

**THE CLAWS ARE OUT**  
SEX, EQUALITY AND ROCK'N'ROLL  
METRO



**LEAGUE'S PERFECT ROLE MODEL**

SPORT Page 29



**HE WAS A PRINCE**

**BOB ELLIS ON ALEX BUZO**

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## US buyer wants Coles in its basket

Michael Evans

COLES MYER is likely to fall into foreign hands in what is shaping as the biggest corporate takeover in Australian history, valued at more than \$16 billion.

A group of US financiers, believed to be led by the private investment firm Kohlberg Kravis Roberts & Co, is understood to be behind an approach to the retail giant, founded in 1900.

A successful bid for Coles Myer, valued at nearly \$15 billion, would easily top BHP's \$9.2 billion buyout of WMC Resources last year. It would be one of the world's 10 biggest corporate takeovers.

The deal would see one of the country's biggest employers - with nearly 200,000 staff in more than 2000 shops from Coles supermarkets to Kmart and Target - fall into foreign hands.

Private equity firms such as KKR in New York traditionally buy companies with a view to cutting costs aggressively to maximise their returns when they quit the business in three to five years. KKR boasts that in its 30 years of business it has turned \$US26 billion into more than \$US68 billion.

Last year it bought the American toy retailer Toys "R" Us for \$US11.3 billion.

Coles Myer confirmed yesterday "it had been approached on behalf of parties wishing to hold discussions regarding the company's ownership". It did not identify them.

"The board will consider any bona fide proposals," the company said. Coles Myer shares surged 12 per cent on the takeover speculation.

Coles Myer shareholders with large stakes are understood to

### TAKEOVER TARGET

- ▶ Coles has 190,000 staff.
- ▶ 2000 shops range from supermarkets to garages.
- ▶ Is cash rich after selling Myer for \$1.4 billion.

'No decision by Lew will be a clinical commercial one.'

Elizabeth Knight - Page 21

have been approached with a view to selling. A key player is expected to be the major shareholder and dissident former board member Solomon Lew.

Mr Lew, who was overseas and could not be contacted yesterday, has been a staunch critic of Coles Myer management, including the chief executive, John Fletcher.

Market speculation on the identity of the interested buyers focused on a consortium led by KKR, but a spokesman for the firm in Hong Kong declined to comment. KKR recently entered the Australian market, buying the Cleanaway waste business from Brambles for \$1.83 billion. Another private equity firm, Newbridge Capital, which recently paid \$1.4 billion to buy the Myer department store business from Coles Myer, has been linked to the consortium.

Last month the world's biggest retailer, Wal-Mart, was reportedly considering a strike on a big Australian retailer.

Local markets speculated on a range of possible buyers including the British operator Tesco, on which Coles models its business.

The buyout approach comes two weeks after the company announced a \$1.2 billion restructure and renaming as Coles Group.

## I loved JonBenet. Her death was an accident



Confession ... Thai police parade John Karr at a news conference in Bangkok, where he admitted that he killed JonBenet Ramsey in Colorado in 1996. Photos: Sakchai Lalit/AP and Zuma Press

Kirk Mitchell

THE American primary school teacher accused of killing the six-year-old beauty queen JonBenet Ramsey at Christmas in 1996 says her death was an accident.

"I loved JonBenet," said John Mark Karr, 41, who Thai police said yesterday had confessed to the killing after his surprise arrest in an apartment in Bangkok. Authorities had followed him for three weeks as he sought a job teaching English.

He told Associated Press he was "very sorry for what happened" to JonBenet.

The arrest appears to have solved a decade-old murder mystery that cast a cloud of suspicion over JonBenet's parents. The girl was found beaten and strangled in the basement of her home in Boulder,

Colorado, on December 26, 1996. An autopsy indicated she might have been sexually assaulted.

Karr's arrest after vanishing several years ago was a huge shock for his 85-year-old father. "I thought someone had killed him," Wexford Karr said, while sobbing from his home in Atlanta. "This is such a surprise that he is alive."

John Karr had disappeared after his release from jail in 2001. The teacher had spoken to family about his fascination with the Ramsey case. He had told his father he was being held for investigation into the murder.

In fact he was being held on five counts of possessing child pornography, said Sergeant Rob Giordano of Sonoma County Sheriff's Department. He was released on a bond, disappeared and was convicted in his absence. A Colorado official said Karr

### THE OTHER VICTIMS

How a bungled investigation threw suspicion and slurs on JonBenet's parents.

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had an extensive criminal record for sexual assaults across the American south.

Wexford Karr said his son had written a paper about the Ramsey murder while at university as a mature-age student. His professor was so impressed he encouraged him to write a book about the case. "He researched everything he could about her."

John Karr had spoken to JonBenet's grandparents, but her parents refused to speak to him, Wexford Karr said.

JonBenet's father, John Ramsey, told a Denver television station on

Wednesday that he did not believe the family knew Karr. Karr said yesterday he made efforts to contact his victim's mother, Patsy, before she died of cancer in June "and it is my understanding that she did read my letters".

Wexford Karr said the research continued when his son moved his family to California. He took a job at a Catholic girls' school in San Francisco. In April 2001 the Sonoma County Sheriff's Department alerted officials at his next school that John Karr had been arrested over a "non-school-related incident", Superintendent Carl Wong said.

"He was never again employed in any capacity in the K-12 public school system."

After John Karr's arrest, his wife, Lara, filed for divorce. "She said the name Karr has destroyed her life," Wexford

Karr said. The divorce prohibited John Karr from seeing his three sons.

