.

Chairman: I thank Mr. Carey. Mr. Mulrennan can contribute during our question and answer session. I am conscious of the time. The first speaker for INM is the CEO, Mr. Robert Pitt.

Mr. Robert Pitt: I am joined by my colleague, Mr. Gerry Lennon, managing director for INM regionals.

I thank the joint committee for its invitation to INM to address it on the examination by the BAI of the proposed acquisition of Celtic Media Newspapers by INM. I will address the committee first on the reasons for the proposed acquisition by INM of Celtic Media Newspapers. Mr. Lennon will talk about the INM regional newspapers.

The agreement for the sale and purchase of the entire issued share capital of CMNL Limited by INM was executed on 2 September 2016. In line with media merger requirements, INM and CMNL jointly submitted a notification to the Competition and Consumer Protection Commission, CCPC, on 5 September 2016. On 10 November 2016 the CCPC determined that the transaction would not lead to a substantial lessening of competition in any market for goods or services in the State. INM believes the proposed transaction will not be contrary to the public interest in protecting plurality of media in the State.

INM is a media company operating in the Republic of Ireland and Northern Ireland. All of its operations are based on the island of Ireland and it provides direct employment for more than 800 people and many more indirectly. Its newspapers far predate its existence, with papers such as *The Sligo Champion* which was founded in 1836 and *The Kerryman* which was founded in 1904. Of its national titles, *Irish Independent* was first published in 1905. Other papers are also household names, including *Sunday Independent*, *The Herald*, *Sunday World*, *Wexford People* and other regional titles.

Towards the end of the last decade the industry as a whole suffered a material decline in revenue. In 2008 INM announced losses of €161.4 million. In early 2009 the company failed to reach agreement with bondholders on a figure of €200 million which cast doubt on its ability to continue as a going concern. Following material support from shareholders, the board, management and staff, the company underwent major restructuring. Since dealing with these legacy issues, INM's financial position has stabilised. It remains challenged, however, by the disruption it faces from the growth of digital in the industry. Nevertheless, investment from its own resources in creating a viable digital future for all of its titles has seen positive growth in this channel. The indigenous newspaper publishing industry, both local and national, has faced and continues to be challenged by severe disruption. As a result, it has seen a decline of 62% in print advertising revenues since 2007 and a decline of 39% in circulation volumes since the same year. Continuing programmes of redundancies across the industry, with the existence of several titles under threat, are also a fact of life in the industry.

The financial challenges which have impacted on the publishing industry have resulted in the closure of many regional and national titles. The pressures brought on by the recession led to the closure by Alpha Newspapers of three local newspaper titles in Ireland in 2010: *Roscommon Champion*, *Longford News* and *Athlone Voice*. At the time Deputy Denis Naughten, now Minister, was reported as saying, “The closure of the papers is devastating news for the 40 employees who will lose their jobs, but it is also a major blow for the area.”

A cornerstone of democracy is an independent free press. To maintain independence, media enterprises must be financially sustainable and capable of survival. News organisations have faced increasing pressure to remain commercially viable. As a result, consolidation and collaboration have become commonplace in the global newspaper industry. In Ireland INM and *The Irish Times*, INM’s primary competitor in the national market, have entered into agreements, whereby *The Irish Times* prints certain INM titles and Newsread, our distribution business, distributes *The Irish Times*. Such collaboration has become essential to ensure publishers remain competitive. INM expects collaboration to become more commonplace in the future. Consolidation has allowed publishers to use centralised back office functions and infrastructure to produce newspapers of high quality, despite falling revenues. Consolidation is the only real means to ensure the continuation of many titles, the protection of jobs and the survival of newspapers and this actually protects the diversity of views. The proposed acquisition will benefit CMNL by enabling access to the financial and operational resources of a larger parent company, without any impact on editorial independence.

By 2015 the financial position of INM was such that the company was in a position to evaluate acquisition opportunities. INM believes it has an obligation to its domestic market to use its resources to sustain and improve the existing newspaper offer on the island of Ireland and the jobs that are necessary to support that. The proposed transaction with Celtic Media Newspapers demonstrates this belief. The transaction is beneficial to regional papers in general and to Celtic Media in particular. It will provide much needed financial support and will secure the future of Celtic Media’s seven titles as well as the associated jobs.

Chairman: Mr. Lennon, managing director of INM regionals, has five minutes.

Mr. Gerry Lennon: I have 30 years’ experience in the Irish newspaper industry, having joined INM in 1992 and am managing director of INM regional titles. INM is a fully committed publisher of regional newspapers. We have some of the oldest papers in the country and are very proud of them. We publish 13 regional titles, including the *Drogheda Independent*, the *Argus* in Dundalk, *Wicklow People*, *Wexford People*, *The Kerryman*, *The Corkman* and *The Sligo Champion*, in Louth, Wexford, Wicklow, Cork, Kerry and Sligo. INM takes its role as custodian of these titles very seriously and we have great belief in the future of local press. Local newspapers provide quality local news for local people. Social media platforms such as Facebook, although hugely popular and used by almost everybody in the country, cannot provide the professionally produced content presented by our local journalists. Our elected and appointed officials engage with their community through their local papers and news of what happens locally is vital. The employment of local people produces a multiplier effect as the wages earned by employees of local papers are spent in the local community. The importance of local papers was best summarised by the Taoiseach and reported in *The Sligo Weekender*, a competitor title to ours, in Sligo at the launch of local newspaper week in October 2011:

Of course, the first duty of local papers is to inform the reader, both on local and national stories, but they also do much more than that. In fact they are a vital part of the fabric of rural life, serving to cement our links to our communities and always providing an insight

into the bustling society of Ireland's towns and villages.

Celtic Media Newspapers employs just short of 100 people in Meath, Cavan, Westmeath, Offaly and Mayo. Approximately 45 people are employed in the company's print plant in Navan. Like all regional newspapers, the company has experienced some difficulties. It has had significant investment in a new publishing system and has funded redundancies, allied to ever-declining revenues. Unfortunately, ever-declining revenues are what we, in the print business, are facing. The long-term viability and quality of Celtic Media Newspapers could be at risk if the proposed transaction does not go ahead.

The Competition and Consumer Protection Commission determined that, although both INM Holdings and Celtic Media are involved in publishing local and regional newspapers, the proposed transaction "does not give rise to horizontal overlaps in different local-regional areas for the publication of local-regional newspapers based on readership". This is demonstrated in a map in the written submission. If the transaction proceeds, there will be 14 counties in the Republic of Ireland with no INM regional or Celtic Media title. In each of the areas where Celtic Media and INM regionals currently operate there are numerous other competing titles, which are further detailed in our written submission.

Under INM ownership there will be no change to Celtic Media's current editorial policy and practice. Editors of Celtic Media's titles, along with INM's regional editors, will continue to have full autonomy over the content of their newspapers. Celtic Media newspapers will retain their individual editorial standards and these will be exactly the same to the readers of those publications as they are now. By providing financial support to Celtic Media the proposed transaction will secure the future of Celtic Media's titles and related high quality employment in Meath, Westmeath, Cavan, Offaly and Mayo. The proposed acquisition will ensure that the distinctive voice of Celtic Media newspapers will continue long into the future.

Chairman: Mr. Séamus Dooley is the Irish secretary of the National Union of Journalists.

Mr. Séamus Dooley: I have over 30 years' experience as a production journalist with the *Irish Independent* and before that I worked as editor of the *Roscommon Champion* and was a reporter with *The Tullamore Tribune*. On my first day at the Roscommon Champion I covered a meeting of Roscommon County Council which Senator Leyden attended, though he may have been Deputy Leyden at the time. My hand was slapped by a reporter from the rival paper when a political opponent of Deputy Doherty spoke and she said "We don't take him". The *Roscommon Herald* had a policy of favouring one Deputy and it illustrated the importance, at an early stage for me, of diversity and plurality in the regional media sector.

We requested this hearing because it is the only opportunity for public scrutiny of this proposed acquisition. With me is Bernie Ní Fhlatharta, leas-chathaoirleach of the Irish executive council and a freelance reporter and broadcaster who has worked for *The Connacht Tribune*, and Ian McGuinness, Irish organiser of the NUJ. Both of them will be free to take questions.

The guidelines on media mergers provide the framework for the deliberations of this committee. The work of the Competition and Consumer Protection Commission has been done and the function of this committee is to examine the issue of media plurality. The guidelines are a useful starting point for this. I share the views of Tadhg Carey, a member of the NUJ and a shareholder of Celtic Media, and many of my former colleagues have also been made redundant by Independent News and Media, when it decided to outsource editorial production to Yorkshire.

The NUJ has a long history of opposing media concentration of ownership. Our first intervention was in 1973 when Tony O'Reilly acquired Independent Newspapers and when the late Justin Keating advised our future president of the union, John Devine, that no politician would have the courage to take on someone who bought ink by the barrel. Our opposition then, as it is now, was based on a belief in the importance of media diversity and not on personalities. If the focus of the debate on media ownership has appeared to concentrate on Independent News and Media, on Communicorp or on Denis O'Brien, it is because successive Governments have allowed a concentration of ownership to develop, directly and indirectly. The committee is obliged, under the media mergers guidelines, to look not just at the reach of Independent Newspapers but also at Communicorp. None of the previous speakers from Independent News and Media or Celtic Media mentioned the significant interest held by Communicorp within Independent News and Media but that cross-ownership distinguishes this from other acquisitions.

The issue of ownership is all too frequently assumed to be about direct editorial interference by owners and shareholders on editorial content. In many ways this is simplistic, as ownership is linked to financial control and determines the priority given to editorial budgets. It determines business models, wages and payments and conditions. It determines one's pension, or absence thereof, and the corporate approach to pensions, which was illustrated in the recent developments in Independent News and Media, an issue with which we deal in our submission. I point out to the committee that it is entitled to ask Independent News & Media about its failure to honour commitments given to the Pensions Authority of Ireland. Under the guidelines, the committee has a clear responsibility to ask questions relating to corporate governance. The committee is entitled to question Independent News & Media on developments involving the proposed sale of Newstalk to it and the circumstances which led to public statements involving the chair and chief executive of the company.

The creation of the post of editor-in-chief at Independent Newspapers in June 2013 marked a new departure. It is worth noting that the editor-in-chief reports directly to the group chief executive. Under the merger guidelines, the committee is also entitled to question editorial structures. The committee and the BAI are entitled to examine the potential of centralised editorial structures and we encourage such deliberations. They are also entitled to examine not just the current situation, but the implications for the future too.

Our BAI submission outlines concerns relating to the business and editorial model adopted by Independent News & Media and the potential implications for media plurality if Celtic Media is incorporated under the INM regional banner. I welcome the comments of Mr. Lennon but I regret, however, that he was not in place when Independent News & Media ignored that same logic about local involvement when it closed the titles in north County Dublin and centralised them in Drogheda. It may seem inconceivable that the editing and production of the titles involved would be centralised but there was a time when it was inconceivable that editorial production of the *Sunday Independent*, *Irish Independent*, *Sunday World* and *Evening Herald* would be outsourced to Yorkshire, but that is what happened last year. When the *Belfast Telegraph* was acquired by Independent Newspapers, commitments were given about the maintenance of editorial diversity. However, the sharing of copy between the *Belfast Telegraph* and INM titles is not uncommon. I draw the committee's attention to the impact on freelance journalists and media plurality by the corporate approach to freelance copyright and we have included a copy of the document which freelance journalists are required to sign in order to secure work.

Obviously, I am answering 20 minutes on the two companies in five. For illustrative pur-

poses, we have produced a set of maps which illustrate the respective ownership of Independent News & Media and Celtic Media Group.

I believe the role of the regional paper and the role of the national newspapers are important. We welcomed the acquisition of Celtic Media Group by Mr. Mulrennan and have worked closely with him. NUJ members have made sacrifices to ensure its viability but those sacrifices were not made so that a larger group could acquire a leaner and cheaper machine.

Chairman: I thank all the witnesses for keeping their contributions brief because I want to open the floor to the members. We will take questions from members in groups of three. If the witnesses bank the questions as they are posed, I will then revert to them to answer those questions. I wish to start by questioning our three academics. As we know, INM publishes the *Irish Independent*, *Sunday Independent*, the *Evening Herald*, the *Sunday World* and the *Belfast Telegraph*. It has a 50% stake in the *Irish Daily Star* and controls 13 paid-for regional weekly newspapers. The witnesses may feel they have answered my question already, but I wish to get their definitive reply on it. In overall terms, would it be contrary to the public interest in terms of maintaining the plurality of the media if this merger were to go ahead? Perhaps Dr. Foley will address the question.

Dr. Michael Foley: I think it would. As appears to be the case at the moment, if there is no way to deal sort of retrospectively with the build-up of major media organisations, any increase in the size is contrary to the public interest. Let me say one thing: I was a journalist for 20 years and have been training and educating young people to become journalists. I think I speak for all of us when I say that we are as aware of what this means to our graduates as to others when we speak about unemployment in the newspaper industry. However, we have a particular role here. We are here to balance, I suppose, what might be a commercial interest with the public interest. It is a complicated process and I see that point. I recall one time when I was very involved in the NUJ. I was on its Irish council and we had to speak to our members in the *Sunday Tribune* because the union opposed the then partial takeover of the *Sunday Tribune* by Independent News & Media. Our members there feared for their jobs. There was a tension between what the union nationally believed was right and in the public interest and the individual concerns of our members. All of us here are well aware of issues around jobs and the economy, but that discussion is probably for elsewhere. This is a political forum and the issue is a political one.

Chairman: Does Professor Kenny wish to come in on that point?

Professor Colum Kenny: I am conscious of the economic and business implications of this kind of conglomeration of media titles. It can be in the public interest to have mergers. I am personally steeped in a family background of advertising. My grandfather started the first full-service advertising agency in Dublin. His clients included Arthur Griffith and Pádraig Pearse. My first job was in advertising and I have invested in media and been a director of media, so apropos of something said by another witness, I am fully conscious that the business of media is crucial. Ireland may well need bigger media organisations and that can be in the public interest. The difficulty is that the devil is in the detail. We do not have enough information to assess the detail in a way that can answer the concerns expressed by the NUJ. My sense, and one of the reasons I ceased writing for the *Sunday Independent*, was that the internal organisation of Independent Newspapers was becoming less diverse. I would have concerns but I cannot make the assessment that the committee will have to make based on what I hope will be a full range of information. It can be in the public interest, but it may not be.

Chairman: I call Dr. Flynn.

Dr. Roderick Flynn: I have two comments. The implied question is whether there is some relationship between ownership and editorial. Our problem is that there is very little research in Ireland and internationally on what happens when something gets taken over by an existing media group. The one piece of research I would point to, and modesty forbids it, is my own, but it is a very small piece of research that is tentative. It compared Independent News & Media coverage with every other newspaper group's coverage of events relating to the major shareholder over the course of the past few years. It did not point to a glaring distinction between Independent News & Media's coverage and that offered by other newspaper groups, but it did point to a distinction. It was a distinction of emphasis rather than a distinction such as "someone is good" and "someone is bad". It was not remotely that obvious, but there was clearly a distinction. To me, that tentatively suggests that there is some connection. If we have a situation, as we already do, where one newspaper group accounts for between 45% and 50% of daily and Sunday newspaper sales, that constitutes some kind of influence, albeit one that is diluted by the increasing availability of other media forms.

The second point is on the emphasis on consolidation being the only way of saving things. I am a political economist and I know the maths involved. There were 1.2 million Sunday sales in 2007 and 650,000 in 2013. That is a collapse. It is not as bad in the daily market, but nor is it good. At its peak, Johnston Press spent €300 million acquiring its 18 titles. It sold 14 titles for €8.5 million. That is a collapse and I get that the maths are significant. However, this is our question: is it better to let something go under and not have it exist or to allow it to be part of a much larger media group?

There may be an alternative to consolidation, however. It is outside the gift of the committee to introduce it but the idea that consolidation might be the only way that we can preserve the vital function played by regional and local media needs to be examined. We need to seriously contemplate whether this is the point at which we contemplate public funding of not just broadcasting in the country, but of public service media production. That could involve print and online platforms. I see no particular reason for the BAI sound and vision fund to be limited to supporting broadcasting.

Chairman: Thank you. I call Deputy Brian Stanley.

