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To: FRG-AFR Editorial

Subject: Message from Michael Stutchbury, Paul Bailey and James Chessell

Organisation structure and The Australian Financial Review

Everyone will have seen last week's announcement from Greg Hywood about the Fairfax organisational restructure. While this is a big organisational change, it will largely be business as usual for Financial Review editorial, especially compared to the changes in commercial. In editorial we should all continue to focus on the very good jobs we are doing.

Under the changes, the Financial Review, BRW and Smart Money and most associated publications come under the Business Media unit, headed by Brett Clegg, within the Australian Publishing Media division. That is, we will be part of a bigger publishing group that will gather together the most credible journalism in Australian business media, including Business Day.

The details of how this and a few other changes work in practice are still being determined. But, again, for the great bulk of us, it will be business as usual. The existing mastheads and brands will continue to concentrate on serving their respective audiences.

It is natural for changes such as this prompt some uncertainty. But we want to take the opportunity to restate the role and mission of The Australian Financial Review, partly in light of some unfounded and frankly naive criticism.

The various mastheads in the Business Media unit - be they the AFR, BRW or Business Day - all have their own cultures and target audiences. This is a good thing and part of the diversity of the independent journalism championed by Fairfax Media.

The Financial Review takes a starting position that business, competitive markets and individual enterprise are the fundamental drivers of a prosperous and good society. But this fundamental precondition necessarily also requires the accountability provided by the sort of vigorous and independent journalism pursued by all the mastheads under the Fairfax banner.

For the Financial Review, this means continuing our six-decade history as Australia's premiere business, finance, investment and national affairs publication. While we are a broad church of grown-up voices, the core mission is one of independent reporting, analysis and commentary.

Our tradition of independence and our hunger for news strengthens our credibility even though it brings us into robust discussions with many of those in the corporate world whom we write about, including in recent times Macquarie, NAB, Ten, Woolworths, Coles, QBE, Whitehaven, Fortescue, BHP Billiton, Mirvac and UBS. Financial Review stories prompted a Qantas director to resign last month, prompted the NSW government to appoint an independent panel to oversee Crown's application for a new casino project in Sydney and did most to expose the regulatory gaps behind the Banksia failure.

The Financial Review remains the leader of long-form and investigative business journalism. After being the first to blow the whistle on Eddie Obeid, we were the first to seriously report BHP's shift in corporate strategy that ended in the departure of its CEO, went deeper than anyone into the compliance crisis within Macquarie, generated a compelling 5000 word account of the problems at Ten, sent a reporter to Mozambique to reveal to the world the Rio Tinto stuff up that cost its CEO his job, broke new ground in chronicling the rise and fall of Nathan Tinkler, incurred the wrath of our

main corporate competitors over the News TV piracy revelations, waged a campaign to overturn federal government suppression of details concerning billions of dollars of taxpayer subsidies to car companies and of course revealed the extraordinary world of David Walsh and his punters' club in an investigation that spread over more than a year.

Because we are a business-based national publication, we vigorously pursue issues of interest to our business audience, including workplace regulation, the economy's high cost base and excessive regulation.

At the same time, our news breaking focus - which, for example, forced Fortescue to suspend its shares during the slump in iron ore prices - is contributing to the strong growth in our digital audience, which has just cracked the one million monthly unique viewer mark. The key test is that more people are prepared to pay sizeable amounts of money to read what we write. We should be proud of our professionalism and, according to the evidence, the unsurpassed regard in which we are held by readers of business and finance news.

Michael Stutchbury, Editor-in-chief

Paul Bailey, Editor

James Chessell, Deputy Editor (Business)

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