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THE FALL OF THE HOUSE OF FAIRFAX

Sykes, Trevor, *Operation Dynasty: How Warwick took John Fairfax Ltd*, Greenhouse Publications, Melbourne, 1989. ISBN 0 86436 254 4. 327pp, $16.95 pb.

Carroll, V J, *The Man Who Couldn't Wait: Warwick Fairfax's Folly and the Bankers who backed him*, William Heinemann Australia, Melbourne, 1990. ISBN 0 85561 407 2. 432pp, $37.95 hb, $18.95 pb.

Souter, Gavin, *Heralds and Angels: The House of Fairfax 1841-1990*, Melbourne University Press, 1991. ISBN 0 522 84449 9. 369pp, $39.95 hb. $16.95 pb, Penguin.

Fairfax, James, *My Regards to Broadway: A Memoir*, Angus and Robertson, Sydney, 1991. ISBN 0 207 173 32 X. 388pp, $39.95 hb, $16.95 pb.

On 30 August 1987 Warwick Fairfax launched an attempted privatisation of John Fairfax and Sons Pty Ltd, one of what had been the big four in Australia's media oligopoly. The takeover succeeded temporarily, but incurred such debt that it led to the immediate dismembering of major company assets and within a few years to the ending of 149 years of continuous family control. As a direct result of the takeover, Fairfax closed *The Sun* and the *Times on Sunday*, and lost control of its network of radio stations, a large stable of magazines, the *Canberra Times*, its shares in Australian Newsprint Mills and Australian Associated Press, and many of its rural and provincial newspapers. A company which in August 1987 had negligible debt was converted into one struggling to repay over $2.5 billion, and despite the radical reduction of assets, it failed. Warwick gained control of the company five days after his twenty-seventh birthday. Three years and three days later, his corporate career was over, and the company passed into receivership.

These four books all address themselves to these momentous events in Australian media history. All come from notable authors: one a principal in the saga – Warwick's half-brother James, the company's chairman for the decade before the privatisation – and the others leading journalists of the era. The first to appear was from Trevor Sykes, one of Australia's leading business journalists, and a connoisseur of business scams and corporate crashes.[1] He tells the business story accurately and clearly. Sykes, who works for Australian Consolidated Press, is the most sympathetic to Warwick's venture – 'It should be emphasised that Warwick did have legitimate grounds for grievance at the way the group was being run, and a 'strong incentive to fix it personally' (p119, cf also p128).

The other two books come from former senior Fairfax journalists. Vic Carroll is one of the most important figures in Australian journalism over the last three decades. As editor then editor-in-chief of the *Financial Review*, as founding editor-in-chief of the *National Times*, and later as editor-in-chief of the *Sydney Morning Herald*, he nurtured and directed a generation of journalistic talent. These decades of experience give Carroll a unique vantage point from which to tell the story of the takeover.

The last book comes from the Fairfax company's historian, Gavin Souter. In 1981, to mark the sesquicentenary of the *Sydney Morning Herald*, Fairfax published Souter's book *Company of Heralds*, one of the major landmarks not only in studies of Australian media, but of Australian history.[2] Its honesty, its grand sweep, its disclosure of previously unknown detail, all brought well-deserved kudos. On its release, it was proudly and prominently serialised in the Fairfax press. Ironically in 1991, the successor volume, commissioned to commemorate 150 years of continuous Fairfax family ownership but published after that ownership had been destroyed from within, was serialised instead in Rupert Murdoch's *Australian*. Moreover, the weekend it appeared, it faced a very reduced issue of the *Sydney Morning Herald*, crippled by a journalists' strike stemming from the uncertainty of the company's fortunes.

For those who care about Australian journalism and media, the consequences of Warwick Fairfax's privatisation have been entirely negative. Yet the whole enterprise was quite needless, an exercise in absurdity. All the reasons advanced for Warwick's actions were either groundless or the actions themselves were counter-productive to their professed aims. Through existing share arrangements and family agreements, Warwick would eventually have inherited the primary position in the company without spending anything. Only some urgent imperative should have led Warwick to imperil this debt-free passage to control. Yet the main reasons advanced for the urgency – that the company was performing poorly financially and that it was in danger of an external takeover – both collapse on examination.

