The Leveson Inquiry

This is exhibit IH1

referred to in the Third Witness Statement of Ian Hislop

dated 9 July 2012

The Leveson Inquiry

THIRD STATEMENT OF IAN HISLOP

1. This is my third statement to the Leveson Inquiry. My first was dated 16 January 2012 and the second 25 February 2012.

2. I have received a letter dated 29 June 2012 from the Inquiry, giving notice under section 21 of the Inquiries Act 2005 that I am required to answer six questions, in the form of a witness statement, by 4.30pm on 9 July 2012. A copy of the letter to me is exhibited to this statement as IH1, pages 1-3. I set out the questions and my responses below.

(1) Who you are and your current job title

3. I am Ian Hislop and I am the Editor of Private Eye.

(2) To what extent were you personally involved in drawing up this proposal[1] for a new system of self-regulation based on contractual obligations, as now set out by Lord Black?
note 1: Lord Black's proposal for a "New and Effective System of Self-Regulation", available on the Inquiry website at www.levesoninquiry.org.uk/wp-content/uploads/2012/06/ Submission-by-Lord-Black-of-Brentwood1.pdf
("the Lord Black Proposal")

4. I was not involved in drawing up the Lord Black Proposal. Nor, so far as I am aware, was anyone else involved on behalf of Private Eye.

(3) How far would you personally, in your capacity as editor, expect to be involved in the final decision as to whether your publication signed up to the contractual obligations envisaged by this system. Please explain in full how that decision would be taken.

5. I would expect to be fully involved in the decision whether Private Eye signed up to the contractual obligations envisaged by that system.

6. I would expect the position to be as follows: the decision would be to be taken by, or after careful consideration by, the board of Pressdram Limited, of which I am a member: there would be discussion at Private Eye, involving colleagues and board members, of the implications for Private Eye of signing up – or not signing up – to the contractual obligations; and we would take legal or other professional advice, if thought appropriate.

(4) In so far as you are able to do so, please indicate whether your publication is at present fully ready and committed to enter into these contractual obligations. If it is not at present fully ready and committed, please explain why, and detail any changes that would need to be made to the proposal, any further development to the proposal required, or any preparatory steps that would need to be taken at your publication, in order to put it in the position of being fully ready and committed to enter into these obligations. If there are no circumstances in which it would be prepared to enter into obligations of this nature, please explain why not.

7. Private Eye is not "at present fully ready and committed" to enter into these contractual obligations.

8. I have read Lord Black's Third Witness Statement ("WS3") and the four associated documents, including the Lord Black Proposal, for the purposes of making this statement. Lord Black says in WS3 at [3] that the proposals are submitted "as working documents in draft", they are "part of a continuing process of consultation within the industry" and his proposal is one which will "continue to evolve", being subject to adaptation and modification in the light of evidence to be submitted during Module 4 of the Inquiry "and indeed the Inquiry's eventual report". Various matters under discussion are identified by Lord Black. The proposal is, in other words, a work-in-progress. Private Eye cannot consider fully, still less can it determine, whether to enter into the contractual obligations, or what steps it would need to take in order to do so, until the proposal is in (or near) a final form.

9. As I said in my first statement at [16], it is for the national and regional newspapers to take the lead in formulating any new proposal for self-regulation: they appear to be engaged in doing so. My comments on the proposal as it stands, which are not intended as a comprehensive review, are:

9.1 While it would be a significant improvement on the Press Complaints Commission, there would still be an issue about independence under the new system so far as the complaints function is concerned. Private Eye is frequently critical of newspapers and other publishers and a guarantee of the independence and impartiality of any panel or committee involved in adjudications on complaints against it is very important. I refer to what I said in my first statement at [12].

9.2 The four areas identified in [65-69] of the Lord Black Proposal – the provision of press cards, the use of agency copy, a "kite-mark" and possible restrictions on advertising – do not, in themselves, provide much (if any) incentive to Private Eye to join in the new system. So far as a "kite-mark" is concerned, I do not believe that Private Eye needs to be monitored, or approved, by a regulator in order to work out what editorial standards are appropriate or to ensure that they are applied: I refer to what I said in my first statement at [9-11]. It is not clear whether an effective system could be devised in relation to advertising or what this would entail. So far as advertising by public authorities is concerned, there are already concerns about its placement in relation to local newspapers, as I mentioned in my first statement at [21].

