

# Australia: Fairfax Media demands far-reaching job cuts

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11 May 2011

Facing increasing competition from on-line media sources and a tightening market for advertising, Fairfax Media is moving to impose sweeping changes across its operations to shed jobs and slash costs. One of Australia's largest private media companies, Fairfax has announced measures that will destroy another 90 editorial and 260 printing and production jobs, adding to hundreds of retrenchments since the global financial crisis erupted in 2008.

What is happening at Fairfax, which owns 437 publications, 284 websites, 28 radio stations and narrowcast licences and 23 printing centres in Australia, New Zealand and the US, highlights the far-reaching restructuring taking place throughout the global media industry. More than 33,000 US newspaper jobs have been eliminated since 2008, and more than 100 American newspapers were closed down in 2009 alone.

Early last week, recently appointed Fairfax CEO Greg Hywood declared that the company would outsource the sub-editing of news, sport and business articles from its metropolitan flagship publications, the *Age*, *Sydney Morning Herald* and *Canberra Times*, to Australian Associated Press subsidiary Pagemasters, destroying 90 full-time positions in order to cut costs by \$15 million annually. Pagemasters already sub-edits the publications' feature sections, as the result of previous deals struck with the journalists' union, the Media Entertainment and Arts Alliance (MEAA).

Hywood told the media that the "tough" decisions were "necessary to survive". Fairfax had just announced that its earnings for the calendar year to date that were down 4.5 percent on the corresponding period last year and downgraded forecast earnings before interest, tax and depreciation to \$600 million, \$40 million less than last

year. Fairfax's share price fell by 3.8 percent to \$1.14, way down from \$5 in 2007.

Meetings of Fairfax journalists in Sydney and Melbourne last week endorsed a union resolution condemning the outsourcing of jobs, but the reality is that the MEAA is collaborating with the company to impose the cost-cutting being demanded.

The trade union quickly arranged mediation discussions in the Labor government's Fair Work Australia (FWA) tribunal last Friday. The result was that the MEAA joined a 12-person working party with company executives that worked through the weekend to propose an alternative cost-cutting plan. Even before the talks commenced, MEAA federal secretary Chris Warren stated: "It is inevitable some jobs will have to go."

Among the options flagged by the union was an arrangement similar to that recently implemented by Fairfax's major competitor, the Murdoch-owned News Limited, which relocated sub-editing from its suburban publications and some of its daily newspapers to central in-house editing hubs. With the agreement of the MEAA, News Limited staff from outlying areas were forced to travel many kilometres to work, with working conditions described in one media report as "frenzied."

Fairfax also plans to close pre-press operations at as-yet unnamed sites and move them to "regional hubs," and axe as many as 260 printing and production jobs, including at its large plant in Chullora, Sydney. The company is also discussing a proposal with News Limited to share printing and distribution facilities in Australia.

These moves will further decimate printing industry jobs, following the collapse of many longstanding

printing establishments across Australia in the past 12 months, including Worldwide Online Printing, Pettaras Press, Apex Press, Rapid Digital, Paragon Printers Beaver Press and Chippendale Press.

Just like the MEAA, the Australian Manufacturing Workers Union (AMWU), which has thus far remained silent, will undoubtedly collaborate in the Fairfax restructuring. When workers at Paragon Printers, located in Wodonga, mounted a week-long picket line in March last year, the AMWU isolated them and then struck a sell-out deal with the administrators.

The unions are intent on preventing any struggles against the destruction of jobs, which could win support throughout the working class and trigger similar action in other affected industries, including motor vehicles, oil refining and airlines.

A series of factors is particularly impacting on the traditional media globally, including the growing challenge from digital platforms and online advertising. Fairfax's high-profile metropolitan masthead publications, formerly renowned for delivering "rivers of gold" via display and classified advertising, now account for just 20 percent of the group's newspaper, digital and radio earnings.

There is also a sharp decline in corporate advertising overall due to the ongoing stagnation in consumer spending since 2008. According to the latest indications from the Australian Bureau of Statistics, retail sales fell 0.5 percent in March, including a 3 percent plunge in spending at department stores. Retail ads account for a fifth of Fairfax's remaining advertising revenue.

Property advertising has been in decline as well, due to the tenuous state of the housing market, which has been hit by rising interest rates, tightening bank credit and unaffordable prices for first home buyers.

Last December, the MEAA itself estimated that some 700 journalist jobs had already been eliminated in metropolitan newspapers across Australia since 2008. Fairfax has been prominent in this process, axing 550 jobs in 2008, with about 30 percent coming from the editorial staff at the *Age*, *Sydney Morning Herald* and the *Sun Herald*. That was the fourth round of downsizing at Fairfax in four years. After limiting and then shutting

down industrial action, the MEAA made a deal to accept the job cuts in exchange for a minuscule pay increase.

While the moves by Fairfax and the Murdoch empire to combine printing operations may strike problems under Australia's competition laws, the Gillard government will undoubtedly bend over backwards to accommodate the demands of the media giants.

In fact, the restructuring of their operations—designed, as Hywood stated, to "improve efficiency", "deliver ongoing cost reduction" and "flexibility"—is fully in line with Labor's pro-business agenda to assist big business to become more "internationally competitive" at the expense of the jobs and conditions of workers.

Moreover, through its draconian Fair Work industrial legislation—which outlaws strikes except during enterprise bargaining—Labor has given employers like Fairfax the go-ahead to downsize and implement speedup and other measures to drastically drive up productivity.

Among the Labor government's most trusted lieutenants are the MEAA and the AMWU, each of which has a long track record of policing the demands of employers. Media and print workers need to consider the implications of this relentless process of forcing the working class to pay the cost of the crisis produced by the profit system in all aspects of economic and social life, including the mass media.

A socialist perspective is needed to guide a unified political struggle by print and media workers, and the working class as a whole, against not only the employers but also the Labor government and its union enforcers. That struggle is inseparably bound up with the fight for a workers' government that will place all the key industries, including media and communications, under social ownership and the democratic control of working people.



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