

Fairfax: likely buyer emerges

By GLENN BURGE

A clear favourite has emerged in the race to buy the John Fairfax Group after the Melbourne-based syndicate Australian Independent Newspapers (AIN) secured yesterday the crucial backing of the AMP and National Mutual, Australia's two largest institutional investors.

The decision is a blow to the other proposed bidders. It virtually ensures that Mr Chris Corrigan's Jamison Equity Fund is out of the running now that it has lost the support of these insurance companies, which are two of its major shareholders.

The other remaining bidders for John Fairfax, publisher of *The Sydney Morning Herald*, are the Tourange consortium, led by Mr Kerry Packer and the Canadian media proprietor Mr Conrad Black, and one led by the Irishman Dr Tony O'Reilly.

The John Fairfax Group was placed in receivership in December 1990 after it could no longer meet bank debts of nearly \$1.3 billion incurred when Mr Warwick Fairfax, the fifth-generation heir of the family, privatised the company in December 1987.

If AIN's bid is successful it would see a historic shift in control of the 150-year-old company from Sydney to Melbourne.

The syndicate is headed by a list of predominantly Melbourne businessmen and other bidders have caustically referred to it as "the Melbourne establishment's bid".

The chairman is Mr Jim Leslie, a former chairman of Qantas, and other directors include Mr Robert McKay, former general manager of Macmillan London, and a BHP executive, Mr Tom Harley.

Mr John D'Arcy, a former chief executive of the Herald and

Weekly Times, and the Macquarie Bank director Mr Mark Johnson have also agreed to join a reconstituted Fairfax board if the syndicate's offer is accepted by the banks, led by the ANZ.

A major advantage of the AIN syndicate, compared with Tourange and Dr O'Reilly, is that its offer does not face any obstacles under the Federal Government's foreign ownership requirements or its cross-media ownership laws.

Although no precise limit on foreign holdings in newspapers has been settled, there is strong pressure from within the Labor Caucus that it be set at 20 per cent. If this is the case it would pose severe difficulties for Tourange and Dr O'Reilly.

AIN has also agreed, if it wins control, to sign a charter of editorial independence for all Fairfax publications, which also include *The Australian Financial Review*, *The Newcastle Herald*, the *Illawarra Mercury* and, in Melbourne, *The Age*. This has been a major concern of Fairfax journalists.

A spokesman for Tourange said last night that the decision of the AMP and National Mutual to support AIN only gave the Melbourne syndicate some credibility.

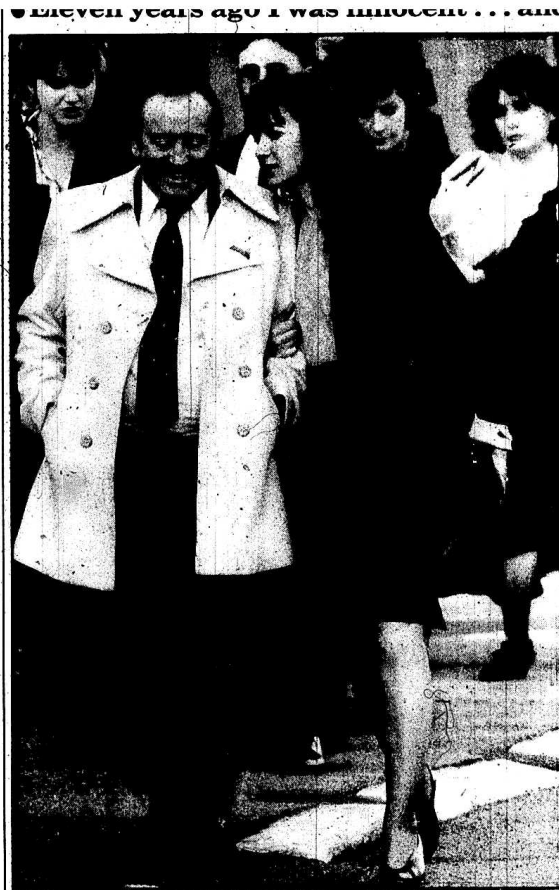
"At the end of the day, subject to any legal obstacles, the highest offer will win," he said. "But Tourange is not going to overpay for this asset — at some point we will walk away."

