

Australia: Nine-Fairfax Media merger threatens jobs

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3 August 2018

Nine Entertainment and Fairfax Media, two of Australia's largest media organisations, announced last week a \$4 billion merger. The deal—being described as one of the most significant changes in Australian media over several decades—must still be ratified by shareholders and federal competition authorities.

The agreement foreshadows sweeping cuts to jobs and conditions at Fairfax. While it has been presented as a merger, many Fairfax staff members have noted that it is effectively a takeover, with the new entity set to drop the Fairfax name and adopt Nine's branding.

The deal marks a new stage in a protracted restructuring of corporate media organisations, dictated by the financial elite. It follows years of cost-cutting at Fairfax, designed to make the company attractive to a potential buyer amid declining newspaper sales and increasing market pressures.

The proposed takeover has been facilitated by decades of legislative changes by successive Labor and Liberal-National governments, enabling unprecedented concentration of media ownership.

A Fairfax reporter told the WSWS that employees were only informed of the planned merger by email on July 26, at the same time it was publicly announced. He said the news had left Fairfax employees "in shock" and "upset" at not being consulted beforehand.

In comments to the media last week, Nine CEO Hugh Marks refused to rule out "consolidation" of editorial positions within the merged organisation, i.e., sweeping job cuts targeting journalists. He foreshadowed sackings of office workers and other staff, declaring that the agreement would facilitate the "de-duplication of back office functions."

Marks and Fairfax CEO Greg Hywood both signalled that the deal would involve widespread cost-cutting, aimed at saving up to \$50 million in two years. Marks

stated that this was, "all about ensuring that this business has the resources, the revenue model and the revenue mix that go to be able to fund what needs to be funded because content ain't cheap."

Executives of both companies have indicated that the new entity will invest in digital platforms, such as Fairfax's Domain real estate website, and the Stan streaming service, currently jointly owned by Nine and Fairfax, both of which are major sources of advertising revenue. The inevitable corollary will be cuts to print publications and investigative journalism that does not yield sufficient financial returns.

The Fairfax journalist who spoke to the WSWS said there were fears that Fairfax's 160 regional newspapers "could just go" once the new entity was established. In many instances, they were the "only source of information" in regional and rural areas. They were already "operating on very tight budgets and probably wouldn't offer the same scale of advertising" as larger newspapers in the company.

The journalist also noted that while the merged entity might retain Fairfax's mastheads, including the *Age*, the *Sydney Morning Herald* and the *Australian Financial Review*, for some time, "a future board may turn around and close them, especially if the newspapers become marginal and advertising revenue declines."

In a sign of what is to come, the merger was preceded by an announcement this month that Fairfax and Murdoch-owned News Corp publications will begin sharing printing facilities. The agreement will result in the destruction of at least 100 printing jobs.

Fairfax is also negotiating a new enterprise agreement covering staff across the country. Management has reportedly pushed for cutbacks to leave allowances and payments, and marginal wage increases, as low as 2 percent per annum—well below the rising cost of living.

The Media Entertainment and Arts Alliance (MEAA), which covers media employees, issued toothless denunciations of the merger. At the same time, the union signalled it will help implement the cuts, calling only for them to be realised through “back office rationalisation” and the “trimming” of executive pay.

The MEAA has prepared the ground for the effective takeover by enforcing years of sackings and cuts to conditions.

In May 2017, the union shut down a seven-day strike of Fairfax employees called in opposition to the company’s announcement of 125 sackings. The MEAA subsequently facilitated the job destruction, which was followed by talks between Fairfax management and TPG, a private equity firm, for a takeover that did not eventuate.

The MEAA previously oversaw the destruction of 160 positions at Fairfax’s regional newspapers in 2015–16, and the shutdown of print facilities in 2014. It also imposed 80 editorial job cuts that year, following the gutting of 1,900 editorial and print positions in 2012, 90 jobs in 2011, and 500 editorial roles in 2008.

The record underscores that the defence of journalists’ and media workers’ jobs requires a complete break with the MEAA.

The union has sought to channel widespread anger over the sackings into support for Labor, a party of big business which has overseen attacks on jobs, wages and conditions, when in office at the state and federal levels.

The MEAA has claimed that the merger is solely the result of the Liberal-National Coalition government’s changes to media legislation last year. These amendments removed previous restrictions on any media company or individual owning two out of three media platforms in radio, print and television, across a single licensing area.

The changes, however, only deepened a protracted concentration of media ownership, presided over by Labor and Coalition governments alike. When Labor was in government in 2012, the Finkelstein inquiry found that “Australia’s newspaper industry is among the most concentrated in the developed world.”

A 2016 report by IBIS World, a market research firm, estimated that News Corp Australia, along with Fairfax Media, Seven West Media and APN News and Media, took more than 90 percent of total newspaper revenues

over the previous financial year.

The MEAA has also sought to present Fairfax as a bastion of an independent press, contrasting it with Murdoch-owned publications.

In reality, Fairfax journalists are under ever-greater pressure to promote the line of the political establishment on every question. In the most recent example, Fairfax publications have played a central role in a McCarthyite campaign, alleging, without any evidence, a far-reaching Chinese government plot to dominate Australian politics, business and virtually every aspect of social life.

The media witch-hunt paved the way for draconian “foreign interference” laws, jointly pushed through federal parliament in June by the government and the Labor Party opposition. The legislation is aimed at creating the conditions to illegalise anti-war activities and organisations, and cracking down on whistleblowers and publications, such as WikiLeaks, that expose war crimes, diplomatic intrigues and government wrongdoing.



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