

PART V

VIEWS EXPRESSED BY DR HEWSON

This part deals with the final substantive reference of the committee which was 'the views expressed to Mr Conrad Black by the then Leader of the Opposition, Dr Hewson MP, on foreign ownership in the print media of Australia'.

CHAPTER 11

THE VIEWS EXPRESSED TO MR CONRAD BLACK BY DR HEWSON

11.1 In his autobiography, Mr Black made the comment that:

The Leader of the Opposition, the rather Thatcherite and intelligent Dr John Hewson, had already promised that if he were elected he would remove restraints on our ownership.¹

11.2 The government commented on this allusion by Mr Black, comparing it to the 'balanced coverage' statement and insisting that Dr Hewson be called to account for the views which he may have expressed to Mr Black. However, Mr Black's version of those conversations had already been aired long before the publication of his book. It was through the Prime Minister that Mr Black's version of the meetings with Dr Hewson was first transmitted. As early as October 1992, Mr Black apparently had conversations with the Prime Minister regarding his meetings with Dr Hewson. In October 1992, Mr Keating was using the hearsay of Mr Black in order to criticise the then Leader of the Opposition:

... Keating ... declared the Opposition had given a promise that Black could own 100 per cent. Pressed by Mulholland how Keating knew this, Keating responded that Black had told him.²

11.3 Mr Keating has continued to use Mr Black's conversations with him as a premise for frequent allegations that Dr Hewson promised Mr Black varying percentages of ownership:

Now, Conrad Black told me expressly on a number of occasions, he said: 'John Hewson has made it very clear to me that he is completely relaxed about how much of the stock we own. They don't regard foreign investment as an issue at all.' And I said: 'What, he will let you go to 100 per cent?' And he said: 'Yes, but I don't need 100 per cent, I just need a majority of the stock.' Now, I repeated that to a lunch of Fairfax editors late last year where there was Mike Steketee, and Ross Gittins and Max

¹ *A Life in Progress*, p 453

² Tom Burton, 'Canberra Insider', *The Sydney Morning Herald*, 24 October 1992

Walsh, and hosted by Mr Mulholland. So, I mean I am not just wise after the event. I said it at the time, when it wasn't, in a sense, newsworthy.³

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Oh no, I had a conversation with him late last year when John Hewson had offered him 50 per cent equity in John Fairfax & Sons, and I said to him, "Oh, I wouldn't consider that."⁴

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He said to me in the course of conversation that the leader of the Opposition had offered him an unlimited amount of stock in the company. He said, 'He's offered me the right to buy the company'. I said, 'What, 100 per cent?' He said, 'Well, he put no limit on it, but I only need 50 plus'.⁵

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... he told me that he could buy up to 100 per cent on the say-so, with the agreement of John Hewson, but he didn't need 100 per cent, something over 50 per cent would be enough for him.⁶

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He is the man who promised Black 100 per cent stock in John Fairfax.⁷

11.4 Mr Keating has repeatedly alleged that the version of the conversations reported to him by Mr Black is accurate and that Dr Hewson would not appear before this committee:

He's offered 50 up to 100, unlimited, and now he is backsliding on a Senate committee because he knows if he goes he will need to perjure

³ *Lateline*, 29 November 1993

⁴ Transcript of interview with the Prime Minister, the Hon P J Keating MP, Seattle, USA - Thursday 18 November 1993

⁵ House of Representatives Hansard, 24 November 1993, p 3540

⁶ *AM*, 26 November 1993

⁷ House of Representatives Hansard, 24 November 1993, p 3545

himself when questioned under oath about whether he offered control of John Fairfax and Sons to Conrad Black.⁸

11.5 On the matter of attendance before this committee, the two leaders had this exchange in Parliament:

Dr Hewson: Are you appearing?

Mr Keating: Listen, brother, I know my place in the world. I do not slum it before Senate committees.⁹

11.6 Contrary to the Prime Minister's predictions, Dr Hewson did appear before the committee. Moreover, his version of events was corroborated by another witness, Mr Warwick Smith. Mr Smith gave evidence about the meeting in July 1991 with Messrs Black and Kennedy which he attended with Dr Hewson. He said:

... the position of the Liberal Party was made clear to him with the concentration being, at that stage, on cross-media ownership rules.