A fatal juxtaposition of circumstances encouraged Warwick's headlong thrust into self-destruction. In January 1987 his father, Sir Warwick, died, aged 86. Warwick, who had lived overseas for the previous seven years, was about to finish his business studies at Harvard and return to Australia to begin his career with the company. These personal changes coincided with the most frenetic period in Australian media ownership history. In late November 1986 the government proposed changes in TV networking and media cross-ownership rules. There followed a frenzy of takeover activity, beginning with Murdoch's takeover of the Herald and Weekly Times group. In the next year, twelve of Australia's eighteen metropolitan daily newspapers changed owners, as did eleven of the seventeen commercial TV stations, including all six of the pivotal Melbourne and Sydney licenses.[3]

During 1987, it seemed that media asset values defied the laws of gravity, and that the road to success lay in the fearless acceptance of debt to acquire strategic assets. While the external conditions were conducive to encouraging Warwick's ambition, its real roots were to be found in a tangled family history, and derived from decades of resentment against the other key company members by his parents, Sir Warwick and Lady Mary. Sir Warwick, who inherited the chairmanship and major shareholding in the company in the 1930s, had three wives and two sons (daughters played no role in the company). His first son, James, was from his first marriage; his second son, Warwick, twenty-seven years younger, was from his third marriage. Another branch of the family headed by Sir Warwick's cousin, Sir Vincent Fairfax, also had a substantial shareholding.

In 1986, there were thus four Fairfaxes on the company board – Sir Warwick, James, Sir Vincent and Sir Vincent's son, John. However Sir Warwick was deeply alienated from the other three and also from the non-family board members and the company management. The crucial event was a boardroom coup in 1976, when the other directors unanimously ousted Sir Warwick from his forty year role as company chairman, and installed James in his place. This action, which James has described as probably the most difficult he ever had to take,[4] was strongly resented by Sir Warwick for the rest of his life.

The 1976 coup ended a remarkable period in which Sir Warwick had for the first time played the central role in the organisation. For three decades, the company's chief executive was the tireless Rupert Henderson, who contributed more to the company's growth, and hence the family's fortune, than anyone else. But in 1970, faced with a gap in the senior management, Sir Warwick, already past the legal retiring age, assumed day to day executive power.[5] For the next six years the company performed poorly, and Sir Warwick's high-handed behaviour during board meetings upset the other directors.

After 1976, and especially after Greg Gardiner became group general manager in 1980, the company performed better by every commercial and most professional measures. It moved from being Australia's 100th ranking company in 1981 to 47th by 1984 (Souter p124). 'The first five years of the 1980s saw a rise (in market capitalisation) from just over $70 million to more than $700 million, an increase of 850 per cent' (Fairfax p236).[6] Nevertheless, Sir Warwick and Lady Mary remained unreconciled to the new regime, and anyone with a grudge against the subsequent Fairfax management found a ready audience at their Fairwater residence. A stream of visitors fed their vanity, nurtured their grievances, and polished their illusions.

It was in this fetid atmosphere that young Warwick's conceits and fantasies grew:

> Our general manager, Greg Gardiner, is a bigger threat to our family than Henderson was. He and James, Vincent and John Fairfax have completely shut my father out of the business. And they (the other Fairfaxes) are too stupid to see that Gardiner might bring us all down. My mother and father believe that he is in league with Holmes à Court and that he will do whatever he can to help Holmes à Court split the family and take over the company ... I think I may have to make a move to take over the company before these fools lose it ... I am the intelligent one in the family and I have business ability.[7]

Warwick's first foray into the Fairfax share register came in February 1987 when he discovered that the family owned only 48.6% of the company's shares. Warwick proposed to James and John that together they buy 1.5% to raise it to over 50%. They assured him that together with the 11.7% owned by the company's superannuation fund, there was no threat to the family's control, and were reluctant to outlay such expenditure unnecessarily.

