



**Tuesday, August 26**

**From Don Churchill**

**Chief Executive & Publisher - Vic Metropolitan & Community Publishing**

As you would be aware, David Kirk, our Chief Executive Officer, and Brian McCarthy, Deputy CEO, have made an announcement this morning advising of a major restructure of our business.

The restructure will take effect immediately, and I want to go through what this means for our staff at *The Age*, and for our business.

*The Age* has succeeded, where many metropolitan papers around the world have failed. We have strong circulation, strong readership, strong online audience and we have remained true to our core strategy of quality news and information.

As media has changed, the job of putting out our newspaper has changed – and it will inexorably continue to change. What would produce a solid financial return yesterday will not do so tomorrow. In the release of our annual results, you would have noticed that the metropolitan mastheads' financial position has declined.

Therefore, to ensure the continuing productivity and growth of *The Age* in both a financial sense and as a business model to truly support us becoming an integrated media company, we are now moving from a transition of our business into a transformation of our business.

The key elements of our transformation of the business are as follows:

1. Continue with *The Age's* strategy of high quality, independent news and information.
2. Secure a sustainable financial position for our print business, restructuring the cost base to meet the new media business model.
3. Speed up media integration.

The restructure will target savings in the following three areas, which will be managed throughout the business in the next six to eight weeks:

Firstly, we will adopt initiatives to significantly reduce costs. This will include a deferral of wage reviews for senior management, a reduction in our overall marketing spend, a refinement of our interstate newspaper sales program, a reduction in fringe benefits such as taxi use, parking and canteen subsidies. We will aggressively look at all areas of discretionary spending.

Secondly, we will reduce staffing levels via redundancy programs following reviews of operating and support processes in all departments, on the corporate and business side as well as editorial. The redundancy program



involves a significant change in the way we currently operate across The Age company. We will address productivity and efficiencies through greater sharing of resources within Fairfax Media. We will streamline our publishing and production practices and will outsource elements of our operations that will not impact our quality position. Specific details will be advised by your department manager. We will be meeting with the unions to discuss the program.

Finally, there will be a corporate or head office restructure of departments including: IT, Finance, HR, and Legal. The restructure will mean a reduction of roles in these areas as well as the management of many of these functions being returned to *The Age*.

I am committed to communicating to you, as often as possible, the progress of this transformation program. All of these initiatives will be discussed by the senior executive team with those affected, and the next steps outlined.

This is a difficult yet necessary step for *The Age*. It is a significant undertaking. It's a transformation of our business. It won't be easy. It's in all our interests that we do this professionally over a short period of time. We will get through this, and we will focus on supporting the people affected by this announcement and we will also focus on keeping *The Age* strong through and beyond this transformation.

**Tuesday, August 26**

**From Lloyd Whish-Wilson**  
***Chief Executive & Publisher, NSW & ACT Metropolitan Publishing***

Many of you will now be aware of the Chief Executive Officer's announcement to the Stock Exchange earlier this morning of Fairfax Media's planned restructuring.

The Sydney Morning Herald and The Sun Herald will be affected by the restructure in a number of ways. We will take responsibility for some services, and areas of our operations will also change. This process has already started in Publishing Services; in Marketing and Newspaper Sales, and in Advertising.

Below is an outline of the changes planned within The Sydney Morning Herald and Sun Herald editorial departments.

#### **RESTRUCTURE TO SEVEN DAY ROSTER**

The process of bringing the Sydney Morning Herald and The Sun Herald together in a roster across seven days will start immediately. The seven day roster will mean that while some reporting and production staff may be dedicated to The Sun Herald, all staff will be expected to work across both mastheads if assigned. The duplication of resources on some assignments, such as sporting events, will end. Reporters on distant assignments will be expected to file for The Sun Herald or The Sydney Morning Herald as a matter of course.



Editorial management and HR immediately will begin working through the issues that will arise, with the aim of having the roster in place for implementation in October.

### **PRODUCTION CHANGES**

The layout and sub-editing of some sections and special reports will move to the production company Pagemasters. This will enable us to reduce the current extensive reliance on casual editorial production staff. The sections and special reports involved will be decided over coming weeks. All editor and content responsibility will remain with the relevant section editors. Senior editorial executives will work with Pagemasters to ensure a smooth transition of the work.

Pagemasters has produced a variety of page-ready material for our mastheads for more than a decade, and this represents an extension of that arrangement. We believe that it has a proven record in terms of quality and efficiency. Through its shareholding in AAP, Fairfax Media has a 46% shareholding in Pagemasters.

### **PROCESS REVIEW**

We will also conduct an urgent review of our current editorial production processes, with the aim of streamlining operations. Currently our productivity in this area compares poorly when benchmarked against other newspapers. The review will be conducted in a short time frame, and we will move quickly to implement recommended changes.

### **VOLUNTARY REDUNDANCY PROGRAMME**

The planned changes, combined with the need to address structural issues will result in the need for some redundancies. Until a new EBA is signed, there are additional tax advantages for some staff members taking a redundancy. Full details of these can be obtained from Human Resources. We will call for redundancies as soon as practical following consultation with the MEAA. These will be invited across all areas. The company will, of course, retain the right to refuse any application.

### **EDITORIAL MANAGEMENT**

Through the implementation of these changes, Group Executive Editor Phil McLean will act as Editor-in-Chief, allowing Alan Oakley and Simon Dulhunty time to continue to lead their mastheads. The secondment will be for a maximum of one year. Phil will work closely on the implementation with Alan and Simon and their senior executives, together with HR staff and myself.

Alan, Simon, Phil and I will form the implementation management team. Phil will also continue to perform duties as Group Executive Editor, reporting in that role through to CEO David Kirk.

These are major changes for our mastheads. The aim in all measures is to protect quality and content while creating efficiencies and opportunities for us to better deal with the forces affecting us. They are concurrent with structural changes in other departments and services within the Heralds in a masthead-wide review.

I am confident that, working together, we will be able to take the necessary steps to maximise the health of our business, while at the same time preserving the high standards that our readers and advertisers expect from our mastheads.