9.3 The proposal does not offer those who participate in it any protection from costly and time-consuming litigation (which protection would be a key incentive): I refer to my first statement at [13] and [18].

9.4 Private Eye would derive no benefit from the involvement of a new regulator in dealing with simple complaints about inadvertent inaccuracy or opportunity to comment: see the Lord Black Proposal at [40-41] and my first statement at [10-11]. Straightforward complaints can be resolved by direct communications between Private Eye and the complainant or their representatives. As for any significant disputes about facts, or where the truth lies, I doubt that the new regulator would be able to deal with such disputes under its proposed complaints regime (or even whether it is intended to be able to do so). The courts remain the best forum for resolving such disputes – particularly where any issues of principle are involved – in an independent, impartial and effective way. Of course, ways of making the court process quicker and cheaper ought to be a priority for reform. There is reference to this in the Lord Black Proposal at [36] – where he notes that an "arbitral" arm has not been

introduced his proposed new system yet, though might be in future. I understand that this has not been addressed by the Defamation Bill, although the Government has indicated that it intends to introduce procedural reforms. For ease of reference, I set out what the Parliamentary Under-Secretary of State for Justice, Jonathan Djanogly, said about this in the House of Commons Committee on the Defamation Bill on 19 June 2012:

> "The hon. Member for Newcastle-under-Lyme asked about procedural issues and whether there is a need for new mechanisms to resolve defamation cases cheaply and quickly. As I set out clearly on Second Reading, the answer is yes. The Government recognise that we must get that important issue right. Alongside the Bill, we intend to introduce proposals for a new procedure aimed at resolving key preliminary issues as early as possible to help to reduce the length and cost of defamation proceedings. In addition, we will encourage the use of mediation and other forms of alternative dispute resolution in defamation cases, and support the strengthening of the defamation pre-action protocol, so that parties are more strongly encouraged to use mediation or early neutral evaluation, and so that those unreasonably refusing to do so are penalised if and when it comes to the awarding of costs. We will also give further consideration to how cases that reach the courts can be best dealt with."

He indicated that work was ongoing on the procedure rules already and that the Government would work with others on the matter, including the judiciary. He anticipated that the Second Reading of the Defamation Bill in the House of Lords would not take place until after this Inquiry reports, so that account could be taken of any proposal as to reform of the PCC.

9.5 As I have said, I have no problem with the present "Editors' Code" under the PCC regime: my first statement at [9]. I would be concerned if the relevant Code were to be amended in a way which created additional and unwarranted restrictions upon freedom of expression. By way of example, the Lord Black Proposal contemplates at [82] that there might be a "tightening" of the "public interest" (that is, as I read it, a narrowing of the definition) and some form of mandatory requirement of "prior notification". I have already explained why a broad and workable definition of the "public interest" is necessary for investigative journalism and why it is important that there should be no mandatory requirement of prior notification: my first statement at 22.1 – 22.7 and 22.10.

9.6 I would be concerned about Private Eye (or, rather, Pressdram Limited) signing up to contractual arrangements which are subject to variation without its consent: the Lord Black Proposal at [63] provides for the imposition of legally binding variations of the contractual arrangements on all participants when a majority (not necessarily all) of them agree. Paragraph [63] states that the "proposal for the voting methodology has yet to be finalised".

9.7 On a point of detail, I note that the draft "Contractual Framework" includes protection for confidential sources in paragraph [57]: this is, obviously, necessary. By contrast, however, there is inadequate protection for material that is privileged, including legally privileged: a statement by the "Regulated Entity" or, if needed, by its own lawyers (whether Queen's Counsel, junior counsel, or solicitor) that the material in question is privileged should be enough: see paragraph [59] of that framework.

10. In view of the last part of question (4), it is important to emphasise that I am not saying that Private Eye would never enter into any voluntary system of regulation. It was, as I said in my evidence, "embarrassing" that the only other person outside the PCC regime was Richard Desmond: transcript, Day 27, 17 January 2012 (morning) pages 17-18. However, the positions of Express Newspapers and Private Eye are very different. The PCC regime could (and should) have worked perfectly well without Private Eye being a member of it: Private Eye's non-participation did not affect the performance of the PCC or contribute to any failure on the PCC's part; and, indeed, in many respects I consider Private Eye has been able to play a significant part in shedding light on the failings of the press from *outside* the PCC "tent".

