

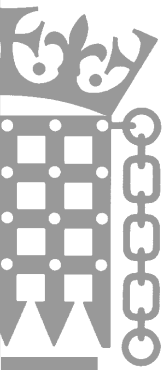
HOUSE OF LORDS

Select Committee on the
BBC Charter Review

2nd Report of Session 2005–06

Further Issues for BBC Charter Review

Volume II: Evidence



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The Report of the Committee is published in Volume I (HL Paper 128–I) and the Evidence is published in Volume II (HL Paper 128–II).

Minutes of Evidence

BBC CHARTER RENEWAL SELECT COMMITTEE

WEDNESDAY 2 NOVEMBER 2005

Present	Fowler, L (Chairman)	Kalms, L
	Gibson of Market Rasen, B	King of Bridgwater, L
	Holme of Cheltenham, L	Manchester, Bp of
	Howe of Idlicote, B	Maxton, L
		Peston, L

Memorandum by Senior Members of Faith Communities

1. The public nature of the BBC's funding through a universal licence fee places on it an obligation to serve the whole of the British public. The Agreement that accompanies the Charter therefore needs to set in place checks and balances to ensure that the BBC's view of the world is sufficiently widely informed to support and enable this obligation to be met. The BBC ought not to see the world entirely through the prism of the metropolitan liberal and secular elite's values which inevitably inform the editorial process for the majority of the programme makers.

2. It may have surprised some broadcasters that at the last (2001) census¹ 71.5 per cent of the UK population voluntarily and in the privacy of their own home declared positively that they were Christian. Taken together with those of other faiths (3 per cent Muslim, 1 per cent Hindu, 1.5 per cent others including Sikhs, Jews and Buddhists) this means that 77 per cent of the population consider themselves to be members of a faith community.

The fact that this is not reflected in the output of the BBC in general indicates that the Agreement and the Charter should contain a formal public service commitment to the fair reflection of religion in broadcasting, across the output not just in religious programmes. We are encouraged that recent comments from senior BBC figures have acknowledged that there is more the BBC could do to connect with the faith communities.² A formal commitment would support and maintain this.

It is worth noting that the number of people who attend church services on any Sunday in Britain³ is considerably greater than the membership of all the major political parties put together⁴. Indeed, one in four adults worships once a month or more in Britain's Churches.⁵ According to a recent poll, the number of Muslims praying five times a day or more⁶ is likely to exceed the attendance at political rallies even at election time. But this is in no way reflected in the prominence devoted to religious issues, as opposed to politics.

3. It is a part of the remit of public service broadcasting, and therefore also of the BBC, to open the eyes of the licence-paying public to the character of the world in which they live, through news, current affairs, documentaries, drama and entertainment. An understanding of religion needs to be at the core of this.

Religion has become a much more significant and potent force in world affairs and politics than it was 30 years ago. There is a mixture of reasons for this, some good and some bad. The collapse of Soviet Communism, partly the result of religion at its best, removed institutional atheism from Eastern Europe. Few predicted the destruction of apartheid in South Africa without massive violence, but Christian leadership paid a significant part in that transition. The Taliban, al-Quaida, some manifestations of Christian fundamentalism provide less happy examples of powerful forces that are religiously motivated.

It is undeniable that the easy assumption of a generation ago that religion and modernity did not go together is no longer sustainable. The idea that secularisation and material prosperity inevitably link hands to reduce the power of religion scarcely explains what is happening in the United States or Korea, let alone the explosion of religious activity in China just at the time when personal wealth increases.

¹ Census, April 2001, Office for National Statistics <http://www.statistics.gov.uk/STATBASE/Expodata/Spreadsheets/D6590.xls>

² BBC Director-General's speech to Stationers' Livery Company, March 2005 http://www.bbc.co.uk/pressoffice/speeches/stories/thompson_livery.shtml

³ ORB Survey, October 2003

⁴ 'What the parties Claim,' *The Guardian*, Monday 12 April 2004 <http://www.guardian.co.uk/guardianpolitics/story/0,,1190230,00.html>

⁵ ORB Survey, October 2003

⁶ ICM Muslims Poll for *The Guardian*, November 2004

2 November 2005

It sometimes seems to be a frequent assumption that what is taken to be the state of religion in Western Europe is normative, whereas the picture is more varied than the stereotyped and generalised view that Europe is secular. Moreover, the faith picture in Europe is exceptional in relation to the world in which we live and, although the standard of the BBC's political interpretation of world events in news and current affairs is very high indeed, the religious dimension is treated much more patchily and often far more cursorily. For example, the attacks on Christian churches in Iraq have been interpreted poorly and without much comprehension of the religious history of that country. Indeed there has been very little on religion in Iraq—for example the different traditions within Islam.

4. One key role of the BBC is to reflect the cultural life of the nation. Religion is central to the identity of many people, not just abroad but in the United Kingdom. Any definition of public service needs to recognise this, but it is often portrayed by the BBC as the badge of the eccentric or extremist.

All faiths have an important contribution to make to this rich mix. Again, it is important that programmes reflect this. It is worth noting that in 2003, 86 per cent of people questioned said that they had gone into a place of worship during the previous 12 months.⁷ More than 60 per cent of the people asked, of any faith or (significantly) none, said they would not wish the local place of worship to be lost to community.⁸

5. Our Conclusion:

The Agreement that accompanies the new Charter should guarantee that the religious dimension of national and international life is fully acknowledged and lay down some criteria to ensure that all faiths are faithfully, knowledgeably and fairly portrayed across the output, not just religious broadcasting, and that worship is accorded an appropriate place in the schedules. Religious themes can resonate with audiences as much as historical, arts, and scientific content.

We would value the opportunity to explore these issues with the Select Committee in greater detail.

Rt Rev Tom Butler, (Church of England) Bishop of Southwark (also Chair of the Churches' Media Council;⁹ Co-Chair of the Inter Faith Network.¹⁰)

Rt Revd Kieran Conry, (Roman Catholic) Bishop of Arundel and Brighton (signed + Graham Norvic).

Rt Revd Graham James, (Church of England) Bishop of Norwich (also Chair of the Central Religious Advisory Committee (CRAC)).¹¹

Ms Rachel Lampard, Secretary for Parliamentary and Political Affairs, Methodist Church of Great Britain, member of CRAC.

Rabbi Barry Marcus, Chief Rabbi's Representative on CRAC.

Dr Chakravarthi Ram-Prasad, University of Lancaster, member of CRAC (signed Mona Siddiqui).

Dr Mona Siddiqui, Head of Department of Theology and Religious Studies, University of Glasgow and member of CRAC (signed Indarjit Singh).

Mr Indarjit Singh, OBE, JP; Editor, *Sikh Messenger*; Director, Network of Sikh Organisations.¹²

29 April 2005

⁷ ORB Survey, October 2003

⁸ ORB Survey, October 2003

⁹ The Churches Media Council includes the following churches: Church of England; Roman Catholic Church; Methodist Church; The Free Churches' Group; Baptist Union of Great Britain; Salvation Army; Evangelical Alliance; United Reformed Church; Church of Wales; Church of Scotland; Scottish Episcopal Church; Church of Ireland.

¹⁰ The Inter Faith Network for the UK works to build good relations between the different religious communities in the UK at both national and local levels.

¹¹ The Central Religious Advisory Committee (CRAC) meets regularly to discuss religious broadcasting issues and advise the BBC and Ofcom about policies and coverage.

¹² The Network of Sikh Organisations is a loose linking of gurdwaras and other Sikh bodies to facilitate the development of common approaches to spiritual and secular life.

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Appendix 1 is attached, addressing the questions raised by the Select Committee

APPENDIX 1

THE ROLE OF PUBLIC SERVICE BROADCASTERS AND THE BBC

1. *What should be the main duties of public service broadcasters?*

Public service broadcasting is about a relationship with the viewer/listener that stimulates participation, interest and community. It is at its most effective when the wide range of the intended audience can fully engage with the output.

The definition “inform, educate and entertain” remains a valuable indicator of content, but there is little that reflects the wider aims of public service broadcasting on a statutory level. The risk is that in codification, public service broadcasting will be reduced to a recipe of so-called less popular genres defined in statute. In this context, the “soul” of psb is in danger of being lost along with its duty to engage or surprise the listener or viewer, reflect the world in which we live and broaden horizons.

2. *Are the core public purposes of BBC services, as defined in the Green Paper, appropriate?*

There is rightly a great emphasis on culture, but little clarity about what this includes. If sport is culture, then what about religion? The cultural mandate should be to portray the prevailing cultures and other cultures inclusively. The prevailing cultures should reflect not just present-day understandings of multiculturalism, but also the nation’s Judaeo-Christian heritage. The balance must be right between showcasing creative talent, nurturing, training etc and the public purposes of inclusion, creating community, cohesion and education.

The role of religion and the faith communities in fostering social cohesion, their contribution to local and national community life and the role of religion in fostering diversity in society must not be overlooked. An understanding of the role that religion plays in society should form an essential component of public service broadcasting output. Indeed, it seems sensible that s260 (6) of the Communications Act, which of course did not exist when the 1996 Agreement was written, should be reflected quite closely in the Agreement’s wording. For example, we believe under 3.2 (b) in the 1996 Agreement, in the section “Programme Content,” the words “and religious” should be inserted in the section after the word “cultural” in the phrase “cultural activity in the UK,” and, in (e) we would ask that “religion” be retained. We do not think that “education” will meet the issues raised in our paper.

3. *How do you see the BBC’s role as a world, national and regional broadcaster?*

The BBC’s role can never be seen in isolation from other broadcasters or the wider broadcasting landscape. Within the UK, it should strive to be a focus of excellence and a provider of trusted content. It must both reflect and help to shape culture, but never in a manner that is not earthed in the cultural realities of its audience. It should not impose its own culture or its own cultural preconceptions on others.

Internationally, the BBC is a trusted source of impartial information and this should continue and develop. However, it is important that the BBC does not inadvertently export an image of the UK at variance with the reality as lived in local communities across the country.

We see the BBC continuing to have a substantial in-house programme-making facility. Whilst we welcome the development of an independent production-making facility in religious programming which will encourage a lively and creative market place, we believe that without a properly resourced and staffed in-house religious affairs department to act as a centre of expertise to infuse and inform all programmes, the greater understanding of the faith communities outlined in our submission will not be possible.

4. *Should one of the conditions of the new licence fee settlement be that the BBC play a leading role in the process of switching Britain over from analogue to digital television?*

The principle of promoting 100% digital coverage is vital to the prevention of digital exclusion. This could be accomplished by a variety of means, including the involvement of the BBC in leading the process.

Clarity is needed about to what extent the licence fee is expected to cover the costs associated with this additional purpose, or whether Government funding will be available for (say) providing set top boxes to low income groups.

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THE BBC'S CONSTITUTION

5. *Is a Royal Charter the best way to establish the BBC? Is 10 years the most appropriate period for the next Royal Charter to run? Is there a case for establishing the BBC on a statutory footing?*

The key requirements of independence from Government and stability without stagnation are met by a Charter. A statutory basis might make the BBC more vulnerable to political whim. In relation to the changing landscape of broadcasting, the BBC needs stability, direction and clear purpose. Ten years is the minimum term for a Charter that offers these.

The proposed BBC Trust might be better placed than the Governors to have the power to seek an extension or review of a Charter at an earlier or later time, say up to two years early or four years late. This might provide additional stability and the possibility of emerging directions or new projects bedding down before future Charter Renewals or reviews.

GOVERNANCE AND REGULATION OF THE BBC

6. *Is the proposal in the Green Paper to replace the BBC Governors with a BBC Trust and Executive Board the best way to address the issues of governance and regulation of the BBC?*

There must be better separation between governance and management. The Trust proposal achieves this. The BBC plays a unique role in national life. We therefore think there is nothing anomalous in having unique governance arrangements, which although they should contain the key features of all good governance—accountability and transparency for instance—do not have exactly to mirror the governance of other organisations, public or private.

7. *Is the role of the proposed BBC Trust sufficiently clear? How should the Trust be constituted? How can it be made accountable to licence fee payers?*

Accountability: The Trust should guarantee the delivery of what is promised in the service licences. The service licences should therefore comprehensively outline what is expected from each BBC service. A balance should be struck between holding meetings in public and the discussions that it is only possible to have in private.

8. *How should the rights of licence fee payers be defined and protected? How should the BBC handle complaints?*

The rights of licence fee payers could be set out in the service licences. Complaints need to be handled consistently, transparently and rigorously.

9. *Are the measures proposed in the Green Paper sufficient to protect the independence of the BBC from outside pressure and to ensure that BBC broadcasts are accurate and impartial?*

Yes. Faith communities believe that the Charter is the best guarantee against political pressure. The licence fee is the best guarantee against commercial pressure. There is a risk that making the Trust responsible for impartiality and accuracy is replicating the present position of the Governors. The Trust's role ought to be to consider, impartially, questions referred to it about accuracy and impartiality as a regulator, not a management group.

10. *Are the current arrangements for the scrutiny of the BBC's spending by the National Audit Office adequate?*

Yes, if the Trust has powers to commission investigations into value for money.

THE BBC'S IMPACT ON COMPETITION

11. *Are the Green Paper's proposals to regulate the BBC's impact on competition adequate? Should Ofcom be responsible for approving the BBC's internal rules governing their commercial businesses?*

Ofcom should be a statutory consultee as should the DTI, but the impact on competition rules should be a matter for the BBC Trust.

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THE FUTURE OF PUBLIC SERVICE BROADCASTING

12. *Should there be a further review of alternatives to the licence fee and if so when?*

The present review has concluded, against the expectations of many, that the licence fee is viable for the time being and that the alternatives postulated have significant downsides. Circumstances either need to change radically or new and viable alternatives found before a consideration of all the options, including retention of the licence fee, are reconsidered. A further review in 10 years' time might be appropriate, if there are new options to consider or other factors post switch-off.

13. *How can the plurality of Public Service Broadcasting be safeguarded in the digital age?*

The significant challenge arises from the preponderance of digital output that is not produced as public service broadcasting and is not aimed at fulfilling a specified remit, although it remains to be seen what the viewing habits of late adopters of digital technology become.

Although Ofcom has asserted that some output from purely commercial digital channels fulfils public service purposes, this is entirely ad hoc and could just as easily double as disappear. It cannot be counted towards the measurement of psb without significantly weakening, not strengthening, psb.

Plurality between the BBC channels alone does not create plurality of provision. This is an area of public policy that is likely to require further development. Attention should be given to what incentives can be developed to create enduring public service expectation and delivery from a wide range of channels.

The maintenance of the plurality of public service broadcasting, which is such a rich contributor to our heritage and plays such a vital part in our national life, is a crucial matter of public policy. If lost, it cannot be rekindled. Market, consumer and economic forces will not sustain it; indeed, as has been seen in recent times, they argue strenuously against it. Public policy must safeguard public service broadcasting and find diverse and plural means of preserving it whilst delivering it in innovative and contemporary ways.

COMMISSIONING OF PROGRAMMING

14. *What is the best way to ensure the BBC gives independent and external television and radio producers a fair chance to get their ideas commissioned? Should there be mandatory quotas for external commissioning?*

Independent production is an important tool for maintaining a plurality of approaches to psb programmes and avoiding an overbearing sameness in "house style." A system of open competition between in-house and independent production has the drawback of creating uncertainties about what level of independent production can be sustained in the marketplace. Too much variation year to year risks far greater uncertainty than many independents except for the largest could sustain. A mixed system of mandatory quotas and open competition might offset this.

Examination of Witnesses

Witnesses: BISHOP OF SOUTHWARK, a Member of the House, DR CHAKRAVARTHI RAM-PRASAD, DR MONA SIDDIQUI, DR INDARJIT SINGH OBE JP and REVEREND JOEL EDWARDS, examined

Q1 Chairman: Good morning, thank you very, very much indeed for coming. Let me just explain what we are doing. This is the second part of our inquiry. We reported yesterday on the first part which was a report which the Government had asked for by the end of the month, which we did. It was greeted with muffled applause from the Government; very muffled as far as I could see. Now we are looking into a number of other areas, because we could not do full justice to all these areas in the first part, and religious broadcasting is very much part of that. We should like to thank you first for your evidence which we have all read and I will not ask you to repeat that, but it might be useful if you just briefly introduced yourselves and then we will start the questioning. Tom Butler, do you want to start?

Bishop of Southwark: Certainly; yes. I am Tom Butler, I am Bishop of Southwark. I chair the Churches' Media Council and I am Co-Chair of the Inter Faith Network of Britain and Ireland.

Reverend Edwards: I am Joel Edwards. I work as the General Director for the Evangelical Alliance which represents a constituency of about a million evangelicals across the UK; I occasionally appear in one or two broadcasting guises, but that is my main work.

Dr Siddiqui: I am Mona Siddiqui. I work at the University of Glasgow, where until last year I was the Head of the Department of Theology and Religious Studies. I do a lot of religious broadcasting for the BBC and I have just been appointed Chair of the Scottish Religious Advisory Council for the BBC.

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Dr Singh: Indarjit Singh. I am the editor of the *Sikh Messenger*, Director of the Network of Sikh Organisations and I do some broadcasting and writing on religious issues.

Dr Ram-Prasad: I am Ram-Prasad. I teach Hindu religions and philosophy at the University of Lancaster and I sit on the Central Religious Advisory Committee (CRAC) as a representative of the Hindu religions.

Q2 Chairman: Thank you very much. As I understand it, this paper that you have produced is a joint paper.

Bishop of Southwark: Yes.

Q3 Chairman: May I just start by asking you something about the number of people that you estimate have religious beliefs in this country? You are basically saying in the second paragraph "... 77 per cent of the population consider themselves to be members of a faith community". Some would say that is pretty rose-tinted, given that our next series of witnesses comes from the British Humanist Association who gave us different opinion polls which show that a populist poll on churchgoing says that 47 per cent of the nation never go to church and as far as young people are concerned, a poll in *The Guardian* showed that, in answer to the question "Do you believe in God?", 35 per cent said yes and 45 per cent said no. *The Telegraph* had a rather different poll because it was the 18-plus, but they also showed 35 per cent saying no. Do you think that figure of 71 per cent is pretty rose-tinted?

Bishop of Southwark: It was an objective figure coming from the census, so it is not our figure, but it is a figure. I do not think we would want to put our main argument on the fact of numbers; we would not want to get into that argument. Our position is that for very many people in this country and around the world religion matters immensely and it is the responsibility of the public service broadcasting service to reflect the world as it is. In the world as it is, religion is something very significant and that is why we are giving attention to this. So whether it is 71 per cent or 60 per cent or whatever in a sense is irrelevant: it matters to a lot of people.

Q4 Chairman: As you rightfully say, one does not want to get into an argument on statistics, but I think it can be taken that there is a high number of people who have no beliefs, like the Humanists who have beliefs but of a different kind. Would you, in saying that religion is important and therefore a public service broadcaster has a duty to express that, support people like the humanists being also given time to express their views on radio and television?

Bishop of Southwark: I think my own reaction to that would be that they have an enormous amount of time because the kind of standard mindset of the media, and particularly the broadcasting services, is the mindset of metropolitan secular humanism. That is the mindset which is reflected in most of the output. Therefore the question of the alternative religious perspective on the world perhaps does need careful attention because it is counter-cultural in our own society. So broadcasting is not excluding the humanist voice, I would say that that is the standard mindset of most of the programming.

Dr Ram-Prasad: Colleagues in my department recently brought out a book which has received some attention internationally called *The Spirit Revolution* in which they go to the heart of the matter, which is that what we mean academically, in a scholarly way, by the study of religion and its place in peoples lives is not always got at by asking questions about god, for example. After all Buddhists do not believe in god, neither does a Shinto so it cannot turn on the notion of god, it cannot even turn on a notion of church attendance. There are some fairly persuasive studies to show that probably by the 14th or 15th century church attendance was roughly the same as it is now after the 19th century spike. Even if we accept that something formal like the Humanist Association has a point of view, I am not quite sure whether that would represent the views of those who answered in the negative when asked certain kinds of traditional questions about the nature of their religious beliefs. We need to have a very much more nuanced understanding of quite how people perceive the role of the sacred in their own lives and that might actually give figures which are very different to the cut and dried questions which often put people off the track of talking about themselves.

Q5 Chairman: Take *Thought for the Day* which appears to be the acid test as far as religious broadcasting is concerned, at least on one level. That is fairly general—as I listen to it, it becomes more and more general—and surely someone from the British Humanist Association could put a message there just as easily as someone from a religious background.

Bishop of Southwark: I get slightly puzzled by that question. Let us put it alongside your earlier question which in effect was: is religion that significant in the world today? We may get on to how popular religious broadcasting is or is not. One cannot have that alongside the fact that *Thought for the Day* is very popular and it is the religious reflection upon the news. I would maintain that the rest of the two and three quarter hours are reflecting the secular humanist mindset. What makes *Thought for the Day* very popular is that it is giving an alternative viewpoint and

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a religious viewpoint on the news of the day at its best; a theological or spiritual input. I think all of us here take part in that. It is an indication that religious broadcasting, when it is done well, can be very, very popular and valued in today's world.

Q6 Lord Holme of Cheltenham: A problem which vexes me is that in one sense you ladies and gentlemen are a sort of trade union group; you represent churches, in other words, organised religion. Of course one of the implications of the research we are looking at, referring to people in the privacy of their own homes and to a general belief in god, is that their belief is not necessarily the same as, and coterminous, with the interests of organised religious groups. The question I would value general guidance on is how far, in looking at the BBC, should we be thinking in your terms about its coverage of spiritual issues as opposed to its representation of the interests of the religious trade union and the churches who have got themselves organised, who want to have their organisation covered.

Dr Siddiqui: I do not represent any church and I would say that in fact, in some ways what we are arguing for is the opposite, that religious language is not something that lives and breaths and dies in textbooks: in our globalised age, religious language is something which travels and resonates thousands of miles in peoples' homes in seconds. So it is important that we talk about religious language and religion in ways that the whole world can actually identify with and not that religious programming should just be a reaction to global events. A lot of programming is really about reaction to global events, usually political events. In a way what that does not do is actually deal with those issues which are important to the ordinary believer, whether in the West or whether in the developing world (and let us bear in mind that the large majority of people in the developing world with which the West is so preoccupied now are believers of some religion). We talk in language and we make programmes which are really about the way people live and believe, not just about reaction to global political events. I would resist saying that this is really about a reflection of organised religion: it is really about how religious language sits side by side, how religious programming sits side by side in contemporary civil debates on society right across the spectrum.

Q7 Lord Holme of Cheltenham: So you would be happy, for instance, I am not suggesting this seriously but to try to clarify the argument, if any obligations of the BBC were expressed in terms of spirituality rather than religion.

Dr Siddiqui: The BBC itself is very aware that a huge number of people, who express an interest in or belief in, or inclination towards religion, use the term spirituality. That does not exclude religion from that. What we are saying is that it is not that the two terms are antithetical: there is room for spirituality and debate on spirituality in religion, but also vice-versa.

Q8 Lord Maxton: I do not recognise, in the BBC in particular, your view that it represents a metropolitan liberal secular society. In fact religion is treated by the BBC with kid gloves. It is never criticised. You very rarely have a programme which puts an opposite point of view to a religious point of view. I accept it may produce programmes which are secular in the sense that they are not religious, but it does not ever, or rarely, criticise. May I come back to numbers, because they are important? What percentage of the population regularly attends church and define what you mean by regular? I do not mean going to the watch night service on Christmas Eve once a year as being regular attendance of the Church of England.

Bishop of Southwark: On your first point that religion is treated with kid gloves, that has not been my experience on very many news programmes where, for one reason or another, I have been asked to be interviewed on some aspect or other of the life of the church and have been treated in exactly the same way as anybody else.

Q9 Lord Maxton: The same as a politician?

Bishop of Southwark: Yes indeed; the professionals will probe and one would expect them to and they do. I hope I will have a bit of an opportunity to say that we are not a trade union for religious programming. What we are a trade union for, if we are a trade union, is for religion to be taken seriously right the way across the output of the BBC. I would argue that it is probably more significant that the hard news programmes, where there is a religious dimension to the news, as there often is, are treated with great seriousness. I think that is where sometimes the media can let themselves down, not deliberately, but because the depth of knowledge is not there to handle the story. We saw the thing yesterday, for example, over the postage stamp and the Post Office, where obviously the consultation was not wide enough or deep enough, not because anybody was being difficult or provocative, but it did not cross people's minds. That can be typical of what can happen in the hard news programmes. So I am concerned with religion as hard news. In terms of numbers, Joel I do not know whether you would like to pursue that.

Reverend Edwards: In terms of church attendances, it is probably somewhere around three and a half to four million who attend church regularly. This issue of

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hard numbers is an important one, so whether you are extrapolating from 70 per cent, 71 per cent in the official Government survey, which you could say is a nominal number, or the hard factual lower regular church attendance numbers, is important. If we are looking for numbers to legitimise importance, then politicians will have a very, very hard case to prove. What we have to demonstrate is that there is actually a residue of hunger for spirituality but sometimes religious groups in their formal structures may be good containers of and sometimes we are the best critics of ourselves for failing to represent, to reflect and to challenge the persisting and existing spirituality which is there. It is also very important that in the year 1999–2000, the BBC conducted what must have been its most exhaustive survey to date: the Soul of Britain. This showed a number of very important facts, for example, that young people under 40 thought their parents were not spiritual enough. One of the very important facts it showed up, which I was intrigued by, was that a very high percentage of people they surveyed, something like between 75 to 85 per cent—actually wanted to hear what the church had to say about critical issues such as global poverty, injustice, racism et cetera. There should not be a dualism or dichotomy between the numbers, there should be no tension between the spirituality and the role and responsibility, the challenge even, which organised religion has to respond to. The BBC must find itself in a place where it is actually dealing with those tensions and a former head of religion and ethics, Ernie Rae, once spoke about vague spirituality. I think religion has a responsibility to respond to that as well.

Dr Singh: I am concerned about the assumption that religion and spirituality are the same thing and that religion should be confined to the home. I am speaking from a Sikh perspective. In our view our different religions are guide books on our journey through life, telling us what we should do and what we should avoid in leading a responsible life. Now if all were peace and harmony in the world, perhaps we could argue that religion is not necessary, but we know that things are very much the contrary. These guide books have largely been discarded. I think they have a great perspective to offer on life, valuable guidance, and that this should be reflected throughout broadcasting.

Q10 Lord Peston: I am still trying to get your philosophy clarified because you referred to this bias towards the metropolitan, liberal, secular elite, which I must tell you I do not recognise at all. Now I am addressing Dr Ram-Prasad and Dr Siddiqui as they are both in religious departments; I do not know whether you call them religious studies departments. Would you apply the same theory to your universities? Would you say that really religion ought to permeate

the teaching of all other subjects? You imply, for example, that the maths department is somehow metropolitan secular because religion does not enter into it, as far as I know, certainly not when I did maths. It just seems to me that your position is completely illogical. Why should religion permeate everything in that sense? Maybe you would argue that religion ought to permeate all the other departments at your university.

Dr Ram-Prasad: I think it is a question of how exactly you permeate. The point is that there are indeed different manifestations of religion in different aspects of world experience and that is perfectly reflected in studies. We have religion in politics, religion in ecology, the management school takes us in to teach particular aspects, so if we were going to compare the departments at the university to, say, the stations and programmes on the BBC, well, yes actually, a lot of religion does pop up in different bits of the provision of the university. We also have students taking those different courses attending what is taught in our departments. So obviously physics might not have it, although in fact, I do have a grant from the John Templeton Foundation to look at physics and spiritual arguments of consciousness. Some departments might not have it however and some programmes might not have religion. There is a big difference between thinking that a very small range of provision exhausts what religion ought to be in the BBC's coverage and saying that everything ought to have religion.

Q11 Lord Peston: You say “everything”; you say “across the output”. That is not a bit, that is the lot.

Bishop of Southwark: As I indicated a little earlier, I do not believe you can understand much of what is going on around the world in terms of hard news today without having some understanding of religion. When you try to understand, for example, what is going on in Iraq without some understanding of religion and some depth of understanding, one can make some grave errors. If it is the responsibility of the BBC, as it certainly is as a public service broadcaster, to try to report the news and explain the figures, I do not believe you can do that without a religious perspective.

Q12 Chairman: Do you think enough has been done on that?

Bishop of Southwark: No, I do not and I would not single out the BBC. I think the media in general have not put the resources into that aspect of human life and therefore we are inadequate in the way in which we do respond to the news and why we sometimes make grave errors. So I think there is that. The other aspect I think we were referring to is that the BBC also has a responsibility for entertaining and whether you are

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talking about soap operas or other programmes, they are reflecting life as it is, and in reflecting life as it is, we want to see religion taking its normal place.

Q13 Lord Peston: That is my question. You do see religion taking its normal place. But you say that you cannot see it there. How is it that I see it there throughout just as when I look at English literature I see religion throughout? Someone does not suddenly stand up to read you a John Milton poem and maybe tell you he is religious or anything like that. I cannot quite see, forgive the Americanism, what your beef is on this?

Dr Siddiqui: I think it is precisely because the BBC is so respected globally that I personally, and I am sure the Committee, feels that it is in a unique position and one of its aims is to be a forum for education globally. The bishop has mentioned Iraq: suddenly Iraq appeared on our screens and it was assumed that the whole population knew the difference between Sunni and Shia; yet nobody knew the difference, there should have been something that actually looked at the theological implications behind what was happening. Suddenly we are assuming that everybody in the media and everybody who is watching these programmes, even hard core news programmes, knows what the Shia coalition might look like and what their differences would be. All we are saying is that two areas are suddenly realising that there has been a huge missing link in the way they have taught things. You referred to the university departments and development is now saying that even after 50 years the reason IMF and the World Bank have not been able to erase the issue of poverty, is precisely because in those areas which are the most poverty stricken development is inextricably linked with issues of spirituality and religion. In medical schools now medical ethics are all about how we reflect the ethics of a universal global population which has different issues and different viewpoints on some of the basic issues, some of the most essential issues that we are discussing now, such as abortion and stem cells. They are now including people. This is not so that people who have religion can go in and preach to them: this is so that people who are of a religious bias or have religious knowledge can actually reflect the wider issues around their central teaching.

Chairman: I am going to bring in the Bishop of Manchester, if I may. I know you have a more general point to raise, but you were going to talk about the news as well so this may be a suitable time to come in.

Q14 Bishop of Manchester: I am required though first of all to declare a stipendiary interest in religion. I need also to emphasise to the members of this Committee that I have taken no part in the written submission of

evidence that we have had on this matter, nor, apart from courteously saying good morning to our visitors, have I engaged with this group on the matters before us. I need to say that. I want to shift the focus now to the BBC itself. We have been talking in helpful and general terms about religion and spirituality, but we are a Committee which is concerned with the BBC charter renewal and I should like to hear from all the members who are visiting us this morning their opinion about the kind of strategy that the BBC, from their perspective, ought to have on matters religious. By that I mean really two areas. The first is what traditionally might be termed religious broadcasting and we know that there is a department within the BBC, the religion and ethics department, which has particular responsibility for that. I should also like to hear you on a subject we have been touching on a little, to which the Chairman has just referred again now, which is religion in broadcasting and in what sense you feel that the BBC strategically needs to look at the way in which it provides informed opinion in the manner that you have been describing in terms of news coverage. So there are two major areas there where I would be helped by your contributions.

Dr Singh: I think religion in broadcasting generally should look at the whole religious perspective for several reasons, one of which is the removal of ignorance about religion. If religion is important to so many people—we may not have agreed on the exact percentage, but it is, I am sure, conceded that it is extremely important to people—we need to know and understand just what those essential beliefs are, what is important and how those beliefs can contribute to society. I think the BBC can do a lot and should do a lot more in that direction. Due to the sort of social constraints of a largely secular society they are pushed into looking at religion from a perspective that often looks at the trivial rather than the essence of religious teachings. We can have a programme on Sikhs which will tell us how many chapattis are made in the Golden Temple, things like that, and nothing about the ethical teachings of religion. I think much more should be done that way, because in the end it is so easy in an atmosphere of ignorance for prejudices to arise. It is very important, especially in this day and age when people are travelling and mixing and previously distant neighbours are now next door to us, that we do understand what people are about and what motivates them, what is important to them.

Q15 Bishop of Manchester: If I were on the BBC, I might come back to you and say that we have a religion correspondent and when items come up on the news we refer to him. Without talking about personalities, are you saying that that provision which the BBC has at the moment is inadequate?

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Dr Singh: Frankly the BBC's coverage of religious issues could certainly be improved.

Bishop of Southwark: Typically what will happen, going back to an earlier question in terms of us being probed on the news, is that one might go on the *Today* programme. They will be well briefed and probing questions will be asked. If that story begins to run and there are follow-up questions, it will be a second team who will know very little about the subject at all and will even ask, and I have had this asked of me, "Bishop, what questions should I ask?". That is no longer hard probing and it is because there is not the depth of knowledge. That is what I would recommend. We are not here to lobby, but I would recommend that in terms of its hard news coverage the BBC would be stronger if it had a greater depth of knowledge of matters of religion.

Q16 Chairman: Do either of you have any examples? We hear about the reservations. Are there any examples of where things have been done badly, particularly in explaining the different religions?

Dr Ram-Prasad: One example which comes to mind for me actually goes back to whether or not there is adequate coverage strategically, because it is so contingent on who happens to turn up, who is the person invited. An example which comes to my mind all the time is explaining the tensions between India and Pakistan over Kashmir. It is repeatedly represented as a religious issue unless you have some old hand, a special report by Mark Tully or people who have lived there, who know the religious background and immediately know of course that the argument is not about religion because India has got as many Muslims as Pakistan and in fact there is a massive Muslim contingent in the Indian Army operating in Kashmir. So immediately the tendency to have kind of *West Wing* storyline which says this is about the religions clashing over nuclear Islamic bomb versus a Hindu bomb simply misrepresents what any professional would know about the field and most people in India and Pakistan would know. The lack of strategic thinking comes from thinking "Okay, we have somebody somewhere in Asia, let's bung him in and ask him to give a report" rather than having somebody who would have the kind of training that you would expect over a longer period of time. It is entirely left to the brilliance of the individual person involved whether they know that or not and that does not argue for strategy, although it does argue for individual acts of extremely good reportage.

Q17 Chairman: Can you give an example of where it has been done well? We are getting a lot of complaints where it has been done inadequately. Are there programmes or particular programmes where it has

been done well, so we have some idea of what we are aiming at?

Bishop of Southwark: The coverage of the death of the Pope was done extremely well, where the BBC put resources into it, drew upon expertise and as the story developed the dying of the Pope and the death of the Pope and the handling of his funeral were excellent.

Dr Ram-Prasad: Some of the serious reports on the rise of the American right and the role of Christian conservative movement have been extremely well done once experts were brought to bear on it over the period of the first presidency of George W Bush.

Dr Singh: Some programmes about Sikhism have been done and been well done and that is going back to 1999, which was the 300th anniversary of Sikhs in their present form. They were excellently done, but against that, there is still general ignorance. We constantly hear again and again about the three monotheistic religions meaning Judaism, Christianity and Islam. Sikh scriptures begin with the words "There is but one God". You cannot get more monotheistic than that. Someone talked about the BBC pussy-footing around religion, treating religion very sensitively. I should like to see it the other way around: more robust discussion about beliefs, about practices. It would be doing a service to religion, because so often out-dated and sometimes wrong social and cultural practices creep into religion. They need to be stripped away from religious practice so the ethical teachings can come to the fore.

Q18 Bishop of Manchester: May I come back over the other part of my question because you helpfully talked about the news side of it and those areas of broadcasting which do not specifically come under the heading of religious broadcasting in terms of their production. Again, if I were here from the BBC, I would be asking what you guys want, because we have a religion and ethics department. What is your view about that?

Bishop of Southwark: I think they put out some excellent stuff. The problem is that I never quite know which comes from that department and which does not. For example, the series *The Monastery* was riveting, it had a high audience, competing with *Celebrity Island* on another channel and it was noticeable that week by week the numbers of viewers to *The Monastery* went up and the others went down. So there are some good programmes. I would want to question the BBC about where the programmes are actually placed on the schedule, on what channel and at what time of day. Again, I do not know where it came from but the programme on Jonathan Miller two days ago, *A Complete History of Unbelief*, was riveting; it was at peak time and one rarely has a religious programme of that intensity scheduled,

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probably on BBC2 but I am not sure, at peak time which meant people had a chance of seeing it. That is partly my complaint: not the quality of the programmes, but where they appear on the schedule.

Q19 Baroness Howe of Idlicote: Quite a lot of what I wanted to probe has already been discussed quite fully, but I was looking at a statement you make about religion having become a much more significant and potent force in world affairs and I do not think anybody would disagree with that comment. Equally, in this country the range of religions has multiplied, I would say even within the particular religions that there are different factions and so on. You equally say that the reasons for your concerns are good and bad. Given what you have been saying about the need to explain the different religions and their point of view et cetera, et cetera and not forgetting history, the crusades will give us one example, that religions have really been seen as a factor for conflict in the past, wrongly or rightly, clearly the importance of getting a right balance, reflecting what you all think is the best path and the best contribution of religion should play a fairly high part. Do you think currently the different religions in this country are reflected in the right proportion? Is there a sufficient representation on CRAC of all the different religions really to see the advice you are giving is going right across the board?

Dr Siddiqui: May I start with the last comment about CRAC? CRAC has an anomalous role in some way because it is an official advisory committee to the BBC, but it is an unofficial advisory committee to Ofcom as well and it sits somewhere in between. One of the things we are trying to discuss with Ofcom and the BBC at the next meeting is the exact role of CRAC because it is an anomalous position. In terms of representation, I think that there is an adequate representation of the different faith communities. Perhaps once we know what our real role is, apart from just looking at programme recordings and commenting on them and talking generally about BBC religious output, then we might be able to discuss representation. However, in terms of the earlier question or the reflection you made about faith communities, maybe one area that the BBC should cover—in a way it has an obligation to educate the public—is not simply to educate on the history of different faiths, because that presumes that the different faiths are all monoliths and all Muslims and all Sikhs and all Hindus think alike, but actually to reflect the diversity within these faiths. A lot of the conflicts that we see are actually intra-faith diversities and not inter-faith. In some ways those people who write to the BBC—and I will give you an example of a recent *Panorama* programme which ended up being really a kind of rise and fall of the Muslim Council of

Britain—and complain that the BBC has done a disservice to them . . . In some ways the BBC has not because what they were reflecting were people who were in that organisation and out of that organisation, reflecting where the MCB stood in Britain today. Now that is a challenging programme because it is actually stepping out of strictly religious history or religious faith interpretation or faith reflection and looking seriously at an organisation which puts itself forward as a mouthpiece for Muslims in Britain. That is where the BBC is at its best in those programmes which are slightly on the edge and are really aiming to reflect diversity and conflict of opinions within religions, because essentially what people who are of religious faith are talking about most of the time are the different diversities.

Dr Singh: The point about the differences within a religion is very important and some education on this is needed. However, the other point, the other extreme, is that we often look at different religions as though they are completely different. We do not look enough at the similarities—and this is something that the BBC can do—the huge area of overlap between our different religions. We should respect the differences, but there is a huge area of overlap and a little more focusing on that sometimes could be extremely helpful in making this a more cohesive society.

Reverend Edwards: In the aftermath of *Jerry Springer the Opera*, which we remember well, I had the opportunity of meeting with the Controller of BBC. One of the points we were seeking to make was that, the Christian community in particular, not exclusively but in particular, had some difficulties with it and made our strong objections. In the aftermath of that, we still found out that some opportunities were missed for a more massive educational task. In fairness to the BBC, when a number of us went to make a presentation to them before the broadcast, they undertook to follow up the transmission with some educational material which was done in part. I think the conversation we were having was not dissimilar to the one we want to have with you today. This is that faith does not come in a kind of confrontational, “Please let’s grab more territory for faiths” argument. It really is an argument about the full quality of life and opportunities to enhance the professionalism of the BBC by ensuring that a kind of dualism by which religion is compartmentalised as a private sphere does not actually undercut professionalism within broadcasting and actually cheat the public. So one would hope that in representing religion, either in religious broadcasting or more widely in news items, we do not present the kind of dualism which marginalises faith. But we recognise that everything, from the global impact of religion to its local and

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community impact, is highly transformational, with some magnificent stories as yet untold. The BBC should continue the good work it has begun and seeks to represent religion, our failures, our difficulties, our links with extreme behaviour as well as some of the more redemptive aspects of religion in the community. There is still a story waiting to be told and one of the arguments I would have with commissioners and producers is that very often, in the interest of sensationalisation, they are actually selling out to what is, in my experience, still a very pervasive anti-religious sentiment which actually works very vigorously in the editorial suites. If we could actually by-pass that, I think we would find that there is very good material around within the religious world to enhance broadcasting and make a positive contribution to communities. So it would be very interesting to see, for example, how the BBC positions itself as we approach the bi-centenary of abolitionism and what stories of faith will be told in the context of that important and still contemporary issue. I think the faiths would want to say: can we partner you and ensure that a good story is told professionally in a way which is educational?

Q20 Chairman: One has a certain amount of sympathy for reporters on the *Ten O'Clock News* who try, for example in Iraq, to set out the difference between Sunni and Shia. It is not a simple thing to do, is it, in the amount of time that you have?

Dr Siddiqui: But it should not be in the *Ten O'Clock News*. They are reacting to a global story which is fair enough, but then surely, within the two and a half years that have elapsed, the BBC has had plenty of time to have serious discussion, whether it is radio or television, on what exactly the conflicts are and the history and theology.

Bishop of Southwark: Why should one have more sympathy with that than, let us say, the complexity of the Tory succession. One expects the BBC to be thoroughly competent and professional and knowledgeable across a wide range of public life including, politics. I did not respond to the numbers, but I would just like to say that more people worship in our churches in a month than are members of all the political parties put together. We do not then ask why the BBC is spending all this time on politics, but one thing we have learned in the last five years is that religion matters around the world and therefore we have all got to understand it better if we are going to understand our world.

Q21 Baroness Howe of Idlicote: You have made a very good case as far as I am concerned for being in on quite a number of levels, but equally, having said that, I do not quite see it, because the implication is that

those with no religion, or with a different ethical approach to things, are catered for in the rest of the curriculum. I would have thought that their contribution to all the issues that we have been discussing is at least as important. Should they not be in there too, giving their ethical viewpoint or their humanist viewpoint and explaining their role?

Bishop of Southwark: There was the programme on Jonathan Miller. They are there and they are very often there in a big way and in a very imaginative way. I do not think they are being neglected, but that is my perspective.

Baroness Howe of Idlicote: They would seem to think they were.

Q22 Lord Maxton: Let me come back to *Thought for the Day* then and the BBC equivalent in Scotland, where in Scotland of course, far from it being 15 per cent who confess to having no religion, it is 28 per cent, which is double the number, for instance, of the Catholic population of Scotland. You never have a non-religious point view. If you had a prayer every day as *Thought for the Day* then I could just about understand it, but it is not: it is a religious person expressing their point of view. So why should it not be a non-religious person, not somebody who is a humanist necessarily, just a bus driver, a policeman, somebody who is not a member of a church at all expressing their view?

Bishop of Southwark: We are contributors because we are asked to contribute, but I can understand why the BBC take the line that they do, namely that this is an opportunity for a specifically religious voice which one is not hearing in the rest of the programme in the same kind of way. Equally I think I am right that there is within the *Today* programme quite a substantial time, far more than two minutes 40 seconds, for a personal perspective. Somebody, usually somebody certainly from a non-religious perspective, will give a substantial spot on whatever he or she wishes to do. It is not as though it is not there at all; it just finds a different place in the programme. But as I was saying, we are not the producers of the *Today* programme.

Q23 Baroness Gibson of Market Rasen: We have covered quite well the position of religion and current affairs. What about other areas of the BBC, for example, drama or music? How do you feel the BBC deals with this and if there are faults, what are they and how should they be rectified?

Dr Ram-Prasad: I think it is probably in those kinds of areas where coverage is the weakest, relative even to politics, because eventually they get the right people out for politics and they start writing and reporting well. We talked about this in the case of some of the soap operas, which of course are specialists on trivia

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and superficiality, so they cannot be faulted, particularly on religions. However, to the extent that they do tend to use stereotypes to represent a whole community in a kind of shorthand, the Christian, the mad fundamentalist, the Muslim who is going to go and kill people, the Hindu, the one who is in the arranged marriage and is going to beat his wife, which you recognise as soon as they pop up, that kind of thing has become such an easy form of cultural stereotyping that insufficiently hard questions are asked about how they could treat the hinterland of peoples' lives, which does include religion, more seriously. With music, I think that is probably an area where there is a real lack of recognition of the richness of the multi-ethnic traditions of Britain. They hardly ever make it. If they do, it is usually on the presumption that Hindus and Sikhs are insomniacs, because the programmes are always at one o'clock in the morning, and if we are up, like we were last night for Diwali, we are not watching a programme are we? Those are possibly the areas where coverage would be weakest and my understanding of what is happening there is that it is partially to do not with an unreadiness on the part of BBC religion, but for it not to be given sufficient resources and clout to put out what it can across the programming.

Q24 Baroness Gibson of Market Rasen: You mentioned in particular the soaps, would you say where there is an illustration therefore of a religion that it is actually anti the religion rather than involving it?

Dr Singh: Dot Cotton in *EastEnders* is an example; they pull her out and make her quote endlessly exact quotations from the bible. To my mind it ridicules religion to some extent. It is useful if religion is brought into drama, to have something about its ethical teachings, what it has to offer on that particular issue, being discussed or talked about.

Dr Ram-Prasad: I would also say perhaps something slightly different: it is more than nuance I am asking for, because there could well be religious figures who are ridiculous figures, therefore they need to be there as part of the narrative. It is not actually an evaluation or a normative judgment on how it ought to be covered, it is just that these people's lives often do have a great many more dimensions. Any attempt to be dramatically real could include religious representation rather than think of it as something that is wheeled in stereotypically and then taken out again.

Q25 Lord King of Bridgwater: I just want to clear up on a point which came up earlier on the numbers game and the question of the strength and significance of religion in national life; I am talking

particularly initially about the Church of England. You seem to focus on church attendance, but there must be quite a constituency of people, the housebound for a start, who may get all their religion actually out of broadcasting and there may be another constituency of people who actually do not like church very much; they may still be quite deeply religious. Do you have any figures for that at all?

Bishop of Southwark: It is estimated that one in four adults in all faiths worship once a month in this country, so we are talking about a substantial minority of people who actively worship. In the Church of England we talk about 1.7 million a month, but that is not taking into account the day by day by day contact that the church has with drop-in clubs, with church schools and with all the raft of community life which exists. There are figures which we could submit to you from the dioceses of Chelmsford and Guildford who did a survey of the involvement of their church members in community service and they were talking about millions of people; the involvement of church people in the common life of the country, not just church people, we will be talking about people of all faiths. So there are some figures from particular places and certainly that is why, at the beginning, I did not really want to get bogged down in arguing certain numbers.

Q26 Lord King of Bridgwater: I am talking about the ones the priests and vicars know nothing about, the people who get all their religion out of broadcasting, never go to church and would mind very much—

Bishop of Southwark: Partly one touches that whenever the BBC tries to make any changes, let us say to the daily service or choral evensong, *Songs of Praise* and one suddenly discovers there is a dedicated listenership, number of viewers for whom that is a very important part of their lives. It is not something I personally know too much about, but it is certainly there.

Dr Ram-Prasad: We might not be able to have things to hand, but we could easily determine that, for example from the *Heaven and Earth* show, which comes on exactly at the time people would be in church. If we look at that audience size there, we are going to get a pretty good indication of how many people are interested in this issue, but actually are not in church. Why? It is very likely because they cannot go, as I know anecdotally, but I think we might need to get at these figures indirectly rather than have them.

Bishop of Southwark: If I were a shop steward for the church, I would be asking them to close this down because it was stopping people coming to church.

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Q27 Lord Holme of Cheltenham: In your evidence you say that you think the agreement which accompanies the charter should, amongst other things, ensure that religion is fairly reflected. That is a very difficult concept. Let us just suppose, for example, two successive weeks of *Panorama* and in week one we have a programme about the rapture in the United States where 33 per cent of Americans believe in the very near future that the world as we know it is coming to an end and the chosen are to go to sit at the right hand of god and the rest of us will burn in the flames. This is not an apocalyptic remote possibility: it is a proximate possibility, it is going to happen quite soon and this affects the policies of neo-conservatives in the administration who think “Why bother with the environment, because the world is going to come to end soon and the good people will be fine anyhow?”. That programme is the first week and the second week is a programme which shows the effects of fundamental Islam throughout the Middle East as a factor in conflict and tension. When you say “fairly”, what do you want at that point? Do you want to appear to say not all Muslims are like that, or do you want to appear to say you do not have to worry about a lot of nutters in the Mid-West, because that is not what the good old C of E believes? What do you mean by “fair”.

Dr Singh: It would be useful if there were some programme that pointed out that those fundamentalist beliefs in the United States are nothing to do with the teachings of Jesus Christ. They are just extreme beliefs.

Dr Siddiqui: I think it is extremely important to show those programmes, absolutely, and I would say it is the job of the BBC to educate and inform us that there are radical wings in religions at the moment, that Islam is on the go on certain issues. It is entirely appropriate that the BBC should show programmes like that and if it chooses to show them in high profile programmes like *Panorama*, so be it and it is not misreporting anything. What we are trying to say by “fairly” is that that is not the nub and all and essence of a faith, that is one reflection of it. So the neo-conservative rise in America is a reflection of a particularly worrying trend for some people who are also Christians but who do not agree with that rise. Islamic radicalism is also a rising threat to Muslim communities themselves; it is a threat, but it should also show how Muslim communities themselves are worried about it. My comment really goes back to the initial points that religious programming in general should not just be a reaction to global events, it should also be showing that okay, there is this side of religion but there is also, not necessarily a more balanced side, but there

is a different vision of that same faith that is practiced by people within that faith.

Q28 Lord Holme of Cheltenham: But you would not dissent from the fact that both of those programmes in themselves could be perfectly fair portrayals of religion?

Dr Siddiqui: Absolutely; yes.

Reverend Edwards: Indeed. About six or seven years ago, in fact when I was on CRAC, a very good friend of mine who worked in the BBC, Ewan Russell Jones who works for BBC Wales in the education department, did such a programme. I thought it was a very fair analysis on the whole issue of pre-millennialism, showing some of the “Jesus is coming soon and we are all going away to heaven” and the impact of that kind of religion. It was very well done, very astutely done, it spared no punches, and was very level-headed. So I think the BBC has a responsibility to show that kind of thing. Conversely, I hope we could also show that whilst that is the section of Christian eschatology with some downsides, there is also a very vibrant part of the Christian community which may believe the same things—I believe in the second coming of Christ—but equally this constituency is working very hard at community cohesion and employs twice as many youth leaders as local government does and therefore is totally involved and absorbed in the life of its community now rather than waiting for the hereafter. This is religious broadcasting at its best, it moves beyond religion to community commentary and I think that is the strength of what the BBC is still able to do because it does it professionally and objectively.

Bishop of Southwark: May I just add another side to this “fairly” thing? I think what we are saying in our submission is that we do not want things just to be left to the good will of the director general who might come and control other channels. We feel that there should be a formal public service commitment which includes fair reflection of religion and other matters; we actually want that built in to a statement accompanying the charter. What is fair I would then be prepared to leave to Ofcom who at the moment judges, for example, whether religion has not been treated fairly within advertising. It is not a structural problem; we are building up in the nation an expertise which can actually judge whether something has been treated fairly in religious terms as much as in other terms. Ofcom is becoming an important vehicle for that.

Q29 Lord Holme of Cheltenham: Just one more supplementary, My Lord Chairman, and it is an important point. You would be happy with “fair”

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in the sense that in a defamation trial you can plead as defence “fair comment”; you would accept “fair” in that sense.

Bishop of Southwark: Yes. I would accept “fair” in the sense overall of an even-handed approach to this particular subject, this particular issue. I would be happy to leave it to a body like Ofcom to decide whether or not that has been handled fairly. They do it already when it comes to advertising.

Q30 Lord Holme of Cheltenham: Clearly it is a matter of the time period. You used the word “balance” which is not quite the same as “fair”, but it is an important point.

Reverend Edwards: Yes; that is what we are arguing for, for it actually to be in there in the statement accompanying the charter that we would expect religion to be treated fairly.

Q31 Chairman: Would you regard a programme like the rather good one on Radio Four early on Sunday morning as being an example of fair reporting of religion?

Bishop of Southwark: Except when it comes to reporting the Church of England.

Chairman: You sound like a politician.

Q32 Lord Kalms: One thing you cannot do in this type of subject is bring statistics into it. I quite agree. Although the Bishop of Southwark did bring it in when he referred in his report to those who go to church exceeding the membership of all political parties. I do not want to make an issue of this because you actually go on in the next paragraph as well, but does that not, in a sense, reflect the failure of religion and politics in our society to capture the higher ground? The purpose of this Committee, as My Lord Chairman said at the beginning, was to see the role of religion in the BBC and what seems to be clear from your evidence is that religion, as politics, does not actually capture the higher ground. The evidence you have given us this morning suggests, bearing in mind the possibility of any large bureaucracy to deal with the complexity of religion, bearing in mind that of the five groups today none of you is fundamentalist, that actually the BBC is doing quite a reasonable exercise in dealing with the almost innumerable alternatives in discussing religion.

Bishop of Southwark: If you are talking as a politician as well, I think you are being too hard on yourself. I think we put forward that figure in terms of church attendance and members of political parties not to score points one way or another, but to say that the membership of political parties is not necessarily a measure of the public interest in

politics. It obviously is not, because the public have never been more interested in politics than they are today, otherwise the BBC and other channels would not have such a colossal output in terms of politics. Equally, I think we are therefore saying one should not judge everything on the basis of how many people go to church or to the temple during the week; that is not necessarily a measure of the interest in religion or the importance of religion. I would also like to point out that although I do not know what the figures were yesterday, I imagine the viewing figures for the service in St Paul's were probably quite large. Again, that will have touched a nerve and a religious nerve in the life of the nation and that for me is as significant as how many show up in church or temple every week. That is really the point we are trying to make.

Q33 Lord Kalms: I am not completely convinced by it, but having made that point, our role is to look at the role of religion as created and permitted by the BBC and, listening to you very carefully, I would say on the whole they are doing a reasonably good job. Getting involved with theology is an impossible job, particularly in this country with multi-racism and all the various conflicts. Listening to you, I was just wondering how we would frame our report. I would suggest that the BBC, on the whole, is doing an exceptional job in dealing with the wide range of views today.

Bishop of Southwark: I think it is doing a good job. We want to support it, we want to do it better and I do not think I would accept that it is an impossible job, any more than it is impossible to reflect politics in this country. It is not impossible. It does take professionalism and it takes resources.

Dr Siddiqui: We are not asking here for the BBC to churn out banalities about religion, far from it. What we are really saying is that the BBC is in a privileged position to be more robust. I think that in our current climate, when we are talking so much about asylum and immigration and the changing face of Europe and Britain's role in Europe, we have to be really careful that different communities are coming in, different cultures, languages and religions. If we are talking about a cohesive society, we mean all the strands. What we are not asking for is religious programming to stand out starkly as a programme that only religious people watch. It has to blend in with wider debates on all aspects of life, if we are going to produce not necessarily just more tolerant societies, but societies which are actually respectful of diversity and can actually have informed and adult conversations about what diversity brings, the challenges that diversity brings. Religion has a huge role in that.

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Reverend Edwards: We would not see ourselves as adversaries of the BBC; in fact the BBC is serious in its 2002 strategy to respond to and drive the public appetite for programmes about religion. We are here to say "Well done", where it is happening and here are some offers on the table as to how that might be enhanced. It is not just for the benefit of religion, if indeed religion and faith are very central to what it means to be a person and to be persons in community. We think that more could be done through stronger enhanced partnerships and that is basically the thrust of the arguments we have put forward.

Q34 Chairman: Does any other media organisation do it better in this country?

Dr Siddiqui: I do not think so.

Reverend Edwards: I do not think so; no. There are probably some examples of imaginative, slightly more on the edge approaches to it, but I think in terms of its professionalism and attempting fair play, the BBC is as good as it gets.

Bishop of Southwark: We have not mentioned, although you may have covered it elsewhere, that the raft of work the BBC does with local broadcasting is very important when it comes to religion. I used to be Bishop of Leicester and the Asian programmes in Leicester are very, very significant in terms of community cohesion. We have not touched upon that, but nevertheless that is there around the country and very significant and the BBC does it very well.

Q35 Lord Peston: I am still very puzzled by your position. When I watch the BBC it seems to be permeated with religion. You asked the question about music and drama. The BBC is about to show the complete known works of Bach, the greatest, certainly within western civilisation, composer and the greater religious composer. Now I would argue, as someone who loves Bach, that his religion is irrelevant in one sense; I can listen to his music without having any of his beliefs. However, his religion was everything to him. My point is that I regard this notion that the BBC somehow is against religion as ridiculous and that goes also to the theatre and so on. The work of T S Elliot, one of our greatest poets and a considerable dramatist, appears all the time on the BBC. They always forget to point out what a vile anti-Semite he was but that is by the way. The fact is that this stuff appears all the time. You are obviously not listening to or seeing what some of the rest of us do and I am totally bewildered by this. I accept your point on expertise, but of course all of us who are experts view our subject with contempt when it comes up

on the BBC. As an economist I am always asking why they do not have anybody on who knows what they are talking about. You are saying the same sort of thing, but we just have to recognise that that is the nature of the media, if you like: it is full of people trying to fluff their way through very difficult matters. I imagine that physicists must go mad over what they put over as science. I am just bewildered by what you see, but you obviously do see it. I am not denying you see what you are telling me, but I do not see where you are seeing it.

Dr Siddiqui: I am not necessarily saying that they put on people in religious broadcasting who do not know what they are talking about. It just seems that large chunks of programmes or a large number of programmes seem to be either about stereotypes or about the same discussions over and over again in different formats. Whenever we have a programme on British Islam, it will be about when the Muslims came and what they contributed and the chicken tikka masala and that is not what religion is about and that is not what resonates in the lives of a lot of people. It may resonate in the lives of some people, but I think people are hungry for real debate. People are hungry to know how that theology works in that person's life. That does not mean they are interested in suddenly going out and reading the Koran or the bible or whatever; they just want to know. That religion or those sentiments make that person tick in a way that is extraordinary or ways of I would not dream of and I want to know and that kind of challenge needs more robust programming. That is all we are saying.

Dr Ram-Prasad: I am just slightly puzzled whether you were listening to what we have been saying. We just had people from here saying that in fact the BBC does an awfully good job a lot of time and the example of Bach would be precisely that kind of example. It is not that we are being antagonistic towards the BBC surely; we are trying to say we want to strengthen what they do well, so that they can do it better, rather than they are failing in that job.

Q36 Bishop of Manchester: One of the things that I do not think that we have gone into in any depth this morning in terms of religious broadcasting, or indeed religion in broadcasting, is that between radio and television. It would be helpful to tease this one out because in some of the evidence which has been produced, both within this Committee and also outside it, it is clear that people within the BBC feel that on the whole, they do a better job conveying religion through radio than they do through television. I think there are major technical issues involved in all that. Nevertheless, here is an

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opportunity to be able to comment from your perspective on where you feel that improvements might be made by the BBC in either or both those areas of radio and television.

Bishop of Southwark: Certainly you have the numbers, if you do not, we can supply them: BBC TV has 113 hours a year of religious broadcasting, network BBC radio 1,186. It is a fact that it is over 10 times as much and there will be good reasons for that; it is more expensive producing television programmes. Also, frankly it is easier to handle music and perhaps worship on the radio than it is on television. One has to be very skilled to capture the sense of awe and mystery and wonder and uplift of worship on a television screen; it is easier to find it on the radio. Also, the BBC has had long experience of putting resources into religious broadcasting on radio and they have some extremely skilled people. So there are very good reasons, but I also think, as I said earlier, that I would prefer to see, not necessarily more religious programmes on television, but scheduled at a better time and perhaps putting in more resources so that they are of better quality; those two things. There is no point arguing for more religious broadcasting if it is not of the right quality or it is at a time when nobody can see it, at two o'clock in the morning.

Q37 Bishop of Manchester: One of the things that we have learned on this Committee is that over the next few years scheduling as an issue will become less important because people will be able to download at a time or day of their choice. May I go back to a point you made just a moment ago about the difficulties, for example, over worship on television? Do I take it that all of you would be in agreement with the BBC's current policy of actually reducing the amount of worship that it does on television and not least on the basis of the argument that I have heard them put forward that, as you have said, worship comes across better on radio. I am asking that because I am thinking also of the people we mentioned earlier who may be housebound and do rely on this sort of thing.

Bishop of Southwark: And let us not forget the set piece: yesterday the service at St Paul's and the handling of the death of the Pope. There will be those kinds of services for which there is no substitute, the radio does not carry it in the same kind of way, but that might not be every Sunday, Sunday by Sunday, twice on Sunday. You are asking the wrong person, I am in church on Sunday.

Q38 Lord Maxton: Why should churches, particularly the Christian churches, have the right to acts of worship on television? Political parties do

not have the right to half-hour or hour-long programmes to put across their point of view without contradiction. The Humanist Society does not get an hour every so often to put across its point of view without contradiction, so why on earth should the Christian churches, not any other church hardly, have these acts of worship on radio and television every week? I cannot turn on the radio on a Sunday morning and find a programme I want to listen to.

Bishop of Southwark: I am not sure that we do have the right. I imagine it is because out there are people housebound, driving and the rest of it for whom this is very significant and they make their voices heard and the BBC over the years has responded to that voice. I do not think the church is saying "We must have this"; on the contrary, it is taking away customers from my cathedral.

Q39 Lord Maxton: So if the BBC were to say "We do not believe it is in the interests of broadcasting generally to have acts of worship on television or radio", would you have no objection to that?

Bishop of Southwark: I would ask whether in terms of the public service nature of the BBC there is a significant group of people for whom this is very important and therefore, I think I probably would have an argument, but that is not to say that the argument would be based on the right of the church to have acts of worship.

Lord Maxton: But with modern technology there is no reason why the churches themselves, using the modern technologies of DVDs, of videos and so on, cannot provide their believers with that material without the rest of us having to lose maybe other programmes we would want to watch as a result.

Q40 Lord King of Bridgwater: Lord Maxton is a technological wizard and if there is one man who knows how to download programmes of all the scheduling, he is the one who can do it, whereas a lot of the elderly people who might want religious broadcasting are the least able to use DVDs and other things. So it seems a very sensible arrangement that those who are not able to do that should have their programmes.

Bishop of Southwark: I imagine the same argument goes across the menu. In a sense the BBC put out a balanced menu that they think is going to be of interest to the general public. Not all of it will be of interest to every person but that does not mean to say you say that bit can be supplied in a different way.

Dr Siddiqui: I just want to tie up a couple of things you said earlier about *Thought for the Day*. I have to say this because earlier this year there was an attempted move by BBC Scotland to shift *Thought*

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for the Day from 7.27 BBC Scotland, to 10 to seven and there was a huge outcry and they had to move it back to 7.27.

Q41 Lord King of Bridgewater: What were the figures?

Dr Siddiqui: There was enough of an outcry for the people in charge at the BBC to stop that move. The reason was that between quarter past seven and eight o'clock is officially the peak listening time for people who listen to the radio and they wanted to make sure that the privileged position, and I accept it is a very privileged position, of both *Thoughts for the Day*, Radio Four and BBC Scotland, were within that peak time. This is going to be something that will be an ongoing debate. Just going back to the *Thought for the Day* slot, the Bishop has said we are not the producers, but even when I have personally said to the producers that I do not want to put god in my thought today, I just want to leave it as a thought, they have always insisted that there be theological reflection because that is the premise for *Thought for the Day*: if you do not have a theological reflection, it will no longer be *Thought for the Day*.

Q42 Chairman: Let me ask this question, because we have been skirting around it. You say that you are not producers of the *Today* programme which we obviously accept. We have actually also talked about *Thought for the Day*. If the producers of the *Today* programme were, for example, to make slots on *Thought for the Day* regularly available, for example, to the humanists, would you support that or would you think that was a retrograde step?

Dr Siddiqui: The producers themselves always argue that it would not be *Thought for the Day*. That is the premise, that is the function of *Thought for the Day*, that it is two and a half minutes of theological reflection which is topical, which is short, which is current.

Bishop of Southwark: It would have a different nature. We all must have the same experience, because you relate to your producer the night before and agree on a theme and try to spot what is going to be the major news item. You try to have a theological or spiritual view on that. If you were not going to try to do a theological or spiritual view on it, all of us might come up with something different, but it would be a different slot. At the moment it is the fact that it is a religious or a spiritual view which gives it its identity.

Q43 Chairman: It is a religious and spiritual spot, as you put it and therefore it would exclude the humanists.

Bishop of Southwark: It would be something else. Twenty-five past seven is always the sports programme and it is like asking why it is always about sports. Why can they not have somebody on there who is going to be talking about some other hobby such as bird watching? They could, but it would no longer be the sporting slot.

Q44 Lord Maxton: So it is *Religious Thought for the Day*, not *Thought for the Day*.

Reverend Edwards: That is a very important underlying question because at the heart of this challenge—should secular humanists be a part of *Thought for the Day* or not?—is a very important debate about assumptions, about what religion is and therefore what are sacred spaces and how you differentiate between *Thought for the Day* as a kind of neutral zone for erudite ideas about current affairs, as opposed to what is a zone for theological reflections and there may be a deeper debate here which is beyond our particular remit. On the earlier questions about the space for religious broadcasting based again on numbers, it is important that 70 per cent of the population at some conscious level says they would even vaguely officially describe themselves in this way. We cannot just bypass the fact that the BBC's own research suggests that a very high percentage of people out there actually want to hear some kind of reflection from Christian faith, religion. I go back to the Annan report, which I was vaguely familiar with when I was on CRAC. Some time ago, I think it was 1977, he suggested that while the churches may be weak, concern about religion is strong and that we do not belong to a country where all the springs of religious life have dried up. He suggested that a large public still speculates about myths, ritual, death and the meaning of life, holiness and evil and broadcasting has responded to these changes. I think that is still current. I think that if the death of a pope can displace the marriage of a prince, then we ought not to marginalise religious broadcasting too swiftly.

Q45 Chairman: That sounded to me like a very, very good concluding part. I am going to bring this to an end otherwise I am going to be accused, as they are going to accuse *Thought for the Day*, of excluding the humanists who are on next.

Bishop of Southwark: Before you do, you probably have access to this but if you do not, we are very happy for you to have it. Ofcom did a survey in May this year of public attitudes to religious programmes. That is certainly in the public domain

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Chairman: That would be very interesting, thank you very much indeed. Thank you all very much; you have given your evidence excellently and succinctly and we are very grateful. Perhaps if we have any other questions, we could come back to you. Thank you very much for coming today.

Supplementary evidence from Senior Members of Faith Communities

Following the appearance of senior members of faith communities before your committee on Wednesday, I undertook to send you further information. I hope it will assist the committee to have this information about the numbers of adherents and worshippers.

The Census gives the following¹³:

	<i>Thousands</i>	<i>%</i>
Christian	42,079	71.6
Buddhist	152	0.3
Hindu	559	1.0
Jewish	267	0.5
Muslim	1,591	2.7
Sikh	336	0.6
Other religion	179	0.3
<i>All religions</i>	<i>45,163</i>	<i>76.8</i>
No religion	9,104	15.5
Not stated	4,289	7.3
<i>All no religion/not stated¹</i>	<i>13,626</i>	<i>23.2</i>
<i>Base</i>	<i>58,789</i>	<i>100</i>

In terms of attendance, the UK population attending Church on Sundays is just under 4 million¹⁴.

In the Church of England there are 1.7 million worshippers a month attending services across the week (just over one million on an average Sunday). Attendances rose 1 per cent overall in 2003, the last year in which published statistics are available.

Across all faiths, one in four adults attend a service of worship once a month or more.¹⁵ The majority but not all of these will be Christian.

Towards the end of the giving of our evidence we were asked about worship on television. I would like to offer the following to assist the committee over this matter as I consider the continued inclusion of such programmes within the specialist portion of the BBC's output is required.

Whilst it must be acknowledged, as it was by the panel, that worship is often better on radio than on TV, this is not because of any intrinsic reason to do with differences between these mediums. As was said during the oral evidence, considerably more skill is required to "bring off" the broadcast of worship on television, conveying the sense of awe and transcendence that taking part in person can bring. The venue can also influence the quality of a television audience's experience. This goes some of the way towards explaining why broadcasts such as Tuesday's from St Paul's Cathedral remembering the lives of those who died in the 7 July bombings are so memorable and successful.

However, because communities at worship authentically express a distinctive element of the lives of those amongst the faith communities, we believe it is essential that this continues to be portrayed as part of the output of public service broadcasting. This is essential for some disabled and housebound people who depend on programmes depicting their faith communities for the sustenance of their faith, often in the twilight of their lives. Furthermore, for those from minority communities, such depiction could be said to be literally a lifeline

¹³ Office for National Statistics.

¹⁴ Religious Trends, 2005.

¹⁵ Opinion Research Business survey 2003.

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which connects them to their faith at these times. As well as this, the portrayal of communities at worship demystifies and makes accessible the practices of different communities at worship, and preventing these from becoming a private matter.

The Communications Act recognised the importance of this in s 264 (6) and it is undoubtedly the case that the expertise necessary for portraying communities at worship authentically resides primarily within the BBC. It goes without saying that fulfilling this function requires the depiction of genuine communities authentically at worship, not staging an event for television. If that was sufficient the informative and educative element would be lost. I would therefore say I see enormous value in the continued inclusion of uninterrupted complete acts of worship within the BBCs output and that the restoration of greater frequency of such broadcasts of ordinary communities at worship may well be something that audiences will welcome, given their response to the special services at times of celebration and sorrow in our nation.

I hope this further information is helpful to the committee. Could I close by re-iterating my thanks and that of my colleagues for inviting us to appear before you?

Memorandum by the British Humanist Association

1. The British Humanist Association (BHA) is the principal organisation representing the interests of the large and growing population of ethically concerned but non-religious people living in the UK. It exists to promote Humanism and support and represent those who seek to live good lives without religious or superstitious beliefs. The census of 2001 showed that those with no religion were the second largest "belief group" at 15.5 per cent, and two and a half times more numerous than all non-Christian religions put together. Other surveys consistently report much higher proportions of people without a belief in god(s), particularly among the young.¹⁶ By no means are all these people humanists, but our experience is that the majority of people without religious beliefs, when they hear what Humanism is, say they have unknowingly long been humanists themselves.

2. On the basis of our commitment to an open society and our deep commitment to equality, human rights and democracy, we believe that public bodies such as the BBC need to exercise a policy of disinterested impartiality towards contending beliefs within society so long as their adherents conform to the conventions and laws of the society. In light of this position, we comment below on the duties of a public service broadcaster.

DUTIES OF A PUBLIC SERVICE BROADCASTER IN OUR SOCIETY

3. Broadcasting is perhaps the most important means whereby the members of a modern open society can communicate with each other and jointly address the challenges that face them. Public service broadcasting is vital to the fulfilment of this function, and the BBC is immeasurably more committed to meeting this need than any other broadcaster. Such broadcasting can be secured only if the BBC's independence is guaranteed. It requires a protected environment and cannot be expected to survive in an uninhibited marketplace. Independence is potentially threatened by over-commitment to commercial targets, by interference by government and by any over-identification with particular interest groups.

PROGRAMMES ABOUT "RELIGION AND OTHER BELIEFS"

4. In this memorandum we confine ourselves to one example of over-identification of particular interest to humanists: namely, the disproportionate allocation of broadcasting time to religious believers (overwhelmingly Christian) addressing believers about their religion, and the total and explicit rejection of any comparable broadcasting by non-believers including humanists.

5. We welcome the principle expressed in pp 40–1 of the Green Paper that the BBC should "provide a range of programming reflecting different religions and other beliefs that is appropriate to multifaith Britain." In our view, the rights of non-religious belief groups have not in the past been respected by the BBC.

6. We therefore support a firm embedding within the Charter (and wherever else the aims of the BBC are to be expressed or monitored) of the obligation on the BBC to cater, without discrimination, for the different belief groups in our society.

7. The British Humanist Association of course seeks to promote the humanist life-stance as an alternative to (among others) religious beliefs, but as active proponents of an open society we do not seek any privilege in doing so. Correspondingly, however, while we recognise and respect the deep commitment of other people to

¹⁶ 65 per cent of young people are not religious according to *Young People in Britain*, a 2004 research report for the DfES.

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religious and other non-humanist views, we object to any privileged position accorded to them by virtue of their beliefs. The BBC, however, gives religion, and the Christian religion in particular, just such a privileged position. Thus, we see that in its response to the Green Paper, the BBC says:

Radio and television schedules will continue to give prominence to religious programming, including acts of worship and important events in the religious calendar, as indicated in the Green Paper. The scheduling of religious programmes will be monitored to ensure the output is placed to serve different faith audiences effectively.¹⁷

8. We do not take issue with the BBC's provision of religious programmes for that proportion of the UK population that has strong religious convictions. We simply ask that equivalent programming be provided for the non-religious, including programmes that will help the large number of people who do not hold religious beliefs to explore what they do believe, and how those beliefs affect the way they lead their lives.

9. There is growing recognition that, in line with the Human Rights Act and the European Convention on Human Rights, the entire spectrum of fundamental beliefs, embracing not just the various religions but also non-religious beliefs with a comparable function, should be treated without discrimination. This is what the Act¹⁸ itself requires, as do (for example) the Employment Equality (Religion or Belief) Regulations 2003 and the current Equality Bill. Moreover, as the result of an amendment introduced by the Government itself, the Communications Act 2003 (at section 264(6)(f)) explicitly requires that public service broadcasters should provide programmes about "religion and other beliefs" (characterised as "collective belief(s) in, or other adherence to, a systemised set of ethical or philosophical principles or of mystical or transcendental doctrines"—section 264(13)).

10. It seems to us that the BBC, with its Reithian commitment to religious broadcasting, fails completely to live up to this requirement and—despite our repeated representations and despite the wording of the new Communications Act—shows little or no sign of correcting its long established bias. In fact, the Director-General in a letter of 16 August 2004 wrote to us: "we feel that the BBC's programming schedule meets all public service requirements with regard to religion and other beliefs . . . imposed on the BBC by the Communications Act." Surprisingly, two requests under the Freedom of Information Act revealed no evidence that the requirement in the Communications Act that relates to non-religious belief has been discussed within the BBC. No papers on this subject were produced.

11. Two illustrations of why the BBC's programming does not meet the public service requirements will suffice: the explicit and repeated refusal to allow speakers from non-religious belief traditions to contribute to Radio 4's Thought for the Day although Sikhs, Muslims, Jews and others regularly contribute, and the fact that Radio 4 broadcasts every week almost three-and-a-half hours of direct broadcasting by believers to believers—mainly but not exclusively Christian.¹⁹ This excludes the several magazine programmes dealing with religion. The position is similar but less marked on Radio 2 and television. Though there is some very small provision for non-Christian religions, there is absolutely no comparable provision for what is (according to the census) the second-largest group in the spectrum of religion or belief—namely those with a non-religious outlook, including humanists.

¹⁷ http://www.bbc.co.uk/thefuture/pdfs/green_paper_response.pdf, p 22.

¹⁸ The Act refers to "religion or belief", a phrase that has been established in case law to include atheism, Humanism and other non-religious lifestyles. See for example: "As enshrined in Article 9, freedom of thought conscience and religion is one of the foundations of a 'democratic society' within the meaning of the Convention. It is, in its religious dimension, one of the most vital elements that go to make up the identity of believers and their conception of life, but it is also a precious asset for atheists, sceptics and the unconcerned.—*Kokkinakis v Greece*: (1994) 17 EHRR 397, para 31 See also *Manoussakis v Greece*: (1996), EHRR 387, para 47; *McFeeley v UK*: (1981), 3 EHRR 161; *Campbell and Cosans v UK*: (1982), 4 EHRR 293 para 36 (re Article 2—right to education). Note also: Article 18 [of the International Convention on Civil and Political Rights, the wording of which was closely followed by Article 9] protects theistic, non-theistic and atheistic beliefs, as well as the right not to profess any religion or belief. The terms belief and religion are to be broadly construed. Article 18 is not limited in its application to traditional religions or to religions and beliefs with institutional characteristics or practices analogous to those of traditional religions—UN Human Rights Committee, 1993 (General Comment no 22(48) (Art 18) adopted on 20 July 1993, CCPR/C/21/Rev.1/Add.4, 27 September 1993, p 1.).

¹⁹ Typically:

Sat: Prayer for the Day (2 mins) + Thought for the Day (3 mins)

Sun: Something Understood (30 mins *2) + Sunday Worship (38 mins)

M–F: Prayer for the Day (2 mins) + Thought for the Day (3 mins) + Daily Service (15 mins)

R4 total = 203 minutes/week (3 hours 23 mins) direct committed pastoral religious broadcasting. At times of religious festivals, this provision is substantially expanded.

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12. In fact, the BBC appears to regard non-religious life stances as without content, and the non-religious as merely lacking a dimension to their lives, or to believe that the small numbers of people²⁰ involved do not warrant programmes on the subject. Responses from the BBC have also claimed that the humanist outlook is reflected in dramas and documentaries, in science and history programmes, and programmes about public policy.