With the general frenzy in media stocks, Fairfax shares had jumped from $7.80 at the start of December 1986, to $14 in early February. The day after they reached a historic peak of $17.20, Warwick's agents entered the market, the new demand forcing the price up to $20. Warwick's purchase therefore cost him $30 million. Immediately afterwards the shares dropped to $15, leaving him with a paper loss of three quarters of a million dollars. Warwick had no capital, so he had borrowed the whole amount. The interest on the borrowing was $5.4 million per annum; the likely dividend only $187,000.[8] To combat an illusory vulnerability, Warwick had moved with an unnecessary urgency, to achieve a financially unviable outcome. Undaunted by this initial fiasco, or perhaps even because of it,[9] Warwick proceeded some months later with a similar mixture of misguided goals and faulty strategy eventually to gain 100 per cent of the company.

Gradually he assembled a team to help in his historic mission. Apart from his mother, his first confidante and co-conspirator was Martin Dougherty. Dougherty, a friend of his parents, and a former journalist, had become a public relations consultant, adept at cashing in on his extensive contacts as a fixer and go-between. Eventually, Dougherty teamed Warwick with merchant banker Laurie Connell.

Connell is now facing a variety of criminal charges, and although his merchant bank, Rothwells, had not yet collapsed, a wealth of material in the Fairfax papers would, if he had bothered to look, have warned Warwick about entering into any venture with 'last resort Laurie'.[10] Connell in turn recruited Bert Reuter, Holmes à Court's former first lieutenant. Reuter's most important contribution was to arrange with the ANZ bank the huge loan for the takeover. The bid was dramatically announced on 30 August 1987, the other family members having been advised only the night before.

Even if Warwick's grievances against the company had any justice, his response was hardly rational. His precipitate action came from a perception of the other board members as united against him and impervious to persuasion. It was rooted in a personality unable to cope with equitable relationships but who rather saw any role for himself solely in terms of impotence or omnipotence. His belief in his own ability and the others' lack of ability combined with his remarkable incapacity for any assertiveness dictated his goal, his strategy – the takeover had to be pursued immediately, urgently and absolutely – and his tactics – secrecy, indeed deceit,[11] then sudden ambush and total confrontation. It was pursued with a rigidity of purpose which was immune to counter-evidence or argument.

Warwick may have been vague about what the various numbers in the bid meant, but the rest of the takeover team were focussed very clearly on one number – the promise of a $100 million success fee. This fee, which surely must go into the Guiness Book of Records, was to be paid when Warwick achieved control of the company. That was the sole definition of success. The trio of Connell, Dougherty and Reuter richly deserved each other: they all agreed that the fee should be kept secret from anyone else, in particular from the ANZ bank, which was financing the bid. Warwick later charged that Dougherty kept secret from him that he was being paid by Connell, although Dougherty denied any concealment. Dougherty, still Warwick's chief confidante, thus had a strong interest in Warwick going along with Connell's advice and demands. (In the event Dougherty received a fee of apparently $2 million from Rothwells and of a similar amount from Warwick. In this milieu, being paid by both sides is probably as close as you get to a working definition of integrity.) In turn, Reuter and Connell led Dougherty to believe that both he and Reuter were getting 10% of the fee after costs, when in fact Connell and Reuter were to get 45% each. 'Considering the amounts of money involved, the absence of paperwork is rather odd' (Sykes p108).

Warwick seems not to have sought any independent advice about the size of the fee. Most suggest that a fee of $10 million or less would have been normal. The sum reflected Warwick's view of the Fairfax company as an inexhaustible font of funds. Not only was the amount absurdly huge, it meant that from this point all Warwick's closest advisers had an enormous vested interest in the bid proceeding to its very narrow definition of success. No-one had an interest in urging caution. The fool and his money were soon parted.

