

# THE FAIRFAX INQUIRY

## A PARLIAMENTARY BLACK HOLE

### INTRODUCTION

1. **The Australian people and the Australian Parliament have received very little value for the \$150,000 spent funding the Senate Select Committee on Certain Aspects of Foreign Ownership in the Print Media.**

2. **This committee has been flawed from its inception.** This is the inevitable result of the committee having been founded on a number of erroneous presumptions. These politically motivated presumptions include:

a. **That the bankrupt Fairfax Company was disposed of by the Australian government, not the receivers.**

This is clearly wrong.

b. **That there existed a deal between the government and Conrad Black over the disposal of the Fairfax Company.**

Since Fairfax was not the government's to sell, this too is clearly wrong and no evidence has been produced to support this presumption. If anything, the so-called 'cultural change' within Fairfax that has accompanied the change in ownership has in fact produced newspapers with more conservative values, and thus more sympathetic to the Coalition. This 'cultural change' has been followed by a decline in readership of newspapers such as *The Age*, which on the latest figures has had a decline in weekday sales of 4.9 per cent, or over 10,000 copies a day.<sup>1</sup> However mistaken these changes may or may not have been they are based on the commercial decisions of the management and not on any political influence brought to bear by the government.

c. **That the Coalition opposed the sale of Fairfax to Black's company and the extension of Mr. Black's control of that company.**

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<sup>1</sup> *The Australian*, 27 May 1994

Senator Alston, speaking as Opposition spokesperson on media matters, in a press release of 20 April 1993 said,

The Coalition is not opposed to an increase in the level of foreign direct ownership investment in Fairfax.

d. **That the Coalition has not had an open slather approach to foreign investment.**

At the time of the Fairfax sale, Coalition policy was for the abolition of the Foreign Investment Review Board (FIRB). The report by the non-government members of this committee, which includes sections dealing with the operations of FIRB, has been released at a time which coincides with a Coalition campaign against foreign investment.

Mr Downer and Mr Costello have sought to shift Coalition rhetoric on the question of foreign investment policy. The Liberal leadership group, including Senator Alston, have complained that foreigners own too many Australian assets and companies. It is indeed ironic that former Liberal leader, Dr Hewson, also complained about the level of foreign ownership when he appeared before the committee, despite the fact that in the mid-1980's, he himself was an agent for the foreign banking interests who undertook purchase of Australian assets.

It seems this born-again Australian economic nationalist decided to make a stand as a prelude to the current Coalition campaign. The Liberals' anti foreign investment campaign contrasts with their stated policy position of unlimited foreign investment in the Australian economy.

3. **This inquiry has been conducted by the chair in an absurd and sinister manner.** Given the lack of evidence to support the predetermined positions taken by the majority on this committee, it is little wonder that the non-government Senators' majority report resorts so readily to the peddling of ridiculous conspiracy theories. The committee's operations have been widely criticised by individuals from both the public and private sectors, including cabinet ministers, former cabinet ministers, public servants, business executives, editors and journalists.

4. **The report of the non-government members of this committee brings no great credit to them as it reflects the political manoeuvrings of a**

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**discredited Opposition.** The committee's work has been marred by the persistent party-political abuse of Senate procedures through disrespectful and often contemptuous treatment of witnesses, threats against and grotesque attempts at intimidation of public servants, preconceived presumptions of guilt against political opponents, prejudgement and misrepresentation of events under investigation, and attempted interference in the free press.

5. **Above all, this is and has always been a political inquiry.** It is not a bona fide legal process of investigation and ultimately its purpose has been to try to assert and extend the powers of the Senate which can only be finally tested in an appropriate court of law. Whatever legalistic trappings have been called upon to give this inquisition the aura of legitimacy, there can be no disguise for what is little more than a grubby political exercise.

6. **The unseemly harassment of witnesses and threats directed at the Treasurer by the Chair has not shaken the established principle of public interest immunity which is a basic principle of government.** It is widely accepted that if all advice and communications were to be full public knowledge, there would be less frankness and candour in the governmental process and that the quality of decisions would suffer. Ministers would lose their publicly endorsed responsibility to make decisions. Advisers would lose their ability to be anonymous and honest. Independent counsel, former Cabinet ministers and the Clerk of the Senate have all provided advice which indicates the existence of the convention of public interest immunity.

7. **In the specific case of the Foreign Investment Review Board (FIRB), it has been a long-standing practice for it to treat sensitive information as commercial-in-confidence material.** This protects potential foreign investors from information being divulged to their competitors.

8. **Despite the assertions of the Chair to the contrary, the vast majority of the evidence to the inquiry has demonstrated that the government has a consistent and reasoned policy on foreign ownership and investment.** However, this dissenting report does make several recommendations in order to refine the effectiveness of FIRB as one of the components of this policy:

- a more open and consultative process, accessing a range of expertise and seeking the public's input;

- **comprehensive system of notification, involving the publication of significant decisions, reasons for them and any special conditions;**
- **comprehensive community and client investment reporting strategy; and**
- **monitoring progress of projects, their compliance with any special conditions previously set and appropriate sanction for breaches under current legislative provision.**

9. This dissenting report also finds that there is a need to re-examine foreign ownership limits and cross-media regulations for the print media as they relate to impact on regional newspapers, where it may be desirable to allow some liberalisation. This may assist in increasing diversity in the face of a tendency to ownership concentration by a handful of owners.

10. This dissenting report finds that any rational reading of the evidence shows that meetings between the Prime Minister and Mr Black were within the bounds of propriety and that allegations of any understanding or agreement between the two are completely unsubstantiated. Any references to balanced coverage were in relation to fair and independent reporting. Further, evidence before the committee suggests that Mr Black did not interfere with the political coverage of Fairfax newspapers in favour of Labor during the 1993 election. In fact, the 1993 election coverage by Fairfax was unquestionably inclined to favour the coalition parties over Labor.

11. In the main, the Chair's report consists of a series of unsubstantiated assertions which have been given the status of 'findings' and are not based on any evidence presented to the committee.

12. The only definitive conclusion that can be drawn from this inquiry is that it is possible for the opposition parties to divert and distort the powers of the Senate, by conducting a committee as a pointless and expensive exercise in deliberately pursuing the trivia of political speculation at the taxpayers' expense.