13. We are told (a) that they broadcast programmes about the harm done in the name of religion and raising “questions about religion’s legitimacy”—but these are not about Humanism and will rarely if ever mention it; (b) that persons who happen to be humanist often take part in programmes—even though they do so not as humanists but as scientists or writers, for example; and (c) that the non-religious are sometimes asked to appear in religious magazine programmes—where they are almost invariably asked to respond to religious speakers, so that they are positioned as foils to the believers, and can explain their views only in the context of religious belief. Not only that, but of course humanists can have little idea when such items will appear, so that the BBC apparently expects them to listen or watch in hope through hours of religious material in order to hear the odd contested word supporting their own views. The reality is that the majority of people with non-religious beliefs are unlikely to watch or listen to many religious programmes.

14. Greg Dyke as director-general summed up the BBC’s position in a letter of 28 August 2003: “. . . demand for programmes [about Humanism] is . . . met by items on programmes such as *The Heaven and Earth Show*, or radio programmes presented by humanist scientists”. We do not agree.

15. At a time when religion is in decline (a poll commissioned by the BBC itself for the *Heaven and Earth Show* in September 2003 showed 26 per cent of atheists or agnostics and another 24 per cent who were “spiritually inclined but don’t really belong to an organised religion”), it should not be the role of a public service broadcaster in an open society artificially to sustain religious belief, whether by providing religion with a disproportionate amount of air time or by excluding rival beliefs from the principal medium whereby groups in society can make themselves heard. Rather than provide a platform only for those who denounce the alleged rootlessness and immorality of the present generation, or indeed the increasing secularisation of society, the BBC should also be helping those with constructive and coherent alternative life-stances and non-religious answers to “ultimate questions” to test them on the public. If society is suffering from moral confusion and spiritual anomie as is often alleged then it is vital that alternatives to the failing tradition of supernatural religion be explored, not suppressed. Humanism is the principal and worthy alternative.

16. Religious programmes, and religious teaching in other contexts, often claim that only religion can provide the basis for morality. This not only insults the large number of people who lead ethical lives without religious beliefs, but also encourages the large number of people who reject the religion they were brought up in to question the basis of their morality. While the vast majority of non-believers find that they are perfectly capable of living moral lives without recourse to any external authority, there can be little doubt that programmes which explore non-religious lifestances that base morality in our common humanity would help to ground people’s moral values, and hence would also benefit society as a whole. If the BBC were to produce programmes of this kind, it would be an excellent example of public service broadcasting.

17. In their paper *Building Public Value* last year the BBC endorsed the principles of universality, fairness and equity, and accountability, referred to the need to “foster [. . .] greater audience understanding of cultural differences across the UK population” in areas including “faith”, to “faithfully reflect [. . .] modern Britain’s diversity in mainstream as well as specialist programmes”, and to “listen [. . .] to [the] concerns and priorities [of the UK’s minorities], and reflect [. . .] those concerns in the future development of services”. They pledged to “make special efforts to connect with the UK’s . . . minorities and to encourage members of these minorities to offer their talent and energy to BBC programmes and services”.

18. Sadly the BBC shows absolutely no intention of fulfilling this policy in respect of the large non-religious minority in the Britain. Therefore, though (as we say above) we welcome the provision on pp 40–1 of the Green Paper, we would wish to see the requirement to provide programmes about “different religions and other beliefs” explicitly qualified by the addition of the words “including non-religious beliefs such as Humanism”. Otherwise we are clear that the BBC will in all likelihood continue to ignore their statutory and moral duty.

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²⁰ There are no figures for the number of humanists, or for the number of people who lead their lives in accordance with broadly humanist principles, in the UK. We would suggest that the majority of people with non-religious beliefs do live their lives by broadly humanist principles, even if they do not use the word.

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Supplementary memorandum by the British Humanist Association

NB: This memorandum responds specifically to your request for submissions on religious broadcasting but overtakes and incorporates our earlier submission of May 2005.

SUMMARY

We argue that the BBC should reflect society back to itself so as to aid its dialogue and help shape decisions and attitudes. It should as a public authority serving the nation as a whole maintain an impartial approach to matters of controversy, including religion and belief. At present, on the contrary, it acts as a promoter of religion, especially Christianity, by providing its proponents with extensive broadcasting time, including unchallenged platforms, and by deliberately refusing time for non-religious beliefs. It does this despite the clearest evidence that only a minority of the population holds any genuine religious beliefs while the number explicitly denying religious belief is rapidly growing. We suggest that this denial of a platform for the exposition and exploration of non-religious beliefs has left many people without convincing foundations for their morality and without a clear perception of their place in the universe. Such a lack of bearings can only be damaging both to the individuals concerned and to society as a whole.

INTRODUCTION

1. The British Humanist Association (BHA) is the principal organisation representing the interests of the large and growing population of ethically concerned but non-religious people living in the UK. It exists to promote Humanism and support and represent those who seek to live good lives without religious or superstitious beliefs. The census of 2001 showed that those with no religion were the second largest “belief group” at 15.5 per cent, two and-a-half times as large as all the non-Christian religions put together. Other surveys consistently report very much higher proportions of people without religious belief (see para 12). By no means are all these people humanists, but our consistent experience is that the majority of people without religious beliefs, when they hear about Humanism, say that they have unknowingly long been humanists themselves²¹—a point of some relevance to your present enquiry, as we bring out below.
2. Believing as we do that this is the only life we have, we are particularly committed to maximising individual freedom to make the best of life and therefore to human rights and to the sort of society—a democratic open society with accountable institutions of government—best suited to preserve individual rights and freedom. On the basis of these commitments, we believe that government and all public bodies should exercise a policy of disinterested impartiality towards contending beliefs within society so long as their adherents conform to the laws and minimum conventions of the society. So far as concerns religion and corresponding non-religious beliefs, we maintain that this requires that such shared public institutions be secular, in the sense of neutral.
3. With this strong commitment to the open society the BHA does not seek any privilege in its promotion of the humanist life-stance, but correspondingly we object strongly to privileges accorded to the adherents of religion by virtue of their beliefs. There are two major institutional examples of such privilege being granted to religion: the education system and the BBC. Between them they cause immense damage to society. We therefore welcome the terms of your enquiry, especially as it explicitly covers no faith beliefs.

DUTIES OF A PUBLIC SERVICE BROADCASTER IN AN OPEN SOCIETY

4. The comparative uniformity of society in past times has probably been exaggerated, but it is undoubtedly true that the last half-century has seen an accelerating diversity of both views and interests. This has resulted from the end of social deference, the collapse of shared religious beliefs, the increase in the number and variety of people from different ethnic groups and cultures, and many other factors. This increasing diversity has been accompanied by faster and more numerous channels of communication, which in itself is potentially destabilising.
5. In this environment, the importance of public service broadcasting²² in providing a forum for public discussion cannot be over-exaggerated. Society needs effective means to learn about itself, about changing circumstances and emerging challenges, and to communicate with itself and debate views and policies. Broadcasting offers by far the most important means whereby the members of a modern open society can

²¹ This is true, for example, even of our President, the comedian Linda Smith, who had not heard of Humanism until we contacted her after she appeared on Radio 4's *Devout Sceptics*.

²² We do not intend in this memorandum to deal with the very many other functions of public service broadcasting (education, the arts, sport, etc) except to say that we recognise their great importance and the generally high achievement of the BBC in these areas.

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communicate with each other and jointly address the challenges that face them.²³ From the most trivial phone in to the profoundest of philosophical discussions it allows members of society to learn about each other and negotiate the terms on which they share their community. Public service broadcasting is vital to the fulfilment of this function, and the BBC is immeasurably more committed to meeting this need than any other broadcaster.²⁴

6. Such broadcasting can be secured only if the BBC's independence is guaranteed. It requires a protected environment and cannot be expected to survive in an uninhibited marketplace. Independence is potentially threatened by over-commitment to commercial targets, by interference by government and by any over-identification with particular interest groups. In this memorandum we argue that the BBC has overwhelmingly identified itself with the interests of religion, especially the Christian religion, deliberately neglecting the legitimate expectations of a large part of its audience.

THE BBC'S DUTY TO MINORITIES

7. It has always been the duty of BBC to "inform, educate and entertain". A crucial part of that duty is to mirror the country back to itself so as to assist in society's dialogue with itself. The Green Paper on charter renewal referred to its role of "reflecting the UK, its Nations, regions and communities" and added that it should "provide programmes and services that reflect the UK's different regions and communities and that make the public aware of the different cultures and alternative viewpoints seen in the UK". It stated the principle that the BBC should "provide a range of programming reflecting different religions and other beliefs that is appropriate to multifaith Britain". The BBC in its own response accepted this, referring to the role of "serving different audiences and . . . reflecting their diverse cultures to the whole UK". It later acknowledged the need to be "more reflective of the diversity of all audiences".

8. In its paper *Building Public Value* last year the BBC endorsed the principles of universality, fairness and equity, and accountability, referred to the need to "foster [. . .] greater audience understanding of cultural differences across the UK population" in areas including "faith", to "faithfully reflect [. . .] modern Britain's diversity in mainstream as well as specialist programmes", and to "listen [. . .] to [the] concerns and priorities [of the UK's minorities], and reflect [. . .] those concerns in the future development of services". It pledged to "make special efforts to connect with the UK's . . . minorities and to encourage members of these minorities to offer their talent and energy to BBC programmes and services".

9. Such principles are admirable, but sadly they count for nothing when the BBC is asked to "connect with" the very large minority of non-religious people in the UK, to reflect their existence and to help them articulate their beliefs. Instead, the BBC marginalises and undermines respect for non-religious ways of life, it fails to make clear to its audience that such ways of life are possible and satisfactory, and it unbalances discussion of political and social issues by largely ignoring the arguments and views of the explicitly non-religious. When challenged it responds variously (as we show in paras 27 sqq.) by suggesting the non-religious cannot be expected to rise above soap operas and game shows, by asserting in the face of the evidence that it already caters for them, and by rejecting every constructive proposal put to it.

NATURE AND EXTENT OF NON-RELIGIOUS BELIEFS

10. We wish initially to clarify some of the concepts we use in this memorandum. Both the Universal Declaration and the European Convention of Human Rights refer to "religion or belief" and both have interpreted the phrase to apply equally to religious and non-religious beliefs. The Human Rights Act in section 6 requires public authorities (such as the BBC) not to discriminate on grounds covered by the Convention, including therefore discrimination between religious and non-religious "lifestances" or "world views" (the German version of the Convention uses the stronger, more expressive word *Weltanschauung* where the English version says "belief").

11. Contrary to the implicit position of the BBC and much traditional discourse, a non-religious lifestance or belief is not merely the absence of religious belief but a positive set of beliefs and moral attitudes. Humanism is such a lifestance, drawing on a tradition that is as old as or older than all the major world religions. It is not a single centrally and authoritatively dictated set of beliefs—humanists are freethinkers who acknowledge no such central authority. Rather, the word serves as the label for a certain range of beliefs and ethical positions.

²³ We regard it as more important than the press because of the breadth of its audience and (in the case of the BBC) its mandated neutrality.

²⁴ We would add that the value for money it offers is off the scale when compared with the cost of cable and satellite offerings. This is not to say that the BBC is perfect: we share the widespread view that scheduling on both the principal BBC television channels is often depressingly unambitious (other than in terms of audience maximisation). But by contrast (for example) the offering of Radio 4 is incomparable.

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At Annex I we give a broad description of the lifestance that would command wide assent among humanists and serves to show the core positive content of the lifestance.

12. We refer above to the finding of the census in 2001 that about 15.5 per cent of the UK population said they had no religion. As we have argued elsewhere,²⁵ the census question in England and Wales (“What is your religion?”), asked in a context of questions about ethnicity, was heavily biased, explaining why its results were hugely at odds with all other surveys on the question.²⁶ At Annex II we quote a large number of such surveys and further details of the census.

13. It is significant that one such poll was commissioned by the BBC itself for its *Heaven and Earth Show* in September 2003. It showed 26 per cent of atheists or agnostics and another 24 per cent who were “spiritually inclined but don’t really belong to an organised religion”.²⁷ Here we have half the population who have explicitly or implicitly rejected religion. Does the BBC assume that none of them has any interest in exploring what it means to live a life without religion? to find non-religious answers to the so-called “ultimate questions”? to articulate a non-religious basis for morality? It would seem so from its failure to provide any platform for such exercises even while it continues to lavish time on religion.²⁸

14. A recent paper for the BBC governors quoted Dr Colin Morris as saying: “In the 60s, radical theologians predicted that from the ruins of organised religion, a maturely secular world would emerge. Chance would be a fine thing. What emerged was a society riven by every conceivable form of religiosity.” It is arguable that the fault lies less with the “mature secular” population, who have articulated the humanist viewpoint with compelling clarity, than with the major institutions of society: the education system, bound by law to teach the young religion but no alternative, and the BBC, stubbornly resisting for over 50 years requests by humanists and other freethinkers for access to the most important platform of all for public discussion even while they provide the churches with unmediated access to an often unwilling public (as with *Thought for the Day*) across the schedules.

TWO TYPES OF PROGRAMME

15. We think it useful to distinguish between two types of programme dealing with religion and belief:—

- (a) those that offer a commentary (news, magazine and discussion programmes)—see paras 16–18 and
- (b) those that are devoted to presenting a religion on its own terms, offering a service to its followers (such as religious services and homilies like *Prayer for the Day* and *Thought for the Day*)—see paras 19–21.

16. The role of commentary is unquestionably proper and desirable: such programmes fulfil in the area of fundamental values and beliefs and their related institutions the same role as news and current affairs programmes do for the more ephemeral area of politics. They inform their audience, they provide for debate about ideas that can then be accepted or rejected, and on balance they encourage moderation and cooperation between people of profoundly different beliefs.

17. To a small extent the BBC already covers matters of concern to the non-religious in such programmes, but largely only when we issue a criticism of some religious policy or initiative. For example, our criticisms of religious schools have been noticed—but our constructive alternative policy, prepared after wide consultation in the education world, has been ignored. Our influence in the reform of religious education in schools over many years and our current constructive role in helping forward the equality and human rights agenda have likewise been ignored.

18. Decisions over the content of such programmes as Sunday (Radio 4) and *The Heaven and Earth Show* (BBC1) are a complex of many considerations and in any particular case can doubtless be defended. What cannot be excused is the overall (but difficult to quantify) bias against considered explicit non-religious lifestances.

²⁵ In a submission to the Office of National Statistics on the census in 2011.

²⁶ This is borne out even by the census itself: a different question in Scotland produced a total of 27.6 per cent with no religion, whereas in England with the question quoted here the figure was only 14.6 per cent.

²⁷ Evidence of this is found in the rapidly growing demand for non-religious ceremonies—baby-namings, weddings, and funerals.

²⁸ Its statements of programme policy for 2004/05 proposed 80 hours of religious programming on BBC1, 20 hours on BBC2, over 150 hours on Radio 2 and at least 170 hours on Radio 4, as well as unquantified totals on other channels.

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19. The second category of programme is those in which a representative of a religion is given unmediated access to the audience. It would be possible to make a principled case against a public authority such as the BBC in an open society putting its resources at the disposal of a particular religion or belief—"why should a public institution do the churches work for them?"²⁹ We do not take that line: it may be irrelevant that programmes such as Radio 4's daily service are sanctified by history, but they plainly provide a valued service to a number of people (principally the devout housebound).

20. But such provision must not be discriminatory. Its extent must reflect not the historical predominance of the Christian religion but the present state of belief in the UK. There are now many non-Christian religions and a far greater disparity within Christianity than Lord Reith could ever have dreamed of, let alone a popular renunciation of religion as a guiding force that would have alarmed him severely. The BBC needs to regain its balance and neutrality by extending its programming to "new" religions and beliefs—including secular lifestyles such as Humanism.

21. The present situation is far from satisfactory. For example, Radio 4 broadcasts every week almost three-and-a-half hours of direct, unmediated broadcasting by believers to believers—mainly but not quite exclusively Christian.³⁰ This excludes the several magazine programmes dealing with religion. Nor are speakers on (for example) *Thought for the Day*, who are amazingly given access not just to those who choose to tune in but to a huge captive audience to Radio 4's *Today* programme, confined to anodyne if (to many) irritating religious reflections: they are even allowed to argue a case on matters of political controversy, as the Chief Rabbi did against physician assisted dying on the morning of the House of Lords debate on Lord Joffe's Bill within minutes of a balanced *Today* item on the subject. The position is similar but less marked on Radio 2 and on television. Though there is some very small provision of such unmediated time for non-Christian religions, there is absolutely no comparable provision for what is (according even to the census) the second largest group in the spectrum of religion or belief—namely those with a non-religious outlook, including humanists.

AMOUNT OF TIME

22. A serious problem is that such programming is potentially invasive of the schedules. If unfair discrimination cannot be supported and the schedules are not to be overrun by programming for small minorities, it suggests that whatever time is available be reallocated roughly in proportion to some combination of population and demand or appreciation. (The new digital channels will provide some help, with (on radio) the BBC's popular Asian Network well placed to provide some Hindu, Islamic and Sikh programmes.)

LEGISLATION ON HUMAN RIGHTS AND NON-DISCRIMINATION

23. There is growing recognition that, in line with the Human Rights Act and the European Convention on Human Rights, the entire spectrum of fundamental beliefs or lifestyles, embracing not just the various religions but also non-religious beliefs with a comparable function, should be treated without discrimination. This is what the Human Rights Act itself requires (see Annex III), as do (for example) the Employment Equality (Religion or Belief) Regulations 2003 and the current Equality Bill. The BHA at the invitation of Government departments is taking a constructive part in the steering group for the new Commission for Equality and Human Rights and in other aspects of the equality agenda.

24. Moreover, as the result of an amendment introduced by the Government itself, the Communications Act 2003 (at section 264(6)(f)) requires that public service broadcasters should provide programmes about "religion and other beliefs" (characterised as "collective belief[s] in, or other adherence to, a systemised set of

²⁹ We note that some countries are organised on a confessional basis with separate provision of broadcasting (and other services) by and for (for example) Roman Catholics, Lutherans and Humanists. A case in point is the Netherlands. Organisation of the state into such columns would be impossible to substitute for our profoundly different British system and anyway we object to it in principle as too limiting.

³⁰ Typically:

Sat: *Prayer for the Day* (2 mins) + *Thought for the Day* (3 mins)

Sun: *Something Understood* (30 mins * 2) + *Sunday Worship* (38 mins)

Mon–Fri: *Prayer for the Day* (2 mins) + *Thought for the Day* (3 mins) + *Daily Service* (15 mins)

R4 total = 3 hours 23 mins / week direct committed pastoral religious broadcasting. At times of religious festivals, this provision is substantially expanded.

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ethical or philosophical principles or of mystical or transcendental doctrines”—section 264(13)). In introducing the amendment, Lord McIntosh of Haringey explicitly referred to Humanism:

The second [amendment] is to add a reference to other beliefs, which would include ethical systems or philosophies such as humanism or secularism.

Lords Hansard, 1 July 2003: Column 784

25. The BBC, the principal public service broadcaster, has never acknowledged that this legal change requires any action on its part. It has never referred to it in any of its policy statements in connection with charter renewal or otherwise. Its language in policy documents remains exclusive, referring only to religion rather than inclusively to religions and beliefs.

26. What is more, an enquiry by the BHA under the Freedom of Information Act early in 2005 revealed that the BBC had generated not a single item referring to the new law. Despite this complete absence of consideration, it has numerous times asserted to us its confidence that it meets the requirements of the Act.

THE BBC IN ITS OWN WORDS

27. We should like to illustrate the BBC's attitude by quotation from correspondence.

(1) In November 2002 the BBC's head of religion and ethics, Alan Bookbinder, was quoted in the *Church of England Newspaper* as saying:

All our licence payers are entitled to see their belief reflected back to them. Broadly we try to keep a balance according to the composition of the audience. It is not a direct mathematical formula, but we are aware of the make up of our audience as we try to reflect that.

A BHA member wrote to him, saying:

Given that about 30 per cent of the population do not believe in God, and that a substantial proportion of them are Humanists and/or lead effectively humanist lives, would you please tell me what you are doing to reflect back our beliefs to us?

Bookbinder replied:

The 30 per cent who don't believe in God and "lead effectively humanist lives" (whatever that means) have acres of TV and Radio time devoted to secular concerns.

We find this reply revealing, first, in its disdainful reference to humanism and secondly by its suggestion that people without religion need no programmes about their fundamental values but can be satisfied by the "acres of time" devoted to (presumably) game shows, comedies, sport and soaps.

(2) On 23 July 2003, a letter from Alan Bookbinder in the Daily Telegraph included the claim: "our recent success fighting off the atheist lobby demonstrates that [Radio 4's Thought for the Day] is still very much a religious slot". This followed an approach by about 100 distinguished persons coordinated by the BHA, the Rationalist Association and the National Secular Society asking that occasional comments from a non-religious viewpoint be included in *Thought for the Day*—a suggestion roundly rejected by the BBC even on appeal to the Governors.

(3) Greg Dyke as Director-General summed up the BBC's position in a letter of 28 August 2003: "... demand for programmes [about Humanism] is . . . met by items on programmes such as *The Heaven and Earth Show*, or radio programmes presented by humanist scientists". The appearance of humanist scientists in programmes is unsurprising, given that so many eminent scientists (not to speak of writers, philosophers and other public figures) are humanists, but it is irrelevant to our demands since they do not appear as humanists but as scientists etc. And while it is true that the non-religious are sometimes asked to appear in religious magazine programmes, they are almost invariably asked to respond to religious speakers on a religious agenda, so that they are positioned as foils to the religious, and can explain their views only in the context of religious belief. Not only that, but of course humanists can have little idea when such items will appear, so that the BBC apparently expects them to listen or watch in hope through hours of religious material in order to hear the odd contested word supporting their own views.

(4) When the Communications Act was passed in 2003, we wrote to the then Director-General, Greg Dyke, saying: "We believe we can be helpful and constructive in assisting you meet this new public service obligation and we look forward to a productive dialogue". The offer was rejected as was the suggestion that any change of policy by the BBC was necessary following the Act. The correspondence is reproduced in Annex IV.

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(5) When we wrote to him when he became Director-General, saying: “what is lacking is even the slightest parallel to the unmediated presentation of religion that is so pervasive in the BBC’s output”, Mark Thompson asserted in reply (16 August 2004) without quoting any evidence: “the BBC’s programming schedule meets all public service requirements with regard to religion and other beliefs imposed on the BBC by the Communications Act”. In a later letter (15 October 2004) he stated “Our Religion and Ethics department regularly meets representatives of a wide variety of faiths and belief systems specifically to ensure that such views are appropriately represented”. There are no such regular meetings with us or any other body representing non-religious lifestances. The head of religion and ethics has met us once, at our request, in January 2004, when we put forward a list of ideas for programmes to which, after much prompting, he responded the following October by rejecting them one and all.

(6) A BHA member received in May this year the following response to a complaint:

As a public service broadcaster the BBC has a responsibility to meet the needs of all audiences. Over 75 per cent of the adult audience claim some religious allegiance (2001 census).

Much of the BBC’s output approaches the world from a secular, non-religious point of view. A minority of the BBC’s output has specifically religious content—some of it celebratory and affirming, some of it journalistic and scrutinising—while other programmes, such as Jonathan Miller’s *Brief History of Disbelief*, have addressed atheism directly.

On Friday 13 May the BBC Governors held a seminar, attended by Mark Thompson, senior executives and a panel of invited experts, to discuss the BBC’s religious and belief programming. The BBC has a public service responsibility to provide religious programming. The purpose of this seminar was not to find ways of increasing religious output, but to discuss how the BBC can best meet this commitment by providing programmes of the highest quality. The seminar also explored how different faiths and beliefs could be reflected across a range of genres. If you would like to read more about the seminar please go to:

http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/09_05_05_religious_output.pdf

This response, typical of many, is worth some comment:

- (a) “Over 75 per cent of the adult audience claim some religious allegiance (2001 census)”—but (i) no-one is questioning the need for some religious programmes; (ii) the BBC implicitly admits that there is another 25 per cent: do they not deserve proper attention? (iii) the adherence of many in the 75 per cent is in any case merely nominal—we have already quoted the BBC’s own poll that found 26 per cent of atheists or agnostics and another 24 per cent who were spiritually inclined but don’t really belong to an organised religion—Humanism might well be very attractive to them if they were allowed to hear about it.
- (b) “Much of the BBC’s output approaches the world from a secular, non-religious point of view”—The suggestion here seems to be that those without a religious belief cannot be expected to rise above programmes about make-overs, sport and travel. Do those without religious beliefs, in other words, not have any serious philosophy of life that is worth examination? If the BBC’s answer is that they do not, they are saying that the many serious thinkers who embrace Humanism have nothing to say that is at all worthy of attention. If on the other hand the BBC admits that positive non-religious beliefs are worth examination, why do they deliberately and consistently refuse to pay any attention to them whatsoever?
- (c) “Jonathan Miller’s *Brief History of Disbelief*” was shown on BBC4 and has still not been scheduled for showing on a terrestrial channel. In any case it did not deal with positive non-religious world-views such as Humanism but only with the rejection of religion—ie, good as it was, it was essentially negative, not suggesting any positive alternative to religion.
- (d) “On Friday 13 May the BBC Governors held a seminar”. The British Humanist Association made a detailed submission to the Governors specifically for this review. It seems to have been ignored: there was no reference to it in the Governance Unit paper prepared for the meeting (to which their web link leads) or in the report on the seminar posted on the BBC website.
- (e) “The BBC has a public service responsibility to provide religious programming.” This is a blatant distortion of the truth by omission: the duty as set out in the Communications Act refers (as stated above) not to religion but to religion and other beliefs, including Humanism. The Act cannot be quoted as a defence for the BBC’s failure to provide programmes about Humanism—it specifically requires them to do so.

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28. We could multiply these quotations many times over: all show that the BBC persistently refuses to respond to our arguments other than by bland assertion of its own blamelessness and by arguments that carry no weight.

BROADCASTING FOR THE NON-RELIGIOUS

29. At a time when religion is in decline, it should not be the role of a public service broadcaster in an open society artificially to sustain religious belief, whether by providing religion with a disproportionate amount of airtime or by excluding rival beliefs from the principal medium whereby groups in society can make themselves heard. Rather than provide a platform only for those who lament the alleged rootlessness and immorality of the present generation, or indeed the increasing secularisation of society, the BBC should also be helping those with constructive and coherent alternative life-stances and non-religious answers to “ultimate questions” to test them on the public. If society is suffering from moral confusion and spiritual anomie as is often alleged then it is vital that alternatives to the failing tradition of supernatural religion be explored, not suppressed.

30. Religious programmes, and religious teaching in other contexts, often claim that only religion can provide the basis for morality. This not only insults the large number of people who lead ethical lives without religious beliefs, but also undermines the moral commitment of the large number of people who reject the religion they were brought up in. While the vast majority of non-believers find that they are perfectly capable of living moral lives without recourse to any external authority, there can be little doubt that programmes which explore non-religious lifestances that base morality in our common humanity would help to ground people’s moral values, and hence would also benefit society as a whole. If the BBC were to produce programmes of this kind, it would be an excellent example of public service broadcasting.

31. It may be useful to reiterate what we are seeking.

32. We want the BBC to cease discriminating against non-religious beliefs by recognising that they are part of the same spectrum as religion and should be treated on equal terms.

33. We therefore want programmes specifically for the non-religious, so flagged, recognising that much of the public will (owing to the prevailing religious bias of the school system and the media) have a confused and unarticulated world-view at best. After all, for several generations both religious education and broadcasting have set up religion as the preferred basis for life and implied that morality depends on it: when millions have rejected religion and but neither schools nor the mass media have provided any coherent alternative, many end up confused and unsure about the basis of morality.

34. The programmes we seek would not be attacks on religion (any more than Christian programmes are attacks on Islam, for example) but reflections on the basis of secular morality and on particular moral issues, on a secular spirituality and living a non-religious life, drawing on the tradition of non-religious lifestances (Confucianism, Epicureanism, Stoicism, the philosophy of the Locke, Hume, Mill, Russell, etc, etc) from ancient times down to present day.

35. Such programmes would help the large number of people who do not hold religious beliefs to explore what they do believe, and how those beliefs affect the way they lead their lives. They could be expected in a small way to yield a social dividend—to help social cohesion and commitment, to combat the moral anomie, cynicism and selfishness that some commentators perceive in modern society.

36. Given the immovably entrenched position the BBC has taken over decades in defending its bias towards religion, we believe that aspirations such as that in the Green Paper, at pp 40–1, which refers to a requirement to provide programmes about “different religions and other beliefs” are inadequate. An obligation should be firmly embedded within the Charter (and wherever else the aims of the BBC are to be expressed or monitored) that the BBC cater, without discrimination, for the different belief groups in our society, explicitly including such non-religious groups as humanists. Otherwise we cannot trust the BBC to turn bland general assurances into real programmes.

GOVERNANCE

37. In keeping with our general views, we would oppose any religious (or humanist) representation on the BBC board of governors or any trust that might replace it, and likewise on any BBC regional or national boards.

38. The BBC has a Central Religious Advisory Council. We wrote to the BBC in 2004 pointing out its obligation under the Human Rights Act not to discriminate on grounds of religion or belief and asking that the terms of reference of CRAC be extended to cover non-religious lifestances. This request was rejected by

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Mark Thompson, the Director-General, on the illogical grounds that the BBC was confident that its programming met all the requirements of the Communications Act to provide programmes about nonreligious beliefs. (If it needs advice on its religious programmes, why should it any less require advice on its alleged programmes on non-religious lifestances?) We have been told subsequently that a review of all the advisory bodies is pending. We hold to the view that an advisory council limited to religion is discriminatory and that its terms of reference should be widened to cover all religious and non-religious beliefs and that its membership should include a representative of Humanism as the principal non-religious lifestance in the UK.

39. We take this opportunity to point out that there is confusion about where any duty to enforce section 264 of the Communications Act lies. The BBC has consistently seen the duty as lying with Ofcom: for example, in a letter of 16 August 2004 Mark Thompson wrote to us: "Under Section 264 of the Act, Ofcom reports on the fulfilment of the BBC's obligations under section 264(6) and we remain confident that Ofcom will report favourably in this respect". On the other hand, Ofcom in its recent review of public service broadcasting ignored section 264 and in a letter to us of 8 March 2005 said: "The performance of the BBC in respect to its duties as defined by section 264(6)(g) is a matter for the Governors and, through the Charter Review process, the Government". The Act seems to us to place the obligation on Ofcom but the evident confusion is frustrating to ourselves and anyone else wishing to see the BBC held to account for the multiple obligations that Parliament plainly intended to impose on it as the principal public service broadcaster.

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Annex I

Humanism

Humanism is an approach to life based on humanity and reason. For humanists it fulfils much the same function as a religion does for its believers.

Humanists recognise that it is simply human nature to have moral values but that when we make moral particular judgements we need to interpret those widely shared values by the use of knowledge, reason and experience. Faced with a difficult decision, we consider and assess the available evidence and the likely outcomes of alternative actions. We do not refer to any dogma, sacred text or fashionable but unsubstantiated theory.

Humanists find the best available explanations of life and the universe in the naturalistic and provisional answers provided by scientific enquiry and the use of reason. We think it folly to turn to other sources—such as religion or superstition—for answers to unanswered questions. Humanists are therefore atheists or agnostics—but Humanism is a philosophy in its own right, not just a negative response to religion.

Humanists believe that this is the only life we have and we see it as our responsibility to make life as good as possible, not only for ourselves but for everyone—including future generations. We strongly support individual human rights and freedoms—but believe equally in the importance of individual responsibility, social co-operation and mutual respect. We endorse the idea of an open society in which, despite fundamentally different beliefs and lifestyles people of good will live co-operatively together, with shared institutions, laws and government that are deliberately kept neutral as between different belief groups.

As Humanists we create meaning and purpose for ourselves by adopting worthwhile goals and endeavouring to live our lives to the full. We feel awe at the immensity of the universe and the intricate nature of its workings, we find inspiration in the richness of the natural world, in music, the arts, the achievements of the past and the possibilities of the future, we find fulfilment in worthwhile activity, in physical recreation and endeavour and in the pleasures of human interaction, affection and love.

Annex II

Polls and Surveys on Belief

1. Populus poll on churchgoing (Nov 2004)

More than weekly	2 per cent
Weekly	10 per cent
Monthly	5 per cent
A few times a year	36 per cent
Never	47 per cent

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2. Young People in Britain: The Attitudes and Experiences of 12 to 19 Year Olds.

DfES Research Report RR564, National Centre for Social Research 2004—ISBN 1 84478 291

3. Do you regard yourself as belonging to any particular religion?

IF YES: Which?

None	65 per cent
Christian	27 per cent
Muslim	5 per cent
Hindu	1 per cent
Jewish	1 per cent
Sikh	1 per cent

Survey of 13,000 young people by Revd Professor Leslie Francis and Revd Dr William Kay, Trinity College Carmarthen (*Teenage Religion and Values*, Gracewing, 1995). 61 per cent of 14–16 year olds described themselves as atheist or agnostic.

4. ICM poll for *The Guardian* Weekend 27 November 2004 (510 16-year-olds)

Do you believe in God?

Yes	35 per cent
No	45 per cent
Don't know	20 per cent

5. YouGov poll for *Daily Telegraph* (1981 adults aged 18+ throughout Britain online between 16 and 18 December 2004)

Do you believe in God?

Yes	44 per cent
No	35 per cent
Don't know	21 per cent

6. Marriages (ONS 4/2/2005)

	1991	2003
Religious	0.7 per cent	32.2 per cent
Civil	49.3 per cent	67.8 per cent

7. Mori poll (4,270 respondents) for *The Tablet* May 2005

Atheist or agnostic	24 per cent
aged 18–34	36 per cent
aged 65+	11 per cent

8. YouGov poll for *Daily Telegraph* (3,505 adults aged 18+ throughout Britain online between 20 and 22 July 2005)

Below is a list of phrases which might be used to describe or define Britain and what it is to be British. For each one, please indicate how important you think that word or phrase is in defining Britishness.

The Church of England

Very important	17 per cent
Fairly important	28 per cent
Not very important	29 per cent
Not at all important	23 per cent
Don't know	3 per cent

9. ICM poll for *The Guardian* 23 August 2005

Q9. *The government is expanding the number of state funded faith schools, including Muslim schools. Which one of the following do you most agree with?*

25 per cent	Faith schools are an important part of our education system and if there are Anglican and Jewish state-funded schools there should also be Muslim ones.
8 per cent	Faith schools are an important part of our education system but the government should not be funding Muslim schools.
64 per cent	Schools should be for everyone regardless of religion and the government should not be funding faith schools of any kind.
4 per cent	Don't know

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10. Home Office Research Study 274: Religion in England and Wales: findings from the 2001 Home Office Citizenship Survey (March 2004)

Table 3.1: Which of the following things would say something important about you, if you were describing yourself?

Your religion 9th of 10 factors at 20 per cent

Table 3.2: Top 10 things that would say something important about the respondent—by ethnicity

White:	religion ranked	10th of 10 factors
Black:		3rd
Asian:		2nd
Mixed ethnicity:		7th

11. Poll for BBC Heaven & Earth Show (7 September 2003) of 1001 British adults, aged 16+

Q.1a *From the following list, which two or three things, if any, have the most influence on your views or outlook on life?*

Your own experience of life	62 per cent
Your parents	56 per cent
Your education	30 per cent
Friends	26 per cent
Newspapers and TV	17 per cent
Religious teachings	17 per cent
Books	12 per cent
Politicians	3 per cent
Celebrities you admire	2 per cent
None	1 per cent
Don't know	1 per cent

Q.2a *Which, if any, of the following would you say best describes you?*

I am a practising member of an organised religion	18 per cent
I am a non-practising member of an organised religion	25 per cent
I am spiritually inclined but don't really belong to an organised religion	24 per cent
I am agnostic (not sure if there's a God)	14 per cent
I am atheist (convinced there's no God)	12 per cent
None of these	7 per cent
Don't know	1 per cent

12. Census 2001

<i>Religion (per cent)</i>	<i>England</i>	<i>Wales</i>	<i>Scotland</i>	<i>N. Ireland</i>	<i>UK</i>
Christianity	71.74	71.90	65.08	85.83	71.58
Islam	3.10	0.75	0.84	0.12	2.71
Hindu	1.11	0.19	0.11	0.05	0.95
Sikh	0.67	0.07	0.13	0.01	0.57
Jew	0.52	0.08	0.13	0.02	0.45
Buddhist	0.28	0.18	0.14	0.14	0.26
Other Religions	0.29	0.24	0.53	0.07	0.30
No Religion	14.60	18.53	27.55	2.72	15.56
Not Stated	7.69	8.06	5.49	11.15	7.62
TOTAL	100.00	100.00	100.00	100.00	100.00

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Annex III

Human Rights Act 1998

(a) *Extracts*

3.—(1) So far as it is possible to do so, primary legislation and subordinate legislation must be read and given effect in a way which is compatible with the Convention rights.

(2) This section—

(a) applies to primary legislation and subordinate legislation whenever enacted; . . .

6.—(1) It is unlawful for a public authority to act in a way which is incompatible with a Convention right . . .

(3) In this section “public authority” includes—

(a) a court or tribunal, and

(b) any person certain of whose functions are functions of a public nature . . .

(6) “An act” includes a failure to act . . .

ARTICLE 9—FREEDOM OF THOUGHT, CONSCIENCE AND RELIGION

1. Everyone has the right to freedom of thought, conscience and religion; this right includes freedom to change his religion or belief and freedom, either alone or in community with others and in public or private, to manifest his religion or belief, in worship, teaching, practice and observance.

2. Freedom to manifest one's religion or beliefs shall be subject only to such limitations as are prescribed by law and are necessary in a democratic society in the interests of public safety, for the protection of public order, health or morals, or for the protection of the rights and freedoms of others.

ARTICLE 14—PROHIBITION OF DISCRIMINATION

The enjoyment of the rights and freedoms set forth in this Convention shall be secured without discrimination on any ground such as sex, race, colour, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth or other status.

(b) *Relevant Court Cases under Article 9 of the ECHR:*

“As enshrined in Article 9, freedom of thought conscience and religion is one of the foundations of a ‘democratic society’ within the meaning of the Convention. It is, in its religious dimension, one of the most vital elements that go to make up the identity of believers and their conception of life, but it is also a precious asset for atheists, sceptics and the unconcerned.”—*Kokkinakis v Greece: (1994) 17 EHRR 397, para 31*

“The right to freedom of religion as guaranteed under the Convention excludes any discretion on the part of the State to determine whether religious beliefs or the means used to express such beliefs are legitimate.”—*Manoussakis v Greece: (1996), EHRR 387, para 47*

Belief means “more than just ‘mere opinions or deeply held feelings’; there must be a holding of spiritual or philosophical convictions which have an identifiable formal content.”—*McFeekly v UK: (1981), 3 EHRR 161*

“The term ‘beliefs’ . . . denotes a certain level of cogency seriousness cohesion and importance”—*Campbell and Cosans v. UK: (1982), 4 EHRR 293 para 36 (this case related to Article 2—right to education).*

In re Crawley Green Road Cemetery, Luton—St Alban's Consistory Court: December 2000—it was taken held without argument that Humanism was a belief within the meaning of the Human Rights Act.

(c) *Commentary*

from the UN Human Rights Committee on Article 18 of the International Covenant on Civil and Political Rights (which is essentially similar to Article 9 of the European Convention):

“Article 18 protects theistic, non- theistic and atheistic beliefs, as well as the right not to profess any religion or belief. The terms belief and religion are to be broadly construed. Article 18 is not limited in its application to traditional religions or to religions and beliefs with institutional characteristics or practices analogous to those of traditional religions.”—*Human Rights Committee, 1993 (General Comment no 22(48) (Art 18) adopted on 20 July 1993, CCPR/C/21/Rev.1/Add.4, 27 September 1993, p1.)*

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Annex IV

Correspondence with the BBC

A. LETTER FROM BHA TO GREG DYKE, DIRECTOR-GENERAL BBC: 30 JULY 2003

Dear Mr Dyke

Humanist programming under the new Communications Act

I am writing to request a meeting in the light of section 264(6) of the new Communications Act.

Your files will reveal that the British Humanist Association has for a long time—our files suggest at least 40 years expressed dissatisfaction with the lack of humanist programmes in the BBC's output.

Most recently, we joined last year with the National Secular Society and the Rationalist Press Association to demand that humanist speakers be invited to contribute to Thought for the Day. Your Governors have rejected that suggestion, preserving a *status quo* which in our eyes is completely unsatisfactory.

We should like to clarify our position. We regard it as entirely proper that the BBC provide programmes about religion, including broadcasts of religious services and other programmes in which leaders of the Christian and other communities directly convey religious messages to believers. Indeed, we do not object to Thought for the Day sometimes including messages hostile to our beliefs, for example Anne Atkins on Thought for the Day, 16 May 2003: "Without God, where do we find absolutes of right and wrong? What is to stop a secular society sinking to depths of depravity that as yet we only dream of?"³¹

We acknowledge that your output includes occasional programmes questioning the credibility of some religious claims and covering the harm done in the name of religion. We also acknowledge that many of your contributors are unbelievers, including many who are humanists—it could scarcely be otherwise when you look at the list of the names of our vice-presidents and distinguished supporters, and the membership of our humanist philosophers and scientists groups.

But we look in vain for programmes parallel to the very extensive output you provide for religious believers. Unbelievers are left without any adequate articulation on the BBC's national radio or television channels of their beliefs and life stances.

In letters you have sent to correspondents you have referred to the inclusion of secular voices in programmes such as The Moral Maze. However entertaining and provocative that programme is, it does not offer a forum for anyone to set out their fundamental beliefs. You have also mentioned the participation of unbelievers in religious programming such as Beyond Belief or Devout Sceptics. But in these programmes, the non-religious participants are responding to a religious agenda, rather than presenting their own beliefs.

What one searches the BBC's schedules for in vain is any programme in which leading humanists broadcast directly to a humanist audience about Humanism. While the number of people who identify themselves as a humanist is relatively small, the 2001 census revealed that the second largest group in the population is those with no religion—a group that (at 14.8 per cent) is two-and-a-half times as large as all the non-Christian believers put together. These people have moral codes and beliefs, and they have their own answers to the "ultimate questions" over which religion at present has a near-monopoly in your programmes. We maintain that the BBC's public service role should include helping these people a high proportion of whom would share basically humanist views—speak to each other and learn more about the long and distinguished history of their philosophy.

The BBC provides the equivalent to Christians in huge measure every day, and increasingly to other religions also. Sikh and Jewish contributors are frequently heard on Thought for the Day, although those religions can claim only 0.6 per cent and 0.5 per cent respectively of the population, but the BBC has hitherto failed almost entirely to serve the considerably larger and growing audience of people with a non-religious life stance in the way it serves its religious viewers and listeners.

The situation has, of course, changed since we last corresponded with you on this matter.

The Communications Act, as you will be aware, requires that you provide "what appears to OFCOM to be a suitable quantity and range of programmes dealing with . . . religion and other beliefs". The Act defines belief for this purpose as "a collective belief in, or other adherence to, a systemised set of ethical or philosophical principles or of mystical or transcendental doctrines". This definition clearly encompasses Humanism. You will also have noted that Lord McIntosh, introducing the amendment for the Government,

³¹ <http://www.bbc.co.uk/religion/programmes/thought/documents/t20030516.html>

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said that its purpose was “to add a reference to other beliefs, which would include ethical systems or philosophies such as humanism or secularism”.

The basis of the wording lies, of course, in the European Convention on Human Rights and the Human Rights Act (1998), which refer to “religion or belief” and forbid discrimination by public authorities³² on grounds of religion or belief. Case law has demonstrated that Humanism and atheism are to be treated as beliefs under the ECHR and HRA.

If discrimination is to be avoided, the implication of the Communications Act would be that 5,000 hours of religious broadcasting (which we understand to be approximately your present output) needs (given the census results) to be balanced by over 950 hours of equivalent broadcasting for the non-religious population.

In the light of the Communications Act, we would appreciate an opportunity to meet with you to discuss how you propose to implement these new obligations. If that proves impossible, perhaps you could arrange for us to meet with an appropriate senior manager. We would prefer not to have this meeting with staff from your Religion and Ethics department, since it is clear from their statements, for example Mr Bookbinder’s letter in the Daily Telegraph on 23 July (our recent success fighting off the atheist lobby) that they are unwilling to respect the rights of people with non-religious beliefs.

The Act gives examples of the sort of programmes that might be provided:

- (i) programmes providing news and other information about different religions and other beliefs;
- (ii) programmes about the history of different religions and other beliefs;
- and
- (iii) programmes showing acts of worship and other ceremonies and practices (including some showing acts of worship and other ceremonies in their entirety).

The most basic requirement is information about beliefs. This must, in our view, include programmes in which humanists present humanist beliefs without any third party—religious or sceptical providing a commentary, and without the necessity for balance, since balance is already overwhelmingly present in the weight of religious programming in the current schedules.

We believe we can be helpful and constructive in assisting you meet this new public service obligation and we look forward to a productive dialogue.

Yours sincerely,
Hanne Stinson
 Executive Director

B. REPLY FROM GREG DYKE TO BHA: 28 AUGUST 2003

Dear Ms Stinson

Thank you for your letter of 30 July, previously acknowledged, requesting a meeting about coverage of the Humanist viewpoint in our programmes in view of the new Communications Act.

It is helpful to have your appreciation of the BBC’s range of religious programmes and your recognition that we also commission programmes which question the value and achievement of religion.

However, I must dispute the statistic which leads you to assert that the Humanist perspective is entitled to some 950 hours of annual coverage. The 14.8 per cent of the population who said in the recent census that they had no religion does not equate with the very small number of people who are active humanists. There is no evidence that this 14.8 per cent has any interest in programmes about humanism.

Our research suggests that the demand for programmes “. . . in which leading humanists broadcast directly to humanists about Humanism . . . is very small, and easily met by items on programmes such as The Heaven and Earth Show, or radio programmes presented by humanist scientists. We also have a BBC Four series in production about the history of atheism, presented by Jonathan Miller. We are advised that this range and number of programmes more than adequately addresses any question of discrimination under European Human Rights legislation.”

You mention section 264 of the Communications Act. This requires Ofcom to report on whether public service broadcasters are fulfilling the purposes of public service television broadcasting. One element of this assessment is whether, looking at all the television services provided by the BBC, ITV, Channel 4, Five and

³² We assume that you agree that the BBC is a public authority: it was cited as an example of one during the passage of the Human Rights Act—see Hansard HC 17.6.98, col 411.

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the Welsh Authority as a whole, there is, in Ofcom's view, a suitable quantity of programmes dealing with religion and other beliefs. In the light of our programming mentioned above, we are confident that Ofcom will report favourably in respect of the BBC on this point.

Thank you for your offer to help us meet the public service obligations expressed in the Communications Act. However, if you are unwilling to meet the BBC's Head of Religion and Ethics, who, as I'm sure you know, is an agnostic, on the basis of the information you have provided I don't believe that a meeting with me or anyone else will be helpful. I will ensure that our Religion and Ethics department is aware of this correspondence. I am sure they will continue to bear the Humanist point of view in mind for future coverage in our programmes whenever an appropriate opportunity arises.

Yours sincerely,
Greg Dyke

C. FURTHER LETTER FROM BHA TO BBC: 15 OCTOBER 2003

Dear Mr Dyke

Thank you for your letter of 28 August. I am sorry to have been so long in responding.

We are disappointed at your reply, which we do not see as an adequate answer to the points we made in our letter of 30 July. Nevertheless, we must acknowledge some fault in probably misleading you as to what we were in fact proposing.

For example, we are certainly not seeking anything like 950 hours of annual coverage of the Humanist viewpoint and we regret that a rhetorical point seemed to be meant literally. In practical terms, we are looking for a gradual increase in the number of programmes, perhaps mainly on radio in the first instance, since this is often more suited to the presentation of ideas.

Humanists, as you say, make up only a proportion of the 14.8 per cent of the population who have no religion. Our point, however, is that a large proportion of that 14.8 per cent are leading humanist lives to at least the same extent that a large proportion of the 71.7 per cent of nominal Christians are leading Christian lives. It is also our experience that very many non-believers who have never thought of themselves as humanists will, when they hear or read about Humanism, immediately identify themselves as having been humanists all their lives, and this confirmation of their beliefs and approach to life may be extremely important to them. These people, as well as those who already identify themselves as humanists, are entitled to programmes that affirm or articulate their beliefs. As far as we can see, they are not offered any such programmes.

The examples you give make our point. A recent Heaven and Earth Show put an atheist up against believers in a confrontation. It was not a programme about atheism but about belief. Similarly, the first two, at least, of the Radio 4 series *Amongst the Unbelievers* are devoted to people reflecting on the religions they have lost (Catholicism and Judaism), and *Devout Sceptics* generally has that same religion-centred focus. Radio programmes presented by humanist scientists are about science, not about Humanism, and are as relevant to the argument as a claim that the balance is kept by the large number of completely secular programmes on sport, cooking and politics.

You refer also to the forthcoming Jonathan Miller series on atheism, but this will presumably be a critical/historical examination of rejection of belief in gods, not a presentation of atheism for atheists, and even that would not, in any case, be about Humanism. Your examples indeed betray a confusion of atheism and Humanism.

Humanism is about Humanism, not about the rejection of religion. What we are seeking is no more anti-religious than Christian programmes are anti-Muslim. May I press you to say when the BBC last broadcast a programme (other than on local radio) that presented and examined Humanism?

The difference between the BBC's minimal—effectively non-existent—treatment of Humanism and the many hours each week of straight presentation of Christianity by Christians to Christians (and lesser amounts of time for other religions) is blatant.

It may or may not be narrowly defensible under the Communications Act (we doubt it and shall, if it regrettably becomes necessary, put our case about that to OFCOM), but getting away with it should surely not be the BBC's governing principle.

We are not seeking a confrontation with the BBC but a constructive dialogue leading to some recognition in the schedules. The Government recognises that we have a distinctive and valuable viewpoint. We have had constructive meetings in the recent past with officials and/or ministers in the Lord Chancellor's Department,

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the Home Office, the DTI, and the DfES—sometimes at the Government's initiative. Our deeply considered proposals on a law on incitement to religious hatred were quoted extensively and broadly favourable by the relevant Lords Select Committee, to whom we gave both written and oral evidence. The Government specifically named Humanism in introducing the relevant wording of section 264(6) of the new Communications Act.

It would seem odd if, at a time when in pursuit of an agenda of inclusiveness, Government departments and ministers meet us without demur and find those meetings valuable, and when Parliament has specifically sought to ensure that programmes about Humanism are broadcast, the BBC should persist in what appears close to an attitude of disdain.

We had hoped that the new Act would be seen by the BBC as an opportunity for a positive change. Sparring by post is an unproductive game and what we seek is a constructive and positive dialogue.

I am therefore asking you to reconsider our request for a meeting. If you are unwilling or unable to meet us yourself and can only offer a meeting with Mr Bookbinder, we shall of course accept. However, we shall do so in the expectation that he will approach the meeting with an open mind and will not be armed with a brief to defend the BBC's current policy to the end.

I look forward to hearing from you.

Yours sincerely,
Hanne Stinson
 Executive Director

Examination of Witnesses

Witnesses: Ms HANNE STINSON, Executive Director and MR DAVID POLLOCK, former Chairman, British Humanist Association, examined.

Q46 Chairman: Thank you very much for coming and welcome. This is really the second part of our inquiry. We reported yesterday on the first part. We are now looking at a number of areas, which we were not able to go into in sufficient depth during the first part and one of these is religious broadcasting. As you have seen, we have just been talking to a multi-faith group before you. We certainly have your written evidence, for which many thanks and we know who both of you are. May I start the questioning with two general points? You say that there is the clearest evidence that only a minority of the population holds any genuine religious beliefs, while the number explicitly denying religious belief is rapidly growing. That certainly was not the flavour of the evidence we were getting in the first session. Discuss.

Ms Stinson: Part of this comes down to how you actually define what religious beliefs are and the extent to which somebody has to be religious in order to be classed as belonging to a religion or being religious or having some sort of religious or spiritual feeling. There is an increasing number of surveys which show rapidly growing numbers of non-religious people. Most face-to-face surveys show at least 30 per cent of adults, going up to 40 or 50 per cent and, with young people, going even higher, up to a DfES survey which shows 65 per cent of young people not having religious beliefs. I find it quite interesting that the census can bring up a figure of 70-plus per cent religious when other surveys will show,

for example, that 40 per cent of the population cannot actually name any of the four gospels.

Q47 Chairman: Your appendix shows these surveys.

Ms Stinson: Yes, we show a number of surveys in the appendix.

Q48 Chairman: What about humanism itself. Is there any evidence that is becoming ever more popular? How do you measure it?

Ms Stinson: We do not have any figures for the number of humanists in the UK.

Q49 Chairman: Is that a wise precaution? Why not?

Ms Stinson: No, it is actually that awareness of humanism is very, very low and one might suggest that the BBC is partly to blame for that. We find that a very large number of non-religious people, when they come across humanism or when they come across the British Humanist Association, actually say they have been a humanist all my life, or for the last 20 years, and they never knew that was what it was called. They are very often very relieved to have found a group of people who actually share their beliefs. We would estimate that a significant proportion of the non-religious people within the UK are broadly humanist in their outlook, but we cannot put a figure on it, because people do not use the word.

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Q50 Chairman: One point which struck me, reading your evidence, was that you said basically there are two major institutional examples of access being granted to religion, the education system and the BBC. Then you went on to say that between them they cause immense damage to society. Why do you think that?

Ms Stinson: I genuinely believe that it does. There are assumptions in very many circles, including the media and the BBC, that we still have a religious society. We have people who grow up being taught that the only source of morality is religion. I have been told very many times that I may be a humanist and I might claim that my morality does not come from religion, but of course it does because I grew up in a Christian society. I would very strongly challenge that: I do not think my morals do come from religion, I think they come from my common humanity. When you have a very large number of people who do not have religious beliefs, including of course a large number of people who have been brought up in a religion, but have lost their religious beliefs, who have been taught that morality is based on religion, you have a large number of people who then flounder while they try to work out where their morality actually comes from. The religions are very, very good at claiming that society is sliding into some sort of immoral or amoral situation and blaming it on the reduction in religious belief, when in fact it should be blamed on the fact that those people who do not have religious beliefs maybe have not been helped to formulate what their beliefs actually are. Having said that, I do not actually think that the non-religious are less moral than the religious anyway. If there is a problem, it is that people have not actually had support to formulate what their beliefs actually are.

Q51 Chairman: “Immense damage” is a fairly strong criticism.

Ms Stinson: I do think it does immense damage. It causes immense damage to society, because people are maybe floundering as to what the firm basis of their morality is and it causes immense damage to individuals who are forever being put down. This particularly goes for young people who are being told they cannot be moral because they do not have religious beliefs.

Q52 Lord Holme of Cheltenham: I should like to explore why as non-religious, alternative, humanistic value people you feel you are hard done by in BBC coverage. It seems to me that there is an assumed value system in the BBC which quite often irritates its critics, which is, if not humanist, essentially humanistic. There seems to be a belief in enlightenment and the perfectibility of society; there seems to be a belief in rationality, there seems to be a belief in tolerance and diversity, there seems to be a

belief in respecting the planet. If you were to do a value analysis of the implicit values of the BBC, I am unclear that they would not at least substantially overlap with a humanistic—I shall not say humanist—view of the world. Certainly, rather than speculating what the value system of the BBC is, if you look at their output, whether it is in terms of news and current affairs or in terms of drama or in terms of soap operas, I would find it extremely difficult to look at it and say that those programmes did not by and large, over time, mostly have a moral and humanistic underpinning. Forgetting the fact that you do not like the religious people and you think they are getting too much, what is it you object to in the run-of-the-mill coverage of the BBC of whatever genre it is?

Ms Stinson: We heard this morning people claiming that most of the output of the BBC was secular and this is something we are told very, very often. When it comes to the values which come across in the BBC, I would say that those values are actually generally the values which are shared between the religious and the non-religious because most values are actually shared between both groups of people. The BBC regularly claims that there is this little bit of religion and all the rest of broadcasting is secular, hence that ought to be enough for us. We would say that a small percentage is religious and all the rest is general and is for everybody, and that the BBC is actually making the wrong comparison when they link that small percentage of religious against the rest as secular. What they should be doing is actually comparing the small percentage of religious broadcasting against the non-existent percentage of broadcasting about specifically humanistic, positive, non-religious beliefs. I do not mean atheism; I mean positive non-religious beliefs, because that is where the gap is.

Mr Pollock: Clearly the BBC's output is such as you describe it: it is largely based on values which could be described as humanistic. What we object to is neither that, nor the existence of religious broadcasting which obviously provides a valuable service for a minority audience, but one which values it considerably. What we are objecting to is that the BBC is quite deliberately ignoring the requirements which are placed on it by the Human Rights Act as a public authority and by the Communications Act in section 264 to treat equally religions and beliefs across the spectrum. The European Convention on Human Rights says that there should be no discrimination on grounds of religion or belief. Case law has established that humanism counts as a belief. The Government in its general policymaking accepts that humanism is a belief. The Government in their own amendment to the Communications Bill, when it was going through your House, said that the requirement to provide programmes about religion needed to be

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extended to cover religion and other beliefs. They mentioned humanism in that context in the House. The BBC has ignored all of that. Our freedom of information inquiry at the beginning of this year showed that they had not generated a single piece of paper relative to that quite significant change in their obligations. Nevertheless, without having considered what the law required, they tell us constantly that they are confident that their output meets the requirements. What is lacking is anything which is parallel to that part of religious broadcasting which is unmediated, Christians talking Christianity to Christians, which amounts on Radio Four to over three hours per week. There is obviously similar programming elsewhere, but that is a key element of it. There is nothing ever like that of humanists talking humanism to humanists. The result is, to get back to My Lord Chairman's first question, that the very large majority of the non-religious population, itself at least a large minority of the total population, is unable to articulate with any confidence their own life stance. They live implicitly humanist lives. The essentials of humanism are a naturalistic world view, a rejection of dogma and a morality based on consequences, mainly for people and the planet. That describes the basic outlook of the great majority of non-religious people in the country. Those are the essentials of humanism. They do not know that it is humanism, and they are not able to articulate it. When it comes to trying to teach their children morality, they do not have the confidence to do it. Very many non-religious people still send their children to religious schools because they think that might give them a grounding in morality. The linking of religion and morality, which has no logic whatsoever, is constantly found.

Q53 Lord Holme of Cheltenham: Forgive me, but this is a little bit like the trade union point I was making to the religious representatives: in terms of industrial demands you want comparability and you want a slice of the pie and so on.

Mr Pollock: Yes, we do, so long as there is religious broadcasting, unmediated, direct from religious leaders to their followers, we do not see why we should be discriminated against.

Q54 Lord Peston: I suppose I ought to declare an interest as an atheist, which is much more extreme than you. I am still a bit lost. Dr Singh, in his evidence earlier, made a point which we did not follow up enough, which was that he wanted us to distinguish between religion, by which I think he meant organised religion, and spirituality. Would you accept that distinction as well?

Ms Stinson: Spirituality is a very, very difficult word.

Q55 Lord Peston: Let me then say, for example, that I would have regarded both David Hume and Bertrand Russell as deeply spiritual people; indeed both have written very clearly about yearning for something more but unfortunately there is nothing, that sort of thing. So the distinction, at least in my mind, is very important and I wonder whether that is your view.

Ms Stinson: It depends on how you use the word. Very often it is used as though it is part of religion, with the implication that you cannot be spiritual if you are not religious. In the sense in which you have just used it, I think humanists can be just as spiritual as any religious person; there is the same sense of awe and wonder when they hear music or see a wonderful view, all those sorts of things, or how nature actually works, and in that sense just as spiritual; and that too is the important element of broadcasting.

Q56 Lord Peston: Therefore going back to My Lord Chairman's opening question to you about your view on the damage religion does, you are arguing really that it is organised religion which is doing the damage.

Ms Stinson: I was not actually talking about the damage religion does.

Q57 Lord Peston: I am sorry; you were saying the BBC does the damage. You are quite right.

Ms Stinson: It is the lack of broadcasting about non-religious positive beliefs which I think is damaging. Religion can be damaging in some circumstances, but basically we are not anti-religious and we are not anti-religious broadcasting.

Q58 Lord Peston: When Lord Holme of Cheltenham asked you about wanting a fair share, you made the point that religion—it seems to me and I agree with you—is of its essence dogmatic. I do not see how it can be other than dogmatic and be a religion. I can then understand programmes which put forward a dogma. What I have difficulty understanding and therefore I am less exercised than you are, is how you could have a programme which was non-dogmatic. In other words, if I were asked to comment in two minutes on *Thought for the Day*, and I take your point that you ought to have some ability to do that, my problem would be that I would meander on for two minutes explaining what the problem was. I would never get around even to doing what they do, which is in the end lay down some piece of dogma. I do not know why you want to get into that game at all.

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Ms Stinson: We certainly do not want to lay down dogma. There is a very clear place for exploring issues from a humanist perspective and if you did have humanist *Thoughts for the Day* they would be much more questioning and exploratory and trying to pull out the underlying issues, very often the moral issues, than the average *Thought for the Day* is.

Mr Pollock: May I give an example perhaps? Quite recently, on the morning that Lord Joffe's Bill was going through the House, Jonathan Sachs was on *Thought for the Day* giving a strongly anti-euthanasia, anti-assisted dying thought from a religious perspective. It would be perfectly possible to do a humanist *Thought for the Day* which talked about the value of life, wherein lies the value of life, why a residual life of pain and no prospects for improvement might seem to a person to lack value, and that there should be a permissive attitude towards euthanasia. That would be helpful to a lot of people in the population who are otherwise left only with a religious morality being voiced on the air.

Q59 Lord Peston: I was about to raise the subject of Lord Joffe's Bill myself. Surely Lord Joffe's Bill and his case for it got an extremely good airing on the BBC from very effective people? I agree that they did not get that little slot that Jonathan Sachs got, but no-one could argue surely that the case, exactly as you have just put it forward yourself now, was not aired very fully on the BBC.

Ms Stinson: What happened that morning on *Today* is that we had an excellent item on the Bill: we had Lord Joffe, we had the Bishop, it was very, very even-handed, it was balanced and both points of view, the religious point of view and Lord Joffe's point of view were given a very, very good airing. I was listening to that and I thought that it was a good balanced piece of reporting. Immediately after that, or a couple of minutes after that, we had a three-minute polemic on one side, which was totally unmediated, which I felt therefore totally unbalanced that whole item.

Q60 Lord Peston: So it does bring us back to the view of Lord Holme of Cheltenham that what you want is another three-minute polemic.

Ms Stinson: No; no.

Chairman: I think there is a question of balance there. It might be useful if we took that specific example with the BBC when they come.

Q61 Baroness Howe of Idlicote: I should like to start way back. When you were making your introductory statement it occurred to me first of all that the percentage of humanists was quite small. The second point is: what about your own lobbying

for your organisation. Surely more could go on that and would get it a higher profile. For example, do you start earlier, in schools? Are you trying to get this thought about in schools? If what you are saying is that the whole approach of morality and ethical approach is really being ignored to the detriment of how people develop, then this is a very good point to start. Having said all that, it is not exactly the BBC, but it is what we are talking about today. I should have thought you clearly made a good case for why you should be included, why a non-religious religion should be included in something like CRAC. What particular role do you think they should be playing? Should they be there to see that the situation you describe actually does not happen or was better balanced?

Ms Stinson: May I start by responding on the issue of schools and starting early? For many, many years the British Humanist Association has been working together with religious groups in order to improve religious education, and it has been one of our major pieces of work for the last 40 years, if not longer. Our aim there has always been not to get religious education out of schools, but to make it better quality and ensure that it covers and teaches a really good understanding of the different religious beliefs and of non-religious beliefs. In fact I think some very important progress was made quite recently with the introduction of the national framework for religious education which does now include non-religious beliefs and specifically humanism. It is not compulsory of course, so we do not know to what extent schools will actually pick that up, though there is quite a lot of evidence that they are. We do see that as extremely important and if all children do learn about other religions, preferably with and from children with other beliefs, which is why we are also opposed to separate education in faith schools, which is a big issue which we obviously cannot go into, we think that is actually extremely important. The other thing which is extremely important is that the children who have non-religious views, who express those in schools, have those views respected and they are very often not. We get an awful lot of complaints from parents who say "My little Johnny came home and do you know what the teacher said to him?" and it was absolutely outrageous. We hear it and it is absolutely outrageous. The teacher will say they do not respect the child's views because they are wrong. That is the sort of thing teachers sometimes say in schools. That undermines children. I have forgotten the second part of your question.

Q62 Baroness Howe of Idlicote: It was really about the role of CRAC.

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Ms Stinson: If the BBC were to take on board that they have this responsibility to produce programming on religious and on non-religious beliefs such as humanism, then I think there would be a very, very obvious role for humanist representatives on the CRAC; I see no question of it. The reason why we would want it now is because, while a lot of religious programming is perfectly acceptable and we have no problem with it, we would want to feel that there is actually a mediating body which says "If you're doing that, shouldn't you be doing this".

Q63 Baroness Howe of Idlicote: If the percentage of those who are humanists, or those with non-religious beliefs, is quite small, what sort of proportion would you be looking for?

Ms Stinson: I do not think I said that the percentage of humanists is small. If the percentage of non-religious is 30, 40 maybe 50 per cent and we are saying that most of those people, from the evidence we have, lead a broadly humanist life, even if they cannot articulate it as humanism and even if they do not call it humanism, then that is actually quite a large percentage. I do not want to come here and say we should have so many hours on Radio Four and so many hours on this or the other. It is, however, important that there should be a regular slot which actually expounds humanist views on particular topics; it would not be dogma, it would be exploring issues. And there should also be some programmes which actually explore it in more depth.

Q64 Lord Maxton: Like Lord Peston I should declare an interest too. I am a member of the all-party humanist group and I would go even further than Lord Peston in declaring that I am an atheist, but I am also an anti-clerical atheist in that I do not believe that religion is beneficial to our society. If we look around the world at the present time, religion is at the source of many—not all but many—of the conflicts we see, even within our own country: in Northern Ireland or where I come from in the west of Scotland. It may be mainly in terms of football, but that is still there and sectarianism is rife. That is why I believe that the BBC is damaging our society, not quite in the same way as you do, but because it is my view that it helps to sustain something which is dying and gives it life support and it would be better for the western secular liberal democratic world if it did die. Would you like to comment?

Ms Stinson: I have some sympathy with that view. I do believe that the BBC is artificially sustaining something which is declining. Where I think I would take a slightly different line is that I recognise that within our society religion is very important to a

percentage of the population. I would not want to be so extreme as to say that those people should not have an opportunity to hear that sort of view on the BBC. I should like to see more of the sort of challenging programme that the group which was here earlier was talking about, where there is really in-depth analysis of some of the issues around religion. I think that would be beneficial and I would support them totally on that. I do see a place for religious broadcasting, obviously particularly for those who are housebound, and until the churches improve their distribution of material then that is good.

Q65 Lord Maxton: At the end of the day, as in education, it is the job of the religious organisations to provide the education. As I said to someone earlier, a person who is housebound has often been a member of a church. Surely they would much prefer to have a DVD or a video of the church service taking place in that church on that Sunday, provided by the church and often perhaps delivered by their own minister or whoever might be in charge of that church. Is that not a much better way of doing it than having this broad sweep of religion on television?

Mr Pollock: If the BBC proposed abolishing all religious broadcasting of the type I was mentioning earlier, religious people talking religion directly to a religious audience, we would not object. If it is going to continue, we should like to have our share of it. It might be valuable just to go back to your original question to illustrate the double stance of humanists. As humanists individually, obviously we disagree with religious views of the world and we think they are mistaken. We sometimes think that they do harm. If religion disappeared gradually from the world, we would think on balance that it would probably be a better place. Our other stance is our stance towards living in the community, in a society together with people who disagree with us. There we support the sort of open democratic society which respects rights, supports non-discrimination and so on. Hanne is very busy at the moment on the steering group of the Government's planned Commission for Equality and Human Rights. We put a lot of our work into promoting the idea of non-discrimination, of proper rights for all groups and respect between them. When it comes to that, there is a need for broadcasting to reflect the state of the world.

Q66 Lord Maxton: I do not disagree with that. I believe entirely in the right of anybody to believe in any religion but it seems to me that the BBC and education do what in the Labour Party we used to call positive discrimination. In other words, it actually positively expounds that point of view

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rather than allowing the organisations themselves to do the education.

Mr Pollock: That is the whole tenor of our evidence to you. They are perhaps blind to what they are doing, but that is exactly what they are doing.

Q67 Bishop of Manchester: You might welcome a decline in religion, but the truth of the matter is that on a world scale religion is growing numerically and in influence. That is the situation we are in at the moment and there is plenty of statistical backing to show that point. I would accept some of what Lord Maxton says in terms of religion being at the root of quite a lot of the problems; by no means all and he did not say “all” either. It is quite clearly. When that is the case, it is often because the violence, the conflicts have been fed by ignorance and prejudice, which therefore to my mind—and I should be interested in your comments on this—suggests that, far from putting religion into a ghetto slot on some separate channel for those who want to watch it, it is actually increasingly important to have well-informed and carefully put together programmes, which enable people to be less ignorant and less prejudiced on these things. I suspect that we would agree on that. Where I am trying to tease out your position in all this, and you have said a lot with which I agree, is that I am not quite sure on what base you are building your particular viewpoints. One moment you talk about non-religious beliefs and then we suddenly switch over and you are talking about humanists. When Lord Peston says he has non-religious beliefs, he comes to it from an atheistic viewpoint and therefore would not feel presumably properly represented by you. Here you are and it is very good to be able to engage in this conversation, but what really is your, for want of a better expression, power base? Can you legitimately claim to be speaking for that quite wide range of people with non-religious beliefs? In fact, if I may, I hope not unfairly, press the point, understandably you said you would not be able to give a percentage of people in the country who had humanist beliefs, either by recognising themselves or not. Are you able actually to say what the membership of the British Humanist Association is?

Ms Stinson: I am very happy to do that. At the moment the membership of the British Humanist Association is just over 5,000 individual members. There are also 50-something affiliated groups around the country who are separate, so the membership is not counted in that. That is a very small membership. If I also tell you, that until I became the Executive Director of the British Humanist Association I was not a member, even though I have been a humanist all my life, that says something about why people actually join an organisation.

Q68 Bishop of Manchester: Yes, I could use that argument about the Christian church.

Ms Stinson: There is no pressure at all on humanists, no expectation that they will join anything. People join the British Humanist Association because they support our work. Whether it is our educational work, whether it is our ceremonies or whether it is our lobbying and campaigning, they do it specifically for that purpose, not just in order to express their humanism. I was interested in what you said about the decline of religion in this country compared with the growth elsewhere, because I think that is no doubt true.

Q69 Bishop of Manchester: I do not think I expressed it quite like that.

Ms Stinson: When you said that, what instantly came into my mind was that the number of religious people in this country is declining. The influence of religion in this country is growing and there is no doubt about that. The extent to which the religions are consulted by the Government and by local authorities and so on is growing. Their influence via the BBC is growing. It is far more common now for the BBC to call in a religious person in order to give a moral view, which is something of an issue for us anyway, on a particular issue, whether it is stem cell research or abortion or anything like that. The influence is growing enormously and that is actually why, suddenly, although our membership is still very small, it started growing because non-religious people, who for a long time had not thought about religion very much, leading their lives by broad and humanist principles and not worrying about religion, are suddenly saying that they are being influenced now by religion in a way they do not want to be. They can see religion is influencing all sorts of things in a way they do not want, such as Lord Joffe's Bill, where 82 per cent of the population is actually in favour of legislation but the religions are against it. They are asking why religion now has all this influence, and that is a very large difference in British society.

Bishop of Manchester: On a point of accuracy there, not all those opposed to Lord Joffe's Bill are opposing it from a religious viewpoint.

Baroness Gibson of Market Rasen: And not all those in support of it are not religious.

Ms Stinson: I accept that

Q70 Lord Kalms: Would it be right to assume that you are a proselyte organisation?

Ms Stinson: No.

Q71 Lord Kalms: You are not proactive in trying to encourage people to join your organisation.

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Ms Stinson: We should like people to join our organisation, but we are not interested in converting religious people to humanism. Where we are interested is in supporting non-religious people, who have broadly humanist views, to articulate those and understand those more clearly. I do not think that is proselytising.

Q72 Baroness Howe of Idlicote: On a point of clarification, may I ask whether you can be an atheist and be a humanist.

Ms Stinson: Oh, yes.

Mr Pollock: Yes.

Q73 Baroness Howe of Idlicote: You can. So as a hater of one religion or all religions you can still be a humanist.

Mr Pollock: For humanists and for man in his natural state almost, religion is an irrelevance. We do not define ourselves by reference to religion. We define ourselves as the people we are with the views we have. When it turns to defining our answers to what are generally called ultimate questions, ours are humanist answers. We share a lot with religious people because they, like us, take these ultimate questions seriously. What is the meaning of life? What does death mean? What should our purpose be? What is the root of our morality and so on? Religion does not obsess me. I do not define myself by my lack of religion.

Ms Stinson: I would say that both atheism and agnosticism are negative responses to religion in the sense that they are saying "I do not believe that". Either I definitely believe that is not true or I do not believe it but I cannot actually prove that it is not, and those are two different positions. Somebody who leads their life by humanist principles has in a sense a negative starting point; saying what I am not. Whenever I say what I am, I say I am a humanist because I try to lead an ethical life on the basis of humanist morality.

Q74 Lord Kalms: May I come back to your submission? You make some very strong points about a space in which to represent your views; I am not arguing against that. In paragraph 32 you say very specifically "We want the BBC to cease discriminating against non-religious beliefs by recognising that they are part of the same spectrum as religion and should be treated on equal terms". That is not actually a very strong argument; in fact it is the weakest argument in your whole paper. I do not quite see how you can say that non-religious beliefs are in the same spectrum as religious beliefs and you are asking now for equal time. It is a little bit like saying that there is a pet lover programme on the BBC and they should give equal time to those who dislike pets. The two sides have nothing to do

with each other: religious beliefs are a powerful force in our society and non-religious beliefs may well also be, if you argue with your 5,000 members, a powerful force, but to equate the two is not a serious issue, they are two separate, complete arguments.

Ms Stinson: No, they are not. I would say my non-religious belief, my humanism, is as powerful a force for me as a religious person's religious beliefs are. What we are talking about is the way I view the world, or a religious person views the world. It is a life stance, it is a basic philosophy, it is the way we understand the world. Some people have a religious way of understanding the world and some people have a non-religious way of understanding the world, and on that basis it is a spectrum. It is also recognised in the Human Rights Act that equates those beliefs, whether they are religious beliefs or non-religious beliefs, because it is the way we answer ultimate questions. That is the distinction, that is the range, the spectrum of beliefs, which is about the position you take on yourself as a person, on the world, your world view, your life stance, your beliefs.

Q75 Baroness Gibson of Market Rasen: You say that the BBC should cease discriminating against you. Are you actually therefore saying that the BBC is deliberately discriminating?

Ms Stinson: I think we have to assume that it is deliberate because for the last 40 years we have been asking them not to discriminate. The sort of answer we get back is the sort of answer I alluded to earlier, that 90-odd per cent of the output is secular. They have not taken on board the argument I made just now, which is that there is this spectrum of views, of world views, of life stances, on which they should not discriminate. Yes, we do feel discriminated against.

Q76 Chairman: Baroness Gibson of Market Rasen makes a very important point. You say that the BBC is discriminating against you. What would it take to persuade you that they were not discriminating against you? What is it really? As this is a Committee about the BBC, what is it you really want from the BBC?

Mr Pollock: That they should obey the law in the Human Rights Act which tells them as a public authority not to discriminate on grounds of religion or belief. The Communications Act does something very similar. They persistently refuse to answer our very strong case that they are in fact so discriminating. The case is almost open and shut and if they provide three and a half hours on Radio Four every week for religious people to talk to religious people and never a minute for humanists to talk about humanism to humanist people, then whatever the numbers are, that is discrimination.

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Q77 Chairman: So you want not necessarily equality, but some kind of balance.

Mr Pollock: Yes; we would agree with Alan Bookbinder, the head of religion and ethics, when he said that all the licence payers are entitled to see their belief reflected back to them.

Q78 Bishop of Manchester: If I may say so, if you are quoting him, he also went on to say the 30 per cent who do not believe in god and lead effectively humanist lives have acres of TV and radio time devoted to secular concerns.

Mr Pollock: To game shows, to makeovers, to sport. Where? Where else?

Q79 Lord Peston: Is one of the problems not that the religious side has an internal pressure group in the BBC working away to fill up slots and the non-religious side does not have the equivalent in terms of internal pressure?

Ms Stinson: And is not represented.

Lord Peston: I have always felt that one of the real problems for the BBC is that if it wants to have this internal religious department, then it really ought to have some balance from others saying they want a programme, say, on the great philosopher Spinoza who became non-religious as a result of being excommunicated, but whose views clearly came in a sense from the same set of problems as those who excommunicated him.

Q80 Bishop of Manchester: I suspect that Alan Bookbinder, were he to be here, would be able to show that there have been occasional programmes of that kind. The issue which seems to be being presented to us at the moment is not so much whether or not that kind of programme has or has not been put on: it is whether or not the British Humanist Association specifically has contributed to such programmes. Is that right?

Mr Pollock: No.

Ms Stinson: No, it is a different question. You asked earlier for whom we speak. I would say quite specifically that we are not looking for a British Humanist Association slot on the BBC; that is not what we are looking for. If the BBC were suddenly to say they would like some humanist features on *Thought for the Day* we would come up with a pretty impressive list of people they might want to choose. It would not include me; it would not include the BHA. It would include humanists who I would feel could express a view on topical issues. What we are looking for is not that our view is represented. What we are actually looking for is a service to non-religious people. In fact the people who need that

service most are not the people who currently join the British Humanist Association, they are not the people who call themselves humanists, they are the average person with non-religious beliefs who are struggling to find a foundation for their morality, if they think about it at all and many people do think about it. We are looking for a service to that group of people. We are not looking for the BHA to be represented on the BBC.

Q81 Chairman: To the extent that it is said to you that there are lots of other programmes on television and radio, that rather misses the point of what you are trying to achieve.

Ms Stinson: Absolutely; it totally misses the point.

Q82 Lord Maxton: I should have thought, for instance, if there were a news item—almost the case you were making about Lord Joffe's Bill—on genetic science in some form or other, it would be totally wrong, though it often happens that you get the discussion and then you get the religious point of view basically saying they are opposed to it.

Ms Stinson: Absolutely.

Q83 Lord Maxton: Surely at that point we could have—

Ms Stinson: A humanist view.

Q84 Lord Maxton: — a humanist, or even better a genetic scientist, who probably does not believe in god, putting his point of view, exactly why he thinks this is right.

Ms Stinson: Yes.

Q85 Bishop of Manchester: Or a separate religious viewpoint saying they are in support of something. I should not like you to get away with saying it is always negative.

Mr Pollock: The situation which Lord Maxton mentions is typical. When something in the genetic field, or whatever it might be, comes up, the BBC looks to a clergyman, a bishop, some religious commentator to provide the moral view on it. They never look to a humanist moral philosopher to do that. So you get the impression that you have a politician or scientist who is taking a thoroughly pragmatic view of a matter and then the morality comes in when religion comes in. It gives a very false impression.

Chairman: Thank you very much indeed. I am afraid we have rather gone over our time, but thank you very, very much indeed. It was very interesting and I think you put your case very clearly indeed. If we have any other points, perhaps we can come back to you. Thank you so much.

 TUESDAY 8 NOVEMBER 2005

Present	Armstrong of Ilminster, L	Kalms, L
	Bonham-Carter of Yarnbury, B	King of Bridgwater, L
	Fowler, L. (Chairman)	Manchester, Bp
	Gibson of Market Rasen, B	Maxton, L
	Holme of Cheltenham, L	O'Neill of Bengarve, B
	Howe of Idlicote, B	Peston, L

Supplementary memorandum by the British Humanist Association (BHA)

1. The evidence given to your Committee by the BBC's Alan Bookbinder on 8 November has prompted us to send you this brief supplementary memorandum, since we felt that once again the BBC had failed to appreciate humanism as a rounded lifestance with as much value as any religion—both in law and in fact.
2. Mr Bookbinder referred to “the religious voice” speaking from “a deep morality, a sense of meaning and purpose, which is what religion is about”—as if non-religious, humanist morality is shallow or humanism lacks meaning and purpose; and he said that *Thought for the Day* was confined to religious speakers because it provides “a spiritual reflection which humanists cannot do”—which is either a tautology (if he uses the word “spiritual” narrowly as a synonym for “religious”) or (given the full meaning of “spiritual” as recognized, for example, by the QCA in the context of religious education) is hugely insulting to humanists.

HUMANISM TODAY

3. The BHA, an educational charity, takes seriously its role in educating both children and the general public about Humanism as a well-founded and rewarding lifestance. Essentially, Humanism is a naturalistic worldview with naturalistic ethics, that is, moral values based on human nature and needs. That this is a valid position may seem like common sense to most who have given it any thought, and indeed it is obvious that programmes like Margaret Knight's 1955 talks on “Morality without Religion” (about the upbringing of children) would not prove as controversial today as they did then. Nevertheless, rational humanist morality is still a novel idea to many, including many who would find the concept meaningful and useful if they were more aware of it. Humanism seems to be poised somewhere between stages 2 and 3 in Schopenhauer's account of progress: “All truth passes through three stages. First, it is ridiculed. Second it is opposed. Third it is accepted as self evident.”

THE INCLUSION OF HUMANISM—A PUBLIC SERVICE

4. The BBC could offer to a huge public accessible alternative positions to the frequent assertion (not least in its own programming) that the non-religious lack moral values or are bound to subscribe to moral relativism or subjectivism; these counter-arguments are commonplace in philosophy departments and the more intellectual media, but urgently need wider currency.
5. Relevant audiences would include non-religious people thinking about the moral basis for action or inaction, non-religious parents trying to instil moral values into their children, and teachers seeking moral reasoning that will mean something to the non-religious majority of pupils.
6. The Humanist contribution on the moral issues of the day is as valuable as that of any religious speaker and would bring to these debates an interesting moral perspective, probably unfamiliar to those who have not studied philosophy or come across Humanism in school (which still very few have done). It is misleading to imply, as so much broadcasting does, that the only or best commentators on the moral aspects of current affairs are religious spokespersons.
7. In addition, a humanist perspective on death and some of the more terrible events of our time would, to those with no religious faith, be more comforting and personally significant than the frequently aired religious perspectives, as would be the knowledge that humanist funerals (and other humanist ceremonies) exist to serve them.

18 November 2005

Examination of Witnesses

Witnesses: MR DOMINIC CROSSLEY-HOLLAND, Controller of Current Affairs, Arts and Religion, ITV, and MR AAQIL AHMED, Commissioning Editor for religion, Channel 4, examined.

Q86 Chairman: Good afternoon. As you know, we have done one part of our review of the BBC Charter process and we have reported on that. We are now looking at a number of other subjects which we did not have time to cover and one of those is religious broadcasting which we are looking at in some depth. We have the papers that you sent. As far as ITV is concerned, I was very interested in the paper that you sent. Basically, you are saying that the BBC will be the leading broadcaster of religious and faith based programming. It is fairly unusual for ITV to say that someone else should take the lead. Is this because traditional religious broadcasting and advertising simply do not go together?

Mr Crossley-Holland: Firstly, thank you very much for inviting us today. Our view is that the BBC is Britain's leading public service broadcaster and we believe that, because of its unique position and public subsidy, it should therefore take a leading role in the provision of religious and faith based broadcasting in this country. You are right of course to allude to our competitive spirit at ITV. Of course I want to see the BBC provide religious and faith based programming. I do not necessarily think that ITV should take second place. ITV's programming should have high impact and be successful but I believe the BBC should take a leading role in a number of defined ways because of its unique position and the funding it gets. I am not sure that it is doing so at the moment.

Q87 Chairman: What gets in the way of your religious broadcasting? Is it the fact that advertisers are not interested?

Mr Crossley-Holland: For us commercially, we are in a different environment from the BBC, which is not commercial and does not have shareholders, and we are in a different environment from Aaqil and Channel 4 which has a different public status. ITV has shareholders and is dependent upon advertising revenue wholly for the provision of its programming. We come from a completely different standpoint. We have to operate in a far stricter, far more competitive commercial environment where we have to make the schedule over the day balance out. For example, there is quite rightly a debate about where programmes go in the schedule. Our successful programmes in peak—for example, *Coronation Street* or *The X Factor*—pay for other programmes which are less commercially viable in other parts of the schedule and there is no shame in that.

Q88 Chairman: You cross-subsidise?

Mr Crossley-Holland: Yes.

Q89 Chairman: Do you have a budget for religious broadcasting?

Mr Crossley-Holland: We have. I should declare that I am new. I have been at ITV six months. Prior to that I was at ITN and ITV News for 16 or 17 years so I have spent my whole career in public service broadcasting. Over the last six months, prior to my arrival, we had reduced our programming agreement with Ofcom to 52 hours but the budgets had not been reduced. The overall spending is less but we are spending more on individual programmes. I am trying to make programmes with more impact. Going back to one of your original observations, I want to see our programming absolutely as competitive as the BBC's, making a high impact. I see perhaps a slight reduction in the number of hours but a raising of the quality of our programming. The sort of programming like *Tsunami Journey*, for example, I think is really cutting through and making a real difference. In some cases that is quite commercially viable, although we make no secret that it is a very tough environment and it is getting tougher as we approach analogue switch-off.

Q90 Chairman: Do you get any advertising on religious programmes?

Mr Crossley-Holland: Yes. If you look at the demographics of audiences for religious programming, it is getting tougher. I have alluded to analogue switch-off. As we approach it, we are having a tougher and tougher time making those programmes earn their keep. Religious programmes in the last few years have dropped roughly, on ITV 1, to a 20 per cent share. Other genres have fared as badly as well, given the increasing erosion of audiences for channels 1, 2, 3, 4 and 5. You can sell these programmes but they do not attract the sort of demographics that advertisers most favour, which are younger and upmarket. They tend to attract older, more downmarket audiences. The onus is upon me to make programmes which reverse that trend. I passionately believe we can do that. We have begun to do that in the last six months. I think we could have done better in the past, quite frankly, in some areas. We are beginning to do better but it is tough.

Q91 Baroness Bonham-Carter of Yarnbury: Is it not the case that you are putting much less money into making religious programmes? The hours may be roughly the same but they are less expensive programmes. What is the effect of this?

Mr Crossley-Holland: No, it is not. Overall, we have reduced the hours but the programmes we are making have a higher quality and are creating more of an impact. It is a balancing act. I am not pretending we get it right on every single programme. If you look at programmes like the interview with

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Rowan Williams, I am very proud of that. That was put on in the spring at Sunday lunch time. I was very proud to have done Ragih Omaar's *Tsunami Journey* which I had to pull because it was scheduled on 7/7. It was transmitted a couple of weeks later, at 11 o'clock on a weekday. Those are more expensive programmes. They set out the stall for the sort of programming I want to see on ITV, which is ecumenical, relevant, contemporary, accessible, high quality and well funded.

Q92 Baroness Bonham-Carter of Yarnbury: How do you approach hours versus money and time slot? That is very relevant, is it not, to the viewer?

Mr Crossley-Holland: Are you talking about the fact that different slots have different budgets?

Q93 Baroness Bonham-Carter of Yarnbury: No. It should not just be a matter of "We make a certain number of hours of religious programming and that satisfies a quota". Money should be spent and these programmes should be broadcast at times when people are watching.

Mr Crossley-Holland: When I came into the job, I felt that to some extent there had been a notion, not just at ITV but across the broadcast spectrum, that somehow we had to produce this type of programme; it was being done under forbearance and therefore it could not rate. It was a vicious circle. I am determined to try and bust that. I do not accept that we are just box ticking. I passionately believe that we can make programmes that will have higher budgets, that will be high quality and make a difference to people's lives. It will not be all of them and, to be realistic in the commercial environment we operate in, it is a question of balance between producing some of those programmes and others. Of course I would like to see more programmes in peak. We come from a very different commercial environment than Channel 4. What would be successful on Channel 4 with a million or two million viewers would not do for ITV. It would be a huge commercial drain for us. My job creatively—I am a programme maker—is to make programmes that will cut through and demand slots in the schedule and I intend to do so.

Q94 Lord Peston: Mr Ahmed, you are very different from Mr Crossley-Holland because he has this extraordinary, ragbag title, if I may say so. I do not know who dreamed up the combination of current affairs, arts and religion. It sounds to me a bit like a meal that no one could digest. However you are just religion. Looking at the Communications Act 2003, which I think you are supposed to operate according to, it refers not to just religion. It keeps referring to religions and other beliefs. I am not very clear what your strategy is. How do you make sure that you deal with the other beliefs, or is there someone else at

Channel 4 corresponding to the three tasks of Mr Crossley-Holland who deals with other beliefs?

Mr Ahmed: I may only have the title of commissioning editor for religion but I do get to do more than just religion. I commission Dispatches, documentaries, current affairs and multicultural programming across the board. We do a vast range of programmes. We have programmes coming out about atheism, which is not organised religion. They either come out of my area or other people can commission them as well. It could be history, science or general documentaries. In terms of strategy, I believe the strategy Dominic would like is what we have. Our programmes are in peak for a very good reason, not just for the sake of it, but because they work. When I came to work for Channel 4, religious programmes were being broadcast at 5 or 6pm on a Saturday and we had 26 new hours, of which 10 would be broadcast at midnight and 16 at 5 or 6pm on a Saturday, which was not the kind of job I really wanted. I am very proud to say that now we have over 50 hours of programming of which only 4.4 hours are not broadcast at 7, 8 or 9pm during the week or on a Saturday. These are prime time programmes and we have done that by doing the kind of film making and story telling which puts religion at the core of each subject and tells you about the world we want to live in. Whether that is about other faiths or religions.

Q95 Lord Peston: It is not, is it? It is not remotely about other faiths. It is not about other beliefs. Faiths and beliefs are different things. I do not have any faiths at all. I have very different beliefs. In the Channel 4 review and in your programme policy statements you have lots of really good stuff on religion. I am not denigrating what you do there but who is the strategist who says, "Why are we not showing other programmes on other beliefs"? There is a programme for Manchester's orthodox Jewish community, a very good idea. Who says, "Why do we not do a programme on families that do not have religious beliefs"? Who is the strategist who would bring that into play?

Mr Ahmed: All broadcasters have a wide range of commissioning editors. In terms of our upcoming programmes about atheism, they are coming out of the history department simply because they had the idea. When we did *Spirituality Shopper*, there were various people on that programme who were talking about things they liked talking about, about their beliefs. That came from me. What we do not have is an individual who says, "It is my job to look at things which are not about religion." In the modern broadcasting world it would be a non-job. It would be three or four hours a year. All commissioning editors will look at the ways of reflecting society as a whole. I would suggest that I would be more likely to

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commission those types of programmes but it does not stop anybody else from doing it as well.

Q96 Baroness Howe of Idlicote: What constitutes in your mind religious broadcasting? You say the history department have done something. Is that clocked up against the number of hours of religious broadcasting that Ofcom are assessing, for example?

Q97 Mr Ahmed: It can come from anywhere. It depends on whether or not the programmes fulfil the requirements Ofcom set in terms of what constitutes a religious programme. We exceed the hours that we are asked to do. They do not always come from my department. They can come from anywhere: current affairs, for instance, or history. Over the last week we have had a series of programmes about the culture of Islam. There were two programmes which came from the arts department, one on Tsuki music and one on art of Islam. One came from the history department on the issue of Moorish Islamic fervour in Spain. I provided a film about the history of Islam in Britain. All those programmes will effectively be given a religious tick by Ofcom but they can come from any Commissioning Department.

Mr Crossley-Holland: If I may pick up on Lord Peston's kind remark about my ragbag title, it is not a hindrance. It is a real asset because it enables me to put matters of faith and religion in other types of programming. I am, for example, the commissioner of *Tonight with Trevor McDonald*, which is 91 episodes of current affairs in peak, which is a huge commitment, three times greater than anything on BBC 1 in terms of current affairs in peak. We did a programme recently on the new proposed law on religious incitement. It gives you an idea that there is that cross-fertilisation, which I think is very important.

Q98 Lord Peston: Is there a strategist? Do I understand that you think the concept of a strategist is incompatible with the modern approach to broadcasting? Is that true of ITV as well? Who sits there taking an overall view saying, "Is the output as a whole the output we like to produce?" You seem to be saying no one does.

Mr Crossley-Holland: We do absolutely take an overview of what we should be doing.

Q99 Lord Peston: It is you?

Mr Crossley-Holland: It is me. I look at the balance of our output. I have bosses; I am not suggesting I do this in isolation. I work with other departments within ITV. We have a very big research department, ratings departments, strategy departments, home affairs departments and we all look at the shape of programming. We also look at what the competition are doing. I think it is very important that our

programming is complementary to what other programme makers are doing. I think it would be a poor world indeed if ITV were just a pale imitation of what the BBC were doing. If we talk a little more about what the BBC should be doing, I shall explain why ITV are doing what we are doing.

Q100 Baroness Howe of Idlicote: Looking at the Ofcom definition, it deals with programmes where matters of religion is a central subject or a significant part. Is that the right approach? Should it be amended in any way? Thinking about the debates on beliefs as opposed to religions aspect, would, say, a humanist programme fit into that category, taking an ethical view on certain issues? Would that count in your religious broadcasting?

Mr Crossley-Holland: Absolutely. We take the view that religion should and does cover a broad base. It should reflect people's faith and those of no faith and our viewers' lives. Our religious output should go from traditional acts of worship like the celebration of the Muslim Festival of Eid that we have on Sunday nights on ITV through to the Anglican acts of worship we will have this year for Norwich Cathedral. It should also encompass matters of faith, spirit, moral and ethical dilemmas that touch people's daily lives. I think there is a danger that, in some cases, we have preserved religious broadcasting in aspic. Unless we move on and make it relevant and contemporary, there will be a problem.

Q101 Baroness Howe of Idlicote: Would you add to the Ofcom definition in any way?

Mr Crossley-Holland: The Ofcom definition is a perfectly sensible, basic definition. Happily and rightly Ofcom in practice take a broad view of the way we apply that definition. As we said in our statement of policy, ITV are wholly behind that. We are trying to be very ecumenical and wide ranging in our approach. I think that is the only way we can get vibrant religious programming that connects with our viewers.

Mr Ahmed: We do cover all of these things. The big problem at Channel 4 is we are a publisher. We commission programmes. We would do a humanist programme if it was an excellent idea that would fit at eight o'clock in the schedule. If we want our programmes to be ghettoised at 11pm, 12.30pm or 10am on a Sunday morning, we will readily put programmes out that nobody will watch. We want our programmes to go out at 8pm and 9pm during the week. To do that, we have to make programmes which a significant proportion of people want to watch, write about and get excited about. That is the big question, whether it is about humanists, Muslims, Hindus or anybody. Is the idea a good one?

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Q102 Chairman: It sounds from what you are saying—correct me if I am wrong—that you wait for companies to put ideas to you. I suppose in a strategic sense you might be commissioning the ideas and saying, “These are the areas we want to cover.” Do you do it that way round?

Mr Ahmed: In the two and a half years I have been at Channel 4, half of the ideas I have commissioned have come from me. The biggest problem I have is I spend most of my time saying to various different publishing companies, “Please find me an idea for eight o’clock” and it has not happened. I have huge problems trying to find non-Abrahamic faith ideas which will work in prime time. We have some interesting projects in terms of atheism which will work at 8 or 9pm. I could fill my whole 50 or 60 hours a year with programmes about Christianity, Judaism, Islam and the Middle East.

Q103 Lord Maxton: Surely you could do something on George Bernard Shaw, a well known playwright? Do it as a double thing. A major part of it is his non-belief in God. Bertrand Russell is another. These are people in the 20th century who were leading figures in their own right but also were non-believers. Therefore, as often as not, when we do get anything about people like that broadcasters tend to ignore completely that very important element of their lives and just deal with other aspects of their lives rather than the important bit, which is the religious bit.

Mr Ahmed: We have to look at what the Channel 4 audience expects and it would be a hard sell, I would imagine, to do a programme on George Bernard Shaw on Channel 4. It does not mean that other broadcasters could not find a place for it in their schedules.

Q104 Bishop of Manchester: We all recognise that broadcasting religion on television is not an easy thing to do, particularly in relation to worship, which is something that you said in your written submission from ITV. It would be helpful if we routed some of the comments that have been made in absolute figures of viewing. I know, for example, that ITV has somebody who does this. I am sure Channel 4 does as well. Could you give us an idea of the viewing figures that you have for religious programming on ITV and Channel 4?

Mr Crossley-Holland: In preparation for this, I asked our ratings department to give me an update and I was asked by the clerk to have a look at how religious programmes compared to other programmes of different genres in the same slot. Broadly, the picture is not that encouraging at the moment, I am sad to report that to you. Generally, religious programmes do not perform to the slot average. They tend to perform below it. Another genre in the same slot would get a better rating. *My Favourite Hymns* that

we were running up until Easter was averaging around 400,000 viewers and a 5 per cent share, which is three or four share points below the slot average.

Q105 Chairman: In terms of audience, that would be what?

Mr Crossley-Holland: 400,000 viewers.

Q106 Chairman: The average would have been?

Mr Crossley-Holland: A few hundred thousand more, up to a million. The Ragih Omaar programme which I am very proud of was the critical pick in *The Sun* which is rare for an ITV religious programme at about midweek. It had a tough slot because it was up against *Question Time* on Thursday. That did about 10 or 11 per cent and around 1.1 million, which was just below the slot average by a few hundred thousand. That shows that we can work harder and look at how we cross-fertilise between genres. Overall, the picture is not an optimistic one. I would also like to note that shares in multichannel homes, which are increasingly important, are further depressed and falling faster than terrestrial homes. There are some rare success stories. We produced a programme on *The Da Vinci Code* as Channel 4 have done and that did well. It got a 20 per cent share and a 16 per cent share in multichannel homes. That was almost up to the slot average.

Q107 Chairman: You would define that as religious broadcasting, would you?

Mr Crossley-Holland: I thought it held a theological thread rather more strongly than the book it covered.

Q108 Chairman: What about Channel 4?

Mr Ahmed: In terms of 8pm on a Monday, the programmes tend to be averaging about 800,000 to 900,000 viewers which is the equivalent of what *Despatches* gets in the same slot. It is more than arts programming gets. The only programme in that slot on a Monday at 8pm which beats it is when *Starkey* is wheeled out and when *Time Team* is wheeled out. They get 1.4/1.5 million. We are quite proud of the fact that we can get 800,000 to 900,000 viewers in that slot. When we put a film out at 9pm, it is not because we are expecting to get five or six million viewers like *Grand Designs* or *Jamie Oliver*. We are doing it because we are very proud of this programme. It is in our premium slot and we have pulled in audiences of about 1.5 million which is no embarrassment. The Saturday two hour slots that we have are regularly pulling in audiences of 1.4/1.5 million which is on equal weighting with history and the arts. We are not doing too badly. The viewing figures are not bad. Obviously, we do not necessarily base everything on viewing figures alone. It is also about impact. Does it get written about? Do people know that programme exists? We have a few more programmes coming out

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which we believe may do something. Religious programming has now become a success. On Christmas Day last year we had a two hour programme called *Who Wrote the Bible?* which had an audience of 900,000 viewers. For Channel 4, Christmas Day is a white flag day. People are generally watching BBC and ITV. 900,000 viewers for *Who Wrote the Bible?* was a run away success. 400,000 or 500,000 viewers is what we would normally get. The result of that is this year we have a two hour programme on Christmas Day called *Tsunami: Where Was God?* about the whole concept about what happens when something like the tsunami happens. What does it say about your faith in God? Already it has been decided that next Christmas we will have a two hour special on Christmas Day. With the success of religious programming on Christmas Day, Channel 4 has decided that we will give that day back to religion for once.

Q109 Bishop of Manchester: Also, there is a story teller's children's cartoon programme on the early Christian communities in Rome which got 49 per cent of children's viewing on a Saturday morning, which was nearly 40 per cent higher than the subsequent Disney cartoon. That shows that maybe a better picture of Rome was being presented than the BBC manages. In the light of those very helpful comments on statistics, there does seem to be a huge gap between what Channel 4 and the BBC do in terms of religious broadcasting and what ITV seems to be managing. You have said, Dominic, that you want to have better quality and more impact. Is not the ITV situation almost beyond rescuing in terms of religious broadcasting? Why are you so far behind Channel 4 and the BBC?

Mr Crossley-Holland: In what way?

Q110 Bishop of Manchester: In terms of low viewing figures.

Mr Crossley-Holland: Our cumulative viewing figures would clearly be far higher than Channel 4's but it is very difficult for us to put them in the same slot. I reject that we are so far behind. We produce now the same number of hours as Channel 4 and Channel 5, which is 52 hours of religious broadcasting a year.

Q111 Bishop of Manchester: What I am trying to draw out of you is the creative ideas that you may have. You talk in very general terms about the intention and one applauds that but what are you actually hoping to come forward with from ITV which complements what the BBC and Channel 4 are doing?

Mr Crossley-Holland: We set out our stall quite clearly in our statement and review. We want to make more contemporary, relevant, accessible religious

programmes. We want to make films. Aaqil talked about the tsunami. We made that programme a few months ago and I am very proud of it. We are doing a follow up looking at the London bombings, the effects and challenges they will have on people's faiths and those of no faith. There is a direct example of my pedigree from news and current affairs. I want to look at contemporary events and how they affect and influence people's faith and explore some contemporary events through people's faith, because I think that helps connect with the audience. I would also like to try and open up areas that have not been done. I want to do some high profile interviews, again to be more contemporary. We did that with Rowan Williams and we are planning more interviews with Melvyn Bragg. We are planning on starting a project with the Vatican. I want to see more ecumenical, more relevant, more accessible religion. I think some of it has tended to be slightly fuddy-duddy and we are to blame for that.

Q112 Bishop of Manchester: ITV has provided sufficient money for you to do these things?

Mr Crossley-Holland: Yes.

Q113 Lord Peston: You were talking about the numbers in the hundreds of thousands.

Mr Crossley-Holland: Sometimes a million or two.

Q114 Lord Peston: Which is probably more than the historical Jesus ever spoke to in the whole of his life but in terms of a big programme like *Jericho* last night or *Linda la Plante*, there you are measuring it in five millions or 10 millions?

Mr Crossley-Holland: *Trial and Retribution* or *Coronation Street* might be doing nine or 10 million. For example, the *Tonight with Trevor McDonald* we did on the new proposed law on religious incitement got 3.5 to 4 million. That partly is by dint of us putting it out at peak. I would not say that was about religion; I would say that was current affairs. I think it is important to note that.

Q115 Baroness Bonham-Carter of Yarnbury: We have been talking about Christianity and atheism. We are in a multicultural world. What about other religions? Do you think there is a proper balance? How do you decide what is a religion? For instance, we read a lot about Kaballah. How do you come to conclusions about what should be covered and what should not?

Mr Ahmed: If enough people think it is a religion it is probably good enough for me. I am not going to start making decisions on what constitutes a religion. If the idea is very good, we will do it. A programme about what the world needs is more atheism and less religion is a good idea. In terms of the balance of different religions, I would suggest that without

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Channel 4's output we would be in a very difficult position because the BBC in particular have just given up in terms of programmes which reach out to people of different religions.

Q116 Chairman: What do you mean when you say "given up"? You actually mean that, do you?

Mr Ahmed: That is my belief. On a personal level, I think it is an absolute outrage that the Muslim community, whether it is two, three or four million, are licence fee payers; yet they do not have a programme of their own.

Q117 Baroness Bonham-Carter of Yarnbury: Are you talking about all BBC?

Mr Ahmed: Across the BBC and particularly in television. Channel 4, a commercially funded broadcaster, finds it within its budget to give the Muslim community their own programme with *Sharia TV*. We will continue to do that. We are committed to a fourth series next year.

Q118 Lord Maxton: There was great play made by those of the religious faiths who were before us last week about the census numbers on religion, mainly on the question of 70 per cent. The Muslim population is two per cent. The Sikh population is less than one per cent. Those who profess to have no religion at all are 23 per cent. In Scotland it happens to be 28 per cent. Where is the balance? You have shown many more programmes about Islam and when I suggest you might do a programme on non-believers you dismiss it. You say you do not want to do it.

Mr Ahmed: We are. We have in production two projects about atheism. One of them looks at the fact that religion is the root of all evil.

Chairman: I think he was dismissing your idea, not the concept.

Q119 Baroness Gibson of Market Rasen: This draws me back to part of the ITV response to the inquiry and it jumped out at me. It is 4.3, a very bland statement. "The BBC has not put enough focus on religious programming . . .". Could you expand on that?

Mr Crossley-Holland: I take my colleague, Aaqil Ahmed's, view here. I started this session by talking about the BBC's unique position. The BBC is given almost £3 billion-worth of licence fee. I think the BBC should be the leading PSB and fulfilling its mandate on religion. The BBC governors' own report in January this year, looking back at what it was trying to do which was to put more landmark programmes on and more programmes in peak, found it had not done so in either case. For a purely commercial broadcaster like ITV, if you see us out here, Channel 4 in the middle and the BBC on the far

side, to be doing more than the BBC last year when we had 102 hours—I think BBC 1 had 87 hours—seems to be rather the wrong way round. I would like to see the BBC put more programme in peak. I would like to see them doing more traditional acts of worship which are at the more commercially difficult end of the spectrum for us. I would like to see them taking more risks. I would like to see them making more landmark programmes. That is their duty and responsibility and they are not fulfilling that at the moment. Along with that, I think they could be and should be producing a more ecumenical range of programming.

Q120 Chairman: What do you think, Mr Ahmed?

Mr Ahmed: The BBC's Christian worship output is excellent. We have to respect that. It is something that we do not get into. The real question is what kind of hours that have some kind of impact, what kind of programmes, do the BBC do for other faiths? That is the real problem. All these programmes we have just done on Islam on Channel 4 were not done for any particular reason. The last time the BBC did anything anywhere near that was when I was the executive producer at the BBC. That was a series on Islam and that was four years ago.

Q121 Chairman: They have not repeated that?

Mr Ahmed: Not that kind of impact or full coverage. Since then Channel 4 has done two seasons on Islam. There has been the odd, individual programme on the BBC 4 or BBC 2. Not many people know it even existed. Other faiths have a real issue with the programming that they are getting. Sometimes you have to look at what you are doing yourself. I am fully aware that for the last couple of years we have struggled to make programmes about non-Abrahamic faiths and people with no faith. We are trying to resolve that. Towards the end of this year and from next year onwards, we have programmes in the pipeline which will resolve those issues. I think the BBC are not doing that. For whatever reason, they have decided not to bother thinking about what other faiths need. I am sure there are arguments which will be wheeled out to say that they do, but the programmes do not illustrate that at all.

Q122 Lord Holme of Cheltenham: You have both had very distinguished careers in news and current affairs with senior jobs. I am asking a question to try and judge the significance assigned within your respective cultures to religion. When you were given the jobs you each have respectively now, was that an exciting challenge in promotion or is it the equivalent of managing a power station in Siberia? How do you feel about it?

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Mr Crossley-Holland: I have a thrilling job. I regard it as one of the best jobs in British broadcasting. For me, jokes aside about its rather lengthy title, it is a wonderful mix. I think the mix is having the ability to cross-fertilise between genres which puts me in a very helpful position that has huge responsibility, so no, absolutely not. It is a broad remit, everything from *Tonight with Trevor McDonald* which is 92 episodes of current affairs in peak through to, if you look at the nearest competitor, *Real Story* on BBC 1, that is 30 episodes, to give you an idea of the scale; through to all our religious broadcasting, through to *The South Bank Show*, through to news specials. I commissioned the funeral coverage on ITV 1 which was scheduled through. I am very proud of that remit and absolutely it is an honour to do the job.

Q123 Lord Holme of Cheltenham: Mr Ahmed, how do you feel about it in terms of a valued job within Channel 4?

Mr Ahmed: If you look at the annual report that came out last year, the front cover was from a religious programme, *Kabul, the City of Martyrs*. We were the only people in the whole world to make a documentary about the Shiia Festival, the first one to be held in Iraq post-Saddam. That is the respect that the job can be given within the channel. On a personal level when I was offered the job in the BBC to work in religion, to look at doing programming the Islam season, that was a dream job for me. From 11 September onwards, my background and Dominic's background in current affairs and news have been made even more relevant. To fully understand the world we live in you have to really understand the world of current affairs. For me, this has been a dream job. It is not going to be the job I will be in for the rest of my life but for the particular phase of the last four or five years it is the genre that I would do anything to stay in for the time being. It is a great area to be in.

Q124 Chairman: Do you find that your two employers also regard it in the same enthusiastic way that you do or do you think religion is a rather Cinderella department for you both?

Mr Ahmed: No. Speaking for Channel 4, I am very fortunate. When I first joined Mark Thomson and Tim Garden were my two bosses. They were replaced by Kevin Lygo. Initially, you think: oh, God, what is Kevin going to be like? Kevin is very knowledgeable about religion and spent many years as a trader in Islamic fine arts. I have been very fortunate to have a boss in the channel who understands the subject.

Mr Crossley-Holland: I would say the same but it is also a very tough, commercial environment and I need to fight my corner as every commissioner does in a commercial network.

Q125 Lord Holme of Cheltenham: Let me ask you both about religion on the news because the religious faith groups who came and represented their wishes to us recently were very keen that religion was not just put in a separate compartment but that it ran through all programming and news and current affairs came up quite a lot. It seems to me, given that both of you have a news background, there are certain problems there because you have at least two requirements laid on you. One is the editorial one and news values, what is news, what represents the news that should be covered, what are the news values of what is passing across the news editor's desk. Then there are the public broadcaster requirements of balance, impartiality and fairness. Given that a lot of news is bad, how do you see any role for religion on the news over and above those two sets of requirements?

Mr Crossley-Holland: It is always difficult because news values are such an amorphous thing to pin down. As you know, I spent the last 16 years in news and a while ago I used to edit *News at Ten* when it was at 10 o'clock. You are right: it must be balanced; it must show due impartiality and in order to get a story on it needs to pass the news value test in the sense that during the day one whittles down a group of stories to a running order and getting the right light and shade, determining what stories get in is very difficult. One story that may make it on one day may not make it on another, depending upon the volume of news, quite frankly. I believe without exception on ITV, Channel 4 and the BBC our news services are amazingly sensitive to the context of these stories. I am sure we do not get it right all the time. I can put my hand up to many a mistake I have made but we are aware of the issues, sensitivities and problems. As we have become a more secular society and as there are fewer religious specialisms in broadcasters, one complaint that I hear regularly is that there are different repositories of religious knowledge, depending on where you go. That is a problem we need to be aware of and make sure we continually review. We need to make sure that we recruit, that our diversity policy reflect the society we report on. We need to make sure that we continue to plug the gap on that lack of knowledge because it is a concern. There is no easy answer to this but I do not take a gloomy view. I think our news services do a rather good job.

Q126 Lord Holme of Cheltenham: Do you think the editor of ITN or *Channel 4 News* ought to be thinking: it is time we had a religious item on the news? When these representatives come to us and say that there should be more religion on the news—?

Mr Crossley-Holland: It would be dangerous if we got into an area where we set quotas for what would make our news. One has to leave it up to these very seasoned professionals with huge amounts of experience. If you look at the team producing

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Channel 4 News or *ITV News*, they have covered conflicts in Northern Ireland, Chechnya, Palestine, the wider Middle East, Iraq, with underlying religious conflicts there for many a year and they have a huge amount of experience. They need of course to be made aware of religious stories. We need to make sure that the specialism is there, that stories that are getting onto the news diaries are making it onto those diaries and that communications happen between churches and news organisations. It would set a very dangerous precedent if one were to say that one must now go to a religious story. I think religious stories should go on merit.

Q127 Baroness O'Neill of Bengarve: My ear twitched a little when you drew a distinction between programmes for which you would tick particular boxes and programmes you would want to make. I think it would help us to have a little reflection on how widely you can tick the boxes against the quota and what is left?

Mr Ahmed: We do not tick boxes for the sake of it.

Q128 Baroness O'Neill of Bengarve: I am sure you do not but all the same are those criteria in the Ofcom definition? I suppose the sort of question that is still mysterious to me is are certain travelogues also religious programmes?

Mr Ahmed: Anything which looks at acts of worship or explores world faiths—I am looking at the Ofcom definition—religious history, personal belief systems etc.—

Q129 Baroness O'Neill of Bengarve: That is why I am asking you.

Mr Ahmed: There is a very wide brief but in terms of what I believe my output on *Channel 4* is about we would not commission that programme in the first place. Our programming is very current and is obsessed with telling stories that I think matter. A few years ago the programmes that were going out at five or six o'clock on a Saturday afternoon were obsessed with people making journeys around the world. Although that would constitute a religious programme in terms of what Ofcom set out, it is not something that we would do because it would not get the slot or the impact that we require.

Q130 Baroness O'Neill of Bengarve: Is Mr Portillo going to *Compostela* and ruminating on the way a religious programme?

Mr Ahmed: Yes.

Q131 Bishop of Manchester: Is it fair to see a distinction between religious broadcasting and religion in broadcasting? Some of the things that Lady O'Neill was talking about might come into the latter category. Taking that back to Lord Holme's

point about the news, are you both satisfied that in your respective organisations, when complicated issues are reported on the news that involve religion, there is a sufficiently informed person available to be able to educate or aid those who are watching and listening to understand the complex background? Would such a person be within your departments or would they have some links to those people if they were somewhere else? I am trying to work out where the joined up thinking is on this very wide religious matter within the whole field of your two broadcasting companies.

Mr Ahmed: In any subject, whether it be religion, crime, housing or whatever, you have to have knowledge about the subject. If you do not have that knowledge, then you seek it. As somebody who is a practising Muslim who has been to Mecca etc, I still have Islamic experts who give me information when we do *Sharia TV* or any kind of programme on Islam because I do not know that much. I was a crime producer for many years and I had to get that information from somewhere.

Q132 Bishop of Manchester: I am not asking that.

Mr Ahmed: I do not think you need to have people these people sitting in an office waiting to be wheeled out—

Q133 Bishop of Manchester: It is not your programmes I am asking about; it is news coverage.

Mr Ahmed: On the news programmes you do not have to have somebody sitting in a newsroom who suddenly becomes a religious expert that you wheel out. When you need that information you find that information. I would say that in every newsroom around the country these people are experienced journalists who would know where to get that information from.

Q134 Bishop of Manchester: Is the same true in *ITV*?

Mr Crossley-Holland: Yes, although I would add a couple of riders to that. One is that we employ independent companies and parts of *ITV* like *Granada* to make programmes and quite often, as you say, a non-specifically religious programme will contain religious content like perhaps two examples, the now famous Hindu wedding in *Coronation Street* last year or the, I thought, very moving documentary we had on *ITV* a couple of weeks ago about the man with a seven-second memory. It was part of our *Real Life* series and his wife talked about her faith and how that helped carry her through an awfully difficult time. The companies involved in making those programmes would have taken specialist advice. The second rider, if I may, is that I am painfully aware of my shortcomings and what I have done is take advice and set up a little ecumenical panel of my own in *ITV*, with five different representatives to help me, give me

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advice and give me the odd boot actually and say “Do better” because it is impossible to be a repository of all that information and, as Aaqil said, to have people sitting around who are available for that, the economics just do not stack up.

Chairman: We are coming almost to the end. Lord Maxton and then Baroness Gibson.

Q135 Lord Maxton: Does that advice include a member of the Humanist Association?

Mr Crossley-Holland: Not specifically but it would if it needed to. It does include somebody who is a non-believer, if you like.

Q136 Lord Maxton: Can I suggest to you in your news coverage, coming back to the points that have been made, that the religious differences that lie at the root of so many of the problems around the world are not in fact properly covered. Let me give you one example and that is Darfur. It is never seen as a religious divide but at the root of the famine taking place among those people in Darfur lie ethnic and religious division between peoples. It is very interesting to note—and I am sorry to have to say this—that when news coverage is done it always refers to those who are the attackers as “Arabs”, it never refers to them as “Muslims”, yet that is the divide as much as the ethnic one. Surely, that is the sort of coverage we ought to be getting—a much more deep-rooted look at exactly what causes some of the problems around the world?

Mr Crossley-Holland: I am happy to pick that up if you like. I have to say that I am very proud of our news coverage. I think broadly it gets it right. I would also say—and it is stating the obvious—that in a 15 or 20-minute bulletin it is very difficult always to get all the context one wishes to get in; apologies where we do not. I think broadly we are getting it right. I accept sometimes some more religious context would be helpful, as it would on other subjects, but I do not think I accept that we are getting it wrong and getting the terminology wrong. We are very, very sensitive to it, we agonise over it, we take advice over it and broadly (with exceptions) I think we get it right.

Q137 Baroness Gibson of Market Rasen: Turning to digital switchover, do you think the provision of specifically religious programmes will be commercially viable after the switchover?

Mr Ahmed: If we are really honest with you, it is not commercially viable at the moment.

Q138 Baroness Gibson of Market Rasen: You indicated that earlier.

Mr Ahmed: It is not commercially viable now. Without any kind of provision or any kind of mechanism which will make it affordable for the channel to do this at a time when we know all the

clichés about how hard it is going to be to get advertising in the post-switchover world, I think it is going to be very hard for Channel Four to continue with religious broadcasting with the current financial mechanism it has in place at the moment.

Mr Crossley-Holland: I think it is a tough one. It is clearly difficult to be a soothsayer but, as Ofcom have already recognised, public service broadcasting and religion are getting more difficult. Clearly it is a fast-moving commercial environment but it does seem pretty difficult now. I do not take quite such a pessimistic view. I think some religious programming will be viable. I think it will be a mixture between dedicated programming, I suspect, and religion in other genres, but very important too. I think actually there may be some audience demand for it but how you define it I do not know. I detect a slight growth in the desire for explanation and for spirituality and faith, but how you define that in religious broadcasting is a separate question.

Q139 Chairman: We are next going to see the BBC and both of you have been quite critical of the BBC. Just give us the essence of your criticism?

Mr Crossley-Holland: I should just reiterate that I am a great admirer of a lot of what the BBC do. They are a tremendous programme provider on television and on radio and I would not want anything I say to get in the way of that statement, just to put that to one side. Having said that, I think the BBC Governors' own report at the beginning of the year did point up some omissions, if you like. I think the BBC should be producing more religious programming and faith-based programming in peak. It really does not produce any or a very negligible amount of programming on BBC One in peak. You should be able, if you like, to stumble across it and get it on BBC One in peak. I think it should be producing the acts of worship and continue to do so. I agree with Aaqil that it should also be being a little more ecumenical in its approach. I think it should be more transparent. As a licence payer rather than as a competitive controller I would like to know what the BBC are doing. I do not think it is really enough to know that they commit to 112 hours across BBC One and BBC Two. I would like to know what does that comprise. I think perhaps there is a case, as we say in our submission, for some sort of bill of services or charter of services or licence agreement where you could know what you are getting and hold them to account. Having said that, I think they produce some excellent programming that should, rightly, be praised.

Mr Ahmed: I said it before and I will repeat it again, the BBC's output in terms of Christian worship broadcasting is excellent. I spent two very happy years at the BBC Religious Department and the people who work there are very dedicated

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professionals who know their subject matter inside out. The problem is that obviously they know their subject matter being Christian worship and Christian programming inside out. What I would like to see the BBC do is fully understand the diversity of faith, of communities, of beliefs and of ethnicity in this country and that reflected not just in their programming but possibly the big connection to that being reflected in their staffing as well. One of the reasons why the BBC possibly struggles with its multi-cultural religious output is because of the make-up of its workforce in terms of the Muslim community or the Sikh community and people of other faiths. I think that is going to be a huge issue for them from now on. Religious Christian output is fantastic but their other output really needs to be worked hard on. If it does not we are looking at a situation now where—this Ramadan for instance in my household and every single Muslim household

that I know they were watching the Islam Channel. When al-Jazeera in English language launches it is the end. There is a really serious question here. If you have got millions of Muslims who have decided that the BBC does nothing for them why should they pay the licence fee? It is a very serious question. You have the Asian community watching Asian channels, you have the Muslim community watching Muslim channels. What is the point of the licence fee? I am speaking as somebody who wants the licence fee to continue. For the licence fee to continue, this is just one example of how the BBC needs to get its act together to realise that turning its back on these communities for whatever commercial decision they have decided to do is actually suicide for the future. **Chairman:** Thank you very much indeed. We are very grateful. It has been a very fascinating session and I am grateful for the time that you have spent and the care that you have taken in preparing your evidence. Thank you very much.

Memorandum by the BBC

In 2002 the BBC's strategy for religion was approved by the Governors as follows:

“The BBC's ambition in its religious output is to bring renewed confidence and energy to reflecting and exploring the different faith experiences of the audience. We will achieve this through television, radio and interactive media of high quality and wide impact.”

How the BBC covers religion is one of the litmus tests of our commitment to public service broadcasting. We want to bring greater confidence and renewed energy to our religious output. We want to respond to and drive the public appetite for programmes about religion. Our provision in this area should not feel dutiful and onerous, but inspired and illuminating.

Religion matters to our audience because it addresses some of life's big questions: Why are we here? How should we face death? Why do we suffer? How can we deal with our moral frailty? How can we bind together as a community? How do we find peace as individuals?

For many individuals confronted with these deeper realities, the answers their religion has arrived at are a source of comfort, purpose and identity. A knowledge and understanding of different faith perspectives and traditions can enrich the audience's lives as citizens.

The four ingredients of the new ambition were:

CELEBRATION

- Regular, core programmes of religious worship, music, reflection and inspiration.
- Christian services broadcast at times of national crisis or jubilation which bring the country together to share sorrows or give thanks.

DIVERSITY

- Programmes that reflect the variety of faiths within the UK—allowing us to appeal to audiences the BBC struggles to reach.
- Recognition of the key festivals in the Islamic, Jewish, Sikh and Hindu calendar.
- Appreciation of the complexity within religions—eg the different idioms of Christian worship, and the different religious experiences of Scotland, Wales and N Ireland.
- Programmes that capture the diverse appeal of new spiritual movements.

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SCRUTINY

- Landmark documentaries looking at the historical basis of iconic Biblical characters.
- Journalism and debate that examine religion's claims, question its leaders, and give voice to sceptics and humanists.
- Programmes that explore the harm done in the name of religion.

SURPRISE

- Religion in unexpected places, eg popular drama, comedy and children's programmes.

Detailed descriptions of the ambition for each TV channel and radio network in delivering this strategy were outlined.

In early 2005 a number of specific recommendations were put forward to refresh the 2002 strategy, build on its many successes, and address perceived shortcomings in its implementation:

1. Extend the creative supply of religious programmes by searching for the best ideas from independents as well as in-house production.
2. Maintain reach amongst the traditional audience through core output. Satisfy the needs of audiences who expect traditional, formal religious programming, such as Songs of Praise, spirituality and ethics-focused programmes like the Heaven and Earth strand, and coverage of key moments of worship in the Christian calendar.
 - Within this existing "core" output we will explore ways of having more impact on Sunday mornings.
3. Increase our reach through programmes which appeal to a broader audience by reflecting the diversity of religious and spiritual belief in a modern, accessible and entertaining way.
 - We will produce more fascinating and accessible multi-faith output, to play in early to mid-peak. For example, observational, character-led series, principally on BBC TWO, which bring diverse faiths—including non-faith—into the mainstream in addition to programmes scheduled around specific minority faith festivals, which tend to have a more niche appeal.
 - We will produce documentaries focusing on the increasing significance of religion in matters of national debate and global affairs, and the role of religion and ethics as part of modern life.
4. Increase impact through landmark programming exploring the roots of religion, to bring wider audiences to religion, to create impact in peak and to generate prominence for the genre.
 - The landmark strategy will in future be focused around short series as opposed to one-off programmes.
5. Further extend reach and impact by embracing programmes dealing with issues around religion in other genres. Work collaboratively across genres to develop and deliver programming with a religious focus.
6. Allocate programmes across BBC ONE and BBC TWO to reflect the following roles:
 - BBC ONE—perception as the home of shared experience, big moments, big TV recommends it for coverage of national events that have a role in connecting audiences, inclusive landmarks and high-profile series
 - BBC TWO—heritage of range and diversity of voice recommends it as home to more challenging, diverse material—and potentially all aspects of minority religion coverage
7. Maintain reach and impact through scheduling religion in peak slots.
 - Songs of Praise will be scheduled on a Sunday afternoon on BBC One and will only be moved in exceptional circumstances, such as major ceremonial or sporting events.

The current range of programmes and services consists of:

Regular output which celebrates and affirms the Christian tradition and message, eg:

- The Daily Service (Radio 4)
- Sunday Worship (Radio 4)
- Sunday Half Hour (Radio 2)

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- Choral Evensong (Radio 3)
- Prayer for the Day (Radio 4)
- Songs of Praise (BBC One)

Christian worship to mark key dates in the calendar and moments of national rejoicing and mourning, eg:

- Midnight Mass
- Christmas Morning
- Good Friday
- Easter Day
- Pentecost
- Ascension Day
- Advent
- Royal weddings and funerals
- Papal funerals
- National Commemorations and Celebrations
- Remembrance Day

Output aimed at reflecting the diverse experience of faith and spirituality in the UK, eg:

- Annual programmes to mark Ramadan, the Birth of Muhammad, Diwali, Vaisakhi, Passover, Jewish New Year, and Holocaust Memorial Day
- Heaven and Earth (BBC One)
- Hindu Lives (Radio 4)
- Second Generation Sikhs (Radio 4)
- Sikhs and the City (BBC One)

High-profile “landmark programmes” which explore iconic religious themes and personalities in peak-time BBC One slots, eg:

- Son of God
- Moses
- Noah’s Ark
- The Story of God
- Greek Gods and Goddesses
- The Miracles of Jesus

Journalistic output which scrutinises the world of religion and ethics and stimulates debate and discussion, eg:

- Sunday (Radio 4)
- Beyond Belief (Radio 4)
- Belief (Radio 3)
- The Moral Maze (Radio 4)
- The Choice (Radio 4)
- Devout Sceptics (Radio 4)
- Good Morning Sunday (Radio 2)
- Faith in the World (Radio 2)
- In the Footsteps of Muhammad (Radio 4)
- The Lords Spiritual (Radio 4)
- Panorama (eg sectarianism in Glasgow, the Vatican and contraception, the Muslim Council)
- What the World Thinks of God (BBC Two)

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- The Battle for Islam (BBC Two)
- The Islam Debate (BBC Four)
- God and the Politicians (BBC Two)
- Jesus Christ and George Bush (BBC Four)
- Jonathan Miller's Brief History of Disbelief (BBC Four and BBC Two)

Documentary output which explores the contemporary experience of faith, eg:

- Himalaya (BBC One)
- The Monastery (BBC Two)
- Seaside Parish (BBC Two)
- A Passion for Churches (BBC Two)
- Don't Panic I'm Islamic (BBC Two)
- Child of the Holocaust (BBC One)
- Faith in Africa (Radio 2)
- When the God Squad Came to Town (BBC Two)
- World Weddings (BBC Two)
- The Headmaster and the Headscarves (BBC Two)
- Jewish Entertainers (BBC Four)
- Faith to Faith (Radio 4)
- Polygamy (Radio 4)
- Is Anybody There—does prayer work? (Radio 2)

Historical output which examines the legacy of religious achievement and conflict, eg:

- Cathedral (BBC Two)
- Battle for Britain's Soul (BBC Two)
- Christopher Wren (BBC One)
- The Divine Michelangelo (BBC One)
- An Islamic History of Europe (BBC Four)
- The Trial of Galileo (BBC Two)
- The Gunpowder Plot (BBC Two)
- Conchies: Questions of Conscience (BBC Four)
- Sacred Nation (Radio 2)
- In the Footsteps of Moses (Radio 4)

Music output showcasing the best of classical and contemporary religious music, eg:

- Carols from King's (BBC Two)
- Beverley's Gospel Nights (Radio 2)
- Bach St John Passion (Radio 3)
- God in the Music Machine (Radio 2)
- Soul Music (Radio 4)
- Rhythm'n'Jews (Radio 3)
- Jerusalem, an Anthem for England (BBC Four)
- My Favourite Carols (BBC One)
- Lesley Garrett's Sacred Songs (BBC Two)

Drama output which sheds light on the impact of faith, eg:

- Holy Cross (BBC One)

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- Mr Harvey Lights a Candle (BBC One)
- If Not Now, When? (Radio 3)
- Death of Faith (Radio 4)
- Sinners (BBC One)

In addition the Religion on-line site is a comprehensive resource covering religious beliefs and practices, religious news from around the world, regularly updated feature articles, and much-used message-boards and interactive spaces, where contributors use the site as a forum for debate and information-sharing.

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Examination of Witnesses

Witnesses: MR ALAN BOOKBINDER, Head of Religion and Ethics, and MR JOHN WILLIS, Director of Factual and Learning, BBC, examined.

Q140 Chairman: Welcome and thank you very much. You know the background, we have produced our first report and we are now looking, again against a bit of time pressure, at a number of areas which we really did not have time to go into in any depth and which we felt deserved looking at rather more closely, and religious broadcasting is obviously one of those. I think we are clear in the sense of what you put to us. We have read that and we know that so perhaps we could go straight into questions. Mr Bookbinder, I notice that when you joined the Religious Broadcasting Department it was promptly renamed the Religion and Ethnicities Department; discuss or perhaps explain!

Mr Bookbinder: Partly that was to recognise what was already happening, it had happened that the department was producing not only a substantial amount of programmes that were recognisably religious but a good number of programmes that were about ethics beyond the purely religious sphere. *The Moral Maze* was one of our programmes, for instance, and *Heart of the Matter* was one of our programmes. *Heaven and Earth*, our Sunday morning show, part of its regular output is an ethical debate. It was really recognising what was already there. It did not denote a new shift in policy.

Q141 Chairman: Does that mean that, in fact, your area of responsibility and interest would cover other non-religious bodies as well? Would you have a responsibility there, humanist for example?

Mr Bookbinder: Yes it would. Of course much of our programming is outside what I am responsible for. It deals with ethical issues. Most of the documentaries and most of the drama and most of the arts programme are looking at broader questions of meaning and purpose. Indeed, much of the great swathes of our science and history and arts programmes start with a secular, humanist point of view in the sense of a non-divine point of view. On the specifics of representation of atheists and humanists, I am responsible for that within my ambit. So, for

instance, the series on air at the moment, Jonathan Miller's *Short History of Disbelief*, which is running in peak time on BBC Two (which originated on BBC Four but is now on BBC Two) was made by an independent company but came through my department. The big debate we did three weeks ago with A C Grayling, a well-known atheist/humanist, was within *Heaven and Earth* and that was my responsibility. The atheist section on the BBC religious website, which has equal weight with all the other major religions, is my responsibility, too.

Q142 Chairman: I think we might come back to that point in a moment but you also have a responsibility for the diversity of faiths as well. We were just hearing evidence before you came that one or two of the people giving evidence were less than impressed with the way that you did that and though you were very strong as far as Christian broadcasting was concerned—in fact excellent—but you were not very good on other religions.

Mr Bookbinder: In fact, I was at the back and I must say—

Q143 Chairman:—Then you are in a good position to answer.

Mr Bookbinder:—I was listening with mounting incredulity at the account of what we do. Certainly the bulk of our programming is centred on the Christian experience and I make no apology for that given the breakdown of the population and the traditions of this country but, goodness me, to say that we ignore other faiths seems to me just extraordinary. As Dominic and Aaqil were speaking I was just looking down the last few months of our output. We had *The Battle for Islam*, nine o'clock, BBC Two, 90 minutes, *The Islamic History of Europe*, a three-part series, Holocaust Memorial Day, 12 hours on television altogether, *Karma Lives*, last week's programme to mark Diwali, Jewish New Year, a special programme this year for Vaisakhi, the Sikh festival, *The Story of God* is on, a new *Landmark*

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series on BBC One starting next month, three parts, peak time, not just looking at Christianity but Christianity as one small part of that and looking at the whole of mankind's encounter with the divine, *What the World Thinks of God*, a major BBC Two special that drew on different religions. That is before you look at our radio output or our on-line output. Again, I do not want to go through a great list because I think I have submitted some lists for you, but a glance at that will show you just how much we are catering for other religions.

Q144 Chairman: So you would obviously reject that criticism. Do you also reject the criticism that your programmes are not in peak times and that there is something rather lacking in the staffing balance, which was a point which was made?

Mr Bookbinder: On a lack of peak time programmes, to be frank with you, this comes a little bit rich from ITV who have just reduced their commitment from 104 hours to 52 hours none of which is in peak time, not a single minute. The programme which Dominic was very proud of *The Tsunami*, went out at 11 pm. However, let me concentrate on the BBC. As I said, a great list of programmes going out between seven pm and 10 pm. *The Story of God* on BBC One, *Himalaya* on BBC One, *The Battle for Britain's Soul* on BBC Two, the *Monastery* series at nine pm, *Seaside Parish* at eight pm, the drama *Mr Harvey Lights a Candle* at 10 pm. I do not want to go on and on but this list does go on and on.

Q145 Chairman: And staffing, you heard that point?

Mr Bookbinder: It is true that our representation in the department could be better. We have two or three Muslims, we have two people of Jewish background, we have one person of Hindu background. We have otherwise predominantly either Christian or no declared religion.

Q146 Chairman: How big is the department?

Mr Bookbinder: The department is about 100 people so I grant there is more that we can do there.

Mr Willis: Can I just add obviously sitting outside Alan's department there are other areas and in terms of reflecting diversity of ethnicity and faith, we have got a whole radio network. We have the Asian Network based in Leicester and in Birmingham, which obviously is a specialist narrowcaster, and in Birmingham within the broadband which I represent we have the Asian Programme Unit, which employs young Asian staff to make a whole range of programmes many of which have a faith dimension to them. We do not count them as religious, that is just the programmes made by that specialist department, but I would not want you to think that the only programmes we made which touched upon matters of faith came from Alan's department. We

employ lots of people across a range of different genres and particularly, as I say, we have the Asian Network.

Q147 Chairman: Perhaps just before I ask Lord King, you would explain, you are the head of the department which incorporates religion and ethics.

Mr Willis: Yes I am called the Director of Factual and Learning programmes, which means I look after religious programmes but also science, history, gardening, great national events, documentaries, so it is a very broad range of programmes but religion is a very critical part of it.

Q148 Lord King of Bridgwater: You talked about the programmes you broadcast, interesting ones about religion, but you do not broadcast religious services for the Muslim community, do you? I do not see how you can but I see that you broadcast a number of Christian services. Is there any way in which you could actually do anything or is this bound to be left to separate radio channels perhaps or television?

Mr Bookbinder: You are right, we do broadcast a substantial number of Christian services around the calendar and around national events. The truth is that services in other religions are not really a spectacular event in the same way as Christian services are. There is no particular call. The Hindus are not saying to us, "Please film in our temples." They are not saying, "Please film our worship," nor is the Muslim community. What they are saying is, "Take us seriously and pay us more attention," which from the programmes I have quoted I think we do. However, to transmit directly worship is not really something that is on anyone's agenda.

Q149 Lord King of Bridgwater: You are talking just about television, what about radio?

Mr Bookbinder: Radio, equally, there is a great desire to understand what the worship means and what the significance of it is, and this we try to do in different ways, but the direct live transmission of it as it happens is not something that there is any really great call for.

Q150 Lord King of Bridgwater: It just seems to me that the point that was made that Muslims do not feel any great affinity with the BBC in that respect would be right. You cannot offer that to the house-bound Muslims who might get some form of direct (and I do not know what form it takes) worship from their own particular channel; is that right?

Mr Bookbinder: I am not aware of any live worship. Of course, there are programmes of discussion and debate that are specifically aimed at them, but then so there are on BBC radio and television. It is just the specifics.

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Q151 Lord King of Bridgwater: Religious services for people of a particular faith, can they get that and on what channel do they get it? I am asking out of total ignorance.

Mr Bookbinder: They certainly do not get it on the BBC or any of the main broadcasters. I am not aware of any specialist services. You are talking about prayers from the Mosque transmitted directly into their homes?

Q152 Lord King of Bridgwater: Absolutely.

Mr Bookbinder: There may be some radio transmission and I can check back on that.

Lord King of Bridgwater: It is a very difficult thing to do. It would be wrong to say we do not provide any service for them because it seems to me that it is very difficult for you to do that.

Q153 Bishop of Manchester: As you said earlier yourself, the Ofcom allowance for ITV religious broadcasting to drop its hours has let them off the hook in one sense. The overall hours broadcast by the Religion and Ethics Department in the BBC, although it has gone up and down a bit, overall it has dropped since 2000. To what extent do you feel you are trying to hold on to something within the BBC? You said in the submission that religious broadcasting was a "litmus test" of how serious public service broadcasting is taken within the BBC. Is there a sense in which not you obviously but people within the BBC rather feel that religion and ethics is a bit of a Cinderella to be taken reasonably seriously but future opportunities for a great surge forward are pretty unlikely?

Mr Bookbinder: I do occasionally encounter a secular, metropolitan attitude that is rather resistant to religious programmes but that is really only very occasionally. Much more often, particularly as religion has marched up the political agenda in the last few years, there is much greater interest. Indeed, it is one of the paradoxes of my job that as religion has become more important it is more difficult for me to get programme commissions because there are so many other genres—notably current affairs, history and art—that have suddenly taken a greater interest in the subject and are putting in very compelling ideas, and bringing off very nice programmes. Equally, the independent sector is now much more competitive in the area of religion. Religion actually matters to more producers because they can see opportunities, and so although in some areas our hours have declined very slightly that is more than compensated for by other areas. The numbers I think you are referring to refer to the output of the department, whereas there are many other departments who have their own accounting systems who are contributing religious programmes. So I

would say the ground is now more fertile than it was, with the occasional exception.

Q154 Chairman: Mr Willis, would you agree with that? You have got an overall responsibility here. Is religion going up in the scale or going down?

Mr Willis: I think Alan's description was absolutely right. There is some resistance in some cases but since 9/11, frankly, this is very high up the agenda in all the BBC departments that I am responsible for including religion and ethics. I think there is an intense debate and discussion within the BBC about how to tell these stories as well as possible across different genres and I think we are knocking on a door that is much more open than it was before.

Q155 Bishop of Manchester: If I could just ask one more question. The door then being open, are you able to take the opportunities that that provides? One of the difficulties that has been put to us during the evidence is that audiences tend to drop for the many religious programmes. Presumably, therefore, if you can get people who are very creative and who can produce good programmes the viewing figures hopefully go in a different direction. Are you confident that there are out there the creative programme makers who are waiting to be commissioned to do the kind of programmes that you were talking about?

Mr Willis: Just taking a broader view, and Alan can talk a little bit about the individual audience figures. I think it is really important that the programmes are made not just by the Religion and Ethics Department but by the best writers, producers, documentary makers, who inside the BBC and outside the BBC engage with this subject. Because it has become so relevant to the lives of everyone who travels on the Tube, for example, that is exactly what is happening. I think it is engaging some of the best people in British television. I think in Manchester, as Aaqil said, we have got a real world-class centre (Alan will blush) of knowledge, skill and experience in this area. When the Pope died, the coverage by the BBC in Manchester where there were outside broadcasts, obituaries and thoughtful radio pieces was absolutely immaculate and I was really pleased that we had a dedicated department, but you do not want to confine this subject matter to that. In terms of audiences, Alan will tell you that programmes like *Songs of Praise* do really, really well in their time slot, as does *Heaven and Earth*, so the audience is there.

Mr Bookbinder: I must say I did not share the pessimism of ITV and Channel Four about audiences for religion. The series *Monastery*, which went out earlier this year in a peak slot on BBC Two, had two and a half million viewers. That seems to me pretty good. It was a wonderful documentary series about the collision of the sacred and the secular and what

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happens when they meet. I was looking through some audience figures, having been asked by the Clerk to do so, and *Songs of Praise* over the last three weeks has had over three million viewers, way above the equivalent programmes on other channels. *Heaven and Earth* on a Sunday morning is averaging a million compared to half a million or so that the other channels are getting. These are not massive figures but in quite unattractive slots like 10 o'clock Sunday morning, it shows there is an appetite there. What our programming is about is to try and pick that up and to some extent drive that.

Q156 Lord King of Bridgwater: What was *Songs of Praise* five years ago?

Mr Bookbinder: *Songs of Praise* five years ago would have averaged a little more than it does at the moment. I do not have the exact figures. It was slightly up but the overall trend is slightly down. I could get those figures for you if that would be helpful.

Q157 Lord Holme of Cheltenham: I am sure you have had a chance to read the Ofcom religious programmes qualitative research study. I thought the findings, although it is only qualitative research and therefore perhaps not so statistically valid, were exceptionally interesting in that they reflect the tension in what people want in religious broadcasting. Clearly people want something different from what the religious faith groups want. The religious faith groups, understandably, want acts of worship and their religion accurately portrayed in action, but clearly the general public are hankering for words like contemplation, medication, reflection, how an individual's faith affects their lives and culture, understanding religion in a larger geopolitical context, in other words a whole set of questions which are not necessarily the issues which come top of the list with the individual faith groups who want a voice and hearing for their faiths. I am wondering how you try and balance that factor and what is clearly a wider appetite than simply portraying faiths at worship?

Mr Bookbinder: Certainly it is a difficult balance to get and we are striving to do both really. In terms of the provision for active believers I think there is no question that there is a great deal out there and at a time in the schedule when people are prepared to listen and to watch. For the broader community, I think you are right that this sense of spiritual searching or questing for meaning by people who maybe have lost their faith or whose faith has lapsed or who have never encountered faith before but still feel some kind of gap in their lives, that is certainly a very important area for the audience. To an extent *Heaven and Earth* on Sunday morning does this. It has a very broad brief to explore questions of

meaning and purpose and to do it in an accessible way. Quite a lot of our observational documentaries in this area while they may feature religious figures—and I mentioned *Monastery* but that featured a group of entirely secular people encountering the monks at Worth Abbey, and that, too, prompted a huge amount of precisely that kind of reflection and meditation that you are talking about. There are other examples. If you think of our long-running Sunday series *Something Understood* its brief is precisely to do this, to prompt reflection through words and music, very often nothing to do with traditional religions but trying to bring people towards what they might see as deeper realities.

Q158 Lord Holme of Cheltenham: There are only two programmes of your output which I have personally experienced, *Heaven and Earth* which, as someone who is condemned with a biological clock to wake up early on a Sunday morning, I must say I enjoy very much, and *Songs of Praise* I find an indispensable accompaniment to reading the newspaper. Here are two programmes that I personally have experienced. I think you were saying that *Heaven and Earth* for its slot early on a Sunday morning does well. I am afraid I did not catch the number.

Mr Willis: The average is around million.

Mr Bookbinder: It beats the opposition. It is the most successful programme across terrestrial television and satellite television at that time.

Q159 Lord Holme of Cheltenham: What about *Songs of Praise*, what are the audiences for that and how does that compare with what is running on the opposition at that time on a Sunday evening?

Mr Bookbinder: I have those figures to hand. If I pluck one out of the air but it is fairly typical, last Sunday *Songs of Praise* had 3.1 million; ITV, 2.2; BBC Two, 1.5; Channel Four, 1.6; Channel Five, 1.5, so considerably ahead. As I look back, and I will not quote all the figures, over several weeks that is an average pattern.

Q160 Lord Holme of Cheltenham: That gives you about a 30 per cent audience share.

Mr Bookbinder: It is in the 20s somewhere.

Chairman: We might look at these figures in some detail if we could have them. Lord King made that point.

Q161 Baroness Bonham-Carter of Yarnbury: Returning to the Ofcom paper, there is also a suggestion in there that people want religious belief to be incorporated in general television a bit more rather than specific religious programmes. I wonder to what degree your department can effect that. Also, which is in a way related, you have been saying you

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are getting good figures despite the time slots, as I understood you. Do you press for specifically religious programmes to be put in more peak time?

Mr Bookbinder: Certainly we do and there is a lot of robust debate within the organisation about that. Scheduling, as I am sure you will understand, is highly competitive, and occasionally there are disappointments. Occasionally I feel that the schedulers find it all too easy to put us on late at night; it is like falling off an epilogue. However, a lot of the time, as I was saying before, we are in pretty good slots. I am very pleased to see *The Story of God* turn up at seven o'clock on BBC One. I have quoted a number of other really quite promising times. In that sense, given that there is always an essential tension and there is always tremendous competition, I think we do fairly well. As a head of department I would always want more programmes nearer peak, of course I would. There has been a debate about *Songs of Praise* which a year ago was beginning to wander around the schedules and be rather too regularly switched to BBC Two when there was a big sporting event or a live programme. That has changed now and *Songs of Praise* is regularly in a slot between five to six where, as I have been explaining, it gets a really quite substantial audience. It could be that if *Songs of Praise* were on later in the evening against tougher competition from drama and soaps et cetera, that it would do less well. In that case, finding a spot just off peak but very close to peak seems to work.

Q162 Baroness Bonham-Carter of Yarnbury: Are you talking about religion in other types of programmes or what?

Mr Bookbinder: To an extent, in that quite frequently the department is asked for advice from current affairs or drama or history. We have some involvement in encouraging that but really the interest from other genres happens pretty much spontaneously. People—producers, directors, writers—have looked at the world as their material and they have decided that there are interesting stories to tell about religion. It was very interesting because the drama that went out at Easter *Mr Harvey Lights a Candle*, about the redemptive power of Christian faith, 10 o'clock on BBC One by a Christian writer, is something that I think even two or three years ago would have been quite unlikely to happen. There it was again at the heart of the BBC.

Q163 Baroness Bonham-Carter of Yarnbury: Is somebody keeping an eye on the balance? That again is the Christian faith, and in *Eastenders* we have Dot who is very Christian. Is there someone keeping an eye on it?

Mr Bookbinder: I have to report every six months not just on what my own department does but on the whole of the BBC's offerings on religion and as a six-monthly interval that is a quite a good corrective where it is needed because it means we can track just what we are doing about different religions. I have to say it is very rare that I look at that and I say, "Oh dear, we have not covered Islam this six months", or, "What on earth have we done around the Jewish community?" It tends to be that there is a pretty fair range there already. Occasionally there was a time I think a year ago when we realised that for one reason or another we had not marked Diwali for some years on television (although it is on radio and local television) and we put that right this year, so there is that kind of ability to correct.

Mr Willis: If I might just add, I think that Alan and his team is a sort of unpaid consultant for the whole BBC so it is a resource for everyone to use. We do actively try to encourage other genres. Just a few weeks ago the Governors of the BBC organised a half-day seminar in which we talked about the role of religion in comedy, religion in drama and religion in documentaries and we hardly talked about what is being made in Alan's department. I think everyone is very attentive to the subject.

Q164 Lord King of Bridgwater: Does that six-monthly report go to the Governors.

Mr Bookbinder: It goes to the Governors' nominated accountability body the Central Religious Advisory Committee (CRAC).

Q165 Lord King of Bridgwater: That does not include any Governors?

Mr Bookbinder: No but the Chairman of CRAC reports directly to the Governors.

Q166 Lord Maxton: It seems to me that you are desperately defending the position of the BBC in putting out its religious broadcasts. Some of us think that you do far too much and that you are very uncritical of the religious broadcasting you do. If we look at this great three-part programme *The Story of God*, of course the straight implication for someone like me is that you believe there is one. Some of us do not, so that is a starting point. You are also uncritical. Let me take the great example you gave of how wonderfully the BBC covered the death of the Pope. It was very uncritical. It never really did any analysis of the social conservatism and the impact of that on the African population and the AIDS epidemic sweeping through that continent, did it?

Mr Bookbinder: In the days after he died no, but look at the *Panorama* on the Vatican's policies on contraception in the third world. That was not soft on religion. Look at the recent *Panorama* on the

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Muslim Council. The Muslim Council did not find that soft. Look at over a long period—

Q167 Chairman:—The Vatican and contraception, that is the *Panorama* you are thinking of?

Mr Bookbinder: In fact there were two.

Q168 Chairman: Certainly I saw one and it was very good but just tell me this HIV/AIDS which Lord Maxton has just raised, millions of people have died, millions of people are going to die, and the Roman Catholic view on the use of condoms is regarded by many people as being an obstacle to progress. Would you consider it as part of the remit of your department to campaign for a change of policy in this area?

Mr Bookbinder: Not to campaign actively but certainly to scrutinise what is happening. A lot of what we do is affirming and celebrating religion but a significant portion is scrutinising and holding religion up to the light and examining the harm done in the name of religion. There is a significant amount of what we do that does that. Although we would not get behind a political campaign, we would very much want to shed light on what was happening there and leave the audience to come to their own conclusions.

Q169 Lord Maxton: Do you consider *Panorama* as a peak time programme? It used to be. It used to be a nine o'clock, one-hour programme, one evening a week; now it is half past ten, half an hour on a Sunday.

Mr Bookbinder: I would call it edge of peak at quarter past 10 on a Sunday but it is getting substantial audiences there.

Q170 Lord Maxton: As big as *Songs of Praise*?

Mr Willis: Bigger than *Songs of Praise* and certainly—

Mr Bookbinder: But you know investigations of child sex abuse in the Catholic Church were absolutely in peak time and were carried in the main news and have featured regularly on the *Today* programme. There has been a very steady flow of programmes about that, some from the department, some more broadly.

Q171 Chairman: Do you initiate those or are you reporting others who have brought the subject up?

Mr Bookbinder: Take our Radio Four Sunday morning programme called *Sunday*, which is a religious current affairs programme if you like, we have a team of journalists who originate their own stories and do their own reporting on that. We work occasionally with the *Today* programme as well if they are looking at the same thing, so absolutely. If you look at our features on our web site on these subjects they have been pretty hard-hitting. Although there is a great deal in our programming

that is affirming religion, there is a very significant stream that is asking difficult questions.

Q172 Lord Maxton: Very significant? Give me the percentage of “significant” out of your total religious output which is critical?

Mr Bookbinder: It is hard for me to put a figure on it but it is pretty regular and indeed often we are criticised for misrepresenting religion.

Mr Willis: At the same time as that series is on starting in a couple of weeks is Jonathan Miller's three-part series on atheism on BBC Two, more or less at the same time or the same part of the schedule.

Q173 Lord Maxton: Viewing figures for Jonathan Miller?

Mr Willis: That is its second transmission, it had already been on BBC Four, and on BBC Two it is getting 1.2 million, which is pretty respectable.

Mr Bookbinder: It is the same slot, it follows immediately, three weeks prior to that, *The Battle for Britain's Soul*, a religious slot which was getting about the same figures.

Q174 Baroness O'Neill of Bengarve: Could I ask you to turn to radio for a moment. I want to ask the question that of course everybody who wakes up with Radio Four wishes to ask, and it is not a question about *Prayer for the Day*, which frankly I do not always wake in time for, but *Thought for the Day*. You must have some formula that allocates *Thought for the Day* between different faiths and no faith. How does that work?

Mr Bookbinder: It is not an exact mathematical formula. In essence, we are trying to make sure that the six main world faiths have some representation on the programme. There is a predominance of Christian speakers from different denominations and then there is a smaller number of representatives from Islam, Hinduism, Sikhism, Buddhism and Judaism, so there is a spread. In fact, if you looked at the arithmetic there is an over-representation of the other faiths simply because if you did it by numbers the other faiths, frankly, would hardly ever get on.

Q175 Baroness O'Neill of Bengarve: And we all enjoy Rabbi Blue so much!

Mr Bookbinder: So not an exact formula but an attempt to be broadly representative.

Q176 Baroness O'Neill of Bengarve: Do you have a different sort of strategy or view of how religious broadcasting on radio works and whom it is for than you do of religious broadcasting on television?

Mr Bookbinder: Only insofar as the different radio networks speak to a slightly different audience. Most of our religious programming is on Radio Two or Radio Four and there is a little on Radio Three. We

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know quite a bit about the demographic profiles of those audiences. We know in quite a sophisticated way what groups of people are watching at what times of the day.

Q177 Baroness O'Neill of Bengarve: And listening.

Mr Bookbinder: And listening, so it works very well to have Sunday on as early as seven am and *Sunday Worship* following it after the news soon after eight o'clock because we know the audience that enjoys those programmes, which tends to be over 50—

Chairman: Perhaps it might be an idea to adjourn for five minutes and we will vote and come back.

The Committee suspended from 5.18 pm to 5.27 pm for a division in the House.

Chairman: I am reluctant to start before we have the Bishop of Manchester with us but nevertheless I will! Baroness O'Neill?

Q178 Baroness O'Neill of Bengarve: I though, but may be it is just the opacity of some of the speakers, that you also have secular speakers on *Thought for the Day* from time to time, or am I wrong in that?

Mr Bookbinder: No, we do not, it is very much a slot reserved for the religious and spiritual and not secular.

Baroness O'Neill of Bengarve: It is multi-faith but not secular?

Q179 Lord Maxton: Why not?

Mr Bookbinder: Because the slot is designed precisely to be a moment for religious and spiritual reflection in the middle of an entirely secular programme. It is meant to contrast with the adversarial hurly-burly of the programme and to prompt reflection from that perspective.

Q180 Lord Maxton: Let me give you an example of taking it out of the hurly-burly. On the day on which the Assisted Dying for the Terminally Ill Bill was debated in the Lords there was a balanced debate on the *Today* programme balanced between Lord Joffe and a Bishop but then *Thought for the Day* was a Chief Rabbi attacking the bill for three minutes without any contentious point being put to him that he might be wrong. Can that be correct?

Mr Bookbinder: I do remember the morning you are talking about and admittedly it was a close call and one that was quite a fine judgment. In the end our feeling was that on an issue like, that the religious voice had something to say, that this was not just, as it were, a regular public policy issue, this went to deep morality and to a deep sense of meaning and purpose which is what religion is about. So to prevent the Chief Rabbi speaking from a religious perspective on that would not have seemed the right thing to do. Remember the *Today* audience is very sophisticated,

this is not *Newsround*, this is a very intelligent audience capable of making a judgment about where a speaker is coming from.

Q181 Chairman: Who makes the decision? Is it in the context of the programme itself. This discussion was obviously coming up. Who then made the decision that the Chief Rabbi should actually come in on this particular issue?

