

From: Stephen Jones (NSW)
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BUSINESS

16. More questions than answers around Lachlan Murdoch's interests

[Stephen Mayne writes:](#)

CHANNEL TEN, LACHLAN MURDOCH, NEWS LTD, RUPERT MURDOCH

Last Monday, *The Australian's* veteran media columnist [Mark Day revealed](#) Lachlan Murdoch's growing influence over News Limited and how he was poised to replace his father as non-executive chairman of News Ltd.

On Wednesday, *Crikey* [pointed out](#) this disclosure of influence may put Lachlan in breach of Australia's cross-media ownership laws, such that rather than getting a News Ltd promotion ACMA might force Lachlan to resign from the News Corporation board altogether. Rounding out another action-packed week for the Murdochs, on Friday Lachlan was appointed non-executive chairman of Network Ten, just six weeks after finishing a 10-month stint as acting CEO.

Day has long been close to axed News Ltd executive chairman John Hartigan, who had fallen out with Lachlan, so last Monday's column was widely interpreted as reflecting Hartigan's view that he'd been boned to give Rupert's eldest son renewed influence over News Ltd. Lachlan is said to be close to Hartigan's replacement, Kim Williams, and the two were [seen chatting](#) at Dame Elisabeth Murdoch's 103rd birthday celebrations in Melbourne last Wednesday.

Given Williams has spent the past decade as CEO of Foxtel fighting pitched battles against the free-to-air networks, [Lachlan's elevation](#) to the chairmanship of Ten last Friday clearly complicates any formal return to News Ltd. For instance, Lachlan's older sister Elisabeth also attended her grandmother's birthday last Wednesday, which makes [this explanation](#) of family voting dynamics by Murdoch biographer Michael Wolf even more relevant:

"Rupert's oldest son Lachlan, once the presumed heir and now a sullen presence in Australia, fights with his brother and is most closely aligned with his sister Elisabeth. Their older half sister, Prudence, is aligned with James. Ultimately, they will have four votes between them when it comes to running the company -- with no tie-breaking mechanism."

Now that News Corp has bought Elisabeth's television production business Shine and put her in charge on a salary of almost \$US2 million a year, the conflicts of interest around Lachlan's 9% stake and chairmanship of Ten become untenable. After all, Foxtel -- 25% owned and 100% controlled by News Ltd -- is currently attempting to buy Austar for \$1.9 billion to create an Australian pay-TV.

So who will Elisabeth Murdoch do programming deals with on shows such as *MasterChef* and *The Renovators*? Her brother's television network or Foxtel?

When it comes to influencing News Ltd, Lachlan has been known to complain directly to *The Australian's* editor-in-chief Chris Mitchell about media coverage related to him and Ten, so it must have been an uncomfortable week for Day. Not surprisingly, he produced a [clarifying column](#) in today's *Media* section pointing out all the

legal reasons ACMA would not allow Lachlan to become non-executive chairman of News Ltd. It included the following insights:

"Lachlan Murdoch's acceptance of the board chairmanship at Network Ten will preclude him from taking the chairmanship of News Limited because his shares in Ten are still stapled together with James Packer's.

"Ownership provisions of the Broadcasting Services Act state that individuals or companies may not be in control of more than two out of three media platforms -- radio, television and newspapers. Under the act, being a director -- even the chairman of directors - does not imply control.

"Under revised ownership rules implemented by the Howard government in 2007 a person is deemed to be in control of a media company if he or she owns more than 15 per cent of the company's shares.

"But control can also be exercised by a person with less than 15 per cent equity if that person is in a position to significantly influence programming, operations or is associated with a person who is in control."

So there you have it. Surely last week's column by Day revealed Lachlan was significantly influencing News Ltd's operation courtesy of lobbying his father to sack Hartigan and install Williams as CEO. And while Lachlan himself doesn't personally control more than 15% of the voting stock in News Corp, he shares both a voting and inheritance interest in the 39.7% voting stake controlled by Rupert and his four adult children.

Given Lachlan's intra-family factional alliance with Elisabeth, the potential for control is heightened.

For mine, ACMA executive chairman Chris Chapman and the [six other commissioners](#) or part-time members -- Chris Cheah, Jennifer McNeill, Reg Coutts, Louise Benjamin, Hugh Marks and ACCC chairman Rod Sims -- have some serious issues to consider when they next gather in Sydney for an [all-day meeting](#) on February 23.

Communications Minister Stephen Conroy, who has accused News Ltd and the Murdoch family of abusing power by attempting to impose premature "regime change" on Australia's democracy, has appointed all of the ACMA members and gave Chapman another five-year term in 2010.

It is not clear from this [organisational chart](#) which of ACMA's senior managers would have carriage of this issue, but communications chief Tom Burton, a former Labor staffer and veteran Fairfax journalist with a long record in resisting media concentration, would certainly be involved.

Send your tips to boss@crikey.com.au or submit them anonymously [here](#).

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