

Lawyers, Spinners & Money

Stephen Mayne explains how the public relations and legal industries protect companies from telling it like it is

My mandate for this column is to place the microscope over corporate Australia in order to find, in the words of the editor (and many other editors), "the story behind the story." It's a mission that's not as easy as you think for one reason: the scale and sophistication of the public relations industry, which infects business journalists arguably more than any other sector of our profession. Asked recently by The Reader what was the biggest change he'd seen in business journalism over the past 20 years, Fairfax columnist and ABC finance commentator Alan Kohler said:

"The main change is the ascendancy of PR. The corporate world is now infested with PR people on staff and consultants, most of whom are unfortunately very good at what they do. Many companies have an internal PR department plus an expensive outside firm. God knows what they all do. But they certainly make sure no-one says anything anymore and that nothing unplanned ever happens. The result is scripted, sanitised, well-controlled tedium, most of the time."

Kohler has got it in one. Apart from an 18-month sell-out as a spin doctor for the Kennett government in Victoria, I've been covering business for 15 years. Up until 1999, corporate Australia spent about \$40,000 lavishing me with trips, dinners, visits to the races and boozy sessions in the MCG box. And yes, it did affect what I wrote about them for various Fairfax and News Ltd titles. But at least this largesse also provided some access to CEOs. The practice has dried up now, partly because of Fairfax's holier-than-thou approach to junkets which saw Foster's cancel a proposed trip for journalists to its Californian wine operations a couple of years ago.

Since becoming a "slightly mad" internet publisher and shareholder activist in 2000, corporate Australia has stopped trying to woo me. The beauty of

shareholder activism is that you can often by-pass the spin doctors. As a shareholder, they can't herd you up the back into the roped-off media space away from all the action at an annual general meeting. They also can't get between you and the chairman because the Corporations Law mandates that shareholders must be given ample opportunity to question the board.

After my first few AGM stoushes, corporate PRs would ring or email to inquire if there was anything they could help me with before a meeting. But after a while they gave up. When running for a board, you do sometimes get invited to meet the chairman for tea and bikkies – a tactic deployed on me by Stan Wallis at AMP in 2000, Dick Warburton at David Jones in 2000 and Peter Willcox at AMP in 2002.

Veteran business journalist Michael Pascoe believes that lawyers have become just as big a problem

as corporate spinners because today's continuous disclosure laws mean that a CEO can no longer ring a reporter with a scoop that might have to be announced to the broader market. While the role of contemporary CEOs now involves far more analyst, media and shareholder presentations, they're less inclined to stray off the particular results announcement into broader topics because of the legal protocols required by continuous disclosure. And direct exchanges with journalists are now largely avoided by CEOs and chairmen hiding behind the dreaded conference call, something Rupert Murdoch does every quarter. Peter Macdonald's last public utterances as James Hardie CEO were made using this protective device.

But I shouldn't paint too bleak a picture, because hopefully over the coming months I'll be able to overcome some of these roadblocks as I attempt to penetrate the legal, PR and ego maze that makes up corporate Australia.



The Invisible CEO