AIN proposes to inject between \$400 million and \$500 million into Fairfax to repay a large proportion of the bank debt.

It also plans to re-float John Fairfax as a publicly-listed company within 12 months.

A spokesman for the AMP said last night that it decided to back AIN because it felt it had the greatest chance of success.

PAGE 25: Big two back AIN bid for Fairfax.



Al Grassby leaves the court yesterday with daughter Gabriella. Picture by ELIZABETH DOBBIE

Guilty Grassby: I'll fight on

By JENNIE CURTIN

Al Grassby, the former Minister for Immigration, was found guilty yesterday of attempting to criminally defame the widow, son and solicitor of the murdered anti-drugs campaigner Mr Donald Mackay. The charges related to a document which Grassby attempted to have published and which tried to implicate the three in Mr Mackay's death.

But outside the court Grassby maintained his innocence. Released on bail until he is sentenced next Monday, Grassby said: "Eleven years ago I was innocent... and today I am still innocent. I will be appealing and my excellent counsel have advised me that that appeal will be successful."

Grassby, 64, was charged with six counts of criminal defamation involving him attempting to publish the document on July 29, 1980, when he handed it to Mr Michael Maher, then State Member for Drummoyle.

He was found guilty on three of the charges yesterday — that he attempted to publish defamatory material when it was probable that it would cause serious harm — but acquitted on three others which alleged that he attempted to publish with the intent to cause serious harm.

The maximum penalty for criminal defamation is three years' jail and/or a fine but there is no prescribed term for attempted defamation.

The Crown claimed that Grassby, who was then Commissioner for Community Relations, asked Mr Maher to come to his office in July, 1980, where he gave him the 3½-page document. The document suggested that Mrs Barbara Mackay, her son Paul and the family solicitor, Mr Ian Salmon, were involved in Mr Mackay's 1977 disappearance.

Grassby and Mr Maher read the document in the NSW Parliament and told him not to let interruptions from other MPs stop him.

The document criticised the Woodward Royal Commission into Drug Trafficking for concurring with the theory that Mr Mackay was murdered by a "Secret Italian

society" involved with marijuana growing in the Griffith area.

It said: "There are so many things which point to the immediate family of Mackay and their solicitor friend Ian Salmon, how convenient a Royal Commission into Drug Trafficking commenced to cloud the issue."

It also said that Mrs Mackay was a "woman who projects herself in a shroud of religion to the point of extreme" and questioned why she had done nothing about her husband being late home on July 15, 1977, until three hours after he was expected.

Grassby denied the allegations against him, telling the jury in his statement from the dock that he never intended to cause any harm to Mrs Mackay or anyone else.

"As a matter of fact, this is a moment of some sadness to find myself in this court facing charges of defamation," he said. "I have spent most of my life combating defamation, either at an individual level or at a group level."

Grassby said he had shown the document to Mr Maher in the hope that he would read it and "use his discretion" in deciding how to act upon it.

He wanted Mr Maher to help in counter-attacking the serious discrimination which had welled up in 1980 against Italian Australians.

"I wanted him to raise that and to help with it and I also wanted him to raise the matter of a new and more adequate inquiry into the disappearance of Donald Mackay," Grassby told the jury.

Justice Allen, in summing up, noted the "wealth of character evidence" given in favour of Grassby, including testimony from the former Prime Minister, Mr Gough Whitlam.

To those people, Grassby was a man of "exceptional dedication, of exceptional tenacity, fighting the evils of racial prejudice and discrimination", the judge said.

The jury of five women and seven men took nearly 10 hours to reach their decision.

After the verdict, Grassby's daughter, Gabriella, burst into tears and embraced her father. The two left the courthouse arm-in-arm.

Elfar was held by police in the Jordanian capital, Amman, but is believed to have been released granted bail of \$200,000, ordered to surrender his passport, report regularly to police, and not to go near a point of international departure. He was arrested again in December on fraud charges, and was again granted conditional bail.

On June 7, leaving his wife and three children behind, Elfar flew to Jordan on a forged passport. A bench warrant has been issued for his arrest, but it cannot be served on him in Jordan.

