

Murdoch's News Ltd intensifies media restructuring in Australia

Mike Head
21 June 2012

News Ltd, a Murdoch media outlet, yesterday stepped up the pace of job destruction and restructuring in the media industry in Australia and worldwide. It unveiled a far-reaching re-organisation, shifting its axis away from newspapers to pay-TV and digital publishing, while refusing to disclose how many retrenchments would be involved.

Confronted by sharply falling advertising revenues, and under pressure from the financial markets, the Murdoch media is slashing its Australian workforce and decimating its local newsrooms.

News Ltd yesterday announced it would fold its newsrooms in each Australian state into one per capital city, reduce its east coast operations from 19 divisions to five, and “recast and redirect” the company in favour of digital and pay-TV operations. Journalists would also be placed on seven-day rosters.

Further substantial job losses are certain among journalists, photographers, printers and other media workers, on top of the 1,900 redundancies announced by rival Fairfax Media just two days earlier. News Ltd CEO Kim Williams said retrenchments would follow but claimed he could not put a figure on them. Analysts estimate that the job cuts will exceed 1,000, including up to 500 of the 3,000 editorial staff. These job losses are doubly devastating because between them, Fairfax and News control nearly every newspaper in Australia.

Williams claimed that unlike Fairfax—which is shutting its two main printing plants, reducing its two flagship papers, the *Sydney Morning Herald* and the *Age*, to tabloids and foreshadowing their eventual closure—the print media remained integral to News

Ltd's business plan. In reality, the measures include an unspecified number of redundancies among print workers. This job destruction will only worsen as the Murdoch organisation continues to shift away from its loss-making newspapers to seek new revenue streams.

Williams unveiled a \$A1.97 billion offer for James Packer's Consolidated Media Holdings in a bid to strengthen Murdoch's dominance in Australian pay-TV. If the takeover is approved by corporate regulators—which seems almost certain—News Ltd will gain complete ownership of Fox Sports Australia and 50 percent of Foxtel. In an effort to boost its digital presence, News Ltd has also bought the *Business Spectator* and *Eureka Report* investment websites.

These developments are far from being national in scope or character. Similar sweeping restructurings are being imposed internationally, with scores of major newspaper closures and thousands of sackings. The corporate media industry is being wracked by the deepening global economic crisis and falling household spending, compounded by vast technological transformations.

News Corporation, the world's second-largest mass media corporation, in terms of revenue in 2011, has been in the forefront of this assault. Cable TV networks already provide 60 percent of its income. Over the past decade it has inflicted a wave of takeovers, closures, mergers and retrenchments, including at its most prominent mastheads, such as the *New York Post*, the *Wall Street Journal* and the *Times* of London, not to speak of last year's shutting down of the British *News of the World*.

The Murdoch group's financial woes suddenly

worsened when the phone-hacking scandal erupted last July, sending News Corp's share market value plunging by \$US8 billion. The collapse was eventually stemmed by a \$2.5 billion share buy-back scheme, which was doubled to \$5 billion this May. In May's quarterly results, the group's 15 percent or \$111 million gain in profit from the cable division led by Fox News, FX and Asia's Star TV was outweighed by a further \$63 million in legal and other charges from the hacking affair, and a \$31 million quarterly decline in publishing profits.

These pressures have extended to Australia, despite government and media claims that the national economy is uniquely sheltered from the global financial storm. Earlier this year, News Ltd said it expected the full-year results of its Australian businesses to be down "around \$100 million" because of a further 9 percent plunge in print advertising throughout the industry this financial year.

The Australian Labor government immediately indicated its support for News Ltd's restructuring, just as it did for the Fairfax downsizing. Communications Minister Stephen Conroy today said he saw no regulatory obstacles to the takeovers, adding that he would bet that the country would have no weekday newspapers within five years.

Likewise, the trade unions endorsed News Ltd's moves. The Australian Council of Trade Unions (ACTU) joined its Media Alliance affiliate in praising the management for pledging to consult with the unions about its planned layoffs. ACTU secretary Dave Oliver said: "News has indicated that they'll be fully transparent and engage the workers and the unions along the way, so we welcome that."

The unions are doing everything they can to prevent any outbreak of opposition among their members to the wholesale retrenchments and carve up taking place throughout the media industry. The Media Alliance, which covers journalists and other editorial staff, signalled its readiness to enforce sackings, merely asking News Ltd to use so-called voluntary redundancies "in the first instance."

News Ltd's takeovers will further concentrate the

monopoly held over the mass media by a handful of corporations. Mining magnate Gina Rinehart is also moving to take control of Fairfax. This week she took advantage of the company's 85 percent share price collapse over the past five years to raise her shareholding to nearly 20 percent and demand editorial control, as well as three board positions.

Deakin University journalism professor Martin Hirst told the Fairfax press: "It's another step in having only two media companies in Australia and the frightening prospect of one being controlled by Murdoch and one being controlled by Rinehart. It's Citizen Kane and the mining magnate. We're seeing capitalism at its rawest. The biggest fish eat the smaller fish."

In truth, these processes go far beyond Australia and the media industry. Backed by governments around the world, including the Labor administration in Canberra, global capitalism is being restructured, at the expense of the working class and basic democratic rights, amid the greatest economic breakdown since the 1930s. This onslaught can be fought only with a socialist perspective, which includes placing the mass media companies under democratic workers' control and public ownership, as part of the transformation of society to meet the needs of all, rather than satisfy the profit requirements of the corporate elite.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact