

IN THE MATTER OF THE LEVESON INQUIRY INTO THE CULTURE, PRACTICES AND ETHICS OF THE PRESS

WRITTEN EVIDENCE OF THE RT HON GEORGE OSBORNE MP

1. Who you are and a brief summary of your career history.

1.1 I was born and educated in London. I studied Modern History at Oxford University, leaving in 1993. I joined the Conservative Research Department in early 1994. In 1997 I became Political Secretary to the Leader of the Opposition before being elected as the Member of Parliament for Tatton, Cheshire, in June 2001.

1.2 After serving on the Public Accounts Committee, and holding a number of Shadow Ministerial posts, I was appointed to the position of Shadow Chancellor in 2005, where I served opposite Chancellors Gordon Brown and Alistair Darling until 2010. In 2005 I ran David Cameron's campaign to become Leader of the Conservative Party.

1.3 As General Election Coordinator I was in charge of the Conservative Party's 2010 Campaign. Following the 2010 Election in May 2010, I became Chancellor of the Exchequer.

Specific questions about interactions with leading media figures

2. Please explain the approach you personally have taken to engaging with media proprietors and senior editorial and executive staff within the media. Your answer should cover at least the following, in relation to the periods of your tenure as shadow Chancellor and subsequently Chancellor - indicating as appropriate whether the information relates to either of those capacities or a private capacity:

(a) the nature and frequency of all contacts of this nature, whether formal or informal. Please provide all available records of meetings and conversations, indicating where possible who initiated them and the purpose and content of these occasions. The inquiry has seen the document released by Downing Street setting out your official meetings with proprietors, editors and senior media executives from 11 May 2010 – 15 July 2011. Please amplify this information as part of your response;

(b) details of any relevant hospitality you have given, received or participated in;

2.1 As requested, I have amplified the information given in the document released by Downing Street in the list at Annex A. This sets out the records I hold on the meetings and social events that I have attended with media proprietors and senior editorial and executive staff within the media since 2005, and any relevant hospitality I have been given, received or participated in. Here I have used the same terms set out in paragraph 8.14 of the Ministerial Code, which requires Ministers to declare meetings with 'newspaper and other media proprietors (Chair, owner), editors (editors, channel controllers, directors of programming, radio controllers) and senior executives (Director Generals or CEOs)'. In my answer to question 5, I specifically address the question of my contacts with management at News Corporation, News International and BSkyB.

2.2 For the period since I became Chancellor of the Exchequer, this is based on the electronic diary held by my private office. It does not include records of phone calls with media proprietors, senior editorial and executive staff as details of these are not routinely kept. For example, I often make calls to editors and proprietors after major Treasury announcements and fiscal events which the diary records as a single block of time for "calls to editors". For the period that I was Shadow Chancellor, the list is based on an electronic version of my diary for this period which I have been able to retrieve. This may not be a complete record of all contacts during this period - and records of phone calls were not kept.

2.3 Where the information exists, the list makes clear who initiated the contact, its purpose and whether other people were also present. Many of the social events were also attended by other MPs or Ministers, including those from other political parties.

2.4 Neither the diary for the period when I was Shadow Chancellor, nor for the period when Chancellor, usually indicates who initiated meetings. The initiative for the meetings sometimes came from the media and at other times from me - there was, and remains, no set pattern. Where the event is a reception or larger dinner I have assumed that the invitation was issued by the relevant media organisation. Where the event was clearly hosted by me - for example at my home - I have assumed I issued the invitation. For other events, I have indicated that there is no record. As with my regular engagement with other external bodies, a suggestion of a meeting might come from my office or theirs, and would be part of a routine of keeping in touch.

(c) the value of these interactions to you;

2.5 In order to explain the value these interactions hold for me, let me set out the principles I have followed. As an elected politician in a democratic country, I need to persuade the public of the merits of the policies and positions I am advocating. The way the public receives information about these policies and positions is largely through the media - in all its written, broadcast and electronic forms. So clearly I need to engage with the media. As both Shadow Chancellor and as Chancellor of the Exchequer, that is routinely done on my behalf by press officers. But I have also directly interacted with economic and political editors, columnists, newspaper and programme editors, and proprietors and senior broadcast management. This is routine practice for anyone doing the kind of job I do in Britain, or indeed any other democratic country.

2.6 The value of these interactions to me is two-fold. First, it is an opportunity for me to persuade the relevant media organisation that a particular policy is the right one, and that a particular position adopted is a sensible one. Most media organisations do not just report the news; they also express an opinion on the news, either through an editorial column or a discussion on a TV or radio broadcast. As a senior member of the Government and the Conservative Party I also seek to persuade the media of the merits of the broader positions the Government and the Party is taking.

2.7 Second, interactions with the media are also an opportunity to listen to their views on particular policies and issues. Sometimes these will be presented as a personal view of the person speaking; on other occasions it will be presented as the views of their readers, listeners or viewers - for example as a result of a particular campaign they are conducting or petition they are organising. In my dealings with proprietors, the interaction is very similar to my interactions with senior editors or columnists. They also tend to have a particular interest in the general economic environment as the owner of any large business would. I listen to them in the same way as I would listen to the Chairman or Chief Executive of a FTSE company.

2.8 As with all my engagements with businesses, NGOs, trade unions and pressure groups, there is nothing unusual or improper in these interactions. Indeed, I would regard it as odd if a politician did not engage with the media in a democratic country.

(d) the extent to which political support by the media for any individual, party or policy is discussed at such interactions;

2.9 As set out above, most media organisations I interact with will – either through an editorial column or discussion on a broadcast – express an opinion on the merits of a particular policy or position on an issue I am advocating. I seek to persuade them through argument that the policy is the right one and the position I have adopted is sensible.

2.10 In General Elections or during leadership contests, media organisations will frequently come out in support of a particular party or individual. Obviously in those instances all politicians hope that the media see enough merit in their party, or chosen candidate, to wish to offer their general support. I seek to persuade the media to support my party, or candidate, by arguing for the merits of the policies put forward. I make the same arguments direct to the public.

(e) the extent to which the existence and nature of such interactions are or are not placed within the public domain and the reasons for that;

2.11 In July 2011, the Government added new guidance to the Ministerial Code requiring Ministers to record the existence of meetings held with senior editors and proprietors, I have published all such meetings since May 2010 on the HM Treasury website. I am the first Chancellor of the Exchequer to publish the existence of all such meetings with senior editors and proprietors.

2.12 The decision to publish all meetings with senior media proprietors and executives is to be welcomed and will ensure greater transparency.

(f) to the extent that it has been publicly and critically noted that your meetings with News International executives (and those related to them, such as Matthew Freud and Elizabeth Murdoch) exceed those with all other press organisations combined, the reasons for that and your response to criticism.

2.13 It is not the case that my meetings with News International and News Corporation executives and those related to them has exceeded those with all other press organisations combined. A simple calculation based on all the diary entries suggests that just over a third of all media contacts were with News International and News Corporation. This roughly reflects their share of the national newspaper market. It is true to say that there are more meetings with editors and proprietors of centre-right leaning newspapers than centre-left leaning newspapers. But I believe that wouldn't be regarded as surprising for a centre-right politician. I have to decide how to best allocate my time, and centre-right leaning papers are clearly more likely to be persuaded of the merits of Conservative Party policies.

3. Have you at any time discussed with Rupert Murdoch, or anyone representing his interests, Conservative party or Government policy in relation to the BBC licence fee or Ofcom? If so, please give full details.

3.1 I have never discussed with Rupert Murdoch Conservative party or Government policy in relation to the BBC licence fee or Ofcom. The only discussion I recollect with anyone representing his interests was one conversation with James Murdoch where he complained to me about the BBC licence fee settlement I had announced at the October 2010 Spending Review. It occurred after the announcement on 20th October 2010 but I cannot recall the

precise date. He said in private what he had already said in public – namely, that we had been too generous to the BBC and should have fundamentally examined the future of the licence fee. I explained why I felt that we had taken the right decision. I received many representations after the licence fee decision from many different media organisations, including the BBC themselves.

4. It has been widely reported that you met with Rupert Murdoch shortly before the decision of Jeremy Hunt to accept Sky's undertakings in lieu in respect of the BSkyB bid. Please give a full account of any such meetings, including relevant documentation.

4.1 In mid-December 2010, I was invited by Mayor Bloomberg of New York to visit the city, speak at a dinner he was hosting and join him on a visit to a new life science facility. Once the trip was organised, Rupert and Wendi Murdoch offered to host a social dinner for me and my wife in New York on 17th December 2010. Mrs Murdoch changed her plans at the last minute and left New York so did not attend the dinner. So at the dinner were myself, my wife and Mr Murdoch. The conversation during the dinner focused exclusively on US and UK politics and the launch of NewsCorp's new online newspaper (The Daily). There was no conversation whatsoever about the BSkyB bid, the BBC, Ofcom or media regulation. I have never discussed the BSkyB bid with Rupert Murdoch

5. Did you at any time discuss with anyone from News International, or anyone representing that company's interests, its bid to increase its holding in BSkyB? If so, please give a full account of any such discussions, including relevant documentation.