11. There has been no suggestion that Private Eye was part of the problem that led to the setting up of the Leveson Inquiry or gave rise to the impetus to set up a new regulatory regime for the press. If the primary (or one of its primary) desired objectives of the new system is "to raise standards" – as appears from the Lord Black Proposal at [3] and [88] – the participation of Private Eye is not needed for that system to work or for that outcome to be achieved.

(5) What specific differences would membership of a system of the kind set out by Lord Black, underpinned by contractual obligations, made to the culture, practices and ethics of your publication?

12. None, other than in terms of the additional paperwork required under the new regime, for example, in terms of annual returns to the regulator. The bureaucratic burden would not be an insuperable objection to participation in a new scheme. The underlying culture, practices and ethics would, most likely, remain the same.

(6) Is there any other comment you wish to make on the proposal put forward by Lord Black, or on the proposals put forward by others, that are now published on the Inquiry website at http://www.levesoninquiry.org.uk/about/module-4-submissions-on-the-future-regime-for-the-press/?

13. So far as Lord Black's proposal is concerned, I should mention that a short article appeared in Private Eye, Issue No 1317, dated 29 June-12 July 2012. The article was published before I received the letter from the Inquiry mentioned in (2) above. I attach a copy of the article to this statement in IH1, at page 4. The article speaks for itself.

14. I have no comment to make on other proposals published on the Inquiry website. I do not claim to have read them all.

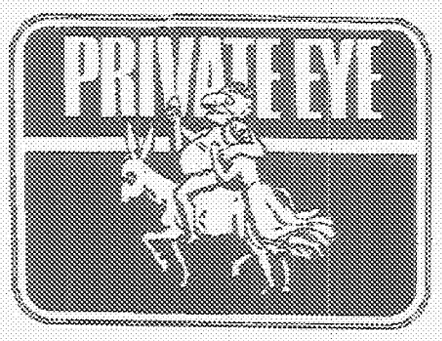
15. If the Inquiry is to makes its own proposal for a new regulatory system – or to adopt the proposal made by anyone else – then I would be happy to consider that proposal in draft and to comment upon it, if wanted.

I believe that the facts stated in this statement are true.

Signed: 

Ian Hislop

Date: 9/9/2012



FOR many months, *Daily Mail* editor Paul Dacre and *Telegraph* executive director Lord (Gary) Black of Brentwood – who also chairs PressBof, the body that finances the Press Complaints Commission – have been hatching a plan to mollify Lord Justice Leveson. Last week they displayed the fruits of their labours.

The scheme, outlined in a submission by Black to Leveson, is that publications which don't subscribe to the PCC – such as the *Eye* – will be banned from using Press Association copy (no great loss, since we don't use it) and, incredibly, from taking adverts.

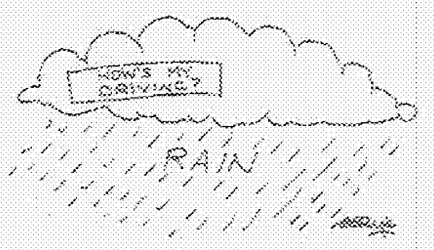
Given Black's own record as director of the PCC from 1996 to 2003, before he went off to chase Tory leader Michael Howard, why should Leveson or anyone else take him seriously?

For years he insisted that the commission could only launch an investigation if it received a complaint "from those directly involved" – ie the subjects of an offending article. Yet in 2002 his PCC censured the *Guardian* for printing a piece about Jeffrey Archer's jail diary by fellow-prisoner John Williams and started an investigation into the paper's prison columnist Erwin James. Who had complained about Williams or James? Er, nobody.

Only a few months earlier, however, when Rebekah Wade (as she then was) told a Commons committee that the *Sun* had paid police officers for information, Black rejected calls for an inquiry into the scandal on the familiar grounds that no one involved had complained.

His condemnation of the *Greenslad* – for paying John Williams £720 for a 2,500-word feature – coincided with his decision to exonerate the *News of the Screws*, which had paid the rather larger sum of £10,000 to a convicted conman who then invented an alleged plot to kidnap Victoria Beckham. The editor of the *Screws* at the time of this sleazy fiasco had been Rebekah Wade, Black's close friend and holiday companion. Three years later she was one of two witnesses at Black's civil partnership ceremony with his long-term boyfriend Mark Bolland – who had been given a column in the *Screws* by Rebekah.

Gary Black's career – flitting between newspapers, press regulators and the office of the Conservative Party leader – exemplifies the cosy cronyism and overlapping interests Leveson is meant to be investigating. Yet now having been part of the problem, he proposes a solution: the remedy to the diseases afflicting the Street of Shame is, er, to ban the *Eye* from carrying advertisements. Brilliant!