Deputy Brian Stanley: I thank the witnesses for attending, sharing their views and making their presentations. This is an important issue. The importance of local media reporting on local issues has been highlighted very well by Mr. Gerry Lennon and others. The business case and the business element and competition end of it has been ruled on and that has been parked. That is done. It is the question that has been raised. Concern has been raised about the fact that INM is involved in national newspapers and the business of local newspapers is different. We are having this discussion because there is public concern. There is also concern within trade union circles, journalists, former journalists and in political circles. The concerns relate to three areas. The first is plurality and diversity. The second is the public interest, while the third relates to the terms and conditions of workers. The main concern is the dominance of INM, in particular Denis O'Brien and his influence. The case will be made by INM that there is not editorial control. I do not believe someone is holding the hand of journalists or editors but he who pays the piper always calls the tune. The evidence is in the pages of the newspapers. When one reads them, one sees the relentless pursuit of a political agenda. In the *Sunday Independent* one can see commentaries written by three Deputies from one particular party. That should be encouraged. I do not have a problem with that and the party I represent does not have a problem with scrutiny of political parties, including Sinn Féin. Scrutiny should be vigorous,

but it must also be balanced. However, the question is whether two or three Deputies from the political party I represent or those from other parties will be allowed to have the same coverage.

Another concern is the use of legal avenues to slap down opposition. A total of 12 cases has been taken by Denis O'Brien against media organisations and there have also been threats of legal action. I am not interested in personalising the situation but we must look at the issue as it stands. The newspapers are now referred to as "viewpapers". Newspapers should carry views but they should also have balanced news content and that is where the problem arises. I do not think democracy can function without having a free press. Any objective read of INM publications will show there is a particular editorial line. The big concern is around centralised editorial content and consolidation of editorial content in that local editors do not have the same influence as was previously the case. Former journalists to whom I have spoken said they might not have been told what to write but they knew what not to write in newspapers.

I am interested in the views of Robert Pitt and Gerry Lennon on how we protect the editorial independence of local titles, which are valuable. I have dealt with Tadhg Carey's newspaper in the past when we had a larger constituency. Could they comment on how we maintain the plurality and diversity of content, given the sheer weight of the financial interest of a small number of individuals? I am also concerned about the protection of workers in those titles. People in the media not just in INM, but right across a range of newspapers, in the past two years in particular have approached politicians to say their terms and conditions have gone through the floor. They said do not get a chance to research the content of the stories they write, that their work is hampered and the quality of what is being produced is not up to standard. In tandem, their terms and conditions have reduced. They are employed on temporary contracts and they are in a very precarious situation. I do not envy them. They are the three issues that must be addressed, namely, editorial independence, diversity and plurality of content and the terms and conditions of workers, in addition to how we protect those working in the media in terms of pursuing stories and having the time to research them without being hampered in their efforts.

Senator Terry Leyden: I thank the witnesses for coming here and I welcome their voluntary participation. They have given a tremendous submission. The written submissions which I have read are excellent. The debate is fascinating. It was unnecessary for the Minister to refer the matter to the committee and if I were in his position I probably would not have done so. I made decisions when I was in the Department previously. So be it; we are here.

I welcome everyone but I have great memories in particular of Séamus Dooley, the former editor of the *Roscommon Champion* who was so fair and impartial. He ran a great newspaper. I am sure he must have been very sad to see Lord Kilclooney, the former John Taylor, and Alpha Newspapers take over the *Roscommon Champion*. Not only did he take it over, but he closed the newspaper and then he destroyed all the archives. He had no loyalty to the *Roscommon Champion* or to the Republic of Ireland for that matter.

By the way, Mr. Dooley mentioned the interesting times on the *Roscommon Champion* and the interesting colleague from another newspaper, but it was not the editorial policy of the *Roscommon Herald* to give a particular person a preference, rather it was an individual journalist who did that.

Chairman: Will Senator Leyden direct his questions to the topic in hand?

Senator Terry Leyden: I accept the ruling but I say that for clarification.

Chairman: The Senator should keep on message.

Senator Terry Leyden: I am sure Mr. Dooley will be delighted with the clarification.

I was very impressed with the evidence given by Mr. Carey and Mr. Mulrennan. They have the interests of staff at heart. I recently went into a small business and I know the pressures on them. It is unbelievable how difficult it is to create a job in this country. It seems every barrier is put up against it. One is paying rates, overheads, RSI and PRSI. I also understand the quality of newspapers the witnesses represent. I lived beside the *Westmeath Examiner* so I know exactly what the situation is and we are very lucky that a newspaper group such as Independent News & Media is prepared to take over those titles and give them editorial freedom. The *Roscommon Herald* was taken over by the Thomas Crosbie Holdings Group, which owns the *Examiner*, and it is working very well. There has been no interference in editorial control or suppression of individual submissions. I have no evidence of that. I find that fairness in all local newspapers. They take a story and run with it. That is journalism.

Chairman: Senator Leyden should be conscious of the time.

Senator Terry Leyden: I am not here to question Independent News & Media. As far as the pension situation is concerned, this is not the forum for such a discussion today. There are other fora in which to deal with that issue. I cannot go into that area. I very much regret that there has been a change in the structure but that is a discussion for another day. I am under no obligation to anybody - political party or otherwise - but the way I look at it is that when the Competition Authority said the acquisition was within its rules, that is fine by me. I do not see a queue lining up for the Celtic Media Group. I am concerned for the 98 jobs. I am also concerned about the jobs that are spread around the country. It is very hard to get such jobs in certain areas. I support the takeover by INM. That is a personal opinion.

Senator Tim Lombard: I will be brief. I welcome the witnesses. We have had a very informative discussion. The key issue is media ownership and media survival. Listening to today's contributions, it is evident that media ownership is one thing but whether the media will survive in the future is the key issue. When one looks at the reduction in sales, which was 65% in recent years, the main issue is if the merger goes ahead, will all the eggs in the media industry will be in the one basket and if that large conglomerate will survive. That is my question for the witnesses. I am concerned about the financial viability of the media industry taking into consideration media platforms such as Facebook and Google. If the merger goes ahead, how will the media conglomerate survive in the future?

Reference was made to the significant losses in the late 2000s. Let us consider this proposed purchase, whatever the figure is. Is INM in a financial position to take on board the new proposal yet stay afloat? What are its aims? If an acquisition takes place and if we put all our eggs in one basket, I worry whether that basket be strong enough to support the industry going forward? There are 98 jobs at stake. The acquisition must take place as it is the only financial way to ensure these 98 jobs are supported. I want reassurance from the main undertaker that it has the capabilities and financial supports to ensure that the jobs survive.

Deputy Michael Lowry: I have questions for the representatives of Celtic Media. It is obvious that the company has and had financial difficulties for a considerable amount of time. I note that in 2012 there was a management buy-out that involved €5.5 million of capital being put into the company. I ask the representatives to explain the finances of the company and what other options were considered. In the light of having examined those options, what is the

alternative? If there is no alternative, does it mean the closure and loss of the titles?

It is all very fine for the experts here to tell us about what they would like to see and what we should have in terms of plurality. When it comes to the crunch this is about business, the economics of the business and whether the business can sustain itself. I am a very strong supporter of provincial media and local titles. In my own constituency of Tipperary we have three newspapers, namely, the *Tipperary Star*, *The Nenagh Guardian* and *The Nationalist*. They fulfil a valuable, important and influential role. The public has a great attachment to the titles and supports them on a week in, week out. I am also in contact with those people and I understand the precarious financial position they are in and how difficult it is for them to survive. Every other week they face declining revenue from advertisements. There has also been a huge drop in sales revenue due to the influence of local radio, digital and online options.

When it comes down to it, it is about survival. I would like the editorial independence of provincial groups preserved because it is hugely important to do so. Like some of my colleagues, I am not overly impressed with the editorial management of some of our national media over the past number of years. I am very familiar with how the *Irish Independent* operated under its previous owners and the kind of standards that prevailed within that group at that time.

I have a few questions for the NUJ. The interests of its members were mentioned. Has the NUJ consulted its membership in the local titles to learn their views? Are they interested in the plurality of the media or in retaining their jobs? Would they prefer to see their jobs retained under new management or to see the titles lapse and go out of business?

Chairman: Deputy Stanley asked Mr. Pitt and Mr. Lennon how they would protect editorial independence and maintain plurality. Senator Lombard sought reassurance that jobs will be supported. Deputy Lowry asked about the state of finances of Celtic Media, what financial options are available and whether the NUJ consulted its membership in local titles. I call Mr. Mulrennan or Mr. Carey to commence.

Mr. Frank Mulrennan: I will take Deputy Lowry's question on the finances of Celtic Media. We borrowed €5.5 million in the teeth of recession from Lloyds Bank. It was a remarkable achievement to secure funding from a Scottish bank for a local newspaper group in rural Ireland. Dare I say it, we are very good at what we do. I am very proud of what we do as a management team. We have paid back a good deal of the loan. We paid it back in the teeth of a 65% decline in advertising since 2008 and a 35% decline in circulation.