As the matter unfolded, there was an article in *The Sydney Morning Herald* on 24 October 1992 in which it was suggested by the Prime Minister - Mr Keating - that the opposition had promised Mr Conrad Black that he could have 100 per cent ownership in Fairfax. When he was challenged by Mr Mulholland, he said that Mr Black had told him this. I responded in the Parliament on 3 November 1992 to this allegation in the following terms:

'I do not know anything about that. I think it is an outrageous allegation and I would totally reject it.'

Mr Smith went on to say:

A year later, on 24 November, Dr Hewson, in the parliament arguing these matters following the publication of Mr Black's book, stated:

'I have never given that commitment.' This was concerning the increase.

'If he had the decency to go back to the Hansard when those allegations were first made at the end of last year he would read that the then shadow

⁸ *AM*, Friday 26 November 1993

⁹ House of Representatives Hansard, 24 November 1993, p 3545

minister, Warwick Smith, denied in this place that there was ever a commitment to go to 100 per cent.'

Throughout this period the decisions, as far as I am aware, were consistent with the original policy and were consistently restated by me on every occasion.¹⁰

11.7 When he appeared before the committee Dr Hewson restated the policy as he had put it to Mr Black:

We have no specific limits, because they do not work. We will assess all proposals on their merits. We will assess those proposals against their impact on the national interest. The onus is really on those who are making the application, or would be if we were in government, to argue their case as to why it would be beneficial to Australia's national interest to have a higher level of foreign ownership in some area of the media. That is why, when this government increased the Black shareholding from 15 to 25, I put out the statement: 'Please explain how it is that you justify the extra 10 per cent on the basis of the national interest. What do we gain, how is it explained?' One of the reasons for this inquiry is that it has never been explained.¹¹

11.8 Mr Black gave the following account of the meetings:

I have had three meetings with Dr Hewson. The first one was in July 1991, a couple of days after my famous meeting with Mr Hawke which I will comment on in a minute. Also present were Warwick Smith and Trevor Kennedy. The great concern of the Leader of the Opposition about the Tourang consortium was cross-media ownership. He was concerned about Mr Packer's presence and how much influence he would have. He was quite clear that foreign ownership was not a leading issue with him at that time.

The second meeting I had with Dr Hewson was in February 1992. There were a number of witnesses present including the former Chief Justice of this state, Sir Laurence Street, a Fairfax director. Dr Hewson volunteered that he had no objection, and his party had no objection, and that in the event that they formed a government they would have no objection, to our taking 50 per cent or more of Fairfax. He made it absolutely clear that it was not a sensitive issue with him - just as you, Senator Alston, made it clear when you telephoned me here in Sydney on 19 November that you

¹⁰ Evidence of Mr Warwick Smith, p 714

¹¹ Evidence pp 732-733

were, in your words, 'relaxed about the issue', as were your party and its leader.

The last meeting I had with Dr Hewson was on 24 August 1992, and again Sir Laurence Street and a number of others were present. We touched lightly upon the subject. He reiterated his and his party's position that they had no objection whatever to our going to 50 per cent or higher, as shareholders in Fairfax. I wish to emphasise that there was absolutely no question of a quid pro quo. There was no discussion of the contents of the newspaper; it was articulated as a straight matter of policy in an absolutely declarative fashion.¹²

Finding 11.1

The committee finds that Dr Hewson's account of his conversations with Mr Black is, on the balance of probabilities, true. Dr Hewson's account is consistent with his public stance on the issues and is supported by the corroborating evidence given by Mr Warwick Smith. Mr Black's version of the conversations is unsubstantiated, despite the fact that it was taken up so enthusiastically by the Prime Minister, who was not present at any of the meetings attended by Dr Hewson and Mr Black.

11.9 It is important to note the vital differences in propriety between Dr Hewson's meetings with Mr Black and those between the Prime Minister and Mr Black:

1. Dr Hewson stated a policy position. There is no suggestion, even from Mr Keating, that this involved any kind of deal.
2. Unlike Mr Keating, Dr Hewson did not indicate that the policy was liable to change or that such a change depended on whether Mr Black had provided 'balanced coverage'.
3. Contrary to Mr Keating's assertions Dr Hewson has cooperated with the committee, and his version of events has been substantiated by another witness.

¹² Evidence p 649