DAVID CAMERON's call for a cut in housing benefit for the under-25s may be popular with his backbenchers, but how many of them remember what happened the last time a Conservative government tried something similar?

In the late 1980s the Thatcher government introduced a range of benefit cuts for the under-25s and withdrew entitlement to income support for the under-18s, the idea being then as now that they would have to move back home with their parents. However, many did not have a mum and dad, others had been forced to leave and some had left because of abuse. The result was a surge in youth homelessness.

At the time the future prime minister was just leaving Oxford for a job in the Conservative research department, but the politically damaging coverage of young people sleeping rough on the streets will be remembered by older heads in his cabinet and by one man in particular. Leader of the House Sir George Young was housing minister in 1991 when he referred to the homeless as "people you step over when you leave the opera" on the *Today* programme. The Bicycling Baronet was joking and meant that he did not think that, but this did not stop his words coming back to haunt him and his party.

JIMMY CARR's tax avoidance scandal is embarrassing for Gordon Brown, who allowed such schemes to blossom during his time as chancellor despite his claims to be helping the less well-off.

Carr was chummy with the Brownites thanks to his friendship with spin doctor Damian McBride, a contemporary at Cambridge University. When Brown was prime minister, "McPoison" even invited Carr to Chequers with a bunch of Gordon's favourite Fleet Street political editors one weekend.

Carr's Labour links may explain why David Cameron was so quick to denounce the comedian's tax avoidance as "completely wrong" – while insisting it would be wrong of him to make any comment on the tax affairs of the Tory-supporting Gary Barlow.

NUMBER CRUNCHING

£2.3m Amount Jimmy Carr invested in tax-avoiding scheme, which David Cameron called 'morally wrong'

£10m Amount long-time tax haven enthusiast Michael Ashcroft invested in Conservative party, for which David Cameron is very grateful

IN EXPOSING the "K2" scam, the *Times*'s undercover reporters have given the coalition another opportunity to talk tough on "morally wrong" tax avoidance while still encouraging the really expensive tax dodging.

While Her Majesty's Revenue and Customs promises to get to the bottom of Carr's plan and probably will, it's at the top end of the market that very wealthy individuals and corporations can still escape with derisory tax bills, all perfectly legal but at much greater cost to the exchequer.

Most privileged are the "non-domiciled" who claim allegiance to another country while living in the UK fulltime under a tax break confirmed by chancellor George Osborne in his first budget. This was subsequently made more attractive to entice multi-millionaire tax dodgers to the UK with fortunes of unknown provenance.

True blue non-doms include not just the hedge-fund managers who bankroll the Conservative party, but also the proprietor of the *Daily Mail* (which also put the boot into Carr's hypocritical tax planning since he had lampooned Barclays' avoidance). The *Mail*, which has followed the trend set by the *Eye* for exposing tax dodgers, is owned through trusts benefiting Lord Rothermere, aka Jonathan Harmsworth, who was born in Hammersmith, educated at Gordonstoun but is domiciled in, er, France.

Then there are tax laws for multinationals, which under changes now going through parliament will invite companies, a la Vodafone, to finance operations through tax haven subsidiaries and be taxed at anything between 0 and 5.75 percent – round about Carr's "morally wrong" tax rate, in fact.

"IN THE end this is a tough time and people need to know the pain is being shared," chipped in Tony Blair on last Sunday's *Andrew Marr show*.

Funnily enough Mr Tony still refuses to tell the *Eye* why he changed his financial organisation's accounting date from 31 May to 31 March in 2010. According to tax experts, this could have kept his very substantial income from that year out of the 50p tax band and in the 40p one (see *Eye* 1314).

JUST FANCY THAT!

"RBS is cutting 2,300 jobs across its back office operations in the UK." – *Computer Weekly, 11 Feb 2009.*

"RBS is axing 1,000 technology jobs [and] plans to offshore upwards of 500 technology roles." – *Computer Weekly, 2 Sept 2010.*

"I am very sorry for the difficulties people are experiencing. Our customers rely on us day in and day out to get things right, and on this occasion we have let them down. This should not have happened." – *Stephen Hester, RBS group chief executive, apologises for the technical "glitch" causing more than a week of chaos for RBS and NatWest customers, 23 June 2012.*

Fifty shades of Earl Grey

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