We have looked at other business models. Deputy Lowry will know that a very fine newspaper in his own area, *The Nenagh Guardian*, is a very fine client of ours. We pre-press, which is a fancy name for graphically design, *The Nenagh Guardian* in Mullingar. We provide the *The Nenagh Guardian*, *Tuam Herald*, *Galway Independent*, *Cork Independent* and other fine newspapers with that service. We do so because the consolidation of services is crucial in order to take costs out of a business, which is not a bad term. By taking costs out of a business at that level one provides resources to invest in local journalism, whether it is in Tipperary, Wexford or wherever and to invest in local advertising sales.

Did we consider other options? Yes. We have rebuilt our business model in Mullingar, of which Senator Davitt will be well aware. We have between 20 and 24 people employed in Blackhall Place in Mullingar. They are great people. They are very loyal colleagues. I am very gratified that they will make a submission of their own accord to the Broadcasting Authority of Ireland. They have worked with me and Mr. Carey to rebuild our business model. However, we

cannot row against the digital tide, so my board of directors and I have given strong consideration to the alternatives. When Independent News and Media approached us, we gave it a very strong hearing because the only future is through digital and marketing, which takes resources.

I totally get the discussion around media diversity but I will outline the harsh reality of running a business. I appreciate what Senator Leyden has said. We have put our Cavan and Navan newspaper offices on the market and we are going to put our Athlone office on the market. The Cavan premises, located at Station House from which the old Midland Great Western Railway line ran, is a fine building. Let us be straight about it, we are selling the building to pay a bridging loan because this sale has been so delayed. I respect the legislation and the democratic process but I run a business and we are incurring substantial delays and costs and the professional fees around this very small deal are shocking, with all due respect to the professional advisers.

We are talking about a sale which is worth less than €4 million. When one subtracts professional fees and the money that my company must repay to the bank, we are talking about a lot less than €4 million. Nobody will escape to the Bahamas and we will turn up to work on the following Monday when this sale takes place. I urge the committee to please consider the commercial reality of these jobs in rural Ireland.

Chairman: I call Mr. Lennon and Mr. Pitt to answer Deputy Stanley's question about protecting editorial independence and maintaining plurality. I ask them to respond to Senator Lombard's who sought reassurance that jobs are supported.

Mr. Robert Pitt: I thank the Chairman. I will also address Deputy Stanley's question about the terms and conditions of employees.

In terms of editorial independence, I can say quite categorically that the editorial function within INM stands alone. It is solely responsible for the views, tone and direction of the paper. Obviously, there is structure within that function. We have an editor-in-chief and editors of the national newspapers who reporter to that editor-in-chief. We also have specialists within each area.

Regarding our regional newspapers, our regional editors stand completely independently with their titles and do not report into the editors of our national newspapers or to our editor-in-chief. The local editors are completely responsible for the content in their newspapers. The only management interaction we have, and Mr. Dooley referred to the fact the editor-in-chief works very closely with me, is to talk about budgets. We talk about the plan for the finances of the operation going forward. We also talk about the marketing support that is necessary to allow those newspapers tell their readers about what will be in the newspaper and why they should buy it. We also plan circulation with them because we have to procure paper, ink and distribution capacity for them. I can say quite categorically that the function stands, very proudly, alone within our business. That is the correct way for it to be.

Regarding plurality or the diversity of content, it is quite clear within Independent News and Media, INM, that there are already very different voices within the newspapers we publish and offer to readers. Among out national titles, the *Sunday World* is a very different newspaper from the *Sunday Independent* in terms of the reader it speaks to, the content it has and the things that are important to people. Within the newspapers themselves, the *Sunday Independent* is a very good example of a newspaper that can have very different views, directly opposite each other. We have, for example, columnists who would be regarded as quite left-wing, championing people who might not be the typical reader of the *Sunday Independent*. Those are very

welcomes voices in that newspaper.

Among our regional newspapers, the editor of a paper in Kerry reports on very different matters and with a very different tone from the editor of a paper in Wexford might do because they are completely different parts of the country with different priorities, and different issues are important to them. Unemployment, for example, could be very different in one area from another area. Infrastructure investment is another example. We can quite safely say that there is already huge diversity within INM and that the newspapers have the freedom to protect that and to maintain their individual voices. We guarantee that with the transaction to acquire the newspapers of Celtic Media those newspapers will remain independent. What will happen is that they will achieve the financial security to ensure they can, without fear or favour, write and talk about the things that are important. I made the point in my presentation that a strong media is very important. That strong media, however, has to be commercially viable. That is very important.

Chairman: On the terms and conditions, before I move on-----

Mr. Robert Pitt: On the terms and conditions, we are guaranteeing all the rights of all the employees who are coming in. We will stand over the conditions they currently have. On certain issues, we have improved the conditions of employees in Independent News and Media. There was a pay rise for employees last year, we have invested in training and we have the only Press Association accredited graduate programme for journalists. We have put an investment fund into university for people as well. I think we can be quite proud of that.

Chairman: I thank Mr. Pitt. I will bring in Mr. Séamus Dooley from the National Union of Journalists on Deputy Lowry's question on consultation.

Mr. Séamus Dooley: I will clarify one or two points as well. While there was a pay rise, there was not pay restoration in Independent News and Media. Therefore, regarding the pay cuts, which were suffered, pay has not been restored. It is worth pointing that out.

On Senator Leyden's comments, I would like to make it very clear that my presentation was a considered point and that the notification form allows the committee, the Minister and the Broadcasting Authority of Ireland, BAI, to take into account issues of corporate governance and the failure or otherwise of an applicant to adhere to standards. The issues of not adhering to agreements with the Pensions Authority and of failure to consult pension trustees are legitimate questions for this committee, the BAI and the Minister under the terms of the notification form. The Senator may wish it to be otherwise but that is the reality.

On notification of members, yes, we have consulted all the chapels. The NUJ is rather quaint in that we do not have branches but we have chapels. Deputy Lowry is an Independent Deputy so only has to agree with himself but no more than in the Rural Independent Group or in any other political party, there are people who have different views but the settled view of our chapels is that we should oppose this. Ms Ní Fhlatharta will deal with the issue of our branches. We consulted with our members as recently as yesterday. I am aware that senior members of management have asked our chapels and our individuals to make submissions against the NUJ policy and that they have decided not to do so. They have been put in a particularly difficult position because the people inviting them to do so are their managers now and will be their managers in the future. I understand that there is a strong commitment.

We are all on the one side here. We absolutely want the newspapers to survive. To address

Deputy Lowry's comments, by no feat of the imagination can I see how the interests of Celtic Media would be served by closure. I have seen too many business and newspapers close to believe that would be in its best interests. I have huge admiration for the dexterity and financial acumen of Mr. Pitt and Independent News and Media. If this were a basket case and if it were not sustainable, I do not believe that it would be being purchased by Independent News and Media.

Senator Aidan Davitt: I am from Mullingar, as Mr. Mulrennan said, and in the last couple of years I have seen two newspapers close in my own town. One of those was two doors from my own business, with the loss of three jobs at the time. *The Athlone Voice*, which had a sister newspaper in Mullingar, has also closed within the last couple of years. There have been quite a few casualties in that industry in my own town. I know it was alluded to by Deputy Lowry but if this sale does not take place, would titles close? Would that be something Mr. Mulrennan would have to look at? Would there be job losses?

We have heard quite a bit from Mr. Dooley, who I know well. I respect him and the work he does. My understanding from talking to several staff members on the ground, and I made it my business to talk to quite a few of the staff in the *Westmeath Examiner*, is that they seem to be relatively happy with the sale. They are fearful for their jobs if it does not go through. How right or wrong that is I do not know but they seem to be fearful if there is not a change or if something does not happen. That is my reading of it from talking to quite a few of the staff. Will Mr. Dooley tell the committee how much that was fleshed out with them? I know he has touched on it but maybe he could elaborate on it.

Senator Joe O'Reilly: I thank the Chairman and I welcome the witnesses. I have five questions and I will put them as succinctly as I can. The first two are to Mr. Pitt. They are effectively around concerns which his "future" employees might have. Could Mr. Pitt have handled the defined benefit scheme changes differently? Could he have communicated it to his editorial staff differently and was the way he did it arbitrary? Should that be a concern to staff in future? Should there be a concern for staff around the closure of the printing works in the *Belfast Telegraph*? I do not say this in a derogatory way but it is my understanding that INM was something of an absentee landlord there when it closed the printing works. I hope Mr. Pitt will correct me if I am wrong but there would be concern there.