Mr Bookbinder: The way that *Thought for the Day* works is that the speakers are rota-ed some way ahead of time and the day before their spot comes up they have a discussion with the producer about what they might talk about. Usually they make their own choice with some guidance. They then write a script in conjunction with the producer and that is subject to our normal editorial guidelines. That then goes out live and uninterrupted—uninterrupted but not unmediated—in the programme, and in this case the producer who was on duty that day would have agreed with the Chief Rabbi that this was an issue that would benefit from some broader spiritual light being shed on it.

Q182 Lord Maxton: If you had a debate on some piece of scientific news, would it not benefit the country if you had a scientist giving three minutes' explanation of what that scientific point of view was?

Mr Bookbinder: Yes but that kind of thing goes on in the programme already.

Q183 Lord Maxton: No it does not.

Mr Bookbinder: It may not be a scientist speaking in an uninterrupted way—

Q184 Lord Maxton: Why not?

Mr Bookbinder:—but it is certainly a reporter interviewing a scientist. The *Today* programme—

Lord Maxton: It is not the same thing at all.

Q185 Lord Peston: It is not the same thing. Sorry, if I could just come in on that. Many of us have thought a lot about Lord Joffe's Bill. If I had done three minutes on *Thought for the Day* (and I will tell you I am not a candidate at all) the main point I would have tried to get over is that this is a very deep moral or ethical issue and the thing that the listener most needs to understand is the depth of the problem and how reasonable people can differ on it. Even although I favour Lord Joffe's Bill, I am very worried at the same time. In other words, I am slightly on the margin. I think there is a broader question but this is the example we have got. If you are putting out vast amounts of dogmatic, religious stuff what you do not get is people putting out—and I think you ought to because that is your title—you ought to be having people saying these are difficult ethical issues. The one approach that is wrong is the dogmatic

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approach. That is why I think this particular programme was particularly inappropriate because it is not a dogmatic issue. I am sorry to press you on that, but since you are now in charge of ethics I would like to know what you do which gets over ethics as a regular thing rather than keep telling me about Jonathan Miller. The point about Jonathan Miller is that it is rare. That is the whole point about it. If it were on all the time you would be telling us about Jonathan Miller. You are telling me that because you do not do that most of the time.

Mr Willis: No, but I think ethics is part of the texture of a large number of documentaries and dramas. Lots of them have ethical or moral dilemmas that sit beneath them. I can think of a whole range of programmes.

Q186 Lord Maxton: It is always the religious people you go for to provide the ethics.

Mr Willis: It is not always the religious people we go to.

Q187 Baroness O'Neill of Bengarve: They do not.

Mr Bookbinder: Very briefly, if I think of some of the key voices on the atheist/humanist side and how often they appear on programmes like *Heaven and Earth*—Richard Dawkins, Philip Pullman, Polly Toynbee—these are serious voices that take into account the depth of the dilemma of moral issues and they are in our output.

Q188 Chairman: We started all this on *Thought for the Day* and I am still a little unclear. I think I am clear now on the policy but I suppose the straight question is why cannot non-religious commentators contribute to *Thought for the Day*?

Mr Bookbinder: As I say, because the slot is designed to do something that humanists or atheists could not do which is to provide a spiritual perspective. That is what it is there for.

Q189 Chairman: I must say as a general listener that is not always my overwhelming response to *Thought for the Day*. It is a perfectly nice spot but it is a fairly general spot. I do not feel it is unbelievably spiritual in its nature.

Mr Bookbinder: But you will always find a scripture or theological reference in there—

Q190 Lord Maxton: Somewhere

Mr Bookbinder: Somewhere.

Lord Maxton: It is difficult to find sometimes.

Q191 Baroness O'Neill of Bengarve: I would have thought that a fair number of “thoughts for the day”—and I rather like it—have not come from adherents of any of the six faiths you named.

Mr Bookbinder: They are not of course all clerics; there are many lay people among them.

Baroness O'Neill of Bengarve: Not merely that.

Chairman: Baroness O'Neill is making the point that she did not think that that was the policy. In other words, if you listen as a general listener you are not entirely clear that this is such a spiritual spot as you actually seem to suggest.

Q192 Lord Maxton: Why do you not change the name to *Religious Spot for the Day* or *God Spot*?

Mr Willis: The audience have been listening to this spot for a very long time and it is a highly intelligent audience. They know what the perspective is and they know that it is a little pause for thought. I do not think it needs to be relabelled otherwise we would be calling *Horizon Scientific Horizon of the Week*.

Chairman: You do not need to rename *Horizon*. Can I bring in Lord Holmes.

Q193 Lord Holme of Cheltenham: I do not think we quite got the mathematical formula between the six great religions, but in the part of it that is Christian is there a mathematical formula for the various subdivisions of Christianity, Catholics, Church of England, the Methodists and so on?

Mr Bookbinder: No, not a precise one. We aim to have roughly equal numbers of Anglicans and Catholics and then a smattering of others.

Q194 Lord Holme of Cheltenham: Catholics versus non-Catholics?

Mr Bookbinder: No, Catholics and Anglicans roughly the same and then in addition to that a range of people Methodists, Baptists, whatever. Part of our criteria is the fluency and, frankly, the performance of speakers. We do not want to get locked into a formula where we have to have, for instance, a Baptist this week but we have not found someone who is—

Q195 Lord Holme of Cheltenham: You report every six months. Over what period do you balance the ticket for *Thought for the Day*? You were telling us that you report on religious coverage every six months.

Mr Bookbinder: It is a fairly continuous process in that we have a rota of people and some of them are rested for periods or they are unavailable for periods, but it is between 30 and 35 people at any time. As someone steps down we would broadly be looking to replace like-for-like. We try to get a reasonable gender balance as well. It is quite a complicated picture and that is why I say there is no exact mathematical formula for any of these things.

Chairman: Before we move on has anyone else any questions on *Thought for the Day*?

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Baroness Gibson of Market Rasen: I want to make a comment, Chairman, because I think what is coming over so far is that we are all totally opposed to *Thought for the Day*. I would like to say how much I enjoy it and please do not alter the format.

Q196 Chairman: I think we might move on.

Mr Willis: A free BBC pen is on its way to you!

Q197 Lord Maxton: I do not listen to it except of course when I am down here. I listen to *Good Morning Scotland* for my sins, whatever they might be. But there of course there was a move to take the religious spot, still called *Thought for the Day* I think, and put it in an earlier slot, and there was an outcry. Are you in charge of that at all?

Mr Bookbinder: BBC Scotland is not part of my remit. I am aware a little bit of what you are talking about.

Lord Maxton: If it is not, it does not matter.

Chairman: Let us move on. Baroness Howe?

Q198 Baroness Howe of Idlicote: Yes, I am another one who enjoys *Thought for the Day*. Having said that, maybe there is cause to look at something parallel for the other religions. For the moment there are other aspects that I would like very much to ask you about. My actual question about how you give proper balance to the different faiths has been more or less answered by you but I still want to ask a bit of a question around that because it seems to me from what you were saying that more and more programmes are featuring religion in one way or another and, as you say, it has come up the agenda of priority, and that is hardly surprising given the state of the world and the constant conflict and whether it is race or whether it is, in fact, religion what do we all need to understand more in this. So if you have got that situation, what I cannot quite appreciate from what you have said is why do you not count the areas in general information or whatever the programme is, history et cetera, is, which features a religious slot? Why do you not count that towards the religious total, as indeed quite clearly ITV are doing? That is one question. The second question is what I think has been shown very clearly is a need for more education. The point was made earlier on about spirituality and people needing to understand the lives around them through their feelings of belief or non-belief or their ethical or spiritual approach. Where do you fit in children in all this because nobody has even mentioned this subject? Are you preparing programmes for children at school because they are now coming into a world where they are seeing all this on television and being really very concerned about meaning and understanding. I am beginning

to have some of my grandchildren of all different ages making comments, so what is your role there?

Mr Bookbinder: First on why we do not count programmes in other genres, this is simply because the way that the Governors regulate the different genres is that they require in our statement of programming promises, and it is annual thing, of certain numbers of hours from different genres, and if a programme is made by current affairs it can only be counted once. It is not allowed to be counted as a current affairs programme and a religious programme, and similarly in art. So I would love to be able to count this because it would save me having to explain this rather complicated system and also it would save some misunderstanding.

Q199 Baroness Howe of Idlicote: So what you are saying is there might be a case for this and maybe the Governors should look at it?

Mr Bookbinder: It is really a matter for the Governors but that is why it happens the way it does. On education, well, yes, there are a couple of things I can tell you about. The religious programmes that we make for schools are made by our department for the National Curriculum and those programmes now go directly to the schools for them to show (although they can be downloaded during the night). On children's programmes, well, there is a certain amount there. If your grandchildren are regular viewers of *Blue Peter*, for instance, they would find Blue Peter does quite regularly mark the festivals and go a little bit behind scenes of different religions. Recently even *The Tweenies* have been doing Easter and Passover, in their idiom obviously. There is a range there. *Grange Hill*, the children's drama, is well-known for some of its religious stories. I do not know if you remember the story of the Jewish boy coming up to his bar mitzvah. There is a threading of religion into these programmes.

Q200 Baroness Howe of Idlicote: Is it specific religion as opposed to the understanding of and respect for, using that word which is very much in vogue at the moment, other religions?

Mr Bookbinder: Insofar as *Blue Peter* is asking its audience to consider what is important about the Diwali celebrations last week, then I hope it is encouraging respect and tolerance and some sense of broader understanding. It chimes well with religion in the National Curriculum which certainly, compared to my day, is very rich and well thought through.

Q201 Lord Peston: I was going to ask about non-religious views and that was more or less the end of what we were discussing. Did I understand you to say that you had 100 people working for you?

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Mr Bookbinder: Yes.

Q202 Lord Peston: It was almost *sotto voce* but I think you said you had about 100 people. I assume that would include people of all the main religions. Is that a criterion that you use?

Mr Bookbinder: As I was explaining before, I think there is definitely more work we can do in this because we only have a smattering of people from non-Christian religions. We have a large number of people who, frankly, I would not know what their faith was because we do not ask them specifically. We want to know that they take religion seriously and think it is interesting and are prepared to bring their creative skills to it, but we do not monitor specifically.

Q203 Lord Peston: I understand that and I think it would even be illegal in terms of employment law, but that is by the way. I must admit, and you can tell from the way I have approached this, that I am fairly critical of your department. I see what you do as pushing religion essentially. Apart from anything else, you have got to get slots for your output and it is a religious output. I am not clear given that your title is also Ethical who you have there, or several people perhaps, who is pushing non or anti-religion? Are there people who sit there saying that really we have to get over much more a secular view of life, or does that happen elsewhere in the BBC?

Mr Bookbinder: You have to make a distinction between different parts of the output. If someone is working on *Sunday Worship* on Radio Four, for instance, yes, of course they are doing this from a Christian standpoint, and whereas I would not quite agree with pushing religion, certainly they are interested in communicating a kind of positive and affirming view of religion. Equally, if I think of my team on *Sunday* which goes out before *Sunday Worship* these are journalists, these are not Christian journalists or Muslim journalists; they are people who find in the world of religion interesting and challenging stories and, like most journalists, they are there to ask quite difficult questions. Whereas they are not pushing the anti-religious view, they are doing what all good journalists do, and that is they are looking for stories that shed light, that are new, that will be of interest to the public. I would say that if you are the producer of *The Moral Maze* then you are not a bit interested in religion. That is not your brief. You are interested in bringing stories of morality and public policy and exploring them from an ethical standpoint and doing it in an entertaining way. I do not accept your dichotomy between those who are pushing religion and those who are anti it. I think it is a slightly different way of looking at it.

Q204 Lord Peston: Yes but I do not know whether you saw the transcript of the evidence we got last week of the religious people we had here, but part of their evidence was that they wanted all BBC programmes to be permeated with a religious dimension. They were quite clear, that is what they wanted, and so on. What struck me is who in the BBC is going to say “No, that is the last thing we want”? In other words, viewed from the outside they seemed to think that the BBC and our society was overwhelmingly secular; I from the outside see it totally differently.

Mr Willis: It is called balance.

Q205 Lord Peston: I do not think there is one. The point I am trying to put to you is I cannot see the balance. I can see the religious pressure groups internally and externally but I do not see the secular.

Mr Willis: I do not think there is a religious pressure group internally. There are people of faith who work on certain programmes and, as Alan said, there are also people of scepticism and people of journalistic experience and background who ask questions.

Chairman: A last question from the Bishop of Manchester who has not had much of a run so far.

Q206 Bishop of Manchester: John Willis said earlier that it was a world-class department, I think that is how he described it, and certainly I know most of the people in the team there and they are an excellent group of people and, if I may say so, I know how much they appreciate your own thoughtful leadership of that team. However, do you feel, first of all, that if you are a world-class department that you are getting the kind of support and practical help, not least in terms of funding from the BBC, and, secondly, do you feel it has been a good or a bad thing to be separated from if you like the centre of power in London to have been in Manchester for these last few years?

Mr Bookbinder: I would say, just to take your second point first, that on balance moving a department from London to Manchester in isolation without moving also a good deal of the commissioning, scheduling and budgeting power has been something of a disadvantage. I note that in the much bigger moves that are mooted to Manchester it is not going to happen that way. The departments that are going to move are going to move with the key levers of power. They are going to be commissioning departments, they are going to be scheduling children's programmes, sport, new media, they are going to have a lot more control over their own destiny. Our story was a mixed one but I think what is to come will be a much more positive one. On the funding, again, rather like the scheduling, funding is terrifically competitive. We

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have to punch our weight alongside all the other departments that are baying for more money. If you look at the figures comparatively I think we do not do too badly.

Q207 Chairman: How much is your funding?

Mr Bookbinder: The department has a budget of around £16 million a year in total but that covers radio and on-line and television as well. We also, especially for our BBC One Landmark, tend to win co-production money from outside bodies and to some extent from the United States. That helps us a fair bit. Would I like more money? Of course I would. Everything I have talked about really has been about balance and I think we have just about enough. We would always like more but I do not feel that we are a poor relation compared to other genres.

Q208 Chairman: £16 out of £3 billion does not sound that fantastic.

Mr Bookbinder: No, but you are talking about again, with respect, a relatively small number of hours compared to the whole and we are 100 people out of 24,000 or whatever. It is about congruent, if you like.

Q209 Lord King of Bridgwater: In co-production with the United States there are plenty of people from the religious field in the United States who would love to give you lots of money to make religious programmes. Do you reject a number of approaches that you get?

Mr Bookbinder: We tend to work with other broadcasters. We have a long-standing arrangement with the Discovery Channel and we do a lot of work together with them, also with the Public Broadcasting Channels. We do not tend to work with the more evangelical US organisations because we feel that that brings unwanted baggage with it. We need to maintain impartiality and this balance between celebration and scepticism.

Q210 Chairman: You have been very patient and it has been a bit disjointed, I am afraid, in the last part because of the division and everything, but thank you very much indeed for coming. We have enjoyed your evidence. Perhaps if we have got any other questions for either of you we could write to you?

Mr Willis: Please do.

Chairman: In the meantime, thank you very much indeed.

 WEDNESDAY 9 NOVEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Gibson of Market Rasen, B Holme of Cheltenham, L Howe of Idlicote, B Kalms, L	King of Bridgwater, L Manchester, Bp Maxton, L O'Neill of Bengarve, B Peston, L
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Memorandum by the BBC
SUMMARY

- The BBC has a distinguished tradition of sports broadcasting, dating back to its coverage of the FA Cup Final in 1927. Over time, certain sporting events have become synonymous with the BBC: Wimbledon, the Grand National and the Olympics.
- The advent of multichannel television has irreversibly changed the sports media market. As a result, whilst we can never again be the home of all sports, we can be the national sports broadcaster for the UK by broadcasting matches of great importance, showcasing the world's biggest events and creating new heroes.
- Over the coming years the BBC will be bringing UK audiences coverage from major events such as the Olympics, football's World Cup and the Commonwealth Games, as well as coverage of annual highlights such as the Six Nations and the London Marathon.
- The BBC currently offers audiences around 1,500 hours of televised sport each year, 4,000 hours of sport on national radio (plus a further 30,000 hours of coverage on local radio) and over a million pages of content on bbc.co.uk/sport. This includes both live and highlights coverage as well as sports news services. Around 40 different sports are covered each year.
- The BBC provides public value for the licence fee payer with a balanced sports portfolio, in line with its commitment under the Agreement¹ “. . . to provide wide-ranging coverage of sporting and leisure interests . . .”. Broadly, BBC Sport aims to provide a mix of programming that:
 - meets the need of both majority and minority interest groups;
 - reaches a wide variety of audiences and demographics;
 - includes “unite the nations” events;
 - ensures a variety of high profile and more niche products; and
 - contains a mixture of sports content (ie highlights and live programmes).
- In order to provide a balanced portfolio of sports output, the BBC must assess the value of particular sports to licence fee payers taking into account the public service value to the BBC's portfolio.
- Working with a finite pool of money for sports rights acquisitions, the BBC has no incentive to over-bid. The BBC follows a rigorous process for assessing the value of events to the BBC's portfolio and the price acceptable for the rights.

THE BBC'S ROLE IN SPORTS BROADCASTING

The BBC's role in sports broadcasting is unique for a number of reasons:

- We broadcast events that bring the nation together: the World Cup, the Olympics.
- We are free-to-air, so available to everyone in the UK.
- There are no interruptions from commercials.
- Our live coverage is supplemented by rigorous but fair analysis and reporting.
- BBC Sport is on television, on radio and online.
- We operate nationally, locally and regionally.

¹ Agreement between the Secretary of State and the BBC dated 1996 as amended.

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- We have a commitment to bringing minority sports to terrestrial audiences.
- We work effectively with sport bodies to deliver grassroots development.
- We offer ground-breaking interactivity, on-demand services and innovation, which have helped drive digital take-up.

THE BBC'S SPORT OUTPUT

In order to fulfill this role the BBC currently offers audiences around 1,500 hours of televised sport each year, 4,000 hours of sport on national radio (plus a further 30,000 hours of coverage on local radio) and over a million pages of content on bbc.co.uk/sport.

A significant amount of television airtime is devoted to coverage of the major sports and events that audiences really value. In 2005 these include the FA Cup, Premiership football highlights, the Grand National, World Snooker Championships, golf's Open Championships, the Six Nations, the World Athletics Championships and Wimbledon amongst others. As well as coverage of standalone live events, BBC television also broadcasts Grandstand. This provides live and highlights coverage of both major and minor sports and in particular provides context around Olympic sports. In addition, a comprehensive sports news service is provided on both BBC One and BBC News 24 as well as on Ceefax, the BBC's television text service. The BBC also produces and broadcasts documentaries and entertainment programmes featuring sports issues or personalities.

On radio, the BBC offers live coverage, primarily broadcast on Radio Five Live and Five Live Sports Extra, as well as sports news bulletins on Radios 1, 2 and 4. As with television, the BBC also offers listeners documentaries and entertainment programmes on sport.

The BBC Sport website offers separate detailed homepages for 15 individual sports, plus special sections for disability sport and the Sport Academy (which helps develop participation and understanding). Other sports are covered on merit and results from minority sports are included on a daily basis. Coverage includes news and scores updates, results and fixture lists, video highlights as well as live text commentary.

Across all three platforms the BBC offers audiences a very diverse range of sports coverage. In covering these sports the BBC offers commentary and analysis as a minimum. In many cases coverage also features value-added services such as interactivity or human interest stories. During 2004 the BBC covered some 41 sports.

THE BBC'S APPROACH TO SPORTS RIGHTS

The BBC's primary duty is to its licence fee payers and therefore seeks to ensure that they have access to the most significant and diverse range of sports content viable within the constraints of funding and scheduling. BBC Sport (a Division of the BBC) has responsibility for the valuation and negotiation with rights holders of all bids for national sports rights.² There are two key advantages in BBC Sport having responsibility for the allocation of the BBC's national sports rights budget. Firstly, BBC Sport can take a view across the whole of the BBC's portfolio of services. Secondly, BBC Sport has a finite sports rights budget: there is therefore no incentive for BBC Sport to over-pay for any one particular right given the inevitable knock-on effect on resources available for other rights.

Listed events

The BBC supports the system by which some events are currently reserved for analogue television. This means that the biggest sporting moments can be seen free-to-air by very large audiences. Although we always pay fair and reasonable prices for our rights, it also helps deliver value-for-money for the licence payer by avoiding the premium on rights fees generated by the subscription model of pay television. In the recent example of domestic cricket coverage the lack of listing meant that costs were driven up by pay TV pressure, where the incentive is to get exclusivity to attract subscribers.

There have been suggestions that the listing of events will lose its relevance when the UK becomes fully digital. We do not believe this is the case because there will still be a fundamental divide between free-to-air broadcasters and pay TV operators. BBC ONE will be universally accessible in the digital era as it is now. By contrast Sky Sports and similar channels will still be funded to a significant degree by subscriptions, which currently cost, in Sky's case, over £400 per annum. This has the effect of deterring casual viewers from tuning in to major events. It also, of course, discriminates against those who can't afford an array of subscription services.

² Please note that BBC Nations and Regions also acquire their own rights, although the process is broadly similar.

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Partnerships

In making rights acquisitions the BBC seeks to operate fairly within the modern broadcasting environment. Where appropriate, the BBC tries to ensure that its coverage is complementary to that offered by other broadcasters. For example, football audiences are well served because while Sky has live Premier League we have the highlights in Match of the Day (which reaches up to half the population each season). Similarly the BBC and Sky share the FA Cup and whilst the BBC cover live England home internationals, Sky broadcast away games. In World Cup and European Championship tournaments games are shared with ITV. Looking across platforms in cricket, TV audiences have been well served by Sky and Channel 4 this summer whilst the BBC has offered comprehensive radio and online programming.

Valuation of Sports Rights

Valuing sports rights is not an exact science for any market participant. BBC Sport takes into account a number of factors, which we have set out below.

Portfolio fit

A key objective for BBC Sport is to ensure that both overall and in relation to each station/channel, the BBC provides public value for the licence fee payer with a balanced sports portfolio, in line with its commitment under the Agreement³ “. . . to provide wide-ranging coverage of sporting and leisure interests . . .”. Broadly, BBC Sport aims to provide a mix of programming that:

- meets the need of both majority and minority interest groups;
- reaches a wide variety of audiences and demographics;
- includes “unite the nations” events;
- ensures a variety of high profile and more niche products; and
- contains a mixture of sports content (ie highlights and live programmes).

The attractiveness of a particular sports right may differ depending on the extent to which it complements BBC Sport’s existing/planned portfolio at any given point in time.

Cost-to-user

BBC Sport will always undertake a cost-to-user analysis, which involves calculating a cost per hour and cost per user (viewer or listener) hour, and comparing such cost with historic data for previous or similar events for that channel/station. BBC Sport also compares the cost per user hour with alternative BBC services (ie non-sport programming).⁴

Commercial value

Assessments on the value of sports rights in the commercial market allows us to benchmark our costs against others. The value of a sports right can be estimated in two main ways:

- A “top-down” market analysis approach benchmarking the value of a sports right against the prices paid for similar rights in the past. On occasions, BBC Sport will commission an independent third party to conduct an external benchmarking exercise.
- A “bottom-up” revenue/cost modelling approach to benchmark the value to the BBC and avoid over-paying.

Adding extra value

Other factors that may be taken into account when BBC Sport values rights include long term strategic, archive and/or brand value and any scheduling constraints. Such assessments have led to the BBC letting go of events which have become too expensive. In some cases, such as coverage of cricket on television, the BBC would currently be unable to deliver good value for money for audiences due to scheduling issues and the inability to exploit rights fully. This, as well as the difficulty in competing financially with a pay-TV business model, limited the capability to bid. By the same token, scope for extended use of rights to an event may make them particularly good value. For example, under the recent negotiation of FA Cup television rights the BBC

³ Agreement between the Secretary of State and the BBC dated 1996 as amended.

⁴ The BBC Annual Report 2003/04 gives the CPVH by genres, p145.

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was able to offer audiences 19 live matches rather than the usual 12. However, there are also events where the BBC has been disadvantaged because it was unable to fulfil onerous sponsorship obligations imposed by the event organiser.

RIGHTS ACQUISITION PROCESS

All the factors set out above will be considered by BBC Sport before establishing its bid price. These factors will be weighed against a risk evaluation (for example by reference to the specific market or production resources available) and an options analysis (ie consider all reasonable options and alternatives, including “do nothing”).

Once BBC Sport has come to a figure that it believes is a fair market price it must first obtain the appropriate approvals, as set out in the BBC Sport Investment Guidelines and, more generally, the BBC Investment Guidelines. A brief overview of this process can be found in Annex 1.

In addition to the process stated above, BBC Sport takes its Fair Trading obligations very seriously and has a robust and effective Fair Trading infrastructure in place to ensure compliance. Every bid to acquire a particular sports right goes through BBC Sport's Fair Trading approvals process. BBC Sport's Fair Trading Representatives agree all rights acquisitions. BBC Sport also regularly seeks advice from the BBC's Regulatory Legal competition lawyers and/or central Fair Trading teams. Every quarter BBC Sport reports to, and meets up with, the central Fair Trading team to discuss issues arising over that period.

The BBC's overall system of Fair Trading controls and processes are subject to an annual review by independent auditors who are tasked with reporting on the BBC's compliance with its Fair Trading Commitment. Furthermore, the BBC's Fair Trading systems are subject to a bi-annual review by ISO assessors to review ongoing accreditation with the ISO 9001:2000 standard.

CONCLUSION

In recent years the BBC has reassessed the importance and value of sport to its audiences and reprioritised investment to reflect this. A strong and diverse portfolio across platforms means that over the coming years the BBC will be bringing UK audiences coverage from major events such as the Olympics, football's World Cup and the Commonwealth Games, as well as coverage of annual highlights such as the Six Nations and the London Marathon.

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Annex 1

VALUATION APPROVAL PROCESS

Prior to Approval

- All expenditure must be within BBC Sport's approved operating budget.
- Investments must be authorised before any contractual or financial commitments are made.
- Investments below £500,000 must be signed off by the Director of Sport, Director of Rights and Finance, or Senior Rights and Commercial Executive (unless otherwise delegated).
- All investments over £500,000 must have a project sponsor and an Investment Proposal (see above).
- All Investment Proposals require approval by both the Director of Sport and Finance Director of BBC Sport.
- Any Investment Proposal over £2 million must also be approved by the Director General's Finance Committee (“DGFC”).
- Occasionally, at the DGFC's discretion, the Investment Proposal may go to Governors for their approval.
- For all investments requiring DGFC approval, the Investment Proposal is first sent to the Financial and Commercial Strategy team (a separate department in the BBC) for its review and comment. This team will prepare a 1–2 page Investment Critique, to be attached to the Investment Proposal and sent to DGFC for consideration.

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Post Approval

- Once the outcome of any project over £500,000 can be reasonably assessed, a Post Implementation Review (“PIR”) must be drafted by BBC Sport’s Finance Director and the project sponsor.
 - It is the BBC Sport’s Finance Director’s responsibility to review all PIRs.
 - For all investments over £2 million a copy of the PIR is also sent to the Investment Manager (in Financial Commercial and Strategy).
 - A quarterly summary of all relevant PIRs (across the whole of the BBC) is provided to DGFC along with a summary of conclusions and lessons learnt.
 - An annual summary of PIRs is reported to the BBC’s Executive and Audit Committee.
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Examination of Witnesses

Witnesses: MR ROGER MOSEY, Director of Sports, and MR DOMINIC COLES, Director of Sports Rights and Finance, BBC, examined.

Q210 Chairman: Good morning. Thank you very much for coming. You know the background of the Committee. We have done our first report and we are now looking at a number of areas which we really did not have time to deal with properly in the first report. Sports and the BBC in sports is obviously one of those. We have read your paper. Thank you very much for sending that in. I think, if we may, we might just go straight into the questions now. What evidence have you about the value that the licence fee payer places upon sport; in other words, its popularity amongst licence fee payers?

Mr Mosey: I think sport is a vital part of the BBC’s overall portfolio. We do top drama, top comedy, top entertainment and sport is a very important part of that mix. Sport can still bring the biggest audiences to the BBC. We had 25 million people watching England against Portugal in Euro 2004 and we would expect huge audiences for the Olympics in 2012 at the BBC. So numerically there is a lot of evidence that viewers and listeners value BBC sport.

Q211 Chairman: So it is considered very important by you, but you cannot cover everything.

Mr Mosey: Absolutely.

Q212 Chairman: Your paper says that over time certain sporting events have become synonymous with the BBC, Wimbledon, the Grand National and the Olympics. Do I not remember cricket being synonymous with the BBC?

Mr Mosey: Yes. It was a blow to the BBC in 1999 when we lost Test cricket, absolutely.

Q213 Chairman: Why did you lose it?

Mr Mosey: I have been in this job for three months so I was not running BBC Sport in 1999. I think the BBC was taken slightly unawares by a very competitive and ambitious bid from Channel 4 at the time.

Q214 Chairman: Was it a question that the BBC could not afford it?

Mr Mosey: I think in 1999 that was probably not the case. I think there had been an assumption at the BBC to cover cricket for generations and, therefore, suddenly there was a competitive market in which the BBC lost out.

Q215 Chairman: Regrets now? Last summer must have been about the most exciting cricket series ever.

Mr Mosey: There is an interesting point about live television coverage of cricket. We did some research which showed that 29 million people followed the cricket last summer. Of those, 12 million people did follow cricket on the BBC because, of course, we have the Test Match Special on Radio 4, we changed the scheduling of Radio Five Live to bring a lot more cricket on, and our on-line site reached a record of 3.3 million hits in one day, that is all on the basis of cricket. So we did provide a lot of cricket coverage, news and journalism for UK audiences. We have also said that we would like to bid for cricket in 2009 when the rights next become available, but it does depend on scheduling and value for money.

Q216 Chairman: So you do have some regrets, really.

Mr Mosey: We have. In the last three months Dominic and I have secured the rights to the highlights of the Cricket World Cup in the West Indies in 2007, so we do see cricket is an important part of television on the BBC if we can get cricket rights and it is a vital part of our radio offering.

Q217 Chairman: When you actually cost cricket, by definition it takes up an awful lot of space on BBC Two, do you cost in the savings that you have from not actually showing other programmes?

Mr Coles: The way that we value sports rights across the piece is by looking at the absolute cost of providing those services, the right costs and the

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Mr Roger Mosey and Mr Dominic Coles

production costs. You then look at the number of hours output that will be generated from acquiring those rights and then you do a comparative measure against what else can actually deliver in those spots, what is displaced by putting cricket into the schedules which would otherwise have been playing through that period of time, and what cost savings. You are absolutely right in saying that we do make those calculations. In addition to that we look at more subjective qualities, such as the type of audience that sport delivers, which may be different from your mainstream afternoon audiences. Clearly what sport is trying to do is to reach out to younger audiences, ethnic audiences and audiences which the BBC has found more hard to reach more recently because of the competing technologies and competing interests which are available.

Q218 Baroness Howe of Idlicote: We have all got great friends who are passionate about sport. I have one who will only watch sport and is furious with the BBC for having lost cricket. Are you quite certain there was not an element of thinking it was getting rather boring and it was not really the sport that you wished to cover when you lost it?

Mr Mosey: I would hope not. I think there are two stages to this. In 1999 it was a shock to the BBC and to the wider broadcasting world that Channel 4 came in for cricket because traditionally only the BBC had bid for or scheduled main Test cricket. We took a decision to bid for cricket World Cup highlights before the climax of the Ashes series. The cricket World Cup is something we wanted to have on BBC television in highlights form if we could. Our commitment to cricket on radio is absolute. I have no illusions that cricket is not a very important sport and the BBC should provide coverage of it.

Q219 Lord King of Bridgwater: Does Mr Coles report to you or does he tell you how much money he is going to have and you then decide what you go for? Mr Mosey said he has been doing this for a few months. When did you start doing your job?

Mr Coles: I started doing my job five years ago. I joined after they lost the cricket. I have a joint reporting line, one is to Roger and the other is to the Finance Director of the BBC, in terms of my responsibilities as Finance Director of BBC Sport.

Q220 Lord King of Bridgwater: Who tells who how much money there is?

Mr Mosey: It is a joint decision. Dominic and I would go on bidding for sports rights and Dominic sits on the Sports Management Group, so we work together collaboratively.

Q221 Lord King of Bridgwater: Has he had a letter from the Director of Finance saying, "This is your budget for this year. Now, make the best of it!"?

Mr Coles: I think it is worth me explaining how we manage our sports rights budget. We have a five-year rolling budget which is allocated corporately by the BBC Finance Director and the Director General, which allows us then to manage that spend over a five-year rolling basis and it allows us to secure ideally a portfolio of sport that maximises value for the licence fee payer. That allows us to have a lot of flexibility in the way that we look at new acquisitions, at the value of rights that we are trying to renew and to acquire and perhaps even to lose. On those occasions when we do lose rights we look at how to replace those rights within the confines of that restricted matter.

Q222 Lord King of Bridgwater: So you have a piece of the cake handed down to you by the Director General and you then make the best you can of it, is that it?

Mr Mosey: Part of our planning is to decide what rights we would like to acquire in the next four or five years and we put to the Director General what we think should be part of the sports portfolio. It is a process in which there are various iterations. We have already said we would like to bid for cricket in 2009 and so the corporate financial planning would try to take account of those kinds of issues.

Mr Coles: Although we manage this five-year rolling cash budget, on an individual basis we also have corporate approval procedures which require us for any investment over £2 million to go to the corporate centre and request them to approve it on an individual basis.

Q223 Lord Maxton: I once went to look at your operation at Wimbledon. At Wimbledon you pay the Lawn Tennis Association for the rights to show Wimbledon. You then become the sole broadcaster and so you then sell on your live fees to the rest of the world, do you not?

Mr Coles: No, we do not. As part of the acquisition of the Wimbledon rights we agree not only to pay a rights fee but also to act as host broadcaster for the Lawn Tennis Association or for the All England Club. They then, through their agent, TWI, sell those rights externally.

Q224 Lord Maxton: So they sell them, not you?

Mr Coles: We do not sell them, no. We would not be taking on that financial risk on behalf of the licence fee payer.

Q225 Lord Maxton: Is your bid lower as a result of that than it would be?

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Mr Roger Mosey and Mr Dominic Coles

Mr Coles: Absolutely. The costs of our host production are taken into account in valuing the rights.

Q226 Lord Maxton: If you become the sole broadcaster for the 2012 Olympics, would you be selling on rights?

Mr Coles: That is a very good question. We have acquired the exclusive UK rights to the Olympics, but the IOC themselves manage the host production of the Olympic Games. I anticipate that we will inevitably be involved in a substantial manner in terms of helping the host production. The host production and the sale of the international rights to the Olympics will be managed by the IOC, not us. We have only bought the UK rights.

Q227 Lord Kalms: I have been studying your paper on how you approach sports rights and how you acquire them. I am not being critical of it because it is actually a very detailed paper. You are right to say it is not a science, although you do not quite come to the conclusion that bidding is an art, but it is. You seem to be at an enormous disadvantage at the end of the day. Bidding is competitive. In the world of deals and buying and bidding you seem to be very vulnerable to someone who comes along and offers £1 more. You are not in a strong position. Your formula is really a backroom exercise. A lot of boys are in the backroom doing calculations that are pretty meaningless. The figure you come to at the end means you are very vulnerable to a higher bid from someone who wants it. What happens at this stage? You have got a limit of £2 million. Your calculations are pretty meaningless in the open market. When the open market says this is worth more your calculations will crumble.

Mr Mosey: One of the tests is our success so far. The successes that we have are the World Cups in 2010 and 2014, we have Wimbledon to the end of the decade, the Six Nations to the end of the decade and the Grand National to the end of the decade. In terms of whether or not it works, I think it does work.

Q228 Lord King of Bridgwater: Which World Cup?

Mr Mosey: We have the football World Cups in 2006, 2010 and 2014.

Mr Coles: We are always vulnerable, you are absolutely right, to a knockout bid from a competitor and as a result of that we have lost rights in the past; the European Rugby Cup and the boat race are very good examples. Usually through my team we can anticipate what the commercial sector will be looking to bid and we will formulate our valuation with that in mind. First and foremost, however, we must ensure that the amount that we are prepared to bid will deliver value to the licence fee payer and an assessment of that value is arrived at both through

the empirical measure of cost per viewer hour, looking at overall costs, looking at the viewer base and looking at the number of hours output, but also, as I mentioned earlier, looking at the type of audience we are delivering to and the value of that specific audience to the BBC, and it may be a hard to reach audience in particular. Having made those assessments and having come up with a valuation of the value to the BBC, we then do our own market analysis of how much we believe the market would be prepared to pay for those rights. If the two are way out of sync then we will either not bid or we will put a bid in in the expectation we will lose. A good example of that is the Champions League which has become an incredibly valuable commercial property to ITV and to Sky. We would always anticipate having to struggle to be able to compete with those premium values which a subscription service or a particular demographic do actually offer ITV or other commercial broadcasters. Premier League football is another good example of where those premiums apply. We will go ahead and bid and we will go to the corporate centre and explain our strategy for bidding and the rationale for bidding, but you are absolutely right that in many cases we will find a situation where we cannot compete and we will have to reassign that element of the budget that we previously committed to that particular sport and look at other sports which may be more affordable for market reasons, ie because they are less attractive to a purely commercially-driven organisation. Formula One has a high intensity of sponsorship and marketing visibility. In the BBC's walled garden that is very difficult for us to accommodate. It is easier for the likes of ITV to accommodate.

Q229 Lord Kalms: Let us say your backroom calculations work out at £x for the offer and you realise it is not enough. How much would you go above that, 10 per cent, 15 per cent? How many have you lost? Does it move from the bean counters to the marketplace is really the question I am trying to get at.

Mr Coles: The process ensures that we do move from the bean counting to the market because the significant rights that I think we are referring to would require us to go to the corporate centre. If we are paying a premium which delivers a cost in cost per viewer hour terms which is more than is usual for either sport or for the BBC as a whole, we need to justify it and we justify it by looking at the demographics it is delivering and looking at the value across the piece.

Q230 Chairman: Do you have a cash limit on what you can do? Do you go in with an inflexible cash limit and you cannot go above that?

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Mr Coles: When we start to look at rights our cash limit is our capped sports right budget. If we were to take on Sky and buy the Premier League outright that would consume the entire sports rights budget for the BBC. So we have to look at how we manage that portfolio. When we are making the decision of how much of the big pot to commit to a particular sport we go to the committees and we discuss the rationale for coming out at a bid level where we believe we could compete. If we cannot compete then we say we cannot compete.

Q231 Chairman: Does it go back to the committee or to the Governors? Say you wanted to make a really big bid, would that go to the Governors?

Mr Coles: All investments over £2 million go to the Director General's Finance Committee. Investments over £5 million go to the full Executive Committee to decide. Anything over £10 million is normally referred to the Governors but goes through the Chairman and the Head of the Audit Committee because of the commercial sensitivity of the acquisitions and just the issues with confidentiality.

Q232 Chairman: And swiftness, presumably.

Mr Coles: And speed, of course.

Q233 Lord Kalms: How much were you outbid on the cricket by Channel 4?

Mr Coles: Back in 1999?

Q234 Lord Kalms: Yes.

Mr Coles: I could not tell you. I am not aware of the figures. Even if I was, because this is a public meeting we cannot go into individual figures.

Q235 Lord Kalms: In hindsight would it have made sense to be more competitive? You hit your glass ceiling very early on that one, I suspect, because of the structure and the way you bean counted the cost value to the BBC. In hindsight would it have been better to say for the BBC's prestige and the viewers' benefit and subscribers and as a general benefit across the board that you should have bid higher? Channel 4 had its own glass ceiling and in a competitive bid somehow or other we got squeezed out.

Mr Mosey: I have found one of the joys of the job is that there are two completely conflicting pressures. One is that the BBC at its most extreme should not bid against other terrestrial broadcasters and the other is that the BBC should have cricket come what may. You then get an absolutely huge flex in price and the kind of market depending on whether we bid at all costs or whether we take value for money. It is a tricky dilemma for us because clearly there is also a public service obligation to have major national sports on the BBC.

Mr Coles: One thing we should avoid doing is paying inflated values to avoid the negative publicity that could arise from the BBC failing to secure rights, particularly if the successful bidder is another public service broadcaster who ends up delivering a very good service for that particular sport. A good example of this is when we were outbid for the *Match of the Day* rights by ITV in the last contract when it is public knowledge that ITV bid £61 million for a contract that we were paying £20 million for. When you have those levels of extremes, when other broadcasters are prepared to pay that level of strategic premium to secure a sport—and it was the last chance ITV had of securing regular football at that particular point in time—I do not think we would be serving our licence fee payers by chasing those premiums. We have to step back.

Q236 Baroness Bonham-Carter of Yarnbury: In the case of the cricket now, it has not gone to a terrestrial channel. Do you think the BBC should have been more active this time round?

Mr Mosey: I think what we said going forward is that there are these two questions, which are whether we can schedule the rights to buy and whether they are value for money for the licence payer. I think we will need to look quite hard at the scheduling in the future and whether we are paying a premium. Sky want to drive subscriptions and I think it is absolutely right, Sky run a very good business. They pay a premium because they are pay TV. The question we have to face is whether the market is going to be like that in 2009 and if we are competing against pay subscription premiums it will be tough. We would like to bid for the cricket, but that is the kind of consideration we will be looking at.

Q237 Chairman: When does it come up again, in 2009?

Mr Mosey: Yes. The cricket could come back on to terrestrial television in 2010, but the expectation is the rights will be available in 2009.

Q238 Lord Peston: If you think of the companies selling the rights, they are private enterprises and they are entitled to make as much money as they can. I have always been troubled by anything called "England" or "Great Britain". Let us take the Test team and the notion that the MCC have somehow the right to sell that for the maximum amount of money. Do you have any idea where they get the right to call their team England from in the first place? It sounds funny but it is a very serious question because you could argue, and I would argue very strongly, that anything being called England belongs to the people of England and the notion that in order to watch a team that belongs to them they actually have to pay for it I think involves a degree of contradiction. Have

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you argued about this in any way yourselves at any time? I do not mean just England. England is often used for other things. I think the Olympic team is called Great Britain. I have always been worried about why you should have to pay to watch something called England when the marginal cost of supplying it is actually zero.

Mr Mosey: Let me give you an example where I think there is a very good partnership and that is between the BBC and the FA. The BBC and the FA have a relationship where we jointly want to support England for large terrestrial audiences, so the rights to England home internationals are on the BBC. In the case of the FA Cup, we see it as part of our function to support the FA Cup at grass-roots level, so in the preliminary rounds and also last Sunday when we showed Chase Town against Oldham, so there is a sense of getting the community involved. We think, if possible, we should spread the benefits of sport and our partnerships with governing bodies right through whole communities. On the technical point of who has a right to call themselves England, I am not absolutely sure about that.

Lord King of Bridgewater: Surely the point is it is not the MCC, it is the England Cricket Board.

Q239 Lord Maxton: Do you not think that the sporting bodies, not the commercial ones but those representing sport and supposedly representing sport across the whole of the range of sport from the grass-roots level right up to the top, have a responsibility not just to maximise the amount of money they make but to maximise the amount it is seen on television to encourage young people to play that sport?

Mr Mosey: Yes, I do. I think we should give credit to sporting bodies where they have achieved wonderful transformations in sport in some cases. It has gone from the old Division One of 15/20 years ago to the Premier League now. It is a major achievement for UK sport that we have such a prestigious Premier League. Part of our agreement with the Premier League is we support grass-roots football in *Match of the Day* when it is repeated on Sunday mornings. We are launching a major initiative next year called "Your Game" which is designed to bring football to under-served communities, which is in partnership with a number of footballing bodies and we do absolutely believe that it is income, of course, but it is also visibility and involvement at the grass-roots.

Q240 Chairman: Do you think that if cricket goes on to pay TV it is going to have an impact on new young people taking up the game seriously if they do not have access to it?

Mr Mosey: I think that is a worry. The worry is that cricket as a sport is effectively going to be exclusively live on pay TV, so there will be no cricket available live on terrestrial TV at all. The mix you have got in

football at the moment we think is rather appealing for viewers and everyone else. Sky have live Premier League games, we have *Match of the Day*, we share the FA Cup with Sky, Sky share the Champions League with ITV, so there is a diversity of supply and you have got big terrestrial audiences coming to the BBC for major live FA Cup games. The worry with cricket is that it is absolutely the case that audiences will go down next year because of the pay TV dimension. I do not know, I think the jury is out. We cite and believe there is a pretty interesting precedent in rugby because at one point England rugby was exclusively on pay TV and it went to much smaller audiences. It was interesting that the rugby authorities wanted to come back for the Six Nations and to have all the Six Nations' matches on the BBC.

Q241 Chairman: You cannot divide up cricket in the same way as you divide up the Premier League, *Match of the Day* and highlights of the day.

Mr Mosey: We have a number of options.

Mr Coles: We look long and hard at this. My team and I had 15 meetings with the ECB when the rights were first being tendered to try and explore a way in which, in the crowded way that the BBC operates, to fit cricket in there. The schedules which were produced overlap with World Cup football, with Wimbledon, with Open Golf, with a whole number of contractual obligations which we took on way back in 1999 and subsequently to fill the holes left by cricket. What we tried to work out with the ECB was whether or not a more flexible approach to the way in which they sold and packaged their rights would actually deliver us the opportunity to take an odd Test match here and there, maybe even a session here when another session went on under Sky, or allow Sky to show everything and we can dip in and out when it suited our schedules, so at least you could still get some visibility for the licence fee payer. At the time we had some very fruitful discussions with them and it may be something to look at for the future. At the time I do not think the ECB anticipated that they would be losing Channel 4 as a terrestrial broadcaster. If we were having those discussions today with Channel 4 out of the picture then I think those discussions could go somewhere. That is why I am encouraged, particularly with our strive to get into digital technology and digital ways of distributing content, that when we sit down with them again to talk about the future we may be in a situation where we can deliver something.

Q242 Chairman: But nothing can happen before 2009.

Mr Coles: A commercial contract has been signed. I cannot see that going back.

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Q243 Chairman: We seem to have your pledge that you are going to be fighting it quite hard when it comes to that.

Mr Coles: We will. We have an obligation to licence fee payers for all significant sports rights, to look at them and to try and secure some of that action for the BBC.

Q244 Baroness Howe of Idlicote: You have given instances of the various occasions that you have bid for and achieved. How do you define what is a crucial or a major sporting event? What are your tests for arriving at that conclusion?

Mr Mosey: Some of it is simply numerical. We know that the Olympic Games and the World Cup will get big audiences. If you take Wimbledon, the importance of Wimbledon as a cultural phenomenon as well as a sporting phenomenon to the UK is obvious and Wimbledon has been the premier tennis tournament in the world, it is something that the BBC would want to deliver to terrestrial audiences. We are undertaking a major piece of work at the moment as part of a programme strategy review at the BBC which is assessing which sports we think are developing and which sports maybe need a bit of refreshment so that we can provide a portfolio which is balanced and balances major events and some minority sports as best we can.

Q245 Baroness Howe of Idlicote: In terms of developing sport, how crucial in coming to your conclusions is the fact that the younger generation may not be interested in sport at the moment? Sport generally is now coming back on to the agenda. It is now even popular to encourage schools to play sport when at one stage it was not at all, it was too competitive and so on. Your role there as a public service broadcaster is in actually engaging with young people as well as those who are already into various games. How crucial is that in your definition of crucial?

Mr Coles: It is absolutely critical. We do feel we have an obligation to showcase not just the biggest, grandest events but also the more minority public service sports which are struggling to get visibility in an increasingly polarised sports marketplace. What I have found in the last five years is that the funding that is available from broadcasters and from other investors in sport is increasingly focusing on the big events and that is primarily about football but also the big rugby events and the cricket events. There is a polarisation going on at the moment. A lot of sports are going to be left behind. I feel the BBC has a responsibility, through the Olympics coverage, through the Commonwealth Games coverage, through the *Grandstand* coverage, to continue to serve those sports as well. However, that is within the constraints of where we operate and within the two

linear channels in which we operate where clearly they are multi-genre channels and we have to compete for the air space against current affairs, religion, drama and comedy. We cannot have it all, but we certainly do like to punch our weight in to ensure that we are delivering to those sports as well as to the big sports.

Q246 Baroness Howe of Idlicote: How important will the new technical development be in selling sport? I am thinking of high definition television and so on because that could be quite crucial in the cost aspects of what you are doing. You have described the method of how you are bidding and getting into the marketplace and so on. Could you give us some idea of just how the pattern might change year-on-year and what the actual spend is? In one year you might be bottom of the league with all the other competing pressures.

Mr Coles: The advantage of running a five-year rolling budget is that it allows us, almost uniquely in the BBC, to plan ahead by up to five years or even further in respect of the World Cup in 2014, for example, which is a great advantage to have. It means that we can take on contractual commitments which give us certainty. In terms of building the blocks that deliver the overall BBC portfolio and delivers to the licence fee, we can build those with quite a lot of certainty and security.

Q247 Baroness Howe of Idlicote: Let us say we were looking at a graph. How would it look?

Mr Coles: Crudely, in terms of our spend, in the even years when you have the Olympics, you have the World Cups and you have the European Championship football you spend a lot more than you do in the odd years when you do not have those major events because clearly the major events cost a lot more money and commit a lot more resource to those summer big moments.

Q248 Chairman: Can you put some figures on it?

Mr Coles: It adds around £80 to £100 million a year in terms of the step up in a major event year. When you have got the Olympics and the World Cup that is going to significantly increase your spend across sport.

Q249 Chairman: What would the average be?

Mr Coles: You are going up from between £250 and £300 million to £350 to £400 million.

Q250 Chairman: A year?

Mr Coles: Yes. So you are looking at going up by 25 per cent in a major events year and then coming down by 25 per cent when you fall out of that into an odd year. In terms of a graph of where the BBC spend has gone, certainly since I have been in BBC Sport

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and certainly during Greg Dyke's time as Director General, he recognised that we were struggling at the time to compete for major sport and he invested a lot more money into sport than traditionally had been invested and that has been sustained, so we have been funded quite well.

Q251 Bishop of Manchester: The Governors recently endorsed the plan for the removal of your department up North. I am not here to promote or demote the significance of that for the City of Manchester and the City of Salford. What I would like to explore is the significance of that for your department. Were you properly consulted? From your point of view what are the pros and cons? In the end will it produce an even better department? It seems to me quite a crucial time in the history of the broadcasting of sport in this country to be making what clearly will be quite a major physical move at any rate.

Mr Mosey: I should say that I come from Bradford and so it is moving to the wrong side of the Pennines. I think it is vitally important that the BBC spends its money around the UK and invests in the creative industries around the UK. I have no doubt at all the BBC should be in significant mass in centres outside London. I personally think that Manchester gives us a chance to revise some of the ways we work, to have a new creative environment and also to support local industries and local creativity in the North West and across the North generally.

Q252 Bishop of Manchester: So some of the rumours that one has picked up from within the BBC and particularly within the department that this is disastrous news is not shared by you?

Mr Mosey: No. There are mixed feelings about moving to Manchester. Clearly people have homes and families and social networks in London and therefore it is a significant move for people to think about going 200 miles north, I absolutely accept that. I think you have to ask the question the other way round, which is should the BBC spend so much as a proportion of its money in London forever? I think you have to make significant commitments to the regions of the UK.

Q253 Lord King of Bridgwater: How many people is it?

Mr Mosey: It is a total of between 1,500 and 2,000.

Mr Coles: Five hundred will be BBC Sport.

Q254 Baroness Gibson of Market Rasen: How are you dealing with this in people terms? You have said it is a major thing for someone to be asked to move somewhere else. Are you offering packages?

Mr Mosey: First of all, on the timescale, we will not make a final decision about Manchester until after we know about the licence fee settlement, so that will probably be some time in April or May of next year. The plan is that we move to Manchester in 2010, so we will have a four-year transition for our staff in which we will ask whether they do or do not want to move to Manchester, offering relocation packages if they do want to move and if they do not want to move there will be deals available to them or relocation within the rest of the BBC.

Q255 Chairman: Why is it going to cost more or is sport not going to cost more in Manchester because the whole move looks as though it is going to cost more year-on-year-on-year? I do not understand why that should be the case.

Mr Mosey: These are issues you may want to pick up when you talk to the Director General and the Chairman. I think you have to make an investment in the regions in order to deliver a building that is fit for purpose. We should not under-estimate the fact that any building that has got to have a significant broadcasting infrastructure is quite expensive and actually, if we are dealing properly with people, some of the relocation costs are also significant. I think there is a net spend in the first years of the Manchester project with savings further down the line.

Q256 Chairman: Do you envisage savings further down the line? After what period?

Mr Mosey: Over a 25-year period.

Chairman: That is ambitious!

Q257 Bishop of Manchester: What about the opportunities that a hub presents? Do you see that there will be values to be gained from being alongside ITV and other independent producers or will that not affect the sports department?

Mr Mosey: I think it is important that the BBC is part of a community. We would hope that independent producers might consider moving to Manchester and that there might be a media village. We have discussed, for instance if we have a big studio, whether the big studio might be available for other forms of arts and recreation. Also, I like the idea that we should have a degree of public access and public visibility. As you will know if you have seen the open centres we have in Hull and in Blackburn, getting the public involved in broadcasting is an absolutely fundamental role that the BBC should do.

Q258 Lord Holme of Cheltenham: I would like to ask about listed events. As I understand it the purpose of listing is to give you and other terrestrial broadcasters—or is it other public service broadcasters or is it other analogue broadcasters—a

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first crack and a protected zone which one could well argue is in the interests of the licence payer and the viewer. Is that going to survive into the digital age which we have heard so much about? Is that system going to work? How will it work?

Mr Mosey: I think there is some misapprehension about the switch-off of analogue and the effect on listed events. I see it essentially as free-to-air versus pay TV. BBC One in a digital era will still be available to 100 per cent of the population. Subscription television services obviously put a significant barrier for people on low incomes or people who are casual viewers. I think it is £408 a year for the most basic subscription package that includes sports channels. There are people who cannot afford to pay that on top of the licence fee. The second thing, of course, is there are sports events that bring in casual viewers. You may not want to watch of the whole of the Ashes series but you may want to come in for the final day of the Fourth Test and the climatic Fifth Test and that is really a dilemma for people, about whether they have to pay to buy a whole year of sports broadcasting when really a terrestrial broadcaster or a free-to-air broadcaster can bring them in for those major sporting moments.

Q259 Lord Holme of Cheltenham: Do you think more events should be listed?

Mr Mosey: I think in a way this is a debate for within the industry and we are keen to take part in that debate. My personal view is that I think it is odd that no cricket at all is listed. If you look at the DCMS letter in 1998/99, there was an assumption that cricket would still be available in some form on terrestrial television. The fact that no cricket is available is an interesting question for debate going forward about should some cricket be listed.

Q260 Lord Peston: I want to take us back a bit to the economics of this which Lord Kalms also raised. If you take the 24 million who watched England versus Portugal, you could argue that, even if some of them are casual, the marginal utility as a minimum is £1 for each of them, so you are talking £24 million-worth of value. That would be a very considerable underestimate. Does that not lead us to the view that in the new age it would be a good idea for you, in addition to the licence fee, to have a kind of system where you could buy in for quite low sums, it would be affordable for poor people, some of these events? Sky is actually—if you are as devoted to football as I am—incredibly cheap, although it is not the same as going to the match. Being at the match is an infinitely better experience in my view than watching on TV. You can get the Sky Premium service for £50. Even if it includes rubbish quite a lot of the time, it is still £50 for over 50 matches. Going to Highbury costs £50 just for one match. Do we not have to look again at

all sorts of events and see how the BBC in the digital age could have a different access approach as well as lots of free-to-air? I speak as someone totally devoted to the licence fee, but the fact is that if that were worth £20 million, you are not going to take £20 million out of your licence fee income to buy that, are you, yet in economic terms you ought to?

Mr Mosey: If you pay for the licence fee our belief is you should get a mix of genres for the licence fee.

Q261 Lord Peston: We are not arguing with that.

Mr Mosey: If you are saying that the most watched football match in the last three or four years should be subscription, in that case should the Shakespeare retold programme on Monday night be subscription or a major movie at Christmas be subscription? What you can see is a model where bringing in the major national events as part of the licence fee feels philosophically right, but putting an extra tax on something just because it is the big moment of Euro 2004 I would not feel comfortable about.

Q262 Lord Peston: So you would be totally opposed to any additional form of BBC financing for some of these things? I understand the argument if you are. I would just like to know whether you are.

Mr Mosey: Yes.

Mr Coles: That fantastic audience for the Portugal versus England match happened during Euro 2004, which was a listed event and we secured those rights alongside ITV for a price which was fairly reasonable, as we are required to do within the legislation, but without the protection of that legislation it is arguable whether we could have competed. At the end of the day, as I mentioned much earlier, we have to look at how we commit our portfolio of sports funding to which sports and the relative weighting we give is calculated by that measure I mentioned, the cost per viewer hour. If you are getting 24 million viewers then the amount you are prepared to commit for that particular area because of the fantastic audience draw will be higher and that is where you skew your budget. You are absolutely right to point out that, outside of listed events, we would struggle and that is where we do struggle because the amount that Sky pay on a per match basis for the Premier League is way beyond the audience generating capability for a terrestrial broadcaster.

Q263 Lord Maxton: It is the breadth of coverage that you simply cannot provide at the present time. I am a rugby fan. Over the Heineken Cup weekend, as a subscriber to Sky I can watch six rugby matches over three days and then a highlights programme at the end of that, so that is seven programmes. I also would have gone and watched a live rugby match on the Saturday afternoon as well. It is impossible for

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you at the present time, even if you had the rights, to give that sort of coverage because you just cannot compete. It is not a matter of competing for the money, it is a matter of competing for the genres that you have to do. Therefore, is it not time the BBC, instead of looking at BBC Three and Four, if they are looking at a new channel, looked at a sports channel dedicated entirely to sport, where they can show live matches and they can show that wonderful archive of sporting moments that you have?

Mr Mosey: The upside of the present system is that when we do show rugby, and we show it on BBC One or Two, we bring it to the biggest audiences who watch rugby. On the PowerGen Cup which we have acquired this year, we are streaming some PowerGen matches on the internet, but they are also available on digital channels, including BBC Two Wales which is seen across the UK or by subscribers. Over time channels may be eroded by the amount of choice you can give through broadband and interactivity. If you take the Olympics, we have provided up to eight streams of Olympics sport through interactive television which is equivalent to eight old fashioned channels. In terms of delivering choice to viewers and listeners, using digital technology to expand when you need it and then to contract on a Wednesday morning when you do not, for example, may be the way we should be going in future.

Q264 Lord Maxton: Are you looking at your sporting archive material and putting it on the web so that people can look at England winning the World Cup whenever they wanted and however often they wanted?

Mr Mosey: Yes. The BBC is looking at the question of how we do our archive generally, both the creative archive and making the archive available. We are looking at ways we can give people a choice of archive material on the internet.

Q265 Lord Peston: Is a minority sport a sport that many people are not interested in watching or is it a sport that many people are not interested in doing? Secondly, I am interested in the decision-making process. Is it you two who say pigeon racing is a minority sport and you do not think it is show-able and therefore you are not showing it? Is there a list of minority sports and you two have a meeting once a month to say, "Is there one here that we ought to be showing?" What goes on?

Mr Mosey: I think it is a very good point about levels of interest in various sports. I would hope that as we go to the Olympics the BBC would have a commitment, at least on the internet, to every single Olympic sport and that we would provide at least news and results and coverage of Olympic sports. Part of the programme strategy review we are doing at the moment is to assess which sports we think are

developing. For instance, we have figures that MotoGP is a sport which is up about 10 per cent year-on-year.

Q266 Lord Peston: What is it?

Mr Mosey: It is Motorcycle GP.

Mr Coles: It is the equivalent of Formula One but for motorbikes.

Mr Mosey: It is all sorts of people racing round on motorbikes in places like Dubai and so on and it is very popular. It is increasing about 10 per cent year-on-year. Other sports are struggling a bit more. What we try to do is assess our level of coverage based on audience response underpinned by a public service commitment. I think a commitment to minority sports going towards the Olympics will be part of the public service commitment. What I would hope is there will be some sports who will have their big chance between now and 2012 to get themselves onto the British sporting landscape and we would like to support them in doing that.

Q267 Chairman: Surely some minority sports, like pigeon racing, do not lend themselves particularly to television, do they?

Mr Mosey: It is an interesting debate. The pigeon fanciers may not think that.

Q268 Lord Maxton: Let me give you a better example. Squash is a widely played game by a lot of people but it is not a televised sport. You cannot really watch squash on television very well. I cannot because I cannot see the ball. I cannot see the ball when I play!

Mr Coles: There are sports that are more difficult to cover. Using squash as an example, there has been a lot of technological advancements particularly in terms of the fact that the courts are now completely transparent and the balls are now coloured in a way which is ideal for the cameras to pick them up if not the players. It does mean that with the advancements of technology you can address some of the issues. There is absolutely no doubt that it is not the same as football.

Q269 Baroness Howe of Idlicote: Minority sport, what does it cover? For example, does it cover some of the sedentary sports, chess, bridge, the sort of things perhaps that the disabled might be able to play quite apart from watching or indeed the elderly who are veering towards the disabled? What is the approach there? Thinking again of the use of encouraging sport back into learning processes and so on, you could get a lot of interested people, skilled people, perhaps going back into schools and starting the whole business of clubs. Is it a sport?

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Mr Mosey: I think the definition is one which is a matter of intense debate. Evan Harris, the Liberal Democrat MP, is passionate about chess as a sport. Some people do not think that snooker and darts are proper sports. The debate about what is a sport is a tricky one. I think from our point of view we are committed. There are some things which the BBC covers which I do not think any other broadcaster in the world would cover in the way we do, eg the Paralympics for which we recently one an award, we did European wheelchair rugby on *Grandstand* recently and we have done wheelchair basketball. There are sports which we do think we have a role in supporting outside a normal commercial judgment on our sports generally.

Q270 Baroness Howe of Idlicote: How would chess qualify? Would it be current affairs? What would it be under if it is not sport?

Mr Mosey: Chess is the most troubling anomaly about what a sport is and what it is not. One of the biggest growths on multi-channel television has been card games and poker. They tend now to have commercial applications alongside them. Should the BBC support poker? I am not really sure. Should we be support chess? We probably should. That sort of thing we will debate.

Q271 Baroness Gibson of Market Rasen: If darts is not a sport, what is it?

Mr Mosey: I think darts we do categorise as a sport and we are committed to the World Championships. We had darts from Bridlington on *Grandstand* a couple of weeks back.

Q272 Chairman: You never quite know what is going to work and what is not. Twenty years ago I would not have given much for darts appearing on television or snooker, but they both appear to be very popular now.

Mr Coles: It is also about what audience you are delivering to and what audience you want to appeal to. We devoted whole weekends to extreme sports and we knew that they would not rate with our core *Grandstand* audience, but we felt it was important to bring extreme sports to a terrestrial station to appeal to a much younger audience who otherwise play on their Playstations or on the internet or whatever.

Q273 Bishop of Manchester: Understandably, this morning we have been talking almost entirely about television but it is important not to forget radio. I do need to ask you if you feel that the present coverage within radio is as you wanted and, if not, what plans for expansion do you have or indeed what opportunities for expansion are there?

Mr Mosey: I am a former controller of Radio Five Live. Radio Five Live has been one of the most conspicuous successes of the BBC innovation in bringing in fresh audiences in the last 11 years it has been going. The big development for us in the past three or four years has been the growth of Five Live Sports Extra which has enabled us to cover more minority sports. I am a Rugby League fan. Rugby League is difficult to schedule nationally sometimes because it obviously has an appeal in the heartlands of northern England and Sports Extra has been able to cover some Rugby League that would not make it on to Five Live, some of the big games like the Charity Cup Final. I think that sense of digital technology offering people more choice is the way that we would like to go. The big events are becoming bigger and they should have a home on BBC One. For minority sports and for niche sports the ability to give broadband streaming, audio commentary, web news, is the way we would like to go forward.

Q274 Bishop of Manchester: Have you any information about audience figures? We have talked about audience figures on television. What about radio? Those who listen in to sport, are they up or down?

Mr Mosey: Five Live has grown pretty much consistently since its launch. Its latest audience figures were about 6.1 or 6.2 million a week and probably 3 or 4 million of those listen to the major sports programmes, so they are healthy. Five Live Sports Extra, we are seeing growing year-on-year.

Q275 Lord King of Bridgwater: In all sport now, since becoming much more professional, the people playing them are demanding huge salaries and it is all about seeing what footballers get and it has moved into rugby and into cricket. This puts great pressure on governing bodies to raise funds, the combination of that upwards pressure of people desperate to get the funds to maintain their clubs and keep their teams going coupled with the commercial competitors you have. The sports budget of the BBC is going to have to grow significantly faster than any possible increase in the licence fee or anything else and you are going to be looking for a bigger and bigger share of the BBC's budget. Is that understood by the governing body?

Mr Mosey: I hope so. The fact is that the BBC has to allocate funds recognising its range of commitments to drama, the arts, culture and so on. There is a clear worry that some sports rights are not solely and hugely in a cost. We feel we have the support of the Chairman, the Director General and the Management Committee of the BBC to the importance of sport. Does that mean we can spend any amount of money we want? Obviously not.

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Q276 Lord King of Bridgwater: The inflation index for sports broadcasting is going to be significantly higher than the other cost elements in the BBC budget.

Mr Coles: Absolutely. Sports super inflation has been prevailing now for a number of years. That was affected by an increase in our funding back in 2000–01 when Greg Dyke came on board. What we have done is given a commitment under the current Charter of negotiations to try and absorb as much as possible that super inflation. That does mean, through re-privatisation, our portfolio of sport rights we have described may have to be tweaked, may have to be mixed. I do believe our funding is adequate for us to remain competitive because it is not just about the money we give these major sports, we also give those very highly paid participants profile and their own image rights are very valuable to them, particularly those in football, rugby and cricket and the absence of that, if they do get in some ways shunted across into a walled garden which is a subscription service, the loss of the eyeballs on their own image rights will deflate their own value. This is why we need rights holders to appreciate the fact that it is a balance. It is not just about pure rights fees but what other things broadcasters can bring to their sports. At the end of the day the reason listed events legislation is there is because often it is very difficult for a rights holder who is looking at the short term to take a longer-term view about the impact of taking sports away from the BBC on the visibility, on their future fan base and on the long-term impact it will have on the image rights of their participants.

Q277 Baroness Gibson of Market Rasen: Ofcom can fine non-BBC broadcasters if they think there is anything wrong with the information they are giving etc. The BBC is exempt from this. Why should that remain the case?

Mr Coles: I am not clear that has any impact on our regulation because we have a very close dialogue with Ofcom. At the request of Talk Sport, they recently looked at our Radio 5 Live FA Cup contract and exonerated us from any impropriety. I do not think any regulatory exclusions impact on the way we conform to regulations and the regulatory environment in which we operate.

Q278 Baroness Gibson of Market Rasen: If you were to include it therefore it would not make much difference?

Mr Coles: I am not close enough to this particular point to answer with any degree of confidence.

Q279 Lord Maxton: Can I ask about the link between sports broadcasting rights and sponsorship rights of sporting events? I know of one golfing event in Scotland which you do not cover but it lost sponsorship because it went to a satellite channel. Do your negotiations involve the sponsors?

Mr Coles: Absolutely, because this is one of our competitive advantages and it obviously has a long term impact on sponsor values. Unfortunately though, if you look at the escalation in the value of sports rights compared to the sponsorship value of the sport, you are still only talking about 10 or 20 per cent for sponsorship compared to 80 per cent of the income they are receiving from rights fees. Although you are right to point out that it is a competitive advantage for us which we should and do exploit, it still comes under rights fees and still requires the rights holders to believe in the BBC.

Q280 Baroness Howe of Idlicote: Taking your answer to my question about minority sport, I thought there was a degree of evasion about the answers. Am I right in thinking that what you define as a sport is what becomes a sport and it may be based on growth in something or because you are hearing it is likely to be popular. Your answer gave me the impression that you were not prepared to say that any one form of sedentary sport enjoyed increasingly by a number of people was or was not sport.

Mr Mosey: I am sorry if I gave that impression. We have some difficulties with the term “minority sports” anyway in that technically every sport is watched by a minority in the UK so therefore anything, apart obviously from the World Cup final, is a minority sport. I recognise chess is a particular anomaly but the important thing is that the BBC supports and is committed to a wide range of activities which would include chess.

Q281 Baroness Howe of Idlicote: But not bridge?

Mr Coles: I am actively discussing with our Russian colleagues setting up a chess league between the UK and Russia which we would then broadcast, if not on our terrestrial channels, at least on our interactive and broadband. Our Russian partners are very keen on exploring this.

Baroness Howe of Idlicote: If chess, why not bridge?

Lord Peston: Bridge is not a sport.

Chairman: Thank you very much for coming. It was a very interesting and valuable first session on sport. Perhaps we could come back to you if we have further questions.

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Examination of Witness

Witness: Ms SUE CAMPBELL, CBE, Chair, UK Sport, examined.

Q282 Chairman: Thank you very much for coming. We have already produced a report on the agenda of the BBC and we are now going into a number of other areas in more depth. One of those is sport. I think you heard some of the evidence that the BBC were giving and I wonder if you could start by giving us a brief summary of what UK Sport aims to do.

Ms Campbell: I can try. We have three main objectives. Our first is we are responsible for what we call world class success. In other words, we take responsibility for the preparation and development of Olympic and Paralympic athletes moving towards the Olympic and Paralympic Games over each four year cycle. That involves supporting the athletes with funding and all of those things around the athlete: the coach, the sports science, the sports medicine, everything that is required to ensure that our athletes can compete against the best in the world on equal terms. The second area of work is what we call world class standards. We are responsible for all the drug testing on all sports across the United Kingdom and we are also responsible for drugs education. We have a campaign called 100 per cent me in which those athletes, particularly high profile athletes, who are determined to keep sport clean are our role models. We are advocating education and support for young athletes to make sure that people do not end up in a situation where they are taking drugs because of poor advice or poor information. The third area is we are the UK government's arm in international sport development. We call that worldwide impact and our job is to ensure that the representatives of this country are on international sport federations, are properly supported and that we attract major events to this country. Once they become mega events like the Olympics or the Commonwealth Games, they are a matter for government. In the last seven years, we have brought over 100 world or European events to the UK which gives our athletes home advantage and which sports can use to drive participation in their sports.

Q283 Chairman: How does the BBC impinge on you? Do you work with the BBC? How does the BBC come into your life?

Ms Campbell: We have a number of ways that we work with the BBC. Probably the one that is best known is the sports summit that we have done with the BBC. That was done both with Sport England and ourselves at UK Sport and the BBC. It was an opportunity for us all to do some active listening to the people who are out there doing sport at the grass roots level. It was an opportunity to get some new, innovative thinking about sports policy, about the

way we are implementing strategies on the ground. It was very successful. It is not something we do annually. We have done it biannually and that was a very good piece of collaborative work. It was not just a talk shop. People did leave very clearly with pledges and commitments to action and many of those have been followed up. It did have a significant impact on behaviour as well as on consultation. In terms of our relationship generally with the BBC, we are both public sector bodies in the sense that we are there to ensure success in the sporting arena and our remit is not only to ensure success but to make sure that success cascades down to greater participation. That relationship with the BBC and our ability to broadcast and promote that to many millions of young people is critical to us, so I would say we have a good relationship with the BBC.

Q284 Chairman: There are a lot of national broadcasters these days. Is it still necessary for the BBC to retain events of national importance like the Olympics?

Ms Campbell: We believe very strongly that it is. We believe winning the 2012 Olympics will be a profound moment for sport in this country. It is an opportunity for us to really demonstrate the power of sport to affect so many other agendas beyond just the sporting agenda, particularly its impact on education, on community cohesion and on health. It has the power to change many things. We are very eager that the 2012 Olympics is not just a wonderful festival for a number of days in London in 2012 but over the next six or seven years and beyond 2012 we use the opportunity to really galvanise the nation. The BBC's ability to reach people freely in large numbers has to be something that we all need to exploit to maximise this fantastic opportunity.

Q285 Chairman: You would not get that same advantage by definition with pay for television?

Ms Campbell: We feel that the route would not be the same. Please do not ask me those tough questions about minority sport. You had a very important conversation about minority sports. There are some sports that would be viewed as minority in terms of audience but would not be minority in terms of participation. Of the sports going into the Olympics, many do not get significant TV time. This could be an opportunity to both widen the range of opportunity and to get more people interested in those sports.

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Q286 Chairman: What kind of sports?

Ms Campbell: There is slender coverage for sports like volleyball and basketball. Gymnastics gets a little bit of coverage but if you look at the 26 sports, one of our challenges to the BBC going forward was how we widen that menu of sports that they cover because I think it is critical. They are our public broadcasting body. They must find a niche where others will not go and I think they have the potential to provide a wider vision of sport for young people and perhaps to translate that into a stronger educational push for young people. We are very keen to encourage them to widen that remit.

Q287 Lord Maxton: I would like you at some point to define what you mean by “a sport”. What is your linkage between yourselves and other sports bodies, the Sports Council in Scotland, Sport England and Sport Scotland, and presumably Sport Wales and Sport Ireland, because it seems to me you do not have any role in what you have just said in terms of participation in sport at the grass roots level. Would I be right in saying that?

Ms Campbell: Yes. We have now in England three distinct bodies that are supporting the delivery of the bigger agenda. We have an organisation called the Youth Sport Trust supporting the delivery of the new PE and school sport national strategy which the government is now putting £250 million a year into. It is about galvanising school participation in school sport. We have Sport England and its equivalents in Wales, Scotland and Northern Ireland that pick up, if you like, from the school gates and are responsible for all of that community sport, whether it is the development of clubs and coaches or using sport for intervention purposes in communities for community cohesion or health intervention strategies. They take responsibility for that. Then, UK Sport picks up those athletes that come out of the national programmes into the British, UK programmes. We are responsible for those athletes that are going to compete wearing the GB vest.

Q288 Lord Maxton: At the Commonwealth Games you will not be covering Scotland?

Ms Campbell: No. Scotland, Northern Ireland, Wales and England all have representatives on our board. We work very closely with them on that level just below that, so that would be the Commonwealth Games level, before they step into GB. Our aspiration would be that they all produce very strong Commonwealth Games teams and our job is to make sure they are all as strong as they can be, but they would all state that one of their major objectives of their own performance strategies is to get as many people into the GB teams as they can. Scotland, Wales and Northern Ireland are very

committed to working jointly with us and we have very good relationships with them.

Q289 Lord Maxton: My concern is participation. There may come a time when all sport is available to all people but at the moment it is widely available to the BBC.

Ms Campbell: One of the things we have not exploited well enough—and this is our responsibility; I know people talk about these schemes but we have probably not consistently delivered them—is the potential of elite athletes as role models in our communities, working much more effectively. We have been working on a scheme called Changing Lives. One of the other things that is very clear to us is, as elite athletes come off what are now sponsored by state investment programmes, where they have perhaps had eight years investment from us for athlete support grants, they step in and the moment they step out of sport they step into a vacuum unless they have some other career that they have been developing in parallel which we try to encourage them to do. We started a scheme where those athletes that retired from Athens have had the opportunity to work with us for a year, where half their time is spent going into schools for us and half their time is spent helping them develop vocational and educational job opportunities.

Q290 Lord Maxton: How do you do that with premier league football? Have you a similar scheme for taking the big name footballers out of Chelsea and Arsenal and putting them into schools?

Ms Campbell: We have not been responsible for the soccer, rugby union, tennis elite programmes to this point. The Secretary of State announced in September that as of 1 April next year we will take responsibility for all elite sport and that will mean we will look to work with premier league, people at the LTA, cricket and rugby union to see where we can support and add value to some of the work that they are doing and to see if we can share some of the good work they are doing with other sports and the good work other sports are doing with them. We still have a lot to do.

Chairman: We are concentrating very much on the BBC.

Q291 Lord King of Bridgwater: You were listening to the evidence and you heard my question about cost inflation of trying to cover sport. You have a budget of 29 million?

Ms Campbell: We have 50 million a year, 29 million from the Exchequer and the rest from the Lottery.

Q292 Lord King of Bridgwater: For instance, on cricket, the concern is that being denied terrestrial television will stop a lot of young people from

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getting the interest in cricket that they might. You will be promoting young people in terms of youth teams in cricket and other sports you want people to be interested in. Have you considered putting money into supporting the BBC in their bidding to try and get some terrestrial coverage which would be in line with your objectives as set down in the statute?

Ms Campbell: We are extremely challenged to achieve our objectives using the 50 million we have and it depends where you put your priorities. I would suggest that the four home country sports councils, whose primary responsibility is to increase participation in the wider sense, might consider it. In terms of our budget, to do what we are doing, we are going to be extremely pressured between now and 2012 to produce the level of performance we want to.

Q293 Lord King of Bridgwater: It is a question of duplication. Your description of what you are doing for the Olympics is exactly what Lord Moynihan has told us his British Olympic Committee are doing in making sure that we have the athletes and everybody ready to perform. There was recently some comment about a survey that you are doing on various matters. Is that right?

Ms Campbell: We are the body that receives all the public sector investment that goes into elite sport. The British Olympic Association funds itself essentially through sponsorship and commercial investment. Any public sector investment, any money directly from the Exchequer or any money from the Lottery will be going through UK Sport and it is UK Sport that is both leading and developing the planning of that process.