Despite the huge fee, the takeover team's performance was amateurish, marked by miscalculation and sloppiness. The first major mistake was Warwick's: he assumed that the other family shareholders would remain in. But with what incentive? They had been stabbed in the back by Warwick. They were meant to accept his view that they had made a mess of the company, and should humbly submit to his superior wisdom, even though he had not yet undertaken any single task for the company's benefit. He expected them to accede to his re-orienting the company in various ways, reducing their dividends, solely to pay for a takeover bid which they would anyway have regarded as hostile. They were, in submitting to all this, supposed to ignore that they could make a handsome profit by selling at an extremely attractive price. Not surprisingly, they sold.[12] One major part of the takeover calculations, representing about half a billion dollars, thus collapsed.[13]

One would have thought the takeover merchants, Connell and Reuter, would have been more alert to the second big miscalculation. Yet in none of the surviving scenarios was sufficient notice taken that a full-on, all-at-once bid like Warwick's always invited speculators. Warwick said he was fearful that Holmes à Court or someone else would get control of the company. But the nature of his own action created the conditions for the monster it was supposed to counter. Within days, both Holmes à Court and Packer had strategic holdings. The recent history of large takeovers and share raids in Australia had amply demonstrated that once a stock was 'in play', the price would be forced up by a variety of players looking for short-term speculative gains. The planners had no contingency plans to cope with the quick escalation of prices which their own actions had so predictably stimulated. There was no real sense of an upper limit beyond which they would settle for a minority position and wait. Indeed the financing of their bid depended upon milking the company in a way which was only possible if they gained absolute dominance. Given market knowledge of Warwick's 'mission', and that the bidders had little strategic flexibility and no line of retreat, they were classic targets for 'greenmail'.

The bid was accompanied by considerable incompetence. One option – the issuing of scrip in the proposed new David Syme company – had to be withdrawn when it emerged that there was insufficient scrip to go around if everyone accepted. They also double-counted half a billion dollars. The James Fairfax-Gardiner regime, in moves which were widely criticised, had bought HSV-7 during the Murdoch takeover of the Herald and Weekly Times the previous January, and then sold right out of television in July, selling all three Channel Sevens to Christopher Skase. The takeover team counted the money the company was to receive from Skase as available for repaying the ANZ, inexplicably ignoring the amounts that had to go to repaying existing company debts including for the purchase of HSV-7. The existing board and management saw immediately that this oversight produced a shortfall, but concluded that the takeover team had some concealed extra plan, not that they were innumerate (Souter pp217, 219).

Some takeover plans verged on impropriety. Even in the earliest scenarios, before all the setbacks started to emerge, they were going to pay part of the debts by charging the company $69 million for advice on 'reconstruction' – the fee was of course decided before even the nature of the advice was considered. The company's superannuation fund was to be made to re-invest its money in the company, in ways which bordered on illegality. Warwick and his team were probably fortunate that they were not sued by the ANZ bank. Their deliberate secrecy on the fee could have been considered deception on a scale which materially altered the bid's viability.

The way to overcome the greenmail was to sell off assets, but every one of the major asset sales negotiated by Connell either had to be re-negotiated or collapsed. The looseness of the original drafting allowed significant post-deal snags to emerge. Holmes à Court could renege on his agreements to buy the *Financial Review*, because Connell apparently had not realised the administrative nightmare some of his agreements would create, while the sale of the Macquarie radio network contained a secret 'put' option, which allowed Holmes à Court to 'sell' it back at something of a profit, which of course he did. Packer was able to argue that he had been given misleading figures on the *Canberra Times*, and reduced the price by over $30 million.