Could I ask Mr. Mulrennan specifically about the sale of the Station House in Cavan town? Why is it for sale? I know he has made reference to it. I would have understood our publication to be a fairly vibrant one. Is it for sale to bail out other publications, or is there an alternative? I would like a commitment from Mr. Mulrennan, and from the proposed purchasers, that the whole operation would stay in Cavan. I understand from informal conversation with staff members in Cavan that they have an expectation that it would but I would like a very public statement that it would stay in Cavan.

I would like to ask all the witnesses specifically about community news, the legendary coverage of court cases, council meetings, education and training boards and so on. That is very important to local communities. That kind of thing involves a fair concentration of staff and a great deal of effort. Will there be no diminution of that? I would not like to see any. In fact, I would not support anything that involved a diminution of that important service for local communities. Linked to that is the question of editorial control. Can I again be assured in that regard? It would be very remiss of me not to ask. While we are all parochial to a degree about these things, I am very concerned about the staff of *The Anglo-Celt* and its excellent journalists and editor. We have a lovely community of which they are very much a part. I want to know

that the editorial control of the outstanding editor of *The Anglo-Celt* is in no way diminished. How is that assured in the deal and what protocols are in place?

Lastly, I address the jobs question. I mentioned independence, but I also want to know that the jobs in *The Anglo-Celt* and the other publications to which I referred are safe. Of course, I mentioned *The Anglo-Celt* in particular, but one wants the jobs everywhere to survive as they are so important to the fabric of rural Ireland. To lose 100 jobs in rural Ireland is the equivalent of losing perhaps 1,000 jobs in a large metropolitan area. They are irreplaceable. It demoralises a community to lose quality jobs and people. As such, I want to know that the jobs will stay. That is why I addressed to Mr. Mulrennan and others earlier the question of location. I want the jobs to stay on location. Can the witnesses provide me with assurances around the jobs and what is in the protocols there?

We are all on the same page here. We want a diverse, pluralistic and good newspaper service which is accessible to everyone. We want people working on it. With the greatest respect to those who talk about State subsidisation, when one looked last night at the fact that we have people with scoliosis and spinal difficulties waiting to get operations for a long time, I am not sure we can subsidise newspapers in advance of dealing with that. That is a question.

Chairman: I want to bring in Deputy Eamon Ryan before we go back to the witnesses.

Deputy Eamon Ryan: I should declare an interest in that my wife is a regular columnist in the *Evening Herald*, one of the INM main publications. I should say that. There is a side issue in that I have never had the sense that she has ever been under editorial control. It would not be easy to manage editorial control over the person in question, but it shows some of the good qualities and traditions of the company.

I regret that Deputy Lowry has left because I want to quote him accurately. If I recall rightly, he said that when it came to the crunch, it was all about the business model. My view is that when it comes to the crunch, it is all about what is in the public interest in terms of the House and how we do our work. For me, the critical issue is cross-media ownership. The real concern is that in the fire occurring across all our media at the moment, one cannot differentiate between radio, print, broadcasting and, increasingly, digital, which is to say Facebook, Google and others. The advertising market is combining. One of the real concerns is that the largest shareholder in INM is also the owner of Communicorp, which has massive radio interests nationally. As such, I note that it has been widely reported that Mr. Pitt was in a major dispute with his own chairperson in terms of the potential purchase by INM of Newstalk. There were different views on the valuation of the company. Can Mr. Pitt confirm that INM was looking to purchase Newstalk and, following a sub-committee process, did not? It is around the issue of that value where there were significant differences between the management and the chair. That was widely reported. A related question is whether INM is still interested or has a potential desire to purchase radio assets as well as the print assets here. There is real concern about such cross-media ownership.

My next question is to Mr. Mulrennan whose comments were interesting. I learned something useful in our own deliberations where it was Celtic Media that was approached. The business was not on the market and a sales process had not been started. When did INM approach Celtic Media and what was the nature of the approach? Obviously, Mr. Mulrennan runs a good business. I take on board what he said about his staff and management. From everything I hear from local representatives, these are very good titles. However, it colours our consideration that the business was not for sale. Someone approached the business seeking to purchase it. That

casts a certain light on what we have to do under the Act. Our timelines are very tight and one wishes one had more time for deliberations. When was Celtic Media approached?

Can Mr. Pitt confirm if the reports of significant disputes within INM on the valuation of media were correct? Was the reporting accurate? Does INM still have ambitions to purchase other radio stations or media titles as well as the one here today?

Mr. Robert Pitt: I will answer Deputy Ryan's questions first. INM considered the purchase of Newstalk based on an approach to the business from Communicorp. We looked at it. There were different opinions on the value that could be attributed to an asset like that. We came to the conclusion that we could not reach agreement and since then we have closed down the matter and are no longer looking at radio assets in the island of Ireland. I trust that answers the Deputy's question.

Chairman: There were other questions there. Senator O'Reilly asked about the defined-benefits scheme and the *Belfast Telegraph* closure.

Mr. Robert Pitt: On the defined-benefits scheme, the Senator's question was whether we could have handled it better. It would be very arrogant of me to say that we could not. Obviously, one can always do things better. Unfortunately, we were constrained in this situation by the legal structure that exists around pension schemes. We think we did the best we could at the time to handle what is a very difficult issue which has concerns for and an impact on the people. At the moment, we are still in discussions with the trustees of the pension schemes affected. We are being very open with them and putting suggestions to them. We are trying to reach an agreement which will then allow us to bring clarity to each member of the pension schemes regarding the change and what it means for them. Personally, I understand the Senator's question. It is a very big change in one's life to hear this and I would always try-----

Senator Joe O'Reilly: Not to interrupt, but it creates a great sense of foreboding among members of staff who might be coming in.

Mr. Robert Pitt: I accept that 100% and I have had a lot of staff write to me and communicate those concerns. I have always responded to every single one of them. I understand their concerns. We are trying as hard as we can to address that. In the circumstances, we did the best we could. One always learns.

I was asked about concern around the BT printing plant. It was remarked that I was an absentee landlord there. I assure the committee that the announcement to all the staff that the plant was going to shut down was made by me. I went up there. I then attended weekly meetings with the unions to help them understand what process was going on there. I visit our Northern Ireland business very often. The major part of the question was whether there was any risk to our other printing plants or printing plants in general. We have no plans at the moment to divest of any other printing plants in Ireland. Actually, printing plants are quite busy in the evening time at the moment. It is driven by the daily papers and the slots that one needs to get through them. The capacity since Royal Avenue closed down means that there is no need for that question for quite a few years. To clarify, Celtic Media's printing plant will continue to print the newspapers we are buying. We are not buying the printing plant, but the jobs are protected because we are leaving those contracts in the plant which will remain in other hands.

Chairman: I bring in Mr. Mulrennan on Senator Davitt's questions, the closure and job losses. I think Deputy Ryan asked a question also.

Mr. Frank Mulrennan: To deal with Senator Davitt's questions first, the reality in the midlands in particular has been one of casualties in terms of titles. In Mullingar, we have a very fine competitor in the Topic group. The owner will not mind me saying we have agreed that we are not really each other's competitors any more but are both in the survival business. We are both challenged by the decline in advertising and circulation. Journalists and editors bring it out each week. It is hammer and tongs between both papers, but it is a survival business for both.

I see that Deputy Shane Cassells is in the Visitors' Gallery. There is a very fine newspaper going to bed at the moment called *Forum*. It is a free newspaper in the Dunshaughlin, Ratoath and Ashbourne areas. We are having serious misgivings over the continued publication of our free newspaper there. I have already alerted the editor and the sales people involved. We cannot continue with a loss-making newspaper, so if this sale does not go ahead I would say to Senator Davitt that the huge amount of work that we as a collective - I am talking about the 98 great people in our company - have done, will have been eroded. Unfortunately - and I say this with due regard to my colleagues - there will be a return to the redundancies that we had to do in 2015.

Many years ago, Séamus Dooley and I worked together in national papers. I was a member of the NUJ myself for 18 years. In our own company we got full co-operation from journalists, sales people and right across the board in 2012 and in 2015. That is because I present to them regularly. There is never any shortage of information in our company and they know how difficult it is.

Senator O'Reilly will know from attending business and sports awards where I speak, that I steal a little bit from Carlsberg. I say that the *Anglo-Celt* is probably the best local newspaper in the country. I thank the Senator for his comments about it. I can confirm that the *Anglo-Celt* will continue to be published from Station House. Under the sale transaction with INM, the newspaper will effectively become a tenant of Station House when it is sold. I am not used to divulging commercially sensitive information because we are a small company. We run our own gig with all due respects, but I have told the committee that Station House is being sold to pay a bridging loan. I can be no more honest than that.