A spokesman for the Attorney-General, Mr Duffy, confirmed details of the case. He said Australia would not agree to an extradition treaty with Jordan because it had a Muslim legal system and would want reciprocal extradition from Australia.

"It would be unconscionable to let people back to have their arms and legs chopped off," said the spokesman. "I'm afraid it's bye-bye and bad luck."

Hostages closer to freedom

Prospects for the release of 10 Western hostages in Lebanon improved further yesterday when Israeli officials travelled to Geneva for more talks with the Secretary-General of the United Nations, Mr Perez de Cuellar. Israel would begin releasing some of its 400 Lebanese and Palestinian prisoners in return for positive information about seven Israeli servicemen missing in Lebanon, according to Israel Radio.

Mr Perez de Cuellar hopes a deal can be struck whereby Israel's prisoners are swapped for the seven servicemen and the 10 Western hostages still held by pro-Iranian groups in Lebanon.

PAGE 8: Tony Walker reports from Jerusalem.

Tough luck as boss of car racket absconds

By BEN HILLS

The mastermind of Australia's largest stolen car racket has skipped the country and will never be brought to trial — because Australia has no extradition treaty with that country.

Elfar, was arrested on July 15 1990 after a two-month surveillance operation — code-named Operation Transplant — involving six to eight police.

They made simultaneous raids on the Liverpool Auto Spares business which Elfar had been operating, and on premises in Fairfield, Lansvale, Macquarie Fields and Villawood.

The raids recovered tens of tonnes of stolen car parts, along with 200 vehicles and identification plates.

Police alleged that Elfar had been buying wrecked cars at auction, commissioning a gang of thieves to steal an identical make and model, then laundering the stolen cars by transplanting the legitimate identification plates.

But officers involved in the case have told the *Herald* that Elfar left the country on June 7 and flew back to Jordan, where he was born.

Elfar was originally held in custody, but in September 1990 was granted bail of \$200,000, ordered to surrender his passport, report regularly to police, and not to go near a point of international departure. He was arrested again in December on fraud charges, and was again granted conditional bail.

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Challenge to Nazi hunt fails

By VERGE BLUNDEN
and PILITA CLARK



Ivan, Polyukhovich... his challenge narrowly fails.

CANBERRA: The Federal Government's war crimes legislation — and its special Nazi-hunting unit — narrowly survived a challenge to its validity by a 4-3 ruling in the High Court yesterday.

The court rejected the challenge mounted by Ivan Timofeyevich Polyukhovich, of Adelaide, who is facing charges under the legislation, the War Crimes Amendment Act 1988.

The case caused deep divisions of opinion and some strong emotions between the majority and minority judges.

The Chief Justice, Sir Anthony Mason, one of the majority judges, said it was inconceivable that the High Court would overrule Federal Parliament's judgment that it should pass legislation concerning war crimes.

Polyukhovich, 75, must now await the outcome of a Supreme Court hearing to determine if he is fit to stand trial.

He is described as being in a "reasonable" physical condition in a year after allegedly shooting himself in the chest the night before his committal hearing.

Polyukhovich is alleged to have murdered 25 people and to have been knowingly concerned in the

deaths of between 553 and 850 Soviet Jews in the Ukraine between 1942 and 1943.

A spokesman for the Attorney-General, Mr Duffy, said last night that the Federal Government's special investigations unit was still, actively pursuing 12 war crimes cases, and inquiring into another five cases.

More than 650 war crime allegations have been made to the unit, since it started in 1987.

Nearly \$12 million has been spent by the unit which is due to

Continued Page 14

PAGE 14: The man behind the challenge.

WEATHER

Metropolitan: Cold early then cool to mild and mainly sunny. Temps: City 11-18. Liverpool 7-19. Pollution: low. Yesterday: City

11-19. Liverpool 7-19. Pollution: low. NSW: Cool to cold in the south, cool to mild in the north. Snow above 1000 metres on the Alps.

The sea: Moderate to rough. Low swell. Tides: Low 5.45 am (0.3): High 12.15 pm (1.5). Low 6.31 pm (0.5).

Sun: Rises 6.35 sets 5.25. Moon: Rises 9.09 am sets 11.06 pm.

Full weather details appear on Page 41.

Tomorrow: dry. Saturday: dry. Sunday: dry.

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