The stock market crash of 19 October 1987 also made the takeover less viable. It destroyed a key plank for financing the bid, the floating of some assets into a new company, David Syme Ltd. Although no-one foresaw the precise timing and extent of the crash, many were warning that the long bull market could not continue forever. Moreover there was the evidence of one failed media float, Bond Media, which showed the market already judged that media stocks and claims of asset prices had lost touch with reality. Even if the stock market crash had not been so sudden or severe, it is unlikely that the takeover sums added up.[14] But the crash certainly made their task far more difficult.

The tactical sloppiness of the takeover was surprising, but the strategic mistakes followed a predictable pattern: all the errors overestimated the feasibility of the bid, and underestimated its problems. All were in the direction of confirming Warwick's fantasies and, coincidentally, in the direction of winning the success fee.

The team achieved 'success'. On 7 December 1987 there was a formal transition of power as the old board resigned and the new one took over. Out went an echelon of people who had dedicated themselves to building up the company and its publications – the old board and the three top executives – Gardiner, chief editorial executive, Max Suich, and general manager Broadway, Fred Brenchley. In came the new board, including Connell as deputy chairman, and Dougherty as editorial director. A new managing director, Peter King (who did not fully take up duties for a crucial two more months) and manager, Ron Cotton, were also appointed. Warwick's choice of people was based on a few narrow stimuli. Anyone who had been close to the former management was disqualified. In contrast, their enemies were potential allies – 'Cotton and the Fairwater branch were united by a mutual dislike of Gardiner' (Sykes p111). None of the others had had any great publishing experience. Warwick had encountered King as the father of someone in his international prayer group.

Perhaps a larger moral can be drawn from the fact that the old Fairfax regime seemed to retain a high regard and mutual respect for each other, while the personal relationships of the new team either collapsed into seething resentments or proved to be temporary and opportunistic: Warwick and his mother were feuding, Reuter felt let down by the others, Connell was distrusted by everyone except Dougherty, while the Warwick-Dougherty relationship collapsed into mutual acrimony which later received a spectacular public airing. The newcomers – Cotton and King – inherited the sloppy work and problems of the takeover, and had little regard for Warwick's original allies.

Dougherty was the first to be forced out. There was considerable feeling among journalists that his previous editorial experiences at the sensational end of the tabloid market and his recent career as a PR operative were not the ideal qualifications to become editorial director. Marty had brought in his brother, Paul, formerly editor of *Australian Playboy*, as his assistant, and made other unpopular appointments. He attempted to intervene on stories about Rothwells and Fairfax's own financial problems. The crucial showdown occurred in February, when the resignation of editor-in-chief of the Herald, Chris Anderson, was followed by nine other senior editorial staff, while the other journalists went on strike. The crisis was soon resolved: Dougherty left (with a few million to soothe his feelings) and Anderson took his place.

Connell soon followed. An increasingly controversial figure, his appointment as deputy chairman undermined the new regime's credibility. Moreover, the new management was increasingly reluctant to pay his outrageous fee. He was dismissed by Warwick in a three paragraph letter.

The refusal to pay the fee led to one of Australia's most spectacular corporate court cases. It began in October 1988 with opening statements by all the key participants in the takeover. It was Connell, Reuter and Dougherty against Warwick, with each side having a strong interest in discrediting their former allies. Both succeeded. After six weeks, only the first witness, Warwick, had been heard. Justice Giles adjourned the case for seven months, a strong indication to the participants that they should reach a settlement. In terms of court costs, the judge was undoubtedly right, but he did deny us the opportunity to have Dougherty and Connell cross-examined. Eventually all parties paid their own court costs, and Fairfax paid $27 million.

The court case and the personnel changes were spectacular side shows to the central issue of whether the company could survive financially. Problems came immediately, not only with the poorly negotiated asset sales, but from the Westpac and National banks who were worried about recovering their earlier loans to Fairfax. A new loan of $500 million was negotiated by Whitlam Turnbull merchant bank to allow repayment of the subsidiary loans. Whitlam Turnbull also made various debt reduction proposals – and had negotiated a potential deal with Robert Maxwell to buy *The Age*. But King and the board decided to take the route of junk bond financing in the United States. After some drama, the financing was secured in early 1989. This kept the company's remaining assets intact, but escalated the risk of losing everything if debt repayments could not be met.