The editor of the *Anglo-Celt*, Linda O'Reilly, is busily putting her paper to bed. As regards editorial control, in the ten years I have worked with Linda, I have never interfered or dictated what should be in the *Anglo-Celt*. Senator O'Reilly knows the reason why. I do not live in Cavan and, truth be told, I do not really know the Cavan issues. I might be a former journalist, but the business of running that newspaper editorially is that of the editor.

As regards jobs in the *Anglo-Celt*, the committee has heard the guarantees. There are 14 employees in the *Anglo-Celt*, which are all either involved in news generation in our newsroom - and we have terrific journalists there - or in advertising sales. As a former journalist I used to think that was the commercial, crass side of the business, but without advertising sales there would be no business.

To take Deputy Eamon Ryan's question, Dublin is a small city and Ireland is a small country. We went through a painful redundancy process in 2015, which was particularly painful for those colleagues who lost their jobs. I dealt with each of those individually because I genuinely care about the jobs of the people who are leaving and of those who are staying in our company. Yes, we were approached by INM but it did not take a genius to realise that even though Celtic Media is a very well run company, we are in an industry which is seriously challenged. An approach was made and it was dealt with very efficiently. Robert Pitt is a gentleman to deal with

and what more can I say.

Deputy Eamon Ryan: When was that approach made?

Mr. Frank Mulrennan: I think it was in April 2016. It seems a long time ago.

Chairman: Just before I bring in Deputy Bríd Smith and Deputy Lawless, I know that Dr. Flynn wanted to come in.

Dr. Roderick Flynn: I wanted to respond briefly to something that Senator O'Reilly said about scoliosis on RTE. That is precisely my point. It was on a publicly-funded broadcaster which, specifically since the 2009 Broadcasting Act, has to separate out its spending from commercial revenue and public funding. The public funding goes to news and current affairs, which facilitates precisely that kind of investigative work. That is why I am promoting the idea that if we take the news and current affairs function of our media seriously, we can no longer rely on a model which the gentlemen behind me have described as dead.

Deputy Bríd Smith: I thank the witnesses for all their presentations. Mr. Mulrennan said that his industry is seriously challenged. I would like him to comment on my argument. I think his industry is seriously challenged precisely by the likes of INM who gobble up all of the outlets in digital, broadcast and print media. Of course he is going to be challenged by a giant of this nature. At the beginning, somebody made the point that this forum is not about the business model which is at stake here, but rather about examining the plurality of the media and the role of this committee in protecting the interests of the media within our democracy. Nevertheless, I do think that Mr. Mulrennan has failed to prove to us that his business model is a basket case, as Séamus Dooley said. Mr. Mulrennan may feel he is under threat in future, but if it was a basket case why would INM be interested in purchasing it and taking it over?

Mr. Mulrennan also mentioned that there is considerable noise about this takeover. I am glad there is because one of the academics pointed out to us that between 1995 and 2008 there have been 90 mergers in the media with no scrutiny. It is therefore about time that the people who are elected to protect democracy scrutinised these mergers and looked at what is going on. Perhaps it is because we have new legislation that we are discussing it today, but we certainly had to fight tooth and nail for open scrutiny on this issue.

Earlier, Professor Colum Kenny expressed concern at the presence of Deputy Lowry. Believe me, I am also very concerned about that. I do think there is a conflict of interest. In private session we had quite a debate and an argument about whether he should be asked to absent himself from this process. Nevertheless-----

Senator Joe O'Reilly: On a point of order, with respect, I do not think it is in order for us to rehash that debate in public.

Chairman: We had this conversation and we had to seek legal advice.

Deputy Bríd Smith: I know. I am just agreeing with the point that Professor Kenny made.

Chairman: Deputy Lowry has every right to be here, as does every other member. We have discussed that, so I would rather if Deputy Smith could just deal with the issue before us.

Deputy Bríd Smith: I am sure you would, Chairman. I am just agreeing with Professor Kenny. I would rather state my opinion and then ask him the following question. At any point during Professor Kenny's own career, was he conflicted by the ownership of the media outlet

that he worked for, in terms of stuff that he wanted to write, say or edit? If he does not want to answer that is fine, but was there any challenge to him in his career by the ownership of the *Sunday Independent* or anybody within that group?

We should be looking at everything to do with the plurality of the media here today. In some cases, there are so many fingers in so many pies that there is bound to be a conflict of interest. If I was a journalist and, for example, I was worried about the activities of Siteserv within the creation of Irish Water and their role within that, and I wanted to write something about it and I worked for certain outlets, I might be very concerned. I might ask myself: “Do I want to travel up the structure in this media outlet? If I do, am I able to make these criticisms?” I would like the academics to comment on that point.

On the substantive issue, Independent News and Media is being seen as the saviour of the Celtic Media group. I absolutely believe Mr. Mulrennan and Mr. Tadhg Carey whom I know from the past. I know they are really concerned about the workforce and workers’ conditions, so they should be really concerned that their workers are going to be taken over by that group. I am concerned they will be taken over by a group which will savage the pension entitlements of workers by reducing them by 70%, bringing pensions down to an unlivable scale within a matter of a couple of years. Is there not extreme concern that it will, in turn, savage the workers’ rights and entitlements within that context? If Celtic Media thinks local media is threatened by the proliferation of advertising moving to digital and social media, how does it think Independent News and Media will guarantee its long-term survival? It seems to me the move by Independent News and Media to take over Celtic Media is to allow it to start returning dividends to some of its owners. Some of the richest people on the planet want more dividends from media ownership in this country. It is not just about avoiding more losses; it is also returning more profits. I would like a comment on that and also a comment from the National Union of Journalists, NUJ.

Chairman: I thank the Deputy and call Deputy Lawless.

Deputy James Lawless: I thank the witnesses for making very interesting presentations today. The whole issue of plurality of media is very interesting and very timely as is the debate we are having. I think the world stands at a new juncture in terms of how we consume and disseminate news, fake news and these kinds of phenomena. It is all the more important we have this debate and that independent quality journalism is respected and supported. I also note that one of the academic witnesses made a comment, which I thought was very interesting and relevant, that the press is no longer just a check on government but a check on public, private and corporate interests.

To summarise the debate, we heard the editorial and academic view against the merger and the raising of concerns. We also heard commercial arguments presented in favour of it. It strikes me as both a marriage of convenience but also a loveless romance. In fact, there is an air of the Shakespearean tragedy if I can say that Celtic Media is the poor hapless Juliet and the all-powerful INM is Romeo but perhaps that is only in the absence of any other suitor, rather than falling for Romeo in this case. I would like to put two questions to Mr. Mulrennan. My colleague, Senator Davitt, asked whether there would be job cuts or potentially media title closures if the merger did not go ahead but I want to ask that question in the context of the merger going ahead. Will there be job cuts or potentially media title closures if the merger does not go ahead or if it goes ahead? I would be very interested in that.

My remaining questions and comments are directed to Mr. Pitt. He is ultimately the man

at the top of the tree if this all goes ahead. I think it is fair to say that we can predict the future best by studying the past and in that context it is informative to look at INM to date and the operation of the four titles under its remit, certainly the four national titles. Mr. Séamus Dooley of the NUJ has mentioned the outsourcing of INM production to Yorkshire. It is also a concern. In terms of the four titles, the *Irish Independent*, the *Sunday Independent*, the *Sunday World* and *The Herald*, what kind of cutbacks have been experienced at those newspapers to date? What kind of operational management is there for resources and spread of resources? Is there overlap of resources between titles? Does this make it more difficult to get a newspaper out every day? Has quality suffered as a result of this and how is that management chain working out in terms of resources as opposed to the product, which ultimately is independent quality journalism? Is that coming under threat, even within the existing titles?

I ask Mr. Pitt not to take any offence at this but I listened to the other witnesses and I know a bit about his background. It struck me that he is the only man who is not a newspaper man as such, certainly among the witnesses. His background, as I understand, is in discount retail. I know there is a certain pile them high and sell them cheap approach in that type of business, which I would suggest is probably not the same as the media world. I notice that Mr. Pitt's comments were very much commercial in nature when he talked about the merger. As a CEO, that is par for the course and is expected. I would just stress the point and ask how he reconciles that with the needs of this type of business, which is much more than a business and is a standard bearer for democracy.

In terms of the merger and this not being a commercial product but something so much more than that, how will editorial independence be guaranteed? What scope will there be for editorial control in local publications? I mean that both in terms of management intention and direction but also in terms of resources. Will we see a situation where the editorial clusters? For example, some titles will pool. Mr. Mulrennan already spoke about some titles having one editor over two or three publications. I have seen that happen. As a practising politician, I deal with local newspapers all the time. I do not think that model works as it dilutes the proximity to the ground, which is so important for a local publication, so there are huge concerns around that.

