

Australia's Rinehart warned not to 'trash' Fairfax

SYDNEY, AUSTRALIA: The world's richest woman was warned yesterday not to compromise troubled Fairfax Media's independence as speculation mounted that News Limited would follow its rival and announce huge job cuts.

Mining magnate Gina Rinehart boosted her stake in Fairfax, which Monday announced 1900 job losses, to 18.67% from 12.58% following a buying spree last week and is the company's largest investor.

Reports in Fairfax newspapers said she had demanded three board seats and wanted to be appointed deputy chairman with the right to make editorial decisions, including hiring and firing editors.

Canberra has previously expressed concern that the tycoon, who has been critical of the government, wanted to build her influence. She is a strong opponent of Australia's mining and carbon taxes.

No right to trash the brand

Communications Minister Stephen Conroy said the company must retain its charter of independence.

"She's entitled to representation, but what she's not entitled to do is trash the brand for all the other shareholders," he told ABC radio.

"She should be aware that that charter is something that the readership of *The Age*, the *Sydney Morning Herald*, believe in, and have supported over many, many years.

"And if she was to directly interfere and breach that charter it would actually lead to a crisis of confidence among the readership, and if the readership deserted, then the share price for every shareholder would decline."

The *Australian Financial Review* said chairman Roger Corbett had offered Rinehart two board seats on the condition that she did not interfere in editorial matters.

Rinehart, who is worth Aus\$29bn (US\$29bn) according to an annual index by *Business Review Weekly*, has been openly critical of Corbett, with the share price plunging more than 85% in the past five years.

Radical overhaul

To address concerns, Fairfax on Monday announced a radical overhaul.

It will see 1900 jobs, or 20% of its workforce, slashed, paywalls erected on its flagship titles and the *Sydney Morning Herald* and *The Age* in Melbourne shifting from broadsheet format to a more compact, tabloid size.

Like media companies worldwide, Fairfax has been hit by advertisers and readers migrating from print to the Internet and its key rival, Rupert Murdoch's News Limited, is set to follow a similar path, reports said.

Murdoch's *The Australian* said on its front page that the company was expected to announce its own restructuring plans as early as Wednesday.

It could see more than 1000 jobs lost, including 400 to 500 in editorial from an editorial staff of 3000, it said.

Source: *AFP* via I-Net Bridge

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