Q294 Lord King of Bridgwater: There is duplication, is there not?

Ms Campbell: I think it is a partnership. I do not think it is duplication. What BOA does extremely well is support the team in its holding camp prior to the Games and looks after the team after the Games. Our job is to take care of the athletes over the four years before they go to the Games.

Q295 Chairman: Did the fact that the BBC was given such active and positive support for the Olympics bid have quite an impact on the decision?

Ms Campbell: The BBC is very highly regarded by the IOC. It has given it an award for its coverage in Sydney. Between the Olympics and Paralympics, virtually every other broadcaster exited but the BBC was there and did an outstanding job on the Paralympics. Its commitment to this bid was very important, yes. The work that Lord Coe did was outstanding and one of the strengths of what he did

was he made all of us play team sport for the first time and the BBC were part of that team.

Q296 Lord Kalms: Can you tell me a little bit about your organisation? How big an organisation is it? How many people? What is the structure? You get this allocation from the National Lottery of 21 million. Is it a block grant to you or is it a conditional grant? Do they suggest how you distribute their block allocation to you?

Ms Campbell: On the organisation, I went in as the reform chair two years ago. We are now down to 70 staff, working in those three areas of work. We had a lot more than that. A great deal of our time is spent out with the governing bodies of sport, helping them with the development of their performance requirements. We put considerable investment into coaching, into our elite coach programme. We are developing sports scientists for the future and we are nurturing new sports medics who can work to support our athletes through injury. We work very closely with the home country institutes in sport. They provide all the service delivery, all those services around sports science and medicine. Our structure is that we have a board made up of the home country chairs and independent, individual members. Below that we have the three sections working both across the UK in terms of making sure we have collaborative working in the home countries and with the governing bodies, making sure we deliver.

Q297 Lord Kalms: Is the allocation you get from the National Lottery conditional or is it entirely up to you to allocate?

Ms Campbell: The DCMS would say we have a very clear agreement with them about what our priorities are. Those priorities are in those three areas that I have talked about. We get a percentage of the lottery as a right at the moment and how we use that percentage is against that mission and that programme. We have a very good relationship with the lottery. The BBC have an important role here. We have been able to promote to the public very clearly that it is lottery investment that supports those elite athletes. A lot of those interviews done on BBC television talking about the impact of lottery investment have unquestionably helped support lottery programmes.

Q298 Bishop of Manchester: You spoke about the significance of the coverage by the BBC at Sydney as being influential in the decision by the IOC to choose London. Presumably therefore there are high expectations of the BBC's coverage for the forthcoming Olympics. Does it worry you at all that the BBC sports department is to move in what might be regarded as a fairly crucial phase? We were

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hearing this morning that the intention was that they should move and be in place in 2010. Bearing in mind that such projections are not always what turn out to be the case, do you feel that this is a matter of concern to you or are you sufficiently confident in the ability of the BBC to be able to do very good coverage, wherever it happens to be, even if it is in between venues at the time?

Ms Campbell: We have every confidence that when the BBC covers something it does an extremely good job. It did a tremendous job from Sydney and Athens. I heard them talk earlier about some of the work they did, for example, on the Paralympic World Cup which is a new event happening in Manchester. To be honest, if the BBC had not supported that, we would not have got the sponsor or the event and it would not have been the enormous success it has been. We are confident that where they sit, in terms of their headquarters, should not influence their outside broadcast ability. Most of their outside broadcasts do not happen in London. To a large extent, one of the great messages that Lord Coe is very keen to project is that this is not a London Olympics. This is an Olympics for the United Kingdom. In some ways, you could argue it is a good thing that there is some dispersal of the organisation.

Q299 *Baroness O'Neill of Bengarve:* You are a great fan of the BBC but you heard our earlier discussion about the system of bidding for sports rights. Do you have general comments on the way in which that bidding works? Does it concern you when the BBC fails to win or does it concern you when they bid against other terrestrial broadcasters and the price goes up?

Ms Campbell: The rights holders, which largely are the governing bodies of sport, are caught between maximising audience and maximising income. For those sports that use much of that income they get in grass roots development, it becomes a critical decision. All of us feel that there is overall insufficient investment in sport in the United Kingdom. Therefore, the governing bodies get a certain amount from Sport England, Wales, Scotland and Ireland and ourselves. They are constantly wanting to do more, particularly around grass roots development. Sometimes that ability to sell the jewel in their crown in order to generate money to invest in grass roots is a judgment call they have to make and I think it is a very difficult one for them at times. We are eager that there is a balance between supporting what is the growth of commerciality in sport, which brings with it many problems but many bonuses too, and ensuring that we do provide the showcase that we want to encourage and engage lots of people of all ages and aspirations in sport. I would not say we rejoice one

way or the other. For us, it is a balancing act all the time about trying to get those two right. Does it always turn out the way we would like? Probably not. We do not intervene. It is very much for the governing bodies and the rights holders to do their own negotiation.

Q300 *Lord Peston:* Did I hear you say in answer to Lord King that your total annual expenditure is about 50 million?

Ms Campbell: Yes.

Q301 *Lord Peston:* You said just now that we do not invest enough in sport. My guess is that Chelsea's wage bill annually is about the same 50 million. One then asks where should the money be coming from. Sport obviously has values in many different ways but one is that competitive sport, especially successful competitive sport, is enormously important in developing a sense of national identity. Is there not, on the whole question of who has access to seeing sport, a fundamental matter of getting that access in order to promote that sense of national identity? I am not clear what UK Sport does that enables them to get involved with that sort of thing. I have heard your view which is very supportive of the BBC. The BBC is one of our few institutions that is the best in the world by a long way, but are you able to put pressure on those bodies to say, "We know the balancing problems but really your duty is to this country and that is what you have to make sure it becomes available to"? Could you imagine, for example, if the England football team could not be watched by most people in this country? It would be an extraordinary state of affairs.

Ms Campbell: Our leverage—I can probably speak for all the sports councils here—varies with different sports. The four big sports that can generate significant commercial income—soccer, cricket, rugby and tennis—generate significant sums both from sponsorship and from television rights. We as public sector investors can make not a huge difference to their bottom or top line. Our ability to lead a change there is very much more about influence. There is a whole raft of sports who are very dependent on public sector investment both at grass roots and elite level: rowing, sailing, cycling, equestrian. Our ability to support and lever decisions there is much stronger and I think you will find that we have done that very successfully. Our ability to lever the decisions with those sports is very limited, except through influence. We have to recognise that soccer is very different virtually from everything else in terms of the industry that it is. It is different in the way it conducts its business, in the way it runs its board rooms and the amount of money that is there to be used. It is independently

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run. The premier league runs the premier league. The FA, as you know, is responsible for the England team and there are some real challenges there in terms of the governance issues that face that sport.

Q302 Lord Peston: Do you feel it is part of your job to speak out on these matters?

Ms Campbell: When, from 1 April, we are responsible for those sports I will be having discussions with them about some of these issues. Would I speak out publicly against them if I was working in partnership with them? No. I would work with them very closely to see if we can make decisions in the best interests of sport in this country.

Q303 Chairman: Do the football bodies operate in a team in the same way that you were talking about a team previously?

Ms Campbell: Dave Richards, who is the chairman of the premier league, was present in Singapore and played his part. Soccer speaks to nations around the world. He and his colleagues did a very good job in supporting the bid in the best way that they could across their own networks. They are very influential networks across the world.

Q304 Baroness Howe of Idlicote: On the business of crucial and significant, I think you were here when Lord Holme was asking that question of the BBC. I just wondered what you thought of how they approach this whole business of choosing what is significant and crucial and whether you agree with that or whether you could add anything.

Ms Campbell: In terms of the sports, any television coverage is crucial because it can add massive value. It might not be crucial to the BBC but it most certainly is crucial to sport. It is this balance between providing a wide magazine type opportunity for people as described to go into different activities and sports, where we can excite different people's interests, which is obviously a huge part of the role that we would want the public broadcast body to play; and at the same time being able to capture the audiences to justify some of the outside broadcast costs they end up incurring. That is the reality for them. We talk about covering events. I used to commentate for the BBC on netball. I used to do an annual netball thing from Wembley. The vast numbers of people, the vans that appeared and the huge technology used to bewilder me. That is why they are the best in the world but best in the world is not cheap. When they do outside broadcasting, it is expensive. As a business they have to balance that cost against audience numbers that justify to their own board why they are going

somewhere and not somewhere else. From our point of view, we would love to see them keep pushing those boundaries. In the run up to Athens they did a very good job. I think they covered 20 of the 28 Olympic sports through Grandstand which did excite and interest people and absolutely generated better coverage at the Games. We would hope we can use the next six years to do the same thing. I think their coverage of the Paralympics is leagues ahead of anybody else in the world and they have helped to really bring very positive, exciting images of people with a whole range of disabilities achieving fantastic things.

Q305 Baroness Howe of Idlicote: Do you think there is an adequately diverse and varied range? In other words, is it stretching far enough to meet what you are looking at?

Ms Campbell: I joined the Women's Sports Foundation to help them talk to the BBC about the issues around covering women's sports because there is not a huge amount of coverage of women's sport. They are looking at ways of making the coverage of the sports they do more women friendly and they are also looking at some of the wider issues. We have similar issues around cultural diversity and ethnicity. We tend to broadcast in a way which speaks to a certain type of person. Does it speak to all the population of this country? Is it truly multicultural in its presentation and is it truly diverse enough? Probably not, but there are not many public sector bodies that are able to do that as effectively as we would want them to. It is a challenge the BBC have to keep accepting. They must communicate effectively with everyone in our communities if we are truly going to use sport as a vehicle to drive some of the change we want to see.

Q306 Baroness Howe of Idlicote: You accepted the challenge that you would have a go at defining sport, coming back to the minority aspect. I hear what your main interest is, in getting the younger generation involved and interested and perhaps also as a result away from other less desirable activities and that is hugely important. On the other hand, we are facing an ageing population and there are costs to be saved by keeping them involved. I can always remember being thoroughly amused at coming back to bridge to find there was some research which showed that, by playing bridge, you improved your immune system. With these thoughts in mind, you can see where I am coming from. Do you take any account of the older population, those less able to move about but equally enjoying what they regard as sport? Your definition would be interesting.

Ms Campbell: UK Sport's remit is world class success. We do not directly do that but Sport England, the Sports Councils for Wales, Northern

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Ireland and Scotland are all very committed to not only sport but physical activity, engaging people in healthy, active lifestyles. That is about engaging people in a whole range of activities that we might not categorise as pure sport—walking, rambling, hiking, biking, caving, canoeing, anything that gets people active and engaged. We are facing a massive health issue with our younger generation. It is just waiting to explode on us. We have a huge job to do to engage people in active lifestyles, unlike when you and I were younger, being active as part of the way we grew up. That is not true. You only have to look at a playground in a school to see that children do not run about any more. They stand still and, preferably, they are sitting inside. Getting people active is now something we have to rebuild back into people's lifestyles.

Q307 Lord King of Bridgwater: What has come out of your evidence is the huge asset that the BBC can be and if they cover sport it gives it a whole new impetus. If they stop covering sport, there is a decline. I think we were talking about squash and that is what happened there, but what about Channel 4, ITV, Sky and the roles that they can play? Do you have much of a relationship with them?

Ms Campbell: I think we have a pretty good relationship with all of those people. Our job is not to select one partner here; it is to recognise that the BBC is a public service broadcaster and work as closely with them as we can to ensure that what they do broadcast really adds value to our commitment to improve sport in this country. We are also working closely with Sky and other people to look at how we can add value through the work they are doing. Sky, for example, at the moment are putting £1 million a year into a programme which is using sport to tackle behavioural issues in schools. There are real connections there that mean we are looking to reinvest some of the money they are earning back in.

Q308 Lord King of Bridgwater: They are not the only ones who have a public service obligation. You talked rather as though the BBC were the only ones who have.

Ms Campbell: I am sorry. I do not mean that. Because you are talking about the BBC charter, I guess I am very focused on the BBC. We have a communications team that builds very good relationships with broadcasters and journalists.

Q309 Lord King of Bridgwater: The overall judgment is, while you work with the others, you look to the BBC as an essential role?

Ms Campbell: Absolutely. Whilst we would like to continue to chivvy to move them in many of the directions your questions would indicate, we value them and think they have a significant role to play.

Q310 Lord Maxton: Can I come back to the participation of the elderly? Do you actively encourage elite veterans? Would you agree that the London Marathon on television is a much more significant sporting event for the general fitness of the nation than Chelsea playing Arsenal in the Cup Final? I can look at Chelsea playing Arsenal and know that I will never be there but I can look at the London Marathon and see people older than me running in it and maybe one day I might run in it. I have a brother who is two years younger than me and he will run his fourth London Marathon next year. Surely that is where participation matters. Would you list the London Marathon?

Ms Campbell: Nick Patel, who is the chairman of the London Marathon, sits on our board at UK Sport and I think they do a terrific job. They have grown that to be one of the major sporting events in the world, not just in London. It is completely inspiring to see people in their very strange, comical outfits jogging along or even walking along at the back. If Sport England, Scotland, Wales and Northern Ireland were sitting here, they would say to you that they want to galvanise and support more of that and encourage more people to get active.

Q311 Lord Maxton: Showing it on the BBC is what is important.

Ms Campbell: Absolutely.

Q312 Chairman: On the acquisition of sports rights, you talked very sensibly about the balance between maximum audience and maximum income, but do you think that this is really essentially not a decision for you; it is a decision for the governing bodies in sports?

Ms Campbell: It has to be because at the end of the day it is their business. As UK Sport, we are a public funder. We are an investor in those sports. We invest with a very clear purpose and very clear targets, but we do not run those sports and nor should we. They have governing bodies of their own. They are managed independently. We can influence and I think we do influence where we can. We have greater leverage to influence some rather than others, but our job is to influence, guide and support.

Q313 Chairman: How do you influence?

Ms Campbell: It depends whether they are dependent on us for grants in aid. It gives us greater leverage than if they are not.

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Ms Sue Campbell CBE

Q314 Chairman: We assume that the Football League and the Football Association are not?

Ms Campbell: They come under our auspices from 1 April but even so we would never be able to invest them in a way which would lever significantly. What we can do though is work to influence and support.

That is what our job should be as a public sector investor.

Chairman: Thank you very much. You have been very clear and your evidence has been quite excellent. If we have any other points, perhaps we can come back to you.

WEDNESDAY 16 NOVEMBER 2005

Present	Armstrong of Ilminster, L	Howe of Idlicote, B
	Bonham-Carter of Yarnbury, B	Kalms, L
	Fowler, L (in the Chair)	King of Bridgwater, L
	Gibson of Market Rasen, B	Maxton, L
	Holme of Cheltenham, L	Peston, L

Examination of Witnesses

Witnesses: MR PAUL VAUGHAN, Chief Executive, Rugby Football Union, MR ALLAN MUNRO, Chairman, Scottish Rugby, and MR DAVID MOFFETT, Chief Executive, Welsh Rugby Union, examined.

Q315 Chairman: Welcome. Thank you very much for coming. We have been looking at the BBC Charter renewal process. We have already produced one report and we have left to one side a number of issues which we thought deserved further consideration. One of those was sport. We are looking at the BBC's role in relation to sport. That is our remit. We are looking particularly at the agreement which flows out of the Charter between the Secretary of State and the BBC on what it should do, and we are looking at the moment, for example, at the Ofcom Review of Public Service Broadcasting which showed that sport was valued as the second highest area after news in all public service broadcasting. That places the importance of sport. The Green Paper states that the BBC has a role in bringing audiences together across the United Kingdom by broadcasting, for example, sport events, particularly of national importance. It is quite important that I tell you what our role is. We do not want to go all over the field but we are very much relating it to the BBC. Could I first of all ask, so that we fully understand, what it is that the various rugby unions do. Would it be sensible to start with the Rugby Football Union?

Mr Vaughan: Certainly. What we do probably reflects across Scotland and Wales as well. As a governing body, we govern the game of rugby football union in England and therefore in Scotland and Wales. To an extent, it goes a lot further than that, in terms of the nurturing of the game and the development of it and the growth of it. Equally, we also run the national sides. So it is grassroots to the top-end professional game, with the exception in England that we do not run the professional clubs. They are run slightly separately from our point of view. That is broadly what we do.

Q316 Chairman: Would Wales or Scotland like to add to that?

Mr Moffett: Yes. In addition to promoting the community and the professional game, we see as a major role increasing participation at all levels of the game, not only playing but coaching, administering,

refereeing. We see ourselves increasingly as helping the Assembly Government achieve one of its main aims, which is to improve the health of people in our society. We believe that rugby in Wales, where it is a national game—and it is not so in Scotland and England—has a vital role to play in that. We are currently working very closely with the Assembly in that regard. We see it a much greater obligation on us in Wales to play that wider role.

Q317 Chairman: Television and radio often play an important part in encouraging.

Mr Moffett: Absolutely. The importance of the BBC to Wales cannot be underestimated because we are a small country. We talk about the law of England and Wales. You can never lump England and Wales together in a rugby sense; however, we are often seen as an adjunct to England in terms of the commercial side of it. We do not have industry, like, for example, Scotland, who have banks and distilleries and things like that which become sponsors of the Scottish and Rugby Union. We do not have that in Wales, so we are always struggling to balance our books. It is important for us, in developing this partnership with the BBC. I mean, I may stand corrected by Paul, who has major contracts with Sky, but I tend to think Sky would not see Wales as a particularly attractive proposition; whereas the BBC, especially in Wales, do. I think we work very well together in partnership. Unlike Sky, who are there for a very commercial reason, the BBC has a much wider role to play, as I have just outlined previously and it is about us offering the BBC value for money. We think we can do that by taking that wider role that I was mentioning before. We see the BBC as very critical in reaching that bigger audience. During this period that we are in at the moment, for example, we get our games on the network—when we play New Zealand, when we are playing South Africa—so that gives little Wales a much broader audience which we are able to tap into—so critical for us as a small country and a small rugby union. We have aspirations to be as good as England. We are not there yet by a long chalk—although we did beat them last year!

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Q318 Chairman: Let me ask Mr Munro about Scotland?

Mr Munro: I would concur with everything that has been said so far, except that in Scotland football is the dominant sport. I am afraid that, as far as the BBC are concerned, it takes the bulk of their coverage—and I would not say football in general, it is Rangers and Celtic that dominate. As a consequence, there is no coverage of anything below international rugby whatsoever, whether it be on radio or television. That for us makes things particularly hard. Like Wales and obviously England, we have a similar role in trying to promote the game. It is nice now that the Government have come onside, as it were, because for many years we were almost fighting against the Government, who did not pay enough attention, in our view, to sport.

Q319 Chairman: Do you think the BBC could do more in Scotland?

Mr Munro: Yes.

Q320 Chairman: In what way would you want it to do that?

Mr Munro: Perhaps I could give you an example. Like Wales and England, we have three games in this autumn series. The only game that is going national is the New Zealand game. The Samoa game on Sunday and the Argentine game last Saturday were only covered on BBC Scotland. They had to bring in people who quite frankly were not used to covering sport and some elementary mistakes were made in the production.

Q321 Chairman: What does that mean?

Mr Munro: They were hiring in people from the outside to cover the game. For example, when the camera was going along each side before kick-off, with 15 mascots in front, the producer did not have the savvy to pull the camera back, and therefore all the grannies who were watching to see their grandson on the TV just did not see them. There were many other examples like that, where the coverage was not as great as it should be.

Q322 Chairman: Do I get the impression that Wales feels the same, that the BBC could do more? You have talked about how important it is.

Mr Moffett: I do not think we share that view. I think we have a very positive partnership with the BBC and we work very closely with them. If I could give you an example of how we do that, where our association with the BBC works outside of rugby. We have a very impressive stadium in the Millennium Stadium. The tsunami concert was put on in three weeks—which was pretty much of a world record—and we did that with the BBC. We raised £1.6 million for the Tsunami Appeal. That was just that one event which we

organised but, as I said, we did it with the BBC, who were an existing partner. The other thing is that when we were playing for the Grand Slam against Ireland, on the Monday that I was leaving Scotland I rang Keith Jones, the head of programming, and suggested that the BBC find a big screen to put in the square so that many more people could watch their game—we just did not have enough tickets. They organised that within a week. I do not think anybody else could have done that. Our experience with the BBC, if we go to them, is that they are very proactive, very responsive to our requests. Indeed, 25,000 people were watching that match on that big screen in the centre of Cardiff.

Q323 Chairman: What about England?

Mr Vaughan: Our relationship with the BBC is very good as well but we have a good relationship with all of our broadcasters. We have a split between Sky Sports and the BBC in terms of our coverage, so, for instance, our autumn internationals, the series of three that we are in at the moment, are broadcast live on Sky and then the BBC have rights to show it as a delayed game, which they are now showing on BBC Three and then the following day, on the Sunday, as a highlights package on Grand Slam on BBC Two. We have a relatively good balance of coverage and quality of coverage. In England, according to our research, we have over 9 million people who are interested in the game, so we have an interesting market from all the broadcasters in terms of what they want to show. The audiences that England's games drive are actually of great interest to both parties, therefore we are able to get into a competitive bid situation for our rights.

Q324 Chairman: There is no particular issue you have with the BBC.

Mr Vaughan: Only that they always cry foul when it comes to money, but you would expect that anyway.

Q325 Chairman: How do you mean?

Mr Vaughan: That there is never enough in the pot. Again, as with any organisation, you have to balance your resources in a way that suits your organisation. If they decide that only so much is devoted into sport and then only so much of that is devoted into rugby rather than football or anything else, that is the balance they have to make and that is the judgment call they have to take.

Q326 Lord Maxton: In Wales rugby is a national game.

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Mr Moffett: Absolutely.

Q327 Lord Holme of Cheltenham: National religion.

Mr Moffett: Yes.

Q328 Lord Maxton: There are three Scottish professional teams who play against the Welsh in the Celtic league. As far as I understand it, when they are playing in Wales their games are shown on BBC Wales and S4C as well.

Mr Moffett: Yes.

Q329 Lord Maxton: Whereas they are not of course being shown in Scotland at all.

Mr Munro: No.

Q330 Lord Maxton: That must be very hard on the professional team

Mr Munro: It is, yes.

Mr Moffett: It also raises the other question which might be anathema to discussion about the BBC: the importance of being on terrestrial television in terms of our sponsors, because obviously our sponsors get much greater recognition in a passive way. Obviously the BBC cannot advertise, but that plays an important part in our deliberations as to where we want to go. The Six Nations, I would argue, is now a better competition than the World Cup because of what it gives you every year rather than once every four years. I was on the negotiating panel last time when the rights came up for extension with the BBC, and the BBC ended up paying us substantially more than we were on because that was the value that was placed on this particular competition—which the BBC had also helped build, there is no doubt about that. But when you start to think that perhaps England versus Wales next year, the opening game of the Six Nations, could attract 8 million viewers, then that is some serious viewership and you cannot get that on pay TV. It just would not happen. We think that is terribly important. There is a balance to be had. We are a small country not likely to be as attractive to pay TV as England or our SANZAR in the southern hemisphere, where I was involved in doing the deal with Rupert Murdoch, which was very obviously pay TV. We are in a different world in Wales.

Q331 Lord Maxton: Of course there were problems between the various unions when England signed a deal with Sky. How did that affect the audience's viewing of home games on television from Twickenham? When they were being shown exclusively on Sky, did that drop in comparison with the BBC?

Mr Vaughan: Sky had the right for England home games at Twickenham for the Six Nations from 1997 to 2001. In a reciprocal deal, they also took England

away games in France (because there was a barter deal between Sky and the French broadcasters). In real terms, there were two and maybe three games per year every other year across that period of five years. The distribution of Sky at that time was obviously a lot less than it is now, therefore it was restricted to that distribution of homes. All the numbers you ever see tend to measure in-home viewing only and not out-of-home viewing, so all the clubs or pubs that happen to have a screen never count those numbers in, which is always slightly odd, particularly in our game, as Rugby clubs tend to have gatherings of people to watch internationals after they have played in the morning or earlier in the afternoon. If we move up to the present day, Sky have distribution in over 10 million homes and very large distribution through pubs and clubs, so therefore it does reach a broader audience. If you compare the terrestrial coverage of the BBC to Sky, the BBC is inevitably going to be much higher in terms of absolute numbers. For instance, if you looked at the Six Nations this year, the average on the BBC was just a tad under 4 million per game. If you take the England games, 5.3 million was the average. If you look at Sky number for this autumn series, it is probably around one million all told. It does have a distinct advantage on the BBC in terms of breadth of coverage, but we have to balance our needs for revenue as well as our coverage. That is why we have a mixed package with the BBC. For last year—and we have not obviously seen the figures for this year—if you take the Sky broadcast of about one million, the delayed-as-live rights on the BBC brought it up to about 4 million. Broadly speaking we had the reach we wanted, in terms of reaching the audience, and we also had the revenues as well, which then invest back into the game. It is probably also worth mentioning the type of people who view, the types of audiences that the BBC can drive versus the ones that Sky can drive. Sky obviously drive a dedicated audience that want to watch the game, because it is an appointment to view. With the BBC, it is an appointment to view still, and they grow it and market it very well—certainly for the last couple of years with the Six Nations they have done fantastically well—and they have helped us market the game broadly speaking. They do drive a big audience but it tends to be a slightly older audience who do not have Sky or will not get Sky and it tends to be slightly down the scale socio-economically rather than the Sky audience.

Q332 Chairman: Is the crucial thing revenue, when it comes to it?

Mr Vaughan: Absolutely. From the point of view of all three unions, in order to develop and grow the game we need the revenue. We have a duty to that. If you take the RFU's point of view, our revenues last year were around £85 million, of which we distribute

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about £10 million to the professional clubs and the rest is about development of the grassroots, support of the grassroots, and the cost of doing it. It is a huge business.

Q333 Chairman: What percentage of that would come from television rights?

Mr Vaughan: From an England point of view, last year our total revenue in England was £16 million, which is about 20 per cent. We have purposefully gone away from a reliance on television revenues. Unlike cricket, for instance, where 80 per cent of its revenue is TV, we have purposefully gone the other way. We are now developing a hotel and trying to generate other revenue streams that would give us a 365-day revenue rather than relying on only six or seven games a year.

Q334 Lord Peston: To go back to the Chairman's opening remark, could you tell us in each case what your legal status is. Are you companies or do you have charters or what?

Mr Vaughan: We are a provident society.

Mr Moffett: We are a company.

Mr Munro: We are another company.

Q335 Lord Peston: Excuse my ignorance, but does that mean that the two of you who are companies have shareholders?

Mr Moffett: Our shareholders are our clubs.

Mr Munro: It is the same for us.

Q336 Lord Peston: You are essentially companies set up by the clubs.

Mr Moffett: Yes.

Mr Vaughan: It is the same for us, basically.

Q337 Chairman: Actually there is not much difference, is there, between a provident society and a club.

Mr Moffett: No.

Mr Vaughan: No.

Chairman: It tends to be the same.

Q338 Lord Peston: But you are not any old company, in each case you are a rugby union company, so somewhere in whatever you have that sets you up, it says that your business is rugby union. Is that right?

Mr Vaughan: Yes.

Q339 Lord Peston: Within that, does the legal specification of what you are include in it what you do?

Mr Moffett: Yes.

Q340 Lord Peston: To take an obvious example, each of you is involved in the international game, which is worth money. In a sense, it is an asset, is it not? Is that written into how you are set up? Excuse my ignorance about these things.

Mr Moffett: It is written in our constitution that we will foster the game—and I cannot remember the exact wording of it—right across the game, from community game all the way up to professional game, and that we exist to promote and foster rugby as a sport.

Q341 Lord Peston: That is in—if I may use the expression—your “terms of reference”.

Mr Moffett: Yes. Absolutely.

Q342 Lord Peston: Does that apply to the English game as well?

Mr Vaughan: Yes.

Q343 Lord Peston: It is on that basis that you retain the right to sell to the television industry, is it?

Mr Moffett: Yes.

Mr Vaughan: Yes. I think it is also worth pointing out, certainly within the English game, that we have just short of 2,000 clubs and only 12 of them have any interest to television.

Q344 Lord Peston: That is really what I was leading towards.

Mr Vaughan: And the national game, the international game.

Q345 Lord Peston: The ones which have an interest to television nonetheless do not get the total amount of revenue flowing.

Mr Moffett: But even within our similarity in the way we are set up there is a huge difference. For example, England has an ongoing problem with its clubs in the governance of the game—which I know they are addressing. It is very difficult. Scotland centrally contracts their players and that is a big argument at the moment in rugby as a whole. I was running New Zealand rugby as the chief executive when the game went professional and we put in centrally the contracting of players. It is the single reason why the All Blacks, I think, are doing so well at the moment, because they have had much more control of where they are going. But, to get that control, you also have to have money, and you have to have assured sources of income. I do not know what the premier league division of television income to other sources of income is, but I would say pretty high. In our case, it is round about 33 per cent, and our other main sources of income are sponsorship and also ticket money and hospitality. These guys do a much, much

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better job than we can, because there is a different market. We do try to compete with each other but there are huge differences between us in the underlying way in which the game is governed and run in our countries.

Q346 Lord Armstrong of Iliminster: In so far as there is a decreasing amount of rugby union football on free-to-air television, I wonder whether you are assessing the state of public opinion about this or whether you have complaints from the public saying, "Can we not have more?"

Mr Moffett: We had some complaints when Sky won the European Cup rights from the BBC. Our fans, once again, are slightly different demographically. We are a game that is fundamentally a game for everybody—you know, it is a working man's game in Wales—and they felt that was going to be too much money. However—having been on the RC at the time—it is also about money, and the Sky offer was an offer that was too good to refuse. I think, in hindsight, the BBC might have wanted to be a little bit more aggressive because they do recognise that it was a very valuable property to have. We do live in a competitive world and competition is a good thing. It would be terrible if the BBC, for example, were to pull out of that and not to provide sport at that level.

Q347 Chairman: How much were they outbid by at that time?

Mr Moffett: That is not on the public record, but it was significant enough to make a change.

Q348 Lord Maxton: Could the BBC have done it? Sky do six games plus on the European Cup weekends. The BBC, unless they had a dedicated sports channel—which is another matter—could simply not have put those programmes—except in Wales maybe.

Mr Moffett: Yes, I think in Wales it would be different.

Q349 Lord Maxton: Certainly in Scotland and England they could not have done it.

Mr Moffett: No. But I think you have hit on a very good point there about a dedicated sports channel. I think there has to be some debate about the BBC having a dedicated sports channel at some point in time. Perhaps I could give you an example of that. When you see rugby on Sky, you know that you are going to get a replay fairly soon afterwards. That is pretty valuable: the BBC pay for those rights with the RFU. After the Ireland game, I said to Keith Jones, "Is there any chance that you could replay the Ireland game, because all you want to do is go back and watch it?" Normally you would not get a replay because the BBC has so much else to do. In Wales, network comes in and out, so programmes, like, for

example, our magazine programme, are affected by network—by them having to take the network programmes—so you never know when it is on. On Sunday it could be on at 5.30 or 10.30 at night, and that makes for ineffective viewing. It is like going to the rugby, you need to know: I turn the television on at this time of the day and I would like to be able to see that programme. But whether the BBC can afford a dedicated channel or not, I do not know. That is for others to say, but it would be ideal.

Q350 Lord Armstrong of Iliminster: There are obviously national differences in this field. I wonder whether the Rugby Football Union have any evidence about public opinion on the declining amount of rugby available.

Mr Vaughan: Yes, is the answer. If you go back in time, the BBC used to do *Rugby Special*, a weekly magazine and highlights programme. At one stage their scheduling got a little bit confused and it was always: spot the *Rugby Special*, because they could never guarantee the slot it was going to go in—which is not very good from a regular viewing point of view. If you come into the present day, they have gone away from wanting to show highlight packages at all. The BBC in our game in England are unable to show 22 weeks of professional club rugby as a live sport. I do not think they can schedule that in because it is difficult to do. I guess that is probably one of the arguments about live cricket, because they just cannot schedule in the volume that is there. Our solution is always: "What about highlights? Can you not package it up on a Sunday, as you used to do?" Their view is very much: "We do not like highlights—and actually we are not prepared to pay for that any more either." Now they are contracted to do eight, I think it is, this season—eight *Rugby Special* programmes—which is terribly disappointing from a consumer point of view. We do tend to get quite a lot of correspondence from disgruntled people who do not have Sky/will not have Sky and actually wish to watch it.

Q351 Lord Armstrong of Iliminster: Is it the same for Scotland?

Mr Munro: I think it comes back to what I stated earlier: apart from the internationals, there is no coverage whatsoever. Sport on the radio is 100 per cent football: Rangers and Celtic.

Q352 Lord Armstrong of Iliminster: Do you get a public reaction to that?

Mr Munro: Yes. I think it is fairly well known that every other sport in Scotland has an outcry about the coverage, or lack of coverage of their sport, to the coverage given to football.

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Q353 Lord Maxton: Particularly when they call it *Sports Scene*.

Mr Munro: Yes.

Q354 Chairman: And radio is the same, is it?

Mr Munro: Radio is the same. On Saturday afternoon, from one o'clock through to six o'clock is football.

Q355 Lord Maxton: Except for BBC Radio Borders.

Mr Munro: The Radio Borders. I do beg your pardon, you are right.

Q356 Chairman: What about radio as far as England and Wales are concerned?

Mr Vaughan: We separate our radio rights away from our television rights and offer those separately. We do have an arrangement with the BBC for those rights. They tend only to broadcast international games, but they also do the club game on a local radio basis, and they also allow the clubs to use that broadcast on their own websites, which generates quite a lot of audience of people who are not anywhere near wherever that domestic game is.

Mr Moffett: We do not have much problem at all getting BBC to do radio rugby in Wales. Whilst I might be sounding as though I am very much in favour of the BBC, it is a fact of life that the two of us work very closely together where we are a national sport, and it makes things an awful lot easier at one level.

Q357 Baroness Bonham-Carter of Yarnbury: Both Mr Moffett and Mr Vaughan have said they think the BBC have helped the market for the Six Nations. In their submission to the Independent Panel on Charter Review, the BBC characterised the Six Nations as a "championship once in decline" until they came in. Do you think that is a statement that is slightly excessive or would you agree that the Six Nations has really needed the BBC?

Mr Vaughan: If I could come back to what I said earlier, it was a five-year period that they had missing from the Six Nations or Five Nations championship, two to three games per year for five years only. The BBC had had the Six Nations since the year dot (and still has it now) so there was obviously a decline setting in before that period of 1997. But, I have to say, they have refocused on it and they have done a fantastic job in the last few years—and long may it continue.

Mr Moffett: I would agree with that. I have only been in Welsh rugby for three years. It has coincided with that resurgence, I guess, so I would have no complaints about what is happening. There is a debate at the moment about the structure of the season in the northern hemisphere. There is a view that we should have more product to get more

money, whereas, with television rights and sponsorship, outside of the Rugby World Cup the most valuable rugby competition in the world is the Six Nations.

Q358 Baroness Bonham-Carter of Yarnbury: So you would wish to continue having BBC coverage for the Six Nations.

Mr Moffett: As long as it is done on a financial basis; that is, that you are going to get the right figure for the property. I think that is important as well. But I think we have so far felt that we are getting the right amount of money for it.

Q359 Baroness Bonham-Carter of Yarnbury: If you did not get the right figure, you could compensate—

Mr Moffett: I do not know. You see, with the BBC it is a little bit more than just money; it is whatever else they can give you in terms of helping you grow the game. I think that is something that should not be understated because—especially from our point of view in Wales—it is such an important issue. There would have to be a significant premium, I think, to pay, for Wales to take the view that that particular competition should be off the BBC and perhaps onto pay television. Obviously there are other competitions, but that particular competition is, I think, the jewel in the rugby club world crown.

Mr Vaughan: We are tending to ignore the other four terrestrial broadcasters here as well. I mean, ITV do a great job every four years, but they do not really have any match practice in between. That is the small problem—except for the IRB Sevens, which they tend to put onto the digital platform. But it is also worth making the point that, whenever our rights come up for offer, we do tend to take them to the market and offer them, so we do not actually do a sweetheart deal with any one particular broadcaster.

Q360 Chairman: Would it be fair to say that the spur of competition did not do the BBC any harm in terms of competition?

Mr Vaughan: Absolutely. At the end of the day, if they want the rights, they ought to earn the rights rather than just expect to be given them—which I think was probably the problem pre-1997, if you take the Six Nations, where complacency can set in. There is no challenge to them. In fact, the quality of the production and coverage has dramatically improved since Sky came onto the scene. I think that covers all sport, not just rugby.

Q361 Lord Holme of Cheltenham: It is difficult for the rugby enthusiast to understand why the Six Nations is a group B listed event, when, for instance, the Rugby League Challenge Cup Final is a group A listed event. What would be your attitude if, in the aftermath of the World Cup and the much higher

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levels of interest and enthusiasm about rugby, the Six Nations became a group A event?

Mr Vaughan: Our view is very much that if you list and protect events, the broadcaster has to be given the right funds to be able to buy them at a relatively economic price. Otherwise, it just cuts away the lifeblood, in terms of the investment that we need to make, because we would have no revenue, because there would be no need to bid any relative sum of money.

Mr Moffett: I do not think we would have a problem with the Six Nations being an A-listed event, provided that they pay the market rate for what it is. It happens in Australia. In Australia, they have anti-siphoning laws (as they call them there) where they have lots of events that are listed, but the sports that are listed get paid substantial sums of money still by free-to-air television. It is really more the view, I think, that if you can get more people to watch the event then that is a good thing, but they still have to bear the market price for that event. I think what you are then protecting is the ability for as many people as possible to watch an event that they want to watch. As long as it is not seen as some way of getting something for nothing or at a very reduced rate, I cannot see us having a problem with that. It is just that still market forces have to prevail.

Q362 Lord King of Bridgwater: You have talked about the Six Nations and then we have this autumn series which is happening. I am not quite clear who runs that. Who runs these other areas? Is it the International Rugby Football Union?

Mr Moffett: Yes. They do not run it. They have a fixture schedule which comes out, archaically, about once every 12 years. Everybody agrees who they are going to play in the autumn, and who we are going to play down in the southern hemisphere in their autumn, our spring. Those games are scheduled, as I have said, up to 12 years in advance, so this is part of the scheduling. We run, own and control all that. The actual scheduling of it is done through the IRB.

Q363 Lord King of Bridgwater: That is my question. They do not have the negotiating rights.

Mr Moffett: No.

Q364 Lord King of Bridgwater: If you were to play Australia, it would be for Australia to negotiate their broadcasting rights and Wales would get a cut of it.

Mr Moffett: No, we do not. They keep their broadcasting rights and all their gate money and then we keep ours.

Q365 Lord King of Bridgwater: One hundred per cent.

Mr Moffett: Yes.

Q366 Lord Maxton: I am interested in this idea of the commercial rate and balancing what you can get from television rights against having a broadcaster which gives you exposure, and therefore—which concerns someone like myself most—getting people to play the game or join clubs and take part in club activities. Because I think it is worthwhile remembering that, although you get all this income, each club itself has to generate income as well, and that is part and parcel of what happens in rugby. How do you do that? Your income is almost entirely from the Six Nations, is it not, in broadcast terms?

Mr Munro: No. Gate receipts—

Q367 Lord Maxton: I meant in broadcasting terms.

Mr Munro: In terms of broadcasting, yes, entirely from that. It is no real surprise that we have been going through a tough time over the last few years. We are on the road to recovery but it is going to be a long haul to get us out of the mire. Inevitably one of the things that has suffered has been the amount that we have been able to distribute down through into the club game. Many clubs like my own, still involved in the club game, have to go about earning money the way most clubs do anyway, through subscriptions from the players and former players and so on, through gate receipts—which, quite frankly, are not great—and sponsorship and other functions like fund-raising dinners and so forth. But quite often you find that these functions tend to bring the community closer together.

Q368 Lord Maxton: For some time you did have a deal where they sold the club game to ITV/STV.

Mr Munro: Yes—and also to the BBC before that.

Q369 Lord Maxton: The BBC you do not even try.

Mr Munro: We no longer have that.

Q370 Lord Maxton: They are not interested or you are not interested.

Mr Munro: No, they are not interested.

Q371 Chairman: If rugby had more exposure on the BBC in Scotland, would that have an impact on the game?

Mr Munro: I believe so, yes.

Q372 Chairman: In the quality and the whole thing coming through?

Mr Munro: I think it gives those people playing the club game a lot more interest in watching themselves, if you like, or their direct opponents playing. It generates income lower down, because not everyone can play international rugby.

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Q373 Chairman: I was looking at the Green Paper, and, although it is obviously not a minority sport in a whole-UK way, it sounds as though it is veering into a minority sport in Scotland.

Mr Munro: Its numbers have been declining in Scotland for some time. Our biggest challenge, quite frankly, apart from the financial problems that we have, is to grow the numbers of people we have playing the game.

Mr Moffett: I think there are some issues that underline some of the significant differences between us, especially with a very powerful union like the RFU. We have a particular player development policy in Wales, in that we want to bring our own players through. We actually would like to see a time when we do not have any foreign players playing for our professional teams, because in Wales we are about three things: Wales, Wales and Wales. We need to have enough cash and enough money to be able to do that if we are going to do it successfully. It is how you use your money. I am very critical of football in this country, because the Premier League is a league played in England, it is not an English premier league. I think that is something that we are definitely trying to guard against. I know that in the RFU—although you can speak for yourself—from discussions I have had with Francis Baron and with Paul over the times, there is an issue to address there. If they are going to do that and we are going to do that, it is going to take money, to be able not only just to play the existing players at that level but also to bring up all the other players that you want to bring up through the academies. To do that, you need money. I did spend nine months in Sport England. Sport England provides the RFU with quite a lot of money for their academies, but we in Wales do not get much support at all, so we have to get it somewhere else. For us, because of the nature of our small country and what-have-you, it is largely BBC sponsorship and gate money.

Q374 Lord King of Bridgwater: One of the interesting points is to do with devolution. One of the arguments for it was that things like sport would tend to do rather better in devolved administrations than they do under a national government, but you are saying it is not happening well. You do not have to answer that! It is a complete aside. One of the interesting things that came out of your evidence is that the broadcasting revenue you get does not represent quite such a disproportionate part of the income as it does in cricket. Was it 26 per cent?

Mr Vaughan: Twenty per cent in England.

Q375 Lord King of Bridgwater: Is that the sort of figure otherwise?

Mr Moffett: About 33 per cent.

Q376 Lord King of Bridgwater: Talking just about how the BBC approach their negotiating on this, they presumably have one ticket in their advantage, which is that they can make it possible for you to get higher sponsorship income than would come under the satellite range because they deliver to a bigger audience and therefore the sponsor is prepared to pay more for it.

Mr Moffett: I do not think that is true for us. Certainly an ability to get a sponsor is enhanced by being on the BBC, because, as I said earlier in my evidence, we suffer from not having large companies in Wales that we can actually get into. We are competing with these guys for their sponsors, because we have to come into England to get a sponsor.

Mr Vaughan: Certainly terrestrial coverage does enhance the value to a sponsor, but it is the relative value. That is where we are at the moment. If you take Guinness, who have come into the premiership—which is purely on Sky television currently—most of their value is derived through the written word and newsprint. That is quite interesting in terms of how you look at the relative value, because everywhere you look in terms of the papers it is always “the Guinness Premiership”. It is on Sky, where they probably have an average of, say, 100,000 people watching per game, every live game, but there is a lot of it. If we were to take the Guinness Premiership and put it on terrestrial television, I am pretty sure that the value of sponsorship that Guinness actually give to the Premiership currently will not increase dramatically.

Q377 Lord King of Bridgwater: We are getting a bit of a flavour here as to whether the BBC, in the bidding process and knowing what they really want to go for and how to go about it against competition, are finding that they have one or two problems. Are you prepared to talk about their impressions of their abilities and whether there needs to be some review? I am talking about television but radio as well, in which it is said that the people ought to review the ways in which the BBC goes about its bidding.

Mr Moffett: From our point of view, radio does not really represent large sums of money. We just add it on to our total broadcasting contract. I think that there are lessons that the BBC have to learn about negotiating. That was never more evidenced than in the negotiations for the European Cup, when there was a deal to be done at one stage and there was perhaps a less than aggressive attitude taken. It was a competition that they should not have lost because of all the other benefits that they can give, but I think they perhaps set a figure in mind and they were not going to go past that. Normally, it is not an exact science, trying to get the money for television rights,

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it is completely inexact. It is a matter of what you can negotiate.

Q378 Lord King of Bridgwater: You used the phrase “the market price” which I was interested in. I wondered if there really was one.

Mr Moffett: Well, the market price for anything. I am trying to sell my house at the moment, and I have got it up at this level and nobody is coming to look at it, so I have got to see if I can—

Q379 Lord King of Bridgwater: That is what you discover.

Mr Moffett: Through negotiating, yes.

Q380 Lord King of Bridgwater: It does not help in the bidding necessarily. There is not a sort of graph of past background pricing evidence, or tender offers of one sort or another which might have been bid in other areas, which might give you a pretty good guide to what the market price is.

Mr Moffett: I think we are getting there. We are only a very fledgling sport in terms of professional rugby, at 10 years. I think we are starting to develop that degree of evidence. It is not only in this country, it is also in the southern hemisphere, where they are into their second contract with New Zealand. I was part of the negotiating of the first contract. I think we can now start to value it. Also, the rugby world cups have been around for some time. I think the evidence, for what it is worth, is definitely improving.

Q381 Lord King of Bridgwater: You think the BBC perhaps ought to get better informed on some of this. You have said “more aggressive”.

Mr Moffett: If they want something, I think they are going to have to go out and get it, whether that is rugby, rowing or whatever it is.

Q382 Lord King of Bridgwater: Do you own the Millennium Stadium?

Mr Moffett: Yes, we do.

Q383 Lord King of Bridgwater: Do you handle the negotiations for other sports that take place in the Millennium Stadium?

Mr Moffett: No, we do not. We normally just hire it out as a venue. We do at times put on our own events. We have tried, with putting on a soccer match between an Italian and a Spanish team—where we own the event and then we will sell on the television rights—but when the FA comes to town, they just hire the stadium off us.

Q384 Lord King of Bridgwater: Have you noticed any great difference in the negotiation on football rights as opposed to the rugby rights?

Mr Moffett: In terms of how they deal with us?

Q385 Lord King of Bridgwater: Yes, the BBC approach.

Mr Moffett: No, because I do not get involved in that. That is a matter for the football associations to sort out.

Q386 Chairman: What about England, do you want to come in on that?

Mr Vaughan: I would just like to make the point that the BBC have a fantastic heritage in sport—for many, many years, on both radio and television. The position we are in collectively here is that we are never going to beat football. Football will always be the top premier league game for many years to come. We have to make sure that we are top of the second rung, if you like. In terms of what the BBC is bidding for, they cannot be all things to all men, in my view. They cannot do everything. They have to be focused on what they do because they only have so much air time and resource financially in order to spend. If they are going to cover synchronised swimming through to whatever it might be, that is one approach, the very broad-brush approach, but actually it means everybody gets less. If it is to promote the bigger, secondary sports effectively, then obviously they need to be focused in terms of their resources and make sure they have adequate resources in order to buy the rights. They do live in a competitive world. They cannot be just taken as the national broadcaster and safe, I think. They have to operate in a commercial world, I am afraid.

Q387 Lord King of Bridgwater: You are prepared to accommodate them on scheduling, and we now have a two o'clock match and a four o'clock match. In other words, the unions are prepared, within reason, to move to broadcasting schedules.

Mr Vaughan: Certainly within the Six Nations that is very much the case, because they have 15 matches, three on every weekend for five weekends. They schedule it so that they can show all the rights they have bought quite sensibly. When it comes to the autumn games, because we are not on BBC and Wales and Scotland certainly are, we have a 2.30 kick-off every Saturday for three weeks—which our audience loves, because if you are travelling down from Yorkshire or Northumberland to Twickenham you can get there and back in a day, as you can from Cornwall.

Q388 Chairman: Are you saying the BBC should specialise more in terms of what it bids for?

Mr Vaughan: I am trying to say that it needs to be more focused in terms of what it wants, which really emphasises David's point. It needs to focus resources behind what it needs to get in order to drive its

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audiences—which we can deliver—rather than spread its audiences very, very thinly, which I think often used to be the case.

Q389 Chairman: Which, I suppose, is also the temptation if you are trying to deliver back to every licence fee payer in the country.

Mr Vaughan: Yes.

Q390 Lord Maxton: It is also a public service broadcast, if you like, and they have a responsibility to encourage all sports, not just two or three sports.

Mr Moffett: But they need to get value for money out of everything they do essentially, do they not? That is a test that everybody working in public life has to meet. I think they have to make those judgments internally and against their own charter or however they are going to be managed. It is obviously quite a difficult task, but from a rugby perspective we think we do deliver value for money for public broadcasting.

Q391 Baroness Howe of Idlicote: I think I have picked up a fairly good impression that none of you is entirely satisfied with the amount of coverage you get on the BBC—probably the Welsh side is happier than the others. Could I pick up on one of the points you have made. Presumably, in order to get value for money the BBC will need to be flexible. It might be they will see something coming onto the horizon that they will want to spend a bit more money on, with some of the games maybe fading into the background, so the flexibility we are talking about must go both ways. Against that background, one or two people mentioned especially a sports channel. I would be interested to hear of your views on this. Would that make the BBC rather more of a potential purchaser of each of your particular rights, or would there be down sides there?

Mr Vaughan: I think that, yes, it would. It would certainly have the air time to be able to give a broader coverage of many sports. I would just put in the rider that they would need to be able to have sufficient funds in order to be able to buy the rights, and also to make sure, if it is a specialised sports channel, that it is going to be a terrestrial channel or a digital platform channel.

Mr Munro: I am not quite so sure. Prior to getting involved in rugby, I know from my own household and that of both sets of parents/parents-in-law that they would watch a rugby international on a Saturday afternoon, whereas if there was a dedicated sports channel I am not sure they would. I think that is quite possibly a factor and possibly not dissimilar to the advantage that the BBC has over Sky with a dedicated sports channel. I think a lot of people, certainly in Scotland, as far as I am aware, watch a rugby international because they think it is great and

it is good entertainment, whereas if it was a dedicated sports channel, with a film on the other side, I am not sure they would.

Q392 Chairman: So you might lost an audience.

Mr Munro: I think you could well lose an audience.

Q393 Baroness Howe of Idlicote: What about the effect it might have on the other side of what you are trying to achieve; that is, getting more people involved and the young interested.

Mr Munro: I think it goes exactly the same way.

Mr Moffett: As long as it is on terrestrial and it is accessible by everybody who pays for their television licence, I do not see that it is going to have a negative effect. In terms of strategy, I think the BBC needs to work out what it wants to do, and what it wants to be obviously is part of that. But the world is changing and it is changing at a very rapid pace and they have to keep up with what is happening around them. Otherwise, the BBC will get left behind and we will find that we will be left behind with them if we are partnering with them. Obviously it is a matter for the BBC as to whether they feel a sports channel is warranted, but I would think, from the point of view of a dedicated sports' viewer, that if there is the money there to do it would be a good thing.

Q394 Chairman: But you would not want it to be done if it was a second division sports channel.

Mr Moffett: No. I do not think the BBC is about being second division in anything. That is what they should not be, because they have had such a history—forgetting about sport now—in everything that they have done. I know that is a big debate going on at the moment, but, no, they do not want to be a second division sports channel.

Q395 Lord Maxton: In a sense, my argument on the dedicated channel would be: Show the game live on terrestrial, but then repeat it—which is what Sky do—in the evening, for those who have gone and watched the game or whatever. You have said the world is changing, and that is right. The next step in all this, of course, is probably the internet. Do you have separate rights for selling on the internet? I know the SRU is now showing some of the club games on their website? I am trying to persuade the club with which I am associated that the video they use for training purposes—because they video every game—could be shown live on their own website. There is nothing to stop them doing that. Where do you see yourself in this new broadband internet world?

Mr Vaughan: Five years ago we deliberately separated out our rights for broadband and indeed mobile telephony as well. What we are now finding is that the conversion world is giving us a major

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problem because inevitably all broadcasters will want to separate their broadcast on all platforms that they have got, so the BBC now want to broadcast in broadband as well as terrestrial television, which then cuts across whatever else we are doing. What we have done is manage to persuade them to have a geo-block of the broadband area in the UK in order for us to be able to sell on externally into the market world wide. We do that reasonably successfully. I think it will give us problems further down the road as well. Broadband soon will be another potential opportunity for us to sell our sport instead of television perhaps if you take a long-term view.

Q396 Lord Maxton: So when the BBC do a Six Nations game or Scotland and Wales do their autumn internationals, do you have access to the videos, if you like, to use yourself or do they totally own the rights? The Lawn Tennis Association with Wimbledon keeps the rights for the programmes that the BBC do. Is that true in rugby?

Mr Vaughan: The BBC now tend to want to include it in the deal on the basis of take it or leave it. It is the whole deal or nothing, which I think is a little unfair, whereas what we are trying to sell is television rights and not the broadband rights. What we have done now is to have some hold-back period in order for us to be able to sell on with a 24-hour hold-back period for other broadband opportunities within the UK, but it obviously does not have the same impact as live.

Q397 Lord Peston: Could I take us on to listed events. One of the things until I was on this Committee doing this inquiry I had never thought of was the conceptual basis of what a listed event is and why certain events are listed events. Looking at what they are now, I cannot make head or tail or find any logic to why Wimbledon Tennis Finals are a listed event. I was just alive the last time an Englishman was a serious contender to win. So one concept one might have is if one of the major nations—and this is a national thing—you could see why it would be a listed event but most of them I cannot make head nor tail of. Do you have a view of what ought to be a listed event, apart from the other question of how we then get the balance between what must be free to air and what is charged for? I think one of you mentioned Six Nations but unless I do not understand what is what the Six Nations is not a listed event and yet each of your countries often does quite well in the Six Nations. You are part of what is really going on so why is that not a listed event?

Mr Vaughan: Thankfully it is probably better that we do not determine what is listed and what is not.

Q398 Lord Peston: No, but you are interested from your side as to what you can sell.

Mr Vaughan: Yes, from our point of view, certainly from an English point of view we needed the ability to be able to go to the market and try and do the best deal, and the best deal from our point of view is that broad mix of channels that we do have and we have managed to achieve, which is we have a combination of Sky and BBC and the World Cup with ITV as a sport, which is fantastic. From an English point of view it works very well. We would like to see more of it, over longer periods of time, throughout the whole season on terrestrial television, but it is difficult, as I said before, because the rugby specials have now really disappeared apart from eight times a year.

Q399 Lord King of Bridgwater: Can I clear up one point. When you talk about the Six Nations and negotiating whether that appears or not, when you actually negotiate the Six Nations, does each nation negotiate separately?

Mr Vaughan: It is collective; it used to be individually.

Q400 Lord King of Bridgwater: I am sorry I missed this point. That is how you got here. Originally England went a separate way and now it is back to a single negotiation?

Mr Vaughan: Yes.

Q401 Lord Peston: Just to get back then and following on, I think it is fair to say that Rugby Union is the Welsh national game. Would that be an exaggeration?

Mr Moffett: No.

Q402 Lord Peston: So would you then say if Wales were in a final that absolutely ought to be a listed event—putting you on the spot because also being a small country you would like the money?

Mr Moffett: I think it is different horses for courses between ourselves and England, for example, which is a much bigger market and they are able to perhaps split their rights. We would find it difficult to do that and get the same amount of money as if we were selling it to one, and we are not entirely convinced that a little country like ours is going to be of much appeal to a paying broadcaster. We are when we form a mix like the European Cup, for example, I think Wales is quite important in the overall mix of what broadcasters want because it is a national sport. There are only two countries in the world where that is the case—New Zealand and ourselves—so we do form an important aspect of it, but on our own I do not think we would. As I said earlier on, in terms of listed events, I do not think we would be averse to it as long as we could be assured by some mechanism that we were getting the true market price or the true negotiated price, to take your point of view, about

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what is the market for television rights. I think would be our view.

Q403 Chairman: Would it be true, Mr Vaughan, to follow up what Lord Peston was asking, that you would prefer a system where frankly the fewer Group A listed events the better?

Mr Vaughan: Yes.

Q404 Chairman: Would that also be the view of the others?

Mr Munro: Probably, yes.

Q405 Lord Holme of Cheltenham: That is to improve your bargaining power?

Mr Vaughan: Absolutely right.

Q406 Lord Peston: The three countries are very different. What is fascinating about having the three of you together is we have a small country where rugby is the national game; Rugby Union is clearly not the English national game but it is fairly successful; and then Scotland, it is not clear to me whether Scotland has a national game, but for you to do your job in promoting rugby and so on, you really do need an income, do you not? Income has to be uppermost in your mind?

Mr Munro: Absolutely. Going back to our main role, which is that of a governing body and really there to promote the game, we desperately need the income to do that. Fortunately, with the change in Government attitude having won the Olympics and Glasgow bidding for the Commonwealth Games in 2014, sport has considerably gone up the Government's agenda. That is a help to every sport not just rugby and football and so on. Every sport should, I hope, now participate in trying to reduce the obesity that is prevalent in kids. So it is a huge part.

Q407 Baroness Bonham-Carter of Yarnbury: If we do get rid of the listed system in this changing world of television, how do you protect coverage of sport on terrestrial channels?

Mr Vaughan: I think it comes back to why do you want to protect it in the first place. If it is in order to have breadth of coverage in order to show what we perceive to be something that the nation owns, then that is all very worthy. If it is about the development of a particular sport, and if you take athletics and the Olympics for instance, the Olympics is probably the only time that I watch athletics because it is there and it is part of that whole Olympic thing. If it is to encourage kids to take part in it, I think it is more fundamental than that, it needs to go back to the education process and schools, which is where it is all falling apart, and it is not necessarily driven by television or radio. I do enjoy watching the Olympics and I think it should remain a listed event, which is

perverse considering what I have just said, but we have to understand what we are trying to do. The world is changing. If it is a listed event, is it just the BBC? There are five terrestrial channels out there and if we are going to go digital where everybody has to have a box, then the world will probably change even more as the TV market fragments more.

Q408 Baroness Gibson of Market Rasen: Right at the beginning of our discussions Mr Moffett mentioned grassroots rugby and the importance he said to the health of the nation of sport. Do you think that the BBC could or should do more in raising awareness of rugby and also encouraging more participation in it at grassroots level?

Mr Moffett: Yes, they have got a role to play in all sport, not just rugby. It is rugby because we are sitting here talking about rugby and it being our national sport in Wales. There is an awful lot that can be done and you can put it under the area of education or health, if you like. I have long felt that sport is in the wrong department. It should not be in the DCMS; it should be in health or education, particularly it should be in health because you can actually intervene. There is not enough intervention I do not think in the way we look at health. So that is where I think organisations such as the BBC have a huge role to play and they would, I think, be seen to be "doing the right thing" for the BBC to actually do that. We are more than happy and I am sure the other Unions would be as well, to sit down with the BBC and put together a strong programme of not only rugby but perhaps other sports as well coming together and doing something particularly aimed, as Paul said, at primary schools and secondary schools because I think that is an important area, and the BBC could be a huge help in that. In actual fact, by getting our rights they also get access to a lot of the raw material that they would need to make a programme like that work. They get access to our international players. That can help them get their message across or the role models we are now starting to build in Wales. I just think that perhaps not enough is made of the add-ons that they can actually get from their involvement with us which then I think would also add to the whole argument about value for money.

Q409 Chairman: You make a very interesting part in passing. Sport has made its way round Whitehall with various departments looking after it and, of course, many people say it must have a department of its own. Has it made any difference having a department of its own?

Mr Moffett: I am not sure if I should stray into that area in this room. I have very strong views about it which might get me into trouble.

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Chairman: Okay, we will not press that one. It probably comes outside our area.

Q410 Baroness Gibson of Market Rasen: Can I just follow one thing up because I was going to ask you, you have not at the moment raised this with the BBC? *Mr Vaughan:* Exposure is terribly important to the growth of the game without a shadow of a doubt and in fact the BBC are just launching a ten-minute series of coaching clinics with Jonny Wilkinson on CBBC, which is great. We have helped them by letting them have free access to certain things that we have got, which is fantastic, but it is not just exposure that contributes to growth; success obviously also helps an awful lot. England are currently the world champions of the 2003 World Cup and we have experienced huge growth since then in terms of numbers playing, the number of referees, and administrators and so on. But the way in which we have done that is a mixture of exposure plus investment in development officers out in the field who go to schools and teach the teachers to coach and get into the primary school area and get into all those things. So we have got a huge growth coming through and we are still sustaining it now two years later even though we are in a bit of a losing streak.

Q411 Chairman: One other point struck me as we were talking. A number of times we have talked about sponsorship being shown on the BBC. Many of the people who write to me say that the great thing about the BBC is there is no advertising. This is a grey area, is it not, because you obviously do take some account of it when you think of the BBC, it is not just an audience, it is the fact there is sponsorship around the ground?

Mr Moffett: Yes we do. It is actually very important to us in our case in trying to attract sponsors in a very difficult market, and it is a fact that we do. It does help us run the business of rugby in Wales by doing that.

Q412 Chairman: And the same in England?

Mr Vaughan: Absolutely, it is terribly important to be able to do that. It is often quite amusing when you read about product placement, which is the big story in the BBC. In *Spooks*, I think it was, they removed

all this product placement branding, but it is okay to do an interview with an author who is trying to flog a book. What is the difference? I cannot quite see it personally. So long as it is part of the fabric then I do not see anything wrong with it at all.

Q413 Chairman: It is certainly something you take into account?

Mr Vaughan: Absolutely. It is not just sponsorship, it is advertising revenue as well from all our points of view.

Q414 Baroness Howe of Idlicote: I have just been thinking about Scotland because Scotland does seem to be rather more on a losing streak at the moment. I wondered to what extent some of the initiatives that were being described as far as the BBC getting more involved on the practical side of things, would this be attractive to you or have you got a problem with Scottish television rather than the BBC? Also the other thing is to what extent you are all three moulded together as well as separate. To what extent do you help one another when you are in problems?

Mr Munro: I think it is important to state up front that a lot of the problems that Scotland are currently facing are of our own making. Point number one. Point number two, yes, we do have a problem. We have a fantastic deal with the BBC on Six Nations coverage which is fantastic. We do have a problem with BBC Scotland because rugby is just not on the horizon. No sport other than Rangers and Celtic is on the horizon and, yes, it is very important that the three of us, the Six Nations, act together because we are all in it for the same thing, to promote the game in our own countries, and obviously a large part of that is what we have to sell, and obviously the more that we can sell the better that we can all promote the game within our own countries. So it is very important that we have the sort of alliances that we do, yes.

Chairman: Okay, thank you very much indeed. It has been a very fascinating session for us. I think we have learnt quite a bit as well, which is not always our reaction to witnesses coming. Thank you very very much and perhaps if we have got any other questions we could put them to you. Thank you very much for coming this morning.

TUESDAY 22 NOVEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Howe of Idlicote, B	Manchester, Bp Maxton, L Peston, L
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Memorandum by Manchester City Council

1. INTRODUCTION

1.1 Manchester City Council (MCC) would like to make the following submission to the House of Lords Select Committee's Inquiry on the BBC's Charter Review, specifically relating to *Broadcasting in the Nations and Regions*.

1.2 This submission sets out the context within which the BBC's proposed move to Manchester has been made, the role and contribution of MCC to supporting this process and the potential benefits that would be realised by the BBC's proposals to relocate key network, production and commissioning functions to Manchester.

2. BACKGROUND

2.1 In 2004, the BBC announced plans to create the UK's second largest network broadcasting and production centre in Manchester, to achieve a decisive devolution of power, production and investment from London to the Nations and Regions of the UK.

2.2 The wide-ranging move would include the transformation of BBC Manchester into the BBC's second largest production centre via a major relocation of production and commissioning functions.

2.3 MCC fully welcomes the BBC's decision to relocate significant production activity and staff roles. We believe the relocation to Manchester will be of national significance, and will contribute to the continued growth of the media and creative sector will generate very significant economic and social benefits for Manchester, the North West, and the North of England as a whole. These benefits are already starting to be evident with the relocation of a number of new independent production companies to the City over recent months.

2.4 The emphasis on Manchester as a location reflects longstanding under-investment by the BBC's networks outside London. The new centre would act as a talent hub for increased production, and would help to create the critical mass of activity required to truly drive the growth of creative industries across the whole of the North.

2.5 In total, the BBC's proposed move is likely to involve the transfer of around £275 million worth of commissioning spend—£50 million of which would flow to independent production companies—to Manchester. The relocation is also likely to involve around 1,730 staff posts, joining the 700 BBC staff already based in Manchester.

2.6 In order to maximise the opportunities afforded by the BBC's plans, MCC and North West Development Agency (NWDA) are developing a series of specific proposals with the BBC to deliver a range of benefits that would augment the BBC's plan to create greater value for the public, thus enabling Manchester and the wider region to build on its economic assets and market position, as the UK's leading regional media centre.

3. THE STRATEGIC RATIONALE FOR RELOCATING KEY BBC FUNCTIONS TO MANCHESTER

3.1 Manchester is the most important economic generator in the North of England—creating over 40 per cent of the North West's wealth and jobs. It is the City's objective to deliver rates of growth in Gross Value Added (GVA), private investment and employment that can match those of London and the South East.

3.2 We believe the BBC's proposed relocation strategy would make a major contribution to our objective, however, there are a number of key factors that will influence both the effectiveness and long term sustainability of the BBC's move:

- The contribution and linkages of the BBC proposal to national, regional, sub-regional and local policy initiatives;

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- The role and contribution of the public sector in implementing measures to establish the City and the wider region as a sustainable media centre of choice, and thereby enable the BBC and the wider media sector to maximise opportunities to grow and develop.

3.3 It is clear that the economic assets and potential of Manchester are not only central to the success of local, sub/city-regional, and regional strategies, but also strategies of national significance, including the Northern Way Growth Strategy (NWGS) which recognises that a successful City/region is critical to the long term sustainable growth of the North of England. The NWGS will ensure that the growth of media and creative activity will be properly located within wider national and regional strategies in order to build upon the existing strengths of the sector in Manchester and across the region.

3.4 The BBC's initiative is also central to the desired outcomes of the recent Lyons and Gershon reviews and the potential benefits which can be captured from relocating public sector agencies and services out of London, and the role these services can play in generating economic and social prosperity.

3.5 The Government's national targets on reducing regional economic imbalances (PSA2) will be critical to realising the full economic and commercial potential of the media sector in Manchester, as there is a unique market opportunity to build upon the BBC initiative to support key growth sectors such as the media and creative industries, to enable the City to become truly capable of both complementing and competing with London in the international market place.

3.6 Currently, GVA and GVA per head of population in the City does not match the best of our comparator cities in Europe, despite the fact that over 45,000 jobs in the City have been created over the last five years through the policy and investment objectives and priorities of established strategic economic frameworks and performance objectives. It is also the case that over 60 per cent of jobs in the City are taken by people resident outside of Manchester. These strategies, therefore, which command the support and approval of the key City, regional and national public sector partners include the Manchester City Region Development Programme, the North West Economic Strategy, the Science City strategy and Manchester: Knowledge Capital are designed to create new and high level employment opportunities contributing to the overall growth of the City-region's knowledge economy and skills base, which is expected to grow over 100,000 new jobs in high value-added growth sectors over the next 10 years. These strategies and programmes identify a number of key economic sectors where such growth is feasible. One such sector is cultural and media-related industries.

3.7 This programme builds upon growing levels of employment in the field of television production and other broadcast media: the City is now the largest regional centre for television and film production in the UK, and is supported by a highly skilled labour force and a range of service, business and independent sector networks.

3.8 The BBC's relocation proposals will enhance this important process of economic change, by making the critical linkages to key support networks, high quality labour pools, housing markets and, critically, transport infrastructure. The relocation of significant BBC investment, therefore, affords the potential for the highly efficient utilisation of public funds to support not only the BBC, but the whole creative and media sector in a way which adds significant additional value to the local economy, thus multiplying and intensifying benefits. The overall impact should be a step-change in economic activity and performance.

3.9 To this end the City Council, with the support of its partners, proposes to create a Media Enterprise Zone (MEZ) built around the expanded BBC in Manchester that can provide a focal point for media, creative and IT-related investment into the region and ensure that the added value benefits of the BBC contribute to the long term economic growth of the sector and secure the wider regeneration outcomes required to sustain other public sector funding. The MEZ would, we believe, ensure that the BBC's relocation would achieve:

- complementarity with the policy and strategic locational priorities within local, sub/city-regional, regional and northern spatial planning frameworks. The location of facilities within Manchester City Centre is necessary given the economic importance of this centre to the wider region, and its connections to transport, communities and a skills base;
- impetus to transform both the physical and economic regeneration potential of a new quarter of the City in which it is located, providing the opportunity to integrate public and private investment in related facilities, complementary end-uses and world class public realm;
- new major physical investment into the region and creating long-term capacity for further growth;
- securing the active participation of the most significant broadcasters (including ITV/Granada) commissioners and producers of media output in the UK, in a single but integrated new campus;
- establishing a regional magnet for SME investment in media and creative activity and a long-term driver of growth for the supply chain, both for the BBC and the wider media industry;

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- exploiting opportunities to promote innovation by linking public and private research into digital and broadcast media, and strengthening the connections between the BBC and other stakeholders with Manchester Universities; and
- providing new opportunities to link, in very practical ways, media sector employers with schools to improve educational attainment, attendance and the pathways for young people into skilled careers.

3.10 The proposals will strengthen the development of a stronger, more diversified media and cultural base within Manchester, thereby sustaining the long-term impact of the BBC's relocation. The concept of a MEZ will also create new benefits underpinning public access to key aspects of the BBC's operations, thus developing added public benefit to the developing role of the BBC.

3.11 Independent research has confirmed that the BBC's expansion plans would not only strengthen the economic infrastructure of the media sector in Manchester, but also deliver a step-change in economic performance that would benefit the whole of the North of England.

3.12 Using economic impact assessment methodologies consistent with HM Treasury guidelines, Cambridge Policy Consultants (CPC) have estimated the economic, social and cultural impact of the BBC North project. According to CPC, the BBC's relocation proposals would create over 3,700 full-time equivalent jobs, an estimated 4,400 jobs in total, and generate an additional £1.5 billion in GVA to the North West economy over 10 years, thereby enhancing Manchester's competitive advantage, as the nation's largest and fastest growing regional centre.

4. CONCLUSION

4.1 The BBC's proposals around devolved investment and jobs from London, and the intention to create the largest regional broadcasting and production centre in the UK, in Manchester, have the potential to generate significant economic, social and creative benefits for the City-region and the wider North of England, as well as helping to transform the prospects of the media sector in Manchester. Manchester City Council therefore welcomes the BBC's proposals.

10 October 2005

Letter from the Northwest Regional Development Agency ("NWDA")

BBC NORTH PROJECT

In response to the Select Committee enquiry into the BBC Charter Review, please find attached an open letter to Tessa Jowell submitted to her office today. In addition, I would draw your attention to the following points:

- The relocation has the full support of the NWDA and other local partners, as well as our sister Regional Development Agencies, Yorkshire Forward and One Northeast. This proposed transfer of programme making, commissioning and the ancillary services required to support them provides a significant opportunity for the development of the North of England.
- The relocation of the BBC would enable the creation of a world class media sector. The region is already home to ITV Granada and prosperous creative industries. The continued growth of the sector is of major economic, social and cultural importance. This is critical in achieving the DCMS goal of maximising the contribution that these industries can make to the economy.
- We would stress that, to achieve its full potential, the move must bring with it real money and decision making power and redress lower spend per head in the North than in London.
- The agency and its public sector partners have committed, in principle, to support this venture with an investment of around £50 million.

For these reasons and those outlined in my letter to Tessa Jowell, the NWDA will continue to press for a swift decision on the BBC's relocation. We understand that through our partner organisation, Northwest Vision, the Committee may choose to visit Manchester as part of the enquiry and we look forward to hosting you here in the Northwest.

Alternatively, if it is not possible for the committee to visit Manchester, we would be happy to give oral evidence to your enquiry.

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Further letter from the Northwest Regional Development Agency (“NWDA”)

BBC NORTH PROJECT

In what is a crucial period for the BBC's proposed relocation to the Manchester city region, I write to assure you of the Northwest Regional Development Agency's (NWDA) full support for the move. I can confirm our sister RDAs, Yorkshire Forward and ONE North East, have also given the move their full backing.

The NWDA is working very closely with the BBC Director General and his Project Director to develop a comprehensive framework for the evaluation of options in advance of the critical BBC Governors' meeting on 20 October. This is a significant milestone and we look forward to a clear and unambiguous outcome. The NWDA will work with BBC staff to ensure a focussed and effective evaluation process for each of the proposed sites. It is crucial that we make swift progress in securing the most imaginative, deliverable, cost effective and beneficial proposal with a definitive timetable for implementation.

The media sector in Manchester and the Northwest has the potential to be world class. As well as being home to ITV Granada, there is a range of key independent media operators, excellent production facilities and creative talent that the BBC will benefit from. The Northwest is the largest centre of out-of-London production in the country, with a vibrant mix of programming in all production categories. I firmly believe that the vitality and innovation of the Northwest's media and creative industries will be enormously boosted by the presence of the BBC and its important role in commissioning programmes and other services.

The development of a strengthened BBC presence in the Manchester city region is also hugely important to our economy and employment opportunities. Through our current intensive work with the BBC and other local partners, we believe that the economic benefits resulting from the BBC relocation will be maximised through the complementary development of a “media enterprise zone”. This approach would enable the physical accommodation of the BBC together with a range of shared or complementary services. It is expected to create an additional 4,400 jobs in total and add a further £1.5 billion GVA to the regional economy over 10 years, providing a catalyst for further growth of the media sector. This clearly resonates with your own goal of maximising the contribution that the creative industries can make to the economy.

The benefits do not end with the Manchester city region. There will also be benefits throughout the North via the BBC's proposed increase in external commissioning of services. This is critical to the further cultural development of the whole of the North of England as well as the successful implementation of the Northern Way. In total, the BBC Manchester move involves £225 million worth of production spend and a further £50 million commissioning spend annually. This offers real added value in terms of stimulating sector development.

We have an unprecedented opportunity to deliver a genuine step change in economic performance within the North. We must not let this opportunity falter.

It is for these reasons that the NWDA will continue to press for a swift decision on the BBC's relocation. The Agency and its public sector partners have committed, in principle, to support this venture with an investment of around £50 million. I trust that I can rely on your support for this crucial relocation in the weeks and months to come.

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Examination of Witnesses

Witnesses: Ms HELEN FRANCE, Executive Director for Development and Partnerships, North West Development Agency; SIR HOWARD BERNSTEIN, Chief Executive, Manchester City Council; and MR JOHN WILLIS, Chief Executive, Salford City Council, examined.

Q415 Chairman: Thank you very much for coming. I will not ask you to introduce yourselves because we know from previous meetings who you are. Let me just say this about the Committee: we have already made one substantial report on the future of the BBC, but we were conscious of the fact that there were a number of areas which we did not have time, given the time constraints that were placed upon us, to do justice to, so we are looking in detail at a

number of other areas, one of which is of course, if I can put it this way, regional broadcasting or, to put it another way, how much broadcasting should take place outside London, and obviously Manchester is the crucial place to come to at this moment. We have heard a lot about the move to Manchester. Perhaps from your different points of view, from the North West Development Agency and from both Manchester and Salford City Councils, you could

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just begin by saying what you see as the advantages of this move and whether there are any disadvantages to it. Helen France, would you like to start?

Ms France: Yes, I am very happy to start with that. From our perspective, one of the reasons that we have been so heavily engaged with the BBC's proposed relocation is primarily due to the economic benefits of the move it will bring. We have already done a lot of work. As you know, our main remit is around providing the sustainable economic development of the region and we see the BBC move as being a significant catalyst to helping us to do that. We believe the move will generate significant economic, social and cultural advantages to the North West. We have commissioned, in conjunction with Manchester City Council, a piece of work about the economic impacts of the move. That has already shown us, at a very early stage the significant economic benefits that we can get. We can share that report with you so you can read the details rather than me going through all of the figures now. We also believe that it will enable us, as a region, to really develop a very strong cluster around media—new media and traditional television broadcasting. That the BBC's move will provide a real impetus for a substantial growth of the production facilities. This is very, very important for us and a key driver for the North West economy. In terms of the disadvantages, I think obviously it is very important for us that the scale of the BBC move is as currently projected. We think that if it is scaled down then it will not have the same catalytic benefit to the region. We also need to ensure that we have got a genuinely economic and viable set of proposals. Again, that is a potential disadvantage if we do not get that right. We can come on to that later, if that is helpful.

Q416 Chairman: Thank you. Sir Howard?

Sir Howard Bernstein: I think the starting point for us is what sort of city we want to create, particularly in the context of a new drive in national economic competitiveness. I think the vocabulary of all parties over the past few years has been the significance of city regions in trying to drive the national economic capacity of the UK. In that context, over the last few years what we have seen is a much greater focus particularly on places like Manchester in a wider sense, not just the City of Manchester, in focusing around those key value-added economic sectors which are capable not only of achieving transformational change but also at the same time improving national competitiveness. That is borne out also by the view that while London is fundamentally important it cannot be the only engine of national economic achievement. Cultural and media-related industries have long been established as a key growth in Manchester City region. We already account for nine per cent of the UK's

audiovisual workforce, the largest workforce outside London and the South East. We already have Granada ITV in place within the region, a very significant player responsible for generating something like 4,500 jobs. We have the partnerships in place within the region. Media Training North West has helped to drive talent and technological and cultural innovation. We have world-class universities to deliver the graduates who are going to be so important to be able to access what we all describe as higher value jobs. We also think Manchester is best placed to meet the clear objectives of the BBC about how it positions itself as an organisation over the next 10 years.

