Google boss: Publishers must think outside square

ELLIOT SPAGAT
SAN DIEGO

GOOGLE's chief executive told newspaper publishers yesterday they should continue to rely on advertising but look for new ways to reach their readers.

Without providing specific remedies, Eric Schmidt urged publishers to focus on mobile technology and the development of new platforms for delivering news.

Mr Schmidt said there was still room for subscription and pay-by-the-piece journalism but he highlighted advertising, the source of 98 per cent of Google's revenue thanks to success in matching ads with a user's search terms and other key words.

"The important thing is that advertising that is useful is going to work," he said.

Mr Schmidt commended newspapers for staking claim on the internet in the 1990s, but said there wasn't a second act. He said news websites take too long to read – even slower than flipping through a newspaper or magazine – a shortcoming that can be addressed by improving technology.

"At Google we are working hard to address the technological questions," Mr Schmidt said. "We don't have any answers here."

He said technology for reading news on devices like mobile phones must ultimately be as pleasant as reading a magazine.

"From my perspective, the online experience can be thought of as terrible compared to what I view as this wonderful experience with magazines and newspapers," Mr Schmidt said.

His remarks came before an audience whose businesses have plummeted as the recession compounds a decline in print advertising that began with the shift of some advertising to free or low-cost alternatives online.

Mr Schmidt said he was deeply concerned about the decline in quality journalism but had no easy answers for the industry's woes.

His words came as The Associated Press announced a news industry initiative to track down copyright violators on the internet and try to divert traffic from websites that don't properly license news content.

WARNING: Eric Schmidt.

OPTIONS: Sue Craig yesterday . . . "we can't predict what's going to happen". Picture: SARAH REED

Cutting cloth to suit customers

VALERINA CHANGARATHIL

LOCAL manufacturing is expected to get a boost with Solarsuit founder Sue Craig offering retailers the option to place smaller job orders to cater to slowing demand.

Retailers have been hesitant to place bulk overseas orders due to tighter credit and softer demand, and fear their money will be tied up in huge unsellable stock.

However, the Lonsdale-based protective clothing manufacturer – which makes 30 per cent of its products here through subcontractors and the rest in China using Australian fabrics – says its offer to make as little as 50 units per style provides retailers with a "recession-proofing alternative".

Retailers can benefit by ordering Solarsuit's range of swimwear and sun protective clothing in smaller batches, with fast delivery times to fund more promotion and generate more sales.

"With the economic climate like it is, we can't predict what's going to happen," Ms Craig said.

"I know there are many retailers who would like to support our local clothing and textile industry, and this could be the season that makes it possible," she said.

Historically, many buyers turned to off-shore production to keep outlets commercially viable, and Solarsuit made this decision two years ago.

"Chinese manufacturing is here to stay but is reduced because of the crisis. We made the move to keep up with economic realities.

"The industry is being eroded year after year because there is no level playing field with lower tariffs," Ms Craig said.

The Australian textiles, clothing and footwear manufacturing industry records an annual turnover of around $US7 billion with a direct workforce of some 80,000 Australians.

Resource firms still a target

CAMERON ENGLAND
CHIEF BUSINESS REPORTER

Cameron England speaks to Andrew Shearer. Watch the video.
adelaidenow.com.au

CHINESE investors remain interested in South Australian resources and resource companies, and could be looking to pick up bargains at the low point of the economic cycle, Taylor Collison analyst Andrew Shearer believes.

But the recent decision by Treasurer Wayne Swan to knock back Chinese company MinMetals' takeover of OZ Minerals, because its Prominent Hill mine lies within the Woomera Prohibited Area in South Australia, did the state no favours, he said.

Mr Shearer said there was still a lot of interest from Chinese investors across most metals, excluding precious metals and gold.

"We've actually seen a renewed interest in South Australian resource projects over the past few weeks," Mr Shearer said.

"They do realise that the current downturn, especially in base metals, is precisely that – it's a current downturn.

"One of the advantages of the Chinese investor is that they do have a long-term perspective."

Mr Shearer said the Treasurer's decision to block the MinMetals deal – because of the location of Oz Minerals' Prominent Hill mine in the Woomera weapons testing range – did not get a lot of press coverage in China, according to his contacts, and probably did not do Australia's reputation much harm.

"If a trend starts to form of a lot of deals getting knocked back, then it will become a concern," he said.

"For South Australia, yes it is a problem for projects inside of that area. It has now set a precedent and I know that the South Australian Government is trying to work to address that perception."

A forum hosted by the University of Adelaide's Confucius Institute and Institute for Mineral and Energy Resources last night explored the issue of Chinese investment in the Australian resources industry.

Speakers included former Australian treasurer and director of Government Relations Australia, John Dawkins, the head of the university's School of Economics, Professor Christopher Findlay, and Andrew Stoler, executive director of the University's Institute for International Trade and senior adviser to the Shanghai and Shenzhen World Trade Organisation Affairs Centres.

Retain heritage in our shopping strips

SARAH MARTIN

ADELAIDE needs to reinvigorate its suburban shopping strips, developer Steve Maras has said.

Mr Maras says developers in Adelaide had tended towards demolition rather than the redevelopment of older shopping strips.

His SA company, the Maras Group, recently completed renovations on Guster House in Fullarton – an art deco shopping strip built in the 1930s.

"In Adelaide, with this type of strip shop building most developers aren't prepared to make the effort to refurbish an older style building – they see it more as an opportunity to redevelop the site," he said.

He said customers were moving away from the larger generic shopping complexes towards main road shops, particularly in inner city areas. "On the main roads leading out of the CBD there are a number of buildings we can bring back to life," he said.

AMF moves to buy back trust units

MEREDITH BOOTH

BENDIGO and Adelaide Bank subsidiary Adelaide Managed Funds has launched an on-market buyback for units in its listed entity AMF Asset Backed Yield Trust, after the regulator blocked a $174 million takeover offer by the bank.

Units in the trust fell dramatically in response to the announcement, falling 22 per cent, or 34c, to $1.19.

AMF directors said a buyback was the most appropriate form of capital management in light of a blocked bid.

It would use cash derived from the repayment of principal from its investment portfolio, an estimated $8.2 million over the next 12 months, to finance the buyback.

AMF chairwoman Jenny Dawson said up to 10 per cent of the issued funds could be bought back over the next year and expected overall yield for unitholders to increase as a result.

TOTE sale to attract international bids

TREVOR CHAPPELL

THE proposed privatisation of Tasmania's state-owned betting agency is expected to attract domestic and international gambling operators.

The Tasmanian Government has tabled legislation in its parliament for the sale of TOTE Tasmania, which conducts totalisator wagering in the state.

TOTE Tasmania has an annual turnover of $750 million – growing at 50 per cent a year. Annual earnings before interest, tax, depreciation and amortisation are about $30 million.

Citi analysts said in a research note TOTE Tasmania was valued at between $210 million and $240 million.

The most likely bidders were British-based Betfair and Australia's Tabcorp Holdings and Tatts Group.

TOTE Tasmania chief executive Craig Coleman said yesterday the proposed reforms would give Tasmania the most competitive wagering tax and licensing regime in Australia.