5.1 The only conversation I can recall that I had with anyone from News International, News Corporation, BSkyB or anyone representing their interests, about the BSkyB bid was with James Murdoch on 29th November 2010. As part of a longer general conversation, Mr Murdoch complained that the regulatory process for the bid was slow. I said there was a quasi-judicial process for the bid, and moreover a process in which I was not involved. By "quasi-judicial" I understood it to be a strict procedure which required the Secretary of State to exercise his discretion impartially and independently. Mr Murdoch accepted that. Nothing either of us said in private differed from what we were saying in public at the time.

5.2 I have seen written evidence submitted to the enquiry of an email from Rebekah Brooks to Frédéric Michel which suggested that Ms Brooks had spoken to me about an Ofcom "issues paper". I have no recollection of such a conversation, but accept that it may have taken place. I have no recollection of ever having read the Ofcom issues paper. At the time there was a great deal of public news coverage of the BSkyB bid and I was regularly asked about it by people at public events and social gatherings. I always made it clear that it was not a matter that I was involved with and that there was a quasi-judicial process that I was not part of. Other than James Murdoch, I have no recollection of speaking to anyone from News International, News Corporation or BSkyB about the BSkyB bid; however if I had been asked by Ms Brooks or anyone else about it I would have said the same.

6. Have you at any time, whether before or after the 2010 General Election, discussed with Jeremy Hunt or Vince Cable the possibility of News International taking a larger stake in BSkyB, or discuss the BSkyB bid specifically? If so, please explain the full extent, nature and purpose of any such discussions and disclose any record of what was discussed.

6.1 On no occasion with either Jeremy Hunt or Vince Cable did I ever support News International's bid for BSkyB, advance its merits or discuss future decisions that either Secretary of State might take and how they might take it.

6.2 Throughout this period, I continued my regular bilateral meetings on government economic policy with Dr Cable and Mr Hunt. I recollect a few occasions when Dr Cable and Mr Hunt set out for information purposes the process on the BSkyB bid that they had already announced. However since this was a quasi-judicial process we did not discuss anything that was not in the public domain.

6.3 The minutes made by my private office of the bilateral meetings I had with Dr Cable and Mr Hunt since May 2010 have been examined by Treasury officials and they do not contain any reference to the BSkyB bid. This confirms that there was no substantive discussion in those meetings about policy on BSkyB, the merits of News International's bid or the future decisions that either Secretary of State might take and how they might take them. Had these matters been raised, they are all things that would usually have been recorded in the minutes.

Appointment of Andy Coulson

7. Please give a full account of your knowledge of and relationship with Andy Coulson. Rebekah Brooks told the Culture Media and Sport Select Committee on 12 July 2011 that you had personally taken Mr. Coulson for dinner shortly after his resignation from News of the World in order to discuss the possibility of the Director of Communications role. Please give a full account of your knowledge at the time of the circumstances of Mr. Coulson's resignation and of all discussions you had with him about the possibility of his appointment to a position within the Conservative Party and at No.10.

7.1 In early 2007 it was decided that the Conservative Party needed a new Director of Communications. I discussed with David Cameron who the potential candidates might be. We considered a number of people active in different media organisations – including newspapers and broadcasters not owned by News International.

7.2 One name I suggested worth considering was Andy Coulson. I had met Mr Coulson on a handful of previous occasions when he was editor of the News of the World, although we had not met privately before. Under his editorship the newspaper had supported the Labour Party in the previous general election. However, in my conversations with him, I had sensed that his personal view of political issues was more closely aligned with the Conservatives – although I had never asked him as editor whether he was someone who had voted Conservative.

7.3 I was, of course, aware from media reports that Mr Coulson had resigned as editor of the News of the World following the convictions of the paper's Royal correspondent Clive Goodman and private investigator Glenn Mulcaire for phone hacking. I assumed that since the matter had been subject to a police investigation and a criminal trial that all the relevant facts had come to light. I also intended to ask Mr Coulson himself about the issue - and later did (as set out below).

7.4 I suggested to Mr Cameron that I should have a drink with Mr Coulson and find out whether he would be interested in being considered for the job. I did not have dinner with him, as the question implies. We met for a drink on 15th March 2007 in a bar in central London. This was two months after he had resigned as editor of the News of the World on 26th January 2007.

7.5 He told me that I was the first member of the Conservative front bench to contact him since his resignation – and remarked that Gordon Brown, then Chancellor of the Exchequer, had phoned him within hours of his resignation to commiserate and that the Prime Minister, Tony Blair, had called a day or two later.