Local newspapers are paramount and are very important to their local communities, as Mr. Mulrennan and Mr. Carey have very eloquently put it. This kind of cost-cutting approach, including supply chain procurement and logistical management, is a different type of world from the world of local independent newspapers and I ask how those items would be reconciled.

Chairman: I thank the Deputy. I will call Mr. Mulrennan and then Mr. Pitt to answer those questions.

Mr. Frank Mulrennan: I thank the Chairman.

With regard to Deputy Smith's question on the Celtic Media newspapers being seriously challenged by Independent News and Media, I need, and it is reasonable, to differentiate between national titles and the local newspaper industry that we operate in. INM has no local titles in our areas. That was one of the factors that very much impressed the Competition and Consumer Protection Commission. Therefore, INM titles did not make life in any way difficult for us. In fact, through Local Ireland, which is the representative body, we are very supportive of each other in terms of marketing the strength of a local newspaper brand. INM sits on that along with landmark and iconic newspapers, including the *Tuam Herald* and *The Nenagh Guardian*, and ourselves. There are strengths to it. There is tremendous loyalty. The Deputy may have heard about a newspaper that goes back to 1846. There is tremendous brand strength

but the business dynamic is seriously challenged.

INM has not been our problem. RTE is a bigger problem, in truth. This committee often deals with broadcasting and communications. We are finding it awfully hard to make any sort of money from digital because of, for example, a State-subsidised website. The *Westmeath Independent* has terrific web traffic for the relatively small newspaper it is. The *Meath Chronicle* has probably one of the best trafficked websites and Facebook reach of any newspaper in the country but it is so hard to make money from them because we are competing against Facebook and Google and possibly RTE.

Is it a basket case? Those were not my words but that the business model is broken. I have a responsibility to do whatever I can to rebuild that business model and to secure the jobs of the people I work with. A two thirds decline in advertising and a one third decline in circulation is a huge pressure. They are our only two cogent sources of revenue because digital is not a great source of revenue. It is a cost. I regret the fact that since January, we have halved our investment in digital. Mr. Carey is actively annoyed with me for that but we have to pull in our cost reins. The longer this sale goes on, the more things like that I am going to have to do.

I was asked why INM would want to acquire, which is a horrible word, or get involved with Celtic Media newspapers if it is a challenged business model. The only future for newspapers in this country is through us aggregating our digital strengths. That is going to take investment. In many ways, yes, we have great brands. The *Westmeath Examiner* goes back to 1882. The *Anglo-Celt* goes back to 1846. The *Connaught Telegraph*, a newspaper we bought out of liquidation in 2014, when we saved 12 jobs, goes back to 1828. This is not Romeo and Juliet stuff, with respect. This is cold commercial reality. Independent News and Media needs to extend a digital footprint, which is very important because we need resources to invest in digital services. We also need marketing resources because we are not spending on marketing. We have great brands but we are not spending on them. Far from being a Romeo and Juliet story, this is a matter of survival.

On the issue of pensions, which was raised by Deputy Brid Smith, there is no pension issue in the Celtic Media Group or Celtic Media Newspapers. A defined contribution scheme has been in place in the company for a number of years. Pension schemes are challenged from time to time but we are far removed from the other issues that have been raised. We have our own pension scheme in place.

Deputy Brid Smith: With respect, I will clarify what I meant in my question. I had no knowledge of the Celtic Media Group's pension scheme. Given that Mr. Mulrennan and Mr. Carey have expressed considerable concern about the future of the workforce in the group, why on earth would they trust a company such as Independent News and Media to treat the workforce with respect and diligence when it has only recently savaged the pensions of workers who made a substantial contribution to their pensions throughout their careers and will receive only a tiny proportion of what they paid for and expected to receive from their pensions? I cited that case as an example of how INM treats workers.

Mr. Frank Mulrennan: Independent News and Media has been involved in the local newspaper industry for 45 years and I managed three of its newspapers between 2000 and 2005. The company has a proud track record. We make decisions with what we have and we make the right decisions for the people with whom we work. The deal, transaction, sale or acquisition - call it what one will - with Independent News and Media is supported by my editors and management team and the staff throughout the company. On my way to this meeting which is,

as the Deputy stated, a very worthwhile exercise, I received a call from a relatively new recruit employed in our pre-press area in Mullingar to wish me the best of luck. I know Mr. Dooley did not mean a certain comment in a particular way. We are a small company and I know everyone who works in it. I will be in Mullingar tomorrow. While I have great regard for the role of company representatives, we talk and there is no cajoling. This is a free country.

Mr. Robert Pitt: Deputy Lawless asked me a question about the production facility in York. The way we produce newspapers will change and we will have to consolidate many of the back office functions. These functions do not influence the tone or editorial voice of a newspaper and it was these that moved to York following our decision. Unfortunately, there is no similar facility in Ireland to which we could have moved. If there had been such a facility, we would have given it serious consideration and if such a facility were to open here, we would like to have these jobs back in Ireland. As I pointed out, INM employs 800 people, all of whom are located on the island of Ireland, and all of our business is on the island of Ireland. We are an Irish business.

Deputy Bríd Smith described Independent News and Media as a “giant”. INM is very small compared with other media businesses operating in this country, for example, News UK and Daily Mail and General Trust, DMGT. We do our best to fight our corner and ensure there is a strong Irish voice in the Irish media. This sometimes means taking difficult decisions but that is the job with which I am charged and a challenge I need to face.

Deputy Lawless asked me a question on my background in retail. I am very proud to have worked in retail for Lidl and Tesco. I worked with diligent, hard-working people who care in retail and, to be honest, I found very similar people in my current company. What we in retail bring is not only expertise in supply chain and cost-cutting but a focus on the customer or, in the case of newspapers, the reader. One can do this by asking how we can make people buy more newspapers. If one looks at the performance of INM newspapers, we are beating market trends, outperforming others and doing very well.

I also brought a sense of realism to where we are. The deal under which we print newspapers in *The Irish Times* owned printing plant and *The Irish Times* allows us to distribute its newspaper was of mutual benefit and an example of people being very practical. There are major questions facing the newspaper industry and we need to figure out how to ensure we still have newspapers in ten or 15 years’ time. We can and will do this if we are all pragmatic about how we protect the quality of newspapers and if we ensure they remain independent and their content is relevant. The most important issue is that if newspapers are not relevant and the content is not trusted, people will stop buying them, which will hasten the current trends. I believe my previous experience has brought something to this.

Professor Colum Kenny: I will answer Deputy Bríd Smith’s questions and address a side-swipe that was made at the experts by another member. Deputy Smith asked about pressures in news organisations. It is absolutely correct that there are pressures in every news organisation. Deputy Stanley put it best when he stated we know that he who pays the piper calls the tune. Every day, journalists come across all kinds of pressures. They face the pressure of threatened legal action, which is a real difficulty in Ireland when it comes to telling the truth, and there are also pressures from owners and ideological pressures. Over the years, I have written for the *Irish Press* Group, the *Irish Independent* and *The Irish Times* and I have worked in RTE. There are constant pressures, which is precisely the reason committees such as this one need to fight to protect the media and media diversity and plurality and make media places where we can hear different voices.

Before he left the meeting, Deputy Michael Lowry stated it was all very well for the experts. We know what that phrase means; it means experts are not realistic and are academics with their heads in the clouds. There is nothing more realistic than the issues of diversity and plurality in the media. These issues have an economic value to the country. If a country does not have free, vibrant and authentic media, people will not hear the stories that need to be told, whether they are about the banking crisis or the issues that gave rise to the Moriarty tribunal. The reason one needs diverse and plural media is that this is of real economic benefit.

With due respect, Senator Terry Leyden is here to ask about more issues than he seems to believe because that is what the Act requires. Under the Act, the indicators of plurality are set out in a formal notification on mergers and acquisitions pursuant to Part 3A of the Competition Act, as amended. The guidelines make clear that these issues must be addressed.

I have absolute sympathy with Celtic Media and its employees. My colleagues and I know the economic realities of the workplace. We have seen students leaving the country because there are no jobs here and we see others entering employment with precarious working conditions in which they are exploited, an issue about which Deputy Stanley spoke. When working conditions are such that people do not receive proper contracts from organisations such as INM and other media organisations, including RTE, they cannot feel free to do the type of things members want them to do. This is the reality for working people, not a theory. Having a gun held to one's head and being told to agree to this merger or jobs will be lost is a very real consideration. However, other considerations must also be taken into account, which is the reason we have competition regulation and media mergers legislation. These are just as real, concrete and authentic as other considerations, which is the reason the European Union refers to concrete indicators of plurality.