Q417 Chairman: Have you any sort of estimate on the number—and it is envisaged that 1,000 BBC jobs might come—of other jobs that will be created?

Sir Howard Bernstein: The economic analysis which Helen referred to, which as we said we can present to you, shows something like 4,500 jobs being generated, both directly and indirectly, within the wider region as a result of the BBC relocation and clustering activity which we are determined to gather around it, and something like 20 per cent of that total will be captured immediately outside the city region. This underpins the wider benefit to be captured in the Northwest as a result of our strategy.

Q418 Chairman: Is there anything on that scale that has been done in Manchester in recent years?

Sir Howard Bernstein: Yes, thankfully. The wider Manchester City region is synonymous with achievement over the last five years, whereas 20 years ago it was associated with under-achievement. The regeneration of the city centre has levered in something like £4 billion of public and private investment and something like 45,000 jobs have been created within the city region over the last five years. And, indeed, we have set ourselves the target over the next 10 years to significantly increase our GVA (gross value added) and the BBC relocation itself will account for something like 10 per cent of that growth target over the next 10 years.

Q419 Chairman: But media is a crucial element of this?

Sir Howard Bernstein: Media is one of the six or seven high-value sectors which differentiate, in our view, the Manchester City region not only from other city regions in the country but also other competitors throughout Continental Europe.

Q420 Chairman: You have persuaded *The Guardian* to move back?

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Sir Howard Bernstein: We are talking to them.

Q421 Chairman: Right. Salford, John Willis?

Mr Willis: Chairman, I would just like to add my comments to Howard's. My emphasis and Howard's and Helen's is very much around transformational change here. We talk a lot about transformational change but this is one of those real opportunities in Greater Manchester. We have already seen a huge transformation in Manchester in the city centre, as Howard talked about, and this is an opportunity to further develop that transformation. It is also a transformational opportunity for the BBC and also for broadcasting in general. We have got a chance here to future-proof broadcasting in this country and maintain its status on a world stage. There is, as we all know, huge competition. Dubai and Seoul have got their media cities and I think we have got to be thinking at that level, and this presents that sort of opportunity. We are hoping between us as a partnership to be able to provide the BBC and the broadcasting world in general with that opportunity. We have now to be thinking about the next 10, 20 or 30 years and future-proofing is one of the key features.

Q422 Chairman: And Manchester and Salford are working hand-in-hand?

Mr Willis: We work together on so many issues. To be honest, very few people know where the exact boundary is between Manchester and Salford.

Q423 Chairman: We had it pointed out to us this morning so we know one bit of it.

Mr Willis: We are working together on housing regeneration along the River Irwell and the two cities coincide at the heart of the conurbation. We want what is best for Greater Manchester and for the North West and we will work to achieve that.

Sir Howard Bernstein: It is not just Manchester and Salford. One of the clearly defined factors which effectuate this city region and others is the extent to which there are shared objectives around economic performance and social inclusion county-wide and how subregional structures integrate in the active pursuit of those shared objectives. That is something which we have worked very, very hard on over many years to get right.

Q424 Chairman: As I understand what the BBC are saying, it is not just the North West; in a sense it is a hub which will take in Leeds, Newcastle, and places like that.

Sir Howard Bernstein: Yes.

Ms France: Can I respond to that, Chairman. As an RDA we are working very closely with the other two northern RDAs, particularly on the back of the Northern Way activity. There has been a small

number of transformational activities that have been identified as really making a huge impact, outside of the geography of any of the individual regions, and the BBC move is one of those. We are working particularly closely with other RDAs and their partners to ensure that any benefits we get from this relocation spin out to hubs elsewhere such as Newcastle. The BBC has been very helpful and constructive in helping us do that.

Q425 Chairman: They support that in the North East.

Ms France: Totally. It has been seen very much as a key priority of the Northern Way and the coming together of the three regions.

Q426 Bishop of Manchester: I am of course a symbol of unity because as Bishop of Manchester I live in Salford! You talked certainly in the Manchester evidence—but I am sure that Salford is in on this as well—about the kind of specific proposals that need to be made with the BBC about the move up here to Manchester or to Salford. I wonder if you could just expand a bit now on in a sense what is on the table from your point of view in order to be able to make the local partnership with the BBC work?

Sir Howard Bernstein: When colleagues from the BBC started to engage with us some 12 months ago was a shared understanding at the outset was that we ought not just to be talking about a relocation of the BBC's operations to this part of the world. What we were all very clear about, having regard to the clear and defined BBC values, which were communicated in the recommendations about how you drive creative industries, how you support competition with the independents and how you secure greater public access, was that what we needed to do was to create something, as John has described, as being very, very special. So the concept of the Media Enterprise Zone emerged jointly in discussion with the BBC which would have a number of very discrete components: obviously purpose-built offices to enable the administrative and supporting infrastructure to be accommodated; but also the concept of shared technical facilities, involving the BBC and other broadcasters and users which would give the opportunity for sharing overheads; creating a platform to develop content and a whole range of different programmes; developing the opportunity to involve independent producers and, more specifically, the opportunity to innovate, which all of us accept is going to be a fundamental part of the growth of the media industry in the future. Another component of the Media Enterprise Zone would be flexible space which would provide a whole range of business support services including incubation, which is so important to small to medium-sized businesses who are wishing to develop and flourish in

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that sector. It would include a research centre which would provide the opportunity to make critical connections between technology and innovation and involve some of our world-class universities in this part of the world. Critically there are public access arrangements. The BBC have made it very, very clear that as part of their overall move to develop a comprehensive plan they wanted to examine different ways of engaging communities in programme content development. Our own strategies around community engagement and the whole question of the diversity of communities in this part of the world give us real opportunities to look at public access in a very sophisticated way. It would also allow us to do something which is very dear to all of our hearts in the public sector, which is to involve the cultural and media sector in the way in which we provide education in this country. That is something where at different stages of young people's development, there is the opportunity to excite and help innovate and promote a interest in media. All of these different components represent what we would describe as the Media Enterprise Zone and represent the justification for different levels of public funding support being provided.

Q427 Bishop of Manchester: Those are the ideas; what are you as councils proposing to put into those ideas in practical cash terms?

Sir Howard Bernstein: There is a general envelope of public funding which between us we identified as of the order of £50 million. As a council we are putting a significant contribution into that. The sorts of things that we would be looking at are support in the acquisition of land; funding support in helping to create the facilities; funding support to enable us to create the pathways in terms of skills development, people development and the making of connections with our wider public services such as education; but fundamentally to create the spatial focus around where the Media Enterprise Zone should go, and how we underpin skills and other types of development.

Q428 Bishop of Manchester: Does John agree with that?

Mr Willis: We operate on a very similar philosophy here. Everything that Howard has explained is something that is common right across the board in what we are trying to achieve here. I would just add that one of the important aspects concerns our universities. We have got between Manchester and Salford the largest campus in Europe and there is a huge talent there, and too many of our graduates leave the region. One of the benefits to us is the retention of high-calibre people who can lead and create and who can in turn help create jobs and wealth for the area.

Q429 Lord Maxton: Could I just ask about that because obviously the economic impact will be much wider than just Manchester and Salford, although that is where you are involved. Are there discussions with other local authorities not just in the Lancashire area but also right through the whole North West because it will impact presumably in terms of the people living there, smaller companies working in other local authority areas? Having seen what they have done in Ireland in terms of offering location facilities for companies to come and film outside broadcasts, and so on, you are having discussions presumably?

Ms France: Can I take up Lord Maxton's point. You are right, there are issues that go much wider than Manchester and Salford and there will be impacts as a result of this move that do go much broader and much wider than the supply issues, such as how we link into the supply chain and how we link into the higher education and further education facilities, and they will go wider than Manchester and Salford. For example, the University of Salford specialises particularly in media-related activities. We are already starting to have discussions with them about how we can utilise their facilities and how they can ensure that they are positioned to be able to provide the high-quality graduates that will be required for this. It is probably fair to say that our discussions with partners outside Manchester and Salford are at very early stages because we have been looking at the generic impact that can be of benefit as a result of the move and we have also been looking at very specific, site-related issues. We are now at the stage of going much broader into the Northern Way partners, as I have already mentioned, and also wider partners across the North West. We are very mindful of the need to do it and we have started to do it. We have still got some progress to make on that, but it is definitely a priority for us to do that.

Q430 Baroness Howe of Idlicote: One of the NWDA requirements was the presence of thriving clusters of businesses with networks to support them. You have gone a little way along there but are you really convinced that the North West really has got developed clusters already which would effectively support the BBC move to Manchester? Are you pretty certain that it is there already, although you can obviously build on it?

Ms France: As part of our regional economic strategy we have identified a range of clusters that will help us to generate this transformational change for the North West. It includes the creative industries and we are prioritising that within our new regional economic strategy and specifically referring to the role of the BBC in terms of that clustering of creative and cultural activity. I agree with you that it does go broader than that and the supply chain and

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education does go much broader than the direct creative industries. There are links into the legal services and financial services and other clusters that we are developing. We are confident that we have sufficient economic activity in the region to be able to support it as it stands now. We are also very mindful of the fact that we want to ensure that we are positioned properly for the transformational activity that will result from this. So we are working very hard with existing clusters to strengthen and develop them and also looking at what other work is needed on the back of it.

Sir Howard Bernstein: Just to add to that, if I may. I think it is all about the development of critical mass and what we are already seeing within the North of England regional economy is very, very clear development in the creative industries, lots of activity which is increasing all the time. What this will enable us to do is make that step change and by synergising activities in the way I described earlier and by creating critical mass with the necessary public funding support and the pathways which are described, you get the critical point which then starts to drive change in a much wider way. The parallel I would draw is Manchester Airport. Manchester Airport, which was a major city asset 20 years ago, has now reached the threshold of international significance and it is now driving transformational change throughout the North of England.

Mr Willis: The building blocks are already there. There are something like 63,000 people already employed in creative industries in Manchester so that is a substantial base from which to start. Something like 11 per cent of all new network programmes come out of the North West. That is growing at a rate of about 4 per cent a year. There is real impetus already there and, this is, as Howard says, about step change.

Q431 *Baroness Howe of Idlicote:* I worked here in the mid-1970s and I have seen huge changes and all of that would illustrate it, but looking to the BBC itself, what measures can they take to ensure that the existing businesses do have every opportunity to compete for support services contracts? Is there anything that you feel particularly the BBC itself needs to do?

Mr Willis: I think it is really important that the BBC links in with the local authorities and links in with Manchester Enterprises and our economic drivers to ensure that those connections are made. Part of the bargain has to be that the BBC can source material—competitive, imaginative, creative material—and will look to this area as being part of their home.

Sir Howard Bernstein: Can I just add one point to that. I think it is very, very important again (and I think it is foreshadowed in the papers which the BBC have produced) that in order to be able to secure the level of competition which is important and to be able

to support the growth and development of the independent sector, we need a dynamic and healthy BBC being relocated to Manchester. I think that is a fundamental part of the total process.

Q432 *Baroness Howe of Idlicote:* Do you feel the will is there on the part of the BBC?

Sir Howard Bernstein: I think the values which have been communicated in all the documents and in all the conversations we have had have been very, very strong and very, very exciting.

Q433 *Lord Maxton:* What would be the impact if it did not come?

Sir Howard Bernstein: It would be, in my view, a major lost opportunity not just in the context of national competitiveness strategies and Government targets around PSA2, the narrowing of regional economic differences between London and the rest of the country. There would be a huge question mark over the achievement of those strategies. I also think it would be a major lost opportunity in terms of how we can collectively shape the future of broadcasting and media-related activity in this country over the next 10 years.

Q434 *Lord Maxton:* You have talked about the creative side and quite rightly so. I represented the City of Glasgow which also, in a sense, has regenerated itself through the creative arts, but in broadcasting media we now talk increasingly about convergence and that includes the development of broadband and whether we have the computer skills both in terms of the hardware and software, that will be required as part of the support structure? What are you doing to both roll out more broadband and also connect it to remoter areas and also in terms of developing the computer skills that will be required?

Ms France: I accept totally the importance of broadband. If we are really going to have a sustainable economy in the North West we need broadband. The North West Development Agency has really focused on this and we have ensured that broadband access is available in even the most remote places. Ninety-eight per cent of Cumbria can now access high-quality broadband activity, which we firmly believe will enable strong business growth and entrepreneurial activity and drive businesses in areas which previously were unsustainable because they had no access to make the inward investment and export activity. We have already started to make that move and get that transition to make sure we are a fully functioning region that can take exactly the opportunities you have mentioned in terms of moving to convergence and exploiting the innovative activity that will hopefully arise as a result of the BBC move.

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Ms Helen France, Sir Howard Bernstein and Mr John Willis

Q435 Lord Maxton: You have not tried to attract Microsoft into the area?

Ms France: We are. *Sir Howard Bernstein:* We are talking to them.

Chairman: You are doing a lot of talking, are you not? Hopefully it will deliver one day.

Q436 Lord Maxton: On that point, do you think the BBC proposal to come here is more likely to attract companies like Microsoft?

Sir Howard Bernstein: Undoubtedly.

Mr Willis: Absolutely.

Q437 Lord Maxton: Absolutely?

Ms France: Yes.

Q438 Chairman: To turn to another aspect, do I detect a certain uncertainty or at least not total certainty that the BBC are actually going to come to Manchester?

Ms France: We are working on the assumption that they are coming to Manchester. That is the premise on which we are working and that is what we are here to deliver.

Q439 Chairman: That is what you are expecting to happen?

Ms France: Yes.

Q440 Chairman: If anything got in the way of that would it be the cost of the move which you think would be the most important? Let me put it another way; at the moment the BBC is predicting, although this may change, its relocation to Manchester will cost about £50 million a year and there will not be any savings to be found until after 25 years. That from my business experience sounds a remarkably long period for such an investment. Comments?

Sir Howard Bernstein: If I can go first. Very clearly we have not been made privy to all of those numbers. We are broadly familiar with the headlines but all the assumptions which underpin those calculations are clearly not known to us. A whole range of different inputs would be required in order to come to a conclusion about property requirements in London as well as outside of London—the cost of those, the people costs, the capital employed on studios—and how all of that relates, in any event, to the very clear drive announced by the BBC to compete more and secure greater competition between in-house and external production units. We would expect at some point, and I do not know what the precise timeline would be, that this would become a self-financing exercise, and whilst it would be wrong for people like me as a simple bureaucrat to actually contribute to a debate which is clearly going on currently within government, I think the point we would make is that when the BBC comes it needs to be a dynamic,

healthy organisation, able to achieve all the outcomes which it has declared for itself and which we believe are broadly shared by Government.

Q441 Chairman: 25 years is a long time.

Sir Howard Bernstein: It is a long time.

Q442 Chairman: Is it because housing, transport and business costs are more expensive here?

Mr Willis: There is already evidence of businesses, even public sector businesses, relocating to the North West because of the efficiencies that can be made. A number of London authorities are now moving their services and having them delivered in the North West because of the efficiencies they get up here. I would expect that to be replicated with the BBC move.

Q443 Chairman: By efficiencies do you mean costs?

Mr Willis: Yes.

Q444 Chairman: What about wages, what is the differential?

Sir Howard Bernstein: Lower.

Q445 Chairman: Lower?

Sir Howard Bernstein: Twenty per cent or thereabouts.

Mr Willis: and significantly reduced housing costs.

Q446 Chairman: Because the development agency, correct me if I am wrong, is expecting to invest, is it not, in this project?

Ms France: The development agency is expecting to invest in the move and is intending to invest in it as part of the package that Howard has already mentioned in terms of the £50 million investment. That includes resources from the North West Development Agency.

Q447 Chairman: You therefore must have done some investigation into the costs of the whole project?

Ms France: As I mentioned earlier, we are looking at the economic impact of the move and that will be the basis of our investment. Obviously we need to provide a strong case to the Treasury to justify putting public money into the scheme and you would expect us to do that in a credible way. We need to have proper evidence to back the justification for that investment and it will be on the back of the impact that the move has to the economy and also to the supply chain and issues that we have mentioned earlier on.

Q448 Chairman: Would it be fair to say that the jury is still out on the costs of this project?

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Ms France: I think NWDA and the BBC are continually reviewing the process. We have got a strong process of evaluation in train to enable us to look at the costs of the move both from the Northwest and the impact at in London.

Q449 Bishop of Manchester: Would you agree that from the point of view of the licence fee payer that on the face of it this seems hugely expensive and therefore possibly not value for money? Are you at your end aware of that problem and trying to work out a way of overcoming at least the psychological issue?

Sir Howard Bernstein: At the present time, as I understand it, the BBC's proposals certainly as far as the licence fee settlement is concerned are currently being scrutinised within the Department of Culture, Media and Sport and inevitably they will then be scrutinised by the Treasury, and whatever those numbers are that will be an outcome of those exercises. I think there is a cost and a benefit equation that needs to be managed. Based around the information we have at the moment, I think it would be inappropriate for us to comment any further without seeing the detailed build-up of all the numbers. Just as an example to demonstrate how organisations differ, Manchester has been fortunate enough to secure the Bank of New York relocation out of London and other places and they got a pay-back period in five years. That was based on their own particular configuration of costs and functions and all the rest of it. It would therefore be highly appropriate and you need to look at it in the context of the BBC in light of their circumstances.

Chairman: Could I bring in Lord Peston.

Q450 Lord Peston: I am probably going to ask a very unfair question because, as you rightly said, you are not privy to all the financial detail. Wearing my economics hat, the numbers do not make any sense to me at all. £50 million over 25 years is more than £1 billion in simple terms, if you ignore the discounted cash flow for the moment. As I understand it, *a priori* the BBC is creating 1,000 jobs for themselves for that £1 billion which means each job is costing £1 million. That is almost unbelievable. I do not know what your experience is of regional policy but as somebody who is in favour of regional policy if I was told that every new job was going to cost an initial £1 million, I would say, "Then I am afraid we are going to have more congestion in the South East." Do the figures make sense to you?

Mr Willis: Certainly we are not privy to the detail.

Q451 Lord Peston: Exactly, that is why it is an unfair question.

Mr Willis: For instance, we do not know what has or has not been taken into account in the BBC's calculations. Does it make assumptions that they will retain the existing assets they have got down in London or not? What would be the impact of the disposal of assets on that figure? Again, we are not privy to that. To come back to an earlier point, I would make the point that I do not think the status quo is really sustainable. I do not think it is equitable that the licence fee payers' money should be spent wholly in London. I think there is a very strong argument for spreading licence fee money around the country and I would hope the Treasury would consider that in their detailed analysis.

Q452 Lord Peston: I might as well ask my other couple of questions on jobs. To make sure I understand what you are saying on jobs—and again I find it easier with round numbers—the BBC is saying it will create 1,000 original jobs. I am not very clear about your multiplier. At one point it looked as if you were talking about 2,500 more and then you said something like 4,500.

Sir Howard Bernstein: The total jobs output as a result of this project is about 4,400 jobs gross impact.

Q453 Chairman: That includes the 1,000?

Sir Howard Bernstein: That includes the 1,000.

Q454 Lord Peston: So the multiplier is three point something?

Mr Willis: That includes jobs created in the construction industry, jobs created in supply industries, jobs created within the independent sector, et cetera, et cetera. That is a total gross impact which also includes impact outside the Greater Manchester area which is around 20 per cent, from memory.

Q455 Lord Peston: Could you also then clarify that for me because somewhere in your evidence you talk about people resident outside Manchester. It says in the evidence of Manchester City Council that something like over 60 per cent of jobs in the city are taken by people resident outside Manchester. So I can get a perspective, if I worked here I would be resident outside Manchester because if I was at the University I would find some posh bit of the countryside and live there, but I would still think I was part of Manchester.

Sir Howard Bernstein: One of the facts of life in places like Manchester certainly over the last 20 years has been that whilst we have created wealth and jobs, many of the people who have accessed those jobs unfortunately are not in high enough numbers from within the administrative boundaries of the city. Therefore one of our key drivers, along with Salford and the North West Development Agency, is to

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ensure that a greater proportion of people who live within our areas have the opportunity to access the jobs that are being created. That is fundamentally about how we create neighbourhoods where people choose to live rather than where they have to live. It is also about the skills and education and the relevance and effectiveness of public service generally. Certainly in the context of this particular project all of us have the same shared ambition—that here is a real, real opportunity to support that objective.

Q456 Lord Peston: Just to put it crudely, would I be right in saying from your policy point of view that you would expect to have Manchester, or more generally North West people, dominating this job creation and therefore insofar as they appeared on radio and television I would hear a lot more Lancashire accents, for example? If you were running policy is that what you would expect to happen?

Mr Willis: That would be a very pleasant experience.

Lord Peston: That is what I mean. I was trying to think of the last time I heard a Lancashire accent on television. Even Alex Ferguson talks with a Scottish accent.

Q457 Lord Maxton: I should hope so, he is Scottish.

Sir Howard Bernstein: Of the 1,200 to 1,500 jobs which the BBC are looking to move up here, I think they have identified something like 600 as being one of their objectives in relation to relocating people out of London and the South East, which is very important because you need that backbone in order to make the whole project work effectively.

Q458 Baroness Bonham-Carter of Yarnbury: Picking up on that last point, one of the things that will accompany this is an increased number of independent production companies. How concerned are you that they will be the big independent companies setting up offshoot offices here and not really generating employment for this area?

Sir Howard Bernstein: I think part of the rationale for this project has to be serious engagement with the independent sector. You do not secure the levels of benefits which all of us are looking to capture if that does not happen. That does not necessarily mean that all independent companies need to be actually co-located within the Media Enterprise Zone and what we have got to do is create—and this is one of the purposes of the Media Enterprise Zone—the opportunity for new emerging businesses to come, flourish, incubate and then move on. One of the key requirements of the Media Enterprise Zone would be not only in terms of how you secure regulatory and, custodial rights in the way that the Media Enterprise Zone is operated to regulate the use of the facilities, but also working with the sort of policies the RDA

has been pursuing for some considerable time and attract funding with business support for independent companies in order to bring businesses in to come and flourish to provide an example the wider area.

Q459 Baroness Bonham-Carter of Yarnbury: I noticed in the North West Vision paper that we had that just recently four London companies have opened northern branch offices. Are you concerned about brass-plating going on?

Ms France: Obviously we would be concerned if brass-plating were to happen but we are confident that the work we are doing with North West Vision—and I know you have received evidence from them—is around developing local companies and skills. We are working at the regional level to ensure that our production companies that are already here can face the challenge of the requirements of the BBC.

Mr Willis: I think that is an important point that we are not starting from scratch. There is a really solid base here. We have got the largest independent studios outside London already here so there is a critical mass already developed. We have got quite a strong base. Do not think we are starting from zero by any means.

Q460 Baroness Bonham-Carter of Yarnbury: Just one final question for Sir Howard. You explained very eloquently what the Media Enterprise Zone would provide for the BBC. In our last report we recommended that the BBC should develop shared centres of regional opportunity. Have you got evidence that the BBC is willing to allow local companies to share its resources?

Sir Howard Bernstein: Yes, the whole concept of the Media Enterprise Zone is founded on those shared values and at all stages of this process the BBC have been open and highly co-operative in driving that ethos forward.

Q461 Baroness Bonham-Carter of Yarnbury: Do you see the BBC and Granada, for instance, sharing?

Sir Howard Bernstein: I think from our side there is that presumption—although the precise form we need to work through—and it seems inconceivable to me that you can have a Media Enterprise Zone here in the Northwest that excludes Granada.

Q462 Baroness Bonham-Carter of Yarnbury: And the BBC seem happy about that?

Sir Howard Bernstein: In principle, yes.

Q463 Lord Maxton: Does it include community involvement?

Sir Howard Bernstein: Absolutely, the whole point about the concept is public access and the public ethos.

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Q464 Chairman: And is the BBC likely to gain from the Media Enterprise Zone? I can see other people will gain from it. Is the BBC going to gain? How is the BBC going to benefit?

Sir Howard Bernstein: Efficiencies and the ability to engage and drive the creative agenda which it sets itself, the agenda for public access and community engagement; the way in which its programme content is more accurately reflective of the North of England. All of those are very, very clear outcomes.

Mr Willis: I would add to that flexibility and future-proofing, to give the BBC that future-proofing that it really needs.

Q465 Chairman: You see the future as far as Manchester is concerned, as far as the North is concerned very much in terms of partnership, at least production partnership between the BBC and ITV Granada?

Sir Howard Bernstein: They would be at one. If you asked the BBC, they would attach, rightly so in my view, as much importance to partnership with technological providers having regard to the future dynamics of industry.

Q466 Chairman: The situation is now that since the Communications Act that ITV could be bought by a foreign company. That would be a disaster, would it not, if that foreign company decided that the best way of delivering its production was to deliver (as Walt Disney delivers) its own production and not bother very much about local production?

Sir Howard Bernstein: Yes inevitably, but again creating that diverse competitive bloc supports our own objectives as well as others.

Q467 Lord Maxton: Just on that point I raised when you were saying you were talking to Microsoft, because this is always one of problems with this; would that be a new investment for Microsoft or would it be a relocation from somewhere else?

Sir Howard Bernstein: We are not that far into the detail. We are meeting them on Friday.

Q468 Lord Maxton: Presumably, if it is new investment in an area and if the BBC did not come here, they would not come here but they would not necessarily be locating somewhere else in the United Kingdom, they might very well be locating anywhere around the world?

Sir Howard Bernstein: Exactly.

Q469 Lord Peston: Can I go back to one other aspect of this which is sport. As I originally understood what was supposed to happen with relocation, sport was to be part of it?

Sir Howard Bernstein: Yes.

Q470 Lord Peston: We are talking now about the organisation of the broadcasting of sport, we are not going to insist that everything is played here.

Sir Howard Bernstein: Pity!

Q471 Lord Peston: I cannot see any comparative advantage at all in sport being located in London for example. Are you assuming therefore that sport really will come here and will become, as it were, the centre starting with the BBC but then perhaps others as well?

Mr Willis: We stress that—and I think Helen said at the beginning—that our worst fear is that we get little bits. We need that massing and sport is an essential, key component then of that.

Q472 Lord Peston: From your side of how you do it, what is your contribution in facilitating that happening? I can see the desirability and I had assumed, to go back to my original economics question, there should be very considerable cost savings in having the thing located up here rather than of all places London. What do you do to facilitate or condition the contribution that you can specifically make?

Mr Willis: That will be wrapped up in the package that the RDA and specific councils are putting together here.

Q473 Lord Peston: That will become more specific the closer we get to the thing?

Mr Willis: Yes.

Q474 Lord Peston: Are you optimistic about it happening?

Mr Willis: Yes. We are not sure the BBC is going to pay us to come up here but we are working on it.

Lord Peston: Thank you for that.

Chairman: Any other questions from anyone?

Q475 Baroness Howe of Idlicote: Can I ask one so that I am quite clear. The impression I got was that if the BBC do come here that that will reduce quite considerably the likelihood of ITV being a target for takeover that could not be resisted, as it were. Are you saying that?

Sir Howard Bernstein: No, I could not say that. What I was trying to say is that at the present time having regard to existing activities within this part of the world there is a presumption in favour of ITV's participation within the Media Enterprise Zone. None of us would say there is not likely to be the potential for very significant structural changes which ITV, or for that matter the industry itself, will go through over the next five to 10 years. My point is that synergies created through the Media Enterprise

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Zone will deliver better competition, and being interdependent will allow for the impact of any hostile takeovers in the way that was put to me to be mitigated.

Q476 Baroness Howe of Idlicote: Is that the view of everyone?

Mr Willis: We all share the attitude that we all want to take advantage of the opportunity there is.

Q477 Chairman: And hope for the best?

Mr Willis: No, plan for the best.

Q478 Bishop of Manchester: When the move up here was mooted at the beginning, the BBC *Ariel* magazine found it necessary to invite someone from the BBC here to persuade people in the South that Manchester or Salford was not quite so bad as they might think. Have you any evidence in the negotiations that you have been having since those initial days that there is still among people in London a really quite serious desire not to come up North?

Ms France: I will start on that one. I think we were mindful of that response as well we have worked hard with the BBC provide information and understanding of the reality of the North West, not just Manchester. We have focused on education provision, housing provision, the ability of partners to get jobs, the quality of life, environmental issues and so on. We have had to counter that misconception and provide hard facts. That has been successful. We will continue to do that as we go through the process because it is about countering prejudice.

Mr Willis: We have to understand that change is never easy for people anyway and there will be a number of people who for valid personal reasons will find it difficult to relocate. I guess the BBC will have to accept that. But what we can put to bed is this fear or myth about the North and actually just talk about some of the fantastic achievements in Greater

Manchester, the North West and what a great environment we have got up here. Some people might have personal reasons why a relocation is not appropriate; others will be more flexible.

Q479 Chairman: This is not just a media issue, you have this issue with anyone and any company that relocates here?

Mr Willis: Absolutely.

Sir Howard Bernstein: That is one of the big challenges we had to confront with the Bank of New York which relocated out of London, and the sort of processes which Helen has rightly described are ones we undertook ourselves and that has proved to be very, very successful. The Manager of the Bank of New York branch up here does not want to go back.

Chairman: I represented a Birmingham constituency for 27 years. Outside London we all have these problems, do we not? Newcastle, Leeds, everyone does, even Scotland has it.

Q480 Lord Maxton: Everyone wants to come to Scotland! Have you had conversations or talks with the trade unions representing those workers?

Sir Howard Bernstein: Yes.

Q481 Lord Maxton: As well as with the BBC?

Sir Howard Bernstein: Certainly our politicians have.

Q482 Lord Maxton: Your politicians?

Sir Howard Bernstein: Yes.

Chairman: Good, it is very clear your evidence and I think we have covered it very well indeed. Thank you very much for coming, thank you very much for your time, and perhaps if we have any other questions we could write to you collectively to ask for information. In the meantime you are about to give me the piece of information for which I am very grateful which is called *The Strategic Case: Making an Economic Impact for the BBC North West*. Thank you very much.

TUESDAY 22 NOVEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Howe of Idlicote, B	Manchester, Bp Maxton, L Peston, L
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**Supplementary memorandum by Central Salford Urban Regeneration Company (URC) and
Salford City Council**

1. BACKGROUND

1.1 Following recent discussions between the Bishop of Manchester and the Chair of the Central Salford URC, we decided that it was important to make this short submission so that the discussion about the BBC's move to Manchester and the debate over its long-term role and its location and the relationship to the Charter Renewal process and the associated licence fee debate, was informed by knowledge of the Salford dimension.

2. THE RELOCATION

2.1 First and foremost it is of paramount importance that the BBC's relocation to a base in Manchester, serving the North of England, actually does take place. The debate about sites is potentially a diversion from this fundamental issue.

2.2 The Leaders of both City Councils have acknowledged that whichever site in the end is chosen, the key issue is that the relocation takes place. Whichever site is chosen, the potentially enormous economic benefit which will flow will happen. Whichever site is chosen, there is the opportunity for the relocation to benefit the citizens of the cities of Manchester and Salford and well beyond. These opportunities must be grasped decisively and the debate over the precise location must not be allowed to divert attention from this fundamentally important requirement.

2.3 In granting the BBC renewal of its Charter and in determining the level of the Licence Fee, the Government should be urged to make the BBC's relocation to Manchester a clear condition which has to be met in full. This should include the definition of the minimum range of activities to be relocated, including all of those already announced ie:

- Children's TV
- BBC Sport
- BBC R&D
- Radio 5 Live
- New Media
- etc

2.4 The potential impact of the BBC's relocation has already been the subject of an economic appraisal commissioned by the NW Development Agency and Manchester City Council. That potential impact applies equally to all the sites shortlisted and the two recently chosen for the final stage of site selection. The economic impact is a sub-regional/regional/North of England issue and the choice of site, when both are located in or very close to the centre of the conurbation, is unlikely *in itself* to make any difference. What could make a significant difference however is how the site chosen is developed to deliver the maximum possible impact on the growth of the media industries and across the wider Creative Industries sectors, across the North of England. It is in this respect that we believe the site on Salford Quays offers the BBC and the media industries generally the greatest potential and the greatest opportunity.

3. THE MEDIA CITY CONCEPT

3.1 The URC and the City Council along with the landowner and developer, Peel Holdings (the Partnership), believe that the site of Salford Quays offers a quite unique opportunity to develop a truly international Media City which can compete with those already being established across the world. Advice from MIT indicates that such International Media Cities need to be developed over time on a significant scale. Sites of 50 to 100 acres and more are seen as the norm. On Salford Quays there is the opportunity to develop such a complex

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on such a scale. The attached summary of the “Seoul Digital Media City” produced by the Massachusetts Institute of Technology in January 2005 illustrates the potential which Salford Quays can offer the UK (see Appendix A). It is an opportunity which the partnership in Salford believe can be delivered, building on the enormous strength of the BBC as the Media City Anchor Tenant. There is the space on Salford Quays and the potential for expansion to develop an International complex on a scale which is simply not possible elsewhere close to the conurbation core. The Select Committee heard from earlier evidence by Helen France, Sir Howard Bernstein and John Willis that the components of Media City would embrace:

- Office accommodation for the administration and supporting infrastructure
- Shared technical facilities
- Developing the role of independent producers
- Encouraging innovation
- Business support services including incubation
- Research centre
- Community engagement

3.2 This is but the core of what is possible in Salford Quays. Our partnership is looking to develop a Media City where the BBC is a vital anchor tenant but is not the only economic driver. We would expect ITV Granada amongst others to want to make use of the technical facilities which will be independently provided via Peel Holdings for production and post production purposes. We would expect a growing range of independent producers to utilise what will be leading edge, world class technical facilities. We envisage other programme makers across the North doing likewise. We expect to develop a critical mass of production and post production activity which will sustain the provision of constantly updated technical facilities making the Salford Quays Media City the most advanced centre for programme making anywhere in the UK. As part of this objective, we will so design and develop the Media City so that it becomes a major visitor destination in its own right. Centered on an extensive and specifically designed area of world class public realm, providing the setting for major events and activities linked to Media and Creative Industry themes, including in particular Children’s TV, Sport, New Media and Learning, Media City will attract local, regional, national and international audiences and interest.

3.3 Media City will act as a magnet for commercial and leisure activity in the rapidly growing multi media, IT and entertainment industries. On Salford Quays the opportunity will be created for a wide range of allied activities to cluster and create the sort of critical mass which will give the location its strength and its ability not just to sustain the BBC’s activities which are to be re-located, but to grow the Media and Creative Industries sector very significantly indeed. There is an exciting opportunity here for Media City to contribute in a very real way to growth in GVA in the North and to the delivery of the Government’s PSA2 Target. Opportunities on this scale are few and far between, and this one must be grasped and exploited to the benefit of the economy and the communities in the North and the UK, as a whole. The Salford Quays site and the vision and commitment of the partnership offers that prospect.

3.4 Media City is also about harnessing the talents of the people of the North (and the UK) in driving the concept forward. The vital importance of ensuring that people are skilled to drive forward these knowledge based industries is a key issue and the partnership is developing proposals to ensure that real focus and commitment is delivered to that end.

3.5 Equally important is the need to harness the Research expertise of the Universities of Salford and Manchester and Institutions across the North to support the development of the Media and Creative Industry Sectors. The proposed BBC R&D Institute will be based in Media City and we would expect to see that concept broadened to underpin the development of the sector as a whole.

3.6 In various aspects Media City will be linked closely to the surrounding communities in Salford and the wider Manchester conurbation. It is seen as an important objective to ensure that local people benefit from the economic activity generated to the maximum. Benefits through jobs, through links to local schools, to community involvement in events and so on. The potential regeneration benefits which could flow to the wider city communities are very substantial and this will be a major objective of the Salford Quays Media City concept.

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4. CONCLUSION

4.1 The relocation of the BBC will have a major economic and social impact on the Manchester City region and the North of England. The site at Salford Quays offers the opportunity to augment and develop that impact to one of international status. It is one very good example of the potential for transformational change, and as such needs to be grasped and developed decisively.

4.2 The Partnership in Salford is entirely focused on delivering this opportunity and will work with the BBC and other partners to that end. We believe that alongside the Lowry Arts Centre, the Imperial Museum North, Manchester United FC and the adjoining City Centre of Manchester, we can create the sort of exciting environment which will attract and retain the talented, innovative and creative people who will drive an International Media City. We hope the Select Committee will recognise this potential and support the proposition that the BBC's relocation should become a condition of Charter Renewal and the Licence Fee settlement.

4.3 The submission is made by Central Salford URC and Salford City Council.

APPENDIX A

SEOUL DIGITAL MEDIA CITY

Location: Seoul, Korea

Size: 135 acres (55 hectares)

Dates of Planning and Development: 1994 to the present

Developers: Seoul Metropolitan Government, Seoul Metropolitan Development Corporation

Link: <http://dmc.seoul.go.kr/index.jsp>

Vision: To “develop a futuristic info-media industrial complex that will serve as a centre of information technology in Northeast Asia.”¹ “The most valuable part of Digital Media City is that it will become an incubator for developing social capital . . .”²

In the late 1990s, the Seoul government first proposed a project that would capitalise on the status of Korea, with its rapidly growing multi-media, IT and entertainment industries, as the world's most wired nation. The Digital Media City (DMC) aims to promote these industries—as well as companies whose core business requires the use of information, communication, and media technologies—to grow and prosper in the global business environment. The DMC project serves the nation's larger goals of transitioning from a manufacturing to an innovation economy and promoting Seoul as an east-Asian hub for commerce. The Seoul government is using its process for creating the Digital Media City to spawn partnerships, which in turn will leverage the development of human and social capital. Rather than being an isolated hub of high technology in the fields of digital media and entertainment, the DMC is a major nexus that will feed, and be fed by, the innovation of more than 10,000 small-scale Internet, game, and telecommunication firms already located in Seoul.

The new district will be the home of digital media R&D firms: firms that create cultural material; companies whose core business benefits from digital media technologies; digital broadcasting centres; technology-orientated office space; and firms that either create or provide entertainment. Schools, housing for the affiliates of international firms, moderate and lower-income housing, commercial and convention facilities, entertainment zones, and the city's central rail station are all located in or near the Digital Media City.

The Digital Media City is part of the larger Millennium City project in the Sangamdong district of Seoul, four miles (seven km) from the central business district. Millennium City, conceived as a new town centre, also encompasses the World Cup Soccer Park, a major transportation hub, and the restored Nanji-do landfill.

The project's initial funding from the Seoul Metropolitan Government is being used to leverage the involvement of private technology partners and developers. The project was planned by the metropolitan government with the assistance of the Seoul Development Institute (SDI), a public think tank established by the City of Seoul, and is being implemented by the development arm of the City government.

¹ Seoul Digital Media City. “*Development Direction*”.

² Seoul Metropolitan Government Brochure. “*The Gateway to Tomorrow*”.

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The Seoul Metropolitan Government provided the IT broadband and wireless networks that serve the area, constructed the infrastructure, and provided tax incentives and favourably-priced land for the most desirable tenants. These “magnet” tenants will attract other firms to the area, because of their business relationships or because their presence brands the area as a prestige location. The Korean national government has located several key IT and cultural agencies within the Digital Media City.

A major feature of the project is Digital Media Street, which will host entertainment and retail establishments, technology companies, prestige housing, R&D institutions, and universities. Digital Media Street is an opportunity to develop and test new technologies, and to refine them in a living laboratory environment. The street will mix entertainment and retail uses with technology companies, incorporating the most advanced and interesting digital urban devices. A permeable realm that blurs the transitional edge between public and private space will be created by juxtaposing digital information with physical places. The street will run smoothly: maintenance operations of light fixtures and utilities can be controlled digitally, while dynamic street marketing and sensors will encourage traffic flow. The street will be informative: interpretative maps and guides will be available on the street and through mobile phones or other personal devices. The shopping experience will be flexible: ubiquitous credit sensing will create stores without check-out lines while “thin shops” will allow people to feel the goods and order custom products for home delivery. Finally, the street will be rich and interesting: co-ordinated digital displays will set the mood for events, while portals to sister cities will afford glimpses into different places. Technology will effectively serve and manage, as well as entertain.

Memorandum by North West Vision

INTRODUCTION

North West Vision was asked to prepare this submission in preparation for the Select Committee visit to Manchester. The paper covers the role of North West Vision, the current state of the TV industry in the Northwest, the potential benefits of the BBC's planned Move North and some of the issues that have arisen surrounding the proposal.

NORTH WEST VISION

North West Vision is the screen agency for England's Northwest. Our job is to develop the TV, film and digital media industries in the region.

We have four main areas of activity:

- Investing in high growth companies to increase production in the region, create jobs, grow capacity and offer opportunities for all.
- Investing in new talent, particularly writers, directors and producers.
- Attracting production to the region and making it as easy as possible for companies to work here in order to grow inward investment.
- Developing new audiences, increasing inclusiveness and access for previously under-represented groups.

We are funded by DCMS through the UK Film Council, the local and city authorities, DTI, the North West Development Agency and European Structural Funds and our annual budget is £3 million—most of which we invest.

We are industry-based and industry focused but follow a public sector agenda aimed at developing the media industry. Our Board and Staff have all worked within production or economic development. Our Chairman, Steve Morrison, heads up the largest independent TV production company in the UK.

We have a client-base of 3,000 programme and filmmakers across the Northwest and work closely with all the broadcasters, including the BBC.

We believe that our value to this committee is that we straddle the private and public sector, production and broadcasting, we are independent, we know the industry regionally, nationally and internationally, and we have a national perspective as well as a regional role.

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BRIEF OVERVIEW OF THE TV INDUSTRY IN THE NORTHWEST

The Northwest is the largest hub of TV production outside London. According to OFCOM, 11 per cent of all new networked programmes are made in the Northwest. This translates into £429 million worth of production and 1,310 hours of network television.

This strength is based on inhouse production for the BBC and Granada (which has produced more programmes in Manchester this year than ever before) and also some strong independent production companies (indies). The crew and facilities base in the region is comprehensive and highly experienced.

The Northwest is famous for its excellence in drama (Cracker, Prime Suspect, Clocking Off, Queer as Folk, Blackpool, Second Coming) and soaps (Coronation Street, Grange Hill, Brookside, Hollyoaks). It is also home to some very popular animation (Bob the Builder) and is growing a reputation with new markets in cable and satellite for programmes like Most Haunted—which has the biggest cable/satellite audience viewing figures in the UK.

The change in the terms of trade for independent production companies and the increased regional quotas imposed by OFCOM have created a climate of opportunity for Manchester to attract larger companies to base here and indigenous companies to grow. This has been given enormous impetus by the BBC Move North. In addition, North West Vision has been able to invest in 24 high growth TV companies this year, which will create an increase in their turnover by an estimated £20 million.

BENEFITS OF THE BBC MOVE NORTH

. . . for the BBC

Innovation, change and opportunity

Manchester already has a solid production infrastructure and a significant production base, which make it possible for the BBC to move, and make it the natural choice for such a large presence outside London. It wouldn't be possible to consider this size of move without a pre-existing sustained sector.

Manchester is the gateway to the North. The two other main production centres, Leeds and Liverpool are 45 minutes away so the BBC can easily access talent, crews and facilities across a wide area.

Diverse communities, new talent, new voices and the creativity of the North will mean even better programmes.

The BBC will win new audiences—traditionally northern viewers have preferred ITV.

Manchester has the highest student density in the UK which gives the BBC access to the brightest young graduates.

The move will offer the BBC the opportunity to change, and to develop new working practices, increase openness and access.

There are enormous partnership opportunities for the BBC as both the public agencies in the Northwest and the production businesses are firmly behind the move and willing to do their utmost to make it happen.

. . . for Manchester/the North

Jobs, economic development and cultural representation

The creative/knowledge industries are a target area for growth in Manchester and the Northwest as traditional industries face challenges. The TV production sector leads on this growth, as it produces sound economic benefit, high GVA, and boosts other industries (design, music, advertising etc) through its work. The BBC will be the “big beast” which will actually create the market and conditions for the whole sector to grow significantly.

Although Manchester's TV production sector is strong, it is small compared to London and the move will provide the impetus needed for a real expansion in the private sector. We are predicting an increase in £20 million in the independent production sector alone in 2006–07 in advance of the move.

The move will provide skilled jobs and career opportunities to new graduates, and previously excluded communities. It will help stop the brain drain to London and will make Manchester a magnet for talent.

As more production is made here, the diverse, and currently under-represented, communities of the North will be given a face and a voice.

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It is already working . . .

We have already begun to see the benefits of the announced move to Manchester by the BBC and its push to encourage production in the region ahead of this move. This year, we have recorded an extraordinary 30 per cent rise in production through Manchester, which is already the busiest production centre outside London. This means a huge increase of spend into the economy and within the sector.

This production benefit is being felt across the Northwest with a 20 per cent rise in Liverpool and a 45 per cent rise in Lancashire. In addition we have been able to attract four major London companies to open Northern branch offices in the city. We have also had two new local TV company start ups—one headed up by a member of the BME community the other by a woman (both traditionally under-represented).

BBC drama and comedy have already located commissioning staff in Manchester who now work the whole of the North to find new writers, talent and programmes.

As of today (7 November) there are 10 major new social dramas filming in the region using local talent, crew and facilities and telling the stories of the country that we live in. Jimmy McGovern's new series for the BBC, "The Street", is now in preparation and is set to become a landmark for life, today, in the UK.

. . . for the UK

addressing the north/south divide, community cohesion, equality of opportunity

The Move North is just part of the BBC's programmes to democratise its services and production. By creating a large and vibrant centre outside London, the BBC starts to address the over-investment in the south of England, with its attendant privileges and drawbacks, and to bring more balance to its coverage of the UK.

The Move North means a positive shift in focus by the BBC, both in terms of working in partnership with the independent companies, other broadcasters and with public agencies, this will lead to a stronger national industry.

The issue of community cohesion and citizenship needs to be addressed urgently, and so it is crucial to represent Britain in all its diversity through its biggest broadcaster and most popular media. This cannot be done from London alone.

PROBLEMS AND SOLUTIONS

The BBC will water down its commitment, saying it's too expensive

This is the biggest fear of the sector who are concerned that the BBC may just be using the proposals to move as a pawn in its desire for a good licence fee agreement and that it will renege on its proposals.

We would ask that the government make it a condition of the licence fee settlement that the BBC carries out the move—to the scale it has agreed.

The BBC will use the Olympics as an excuse not to move Sport and 5Live

For the development of the sector and the North, the important point is that the BBC moves both commissioning power/budget and inhouse staff to Manchester—and to the scale it has committed to.

Lack of capacity in the Northwest

There is some concern that if 1,800 broadcast jobs are moved by the BBC, and 900 need to be filled locally, there will not be the ability to do that. North West Vision and the rest of the public sector in the Northwest is now working with the local industry, the BBC and the HE/FE sector to ensure that skilled capacity continues to be built in the run up to 2010, and that opportunities are extended across all communities.

Choice of site for the proposed new centre

There are a number of sites under consideration, all of which have strong credentials for different reasons. The Northwest Development Agency has already pledged a £50 million investment into the development of a site which will bring together the BBC, the independent TV companies and potentially other broadcasters/media enterprises. The important thing is that the site is open to the wider industry, is fit for purpose, and carries with it regeneration benefits.

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The move only benefits Manchester

Manchester's central location means that the proposed move actually works for a much wider constituency. Crew and talent from across Yorkshire, the Midlands and into the Northeast are within easy commuting distance. It takes the same time to get from Leeds to Manchester as it does from Hampstead to Shepherd's Bush.

CONCLUSION

The BBC Move North will have a hugely beneficial impact both economically and culturally on the North of England, centred around Manchester. It will bring highly skilled jobs and opportunities to the North and will stimulate the growth of a vibrant and high-value sector—the creative industries. In addition it will benefit the BBC by opening up a new talent base, production hub and opportunities for access and engagement.

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Examination of Witnesses

Witnesses: MS SUSAN WOODWARD, Managing Director, ITV Granada; Ms ALICE MORRISON, Chief Executive, North West Vision; MR ANDREW CRITCHLEY, Managing Director, Red Production Company; and MR MIKE SPENCER, Managing Director, Multi-Media Arts, examined.

Q483 Chairman: Welcome and thank you very much for coming. I think you may have heard a bit of the previous evidence but basically we are in the second part of our study. We have already produced, as you may know, a first report but there were a number of areas which we did not have time to go into in detail and one of those is what I put under the generic title of regional broadcasting, although it goes rather deeper than that. Before we start, perhaps you could in a couple of sentences introduce yourselves. Shall we start from Mr Spencer and move down the table.

Mr Spencer: I am Mike Spencer, the Managing Director of an independent production company based up in Manchester. I have been in broadcasting 20 years of which 18 have been spent in Manchester both at Granada, the BBC and in the independent sector.

Ms Morrison: I am Alice Morrison, Chief Executive of North West Vision, which is a public agency whose role is to stimulate the TV, film and moving image economy in the North West.

Q484 Chairman: Sorry to interrupt, so you do not make, you do not produce; you encourage?

Ms Morrison: We do not produce but what we do do is, for example, we put funding into high-growth companies and we help them with production, development and so on.

Q485 Chairman: Thank you.

Ms Woodward: I am Susan Woodward, I am the Managing Director of ITV Granada; I am a Non-Executive Director of the Central Salford Urban Regeneration Company; and I am the Creative Director and Deputy Chairman of Liverpool Culture Company. My job is to drive the business for Granada in the North West and to make sure the

environment is such that we can make high-quality productions at low cost or at a cost beneficial to the company's bottom line.

Q486 Chairman: Good, so we have a voice from a Liverpool as well as from Manchester today?

Ms Woodward: Yes.

Mr Critchley: I am Andrew Critchley, the Managing Director of the Red Production Company. We are a drama producer based at Granada, we have made drama in the region for the past seven years, starting with *Queer as Folk* through to, more recently, *Casanova*. I am also Pact's North West representative.

Q487 Chairman: Okay, thank you very much. Can I just then start with a fairly general question. What is your assessment of how much television and radio (because we are looking at that as well) production goes on in Manchester and the breakdown between the BBC and other broadcasters in the independent sector? What is your view of that?

Ms Woodward: About 10 per cent of the UK's entire television production is made in Manchester. Of that Granada itself makes around about a minimum of 1,000 hours a year and that is made internally inside Granada Television and commissioned by Granada Television externally. Alice can give you some figures.

Ms Morrison: In the most recent Ofcom report it is published that, for example, London gets £1.476 billion worth of production every year and Manchester is the next biggest centre with £210 million. That is across the genres. We are the biggest centre outside London but compared to London we are still very small.

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Ms Woodward: In addition to that ITV is committed to making 50 per cent of its network production for ITV One outside of London. As you may be aware, Ofcom have committed that as a quota going forward from January 2006. We have already hit that ceiling and are very happy to continue.

Q488 Chairman: How do you compare with the other regional centres; Birmingham for example, where would that come in the league?

Ms Woodward: ITV Granada is the biggest production centre outside of London and it dwarfs anybody else in the UK.

Ms Morrison: As Sue said, it is 10 or 11 per cent of all the network programmes made at the moment in the North West. Within that we are talking about the North West as Liverpool as well as Manchester right through. The next biggest centre regionally is Yorkshire which has four per cent, so you can already see the differential.

Q489 Chairman: So this is the natural media centre as far as the North West is concerned?

Ms Morrison: Yes. We would say so because there is a sustainable infrastructure here already and there is a long history of production, as you will know from your screens, so there is potential for growth. What it needs now is that kick start into what could be phenomenal growth right across the industries. I think we are looking at the sunrise industries as well as traditional production.

Q490 Chairman: And have you any estimate of how many people are employed in the independent sector?

Ms Morrison: In TV it is very difficult. Five per cent of the entire population of the North West is employed in the creative industries, according to the latest report from the Cultural Consortium. I would be reluctant to break that down.

Ms Woodward: Granada's current population is 1,200 people and it has been like that now for probably about a year.

Q491 Chairman: How does that compare with, say, the BBC?

Ms Woodward: The BBC here is around 700 to 800 people in Manchester.

Q492 Chairman: But those 1,200 would be permanent staff, would they?

Ms Woodward: Yes, although because of the nature of our industry an awful lot of our staff are called freelancers, who are people on fixed term contracts although we classify them as staff anyway. We consider all those 1,200 as staff members.

Q493 Chairman: What about you, Mr Critchley, how many would you employ and how would you organise yourselves?

Mr Critchley: We are a lot different because obviously it is a much smaller concern but we have a core staff of nine and on occasion in the past seven years we have had three or four productions running simultaneously, on average perhaps about 70 per production between cast and crew, so the payroll does fluctuate between nine and 350.

Chairman: That is quite a range.

Q494 Lord Peston: Could you define what you mean by "staff". Does that nine include your secretaries and all of that?

Mr Critchley: Yes.

Q495 Lord Peston: How many creative staff are in the nine? Without insulting the secretaries, nine seems so small to me, I would need that just to run a shop. You must be incredibly efficient?

Mr Critchley: Yes. For the most part there is one PA assistant, there is me, a finance person, the chief executive of the company, who is the key creative part of it, and the rest are development staff.

Q496 Chairman: So when you come to producing a programme or a series of programmes you commission, do you?

Mr Critchley: A writer will come to us with a script and we will pitch it to a broadcaster and they will hopefully commission it. At that point we will crew up from a freelance pool that we share with Mike and Sue.

Q497 Chairman: And that freelance population there are enough people here, are there, to sustain that?

Mr Critchley: We do not crew up exclusively from the region. We find heads of department, the key creative personnel from wherever. We choose them based on their track record. For the most part, though, we try and crew up for the rest of them within the region for economic reasons as well as logistical reasons.

Q498 Chairman: Do you find the same, Mr Spencer?

Mr Spencer: Yes, Red Production do drama, we do factual programmes and documentaries, so we are less labour intensive, and we are able to draw 90 per cent of the staff we need—producers, directors, researchers—from the North West. And we also sometimes share staff with the BBC. We have had people on attachment from the BBC and vice versa.

Q499 Chairman: How many do you employ essentially permanently full time?

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Mr Spencer: Permanently there are six of us in the United Kingdom, although we have got four people in Dublin, and I think the highest workforce we have ever had is about 40, and so in terms of freelance employees it will range between 10 and 40.

Q500 Chairman: It is very interesting what both of you are saying because you are obviously very slim-line certainly compared with the numbers we are normally used to dealing with, but when you come to a production, whether it is a documentary or whether it is drama, there is no difficulty in finding the skills to actually produce the programmes?

Mr Spencer: No. You will be aware that in the media industry there is a lot of mobility amongst the labour force, perhaps to a regrettable extent but that just reflects the vicissitudes of commissioning and the business these days. It is a very large freelance market.

Q501 Lord Maxton: Who trains these skilled staff? The BBC have a reputation for doing it. Are they the only people doing it?

Ms Woodward: They are not the only people. In this region, Granada train more freelance staff than any other media organisation. We commit around about 1,100 training days per year to purely train the freelance sector in this region. That is because we require their skills to be as good as our internal staff's skills are and we need to equip the freelance staff with the same skills. Also Granada help train the freelance staff for everybody in the market although we incur all the costs.

Q502 Chairman: Obviously as you employ more I suppose logically one would expect you to train more.

Ms Woodward: Yes, absolutely but we have a training ethos behind it. We believe the best programmes can only be made with the best technology but because technology changes so rapidly in our industry training is an on-going commitment and you have to train otherwise you cannot deliver the quality of product.

Q503 Chairman: You do not mind? The normal complaint about training is you train someone up and immediately they go off and join Red or someone like that.

Mr Critchley: But they go back then because we do not employ them all the time. We employ nine people all the time and our average over the past seven years, totting up what we have made over the years, we are coming up to our hundredth hour of drama, which, you are probably aware, is the most expensive form, and our £75th million worth of production. On average over the last seven years our payroll has

probably been around 120 given that productions start and end at different times.

Q504 Chairman: I know you said you did not always come to the North West, you did not always base your productions in the North West; am I right in that?

Mr Critchley: Wherever possible we do.

Q505 Chairman: What I was going to ask was is there any reluctance to move to the North West? Is there reluctance from people to work in and around Manchester?

Mr Critchley: From freelancers?

Q506 Chairman: Yes?

Mr Critchley: No.

Q507 Chairman: None whatsoever?

Mr Critchley: We have attracted both production crew and talent. Last year we had Peter O'Toole here which took a lot of doing but we got him here. We get key talent from wherever we find them.

Ms Morrison: Can I answer about crew because we run a database for freelancers and we have got 1,500 people on it just from the North West all of whom have had a new television credit in the past six months which means they are working all the time.

Q508 Chairman: They are freelancers?

Ms Morrison: They are freelancers but they come through and they go to all the broadcasters and all the independents. The second thing I would like to add which I think is very, very important for this move, is that Manchester is here, Leeds is here, Liverpool is here and the North is up here, so basically people come in. It takes me less time to get from Leeds to Manchester than it used to take me to get from Camden to Shepherd's Bush when I worked for the BBC in London. That is just fact.

Q509 Chairman: You are luckier on that journey than I am.

Ms Woodward: Could I just add on training freelance staff, Granada has no problem about training freelance staff, we are very happy to share that with Red Productions or MMA or anybody else who is based in the North West. What is a struggle for us is we train staff and invest sometimes years of time and cashflow and they drift slowly to London because there is not sufficient work here to utilise the skill base that we are training for.

Q510 Baroness Bonham-Carter of Yarnbury: Speaking as someone whose career has been in television production, I understand exactly what you are saying, but it does expose something which is that

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it is a very mobile workforce and you do tend to use people you work well with and who have done good jobs, so in a way it is a fallacy that moving a lot of production here is going to mean a lot of work for people based here because everyone moves around a lot anyway.

Mr Critchley: A lot of talent moved to London in the first place, it was not all born in London. It follows the work and all the work should be spread out and television should reflect the whole country back on itself.

Q511 Baroness Bonham-Carter of Yarnbury: But the people you are going to be employing are not necessarily going to come from this area.

Ms Woodward: Not to start with but once we entice them back to this area they will stay.

Mr Critchley: They may well have been born here in the first place.

Ms Woodward: Mike and I are very good examples of that. Mike and I started our careers at Granada Manchester. We both then went at different times to the BBC in this building. I then went to London because at that time—and it probably still holds true—if you did not make the grade in London you were seen as somebody who was just a regional player.

Q512 Baroness Bonham-Carter of Yarnbury: This is working for Granada?

Ms Woodward: The BBC. I have worked for ITV, the BBC and Channel Four. There is still, I think, a perception as a professional broadcaster that unless you have worked for some time in London, you are not as good or as creative or as talented as the people there. Basically, as Andrew says, people follow the work and therefore the more work we can bring to this region and the more sustainable production, people can actually put roots down, buy a house, have a partner, have children who go to schools rooted within this region. We have managed to do it, but for other people to do that who want to share a different quality of life in this part of the UK, there needs to be more sustainable production.

Q513 Bishop of Manchester: Let's look into the crystal ball (which is probably a phrase I ought not to be using and certainly not on public record) let's imagine that the BBC has arrived here in Manchester with the move about which we know and the hub is underway. What from your point of view do you anticipate will be the difference in how you operate, and how broadcasting as a whole in the North West will be affected? I imagine there will be big changes. Could you just spell some of them out for us.

Ms Woodward: As part of ITV's 50th anniversary which is this year, in case you had not noticed, we commissioned an economic impact study for ITV Granada to see what the value is of ITV Granada's physical presence to the region and we have submitted copies as evidence to the Committee today. The major findings of that are our physical presence here creates economic value in the region of £127 million and because we are here we create and support 4,500 jobs, both internally and down the supply chain. Our wages and salaries alone are £34 million and our gross spend in the regional economy about £67 million. We spend a great deal with local suppliers. We are a real economic generator for the economy of this region. We can do that with a staff of 1,200 people based on the amount of hours that we do. If we imagine the BBC arrive here with 1,600 new jobs and also the commissioning and we put those two parts together, the multiplier effect on the economy of this region would be enormous. The first impact would be enormous economic growth. Secondly, we will be able to, hopefully, retain the talent in which we invest and train and share with our colleagues in the independent sector. Hopefully then, we will therefore be able to attract new talent back to the north, their homeland, or people who feel there is a new buzz and excitement and energy about the region. With the economic impact and talent impact we think we can be the UK's premier creative city and as a result attract new and emerging industries. Google have recently opened an office in Manchester. The Bank of New York have made their European base in Manchester in July of next year. So we are already seen as a magnet for emerging and new industries in the creative sector and the financial sector that support those. For me the BBC arriving here would not just take us on a journey that is already underway, because together we already make a powerful creative cluster, the BBC arriving here will jettison us into the future whereby we may take 25 or 30 years to get there with the current creative sector we have, but we could achieve that in four or five years.

Q514 Bishop of Manchester: Would anybody else like to come in on that?

Ms Morrison: I think there is a very significant cultural argument here in that we live in difficult times when citizenship and community cohesion are incredibly important and it is important that the region speaks for the nation as well. We are the North and we have a North-South divide, I do not think you can deny that. I think it is extremely important that we are represented on the screen and use the talent we have and start working with communities that traditionally have been neglected by the media in the media. Also very importantly the way we do that is

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not through anything patronising or boring or the same as it has always been. It is using new technology, it is using innovation, and it is using the departments the BBC is planning to bring up here because they are the departments of the future. So let's start using that to really grow something different and what I would like to see happen is not only that the BBC grows Manchester but we need to change broadcasting. We are a centre of innovation, we always have been, and that is what we should be drawing on and pumping through. As well as an economic argument, which I completely support, I do think there is that other wider argument that we should be becoming—

Ms Woodward: Alice is absolutely right, we are very mindful of that at ITV Granada for two reasons, not purely altruistic but also from a sound business point of view. We know that we need to make our programmes as relevant to as wide a sector of society as we can otherwise that sector of society that chooses not to watch us because they do not feel represented will simply turn to watching other broadcasters and we will lose advertising revenue as a consequence of that. It is very important that our programmes at the moment diversify into modern day UK plc. That does not happen by default. You have to take radical action to make those things happen. ITV Granada have embarked this year on a scheme going into next year to tackle that directly. We went out to communities all over the North West based on black and ethnic minority groups and we have interviewed 1,000 young people to give them a one-year bursary opportunity at Granada, to come and work on a salaried basis to be trained, to be mentored, with no guarantee of a job at the end of this one year experience but at least they will have their foot in the door. The young people we have taken on have first-class degrees from Oxbridge and they have never ever been able to get through the front door. That is our industry's issue and we know that is something we need to tackle. If we could extend that programme in year two and we have an expanding BBC in the future (we already roll the scheme across independent colleagues) it will make an enormous difference to the make-up in the future of the indigenous broadcasters and what ultimately we see on our screens.

Q515 Bishop of Manchester: You will appreciate that I have to be very careful not to hand opportunities to you to say how marvellous Manchester is! I really do now want to explore what are inevitably some minuses in all this and ask you, given all the advantages that you have very helpfully outlined about coming here with the media hub and everything, what disadvantages do you see might

arise over all this or is it a completely happy path ahead with no problems—and I cannot believe it?

Mr Spencer: Speaking as an independent particularly one working in the area of factual documentary and drama documentary, none of the departments moving up here will be much use to me and my company and so I will continue to help out Richard Branson by going down the Virgin West Coast Line at least three or four times a month. So although the BBC's presence in Manchester will do all the things as described and a lot more, from my own point of view it is perhaps a shame that more commissioning power is not being brought up here. I know there is within sport and CBBC but perhaps across other genres.

Q516 Chairman: Just explain to us what you mean by that?

Mr Spencer: I spend a lot of time going down talking to commissioning editors within factual departments of the BBC and none of those departments are moving north and so from my point of view—and I suspect it is the same Andrew and drama commissioning—I will still spend a lot of time travelling to London and being slightly the country mouse turning up in the big city and having our meetings in White City and scurrying off to Euston. I do not think that will change a lot. There are companies based in Manchester who make children's programmes and no doubt that will help them a lot, but the vast majority in terms of volume of hours remains, I would think, within factual programming and the commissioning process for that remains in London.

Q517 Baroness Bonham-Carter of Yarnbury: Can I ask that question back to front perhaps of Mr Critchley with your Pact hat on and as a drama producer. Is there a concern that because the BBC is such a big beast and it comes here with its specific departments that this becomes an area for niche production, if you see what I mean, so that drama is driven out and the production companies here concentrate on the particular areas that the BBC are commissioning from here?

Mr Critchley: I do not think there is any danger of us deciding not to produce in the drama genre as a result, but our commissioning does come from London, so our trips to London to secure those commissions mean less money goes on screen. The BBC have recently commissioned a long-running series or a potentially long-running series from us and from other producers in the North. As far as Pact is concerned, Pact would strongly back the move because the talent pool that would be attracted back here is flexible within genres. You can point the same camera or roughly the same camera at a drama

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production as a children's production. You hold the sound boom in the same place to record *Bob the Builder* as you do to record *Clocking Off*.

Q518 Baroness Bonham-Carter of Yarnbury: You are obviously an established company, but in the future will the kind of production companies that will set up here be ones that are dealing with sport and children's production?

Ms Morrison: In 2002 we did a survey of the independents in the North West and there were 70 independent production companies, of which only four had a turnover of over £4 million a year. Because of the BBC move and because we have started to try actively to get companies to set up a base here, that situation has completely transformed and they are across genre. Because of the Communications Act broadcasters have a regional quota, so regardless companies are now taking advantage of that and what they are saying is, "Right, we have got to do something in the regions," if we are being honest they are saying, "Oh no, we have got to do something in the regions, we have got to leave the comfort of where we are so where we are going to do it . . ." and they go right across the country but they also look for a sustainable hub. I think that is the point. Having a big beast, or in fact two big beasts because you do have Granada Productions here as well, and having some really solid companies sat here on either side of me is enough to be attractive. It is not like you are going somewhere where there is no television production. So I think that is very important. There is also no doubt that it would offer incredible benefits to all the independents were a channel to move here with the commissioning power and what it brings with it. It may not bring lots of people but it would bring spend and it would bring spend across genres. There is no doubt that would help the independent sector tremendously.

Q519 Baroness Howe of Idlicote: Following up a point on that because obviously the Communications Act has made a big difference in that respect, just thinking about the plus side, if the BBC comes and if they get settled in and everything works out well, presumably it might even influence some of the factual news side to think of having a rather bigger presence here, so it might—might it, I am asking you—have an impact?

Mr Spencer: I think we would really hope that that would be the case. There is a factual presence already in Manchester. I am not sure of the number of people they employ but there is a successful current affairs and news successful presence up here. I used to work for it some years ago until the BBC in its wisdom decided that religion and entertainment programmes should replace current affairs up here.

Q520 Chairman: That takes us on to another part of our inquiry.

Mr Spencer: Please allow me to give evidence to that part as well. I think the hope would be with a critical mass up here and the BBC in London recognising Manchester as a significant output and base, that then additional work would come into areas of factual programming, current affairs, and the rest.

Q521 Chairman: Just as a matter of fact so I can get my mind entirely round the commissioning process, how long does it take to get a programme commissioned?

Ms Woodward: Forever.

Q522 Chairman: Obviously it could take a vast amount of time but how much would you reckon an average programme would take you?

Mr Spencer: If you hit lucky, and a lot of what our job is is to see which door is the most likely to open, and if you hit that door and you are fortunate, three months. I think on average it is probably between six and nine months.

Q523 Chairman: In those six to nine months or in those three/six/nine months, is there a constant process of toing and froing?

Mr Spencer: E-mailing and proposals and meetings, yes.

Q524 Chairman: That is a long time. Is that the same in drama?

Mr Critchley: Do you mean to get to what we call a green light or to get the programme on the screen?

Q525 Chairman: I really meant to get to the green light, to get to the authorisation for this thing to go ahead.

Mr Critchley: It can be a couple of years.

Q526 Baroness Howe of Idlicote: That is what I would have thought.

Mr Critchley: Especially given there are scripts to write and notes to consider from commissioners and episodic scripts to have ready for the start of the production, because we do not film things in linear order, we film all the scenes in this place today and move on so they are filmed out of sequence, so it could be a long haul.

Mr Spencer: It took Celador three years to get *Who Wants to be a Millionaire?* commissioned. In retrospect which broadcaster would turn that down? But they all did, including ITV. It was only when personnel changed that the programme was actually commissioned.

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Q527 Chairman: To put it at a more modest level, say you wanted a current affairs programme on how to get into the House of Lords, you would do a certain amount of work on it, does that work get recompensed? What happens if at the end of the day the BBC or Granada says, "It is all very interesting but, thank you, no"?"

Mr Spencer: That is your bad luck really. In the case of how to get into the House of Lords, that is probably a subject you would think was a long shot and you would not devote too much time to it, forgive me, but, no, you are not recompensed, although you can get (and we have received it from the BBC and other broadcasters) some development money which will allow you to bring on researchers to go further with the subject.

Chairman: I just think you rather have conservative ideas about what programmes to put out!

Q528 Lord Maxton: You obviously and quite rightly are very forceful (I will not say aggressive) in trying to improve creative arts. I can understand why most of us are probably sympathetic to you taking jobs from London, although I think there are people in London who might say, "We are licence fee payers as well and we are entitled to at least some of the money." Is there a danger you are beginning to take it from other parts of the United Kingdom who may feel just as deprived as you do? I represented a Glasgow constituency and I think the creative arts in Glasgow might begin to say Manchester is getting more than its fair share.

Ms Woodward: Pat Loughrey said at the dinner last night that the BBC in Northern Ireland (I think) received £1.4 million to underpin regional production which for the population of Northern Ireland would seem to be, as Pat said himself, a generous settlement, to say the least. I think then again in Scotland, which is a very different constituency, you have BBC Scotland which is very proactive in that area, also Scottish Television and Grampian and so it has extremely robust independent and commercial and state-financed broadcasting. In addition to that, Channel Four have chosen Glasgow of all the regions and all the nations to set up a research centre which helps to create mini hubs in that city by giving researchers an opportunity to get access to resources, to facts, to business information, and so Scotland of all of the regions and nations in the United Kingdom is probably one that is best served. But, yes, if you had a constituency in Birmingham, I would think you would make a good point. At the end of the day, if the cake is sliced in such thin ways that it is spread equitably across the UK you will never create a creative cluster, and without a creative cluster you will never create the critical mass of the component

parts which will deliver more in terms of creative output than those independent and separate divisions. The cake cannot be spread to everybody and the jam cannot be spread that thin if you want to make an impact and grow the creative industries. At the end of the day it is a business that makes money for this country and we are an export industry as well as an internal industry, and that is a hard choice we have to make.

Ms Morrison: I am one of nine regional screen agencies across England and they are all behind this move. Again looking at the figure of £1.4 billion made in London, we are the next biggest at £210 million. There is such an imbalance that what the region believes is this is going to change the psychology behind it and make innovation more important. The BBC is committed to working more openly, to doing more partnership, to doing more training, looking at new ways of producing programmes, and that will benefit all of us because all the regions are hungry and proactive and we need it more so we work harder to get it. That is where we see the value of this move partly coming. Also if I could just say on regional production, 17 per cent is guaranteed to the nations and that is a nice figure. So Glasgow is doing alright, and I can say that as a Scot.

Q529 Lord Maxton: It is doing alright. Whether it is doing the right thing is another matter. But can I switch back to you in a sense. One of your jobs is obviously television and broadcasting but also it is to attract film makers. Will this move of the BBC here, who are film producers as well on occasions, help you in that job, attracting people to come and make films here?

Ms Morrison: We hope so. Film is more difficult because for television there is an easier market, it is there and it spends money. Film is much more risky so it is more difficult to sell in some cases. This year the BBC have put £10 million into film and next year they are looking at putting £40 million in, which will make a significant difference. And Mark Thompson is talking about regional voices being represented right across the nations of the region. Film is a very important cultural dialogue and I think that would be excellent. The other thing that we think we would like to work on is using digital technology and here the skills are the same. For example, the quality on big dramas is easily as good as film, it is fantastic. What we would like to see is a crossover from the high-end dramas, which is a strength here already into film and also using the new technology. In that way I think it will encourage the BBC to spend more on indigenous film, film from the United Kingdom, which would be a really good idea also.

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Q530 Lord Maxton: What about actual facilities? Everybody talks about *Braveheart* being a great Scottish film but of course it was made in Ireland, it was not made in Scotland at all. The reason it was made in Ireland was because there was a sound state facility just south of Dublin which was not there in Scotland. Do you require that any more or are you saying that digital technology now makes these big indoor facilities unnecessary?

Ms Morrison: For film, if you invest, for example, there is a great big new film studio built outside Cardiff, you just have to look at populating that. With film, the issues are always much bigger. I am sure you know this already but, for example, at the moment a big film studio like Pinewood is suffering purely because the pound is high and there is no clarity over tax breaks so the larger economic picture can have an effect on what happens at a national and regional level. It depends what kind of film you think would usefully be made here and how the industry is going as a whole because there is an enormous difference between a £1 million/£2 million film and the big blockbusters. That probably does not answer your question but it is as near as I can get.

Q531 Lord Maxton: The Irish Government also allowed them to use the Irish Army as extras.

Ms Morrison: And producers follow the money. If there are tax breaks it acts as an incentive, particularly in film.

Q532 Chairman: Can I just ask you one question, you said there were nine screen agencies.

Ms Morrison: Yes.

Q533 Chairman: Is that not just a recipe for doing what Susan Woodward was saying we should not be doing and that is trying to spread the jam thinly round the nation? Because certainly when it comes to government, one has the awful feeling they will say if there are nine we must give a little there, a little there and a little there. Is that not how it works?

Ms Morrison: Not really because it is about sustainability and this is the credible centre because it has that sustainable infrastructure and long history and the talent base, the production that is already going on. The nine screen agencies across the nation concentrate on different areas according to what their regions particularly need so, for example, in the South East they are concentrating more on the film production because they have the large studios there. All the nine agencies back this move.

Q534 Chairman: You do not think we would do better as a nation to have three or four major centres of excellence of which Manchester is obviously one?

Ms Morrison: To some extent, if you are honest about this, if you look at London as the first, Manchester as the second and Glasgow as the third, yes, I think it is good and three would be a good number. More than that we are only a tiny island and you would be dissipating too much so, yes, but I think that has already happened.

Q535 Chairman: You think that as well, Susan?

Ms Woodward: Before you think about or consider actually decreasing the amount of film councils you would have to create the centres of excellence which would replace them. I think there is the potential to have a look at that but you need to put the horse before the cart and you need those centres of excellence to then make the decision as to where best to spend additional revenues.

Q536 Baroness Bonham-Carter of Yarnbury: I think this is a question for you. How would you see the BBC develop its proposal for a shared production hub in Manchester, which obviously would involve Granada?

Ms Woodward: I am really glad you asked me that question. We have spent some time talking about it within the industry sector already. We already have a production hub in Manchester and that is the ITV Granada site with 1,200 people, all the post production facilities, the studio facilities which are shared currently in a joint venture company called 3sixtymedia which is owned by both the BBC and ITV Granada. We would not be doing something brand new, we would be building on the basis of something we have already. On the Granada site we already have Red Productions who rent some offices on our site and share in our production studios, post production, canteen, medical centre, car park, security, and our stationery closet if you let Andrew too near, so there is already a very good template there for us to work on. The big question is where should that hub be and, as you know, the BBC Governors are looking at four sites, and quite a lot of detailed work is underway on which of those sites to choose, and the Governors are whittling four down to two and ultimately to one. How would I like the BBC to proceed with that? With due haste would be really useful. It is quite a long time to wait until 2010 and it would be really helpful for all the parties interested in the BBC coming here and being successful in helping drive the success of our industries to understand what is the cost and what is the breakdown of cost in order for them to help them look at some of these costs and see whether

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there are synergies and where we can share and therefore reduce costs. I understand it will be a very difficult decision for the BBC to commit what happens to be an enormous spend out of the spending pot. I understand how hard that decision will be and I am very happy and more than willing to help look at those figures and see what best practice we can share to reduce them.

Q537 Baroness Bonham-Carter of Yarnbury: Is it your belief that this hub is only really viable if the BBC makes the move that it is suggesting? If it were not to happen, would the hub still be a possibility?
Ms Woodward: Because we have a hub already, that already exists, and that hub is not going to disappear overnight.

Q538 Baroness Bonham-Carter of Yarnbury: But could it involve the BBC without the departments moving?

Ms Woodward: No, you need that critical mass of creative talent, commissioning spend and the ability to transfer the talent between genres, departments, divisions and indeed companies to maximise the potential benefits.

Q539 Chairman: Just on that question of costs, the BBC at the moment—and I think it is obviously up for debate—are basically saying this is going to cost £50 million a year and the savings will be found after 25 years. Is that the sort of basis that Granada would be interested in investing in?

Ms Woodward: ITV Granada, as you know, is part of the ITV plc group and we are diligent in pursuing and squeezing our assets and making sure that every penny spent is profitable. We are not ashamed of that. We are very proud of being a successful commercial company. Whenever we embark on anything not of this magnitude but any sort of proposal for change and development, we have to justify internally the business case so every single penny and every single pound is drilled down, re-examined and examined again to find out if we can make it a tighter fit. That is quite a hard question to answer. I do not understand on what basis the figures have been arrived at. I do not know whether that is a fair assessment or not fair. It is difficult to know.