Perhaps the most remarkable aspect of Warwick's period as chairman was his inactivity. Having gained control, and despite the urgency of the problems, he seemed to lose interest. Whatever his 'vision' for the company, he never took any initiative to change any of its products. Perhaps he was paralysed by the financial mess he had created. Perhaps apart from claiming his inheritance and ousting the villains of his paranoid delusions, his vision was always a vacuum. The only things which seemed to energise him were suggestions which threatened his control.

Such a move brought on the final showdown. In August 1990, the directors – Bryan Kelman, Bob Johnston and Chris Anderson – knew that debt re-structuring was urgent, and that the only viable route was through the dilution of Warwick and Mary's equity. Warwick reacted by announcing the dismissal of Kelman and Johnston, thus also prompting Anderson's resignation. However, their departure brought his final loss of credibility with the banks. The following December, when the new directors felt unable to sign for the financial soundness of the company, the banks forced it into receivership. Then, of course, a new ownership saga began, ending a year later when Conrad Black gained control.

Each of the books makes a distinctive and valuable contribution to understanding these convulsions, although the welter of detail in the financial manoeuvring is a challenge even for a writer with the eloquence and fluency of Souter. The strongest contrast is between Sykes and the Fairfax insiders. Sykes cannot resist occasional jibes like 'one of Australia's last great sheltered workshops was coming to an end' (p218), and 'journalists at *The Age* were notorious for taking themselves seriously. The thought that the publication was in danger of passing to Maxwell ... gave many of them the vapours' (pp262-3).

It is interesting to compare Carroll's and Sykes's judgements of Fairfax's business performance. Sykes mounts an impressive critique, concluding: 'Ignoring the folly of the HSV-7 venture, the group had a proliferating bunch of ancillary losers that were clogging the results of their better publications' (p118).[15] While not uncritical, Carroll's evaluation is much more favourable. Sometimes their judgement of the same event differs: Sykes criticises the large company investment in defending the Herald and Weekly Times against Murdoch in 1979, without making any substantial gains itself. In contrast, Carroll is critical of the 1982 decision to sell out of Queensland Press, giving up a strategic position in deciding the future of the Herald and Weekly Times group (p80, also p77).

For someone wanting just one book to read on the saga, the best choice would be either Carroll or Souter. Both have the advantage of greater inside access, which results in many revealing vignettes. Both also venture more into the company's journalism and the larger political context of the episode. Carroll offers some intriguing hints about destabilising tactics by Murdoch and Dougherty in the takeover. He particularly brings out the corrupting atmosphere of the takeover mania, especially the fees paid (pp386-7). He is particularly critical of the ANZ bank, whose support was the essential precondition for Warwick's venture: 'In December 1956 the ANZ Bank would not lend John Fairfax Limited one million pounds to help finance a rapid burst of expansion in television, magazines and its new Jones Street building. Thirty-one years later it lent Warwick Geoffrey Oswald Fairfax, a 26-year old tyro ... with no experience of publishing or management of any kind, $2 billion to buy his family's company' (p110).

James Fairfax's book is different from the others. It is a memoir, and meanders into several areas of minimal interest to those mainly concerned with journalism. On the whole, nice people do not write exciting memoirs, and this book suffers from the author's desire to say a kind word and give proper appreciation to many friends and colleagues. Especially early in the book the narrative is terribly slowed by giving the genealogy, future careers, and marriages of all the characters mentioned. Although some insight into Fairfax family relations emerges, discretion and restraint remain James's guiding principles. He does offer many glimpses of the thinking of the Fairfax board about the major events in which they were involved right up to the Herald and Weekly Times takeover and Warwick's bid.