Mr Ramsey expressed relief at news of the arrest. "I hope this is a first major step in really drawing this to a conclusion," he said.

US authorities had been working with Thai police for about two months to track down Karr, officials said.

Lieutenant-General Suwat Thamrongrisakul told reporters in Bangkok: "He said he was in love with the girl, and on the day the incident happened, he went to see the girl at her house. The two of them went into the basement, which is where he said he accidentally killed her."

Karr was arrested at the request of US officials, and was expected to be extradited to the US in the next few days. The Denver Post and agencies

## Catholics say no to welfare program

Stephanie Peatling

ONE of the largest church welfare organisations has pulled out of the Federal Government's new welfare system because it believes it undermines the right to a basic living standard.

Catholic Social Services Australia has recommended to its 60 member organisations that they do not tender to run Centrelink's eight-week financial case management service, which is designed to help vulnerable people who have payments cut off for not complying with the new system.

The executive director of the organisation, Frank Quinlan, said: "We think it's an unduly harsh system and we don't want to be confused as administrators and policemen of the program."

A confidential paper, obtained by the Herald and distributed to the 60 organisations, made the



recommendation because "Catholic social teaching specifically calls for those who are outside the paid workforce to be guaranteed a subsistence level of income".

The new system "undermines the right to life and subsistence because a high proportion of those who have had their payments suspended for eight weeks are unable to meet basic needs".

The Government relies on church organisations to manage the most disadvantaged people, such as people with mental illnesses. The organisations have been worried the new laws will make life more difficult for people receiving government assistance.

But until now many thought they would have a better chance of helping people if they agreed to participate in the system.

Other church organisations, including the Salvation Army and the St Vincent de Paul Society, are also uneasy about the changes. Continued Page 6

### WEATHER Details - Page 18

- Sydney city mostly fine 11°-20°  
Tomorrow fine 9°-19°
- Liverpool mostly fine 7°-21°  
Tomorrow fine 2°-19°
- Penrith mostly fine 8°-21°  
Tomorrow fine 2°-19°
- Newcastle early shower 10°-22°  
Tomorrow fine 7°-20°
- Wollongong mostly fine 9°-19°  
Tomorrow fine 8°-19°

ISSN 0312-6315



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## More pain for Qantas passengers and unions

Scott Rochfort

QANTAS plans to raise its one-way fuel surcharge on international flights to more than \$100 as soon as today to offset the forecast \$1.1 billion surge in its fuel bill this financial year.

As passengers pay more for tickets the airline's 37,000 workers have been told to tighten their belts even further. The chief executive, Geoff Dixon, said yesterday that the airline needed to urgently implement "fundamental changes" to remain viable.

Already considered by some union officials as corporate Aust-

ralia's most vocal advocate of the Federal Government's industrial relations laws, Mr Dixon's latest warning is seen as the biggest threat yet to the unions' hold on Qantas's workforce.

Mr Dixon said the airline would use a "variety of industrial instruments", possibly including the introduction of more non-union workplace agreements.

"We're not here to inflict pain on our staff; it's the exact opposite," he said. "We're trying to ensure this is a viable airline in a very difficult industry."

In a memo to staff, Mr Dixon said there would be "some impact

on what being a Qantas employee means, with the main focus for careers, and pay and conditions, depending on the performance of the relevant segment [of Qantas]".

He declined to rule out employing crews on non-union agreements when the airline's fleet of Airbus A380 superjumbos was delivered. Nor would the airline rule out further wage freezes, on top of one sought from its domestic pilots over three years, in return for a 3 per cent bonus.

Qantas posted a \$480 million full-year profit yesterday, but Mr Dixon said it would be in deep trouble if it had not saved

\$1.5 billion in annual costs since 2003. The airline, which plans to slash a further \$1.5 billion in annual costs over the next two years, has sought to slash overtime and penalty rates for maintenance workers.

The airline's subsidiary Jetstar began offering workplace agreements to cabin crew this week at half the hourly rate of a Qantas long-haul attendant. "It's not so much a cost saving per se with Jetstar International. It's cost avoidance," Mr Dixon said.

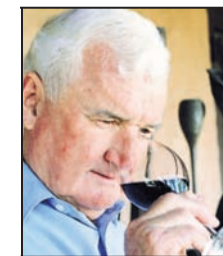
Wage talks with maintenance unions have been going nowhere for the past six months, and the

airline has hinted it may stop negotiating. "Eventually we will get to a point where we won't be committed to the negotiations; we'll look for alternatives. We're not at that point yet," said Qantas's head of people, Kevin Brown.

The Australian Service Union's assistant national secretary, Linda White, said Mr Dixon was the "poster boy" for the Government's labour laws. "To cut people's wages and conditions - you can't get any more ideological than that," she said.

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Westpac offshore plan - Page 6

## Wine lover Len Evans dies



The wine pioneer Len Evans died suddenly yesterday, aged 75. Mr Evans collapsed in his car near a Newcastle hospital where he had gone to collect his wife, Patricia, after surgery. The chief executive of the Australian Wine and Brandy Corporation, Sam Tolley, said: "Len Evans was a person who lit the fire of enthusiasm for table wine in Australia in the 1960s." Page 3

## Strong growth for Herald sales

The Herald posted its third successive sales increase over the past six months, the latest audited circulation figures show. Weekday sales rose by 1 per cent while rivals' sales fell. The Herald increased its sales on Saturdays by 0.9 per cent. Pages 3 and 22

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