Q540 Chairman: In your internal assessment, if you put up a project which was not going to wash its face for 25 years that would be quite a hard sell?

Ms Woodward: I do not think I would even dare sell it into my bosses.

Ms Morrison: Could I mention something about this because, taking it slightly differently, for us it is about sustainable production. It is not just about

buildings and fixed assets. It really is about sustainable production. Again due to the opportunities that have arisen in the last two years we are looking at the independent sector growing by £20 million in this region over the next two years. That is an enormous growth and the reasons for that are increased sustainable production. The economic benefit has to be measured slightly more widely I think—and I am not an economist—but it seems to me common sense that if there is an increase of £20 million in what was a tiny struggling sector and that is sustainable, that is of great benefit.
Chairman: Okay. Baroness Howe?

Q541 Baroness Howe of Idlicote: Well also presumably we will be hearing in rather more detail from the BBC whether they are beginning to change their view. Just looking at the collaboration between Granada and the BBC. Sixtythree, which we saw a bit of earlier today, is a fascinating concept. Were there any problems as it developed and are there any lessons for the future?

Ms Woodward: The answer is yes to both of those questions.

Q542 Baroness Howe of Idlicote: Perhaps you would expand.

Ms Woodward: It was and still is a unique initiative. To take a state-funded broadcaster and an aggressive, in the nicest sense of the word, commercial broadcaster and ask them to share facilities was an extraordinary step forward. It was in our mutual interests to do that because we wanted to keep a maximum amount of studio production and space in the North, so we had a common ground. Then you came up against obstacles, as you do with any business venture that shares equity agreed in the beginning at 90 per cent in favour of Granada and 10 per cent to the BBC, and perhaps that was something we should have looked at differently at that time. The BBC therefore did not have an enormous inducement to actually put product through that joint venture company. That is further compounded by the fact that the BBC still to date operates producer choice so their producers could opt to take their programmes to other production facilities and not necessarily put the business through the joint venture company, so we did not have the absolute guarantee of any business being brought to Manchester coming through that vehicle. I suppose the biggest cultural difference between ITV Granada and the BBC is in terms of how we speak, the language we use, the different emphasis we put on working practices. All of these things took a lot of time to iron out. Having ironed those out, it works pretty well. The staff have settled in and we all feel part of one interesting,

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opportunistic venture. The big question is what the BBC wants to do about joint ventures if the one in Manchester is successful and they move north.

Q543 Baroness Howe of Idlicote: How were they ironed out? You explained the differences very effectively but what happened to make it work better?

Ms Woodward: If I give you an example of something that can show case how the JV helped to underpin both of our businesses. We had a very famous drama writer from this part of the world who made extraordinary, award-winning and internationally renowned brands for ITV Granada and then his relationship with Granada changed and he associated with the BBC and, as a result of that, BBC Drama commissioned work from this particular writer. However, it was made in Manchester as part of 3sixtymedia and therefore ITV Granada forged a new relationship with that script writer and in fact that script writer is about to make yet another, hopefully, award-winning drama for ITV Granada. So we now manage the talent effectively for the team and we all share a common focus that we want to keep production in the North and we strive to achieve the same high quality level of output because we have pride in our output. The passage of time has allowed the cultures to cross-fertilise with each other.

Q544 Baroness Howe of Idlicote: Have you any other thoughts about this on how it affected all of you?

Mr Spencer: Looking at it, I was at Granada when 3sixty began and it certainly was not a marriage made in heaven. As Sue points out, the BBC very effectively exerted their choice by not going to 3sixty. I think the personnel have changed and that is probably the key to it. The nature of Granada and Manchester has changed considerably and perhaps there are some new realities as well within this building and the BBC. So I think it is a change of personnel and just a changed environment of broadcasting in Manchester that has helped it become more effective.

Q545 Baroness Howe of Idlicote: Did you have any views on it?

Ms Morrison: I guess to have a sustainable sector you need to have effective facilities and we have 3sixty. We also have Andy Summers in post production and we have Web Lighting. 3sixty works and it drives things along and then you have the other purely private companies growing around it and they feed in and out.

Ms Woodward: That additional supply chain and that comes from the benefit of being in a cluster.

Ms Morrison: We have the top 10 in Britain post-production companies here and you need that. So you need everything moving in and out. I think Andrew, you are a client of 3sixty.

Q546 Baroness Howe of Idlicote: A satisfied client?

Mr Critchley: Completely satisfied. When we had used directors prior to that we had acceded to their request to go back to London for post-production, for whatever reason they wanted to do that, familiarity with the Soho-based post-production houses. When on occasion we have persuaded them to use the 3sixty post-production facilities they have always been completely happy with the product.

Q547 Baroness Howe of Idlicote: But looking to the future, it is still 90/10 or 80/20?

Ms Morrison: 90/10.

Q548 Baroness Howe of Idlicote: The potential for conflict surely remains, does it not?

Ms Woodward: I think it is right that the BBC has decided to opt out of owning their own resource base by 2007. I suppose the question will be there if they do not want to own a resource base and they want to still operate a joint venture or have a secondary third party venture, or whatever the BBC strategy is for providing production facilities, what their concept is if they do not want to own their own resource base is probably a question best put to the BBC than myself.

Q549 Lord Peston: It seems to me you are entirely right in the view you take about the creative cluster but in fact you probably underestimate the dynamics of that, and that once a place becomes successful its propensity to become more successful will grow rather than fall and therefore the dynamics will mean there will be very few centres indeed. I understand that argument and I presume in answer to the Bishop when he got you started on the advantages what you were saying is this is already a creative cluster and it will get more so. I take it that was your main argument?

Ms Woodward: It will get more so. The BBC's arrival here will be the rocket fuel to jettison it into its next stage at an enormously accelerated rate.

Q550 Lord Peston: I have got two puzzles. My first puzzle goes back to you, Mike, on the commissioning. Strictly speaking, it does not matter where the commissioner is; what matters is where the talent is. You are arguing, without making any criticism of the BBC, the fact the commissioning is in London biases the system against non-London. That seems to me what you were saying. I do not think you are wrong, let me tell you. People used to

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ask me in my younger days why I was always on radio and television doing the economics commenting and people from Manchester University would say, "We are as good as you are," but I would say, "Yes, but I am a 10-minute taxi ride from Highgate to Broadcasting House and the White City, that is why it is me." It is nothing to do with anything else at all. I take it that you are taking, on a rather more sophisticated scale, the same view that if the commissioners are down there they are more likely not to choose you? That is really your argument?

Mr Spencer: I think it is to do with how large you appear on their radar and I think part of that process is being in and out of the building every day or frequently in a week, bumping into people, knowing them socially. It is that kind of thing of which I do not feel envious but I think it is a problem for companies based outside London that they do not have that level of intimacy with the commissioners.

Q551 Lord Peston: I agree with that but what puzzles me a bit wearing my economics hat is that really ought not to be the case. If you are good they ought to be seeking you. It is rather like your list of freelancers. You have got this list and if they are on the list and they are good then, they are the ones who ought to be employed. But you are saying that is not the way the world works?

Mr Spencer: There are clearly successful production companies based outside London much larger than mine so it is not a complete impediment but there is nevertheless a feeling of "out of sight is out of mind".

Q552 Lord Peston: I just wanted you to get that on the record. Could I also ask, and I think this may be more to do with drama than to do with documentaries, but you did not really satisfy me on the question of the downside to Manchester when you were answering the Bishop. Do you find that there are people that you would want to have working for you and when you say it is Manchester, they say, "I am not coming up here to make a play?" Do you have that kind of experience?

Mr Critchley: We have that but rarely.

Q553 Lord Peston: So it is rare?

Mr Critchley: That is bound to happen, is it not? You want a particular piece of talent and they for whatever reason—it could be their own personal circumstances just at that time—may not want to move. They might not want to move from Cardiff to London, they might not want to move from London to Brighton. We have on occasion suffered from that. That is just one of the vagaries of the

business. The thing about commissioning though is it should not matter where the commissioners are from but inevitably it does. It is human nature to stick with what you know to an extent.

Lord Peston: I agree. I just wanted to make sure you said that so that we had it for the record.

Q554 Lord Maxton: One thing that I am not quite clear about is the difference, if you like, between the programmes you make for the national network and those you make for your own regional outputs. Do both the independents make programmes for non-network or is it entirely you who does the non-network programmes?

Ms Woodward: A good question again because it is always useful to outline what it is the television ecology sets out to do. Under the licences granted to all of ITV across England and Wales there are two types of programmes. There are those made in the region but for broadcast across the whole of the UK and there are those programmes made in the region but only broadcast within that region. They are actually stipulated by Ofcom's licence in terms of regional hours. Every member of the ITV family has to produce a certain amount of hours and those hours themselves are split into genres, so in North West we have to produce just for the North West itself five and a half hours of news a week, so many hours of current affairs a week, and so many hours of weather reports. They are very prescriptive and laid down by our licence. But they are only made within the region just to be seen by the people in the North West. As part of that pot of money, we also take the view that we put some of that product out to the independent sector like to Mike's company MMA to make programmes for ITV Granada to be seen only in the North West region whereas Mike will also be commissioned by ITV and indeed the BBC, as with Andrew, to make programmes for the whole of the UK, in fact in Andrew's case even internationally. So there are regional programmes made just for the region and regional production which has UK-wide distribution but made from one part of the country.

Q555 Lord Maxton: Can I perhaps link this a little bit then to something we were talking about last week which is sport and of course that is one of the things that is coming up from the BBC. Do you show at regional level sport and, if so, what sport?
Ms Woodward: We will probably cover most of our sports in the news in the five and a half hours of peak television.

Q556 Lord Maxton: No, I meant actual outside broadcasts of sporting occasions.

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Ms Woodward: ITV Granada does not have a network sports department. Our sports network department is centred in London where most of the sports departments seem to be. I suppose that is because that is where most of the sporting events are. Wimbledon is at Wimbledon, Henley is at Henley, rugby is at Twickenham, such is the nature of the beast, so we do not have a sports network department—

Q557 Lord Maxton: With all due respect, I will take rugby because that was my sport, rugby is not at Twickenham. There are five games a year at Twickenham. Every Saturday of the year there are rugby matches going on—Sale, I agree they are with Sky—in the region.

Ms Woodward: I am glad you mentioned rugby—

Q558 Lord Maxton: You are not showing them.

Ms Woodward: There is a programme that ITV did make, a late night rugby show called *Rugby Raw*.

Q559 Lord Maxton: That is one better than BBC Scotland.

Ms Woodward: No, the BBC now make it, we do not make it, we used to make a similar type of programme. Because of the nature of the way the hours are carved up across the whole of the UK, there are regional programmes made just for that region and we tend to put rugby within the regional news content, but for the big sporting events, the network sports events, the departments that do football, rugby, tennis are national events, even though they may be regionally based. A Man United game is obviously important to Manchester but it is equally important to the rest of the nation.

Q560 Chairman: I think we have more or less run out of time. Are there any more questions that anyone has? No, okay. I would like to thank you very, very much indeed for giving the evidence, which has been fascinating. I am enormously sorry my imaginative idea for documentary programming has been so rudely rejected by Mr Spencer.

Mr Spencer: What I will do is I will pitch it and send you the e-mail trail back and you are on 10 per cent if it is commissioned!

Chairman: There we are. Seriously, thank you very much indeed, and perhaps if we have got any other questions we can come back to you.

TUESDAY 22 NOVEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Howe of Idlicote, B	Manchester, Bp Maxton, L Peston, L
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Examination of Witnesses

Witnesses: MR PAT LOUGHREY, Director of Nations and Regions, MR MARK THOMAS, Director, BBC North Project, and MR MARTIN BROOKS, Head of Partnerships Strategy, BBC North Project, BBC, examined.

Q561 Chairman: Thank you for coming and also thank you for your hospitality since we have been here. I will not weary you with where we are up to in this inquiry because I think you know that, but suffice it to say we are in the second stage and now looking at a number of areas which we really were not able to do justice to in the first report, and one of those is the regions but more than that we are obviously particularly interested in what is called the move to Manchester. I wondered before going into the detail of the move and the advantages of the move and all that, which we have obviously had rehearsed to us this morning and indeed last night, if we could get the costs of this thing clear. At one stage it was being said that it would cost £50 million extra a year and basically it would not be in the black before the end of a 25-year period. I think it was the Managing Director of Granada who said there was no way that she would get a proposition like that past ITV. Can you tell me where we are? What is the best estimate of cost now?

Mr Thomas: Yes, we can. As I indicated this morning, the original numbers were based on that model which was a lift and shift model.

Q562 Chairman: “Lift and shift” means?

Mr Thomas: Replicating what we had in London for sport, children’s and Five Live and basically providing exactly the same facilities here. So that was the easiest calculation that could be done at the time when the BBC was figuring out what the global figure might be for this proposition. So that is where that number, which is around about £600 million for the total cost, came from and that is where the number of an annual cost of £50 million came from. As I also indicated this morning, the process that I have been engaged in with the rest of the project team has been looking at how those costs were arrived at and looking at ways of doing this more effectively. We talked a little bit about some of that this morning in terms of the way that the BBC would be part of the media zone and that would be a very different proposition to building another fortress. Going through that process we have been able to bring those numbers down significantly. In October we were able to present those headline numbers to the Governors. In terms of that big global figure of over £600 million,

we have been able to bring that down by a third. That is now around £400 million. In terms of the annual running costs which were standing at £50 million we have been able to halve those so that is now around £25 million a year. The health warning here is that this is very much work in progress and we are still burrowing away at those costs. Indeed, the Governors have challenged us to go further. This is by no means a done deal in terms of the proposition. Equally, the other side of that is that some of these costs could go up as we try and nail them down further and further. There is an issue which is very delicate and sensitive at this stage around these numbers. You have seen this morning there are a number of parties, two councils in particular, who are interested in securing the BBC as an anchor tenant of their media zone, and each of those two councils have two sites and those two sites have developers so we are now in a very difficult series of negotiations to make sure we can get best value for the licence fee payer. In this forum it is hard for us to go much further than we have today. It is also true to say this morning that an awful lot of focus was around—and you made a trip yourself—the ITV Granada site and the 3sixty model was discussed. Those are elements of one of the potential media zones. You have not heard this morning about the potential models around those other three media zones which are quite different. There are lots of interesting ideas and how that feeds back to the BBC in terms of costs and numbers is exactly what we are engaged in at the moment. None of us knows which is going to be best value for the media zone proposition nor indeed which of them is going to be the most future-proofed. I know there was quite a bit of discussion around those models this morning. So that is where we have reached and I hope that gives you some confidence we are heading in the right direction.

Q563 Chairman: Thank you very much, that is very clear. Just answer this: the £400 million that we start with, what does that cover?

Mr Thomas: Basically the £400 million is the capital cost of all of the elements. That includes the cost of the building, the cost of equipping it with technology, and the cost of moving people in terms of the relocation packages but also in terms of the

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redundancy for those people who elect not to move. Now, the reality about that is the BBC through various financing methods will be seeking to pay for this as a revenue stream which is where the second number of £50 million (now half that) comes in, so that is why we are able to talk about this in terms of an annual cost.

Q564 Chairman: I think I am getting a bit confused now. Is it a £400 million capital cost and then £25 million?

Mr Thomas: Not in addition, no. It is the same number expressed differently. Basically, for example, we are not going to build a building ourselves. What we are going to do is rent a building so there would be an annual charge for renting that space and that is how we generate that second number. For the stage we were at in terms of costing like-for-like we had to do it in that way but the important number is the annual cost.

Q565 Chairman: So in a sense £25 million a year wraps up within it that—

Mr Thomas: — All of those other elements.

Q566 Chairman: That is all within the envelope with the £400 million?

Mr Thomas: Absolutely.

Chairman: I see, I have got that.

Q567 Lord Maxton: Are the local authorities offering you incentives?

Mr Thomas: The local authorities have indicated this morning and the Chairman of the NWDA, speaking on behalf of both councils and his own organisation, has written to the Secretary of State and said that they believe that there is £50 million worth of benefit in the way that they can support the costs that the BBC would be bearing in this process. That is an element of these negotiations because on different sites it may be different amounts for different things.

Q568 Lord Maxton: But if you are renting does that mean that you might get a rent that was less than economic or you might get rate support or rate relief of some sort, you do not know?

Mr Thomas: I think all of those options are in play and it is really what is effective for them but also has the impact for us. Frankly, the BBC has that cost and it does not really matter which budget line it impacts from our perspective. Clearly it does from their perspective because of the economic and social regeneration.

Q569 Chairman: Is this £50 million that you have just mentioned in addition to the £50 million from the development agency?

Mr Thomas: No

Q570 Lord Maxton: £50 million for Manchester's benefit.

Mr Thomas: The £50 million that has been spoken about by the development agency includes an element from the councils, so whichever of the sites it is it is a total amount that the development agency has pointed out would be £50 million for Salford or for Manchester.

Q571 Bishop of Manchester: Salford would put in the same amount as Manchester?

Mr Thomas: We do not know the detail of it. All we know is that in the envelope that the NWDA is responsible for they are telling us it is £50 million.

Q572 Chairman: But the outside support which is likely to come under the councils or development agency is £50 million?

Mr Thomas: That is what they are saying.

Q573 Baroness Howe of Idlicote: Can I just clear up one thing in my own mind because I may be getting it completely wrong. I thought the original estimated global figure was £50 million, now down to £25 million, which is half.

Mr Thomas: Yes.

Q574 Baroness Howe of Idlicote: Whereas £600 to £400 million is down a third. Can you explain that to me?

Mr Thomas: I cannot. That is a level of financing and economics that is beyond me but I am sure we could provide you with written information as to how that works.

Q575 Chairman: Do you have any working estimate? In effect, what you are saying is that negotiations are still very much on-going on this. You are being, not perhaps surprisingly, pressed from various quarters, including the Government, to come in with the lowest figure which is practicable.

Mr Thomas: I think, as we indicated in the presentation this morning, obviously we are very focused, and the Governors are certainly very focused, on delivering value for money for licence fee payers. There is an element of the more that is not about lowest cost. I think that is where some of the confusion comes in. Comparing it to back office moves of businesses out of London, you can understand why that saves money. I think it was the Chief Executive of Manchester City Council who said wage costs are 20 per cent lower. They are as an average but, as I indicated as well this morning, for any vacancies that emerge in broadcasting at the very top level we are in a national market in terms of recruiting people so you are not going to get that

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20 per cent advantage. You may for some of the starter grades and for some of the entry points into our business get some of that dividend but the calculation is not as simple as suggested.

Mr Loughrey: Shall I say a little about that more formally.

Q576 Chairman: Just let me ask one more question and I will ask you to do that. If further costs have come down from the original estimate, I assume the number of years to pay off has also come down. Have you any estimate on that?

Mr Thomas: I think in a way that is a slightly misleading proposition. I think the original 25 years really related to the people costs. Basically we have an up-front set of costs of relocating probably half the number of jobs that we want to move up to Manchester, then we have potentially a redundancy situation, then we have potential recruitment costs. That is a very large number that that generates but that is paid back over a 25-year period on the basis that we would not have to pay for the London weighting that we pay in salaries to people working in London to any new vacant posts, so that would work itself through and over 25 years it would be a saving to the BBC to be operating in this market.

Q577 Chairman: So now the headline figure has come down, has the number of years come down?

Mr Thomas: No, not on the people costs because that number—

Mr Loughrey: On the property costs.

Mr Thomas: — The important thing around other costs, and this is why it is misleading about a payback of the whole thing is if you take that rental cost, in London we have a freehold property—Television Centre—so there is no cost on that, so the cost of renting a new facility in Manchester is a new cost. You never get a pay back on that specific cost so you are not really looking for a return on that over 25 years. The issue around property is what we may be able to liberate in the London estate to offset as a saving, and that is the subject of a vigorous debate at the moment that is taking place within the BBC.

Chairman: Okay. I am not sure if we are going to get very much further on this point today.

Q578 Bishop of Manchester: Can I just explore one thing before moving away from that and that is we were hearing this morning about the Bank of New York coming to Manchester. It may be that there are not really sufficient parallels when one explores it in detail, but it did seem from what we were being told that rather than a huge number of years that you have just been referring to and the Chairman has been referring to there would be a payback within five years. That is a pretty substantial organisation as

well. There seems to be a huge disparity between the Bank of New York and the BBC.

Mr Loughrey: I think I would be grateful if you looked at these financial issues in a wider context. Our objectives for this time are to fundamentally change the top line of the BBC's engagement with audiences. It is about equity for licence payers, it is about increasing the real output on the screen and on the air, about audience engagement and audience participation, all of which we have good reason to believe are in need of correction. There are many matrices to measure those. We believe that the creativity of the BBC has been significantly enhanced. These are top-line performance outcomes. We have across the country—for example, moving our pensions department to Cardiff—many back office arrangements and this is not one of them. This is not about cost-cutting and I am always wary of critics outside who measure us entirely on the basis that every move out of London must be for cost-cutting reasons, one stop short of a third world professional support service. That is not the objective here. We have very real reasons and a sense of urgency about changes in the commercial and industry market, about how the BBC must deliver better equity for licence payers. We are determined that we can deliver value for money but that is not our prime objective. The prime objective is equity of delivery and enhanced creativity for our audiences. There are many measures which are well-established in business by which we will determine success or failure on that.

Chairman: To be honest with you, I used to be Secretary of State for Health and Social Security and at one stage I think I was responsible for about 40 per cent of public spending.

Lord Maxton: That explains a lot!

Q579 Chairman: That explains a great deal but at least we did not run out of flu vaccine in my time! We put a number of cases forward of that kind. The Treasury, on the other hand, will be interested in the money. So it would seem to me that is just a fact of life. I do not disagree with your aims but it does seem to me that the pounds, shillings and pence do have to be very clear and that is the one thing which really stands in the way, does it not, of this whole project?

Mr Loughrey: I think there is some truth in that. That is why we have been so very robust with the costs—the pounds, shillings and pence. At the beginning of this process I have to tell you this team initially began to address this figure down rather than significantly up. As we measured the possible need for the BBC in Manchester, there was a horrible period when we were adding percentages rather than reducing them. We have taken a far more radical look at the possibilities and a much, much more open attitude to partnership than has been the BBC's tradition and we

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have reduced to the level that you have heard, 30 per cent in capital costs and 25 per cent in recurring revenue costs. I believe that is a very significant step in the direction you describe, Chairman, but I am also wary of being sucked into a very lop-sided matrix just about relativities with back office supply, which are honestly not comparable. We want to make a world-changing broadcast centre. We believe this can fundamentally alter the ecology of broadcasting in the UK and deliver better value for audiences than we have been able to do heretofore. That is a significant economic measure and I am in no way trying to evade the economic measure.

Chairman: You have obviously made very substantial progress in the last few months, there is no question about that. I think we had better allow you to get on with your negotiations, and I am sure it is your negotiations outwards and inwards and with everyone in sight. The Bishop of Manchester?

Q580 Bishop of Manchester: Can we look at the situation here with the BBC in Manchester as it is now and then how it might be when the moves are made. I know that when you showed us the little film extract before you did some of this but if we could have for the sake of the public record now information about what is broadcast from here, including on radio and television networks as well as regional. Please also go on to say what is going to be changed when the rest come.

Mr Brooks: I will give you a thumbnail sketch of what is here at the moment. About 800 staff work in this building. There are three main network production bases here: BBC Manchester Entertainment, which I mentioned this morning with programmes like *Mastermind*, *Question of Sport*; the BBC's Religion and Ethics Department is based here with *Songs of Praise*, *Moral Maze*, *Thought for the Day*; and network current affairs which produce *Real Story*, *File on Four* and the like. Then there are several network radio teams based here as well. There is a factual radio unit which does weekly editions of *You and Yours*, *Women's Hour*, *Front Row* from here. Then there is the BBC Radio Three unit and a BBC entertainment unit which does a lot of Radio Four quiz programming from here. Then there is Radio drama which produces about 60 hours of drama a year. Then on top of that, as we are in their studio, I should mention there is the BBC Philharmonic. The total hours for the network production from this centre are 243 hours of network television a year, 1,107 hours of network radio and, of course, we have got the regional output from here, North West Tonight and the BBC GMR which serves the Greater Manchester area, and the hours for them are 342 hours of regional television. That is made up of news, current affairs, political output and sports output. Then 6,752 hours of local radio through BBC GMR.

We have mentioned earlier on the departments that are coming and they will transform this place. They are heavy hitting departments for the BBC: sport with all its sports output; children's with its two channels CBBC and CBeebies; all the new media departments, including research and development, due to be coming up here; children's learning; and Five Live. There will be a massive amount of production and we reckon it is £225 million worth of production that will be coming here to Manchester.

Q581 Bishop of Manchester: Thank you very much for that very full answer. Can I ask you now about the previous occasion when a department came here and that is the Religion and Ethics Department. Nothing to do with my particular role as a Bishop it is simply wanting to know from the professional BBC point of view if I have my facts correct. My understanding is that the move of that department here to Manchester was perhaps thought out in a way which was not quite as fully thought out as it might have been and that that department was in a sense disadvantaged by, if you like, being away from the corridors of power and commissioning and all those sorts of things. I use that simply as an example. Without going into that particular aspect, can you give an assurance on the ways in which these other departments are coming that those kinds of difficulties will not be faced by them? If your answer to that is no that will not happen, you could then perhaps go back to this other department and say will things therefore improve for them.

Mr Brooks: Religion moved up here at the same time as entertainment features. I do not think there was a natural synergy between those two departments necessarily. They moved at the same time but they do not make natural bed fellows, I would contend.

Bishop of Manchester: We could have a debate on that!

Q582 Chairman: Please do not, not on this Committee.

Mr Brooks: I think we have learnt lessons from the move of religion. I think it is significant that there is commissioning power within those departments that are moving up now and they have their own dedicated output. I think that is a significant change from when religion moved up to Manchester. I was not here at the time but I have talked to people that were involved in that move. They have talked about some of the difficulties that there were and we will take those into account in anything we do moving forward with the departments as they are going to come up.

Mr Loughrey: As we did some research for this work maybe 18 months ago we talked to a former Head of Religious Programmes who said the problem with that set of incredibly well-intentioned moves was that

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we tended to shift supplicants and leave the power base exactly as it has been. The supplicants have thrived in religion and ethics in many ways. There is a very solid production base and I do not want to be seen to cast aspersions but it heightened the degree of difficulty for a production department. These new proposals are largely about self-commissioning teams—children's education, Five Live, sport, children's programmes—which all carry their budgets and their production teams. It is that sense of rounded security and relative strength in the market that gives them a base. I am convinced that that will provide advantages for religion and ethics and for entertainment and for current affairs here. There is a strength and solidarity in the Manchester base that comes from that scale of investment and the opportunities and the technology that we envisage will benefit all departments, including those here already.

Q583 *Bishop of Manchester:* The people in sports and other departments in London are now utterly reassured that if they were to come to Manchester then all the kinds of things you have just been describing will be firmly in place?

Mr Loughrey: I think the one thing that Mark Thompson has repeatedly said is there is a vision and there are not some teams or production areas that will slip off the back of the truck on the way north. We thought this through and we believe these are entirely complementary teams and they are groups that will reengineer the architecture of the business. He is completely committed, as is the Chairman Michael Grade, to the totality of the vision. In terms of reassurance in terms of individuals, one has to say that ideally the BBC should not have to engineer such an extreme correction at one time but such is the change in the commercial broadcasting market across the UK there is a sense of urgency, such is the strength of our own audience data to indicate that such correction is necessary. We would have preferred to have had a smaller disruption to the private and professional lives of colleagues, but this is quite different. However, I have to say five years is a long time in a very fluid industry.

Q584 *Baroness Bonham-Carter of Yarnbury:* Can I just go back to this point about commissioning power. Are we talking about Mr Mosey for instance moving up here?

Mr Loughrey: Yes.

Q585 *Baroness Bonham-Carter of Yarnbury:* So it is the whole department from top to bottom?

Mr Loughrey: Yes.

Baroness Bonham-Carter of Yarnbury: Thank you very much.

Q586 *Lord Maxton:* Although the move here of national departments is obviously the prime concern at the moment, to some extent what we are looking at is regional broadcasting and the role of the BBC within that, therefore I am interested in the hours. Do you do more hours than Granada of regional broadcasting?

Mr Brooks: I would have thought we did now because we do sports programmes in addition to our daily news service which is about a mirror of their daily news service. We also do current affairs and political output. They do political output and some current affairs. We do a fair amount of sports output mainly centred around Rugby League—after all, this is the heartland of Rugby League. We do two programmes concerning Rugby League. We do the *Super League Show* which goes out on a Sunday lunchtime and then we do *Rugby League Raw*, which is the programme to which Sue alluded. It is not an ITV programme; we actually produce it. We put it out, it is our programme.

Q587 *Lord Maxton:* We received a complaint from Scottish Rugby Union, about Rangers and Celtic. They thought BBC Scotland was entirely about that and nothing else. What will be the impact on that broadcasting of moving these national departments up here? Is it likely to distract you from that role or are you going to keep them separated so that this building will remain as the regional broadcaster?

Mr Loughrey: I believe no, the vision is that this site will no longer be occupied and that the entire BBC operation will be alongside other parts of the whole media community in that media village. I think that career paths will be broader and higher than ever before outside London and hence the professional opportunities for people in regional and local programmes will be significantly enhanced. Local radio and regional television news have been traditional recruitment territory for the whole of broadcasting from its inception. This formalises that opportunity and makes it possible without always moving within the M25.

Q588 *Lord Maxton:* Can I move it down one then. What about local television rather than just regional television? Be honest, a major car accident in Manchester is not of much interest to someone in Carlisle, so are you looking at that to see how you can bring news and current affairs closer?

Mr Loughrey: Let me just return to your earlier question. I believe that the BBC still produces marginally less overall output in English regions than ITV but, as you are well aware, ITV are rapidly diminishing their level of non-news output in the regions from three hours to one and a half, with a plan to reduce that further if Ofcom permits. We decided that rather than fill that vacuum directly we

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should do exactly as you describe and provide television news that is as local as our local radio provision in England and a great deal more local than we have ever been able to provide in the three nations. All of the audience indicators tell us that that is very much sought after by our large audiences. In a sense it is providing broadband on demand television news. In our Where I Live sites across the United Kingdom we have experienced remarkable growth in the five years of our existence. They are still a text-based service. When Philip Graf conducted the DCMS review he was somewhat critical of the character of local sites for having such a text-based service when we are in the business of sound and pictures and not text. We have taken that challenge and propose to create 60 strong local television on-line on-demand news services across the UK as a parallel initiative with us. We believe that in that welter of choice in multi-channel television the one choice that is sadly lacking is news about your community, and we can deliver it. There is a pilot happening in the West Midlands about to begin to test that proposition.

Q589 Baroness Howe of Idlicote: As you know, in our first report we recommended sharing centres of regional excellence. You obviously have had discussions with local production companies about sharing resources. Could you fill us in about how these have gone and whether, in your view, a major move like the one that might happen up here will contribute to the initiatives throughout the country?

Mr Thomas: In terms of a shared set of resources we absolutely endorse that view. Essentially that is what the media zone is predicated on. I think it goes a stage further than was originally intended when people began talking about it and I think this is why a level of granularity is quite important. It is possible to see a synergy, for example, between ourselves being in Manchester and ITV Granada. When you actually explore what that is in reality, the area of sharing is probably pretty much around a studio business. So we use television studios, they use television studios. If you look at the breadth of our proposition in terms of bringing radio up, they do not do radio; in terms of our learning division, they do not do that; the R&D aspect that the BBC does; our on-line stuff. So, yes, we are for sharing but it has got to involve the right partners, which is why I was delighted when the RDA and the councils were beginning to talk about Microsoft. It is companies like that we have been talking to them about. We have been saying that if the BBC brings up this range of propositions it would allow the media zone to create multiple interfaces with multiple businesses. There are lots of opportunities for interfaces with this proposition. Potentially you are talking about BBC Sport, on television, on radio and on-line. Given the proactive way the NWDA and councils are behaving, it is

perfectly possible to imagine they would set about trying to attract sporting organisations as well on the back of this move. So I think yes to shared resources, but we are talking about multiple interfaces and that is why I urged that note of caution earlier on. We should not just be looking at a partnership that is rooted in the delivery of current content by current media players. We are talking about a move that is five years away. We are talking about a move that is for the long-term future of the BBC. We call the services moving here the “services of the future” and we are looking at that media zone proposition as something that is going to be viable in 20 or 30 years’ time. You yourselves know how dramatically the broadcasting business is going to change. As the Chairman himself mentioned today, with the changes under the Communications Act the stability of those partners in that relationship is also crucial. So we are looking for a broad range of partners rather than a narrow arranged marriage.

Q590 Baroness Howe of Idlicote: I think what I was trying to get at, perhaps rather badly, is if what is being proposed up here, or wherever it happens, with all these multi benefits works (albeit five years on goodness only knows what has happened in that time) would this not make it easier for the more limited regional get-togethers to operate?

Mr Thomas: In a word, Lady Howe, yes, it is a model.

Q591 Baroness Howe of Idlicote: I would have thought so.

Mr Loughrey: There are interesting signs in Scotland at our new Pacific Quay site of collaborative ventures. It does not make much sense for two broadcasting organisations to own two separate studios both of which are dark for 75 per cent of their time. It does not make much sense in public value terms to have separate restaurants and separate security. There might well be opportunities in various centres around the country to have a more collaborative approach. Quite frankly, that is how the talent has moved over the decades across providers. I do not think the audience see it as necessarily opposite and in the regional centres we have a great deal in common with local radio, commercial radio and ITV. There is a fraternity of commitment to those communities and that should be reflected in the most cost-effective possible use of resources.

Q592 Chairman: But if there is a chance or a prospect, just going back on what Mark Thomas was saying, of ITV being taken over, it must act as a bit of a disincentive for your partnership ambitions?

Mr Thomas: Being completely clear about this, when we went back to the Governors we presented them with three scenarios. We said we can do what the

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BBC always does which is to stand alone, we can do a joint venture with ITV, or we can do the media zone. The Governors were very clear that the joint venture with ITV, while producing some benefits, did not produce the benefits on anything like the scale we are talking about, and the media zone is the model they have asked us to pursue, with a fall-back option of a stand alone option if that does not work. So you are absolutely right, but what we are saying to all the media zone operators for us in the context in which you set it out, ITV being a tenant on the media zone is neither a deal maker nor a deal breaker for us. The issue is really for the operator of the media zone—the councils, the NWDA—to attract whoever they feel they need to attract to that location. It is slightly complicated by the fact that ITV is one of the potential sites so not surprisingly their current position is they would only want to be part of the media zone on their own site. As I indicated, this is a complex set of negotiations and I am sure we will end up in a sensible place.

Mr Loughrey: Of course we will warmly welcome ITV. We are very keen to collaborate with ITV where it makes sense.

Q593 Chairman: I am sure you are but that was not entirely my point. My point was if there is a question mark over future ownership, you have to take that into account.

Mr Loughrey: The issue of the stability of partners is a critical thing in assessing any collaborative venture and the media zone has the opportunity within it for more dexterity.

Chairman: I can see that and understand that.

Q594 Lord Peston: Pursuing again the reasons for the move, I ought to apologise to you, I had taken it for granted that the reason for the move was to save costs and that all the other benefits were by-products. Your argument is no it is the other benefits that matter and if there are any costs savings they will be the by product. Am I correct in my interpretation?

Mr Loughrey: The proposition we brought to the Governors was based on the benefit to licence payers.

Q595 Lord Peston: Let us look at the benefits. There are two aspects that I would like to hear a bit more on. One is the general point that arose this morning that there will be better services broadly as a result of this. To take sport as an example, sports broadcasting will simply be better sports broadcasting. That is one bit of your argument, I assume. The other is this point, which I must admit I do not understand but you again seem to accept it, that somehow broadcasting is dominated by metropolitan values, by which I presume they mean South East values, and somehow it will now become much more Lancastrian. Is that my correct

interpretation? If there is such a thing as Lancastrian values they are going to be the ones that now get a fair play? Again, it is really for enlightenment I ask the question, and I put it in my usual aggressive way: really what are the benefits?

Mr Loughrey: I will start with the last bit first and then Mark will discuss sport. I think it cannot be right that 99 per cent of the BBC's commissioning happens in one place in the United Kingdom. In any sense of equity the people who make the critical decisions about what we hear on air and what we see on television all walk the same streets, not just in London but in two boroughs in London really. It is a very lopsided proposition. That was tenable perhaps when the rest of the broadcasting ecology was different when the key decisions in commercial television were made right across the country. That is no longer the case. The key decisions made in commercial broadcasting are now also made in those same two or three boroughs. They are going to the same restaurants, going to the same theatres, walking the same streets, reading the same books. It is a very, very narrow social and intellectual environment. It is very difficult to sustain that in a world where we collect a licence fee on every street. It is very difficult to review briefly the extraordinarily creative voice, despite that lopsidedness, of this part of the UK. It is not about a Lancastrian equivalent to Chiswick. It is about Manchester being a creative hub for the whole of the North of England, just as Cardiff is charged with being the creative hub for the whole of Wales. If this project works in Manchester alone then it will have failed. We have to achieve a degree of creative interpretation and creative engagement with audiences across the whole of the North of England which has evaded us in the past. The evidence of talent, of writing and performing skills that is evident here gives us every good cause to be hopeful that we can achieve that.

Q596 Lord Peston: Could we just pursue that because I am still completely lost. I speak entirely as a viewer and listener. I am not very clear what I get that is different if it is made here. Everything you say about the creative talent here and all those other things, great universities, all that is here. However, I do not see what ends up other than the possibility which arose this morning that I might hear some Lancashire accents on telly rather than my own accent, which I am in favour of let me add, but it is not the biggest deal I could imagine. Will I get better plays and will I get better documentaries if they are commissioned up here?

Mr Thomas: I think at the end of the day the specific point here is that programmes are made by people.

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Q597 Lord Peston: Yes.

Mr Thomas: And the more diverse that group of people the better the BBC's offering. That has been our experience. Having production, as Pat says, in Scotland and Wales and across the country and at the centres in Bristol and Birmingham and indeed Manchester currently, it is a richer mix than if everybody were located in the same place with the same sets of views, because at the end of the day programmes start with ideas and ideas are sparked by a whole different range of life experiences. So I think something of this considerable size that we are talking about would allow people to spend one or two stages of their career in another centre other than London working for the BBC. We had a tape this morning of talent who were basically saying how they had to leave the area in order to go and make programmes in London and how it was offensive, frankly, that they had to do that. In a way, you have also heard from Granada how a lot of those ideas were routed through them and denied to the BBC as a result of that. I think the BBC underperforms in the North of England not simply because there are not enough Lancastrian voices but because the thing that makes this part of the world the way it is not necessarily there in sufficient critical mass within the BBC to find its way through the system.

Mr Loughrey: Shall I try a small example which you may or may not find persuasive. In popular drama there are three dominant popular dramas—*Eastenders*, *Casualty* and *Holby City*—all concentrated in the south of this country. When we decided some years ago to have another popular drama it went so far south it came off this island and ended up in Spain, called *Eldorado*. There is a gravitational feel in the BBC and indeed increasingly now in the whole broadcasting industry that sucks everything rapidly south and that denies to this part of the world the creative opportunity that the licence fee gives as their right, and all that I have done throughout my career, and what all of us in broadcasting do, is creative acts of faith, taking opportunities and investing where we believe the opportunities exist. For years drama from BBC Wales was regarded as a joke. Drama from Wales in general was regarded as the bottom of the creative pile. We made a few creative decisions on risks with BBC Wales drama and out of it we have *Dr Who* and *Casanova*. We believe that talent is, without doubt, here to deliver at the highest end, not obsessed by provincialism and parochialism but at the highest level in the broadcasting world, and it is for that reason the diversity Mark described is essential to a healthy creative life. We believe this centre will permit us that opportunity.

Q598 Lord Maxton: Yes, I understand that. If that is what you are about, that is fine. The problem is what you initially described, Pat, was essentially saying the

idea of moving the programmes here was so the programmes would be attractive to people in the North, but if you are bringing national programme makers here, they have not just got to appeal to people in the North, they have got to appeal right across the whole of the country.

Mr Loughrey: That is my *Dr Who* argument.

Q599 Lord Maxton: But *Dr Who* could be made anywhere. It is not a Welsh drama programme, it is not about Wales.

Mr Loughrey: It was written by a very proud Welshman and produced by some very proud Welshmen.

Q600 Lord Maxton: That is not the point I am making. The point I am making is it is not a Welsh drama programme in the way that *Rab C Nesbitt* was a Scottish comedy programme which was actually very popular even though large numbers of people in London could not understand a single word of what was being said! You have got to make it clear that if you are doing regional broadcasting you can base your programmes on the region but if you are broadcasting national programmes they have got to appeal to where that largest proportion of the population resides which is, unfortunately, in the South East of England.

Mr Loughrey: I think we sometimes underestimate the dexterity and openness of the audience. There is no more authentic voice of this part of the world in contemporary comedy than Peter Kay. He plays (sadly often on the other side) to a very strong audience right across the United Kingdom. Quality wins. Billy Connolly is compelling, Max Boyce in his day was compelling, Peter Kay in this day and age speaks to audiences wherever they are. A lot of it has to do with social demographics and class issues as well.

Q601 Baroness Bonham-Carter of Yarnbury: As you said at the beginning, certain types of programmes are being moved up here—sport, new media, children's programmes. You have also talked a lot about ideas. Is there not a concern that the BBC will be reduced to just producing those types of programmes and that the more idea-led type of programmes like the drama and so on will be driven out of this area of the BBC, this region?

Mr Thomas: I do not think so. I think the opposite could happen. At the moment when the BBC produces drama here, a significant number of crew actually come up from London because there is not a sustainable production base here of sufficient size and scale to actually keep people living in the region. Obviously there are some but not enough. Potentially with the model we are describing now there is going to be that sustainable production community across

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us, across ITV, and across the independent sector. I think, if anything, if this works in the way we are talking about, it is going to attract more production here, not less.

Q602 Baroness Bonham-Carter of Yarnbury: As a witness earlier said to us, there is a problem of “out of sight out of mind”. He was asking for a channel to move here because for certain types of television you still need to be in that bit of London where everybody is eating in the same restaurants and reading the same books.

Mr Thomas: I think I tend to agree with I think it was Lord Peston who said that if you are the commissioner you are chasing the really good talent wherever it is. Frankly, what you do not want is the best programmes to end up on the other side. Whether you are an independent or whether you are a programme maker in an in-house department, there is this view that even if technology would allow you to communicate with a commissioner down a bit of wire, you need to be in the same room breathing the same air. I think that is a comfort zone. I think it is also how buying and selling is done. You are always going to get those people wanting to travel to each other. Nobody ever has enough time with commissioners, particularly the channel controllers. There are only 24 hours in any day and there are hundreds of companies which would all like to have lots of time with them. I think everybody always feels aggrieved in that situation. I think in terms of what we are proposing here, as we have indicated, we have brought two children’s channels here and a channel of radio. They have commissioning power and the commissioning power is based here so that side of things is going to work. Even if you moved another commissioner and that meant somebody did not have to travel up here, then a number of people in London or Glasgow would still have to travel to Manchester. There is no way of being omnipresent in this kind of scenario.

Q603 Baroness Bonham-Carter of Yarnbury: Just a final question, and maybe this is to Mr Loughrey, why were these particular activities chosen to move here? Is it both radio and television that are moving?

Mr Loughrey: Yes to the second part and if I could connect your previous question with this one. Children’s television is a marvellous opportunity because it is multi genre. It includes drama, documentaries, features and news, with *Newsround*. It builds the industry across the genres, albeit for a very specific audience. It therefore is real nutrition to the industry and provides a core brief but (and Mark used it earlier) the vision we had and the simple sentence we used to describe it was “audiences and services of the future”. It is not difficult to spot the complementarity between new media, learning and

Five Live, for example, and children’s programmes. They connect in a particular way, a direct intersection with the audience. Five Live is the most interactive of our radio stations connected to audiences and it is of course a very natural bed fellow for sport, which in turn is pioneering new forms of technology in outside broadcasts for example and research and development. Career paths are clear across them and there is a connectivity. I believe also that together they can form not just the basis of a thriving internal ecology but be part of a very strong external ecology.

Q604 Baroness Bonham-Carter of Yarnbury: Picking up on sport, is there a problem about the fact that we got the Olympics and they are going to be in London?

Mr Loughrey: I do not think so. I think we managed to cover the Commonwealth Games in Manchester without moving the department for that and the Olympic Games in Beijing without moving the department for that. I think those glorious couple of months, if it is that long, will be easily covered from a base wherever it is.

Q605 Chairman: You said a very interesting thing, Mark Thomas. You said basically, as I understood you, that Manchester is not self-sufficient for staff which is rather contrary to what was being indicated this morning.

Mr Thomas: For drama. When the BBC comes up here with a major drama production, and it is certainly backed up by North West Vision because they talk to us about it all the time, there are not the crews and everything rooted here in the locality and available because there is not enough work.

Q606 Chairman: That is interesting. It was not quite the flavour I got from the evidence earlier this morning.

Mr Loughrey: Over the next months, maybe years, I think we could see a significant shift in BBC drama’s mass full-time engagement with this part of England. The controller of television drama has said publicly that there is a cost premium to producing network dramas in the North of England for the reasons that Mark has described. Recurring dramas like *Coronation Street* of course have their own dedicated facilities but for the occasional six-part series or one-partner it is quite difficult to find the mobile resources to deliver those. They do tend to cost a premium. We need permanent production to sustain a total base.

Q607 Chairman: What is the total staff employed by the BBC in the United Kingdom? Does anyone know?

Mr Loughrey: 24,000. We have just experienced a value-for-money exercise which reduced that number significantly.

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Mr Pat Loughrey, Mr Mark Thomas and Mr Martin Brooks

Q608 Chairman: And how many are employed outside London?

Mr Loughrey: 6,000 within my division of the Nations and the Regions, and then a further—and I need to come back to you on these numbers—probably couple of thousand in the network production centres, this one, Bristol and Birmingham.

Q609 Chairman: So it is heavily London-centred at the moment?

Mr Loughrey: Yes.

Q610 Chairman: And in Manchester we have got 1,200?

Mr Thomas: 800.

Mr Brooks: 760.

Q611 Baroness Bonham-Carter of Yarnbury: Unlike the ITV Granada answer, when you say staff are you are also counting in people on long-term contracts?

Mr Loughrey: On long-term contracts, not short-term.

Chairman: These are people who are permanently employed, these are not the people you hire in?

Baroness Bonham-Carter of Yarnbury: They do include long-term contracts.

Q612 Lord Peston: Long-term contracts is just a tax dodge, is it not?

Mr Loughrey: It depends how you describe freelance staff.

Lord Peston: That is what I have just described them as.

Chairman: We are almost at our end because we need to get our plane to Belfast, so long as the fog permits. Has anybody got any further questions? Lord Maxton?

Q613 Lord Maxton: The only question I would like to ask is I did screw my face up a little when Mark said 25 or 30 years down the line. In the modern world, that is being really, I would have thought, optimistic if you can forecast the future that far ahead. Most of us now are at the point—I am being a technical nut—of putting off buying almost anything because I know it will be cheaper and newer and better six months down the line.

Mr Thomas: I think you are absolutely right, that is why we are seeking the partners, in terms of the media zone, who are the most forward-thinking because you are right an element of this is about flexibility, which is why we do have some nervousness, and I know you touched on it earlier, around the 3sixty model. Those studios are already as old as our studios in London. That is not necessarily where we need to be going. You only have to look at how production is moving away more and more from studios to on location, so I think it is about creating the right media zone with the right people running it with the right vision that allows us to be future-proofed over 25 years. You are right that is not about knowing what it is going to be like in 25 years' time but it is having the right people in the media zone that are going to keep refreshing it and be focused on the future.

Q614 Chairman: That seems to me a very appropriate point at which to stop. Thank you very much indeed all of you for your evidence which was very clear and very interesting and thank you also for the discussions that we have had before this meeting for which we are very grateful indeed. Perhaps if we have any other questions we could send them to you.

Mr Loughrey: And I will come back to you, if I may, with more precise answers on the numbers.

Mr Thomas: We will come back to Baroness Howe on the link between why it is a third on one and a half on the other.

Chairman: We wish you good luck in your negotiations.

Supplementary evidence from the BBC

FOLLOW-UP TO EVIDENCE SESSION IN MANCHESTER

At the Select Committee session in Manchester there were three questions where we offered to provide additional information.

1. *Why has the projected total cost of the move to Manchester been cut by 33 per cent while the projected annual cost has dropped by 50 per cent?*

The original cost estimate for the project—dating from December 2004—was £530 million to £640 million. This represents the total costs that will be incurred in completing the move, irrespective of how these costs are funded or who provides the capital.

This total splits down into two categories of cost: those paid by the BBC directly; and those financed via third party capital (which is subsequently repaid by the BBC over a number of years). An example of the former is the redundancy and relocation costs that will be incurred as a result of moving over 1,500 jobs to Manchester.

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An example of the latter is the construction cost of the building, which will be financed by a third party and then repaid by the BBC, either in the form of a rent or a repayment of some form of debt facility.

The figure of £45 million for the annual cost to the BBC also dates from December 2004 and represents the cost to the BBC of that second category: elements originally paid for using third party capital. Therefore, it is not an additional cost, but the same cost represented in a different way.

Over the last 12 months, considerable work has been undertaken by the project team to turn the original plans for a high level strategy to a detailed implementation plan, a process which has allowed us to introduce efficiencies into the plans. For instance, a thorough assessment of the accommodation requirements of each of the relocating divisions has been undertaken resulting in a reduction in the space requirement for the new centre, and a decision to rely on the market to provide the required studio facilities has reduced the level of funding the BBC would have to raise. As a result, the latest projection for the total cost of the project (irrespective of who funds it) is roughly a third lower than the December 2004 estimate. This in turn has had the effect of broadly halving the annual amount payable by the BBC for those elements originally funded by third parties.

There are two reasons why the annual cost to the BBC has dropped by a larger amount than the total project cost. First, in the revised plan a greater proportion of the costs are paid directly by the BBC, thus the level of third party capital required has fallen by more than 33 per cent. Secondly, we have done further work to look at how that external capital could be raised and, as a result, have revised the financing cost assumptions downwards. Together, these two reasons account for the greater reduction in the average annual cost to the BBC.

2. How many years will it take for the Manchester move to pay for itself?

The key driver for the move to Manchester is not to generate savings, but is instead about creating a more representative BBC that will connect with audiences from across the UK. Therefore, the concept of a payback period in purely financial terms only represents part of the picture. However, we clearly want to identify the most cost-effective way of undertaking the move and are endeavouring to realise savings wherever possible.

In relation to the people-related costs, they will pay for themselves over 25 years, with annual "London weighting" savings offsetting the upfront relocation and redundancy costs. We are looking at alternative HR strategies to identify whether we can reduce the costs further and hence reduce the payback period.

Property-related savings as a result of the space vacated in London are currently in the process of being determined by BBC Property. Since the project is not happening in isolation, these savings need to be determined as part of BBC Property's wider property strategy, which is also tasked with delivering significant savings as part of the efficiency targets included elsewhere in the licence fee bid. We believe that further savings are possible, but it is clear that the property element of the project will remain a significant net cost. The payback for the project as a whole is dependent on the savings that we can realise from the accommodation that will be vacated in London. However, the move is not happening in isolation and hence any savings need to be determined by the BBC's wider property strategy, factoring in the implications of the numerous other changes occurring at the BBC. Detailed work is underway to address the complex issues involved in developing this strategy, to determine how the vacated space as a result of the move can be converted into disposals of whole buildings.

3. How many staff are currently employed in London, outside London and at BBC Manchester?

As of 31 August 2005, the BBC employed 23,163 people, of which 14,219 were based in London and 8,944 outside. Of those based out of London, 678 were working in Manchester.

I hope this addresses the outstanding queries. One further point of clarification is that in one of our responses in the committee session, we underestimated the number of hours of radio drama output currently made from Manchester. The correct figure is actually 74 hours, not 60 as we had stated.

At the time of the Select Committee in Manchester we were midway through our detailed negotiations with the owners of the four "media zone" sites, which made it difficult for me to discuss that part of the project in detail. We have subsequently concluded the first phase of the site selection process and are today announcing the two shortlisted sites that the BBC and the Regional Development Agency intend to take forward into the next phase. They are the "Central Spine" site near Whitworth Street in central Manchester and the Quays Point site at Salford Quays near the Lowry and Imperial War Museum.

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Although the existing ITV site did not make the final shortlist the BBC shares your observation that the greatest benefits can be achieved by the Media Zone if the media sector shares facilities. The BBC, the NWDA and the two city councils believe this is possible whichever site is finally chosen. We would all welcome ITV's involvement, either as a user of the Zone's studio facilities or as a fellow tenant alongside the BBC.

 WEDNESDAY 23 NOVEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman)	Maxton, L Peston, L
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Examination of Witnesses

Witnesses: PROFESSOR FABIAN MONDS, BBC National Governor for Northern Ireland, MS ANNA CARRAGHER, Controller of BBC Northern Ireland, MR PAT LOUGHREY, Director of Nations and Regions and REVEREND RICK HILL, Member, Broadcasting Council for Northern Ireland, examined.

Q615 Chairman: Good morning. I was going to say thank you very much for coming but what I should be saying is thank you very much for allowing us to come here and take evidence in your own office. You know the background so I will not labour that; it is that we have completed our first report and we are now looking at areas which we did not have quite enough time to do. One of those comes under the category of regional broadcasting, but it goes wider than that. Could you say what BBC Northern Ireland's main goals in both television and radio actually are?

Ms Carragher: Chairman, in the main the overall goal is to ensure that the BBC has a whole portfolio of programmes and services that meets the needs of audiences within Northern Ireland. The essential main way in which we do that is the provision of local services within Northern Ireland, local television programmes which cover a range of genres, provision of dedicated radio service in Radio Ulster and Radio Foyle and our online services. We also ensure that the networks meet the needs of BBC audiences, and this is done in a variety of ways because obviously I am concerned to ensure that the UK is fully represented and that the tastes of the UK are fully met. So, for example, we have a very young population in Northern Ireland. Radio Ulster is a very, very successful radio service that provides for a slightly older population, therefore Radio Ulster/Foyle works very closely with Radio 1 to ensure that Radio 1 meets the needs and tastes of the younger audience. In television programmes we were very conscious that programmes like *EastEnders*, although it is a most successful BBC1 programme in Northern Ireland, nonetheless, compared with the performance in particularly the south of England, performs less well here as against *Coronation Street* or *Emmerdale* which, our residents being northern and industrial, northern and rural, therefore meets the taste of audiences here more closely. One finds, for example, that a programme like *Cutting It* or *Clocking Off*, which is covering the north of England, has a greater resonance with the local audience than something like *My Family*, which is deeply popular in the south of England but does not have a particular resonance within Northern Ireland. So that is the overall view. Turning then briefly to the local output

and local services, I think it will come as no surprise to any of you that, as is the case everywhere in the BBC, but very particularly in this society, the provision of an accurate and impartial news service is an absolute paramount responsibility across radio, television and indeed online. Exploration of life in Northern Ireland through a whole range of single programmes, chat shows and series are very important, as is reflecting the cultural diversity of Northern Ireland. We have very distinctive tastes in things like music, in sports and, ironically, in what one might not first think of, like humour, for example. And obviously languages. We have an incredibly important role and possibly one which other parts of the UK may wish to emulate, in a conflicted society being a space where people can meet and debate and discuss, where stories can be told and where views can be aired. I think in a post-conflict society, a society that has the legacy of The Troubles, we are increasingly conscious that one of the things that people want to be able to do is to tell their story and have their voice heard, and that is a very, very important role we have.

Q616 Chairman: You are—I was going to say a veteran—someone who has worked on a number of programmes like *Question Time* and the *Today* programme. If I was sitting here, as I was this morning, would I be listening to *Today* from London or would I be listening to *Today* from Belfast, a completely different programme?

Ms Carragher: You have a choice of listening to either depending where you went on your radio dial. *Good Morning Ulster* is the local programme which runs from 6.30 to 9 o'clock and provides a comprehensive local national and international news service, a news service which is obviously going to be tailored to particular tastes in Northern Ireland. Therefore, for example, this morning our main story was the Review of Public Administration, which may have been a footnote in the *Today* programme but obviously is a very, very important political development for people within Northern Ireland.

Q617 Chairman: Yes, I heard that. How many in Northern Ireland would listen to that and how many would listen to John Humphrys and co. in London?

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Ms Carragher: The vast majority of people would listen to *Good Morning Ulster*. That is a reflection of the fact of a number of things. First of all, Radio Ulster is one of the most—and I think is the most successful station which is run, not just by the BBC in the UK. It has a very, very large audience share of 31%, which is extremely high indeed. Northern Ireland is a very news hungry society. For the *Today* programme, the audience share in Northern Ireland is much smaller at around 5.6%.

Chairman: Would it be fair to say that they take their style, judging from the interviews I was hearing, from the *Today* programme? Or perhaps it was the other way, I do not know!

Q618 Lord Maxton: Could I link into television on that because in Scotland, where I come from, of course, there are those who seek the BBC to do what is called the *Scottish Six*, in other words they do the total news on television at six o'clock because they think that the six to half past six news is certainly English centralised if not London centralised. Are there people in Northern Ireland saying, "We should have an Ulster Six"?

Ms Carragher: No, not particularly. We have an issue with the under performance of the six o'clock, which is partly due to scheduling issues in that the local news on Ulster Television runs at six o'clock and people do tend to go to that for local news.

Mr Loughrey: There was not the same lobby in Northern Ireland for a different arrangement of news between six and seven.

Q619 Chairman: How many do you employ in BBC Northern Ireland?

Ms Carragher: Seven hundred and thirty-two.

Q620 Chairman: Obviously as I listened this morning one could hear the traditional political divides. Do you have any figures on how the religious affiliations, if I can put it that way, break down?

Ms Carragher: The religious affiliation of BBC Northern Ireland's workforce is profiled on a regular basis in accordance with the requirements of our Equal Opportunities legislation. BBC Northern Ireland's monitoring returns to the Equality Commission include freelance and contract staff in addition to those employed on permanent contracts and this means that the figures can look somewhat higher than those quoted for our full-time equivalent head count. The breakdown is 409 Protestant, 335 Catholic and 122 non-determined. That is a much higher proportion in non-determined than would be the case for most employers in Northern Ireland, which is largely due to the fact that we would employ more people who have come from other parts of the country. The breakdown, to give you percentages,

from the Equality Commissions Monitoring Report No 14 Published in November 2004, is that excluding those whose religious or community background is non-determined, the composition of BBC Northern Ireland's workforce is 55% Protestant, 45% Roman Catholic.

Q621 Chairman: That would also apply up and down the scale? For example, the number of producers, would that roughly be the same percentage?

Ms Carragher: It would roughly be the same percentage, and there would be some individual variations.

Q622 Chairman: That is a dramatic difference between now and where we were in, say, the 1960s when I first came to Ulster.

Ms Carragher: Yes.

Q623 Chairman: What would have been the position then?

Ms Carragher: I do not have the exact figures and I can get back to you with them, but from memory they were roughly 90 per cent—10 per cent.

Q624 Chairman: So that has been the revolution which has taken place inside.

Ms Carragher: Yes.

Q625 Chairman: My last question in introduction, the main challenge that you find, is it balance? You have a very politically aware local population who feel very strongly about various issues, so keeping the balance there must be quite difficult, even more difficult than in some parts of the rest of the United Kingdom.

Ms Carragher: It is undoubtedly a challenge and a challenge in that there are far more political parties here than there are in the UK as a whole. Five larger parties and then when you go to smaller parties up to 11 or 12, and within those parties there are different wings as well, so you are balancing within parties in a greater number of parties with a very politically aware audience. So that is undoubtedly a challenge.

Q626 Chairman: Do you have surveys which can show whether the BBC is accepted as being fair and balanced?

Ms Carragher: Yes, we do. We carry out continual surveys. The last figures I was looking at on this, the number of people who felt that our output was biased was 18 per cent, which assumes that 82 per cent are satisfied with the impartiality of our coverage, or certainly do not feel we are biased. The levels of satisfaction with the service is very high; it is 78 per cent showing that they are satisfied.

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Q627 Chairman: Is there any difference between Northern Ireland and other parts of the United Kingdom in satisfaction surveys?

Mr Loughrey: There are approval indices, Chairman, across the UK. What Anna is quoting is a specific survey about Northern Ireland, so there are not benchmarks necessarily for that survey. But if you would like to see the approval indices I am sure we can send them to you subsequently.

Q628 Lord Maxton: In this highly political world the Broadcasting Council must have a very important role to play, much more perhaps important than Broadcasting Councils elsewhere, would that be right?

Professor Monds: The Broadcasting Council of Northern Ireland has all the same responsibilities that the Welsh and Scottish Broadcasting Councils have and the priority is to provide communications to management and to the Board of Governors on the way in which, in our case, BBC Northern Ireland is delivering an appropriate mix of programmes and is spending its budget appropriately, in our view, across the programme genres. But it is true that in Northern Ireland we have a somewhat more complex environment, not just because of the community and political considerations and history but also we have a somewhat unique broadcasting environment, in that Northern Ireland has for some time been a multi-channel analogue terrestrial environment with RTÉ transmitting to approximately 50 per cent of the population of Northern Ireland, and that is now available on D-Sat as well. So BBC Northern Ireland has a particular challenge to cope with that competition. I should have said at the beginning, Chairman, how pleased we are that you have chosen to bring the Committee to Northern Ireland and we are grateful for this opportunity of communication on that subject.

Q629 Lord Maxton: When you are recruiting to the Council—and maybe this is in part a question to Reverend Hill as well—do you try to reflect the political religious divides in Northern Ireland? If I can be quite direct with you, do you feel that when you are on that Council you are representing the Presbyterian Church, or do you think you are on there as an individual representing the people of Northern Ireland?

Professor Monds: If I could start and then Reverend Hill to come in. Just to outline the process, which is that the Lord Nolan principles are applied. We use external assessors and advertising and the invitation for applications is completely open. In deciding on individuals to join the Council, yes, attention is paid to the mix, but this cannot be a crude head count on a religious basis or indeed on an urban basis; the

individuals' abilities, interests and backgrounds are all relevant. One thing we pay attention to is geography, in the sense that if we get a distribution of individuals across Northern Ireland that helps to ensure some degree of correlation with the proportional community distribution. But we have been very successful, I think, in getting balance and representation. We worry about such things as rural versus urban, the business community representation and the like. But you asked the Reverend Hill a direct question, so over to you, Rick.

Reverend Hill: If I could comment and say that I believe the Broadcasting Council's role is to be listening and responding to the audience, to assist the BBC in understanding the local audience. Am I a representative of the Presbyterian Church in Ireland? I am not. I am first and foremost a licence payer who is an advocate for other licence payers. Of course I bring to that some skills and interests that would clearly be influenced by my own employment background and by my previous background as a physicist and the fact that I have been building computers since I was 16 years old, so I have a technology interest as well. I know from the mix in the Council that we have a diverse range of skills, interests, cultural backgrounds, sporting backgrounds, and actually I think that the Council is greater than the sum of its parts because of that eclectic mixture that we have. In its recruitment materials the BBC state that the Council's membership should reflect the diversity of the BBC's audience in Northern Ireland and should, consistent with the principle of appointment on merit, include people with different skills, interests, areas of expertise and backgrounds. The process is independently audited, it is publicly advertised, it is wide open and transparent. Details of all this are on our website, which seems to attract 10,000 to 12,000 people a month viewing it, so you can check that there for yourself and see that. Baroness Onora O'Neill said in her Reith Lectures in 2002 that "real accountability involves substantive and knowledgeable independent judgment of an institution's work by people who have sufficient time and experience to assess the evidence and report on it". I think that is what you have in the Councils.

Q630 Lord Maxton: Could I ask one last question on this? It is not clear—and we did not actually recommend it ourselves—whether or not there will be governors from the nations on the Board of Governors in the future. What is your view on that?

Professor Monds: Chairman, the BBC's response to the Green Paper was to argue quite explicitly for national representation on the new Trust, and I think that the arguments are strong for each of the nations and indeed it is proposed that the English National

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Forum, which does not have constitutional status at the moment, should be treated in the same way as the Broadcasting Councils. But I think that the track record of communication—and I would emphasise communication rather than representation—from National Governors in Scotland, Wales and Northern Ireland has been helpful. The relationship through the Broadcasting Councils with listeners and viewers in the nations is effective; there is obvious scope for improvement, but my personal view is that Northern Ireland deserves and requires representation at that level.

Q631 Lord Maxton: If the devolved government is restored in Northern Ireland do you think they should have a role in the selection of that governor, in the sense that that would be a better way of ensuring accountability and so on?

Professor Monds: The experience we have had in Scotland and Wales has been that the national governors have been able to represent the Board of Governors to the Assembly and the Parliament as required, and I think that gives a good level of accountability.

Q632 Chairman: You have used the word a number of times, “representative” on the Board. All best corporate governance rules these days are that once you are on the Board your loyalty is to the Board. Are you there as the representative simply to stand up for the interests of Northern Ireland?

Professor Monds: Certainly not. In fact, with regard to my particular interests, I have all the responsibilities, as all the national governors have, of any governor for oversight and the regulatory powers and responsibilities that all the governors have. I do carry a full workload of responsibilities within the Board of Governors. I have a particular interest in digital roll-out, and am charged with helping to monitor that objective. No, I think the present Charter is very clear on the way in which national governors are appointed, that they are full governors, and their relationship with the Broadcasting Council. I think I used the term “representation” in a broad sense in that Northern Ireland would retain, as would Scotland and Wales, the same level of visibility and profile within the United Kingdom arrangements.

Q633 Chairman: If a decision came before you that pointed to extra resources going to Manchester you would not actually feel that you had to argue the case for Northern Ireland at every Board meeting?

Professor Monds: It is never as simple as that. The out of London strategy has involved not just the move to Manchester but the distribution of resources right across the BBC. So I think what national governors bring to the debate is a knowledge and awareness of

the situation in their own nations, but that is to contribute to the discussions, not to lobby in any sense for particular special treatment.

Q634 Chairman: And you never lobby?

Professor Monds: Not in that sense, no.

Q635 Chairman: In what sense do you lobby?

Professor Monds: I have used the term “communication”, I think it is important that information is available and the special circumstances of Northern Ireland need to be reflected.

Reverend Hill: Can I comment on that and give you an example. At our public meetings—and we have had 22 public meetings of the Council in the last financial year—one of the recurring themes that emerged from local licence payers was that digital radio coverage in Northern Ireland was extremely poor and that many people who had bought these devices on the understanding that they would work discovered they did not; there was only about 43 per cent coverage. The Council were very exercised by this and concerned. We met with management in London in relation to this. We were not wholly content with how that was proceeding. With our report to the governors and through our national governor we were able to have this raised at the Board of Governors and eventually three new transmitters were built in Northern Ireland to serve the audience. I think that demonstrates that there is a reporting path there where a nation’s representation in the broader sense is important. Our Council has stated in an appendix to the BBC’s Green Paper response that nations’ representation on the BBC Trust is an important expression of the representative principle, and will be critical and important to the work of the Board’s ability in understanding the UK’s diversity. I think that does matter from that point of view. So representation in the broadest sense does matter to the Council and they have stated it, and that arises out of 22 public meetings, four breakfast meetings with people specifically on the topic of the Green Paper, as well as *A Sky full of Voices* radio talks, at which the audience was a public audience and we had 70,000 listeners. If you look at the DCMS website and the submissions in relation to this you will find that all of the main churches have said that this is an important principle. So we are listening to the audience and reflecting that view back to you.

Q636 Lord Peston: Could I come in on that because I think all of this raises very deep questions, but it was Reverend Hill’s remark about digital. I live in East Anglia and I am pretty sure that the population of East Anglia is larger than that of Northern Ireland,

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but we have no representation in the sense that you are talking about at all, and our digital coverage is not good enough. One of the reasons why some of us query the whole nations' approach to this is the fact that each part of England is as big as any of the nations, and there seems to be no way of doing in parts of England what you do as part of the nations. I am not opposed entirely to the nations but I bristle a little when I hear about representation in the broad sense because I then say, "What about me?"

Professor Monds: Yes, there is quite a substantial network of local advisory councils and the English National Forum.

Q637 Lord Peston: It is not the same thing.

Professor Monds: It is not the same and I did say a while back that efforts do need to be made and arrangements do need to be made to improve on that. The present Board of Governors is making considerable efforts in terms of accountability events. I would say that in terms of best practice here in Northern Ireland, as Reverend Hill has indicated, we have been pretty active in getting out and about and meeting with people. To be frank, the Board of Governors as a body in a UK sense has not been quite as visible in those terms. Tonight we have a public accountability event in Glasgow, and we have had one in London and there will be a series of these. But I think you are quite right there, that accountability needs to be very, very visible and the appropriate arrangements made across the United Kingdom. That does not, in my mind, negate the arguments for representation.

Mr Loughrey: You do have in the Regional Advisory Council, which is part of a stratum of accountability known as the English National Forum, where the various Regional Advisory Councils in England and the local Advisory Councils for local radio come together, a member of the Board of Governors with special responsibility for English regions, Ranjit Sondhi. What we are proposing in Building Public Value is that there is equity of status between the English National Forum and the Broadcasting Councils and therefore we create a Broadcasting Council for England. It is difficult to explain why that has not existed to start with—it was an artefact of past arrangements—but we are alert to your concern, and I think it is a very valid one.

Q638 Lord Peston: Can I take this on more generally into the complaints and feedback area? First of all, in terms of your own experience is complaining a major Northern Ireland activity?

Professor Monds: I see this from two points of view. One, I happen to be and have been for a few years a member of the Governors' Programme Complaints Committee, so in the last year we have had a radical

review and rearrangement of the complaints processes, through the Editorial Complaints Unit in the BBC and to the referral and handling of complaints by the Governors' Programme Complaints Committee. I think that we now have a very powerful, coherent and accessible system which can be accessed through the Web as well as by other means. So in a UK-wide sense we have the complaints process well in hand, I believe, and it is working well. In Northern Ireland, the Broadcasting Council sees each month a report on complaints that have been logged with BBC Information. I do not see—having the opportunity to see the patterns UK-wide and in Northern Ireland—a huge difference, I may say. Perhaps there is a preparedness to lift the telephone or dash off an email or a text, but that rarely translates into a formal complaint. There are, of course, exceptions; the *Jerry Springer The Opera* show precipitated a very large number of written complaints, but we understand why that happened.

Q639 Chairman: Before or after?

Professor Monds: Principally before but some after.

Q640 Lord Peston: Could you give us—apart from *Jerry Springer*, which I beg you not to take us into—an example or two of the sort of complaint?

Professor Monds: A huge diversity from excessive reference to Londonderry or 'Derry, the way the city is referred to. I think that Northern Ireland viewers and listeners are quite alert that to perceived or real offence. We had an example at the Broadcasting Council where a presenter referred to a Catholic church as a chapel and this precipitated a complaint. Some of them can range from the absolute trivial to very serious complaints.

Reverend Hill: Not from me!

Q641 Chairman: Say it is a more serious complaint and one of your programmes has done an injustice to one of the participants? Take us through the process. What would then happen? You would attempt to reconcile that at Northern Ireland level?

Professor Monds: Are you taking an example of a political concern?

Q642 Chairman: Yes.

Professor Monds: It may be that a politician would choose to write to me or to the Controller. Anna, you are better equipped to explain what has happened in our experience in that category.

Ms Carragher: Occasionally politicians will ring or write to us and complain about their treatment on particular programmes and obviously the first thing I will do in that case is show them that I will investigate the complaint. I will then talk to the programme's producers and find out the

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circumstances. If we have made a factual inaccuracy, which has happened, but I am happy to say has very rarely happened, we will apologise and rectify it.

Q643 Chairman: On the air?

Mr Loughrey: Yes.

Ms Carragher: Usually, yes. I say usually, because occasionally the individual concerned may think it is too trivial to then be recognised on air, so we will take a judgment in each individual case. If, as is more often the case, it is a matter of opinion we will consider it very, very carefully indeed and look at it from all angles and come back to the individual again either with an acceptance that we have made an error, in which case we will apologise, or a robust defence of our position. The individual then has the opportunity, if he or she so wishes, to take that further, either to the Editorial Complaints Unit, or the Governor's Programme Complaints Committee and in specified circumstances to Ofcom. I think we have had only one instance in the last year of a complaint being taken to Ofcom by a politician, which was not upheld.

Q644 Chairman: But you could not take a complaint to Ofcom in terms of accuracy, could you, I do not think?

Mr Loughrey: Very often, Chairman, in my experience, in those negotiations that Anna has described, there is a fair opportunity to reply. It is very often the perception of an accusation made without the right of reply, or at least not the right of reply at the same time within the same programme. Very often we can reconcile those concerns by providing time for that right of reply. Fair enough, not always, and that is when it goes to the formal complaints procedure.

Q645 Chairman: Then what happens there?

Professor Monds: The Editorial Complaints Unit, if it has not been reconciled informally, will deal with it—if it is a question of accuracy or impartiality or fairness—will attempt to have a dialogue with the complainant to try to reach an understanding. And this may involve the producer of the programme giving a view or the researcher on the programme who uncovered the particular point giving a response. So there may be an exchange of letters between the Editorial Complaints Unit and the individual. If that fails to reach agreement—and the majority of cases are dealt with in that way, an explanation is given and an acceptance of that explanation follows—the complainant is advised that their next recourse is to the Governors' Programme Complaints Committee, and we deal with probably four or five complaints which have reached that level a month.

Q646 Chairman: Four or five a month?

Professor Monds: Yes, it is a very, very small proportion of the literally thousands of inputs that come in.

Q647 Chairman: It is not just a Northern Ireland question.

Professor Monds: I am talking about the UK.

Q648 Chairman: But you have to be pretty determined to get it up there, have you not? You must almost be forgetting what the complaint is by the time it has got to you.

Professor Monds: Not in my experience!

Q649 Chairman: Okay, in your experience by the time that four or five complaints a month have got up there, they are people who feel very strongly.

Professor Monds: Indeed they do.

Q650 Chairman: Do they say, "That is great; this BBC Committee has looked at these complaints against the BBC and has found against me as the complainant, that is the end of the matter, I regard that as an entirely fair and sensible process"?

Professor Monds: We uphold complaints from time to time and we partially uphold complaints.

Chairman: From time to time?

Q651 Lord Maxton: What is from time to time? Once a year, twice a year?

Professor Monds: There is a quarterly bulletin published both by the Editorial Complaints Unit and by the Governors' Programme Complaints Committee. The statistics are there and I can give you the actual percentages, but it is not insignificant.

Q652 Chairman: But you would not feel that it was better from the point of view of the complainant and the public generally if the end result could be an appeal to someone who was not the BBC, like Ofcom?

Professor Monds: In certain categories of complaints that is the case.

Q653 Chairman: But not in impartiality and not in accuracy.

Professor Monds: I think there are real benefits in the Board of Governors being aware of the standards that are being achieved by the BBC in that area, and I think it is an appropriate exercise of responsibilities of the Governors to deal with such complaints.

Q654 Chairman: I was not really asking that. I agree with that, but for someone who is still dissatisfied, should he have a right of independent appeal where

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in other walks of life, not to mention other parts of television, he does?

Professor Monds: My position would be that the rigour of the present process does address in a fair way that concern.

Mr Loughrey: With external expert advice as well.

Professor Monds: Yes. I should say that the new arrangements for complaints do include the opportunity for a hearing, if that seems appropriate. But as Pat reminded me, we do take external expert advice as well.

Q655 Lord Peston: That is very interesting; thank you. Could I take us on to another rather important matter, which is the question of languages and the Irish language? I am never very clear, is Erse the Irish language? Erse is only the answer to a crossword clue regularly in *The Times*. What is the Irish language?

Mr Loughrey: Gaelic.

Q656 Lord Peston: So Erse is Scots then maybe?

Mr Loughrey: Gaelic for Scots, Gaelic for Irish.

Q657 Lord Peston: My serious question is—and it takes us back to Anna's opening statement, where she sometimes used the words "needs" and sometimes used the word "wishes", and the two of them, wearing my economics hat, are not quite the same—do you get pressure—and it is not all that far removed from the complaints business as well—for you to act as promoters of Gaelic? Secondly, that there should be always the option of having Gaelic as an available language?

Professor Monds: Are you thinking in terms of the role of the Broadcasting Council in this?

Q658 Lord Peston: No, I am thinking more of the role of the BBC more generally in this. I felt that the Broadcasting Council might be one of the paths into it, but I think the main BBC view is the one I would like to know.

Mr Loughrey: I guess with the responsibility for Scotland, Wales and Northern Ireland one is constantly doing an endless balancing act between the needs and indeed the demands of minority languages bodies and the majority monoglot audience. Issues of parity, fairness, equity—I discussed these with you when I gave evidence in Cardiff—the relative spend per head of the population, those kinds of equations are constantly a factor in our decision-making. However, I think it is right to say that the reason the BBC provides dedicated services for Scotland, Wales and Northern Ireland is a product of the distinctive heritage, culture and linguistics of a diverse United Kingdom. If it were not for the uniqueness of the heritage then the case for distinctive services would be less. A very

large part of our brief is educational; it is cultural. We celebrate and nurture the distinctive cultural voice and identity of the different territories we represent. They provide for us a colour and texture of the United Kingdom that the digital world, for example, will never provide, the kind of pervading mid-Atlanticism of multi-channel television where there is such a lack of British-made content of any description. I think the BBC has nurtured from its inception the unique and distinctive linguistic heritage of these islands, and that is something of which we should be proud, while constantly being mindful of the equation of parity and fairness for the English speaking majority. I guess it is fair to say that in the midst of all of the debate the single most popular BBC programme in all three nations is *EastEnders*, which is a fact of life alongside the unique heritage, culture and identity of those countries.