The book's primary interest is what it reveals of its author. Some of this is unintentional – it is notable how often business was conducted over sumptuous meals, and how often during key events it happened that James was overseas. Yet James emerges as an honest and decent man. There is a refreshingly generous appreciation of the virtues and achievements of those who worked with him, and a becoming frankness about his own mistakes. He was conservative in his views, cautious in his style, personally unambitious yet conscientious and constructive in his stewardship of his responsibilities.

Together these four books more than glut the market on Fairfax. When one stands back from the detail, the episode remains incredible, fantastic in its delusions, enormous in its consequences. It is a stark reminder of how fragile is the institutional basis for the vital democratic task of quality journalism, how subject to accidents of inheritance, how dependent on business interests coinciding with professional aspirations in an increasingly concentrated and contracting industry.

Endnotes

1. See his excellent study *Two Centuries of Panic: A History of Corporate Collapses in Australia*, Allen & Unwin, Sydney, 1988.

2. Gavin Souter, *Company of Heralds*, Melbourne University Press, 1981.

3. The changes have been described in several places, notably Paul Chadwick, *Media Mates: Carving Up Australia's Media*, Macmillan, Melbourne, 1989 and David Bowman, *The Captive Press*, Penguin, Melbourne, 1988. See also Rodney Tiffen, *The Revolution in Australian Media Ownership*, Occasional Paper, Sir Robert Menzies Centre for Australian Studies, London, 1988.

4. In an interview with David Marr, ABC Four Corners, 'Bad Blood', 25 February 1991.

5. The period is canvassed thoroughly in Gavin Souter's *Company of Heralds*, in the chapter, The

Committee of One. A short account is in Rodney Tiffen, 'Neither Angel nor Ogre: A Fairfax History', *MIA* No 22, November 1991, p11.

6. Warwick's bid would have placed it 12th in 1987, and even at half that admittedly inflated estimate, it would have been 20th (Souter p238).

7. Sykes pp30, 94, cf also Souter p179. Although Warwick has challenged some claims about his actual words, all his listeners in early 1987 came away 'impressed by the wells of bitterness in the Fairfax family' (Sykes p95).

8. Sykes Pp70-4. Carroll (p140) notes that Holmes à Court immediately starting gathering Fairfax shares, sensing a future opportunity.

9. James Fairfax (p244) suggests that Warwick's inability to pay for this small amount of shares helped drive him into the full bid, which if successful would have given him the wherewithal to pay.

10. Warwick later said in court that he was not a regular reader of the *Sydney Morning Herald* (Souter p309, Carroll p370).

11. Warwick's devout religious beliefs were a constant theme in writings about him. However, in the lead-up to the takeover bid, he sat as a guest of the board, on which he was about to replace his father. In behaviour which in lesser mortals would be judged a gross breach of ethics, he gave the documents and information he received there to his takeover team.

12. Sykes is the most critical of the other family members. He places a mercenary construction on their decision to sell – 'although great lip-service was paid to family traditions and unity, they failed the acid test of big money. Given the choice, John, James and Sir Vincent sold out' (p312). Rather, what family unity did not survive was Warwick declaring war on the rest. Sykes also manages both to suggest that James and John were prepared to 'wring the last cent out of Warwick', asking for $8.50 a share, and to give credit to Connell because they did not sell on the open market and get the $9 they could have (p161). A little later Connell, not James, is given credit for James following the spirit of an agreement he had made with his father over a parcel of shares which were to pass to Warwick on James's death. Connell 'thought he was crazy to accept', and do himself out of nearly $270 million (p168). Contrast this with Carroll's account, p47.

13. The contingency that the family might sell was not included in the takeover team's original financing (Carroll p127).

14. Sykes thinks that until the stock market crash the bid was viable. At the time he judged Warwick generously: 'Done good, played strong is the verdict', *Australian Business*, 7 October 1987, p18.

15. Sykes's account echoes themes characteristic of coverage in the business press at the time. Sometimes this became a game, as when *Australian Business* (24 June 1987) featured Kerry Packer writing of James Fairfax as the financial Mister Magoo of Australian media.

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