Senator Terry Leyden: A long time ago, in 1982, Professor Kenny gave me assistance on the media and I respect what he is saying.

Chairman: The Senator must be brief.

Senator Terry Leyden: My point, however, is that he and his colleagues have secure pensions and jobs. I am concerned about the 98 jobs in my region that are affected. I am a practical person, having been in Ministries, and I know about this issue.

Chairman: The Senator's point is taken.

Senator Terry Leyden: Unfortunately, Independent News and Media is the only company interested in buying these newspapers. I do not see anyone queueing up to buy them.

Chairman: The Senator's point is well made. I call Mr. Dooley after which two other Deputies wish to come in briefly. I ask Mr. Dooley to keep it brief.

Mr. Séamus Dooley: I want to answer Senator Davitt's very specific question. For the purpose of linguistic and gender balance I will also ask Ms Ní Fhlatharta to elaborate on it. We have consulted and Ms Ní Fhlatharta will explain our research in that regard. I know Senator Davitt is concerned over why members of the union would oppose something that on the face of it looks good. Much of this comes down to the old dictum of "Fool me once, shame on you. Fool me twice, shame on me." The experience of recent developments in Independent News and Media give people pause for thought.

We work very closely with Mr. Mulrennan and Mr. Pitt. I have called him many things in

the past but never an absentee landlord. We will continue that relationship. We have a concern over how outsourcing happened and how this acquisition was announced overnight on Twitter. Trustees of the pension scheme were not consulted. It was a breach of the Pensions Act. The chair of the trustees, who is also the company secretary, has described it as something that is neither morally nor legally justified. On that basis there is a concern about this purchase.

Some of what has been said today and some of the assurances may give people pause for thought and reflection. I have no doubt people will consider some commitments that have been given. However, they will have to weigh those against the track record of the proposed purchaser in honouring or not honouring previous commitments.

Ms Bernie Ní Fhlatharta: Ní bheadh an NUJ anseo inniu muna raibh inní ar na baill atá ag obair sna páipéir seo agus i bpáipéir ar fud na tíre. Some of our branches have made their own independent submissions outlining their concerns over this proposal. Some of these people are working for titles involved in this proposed takeover. They are concerned about the terms and conditions of their employment as well as editorial independence or interference in that. They are, of course, also concerned about their jobs. These concerns are based on the experience of their union colleagues in other titles involved in previous mergers and relate to cross-advertising rates, sharing of copy and images. Ní maith linn, go deimhin, go dtiocfadh an lá go mbeadh ár bpáipéir áitiúla eagraithe thar lear i Sasana nó in áit eile.

Deputy Eamon Ryan: I may have to leave the meeting shortly as I have tabled a question to the Taoiseach, which is due to be taken in the Dáil. Mr. Pitt said that INM has no interest in purchasing radio stations. Why did it look at purchasing Newstalk? What was the strategic imperative for purchasing Newstalk if now, as he says, it is not a strategic imperative?

Chairman: I call Deputy Lawless and then Mr. Pitt can respond to both.

Deputy James Lawless: Mr. Pitt's business experience is very necessary and welcome. If INM does not sell newspapers it will not have a newspaper. The point is that circulation is not the only metric and may not even be the most important metric; it is one of many. That point is paramount and relates to editorial control. One person runs the business and someone else runs the editorial team.

I have a question on the existing titles and the casualisation of labour. Journalists, photographers and digital staff may be multi-rostered. To what extent has that affected the existing INM titles resulting in job-sharing, people being on casual contracts, cutbacks and perhaps even redundancies? To what extent can we use that to predict what might happen in the new entity if the merger goes ahead? That is a concern.

Mr. Robert Pitt: I propose to answer Deputy Lawless's question first. I am very glad he brought it back to the quality of jobs. This cannot be a last-man-standing argument. One must enjoy working in a newspaper; it is a vocation as can be seen particularly with the journalists who write for a newspaper. Professor Kenny said it is difficult for young people to come into this industry. We hired 12 graduates, fully paid, on a two-year programme and they are still with INM at the moment. That was a huge investment in a very distressed business. That is because we understand the need for a pipeline of young people who want to work in newspapers, who want to write copy, who want to take photographs and so forth.

I agree with Professor Kenny on the challenges the industry faces. We are trying to address them and create quality jobs. We improved the maternity benefits for people in INM from three

weeks to 24 weeks last year to better allow people with a young family to be able to continue their career. This is alongside all the other things we do in terms of reorganising the business. Some of them can seem harsh, but they are decisions that somebody has to take and I will take those decisions. However, we cannot sacrifice quality, which, as I understand from my retail experience, is paramount. We have to provide something that people want to buy or transact with; and we have that in INM. Of course, when we make changes to how we produce a newspaper and make changes to the volumes of content, we have to make some kind of value decision based on what the person gets and so forth. We, in INM, have been very balanced on that.

Chairman: I call Mr. Carey.

Deputy Eamon Ryan: What about my question?

Chairman: Sorry. The Deputy asked about Newstalk.

Mr. Robert Pitt: As a plc, we are extremely transparent in our strategy. We are the only media organisation in Ireland that comes out twice a year to explain where we are, what we are doing, how we are performing and what our strategy is. Our strategy is very focused on digital development. There was an opportunity to look at the radio station. That opportunity was brought to us. We looked at it and we have decided not to go any further on that opportunity.

Chairman: I call Mr. Carey, followed by Dr. Foley. I ask them to keep their contributions brief.

Mr. Tadhg Carey: Senator O'Reilly asked about the coverage of courts, local authorities and the staple of local newspapers. The Senator is correct that informing people of those key elements of local democracy is a crucial part of the make-up and future of local journalism. Having said that, with the reduced number of journalists available to editors - I am sure every editor will empathise with this - there are always tough choices to be made in the allocation of staff and deciding the events to cover. Courts and local government represent a key element of any respectable local newspaper.

I will give a sense of the challenges that face me in a practical sense in my local area. The *Westmeath Independent* is based in Athlone. As members will know, Athlone is a split town between Westmeath and Roscommon. Offaly is six miles away with Longford about eight miles away. We also circulate in Ballinasloe in County Galway. That is a fairly diverse territory for coverage of local authorities. The fragmentation of the local government system can be added into the mix. Nowadays we have county councils, municipal districts, strategic policy committees etc. I do not need to tell members about those; they are well aware of those demands on their colleagues on the local authorities. That, obviously, increases the demands on local newspapers.

Our readers consume increasing amounts of content on mobile phones and laptops and they want that content provided instantaneously or at least as quickly as possible. That is another challenge to add into the mix. One of the most successful digital offerings in which my newspaper was involved was the coverage of a controversy over an installation in an art gallery in Athlone. We covered a meeting through Twitter and Facebook and we had a huge audience. We need to do more of that sort of thing. That is why the digital strength that INM can give to us is important to me, as an editor.

Dr. Michael Foley: I wish to make a comment based on listening to the contributions this afternoon. It was a pity that the Taoiseach recently seemed to throw out the idea of a commis-

sion to look at the future of the media in Ireland. When listening to the debate and discussion here one is asked to consider an incredibly complex thing. It is not only about saving jobs. It is also about diversity of media, cross-media ownership, the future of the media, advertising and social media. All of these things are in the pot and we are just touching them slightly as it suits whatever argument we might all be making. It is probably time, as Dr. Flynn mentioned, for an inquiry. I remember the last inquiry because I covered it for *The Irish Times*. It was in 1995, around the time the *Irish Press* collapsed. It was a different world. Given the issues that we are discussing here today there should be something far more all-encompassing and far more subtle that will look at how we, as a society, are going to carry on having a healthy democracy with a vibrant media that can fulfil the function it is meant to fulfil.

Chairman: The committee is looking at public service broadcasting and opening up an engagement process on that, which might be something that Dr. Foley would like to feed into in the coming weeks. I thank our witnesses for coming in here today. It was a very worthwhile engagement. I appreciate their time. I know the short notice that they were all under in coming in here today and I thank you all on behalf of the committee.

This meeting is suspended for five minutes and will resume in private session. Is that agreed? Agreed.

Sitting suspended at 2.50 p.m. and resumed in private session at 3 p.m.

The joint committee adjourned at 3.20 p.m. until 5 p.m. on Tuesday, 14 February 2017.