7.6 I then asked him directly whether he was indeed a Conservative supporter, despite his newspaper's endorsement of the Labour Party – and whether he was interested in being considered for the post of the Conservative Party's Director of Communications. He was surprised at the question and said he had not expected to be asked. He said that he was a Conservative supporter and that he would give it careful consideration and get back to me. I asked him whether there was anything more on phone hacking we should know about that wasn't already public. He said "no", that all the relevant evidence had been exposed by the trial. I informed Mr Cameron of my conversation with Mr Coulson.

7.7 Some days later, Mr Coulson phoned me to say that he was interested in being considered for the Director of Communications job. I passed this information on to Mr Cameron.

7.8 Subsequently, in the four years I worked with Mr Coulson I became a personal friend of him and his family. I have had no contact with Mr Coulson since June 2011.

8. It has been widely reported that you went on to recommend Andy Coulson to David Cameron for the role of Director of Communications. Please give a full account of all discussions you had with Mr Cameron about this matter, including all the advice you gave him and the considerations you had in mind in doing so.

8.1 Further to my meeting and phone call with Mr Coulson set out in the answer to question 7, I spoke to David Cameron about his potential appointment as Director of Communications. We had a number of candidates but none had held as senior a position in a newspaper or broadcast organisation as Mr Coulson. I felt that Mr Coulson's experience and ability recommended him for the job. He was also someone who clearly held Conservative views.

8.2 It has been reported that an important consideration was that he had held a senior position at News International. That is not the case. The other potential candidates for the job worked for other media organizations and if Mr Coulson had not been interested in the job, one of them would have been offered it. If employing a former News International employee had been a key consideration, I would have approached other people working for the company as well as Mr Coulson to create a short list. I did not. Nor was there any pressure on me, at any time, from anyone connected to News International to appoint someone who worked, or had worked, at that organisation.

8.3 In the process of drawing up a short list of candidates, I called Rebekah Brooks to ask for her professional opinion of Mr Coulson's abilities as someone who had worked with him. She confirmed that he was very capable. At no point did we discuss the merits of appointing a candidate connected to News International nor did we discuss Mr Coulson's resignation or the events leading up to it.

8.4 I did consider whether the circumstances surrounding Mr Coulson's departure from the News of the World ruled him out as a Director of Communications. But I made what I believed was the reasonable assumption at the time that the police had uncovered all the relevant evidence. Mr Coulson had also confirmed to me that this was the case. It is worth noting that I was not the only person who accepted this. Before the appointment was confirmed on 31st May 2007, the Press Complaints Commission said:

'There is no evidence to challenge Mr Myler's assertion that: Goodman had deceived his employer in order to obtain cash to pay Mulcaire; that he had concealed the identity of the source of information on royal stories; and that no one else at the

News of the World knew that Messrs Goodman and Mulcaire were tapping phone messages for stories'.¹

8.5 I recommended that Mr Cameron appoint Mr Coulson because I thought that he was the best candidate for the job.

9. You were reported as saying of Mr Coulson's appointment: "*Of course, knowing what we know now, we regret the decision and i suspect Andy Couison would not have taken the job knowing what he knows now. But we did not have 20/20 hindsight when we made that decision.*" (Guardian, 26 July 2011). Please explain why you regret the decision.

9.1 I said on 25th July 2011 that "knowing what we know now, we regret the decision and I suspect that Andy Coulson would not have taken the job knowing what he knows now. But we did not have 20/20 hindsight when we made that decision." I hold this view because of the evidence that has since come to light about what happened at the News of the World that had not been uncovered by the original police investigation. I did not speak to Mr Coulson before making this statement, or since, so I was surmising what his view might be.

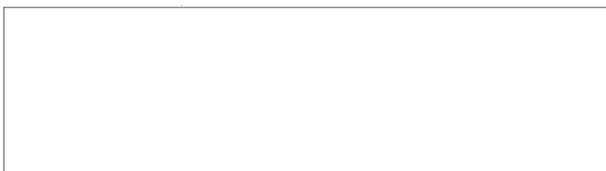
9.2 I should put on record that I am not aware of anything Mr Coulson did during his job as the Conservative Party's Director of Communications, or as the Government's Director of Communications, that was in any way improper. He did both jobs very well.

Supplementary evidence

10.2 On 3 May 2010 the Inquiry asked for some additional information related to question 5. I had intended to deal in this statement with some but not all of the issues raised in that letter, but now welcome the opportunity to address them all in a separate statement. The request will necessitate finding some additional information so I will address all the issues raised, as requested, by 11 May 2010.

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

Signed:



4th May 2010

¹ Press Complaints Commission, PCC Report On Subterfuge And Newsgathering, 18 May 2007, para 6.3