

Kerry Stokes wins battle for the West Australian newspaper

Tony Barrass | *December 12, 2008*

SEVEN Network chairman Kerry Stokes has finally snared the elusive West Australian newspaper after a problematic and expensive chase, becoming the third hometown billionaire behind Robert Holmes a Court and Alan Bond to seize control of the troubled Perth daily.

After last week's boardroom collapse that saw the departure of former WAN chairman Peter Mansell, chief executive Ken Steinke and two other directors, Mr Stokes, 68, was yesterday unanimously elected as chairman of West Australian Newspapers Holdings Limited.

And in what West Australian Premier Colin Barnett described as a surprise, two of the state's most respected businessmen, Woodside's Don Voelte and Rio Tinto's Sam Walsh, were appointed to the board.

The development puts enormous pressure on editor Paul Armstrong, who Mr Stokes recently described as being "in conflict with everyone".

Mr Stokes, his deputy, Peter Gammell, and new chief executive, Chris Wharton, visited Armstrong in his Herdsman office yesterday morning where the four spoke for more than an hour behind closed doors.

When asked whether Armstrong's career at the paper was over, Mr Stokes told ABC radio late yesterday that it was up to Mr Wharton. Mr Stokes said he wanted The West Australian to be a paper that "more people wanted to read", adding that "in the last few months I've seen it heading in that direction".

"He (Armstrong) told us some of his ideas and I thought some of them were quite sound," Mr Stokes said. Asked whether he was throwing the embattled editor a lifeline, Mr Stokes replied: "No, no, absolutely not."

He reaffirmed that Armstrong's survival rested solely with Mr Wharton, a former newspaper executive who became general manager of Seven Perth, now the highest rating television station in the country.

Mr Wharton would not comment on Armstrong's future.

He told The Australian that he was "very privileged and honoured" to be appointed WAN chief executive, but would not expand on his plans.

Mr Wharton, a well-connected newsman with a knockabout manner, has been given a one-year \$700,000 contract and will start on Monday.

Sources say Mr Wharton is no fan of Armstrong and is appalled at the paper's arrogant attitude and mean-spiritedness, characteristics that have alienated it from its dwindling readership and community base.

As reported by The Australian on Monday, one of Mr Wharton's first missions is to negotiate a deal with newsagents and distributors who have taken Supreme Court action against the paper over a pay dispute.

Mr Stokes said the days of the newspaper not being "engaged in the community" were over.

"We are not going to be at war with our readers," he said.

The new WAN board now consists of Mr Stokes, Mr Gammell, Mr Voelte, Mr Walsh, Australia Post managing director Graeme John and former News Limited executive Doug Flynn.

Mr Barnett welcomed the appointment of the new directors. "They are extremely competent people, both Don Voelte and Sam Walsh," he said.

"I must say, I was a little surprised that they took on positions on the board of the state's major newspaper. Whether that's a long-term or a temporary arrangement, I'm not sure."

He declined to elaborate.

WAN shares dropped more than 4 per cent to \$4.55 on the announcement.