Q659 Lord Maxton: Why do you not do Urdu in Scotland? There are more Urdu speakers in Scotland than there are Gaelic speakers.

Mr Loughrey: We provide in the Asian network a dedicated service across the United Kingdom with nations-related input for the Asian community in its entirety. We have a language learning strand called *Colin and Cumberland* online, on radio and on television across all three nations, because I believe that one of the particular roles of the BBC is to provide access to the minority language community for those who feel excluded from it; and, as we do from Lord Reith's vision of the BBC, allowing access for people to the broad cannon of culture, people who never go to a theatre or a recital but who, thanks to the licence fee, have access, we can provide access, learning resources for indigenous languages. We are about to provide that same resource for non-indigenous languages, for the languages you described, Lord Maxton. It is an important part of cultural awareness and a celebration of diversity to provide learning opportunities.

Q660 Lord Peston: Speaking as someone who under no circumstances—a tiny oppressed minority—would ever watch *EastEnders*, and we are a small oppressed minority, surely one of the great benefits for public service broadcasters is that they can take a responsibility for the cultural heritage and languages. But the question I am pushing you on is, do you do that in terms of need, saying, "It is our duty" in BBC Northern Ireland, "to make sure that we foster the language because that is part of the heritage and national identity," and you are now always designated as nations, *a fortiori*, or do you wait for others to pressure you to say, "Why are you not doing that?" That is why I made the needs-wishes

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distinction. As a university teacher it never occurred to me ever to ask what the students wanted, I knew what they had to have. I felt that was my duty.

Mr Loughrey: I think the truth of language provision here in Northern Ireland is of a very slow start. For the first decades of our existence we made scant, if any, provision or recognition that the Irish language even existed on our airwaves. It was because of the deep cultural and political division in Northern Ireland that that was the case, and it is not something of which we are particularly proud. Over recent years with all due diligence we have been trying to address and to create some provision initially on radio and now increasingly on television to make good that deficit.

Q661 Lord Maxton: How many actual Gaelic speakers are there in Northern Ireland? In Scotland it is under 60,000, and I would hate to think what the cost per head of providing Gaelic services are.

Ms Carragher: In the 2001 census I think that 167,490 people indicated that they had some knowledge of Irish and of that number approximately 75,000 are estimated as being fluent in the language. It is the third most widely taught language in schools in Northern Ireland.

Q662 Lord Maxton: What is your budget in terms of providing your Gaelic services?

Ms Carragher: Our current budget for Irish is £350,000 in the production of television—that was 2004/2005; and £240,000 for radio. So it is a relatively modest provision.

Q663 Lord Peston: I would approve of that.

Mr Loughrey: I am sure you will meet others in the course of the morning who have less approval, but this is a moot issue in the constant debate, as you know, in Wales and in Scotland. I think the BBC has an absolute obligation to reflect the diversity of the languages in the United Kingdom. At the core of that cultural diversity is language.

Q664 Lord Peston: I have one last question down here which I do not understand so I am going to read it out and hope you understand the question. This is following the Ofcom statement. How do you react to Ofcom's suggestion that you ought to foster an enhanced relationship with TG4 to increase Irish language broadcasting? That is the question; I hope you have written down the answer!

Ms Carragher: TG Ceathair, TG4, is the Irish language broadcaster, which is based in Galway in the Republic of Ireland, and which the Agreement signed in Belfast on Good Friday did actually ask both governments to place its availability within Northern Ireland, which has been, in our case, partly

due to transmitter modification. So it is now available more widely within Northern Ireland. It is certainly something in which we talk very frequently with TG Ceathair; we have done co-productions with them and we are currently both of us accessing the Irish Language Production Fund, which the government set up, and we have reciprocal transmission arrangements for programmes for which both of us are accessing funding. As we go ahead, particularly as we go into the digital world, I think the partnership with TG Ceathair is something we would be very interested in exploring with them as a mechanism of delivering Irish language programmes to the Irish language audience in Northern Ireland, and as a mechanism for ensuring that the Irish speaking audience in the Republic of Ireland is also aware of some of the issues surrounding Northern Ireland as well. I think there is a lot of work to be done and this is a journey. I think there is work to be done in terms of what the arrangement might be, what the regulatory framework is going to be, what the funding arrangements might be. I think there are a number of issues to be involved in. I also think that as we go ahead towards the digital world that the notion of delivery of all kinds of services, including languages services, through the milieu of television channels, will become increasingly irrelevant in a sense, and that as we have broadband delivery as a way of broadcasting it may be a better way of delivering services to those audiences in connection with the online provision that Pat mentioned to you earlier, in a way which is actually not going to deprive the monoglot English speaking audience of services as well. I think we need to be adept and careful of that. And Northern Ireland, by the way, is 100 per cent broadband enabled and we have already worked on broadband pilots. So I think we are quite well placed to do that. As we go ahead we need to be imaginative and innovative as to how we deliver those services.

Q665 Baroness Bonham-Carter of Yarnbury: That leads very nicely to what I wanted to ask you about, which is the role of independent production in Northern Ireland. Is there a strong independent production sector here and does the BBC work efficiently with it, and are you prepared for what is required of you by the introduction of the WAP?

Ms Carragher: Let me give you a few facts on the strength of the sector first. We currently have 70 independents from Northern Ireland registered in our commissioning system and 28 registered from the Republic of Ireland. However, if you look at PACT membership there are 16 members of PACT, but I think it gives you the picture which is that a lot of those 70 Northern Ireland companies will be quite small enterprises, very often one or two people.

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Q666 Chairman: Did you say 70?

Ms Carragher: 70, seventy, who registered in our commissioning system, but only 16 are actually members of PACT. So that will give you a view that it is not a particularly strong, large sector, in which this is a small place and it is only ourselves and UTV and to a much lesser extent Channel 4, who are commissioning programmes from the sector. We do work very, very closely with the independent sector and we do have good relations with them. We currently commission 35 per cent of our qualifying output from the independent sector in hours and that is just over 30 per cent in money. So we have a good relationship with them. The expertise is mainly in factual programmes. We are looking at ways to build expertise in other genre and the two areas we are particularly interested in are entertainment. We have a very strong partnership with a number of companies who make entertainment programmes and we have been successful this year in delivering network entertainment programmes, *What Kids Really Think*, which has recently gone out on a Saturday evening. *Just for Laughs*. We are also promoting drama and working with the RTÉ and a co-production in developing drama expertise where there is less strength in drama, and that along with current affairs is one of our centres of excellence. So we are keen to build on that.

Q667 Baroness Bonham-Carter of Yarnbury: You mentioned that you deal with a production company based in the south. You said earlier that you wanted a channel where the UK was fully represented and tastefully met. Do you ever deal with independent production companies based in England and Scotland?

Ms Carragher: Yes, we do, absolutely; we do indeed. We have dealt with a number of companies, one company in particular based in Scotland for local programmes. I do see that we have to nurture the sector in Northern Ireland, that is the primary economic and cultural driver, but we have worked for local programmes with companies in Scotland and our drama department has worked very closely with companies in Scotland, England and occasionally the Republic to deliver drama to the networks as well. So, yes, we do.

Q668 Baroness Bonham-Carter of Yarnbury: You also mentioned—and we all fully accept that things are going to change massively with digital switchover—and you have talked about the important role that the BBC plays here in the ongoing and unfolding story of Northern Ireland. Do you have concerns about a proliferation of channels and how that will affect the role you are talking about that the BBC plays here?

Ms Carragher: In terms of the independent sector?

Q669 Baroness Bonham-Carter of Yarnbury: No, I am talking about digital switchover and the proliferation of channels.

Ms Carragher: I think as the channels proliferate that the television channels, particularly the public service television channel, which is actually rooted in the community that is nurturing the voice of the community and the economic development of the community, actually has a stronger role to play, as we go forward.

Mr Loughrey: Local programmes, if they are single genre, are more resistant to share decline than elsewhere. Back to the earlier point, I guess that their distinctiveness is more obvious.

Q670 Baroness Bonham-Carter of Yarnbury: In our last report we recommended shared centres of regional excellence. Does the BBC in Northern Ireland share its resources with other regional production companies, or could you do more in that area?

Ms Carragher: I am sure we could always do more in these things, I am sure that is absolutely the case. But we do routinely pool resources with other broadcasters and we work closely with RTÉ, with Sky and UTV, particularly for coverage of any major events, where we absolutely pool resources. We have also worked with RTÉ in the past on sports coverage and pooled resources for that. In drama, where our resource is very much for our staff, we do a huge amount of staff sharing between independent companies and other production sectors, sending people to work on productions in London and Scotland. The same with entertainment, in particular when we have an expertise in entertainment, and we are looking forward in particular to the building of Pacific Quay, with that very large studio facility there, where we will be able to share resources much more closely with BBC Scotland.

Mr Loughrey: As we discussed in Manchester yesterday—and I know you will be hearing from UTV later—we are constantly open to means of putting more of our resources and monies on air rather than sitting in studios. So we are very, very open to negotiating the best possible maximisation in this very small place. As it happens, we have both created new studios, albeit in the BBC's case a drive-in and relatively low cost studio at around the same time. I think if UTV and ourselves were thinking of creating two separate studios it would be very unlikely to proceed. We have inherited something from the last decade. I doubt if we would recreate it, but I will leave that to my colleague.

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Q671 Lord Maxton: Are you going into any joint production with RTÉ? It seems to me to be sensible in the digital world.

Ms Carragher: We have some co-productions with RTÉ, as I mentioned earlier a major drama co-production. We are of course competitors in a sense and we broadcast within the same territory; the audience is able to access both BBC programmes and RTÉ programmes. So there are issues around transmission times and rights, et cetera. But these are conversations that we do have, and we do undertake co-productions.

Q672 Baroness Bonham-Carter of Yarnbury: We talk here today about celebrating diversity within the nations, but also there is the fact of bringing the nations to the whole country, and in his evidence to our Committee Mark Thompson said that the BBC's focus has been quite a heavily national one, based in Glasgow, Cardiff and Belfast. How can the BBC decentralise in the nations?

Mr Loughrey: This is slightly less of a problem in Northern Ireland, given the scale, I have to say. But, here too, of the numbers of staff that Anna has said, 700 odd, for me an unacceptably large number of those people sit in this building day in day out talking to each other and connecting with the outside world on the telephone or on the PC. I think the contemporary technology gives us a degree of dexterity, of mobility that we should see and hear more on air. We should be more accessible to our audience; we should be more engaged with communities from Newry to Crossmaglen, Ballynure and Ballymena. There are lots of fascinating interesting stories and fascinating interesting characters that only of late have we allowed to tell their stories on air, and I think that is a growing trend. In terms of the strategic plans to go forward to secure that local television is at the heart of it, where in Northern Ireland there will be an on demand television news service for the first time for the west of Northern Ireland, and allowing that kind of Belfast dominance to be offset.

Ms Carragher: And a strong presence in the northwest will be Radio Foyle and an opt out service in Enniskillen. As Pat acknowledges we have changed a great deal in the last few years in terms of having journalists who are living in the community, in Newry, in Coleraine and out of the Belfast area, and feeding back into the communities.

Q673 Baroness Bonham-Carter of Yarnbury: You have mentioned Scotland and Wales. In England you hardly get a Scottish story. On *Newsnight* you have the opt out and there is a real sense that with devolution bits of the country have been cut off from each other.

Mr Loughrey: I think that is a very real concern. I sit on the BBC Journalism Board and we discuss it often there. Peter Horrocks has been recently appointed head of television news and he has very exciting plans with Mark Byford, Deputy Director General to make *BBC News 24* a different and more vigorous service. It is happily now outperforming Sky on a consistent basis for the first time. All of us believe that it could be and should be more inclusive of the great news gathering strength we have across the UK, so that that could be made available to the whole United Kingdom on a far more regular basis. I think you will see over the months ahead—and we are perfectly happy to be scrutinised on this basis—a significant change in the agenda and style of *News 24* and it will be seen not as a secondary service within the BBC but as a primary service with continuous news provision, given that the lives we lead is at the core of what we do, not as somewhat further down the food chain.

Q674 Lord Maxton: Will there be opt out? Will there be a BC 24 for Scotland, in part?

Mr Loughrey: That is a very interesting question. That is actually being discussed as we speak. We first of all have to discover whether or not the transmitters will allow us to opt out *News 24* across to different platforms. Secondly, I have a little caution that opt outs lead to—

Q675 Lord Maxton: I am not necessarily in favour of them.

Mr Loughrey: I am ambivalent myself but we are modelling and discussing precisely at this time about that. I think what Lady Bonham-Carter is leading us to is the integration in the normal news agenda rather than silos.

Q676 Chairman: Just going back to what you replied to Lady Bonham-Carter, is there a tendency—I mean not just here but in other parts of the UK—for newsrooms and journalists and organisations just to talk to each other? That was rather the impression that you gave.

Mr Loughrey: I am on very subjective territory here, but happily it is not just myself. I think if you read Andrew Marr's book and memoirs of his experiences in the print media, and a colleague, a friend of mine who is currently editor of the *Yorkshire Post*, who said that our problem is "air conditioned journalism". Andrew Marr, as I recall, described the cult personality as a product of news driven by press release and the personal computer. I think the heritage of a chap in Mac walking the streets finding out what is going on and recording it, the wealth of colourful news and incidents and events, has diminished. The story content in all news across the United Kingdom and across Europe has been

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changed by technology and not necessarily enhanced. What we are very keen to reverse is that depth of choice that editors of programmes have at their disposal to broaden the ratings. If we are discussing matters of health we have strength on the ground to provide unique insights into health provision in every corner of the United Kingdom, not just one little corner, and I think that you will see the BBC, especially in *News 24*, flexing that journalistic muscle to a greater extent than before and getting out of the domination of the press release.

Professor Monds: Chairman, if I could add to that? I think there are some important issues here and we find always at our public accountability events an appetite for localness and for projection of local interests on a broader scale. If I could just observe the movement of journalists, I think that BBC Northern Ireland has been a remarkably powerful training ground for journalists who have then brought those skills to the wider United Kingdom, and it is very gratifying that BBC Northern Ireland will be a centre of excellence for news and current affairs, and I think that is complementary to what Pat has been saying.

Q677 Chairman: To some extent we all sign up for localness and all that in every part of the United Kingdom, but to some extent—and the same too with newspapers—it is a function of economics, is it not? If you have 50 reporters you can do more of what you are saying than if you have 20 reporters. So there are cost implications.

Mr Loughrey: There are, and this is a broader thesis. The economy of television was founded on a scarcity model, a scarcity of very expensive resources, television studios and of camera kits which were enormously expensive, up to £100,000 for a kit, and the scarcity of airtime. But the economy is still managed on the basis of scarcity. The kit is infinitely cheaper and able to deliver at a very high professional standard. Airtime in the digital world is relatively plentiful and I am not sure that our thinking or strategic planning until very recently took account of that remarkable change in the prism in the economy of broadcasting. That is why we in nations and regions are so vigorously supporting the story telling skills of members of the audiences as well, the citizen journalists. It is pity that Lady Howe is not here because that is a very rich vein of enthusiasm for it. As well as employing our own staff more dexterously and more regularly and using that very mobile kit to gather more effectively there are many, many other sources of input to what we do.

Q678 Chairman: It is a very interesting thesis. We all remember the days when we were interviewed and about seven people turned up, one with sound, one with light and goodness knows what else.

Mr Loughrey: I remember Lady Thatcher being particularly impressed by that.

Chairman: Yes, it did make her feel very warm!

Q679 Lord Maxton: I have to say that my experience of that is that if you were interviewed by someone from the continent there were far fewer of them than there were from the BBC.

Reverend Hill: Could I comment and say that the Council has certainly welcomed correspondents connected with different regions in Northern Ireland and the increase in PDP, one person with a camera who is also a journalist producing the entire thing. I have people out in my community where, for all the wrong reasons it was news there this summer, but people on the ground telling their stories, talking to people, and I think there seems to be a trend towards more localness. This summer the Milk Cup football match, an international youth game in Coleraine, had a broadband site so that you could watch the matches and see the interviews all on broadband. So it brought home the importance of not just thinking in terms of DTT or satellite but also the broader range of platforms in terms of getting that localness through.

Q680 Chairman: I just have one small question. We are doing religion as well and religious broadcasting, and one of the acid tests is *Thought for the Day* on the *Today* programme and who actually goes on to *Thought for the Day*. In your Ulster programme, do you have *Thought for the Day*, or the equivalent of it?
Ms Carragher: We certainly do have *Thought for the Day*, yes.

Q681 Chairman: Do you confine *Thought for the Day* to what I call the recognised religions or do you go outside that to, for example, humanists and people like that?

Ms Carragher: We broadly follow the same guidelines as set out by Allan and followed by *Thought for the Day* and particularly across Radio 4. It would be broadly spiritual. We do have representatives of specifically humanist organisations, but we would not necessarily have people who had a faith label on them. We do not expect *Thought for the Day* to be anti-religious; it would be broadly spiritual but not necessarily from a spoken faith, as it were.

Q682 Chairman: So if I came on I would not actually have to say that I was Protestant or Roman Catholic?

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Ms Carragher: Absolutely not.

Q683 Chairman: I might not actually be anything.

Ms Carragher: Yes.

Q684 Chairman: But I would not come on and attack the church.

Ms Carragher: You would not attack the church but you would not be expected to go on and be from a particular faith.

Q685 Chairman: Is that acceptable to you, Reverend?

Reverend Hill: At this point one of the seven values of public life that we as Council members are supposed to follow is probity. I am going to declare the interest. I do *Thought for the Day* on Radio 4, Radio 2, Radio Ulster, the independent networks and broadcast services. I have experience as a broadcaster as well.

Q686 Chairman: I am amazed you have any time at all after that!

Reverend Hill: I am amazed I am here today! There is a diverse range of voices and religious backgrounds and I think that is to be welcomed. It is not just persons from the traditional religious groups that you might expect in Northern Ireland; you will find a range of opinions. Some infuriate listeners, some challenge them and some comfort them. You have all of that. It feels a little like Radio 2 in some ways, the Terry Wogan slot where you have that diversity. I would suggest that the Radio Ulster slot would have a similar kind of diversity within our context.

Q687 Chairman: But you do not find it offensive that there are non-religious people actually in that slot from time to time?

Reverend Hill: When you say non-religious?

Q688 Chairman: I mean people who are not signed up to a particular faith.

Reverend Hill: They are people with a spiritual perspective. It is very much a point in the day for a spiritual perspective. They may not sign up or tick the boxes that I have ticked but they nonetheless have a spiritual perspective on life, and certainly the evidence from the United Kingdom is that people are broadly spiritual; the churches may be in decline but spirituality is on the increase. I know humanism is

also there and I would like to see it at other places in the schedule.

Q689 Chairman: I am now totally confused. I go back to Anna Carragher. Just interpret what actually this means in a programme? I understood your first reply as meaning that someone who was, for example, a humanist might actually do the equivalent of *Thought for the Day*.

Ms Carragher: They would not come on as a humanist. People would come on who may not be of a particular faith, but whose thought would be a broadly spiritual thought, but who would not necessarily be signed up to be either Catholic, Protestant, Sikh, Jewish; they may be somebody who is coming from a broad disparity perspective, who might be a signed up member of your faith.

Q690 Baroness Bonham-Carter of Yarnbury: So you do not have, as on the *Today* programme, the name and profession, like a Sikh who does *Thought for the Day* and says, "Editor of the Sikh" whatever, which identifies what he does.

Ms Carragher: Sometimes. It would depend on the individual. Sometimes.

Q691 Chairman: Rather than putting this at the tail end we have to investigate it in a little more detail, but it sounds to me as though you do go a bit wider here than the national *Today* programme, but I see Lord Maxton shaking his head.

Ms Carragher: It is in broad guidelines.

Mr Loughrey: It is not significantly different, Chairman.

Lord Peston: To take an obvious example, following what Reverend Hill said, the fastest growing belief in this country seems to be a belief in astrology. Polls show that an enormous number of people believe in the validity of astrology, but you would not dream of having an astrologer on, I hope, saying that, "Today is not a propitious day for doing this, that or the other"?

Chairman: At this point we will draw this bit to an end! I am enormously grateful; thank you very much indeed. I think we may have some further questions on this issue and on others which we have dealt with before, so perhaps we could write to you on those if we do have them? Thank you very much for your evidence, which we have found fascinating and really very interesting indeed.

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Supplementary evidence from BBC Northern Ireland

THOUGHT FOR THE DAY IN NORTHERN IRELAND

Anna Carragher, the Controller of BBC Northern Ireland, thought Members might find it helpful swiftly to have the further information requested concerning the local *Thought For The Day*.

This programme is broadcast twice daily on BBC Radio Ulster at 0655 and 0755. The talks on Monday and Friday are live, those from Tuesday to Thursday, pre-recorded.

Thought for the Day is intended as a reflection on all sorts of issues and topics in everyday life which may comfort, challenge, amuse or strengthen some of the listeners or simply leave them with the reaction “I never thought of that before”.

Contributors to the programme are chosen, not on the basis that they represent a particular denomination or faith or a non-denominational or secular interest group, but because it is considered they have something useful or important to say and that they can say it in an engaging and accessible way.

However, the great majority of the contributors would come from a faith background and given the religious make up of Northern Ireland, the majority of these would be Christian. However, in the course of a year, there would be a small number—perhaps 3 or 4—who would not necessarily be religious believers. They are chosen on the basis of what has been stated above, not because they may be humanists, atheists or agnostics.

Care is taken that nothing will be said which would gratuitously offend the beliefs of religious people, just as equal care is taken that nothing will be said by “religious” speakers that would gratuitously offend unbelievers.

30 November 2005

 WEDNESDAY 23 NOVEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman)	Maxton, L Peston, L
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Examination of Witnesses

Witnesses: MR ALLAN BREMNER, Director of Television, Ulster Television, Ms PATRICIA GALVIN, Head of Regulatory Affairs, RTÉ and MR PÁDHAIC Ó CIARDHA, Deputy Chief Executive TG4, examined.

Q692 Chairman: We are very grateful to you for coming in. I think you know what we are doing in terms of this inquiry; we are now on to stage two and we are looking at particular aspects of the BBC's work—and that is our remit—which we really did not have the time to go into in the same detail, and obviously we are looking very much at regions and we are looking at Northern Ireland in that general area. I think the most useful way of beginning would be if you could not only introduce yourselves but also actually say what you do and what your organisation is. Mr Bremner, we met you last night, and we have a vague idea.

Mr Bremner: Like my employers! As you probably know, ITV is now a consolidated organisation consisting of the former English ITV companies and the Welsh ITV Company. Three ITV companies remain outside that single company. You have Scottish Television and you have UTV and the Channel Islands. In terms of our position, if you like, in ITV we are effectively an affiliate. We have come to the very obvious conclusion that we do not wield any power with the network centre, but obviously we depend on the programmes which we purchase from the network centre. We represent about 2.5 per cent of the population served by ITV. We are a successful company inasmuch as there is a considerable appetite for television in Northern Ireland and we are, as a result, able to sustain one of the highest shares of viewing in the ITV matrix. We are now a diversified company; we have our own Internet company, we have a telephony company, we own six radio stations in the Republic of Ireland and ten days ago we started our new radio service here in Belfast, which serves the Greater Belfast area. We also own 17 radio stations in England, one of which is a network, the talkSPORT network. In terms of local programmes, I would argue that we have a very diverse range of local programmes; we do news, current affairs, documentary, entertainment, religious programmes, children's animations, sports and community programmes. As I was trying to articulate last night, I think that we are relatively different in that if you look at this week I suspect that we are the only ITV company that does a story on investment in Londonderry at eight o'clock at night. And tonight, for example, we start the first of four half hours on

the problem of race in Northern Ireland. I hope that is a helpful synopsis.

Q693 Chairman: Just tell me about ownership.

Mr Bremner: We have no significant corporate ownership at all; we are a company owned by a diverse range of small shareholders that are in both the island of Ireland and Great Britain.

Q694 Chairman: There is no chief shareholder?

Mr Bremner: No.

Q695 Chairman: There is no one who owns 15 per cent, 20 per cent?

Mr Bremner: No.

Q696 Lord Maxton: Advertising?

Mr Bremner: Advertising is going through a difficult period at the moment. We do not sometimes feel that chill wind as much as English ITV companies would do because 50 per cent of our revenue comes from the island of Ireland. ITV had a bad year in 2005. They are headed for what looks like their worse ever year for 2006. We think that we will break even whereas the network will be considerably down on its income.

Q697 Chairman: Patricia Galvin, tell us about you.

Ms Galvin: Thank you, Chairman. Firstly, may I send apologies from Cathal Goan, our Director General, who very much wanted to be here but unfortunately could not? I will try to answer any questions that you may have and will be happy to provide any further information in written submissions. RTÉ is Ireland's public service broadcaster and that consists of two television channels and four radio channels. It is a dual-funded broadcaster that is currently funded more or less 50-50 through the licence fee and advertising funding. Most recently, really in the last ten years or so, has become more freely available in the north. There was some spill-over over in the years from the Clermont Carn transmitter site, but thanks to the concerted efforts of the Good Friday Belfast Agreement greater efforts were made to try and make the signal of the RTÉ services available in the north. I think analogue terrestrial coverage is at about 40, 45 per cent currently. Earlier this year RTÉ became available on Sky Satellite service here, which is currently reaching

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about 200,000 television subscription owners, and we are also available on NTL Digital in the north. The premise for RTÉ as a public service broadcaster is that we have a statutory mandate, a remit that is defined in broadcasting legislation. It is a broad remit, not dissimilar to that of the BBC's, though obviously we are funded also partly commercially. There are two other significant commitments. One is that most recently there was what one might call a top-slicing of the licence fee, so five per cent of the licence fee overall funding is now put to one side and that is to encourage and foster development of the independent production sector. Also we have a commitment in legislation—I think it is 28 million—to commit to the independent production sector. At the moment RTÉ nearly doubles that commitment.

Q698 Chairman: We will perhaps come on to some of those things in a moment.

Ms Galvin: I suppose the last point is that while our services are available in the north we are not commercially active in the north; there is no commercial revenue. We clear the rights, we make whatever provisions are necessary to make the services available in the north, but we are not extracting commercial revenue from that. I work in the area of regulatory affairs, by the way.

Q699 Chairman: Thank you. And TG4?

Mr Ó Ciardha: My name is Pádraic Ó Ciardha; I am the Deputy Chief Executive of TG Ceathair, TG4. Shorthand for this Committee's purposes, we are the equivalent Irish language service to S4C, without the funding. That is to say, we are a dedicated Irish language service channel set up nine years ago, funded directly by the Exchequer to the tune of 23 million Euros a year, currently, current funding. We also receive, similar to the BBC, an hour a day programming from RTÉ, under whose corporate umbrella we currently sit, but there is a government proposal to make us totally independent. Like S4C and Channel 4 we are a publisher/broadcaster and most of our programming is sourced in the independent production sector. We are, like RTÉ, receivable here in Northern Ireland and have been since the beginning, but the signing of the Belfast Agreement contains two specific provisions: one in which the UK Government commits to trying to extend our receivable signal here in the north; and secondly, there is a provision in that Agreement whereby the British government commits to trying to give financial encouragement to local Irish language production. The reception commitment has taken the form of there being a strengthening of our signal from the Republic; a local transmitter here under this mountain became operational last spring, almost at the same time as we, along with RTÉ, became available to Sky subscribers, here on encrypted

satellite. The financial supports take the form of an Irish Language Broadcast Fund, which was set up and announced earlier this year, which is a fund available for local production in Irish here in Northern Ireland, currently administered by the Northern Ireland Film and Television Commission. That is what we do.

Q700 Chairman: Thank you very much indeed. How do your audience figures compare with the BBC? How do yours in Ulster Television?

Mr Bremner: My understanding, Chairman, is that we have a peak time share of 33 per cent, 34 per cent. I am only talking at this stage about BBC Northern Ireland, the first channel, and my understanding is that their share would be about 24 per cent. That is peak time. Then if you looked at morning and afternoon the BBC would have a clear lead in both those day parts.

Q701 Chairman: But at peak time you have a clear lead, do you?

Mr Bremner: We have, yes.

Q702 Chairman: What about audience figures elsewhere? What do RTÉ and TG4 do?

Ms Galvin: For example, in the Republic of Ireland RTÉ's share would be on average about 40 per cent—35 per cent, 40 per cent. We do not have any accurate data as yet in terms of audience share in the north. We have recently joined the Bar Panel but the data is not yet refined enough to be able to provide any accurate data.

Q703 Chairman: TG4?

Mr Ó Ciardha: In the Republic our peak time share would be about three and a half per cent. Again, like RTÉ we only have anecdotal ideas of the reception. The level of interest anecdotally is very strong in Northern Ireland but we do not have firm data.

Q704 Chairman: That will come, will it, in due course?

Mr Ó Ciardha: Yes, it will, although we will have to be careful, as I think Anna Carragher said this morning, and we will probably hear again, given that there are very complex rights here. So to have the information available and not make commercial use of it or not being accused of making commercial use of it for Northern Ireland would be a difficult act.

Q705 Chairman: Are there any particular unique demands placed on broadcasters operating in Northern Ireland, that you find?

Mr Bremner: I think the context in which all of us operate is quite obviously a unique context. I feel very strongly that first and foremost we have to provide an impartial and fair news service. I think most people

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would agree that if you look at the newspapers in Northern Ireland they are declared, inasmuch as I think you could easily identify, some papers find themselves at the Orange end of the spectrum and others who would find themselves at the Green end of the spectrum. And I use that only as a matter of shorthand. So I think television has a unique place to play in its provision of news. I also feel strongly—and I know that the BBC and ourselves share this—that current affairs has an important role to play. We live in a state where there have been considerable ebbs and flows about how the institutions of state conduct themselves. So do I feel very strongly that investigative current affairs is something which the BBC and UTV would commit themselves to. I have to say that it is self-evident also in TG4 and RTÉ, but in the north I think it is absolutely no accident that both BBC Northern Ireland and UTV have won Royal Television awards, national awards for the quality of their current affairs. Thirdly, I think that in general programmes we have a very real challenge to show the diversity of this particular society. We are not merely Unionists or Nationalists and in general programmes I think we have to recognise that, and also celebrate the talents that we have in this community and not castigate ourselves for that.

Q706 Chairman: Looking at the BBC and BBC Northern Ireland, they obviously also provide a very comprehensive service, but are there gaps in it? When you look from the outside do you feel that there are things the BBC could be doing that they are not doing?

Mr Bremner: I feel very strongly—and I am not simply saying this because I am here—that we have in Northern Ireland a BBC service, both on radio and television, which is fully committed to serving Northern Ireland. I think that both of us would probably say that sometimes we find ourselves scheduling against each other when it might be better if we were scheduling in a complementary fashion, but that is not always manageable. I see no deficit at the moment in BBC services.

Q707 Chairman: What do you feel on either of the points, Ms Galvin?

Ms Galvin: I suppose on the challenges and the issues of being present in the north, the ability of a broadcaster to be able to fairly and impartially reflect the events in Northern Ireland is a challenge, and I would agree that in many respects it raises the standard and the benchmark for journalism, particularly in the area of current affairs and editorial standards. An interesting dilemma, as it was for RTÉ over the years, was that we had a Section 31 list of organisations that could not be covered on television or on radio, and I think that made it very difficult over those years up until 1994—from about 1971 to

1994—to cover and to truly reflect the events in the north, given that there was this ban on certain organisations not being mentioned and not being interviewed on air. That has now changed. I think we are also looking forward to an era where, with technological developments, with digital eventually and with broadband TV, we can give a little bit more in-depth coverage with the opportunity for updates in years to come and will be able to give a little bit more in-depth coverage and reflect that.

Q708 Chairman: And gaps in the BBC?

Ms Galvin: Not for us to say, I think. There is nothing that we would observe, but given that we operate under a mandate in a different jurisdiction it is not for us to say.

Q709 Baroness Bonham-Carter of Yarnbury: In the Republic is the BBC picked up?

Ms Galvin: Yes, it is; for many decades actually because of the power of the analogue signal—we call it spill-over—there has been a quite healthy reception of the BBC's channels and also UTV's channels and ITV's channels as well. Also the BBC is now available on cable and satellite platforms and so, yes, it has a very healthy presence, and I suppose in that sense we have a competitive dynamic in that sense.

Q710 Chairman: Let me bring in TG4 and then throw it open.

Mr Ó Ciardha: I was about to make that point. It is very important to bear in mind that the first television in the Republic was UK television, and it is very much seen as being a *sine qua non* of any television reception platform in the Republic, that it will bring to you UTV and BBC Northern Ireland. We have had Members of Parliament or Dáil elected on the specific issue of trying to bring better reception of international, that is to say UK television. It is an absolutely crucial part of the television mix. Again, like Patricia, I am not here to point up gaps in a colleague broadcaster in another jurisdiction but I do, as an Irish language broadcaster, see the huge challenge for the BBC in servicing the real expectation of the Irish language community here, to have provided to them by the public service broadcaster here the same level or an equivalent level of service as they see happening in Wales, where the BBC provides programming to S4C and whatever happens with Scots Gaelic. So I am not expressing a personal view there, but I do know from membership of things like the Celtic Film and Television Festival that Irish language users in this community do have a real expectation and do have, I think, a growing appreciation of the challenge that that does place on the BBC with its restricted airtime. So perhaps innovative and thinking outside the box needs to be brought in there because more and more Ireland is

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becoming an all-Ireland television landscape, we do cooperate on so many things. I think going forward there is a willingness and a need to think about more creative ways of servicing those expectations.

Q711 Chairman: My last question and then I will bring in others. How is the quality of the BBC, the impartiality of that BBC actually seen in the Republic? How do viewers look at it? Do they look at it as reliable, as unbiased, or do they look at it as rather putting a particular point of view?

Ms Galvin: I would say absolutely seen as an essential, I suppose, component. We have an expression where we describe the UTV, the BBC channels and the Irish terrestrial channels as being the “meat and two veg” for viewing in the home, and it is often the package that cable and satellite operators will promote in order to sell their basic package maybe as well as additional channels. I think Irish viewers have been so accustomed to multi-channel viewing because of the spill-over from many decades, as I mentioned, that there is an expectation that it is an essential part of the mix, the range of viewing that you are going to have in the home. So I would see it as being part of their viewing expectation.

Q712 Chairman: But an “essential part of the mix” is not quite the same as actually saying that that is an organisation which is providing a totally impartial and fair portrait of what is taking place.

Ms Galvin: I suppose it depends on a viewer’s sense of what is taking place, where and what events there are. Clearly there are Irish terrestrial channels that can spend a little more time telling stories about ourselves to the viewers, and clearly the BBC’s remit is one primarily for a different audience—it is for the UK licence fee payers essentially. But given those small variations in terms of impartiality and fairness I do not think they are different.

Mr Ó Ciardha: I would echo that, with the exception obviously when England are playing Ireland at rugby, then obviously we know which channel to watch! The BBC is held in extremely high regard throughout Ireland, with obvious certain exceptions—people from a particular political perspective may take a different view. It is seen very much as being the benchmark for UK broadcasting, yes.

Q713 Lord Maxton: This comes to the point. Do you do an Ulster News, as opposed to you only doing it when Ulster is part of, if you see what I mean, something that affects the south? Do you actually do an actual Ulster opt out of any sort? No?

Ms Galvin: We do not have the technical functionality really for that yet. Clearly it is an essential part of the news story telling on a regular

basis and, as I mentioned earlier, hopefully with all going well with digital free to air signal in the north, if there is the opportunity for RTÉ to be able to extend its services via digital—we are a little bit limited at the moment with analogue—it will make it a little more easy to have the opt outs.

Q714 Lord Maxton: Presumably that is the same?

Mr Ó Ciardha: Yes, it is, but I think it is also important that our coverage of Northern Ireland is not just of the obvious political. Economic and sports stories—particularly for us, sports stories—and drama and entertainment, we do not see a border in that sense. Stories are covered, documentaries are made, dramas are produced irrespective of their origin. So there is no anti-Ulster bias.

Q715 Lord Maxton: No, I am not saying there is an anti one, but obviously you are both based elsewhere.

Mr Ó Ciardha: Yes, and funded by it.

Q716 Lord Maxton: And funded elsewhere. Could I therefore ask it the other way around? Mr Bremner, do you have any specific coverage from elsewhere rather than just doing an Ulster News and only where it affects Ulster?

Mr Bremner: There is a difficulty in the sense that under our Ofcom licence what we have to do is to service the community in Northern Ireland, and not to prioritise the community in the south. But by definition what happens in the Republic quite properly is part of our news agenda, and we have a reporter and a crew in Dublin to cover that. In terms of political coverage it is a considerable matrix if you have Dublin, Washington, Belfast and London all contributing to the news of the day.

Q717 Baroness Bonham-Carter of Yarnbury: In our first report we recommended that the BBC should work with other companies to create share centres of regional excellence. Can I ask Mr Bremner first, does that happen here? Do you share your resources? Also, do you think that is a good idea?

Mr Bremner: In many ways I suspect that the levels of cooperation between the BBC and UTV are exceptional. This shared effort probably does not qualify as a centre of excellence. I think possibly we are the only BBC and ITV companies that share some of our sports contracts. At production level we quite often share each other’s technical resources. When things were bad we would agree that if we were burnt out of UTV we would be allowed to broadcast from here and vice versa. One of the things that is also unique to Ireland is that all of the broadcasters sit on a group called Broadcasters of Ireland Group, and that again is a unique forum for cooperating broadcasters. Two years ago we did a short series of films on the subject of home; and all the broadcasters

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in Ireland contributed films and then all the broadcasters could show the films. So you had what I think is a unique arrangement where on UTV you have a short film made by RTÉ or TG Ceathair. On BBC you had a short film made by UTV. So I would have thought that there is a broad perception that we are quite a cooperative bunch. I think there are considerable problems for us being able to contribute to a centre of excellence because we do not get a single penny from the ITV network for any of our activities. So to a certain extent our operation is structurally different and operates in a different fashion to that of the BBC.

Q718 Baroness Bonham-Carter of Yarnbury: What would RTÉ think about that, particularly considering, as you were saying, the digital future?

Ms Galvin: Certainly to date, in so far as it makes economic sense and it makes sense in terms of quality and coverage, there is terrific cooperation in terms of shared facilities, et cetera, as has been the case historically. The status of RTÉ in the north at the moment is such that I suppose it is primarily motivated by the spiritual diversity and purism to make these services available in the north for no additional commercial gain. There may be an opportunity in the future, again with availability on platforms, and if there is an opportunity to extend the spirit of the Good Friday Agreement in the digital area, if and when we have a digital terrestrial platform in the Republic of Ireland as well, there is an opportunity for reciprocity which could change the dynamic and possibly even the effort and the focus that can go into making the service available and a dedicated service for the community of Northern Ireland.

Q719 Baroness Bonham-Carter of Yarnbury: I was interested you said that historically you have shared facilities with them. In what sense?

Ms Galvin: For example, initially when RTÉ started to cover more stories and to be present in the north the BBC would have had an infrastructure and there would have been opportunities to have shared circuits and a lot of technical sharing and facilities sharing.

Q720 Baroness Bonham-Carter of Yarnbury: Studios, editings?

Ms Galvin: Yes. I think more back office, technical sharing and circuits and things like that, especially rather than duplicating if there was coverage of a live event or something like that. Then there would be an opportunity to share on a *quid pro quo* basis.

Q721 Baroness Bonham-Carter of Yarnbury: You would pool?

Ms Galvin: Exactly, yes.

Mr Ó Ciardha: We have some co-productions that we have made with BBC Northern Ireland, but we probably have as many, if not more, that we have done with BBC Scotland because of the Gaelic-Irish connection, and S4C, obviously. I think going forward though the specific context of Irish language in Northern Ireland and this new mechanism called the Irish Language Broadcast Fund does provide a basis for cooperation. I should also say that co-production is a wonderful thing at a late night dinner, to say, "Why do we not make a drama together?" which is all very well, but when you come to make the drama you have to see whether it services the schedule needs of both partners and whether the action is going to take place in the west of Ireland or the west of Scotland, and sometimes co-production can actually be trickier than corporate co-production and sharing facilities. So we are all in favour of that and I think, as I say, as we go forward because of the digital possibilities, because there is an opportunity, in my own personal view, to create an all Ireland digital platform for all the traditional broadcasters that operate, it could actually find a common platform. But there are legal and rights issues there. There is a huge level of cooperation and a genuine spirit of cooperation between all the broadcasters, north and south, including the BBC.

Q722 Baroness Bonham-Carter of Yarnbury: Do you think that the BBC produces enough for Northern Ireland? Is there a big enough production basis?

Mr Ó Ciardha: I am very loath to enter into any personal view. I do not pay a BBC licence fee; I am not a citizen of the UK. I enjoy greatly having the reception of BBC Northern Ireland and all the BBCs that are available to me in my home in Dublin on NTL Digital. I can only reflect to you that in the context of the Irish language—and you will hear it, I suspect, more as the day goes on—there is a real expectation from the Irish language community here for increased content creation. How that gets delivered is, I think, a major challenge for the BBC.

Q723 Baroness Bonham-Carter of Yarnbury: What do you think, Mr Bremner? Do you think that the BBC has a big enough production base here?

Mr Bremner: I think that is patently the case and I think you can see that both in the commitment to the quality of programmes that they have and the spread of programmes that they have at the moment. We are a little bit anxious that when it actually comes to tallying how many hours we each do that there are different forms of counting, and Ofcom are going to have a look at that again. But I doubt if anybody could dissent from the view that this is an ambitious broadcaster, yes.

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Q724 Baroness Bonham-Carter of Yarnbury: What about the independent sector? Do you think that is sufficiently supported?

Mr Bremner: I agree with what Anna Carragher said about the independent sector. We also exceed the quota of independent programmes that we have amongst our regional programmes. We have about ten companies working for us presently, and two of those are from the Republic. Interestingly enough, not all the ITV companies have an obligation to do 25 per cent of the regional programmes; some of them stick to the notion that it is 25 per cent of the total schedule, and therefore they do not get that commitment within the regional programmes. We have no formal commitment to do that but we have never ever gone below the quota; this year it is about 28 per cent and next year it is 30 per cent of our qualifying programmes will be made by independents.

Q725 Chairman: Just a question in passing. Because you are owned by your own shareholders and a mixture of them, you could be taken over at any stage?

Mr Bremner: That is exactly the case, yes.

Q726 Chairman: Are there any restrictions on who could take you over?

Mr Bremner: None.

Q727 Chairman: So, for example, an American company could take you over?

Mr Bremner: Absolutely, yes. We have a situation in Ireland where a year ago CanWest, a Canadian company, had a 30 per cent share in UTV and in TV3, the commercial channel in the south, CanWest had 45 per cent. Granada also had 45 per cent in ITV3 and then ten per cent of other shareholders. CanWest exited from UTV last year, that is why I say we have no significant corporate shareholder. But we still have Granada and CanWest substantially based in the south. Speaking frankly, the ITV network is always going to be at the mercy of Granada because of its strength. What we want to be known as is that we are the company who can manage best in Ireland, and not Granada.

Q728 Chairman: But it could be beyond Granada?

Mr Bremner: Exactly. As with Channel 5 there is no geographical restriction and they do not even ask people to be fit and proper people to own an ITV company, which they used to.

Lord Maxton: Whatever that might mean.

Chairman: Thank you very much. Lord Peston.

Q729 Lord Peston: At least one of you heard us talking to the BBC this morning about languages. I am still a little lost. RTÉ has the specific language responsibility, that is right, is it not?

Ms Galvin: That is right, yes.

Q730 Lord Peston: But TG4 does not have the specific language responsibility?

Mr Ó Ciardha: TG4 is the Irish language retainer.

Q731 Lord Peston: Do I deduce by that it means the Irish language?

Mr Ó Ciardha: Yes. We do broadcast English language material but the station was established and is enshrined in legislation as being to provide primarily a service in the Irish language.

Q732 Lord Peston: What we need is a little perspective on scale, if you like. What numbers are we talking about?

Mr Ó Ciardha: To put it into context, we will put to air today and tomorrow more Irish language programming than BBC Northern Ireland will make for the year. We are putting to air about ten hours of Irish language programmes, five hours a day of new material, more or less. Our schedule is 19 hours a day, of which seven hours is Irish language programming, of which approximately half is original, new to air. That figure can vary obviously, depending on seasons. So ours, just like S4C, primarily a Celtic language service with material in other languages to support it. RTÉ would probably output an hour a day across the seasons in addition to the hour a day that they supply to us. As with the BBC and BBC Wales it is obliged by statute to provide S4C with 550 hours a year of Welsh language programming, and the statutory obligation on RTÉ is to provide us with 365 hours a year of Irish language programming.

Ms Galvin: Since 1961 we have been producing programmes in the Irish language. For our own services and television it is about an hour a day, as Pádraic says, as well as the hour a day to TG Ceathair. Then we have a dedicated Irish language radio channel, Raidió an Gaeltachta.

Q733 Chairman: So you are doing one hour a day, and you are doing how many hours a day?

Mr Ó Ciardha: About four or five hours a day. Most of ours comes from the independent production sector. As I say, ours is very much modelled on the S4C model.

Q734 Chairman: How much would the BBC be doing?

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Mr Ó Ciardha: I think the figure is something like 10 hours this year.

Q735 Chairman: So that would be a few minutes a daily rate.

Mr Ó Ciardha: On television.

Q736 Lord Peston: To take it into an economic domain, does it make sense that all of this is happening separately or should it not all be done jointly in some way? The Ofcom view seems to be that there should be a much closer relationship. I am not clear what Ofcom really had in mind.

Mr Ó Ciardha: I am a native speaker of Irish; it is my native language. I should also point out, perhaps, in passing that it is the native language of, I suspect, more than 20,000 people currently resident in the UK. Somebody pointed out to me once that the greatest urban concentration of Irish language speakers was either in Kilburn or in Govan. I just mention that in passing. The expectation I think is that a public service broadcaster will provide service in the indigenous languages of the community which it is servicing. In the case of the Republic and in the case of Northern Ireland that includes the Irish language, clearly. Whether it is more proper to do that on one dedicated/marginalized service, or whether the public service broadcaster should raise the profile of the language by including it in its own network channels is a debating point. In the case of RTÉ, I think RTÉ has always said, even after the establishment of our channel, that it would wish to include Irish language material in a high scheduling position on its own channels as well as contributing programming to us, and I think that probably would be the shared view in the Republic, that it should not be consigned to one channel.

Q737 Lord Peston: Patricia, do you agree with that?

Ms Galvin: I do.

Q738 Lord Peston: So you are not against cooperation?

Ms Galvin: No, absolutely. I suppose the spirit is reflected in the Belfast Agreement to foster linguistic diversity and to promote it through whatever means possible. If we have a broad remit and a duty to reflect as much as possible the interests of our society then Irish language has to be a key part of that. So, absolutely, anything that can be done to foster that.

Mr Ó Ciardha: Can I add one small thing? It is important as we go forward and as technology develops and as the huge increase of channels available to us magnifies, providing a service does not necessarily mean providing all programming and television form on one channel. There are many ways of skinning this particular televisual cat.

Q739 Lord Peston: One question I forgot to ask the BBC. Do the Higher Education institutions in Northern Ireland and in Ireland as a whole have any involvement in what you do? To reveal my ignorance, I do not even have the faintest idea whether, say, in the south they teach it?

Mr Ó Ciardha: Irish is a mandatory subject.

Q740 Lord Peston: I do not mean in schools, I mean in universities?

Mr Ó Ciardha: Yes, they do, and in addition to the linguistic and literary study of the language at third level there are also, particularly since the advent of our own channel, courses now in a number of third level institutions to provide both undergraduate and postgraduate training in television production in the Irish language and in video skills and all of that. So they do play a key role in providing us with a talent pool from which we can draw.

Ms Galvin: Also to add to that point, Irish early last year is an official language of Ireland, in which case all documentation, signing, et cetera—

Q741 Lord Peston: Of the EU?

Ms Galvin: Of the EU, indeed. I think that very much serves to make the language pervasive in the sense that it is on maps, it is on road signs, et cetera. That will, I suppose, enable us to foster and recognise the presence of the language even more.

Q742 Lord Maxton: Despite all that investment are the numbers speaking the language going up or going down?

Mr Ó Ciardha: You may ask that question more specifically of the North/South Irish Language Body, who is visiting you this afternoon.

Q743 Lord Maxton: I meant across the whole of Ireland.

Mr Ó Ciardha: The numbers using it are probably going up in the sense that it has become more fashionable and slightly more chic and certainly more trendy, I think. The number of people speaking it in the rural heartlands of the Irish speaking areas on the west coast, where I am from myself, are probably declining. But I should point out that this is not a unique phenomenon. I think UNESCO has said that of the 6000 languages in the world 5,965 are in imminent danger of extinction, and that does not include Irish. All the Celtic languages are under huge pressure from the Anglophone word, which predominates the globalisation.

Q744 Lord Maxton: Despite the fact it being the official language in the south and despite the fact that it is a compulsory subject in schools and is taught in the universities, and you have your own station?

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Mr Ó Ciardha: As is the case with Scots Gaelic and Welsh.

Q745 Lord Maxton: Scots Gaelic and Welsh are not in quite the same position. Scots Gaelic is certainly not the official language of Scotland.

Mr Ó Ciardha: That is true, but it is the case, as I said, that almost all of these lesser used languages, let us call them, are under huge pressure, and in the case of Welsh, Scots Gaelic and Irish because of the cheek by jowl nature of the major world language of the media, and such excellent language, the English language the medias have. The odds are very much stacked against it, despite the official status.

Q746 Lord Peston: To revert to Lady Bonham-Carter's question about independent producers. If you want to produce one of the great works of Irish literature in Irish are there independent producers out there sufficiently to do that kind of thing for you?
Mr Ó Ciardha: Dozens of them!

Q747 Lord Peston: So that would not be a restraint?
Mr Ó Ciardha: Not at all, not at all. Just in passing, it was one of the benchmarks we set ourselves when we were established in the mid-90s, that we wished to reach, as S4C had already reached, I think, that year, the position where *Branwen*, a Welsh language feature film, had actually been nominated for best language film at the Oscars, but sadly it did not win. To produce a feature film in Irish is one of our ambitions, but it is very much a realisable one.

Q748 Chairman: Mr Bremner, to complete this picture, how many hours—and perhaps I have missed it—Irish language programmes do you do?
Mr Bremner: We do not do any Irish language programmes, Chairman.

Q749 Chairman: At all?

Mr Bremner: What we have done in the past is we have produced Irish language programmes with TG Ceathair, and we have also produced Irish language programmes for network ITV schools, but we do not do any Irish language programmes and we have no plans to do Irish language programmes. The way that we contribute is if we get commissions we will employ people with competence in the Irish language, or people who wish to become competent producers in the Irish language. But effectively the programmes that we showed on UTV simply did not secure the audience we need, when we are making programmes—

Q750 Chairman: You did try?

Mr Bremner: Yes, we did.

Q751 Chairman: What was the result?

Mr Bremner: The take-up was lower than we actually can sustain.

Q752 Chairman: Can you remember what the audience figures were?

Mr Bremner: We did three series, we did a couple of documentaries—and this is now eight years ago—and their performance was at about 20 per cent of the level that we expect. That is not the sole criteria but it is an important criterion, of course. We did an animation series where we re-voiced *Thomas The Tank Engine* and there was a poor up-take on that, and there was a poor uptake on the scripts that we made available. It was very novel at that stage but in a commercial channel, to be straightforward about it, no matter what subject you are covering you need to generate a larger audience.

Q753 Chairman: And basically you are not going to do it?

Mr Bremner: We are not.

Q754 Baroness Bonham-Carter of Yarnbury: Can I ask a slightly odd question? You said that you made a film. Would you consider sub-titling?

Mr Ó Ciardha: We sub-title everything; we sub-title everything we make in Irish into English, to make the programming accessible.

Q755 Lord Maxton: Does that include sport, because you have mentioned sport several times?

Mr Ó Ciardha: Anything.

Q756 Lord Maxton: What sports do you show?

Mr Ó Ciardha: The Gaelic Games; the rugby we have just lost the contract to the Celtic League, which was a huge unexpected success for us. People do not associate the Irish language with rugby playing, strangely enough, in Ireland, but we secured the rights to that in its opening two seasons, and it was very successful. We did Spanish soccer and we did Scottish soccer for a year. Most of the games—golf, horse racing—most of the major sports that we can afford to buy rights to, which is getting more difficult.

Q757 Lord Maxton: You say you used sub-titling. Having once tried to watch a rugby match being shown by S4C I have to say I found it a slightly weird experience because there was no English and I could not fathom who they were talking about.

Mr Ó Ciardha: Live sub-titling poses a particular challenge and nearly all of our sports are live. I have to say that we expected when we started, particularly in rugby which would not have a natural hinterland

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of Irish language supporters, to get quite an amount of flak of people saying, "You cannot sub-title that." We got none for the two years we were in it. People I think just—

Q758 Lord Maxton: Watch the game.

Mr Ó Ciardha: Watch the game. Sport has its own spectators.

Q759 Lord Maxton: The people watching it know what is going on anyway. Digital switchover. I think we are aware in the north that the north is now 100 per cent broadband, which some people think is the future, not terrestrial. What about the south? How far down the road in terms of broadband are you?

Ms Galvin: Getting there. There is a lot of fibre optic in the ground. There probably is not the concerted effort by one or two, let us say, national players to get it to such a level that the speeds would be video enabled. So IPTV is still some way, probably in the five to ten year, possibly 12-year timeframe. But that said, if there were a buyer of Eircom in the near future that could turn it all around.

Q760 Lord Maxton: Eircom is your telephone company?

Ms Galvin: BT equivalent. I suppose they are in the position where, short of any obligatory obligation—they have a very healthy ISDN business, that is doing quite nicely. Pushing the higher end, DSL is still a bit of a struggle, and I think they are talking about it and they have plans, within three to five years, to reach over half of the homes with the equivalent of one megabyte. That is quite good. But, that said, if there were further investment it could go a lot faster. We are still not absolutely clear—the government has announced its intention to launch a pilot for DTT early next year. All going well that should run for one or two years; all going well they would hope to launch a DTT platform. Who knows what will happen in the broadband market? As I say, if there are investors it may well be that we could have IPTV sooner than digital terrestrial. As a public service broadcaster our belief is that we want to produce public service content that is accessible and available on all major platforms. So we broadcast to mobile, IPTV, DTT and of course availability on digital, cable and satellite. We are watching and monitoring for availability and excellence to all of those platforms. Which comes first, there is still a little to play for there.

Mr Ó Ciardha: The person that designed Ireland gave us many mountains and valleys and not all of them are commercially viable propositions for television delivery, and I think that is very important to state here, that whatever platform or combination of platforms is arrived at universal service is wonderful if you live in the Midlands where one transmitter

reaches 45 per cent of the population, but some of us come from parts where it takes two transmitters to get it into the valley. Secondly, I just want to echo the fact that the Ofcom Review—I do not know if it is permissible to mention the Ofcom Review in this context—specifically said that consideration should be given in the UK switchover in this part of the world to extending our service of our own channel. It is a specific proposal by Ofcom.

Q761 Lord Maxton: You say that but of course even in remote areas people tend to have telephones, presumably.

Mr Ó Ciardha: They certainly do.

Q762 Lord Maxton: And certainly the higher bands of ADSL provide broadband down that telephone line. Going back a little bit, can I ask about the switchover to using terrestrial digital, which means there is going to be an increased signal from different parts of the United Kingdom, Scotland and from Wales, and is that going to mean that people in the south will be able to get BBC and other channels much more easily than they can at the present time, and will that affect you?

Ms Galvin: Certainly the switchover in the north and also in parts of England and Wales a little bit earlier, in 2009, will have a significant impact on the availability of particularly the BBC's signals through analogue spill-over, which they have traditionally received. I think it is about 16 per cent of the television viewing population enjoy Irish terrestrial services and the multi-terrestrial, as we call it, the spill-over channels. So there will be significant impact there. If there is not a free to air digital platform for Northern Ireland to go to then they will have no other choice but to go to Pay TV, cable or satellite in order to continue to receive the UK channels that they have been accustomed to. The other more important issue, I suppose, is that with switchover, particularly in the north, there are going to be issues about interference, about degradation of the signal, about spill-over of the signal either way, but as part of the World Radio Conference, RRC06, next year, there have been very active bilaterals between the UK and Ireland for a number of years now on teasing out and agreeing basically the frequency plan and power level of either side of the border, to make sure that any interference is minimised. So that is ongoing. I think also through the Broadcasters' Group there is quite a bit of discussion about what can be done to alleviate any unnecessary interruption, but also how could we perhaps capitalise on this and make sure that, for example, capacities can be found on platforms in both communities to make sure that the choice of channels is extended rather than lessened.

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Q763 Lord Maxton: Have you had discussions with Freeview actually to get on to their platform?

Ms Galvin: The issue to date is, yes, we very much like the idea of being available on it. The difficulty is also the signal being available in the UK and the cost of clearing the rights for a territory the size of the UK for a broadcaster from Ireland. If greater capacity is released after the RR06 negotiations, under the care of Ofcom some of that spectrum may well be re-released for broadcast purposes. There may well be opportunities for both digital radio and digital terrestrial television. Our broadcasting legislation to date, albeit the DTT platform did not take off at the time, but there are provisions in the legislation also to allocate some capacity for UK services to be available on a digital platform in the north. So we hope that there might be opportunities for a similar reciprocal arrangement, all being well.

Mr Ó Ciardha: It should be emphasised, the Republic has 1.4 million TV homes. We do not have, as yet, an indigenous digital platform of any kind. The second figure is that over half of the 1.4 million homes have already signed up to a non-national delivery means, whether it is subscription satellite or digital cable. So the clock is ticking for the Republic and we as a nation need to make some very quick decisions, and hopefully they will be decisions that would be compatible with the shared television experience we have had for the last 40 years.

Q764 Lord Maxton: Can I come to you on that, Mr Bremner, the same issue? Because it seems to me in the multi-channel and then into what I term now the multi-choice world of television, your advertising revenue is likely to be hit, is it not?

Mr Bremner: Yes, and I think that is one of the reasons that encouraged us to diversify in the way that we did. In terms of broadband provision Northern Ireland is about 98 per cent provided for, and we have to look very carefully at a new generation as very technologically literate, not watching television as it were, communally on a settee, but as a single viewer looking at his or her television with a handheld device, being able to bring a whole lot of different media across to that device. That is one of the reasons, as I was saying, that we diversified. On the subject of digital switchover, we argued—and I think Ofcom accepted that—that it would be particularly injurious if the analogue service was switched off in Northern Ireland when the analogue service in the south was still going strong, because we were worried that with the switchover to digital—and there are still nearly 45 per cent of people who do not have digital—we were concerned that some of our analogue viewers might then look to the channels that were coming from the south.

Q765 Chairman: The last questions, on religious programmes. I think the ITV evidence said that the BBC should basically be the leading broadcaster of religious and faith programmes. Would that be your view, Mr Bremner? Are we simply stating that this is inevitable, that because of the very nature of a company like Ulster TV you are not going to get very much advertising—or possibly not very much advertising, and where do you put it in any event?—to support religious broadcasting?

Mr Bremner: Our position is not that of ITV's, Chairman, at all. We would see our schedule as deficient if it did not have some religious programmes in it. But I do have to say that over the last five or six years we have set aside the morning worships that we used to do; we used to do six of those a year. Interestingly enough, if they were strong enough services or they were dealing with something that people were very, very interested in we would move it to two o'clock on a Sunday afternoon. We set that aside because we think that that is adequately provided by other channels and what we now do is we make religious factual programmes, and we expect them to punch their weight. We show them at half past seven on a Tuesday, and they do punch their weight and that is why they will stay and one of the reasons why we would want to keep them in the schedule. Interestingly enough, in a series called *Journeys*—and we have just shown our second series—I counted the number of faiths that were represented in that series, which exceeded just under a dozen. So it is a popular programme, it is in peak, it does show that there are diverse faiths in our community, and I think it would be negligent if we did not have it in our schedule.

Q766 Chairman: That is very interesting. What kind of programme is it?

Mr Bremner: We do themes. For example, in the first series the first programme was about birth, so there were three human interest stories on a theme in each programme. The first one was about a man, his joy at having his first child. The second one was a young woman, a devoted Christian, but had had three children, two of which had significant disabilities. And the third one was a woman who had been unable to conceive and when she conceived her child had died. Then we asked religious commentators to say what perspective could these bring in the very testing experiences in two of the subjects there. People watched it and they watched it when we repeated it. So we feel strongly that any subject can be done on commercial television if you have it produced interestingly. If we are doing a programme, as we are, about a charitable project in South Africa—we will be showing that at Christmas—it has to get people to watch it and, like any teacher, any lecturer, you should be able to interest your audience.

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Q767 Chairman: And you do it on issues which might be controversial.

Mr Bremner: Yes.

Q768 Chairman: Birth control, for example.

Mr Bremner: Yes.

Q769 Chairman: What do you feel about this, Mr Ó Ciardha?

Mr Ó Ciardha: Our own channel does not do what, not in any disparaging sense I call event coverage; we do not do religious services. But we do carry in our documentary, particularly in our documentary strands both newly made content about matters religious and spiritual, and interestingly enough one of the disciplines of having no money and in trying to not use just the American and English-made documentaries we have a significant stream of documentaries which are re-voiced from other languages. One consistent theme running through those is a French-made programme on world religions, which unfailingly gets us very good ratings and particularly active feedback from the audiences. As Allan says in another context, it is not just about the figures. But religion is a very important theme in our programming, but because RTE, as Patricia will confirm, does religious services very consistently on both radio and television we do not feel that we would be adding any value or extending the choice. But it is important.

Q770 Chairman: RTE do just what has been described?

Ms Galvin: Indeed, and I suppose the only issue there is that RTE has to constantly assess and to check in to make sure that it is still reflecting the society in which it is broadcasting, and it is becoming an increasingly fast changing, growing and much more multi-cultural and secular society, and to make sure that we are getting that balance right.

Q771 Lord Maxton: Do you represent the secular aspect?

Ms Galvin: I think increasingly so, yes, over the last couple of years a lot more programming has been introduced to address that. I think we are still trying to find that right balance as Ireland is changing faster than we can keep up.

Q772 Chairman: But you would actually show the different faiths?

Ms Galvin: Yes.

Q773 Lord Maxton: Is there a religious question in your census?

Ms Galvin: Yes.

Q774 Lord Maxton: What does it show?

Mr Bremner: An almost vertical drop certainly in the Christian faiths.

Q775 Lord Maxton: But non-believer.

Mr Bremner: Non-believer would probably be at 30 per cent now and non-practising would certainly be much higher, I suppose. It used to be that non-believer and non-practising were less than 10 per cent, but I think we are probably moving towards at half and half.

Chairman: It is interesting, is it not, that you have figures like that and yet Mr Bremner is saying that you can put on interesting—which I suspect is the point—programmes on religion at 7.30 on an evening, which is peak viewing time, and get good audiences for it.

Q776 Lord Maxton: I do not see the argument for that because I might watch a programme if I thought it was interesting even though I have no religious point of view.

Mr Ó Ciardha: That would be our experience as well. The fact that people do not attend a religious meeting once a week, certainly in the Republic of Ireland, in our audience, does not translate into a lack of interest in matters spiritual, or in formal examining of other religious faiths about their benefits and their downsides.

Q777 Chairman: Mr Bremner, you intend to continue with these programmes?

Mr Bremner: Yes, Chairman.

Q778 Chairman: We have to remind ourselves that we are looking at the BBC, however fascinating everybody is, but how do you rate the BBC's coverage of these things? I know none of you want to comment on the BBC, et cetera, but do you think that they cover religion well?

Q779 Mr Bremner: I cannot answer that question, simply because I am not familiar with the output. When I look at network television and I look at local television it seems that in terms of its frequency it is reducing, but no, I simply do not know the content.

Q780 Chairman: Then we will call that a day. Are there any other points that my colleagues want to ask and make? Any additional points we have not covered?

Mr Ó Ciardha: Thank you for having us.

Chairman: Thank you very much for coming. What you have said is very interesting and perhaps if there are any other factual points we could write to you? Thank you so much for coming.

WEDNESDAY 23 NOVEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman)	Maxton, L Peston, L
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Memorandum by Foras na Gaeilge

Foras na Gaeilge is the Cross-border Irish language Body set up under the British-Irish Agreement Act 1999 and the Northern Ireland Act 1998. The remit of Foras na Gaeilge is to promote the Irish language and culture throughout the island of Ireland.

INTRODUCTION

Foras na Gaeilge welcomes the opportunity to present its case to the Select Committee on the BBC Review. Foras na Gaeilge acknowledges and values the central role that the BBC has played in the broadcasting of the Celtic languages and culture of the UK. Foras na Gaeilge appreciates that the preservation of Public Service Broadcasting in the digital age is an important issue and vital to ensuring high-quality services that are not commercially viable. Foras na Gaeilge asserts that the licence-fee provides all involved with a suitable means to safeguard and maintain the principle of cultural diversity in our society.

Foras na Gaeilge was disappointed and dismayed with the Government's Green Paper on the BBC Charter Review which totally ignored the Irish language. There were significant recommendations in relation to Welsh and Scottish Gaelic that only served to reinforce the sense of disbelief within the Irish speaking community and particularly, in light of the fact that the following have supported and highlighted the need to underpin the provision of a Public Service Broadcast for the Irish language community in Northern Ireland:

The British and Irish Governments in the Good Friday Agreement, The Committee of Ministers of the Council of Europe, The European Bureau for Lesser-Used Languages, The European Charter for Regional and Minority Languages, An International Committee of Experts (Comex), The Broadcasting Council of Northern Ireland, and Ofcom.

BBC NORTHERN IRELAND

The Irish language has no protection in Northern Ireland in relation to Public Service Broadcasting whereas Welsh Language Broadcasting is not only protected but also, defined by Statute—500 hours of programming to be broadcast on S4C. Similarly, BBC's Scottish Gaelic broadcasting service is protected by a ring-fenced portion of the licence-fee income and also, supplemented by income from the Gaelic Broadcasting Service. Irish language programmes can be made only by displacing a part of the existing English-medium service—a situation that is unsatisfactory to all concerned.

OFCOM RECOMMENDATION ON CHARTER REVIEW

Ofcom has identified and highlighted the BBC's lack of support for Irish language broadcasting in the past and it has proposed that the matter be rectified through the renewal of the BBC's Charter:

Historically, the BBC has spent less per head on serving its Irish-speaking audience than on the Gaelic and Welsh-speaking populations. We welcome its introduction of a regular factual strand in the Irish language, SRL, and would expect Charter Review to result in sufficient funding for BBC Northern Ireland to be able to continue and expand this commitment. (page 100, our emphasis).

LICENCE-FEE PAYERS

Foras na Gaeilge welcomes this proposal and does so on the basis that as television licence-fee payers the Irish speaking community are entitled to a service comparable to that provided by the BBC to other indigenous language communities. Far more funding is being spent per capita by the BBC on Welsh in Wales and Gaelic in Scotland than on Irish in Northern Ireland:

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	<i>BBC television service 2001–02 (from license fee)</i>		
	<i>Hours</i>	<i>Spend</i>	<i>Spend per speaker</i>
Wales	533	£16,400,000	£53
Scotland	150	£1,500,000	£64
Northern Ireland	2	£200,000	£3

Note: BBC Scotland is also supported by the Gaelic Broadcasting Fund, which provided an additional £3 million in 2001–02.

THE GOOD FRIDAY AGREEMENT

The Good Friday Agreement of 1998 has the legal force of an international treaty. In the Agreement, the British Government committed itself to:

“seek more effective ways to encourage and provide financial support for Irish language film and television production in Northern Ireland”.

THE EUROPEAN CHARTER FOR REGIONAL OR MINORITY LANGUAGES

The European Charter for Regional or Minority Languages was ratified by the UK on 27 March 2001. Irish, along with Welsh and Scottish Gaelic, was included under Part III of the Charter, the higher level of provision. In Article 11, in the section on Media, the British Government made the following commitment to the Irish language in Northern Ireland:

“to the extent that radio and television carry out a public service mission . . . [the Government undertakes] to make adequate provision so that broadcasters offer programmes in the regional or minority languages” [Paragraph 1a (iii)].

AN INTERNATIONAL COMMITTEE OF EXPERTS

An International Committee of Experts examined the performance of the UK in relation to the Charter and published its report in 2004. Their report, addressed to the Committee of Ministers of the Council of Europe, found “shortcomings in the services in Irish, particularly regarding television”, and stated:

— “The Committee of Experts considers the undertaking fulfilled in relation to radio but not currently fulfilled in relation to television” (page 53)

THE COMMITTEE OF MINISTERS OF THE COUNCIL OF EUROPE

The Committee of Ministers of the Council of Europe received the report, and on 24 March 2004, passed the following resolution (Recommendation RecChl(2004)1:

“[The Committee of Ministers] recommends that the authorities of the United Kingdom take account of all the observations of the Committee of Experts, and, as a matter of priority . . . improve the public service television provision in Irish” (p.70)

RECOMMENDATION OF FORAS NA GAELIGE

It is of the utmost concern to Foras na Gaeilge that the Ofcom recommendations and those of the other organisations mentioned above in relation to the Irish language have been totally ignored in the BBC's Green Paper.

The occasional oblique reference to regional cultural needs is not sufficient to cover over the magnitude of the injustice. It is the firm view of Foras na Gaeilge that Government must demonstrate its commitment by clearly defining the BBC's responsibilities to Irish in Northern Ireland as part of its stated aim to safeguard the cultural heritage of the indigenous Celtic languages in the UK in the reviewed Charter. Foras na Gaeilge endorses and welcomes the position of the Government and Ofcom who place significant emphasis on the

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requirement to reflect the UK, its nations, regions and communities, and on the BBC's role in strengthening cultural identity and raising awareness of:

“different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities within the UK”.

These principles are further recognised in the Green Paper:

“Devolution has changed the political fabric of the UK, and the BBC should continue to provide a larger amount of dedicated programming in and for each of the devolved nations (Northern Ireland, Scotland and Wales) (page 41).”

Foras na Gaeilge therefore asks that the Committee take the following points into consideration:

1. The BBC's clear public service broadcasting responsibility to provide a dedicated Irish language service for (a) Irish-speaking licence-fee payers of Northern Ireland; (b) Irish-speakers in other parts of the United Kingdom;
2. The BBC's responsibility to enable non-speakers of Irish to gain an understanding of the Irish language and its attendant culture;
3. The BBC's responsibility to enhance its television, internet and educational provision to a level that reflects its public broadcasting remit.

3 May 2005

Memorandum by the Ulster-Scots Heritage Council

BROADCASTING PROVISION FOR REGIONAL AND MINORITY LANGUAGES IN THE UK

THE MEDIA IS THE THIRD MOST IMPORTANT MEANS FOR TRANSMITTING LANGUAGE AFTER THE HOME AND THE SCHOOL

Background

- UK Government ratified the European Charter for Regional or Minority languages on 27 March 2001.
- Ulster-Scots was included under the Part II provisions along with Scots, Manx and Cornish.
- There is no census information on the number of Ulster-Scots speakers; no question was included in the 2001 Census.
- Ulster-Scots is a living community language. Estimated numbers between 35,000–100,000 native speakers who acquire the language through inter-generational transmission. Only Scots and Welsh have larger populations of native speakers.
- Ulster-Scots is important as a heritage language, 29 per cent of the population (490,000) consider Ulster-Scots is important to them. (McCann Erickson Survey, February 2000)

Existing Broadcasting Provision

- Existing provision is inadequate.
- There is no dedicated radio station or TV station for Ulster-Scots.
- In 2005 BBC Radio Ulster will broadcast 10.5 hours of Ulster-Scots programming. This will provide occasional programmes not regular programmes.
- It is 52.5 minutes per month or 12.07 minutes per week and not of all of it is language related.
- There are no other Ulster-Scots language programmes from other broadcasting sources.

The Audience

There is a healthy audience for Ulster-Scots broadcasting, a demand that is not being satisfied.

- *The Nicht o Ulster-Scots* broadcast on Saturday night in 1999–2000 had the third highest viewing figures on BBC2 that year (120,000 viewers according to BBC Annual report) behind the Celtic v Rangers match with 180,000 and a Country Times programme with 122,000 viewers.

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- The Burns Night programme in 2004 had very high viewing figures but there are no figures for this in the public domain.
- The two programmes on the *Eagle's Wing*, one a history documentary and the other a televised stage musical, had very high viewing figures but the detail is not in the public domain.

Problems

- The obligations of the European Charter in relation to Ulster-Scots and media access are not being met.
- There are inequalities in how BBC Northern Ireland deals with the two minority languages communities that would be deemed illegal under Northern Ireland's equality legislation if they were carried out by any other public body subject to. Ulster-Scots is treated less favourably. The disparity in annual programme time is 25:1 (260:10.5 hours).
- At the heart of the Belfast Agreement are the principles of inclusion, tolerance, equality and respect. There is inequality in how BBC Northern Ireland generally reflects the major identities in Northern Ireland in programming. Identity is reflected in culture, history language, traditions and ethnicity. The inequality is reflected in how BBC Northern Ireland covers major traditions, language, folk/traditional music and history.
- Language programmes made by BBC Northern Ireland and by BBC Scotland are not shared. Programmes made in Scotland of interest to the Ulster-Scots community are not re-transmitted in Northern Ireland. BBC Scotland can be difficult to receive Northern Ireland.
- There is no presence or representation of the Ulster-Scots community in either the BBC's production staff or on any of their key committees and bodies. This lack of representation is perceived by the community as the reason for the 25:1 disparity in treatment.

Proposals

The Heritage Council asks that the BBC's Royal Charter should address the above issues as follows:

- Mainstream the obligations of the European Charter for Regional and Minority Languages (ECRML) where they relate to broadcasting into the BBC's Royal Charter. This should be a part of the mainstreaming into the Royal Charter of the various human rights conventions ratified by the UK as they affect broadcasting.
- A minimum level of provision requirement should be written into the Royal Charter for the six UK indigenous languages protected by the ECRML. Provision should not be on an occasional basis but on a regular basis with a reasonable time slot. The Heritage Council suggests a minimum provision of 30 minutes per day.
- Recognise that each nation and region has its own distinctive situation. In Northern Ireland the Royal Charter should require the BBC to sign up to equality legislation, Section 75, so that Equality Impact Assessment becomes a part of the working culture of BBC Northern Ireland.
- The programme schedule should reflect the plurality of the listeners and viewers. In Northern Ireland the identities of the licence paying listeners and viewers should be respected and reflected in programming taking account of the culture, language, history, traditions and ethnicity of each group.
- At the heart of the Belfast Agreement are the principles of inclusion, tolerance, equality and respect. The BBC's Royal Charter should require that the two RML communities, Irish and Ulster-Scots, be equally represented within the various structures, committees and bodies of BBC Northern Ireland.
- The language community should make language programmes for the language community and provision should be made for the training of appropriate people in production.
- The BBC should share programmes between the nations and the regions basis where this is appropriate ie between Scotland and Northern Ireland to allow Scots and Ulster-Scots language programmes to be re-transmitted or have shared transmissions within the two areas. The BBC Scotland signal to Northern Ireland should be strengthened.

November 2005

23 November 2005

Memorandum by the ULTACH Trust

1. INTRODUCTION

1.1 ULTACH Trust welcomes the opportunity to present evidence to the Select Committee on the BBC Review. Like the majority of respondents to Ofcom's review of public service broadcasting (PSB), the Trust recognises and values the BBC's immense contribution to the broadcasting culture of the UK. We agree that the maintenance of PSB in the digital age is becoming an increasingly important issue, and that the licence fee is the appropriate mechanism to ensure high-quality services that are not commercially viable. This role is particularly important in the context of an ethos that values the principle of cultural diversity in our society.

1.2 We were therefore surprised when the Government's Green Paper on Charter Review failed to mention the Irish language, although it made significant recommendations with relation to the other Celtic languages of the United Kingdom, Welsh and Scottish Gaelic. This surprise was compounded by the fact that the provision of an enhanced PSB Irish language service is supported by, among others, Ofcom, the Broadcasting Council of Northern Ireland, the Belfast Agreement, the Cross-Border Language Body, the European Bureau for Lesser-Used Languages, and the Committee of Ministers of the Council of Europe.

1.3 We would ask the House of Lords Committee to address this shortcoming, which is analysed in more detail in the following pages.

2. PSB AND INDIGENOUS LANGUAGES

2.1 In the context of PSB in Northern Ireland, we note the emphasis by both Ofcom and Government on the requirement to reflect the UK, its nations, regions and communities, and on the BBC's role in strengthening cultural identity and raising awareness of "different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities within the UK".

2.2 The BBC is the key to PSB provision in the UK in the future. As the Green Paper itself points out, as other major broadcasters adopt an increasingly commercial response to the world of digital broadcasting, the BBC may in fact develop a "near-monopoly" as a PSB provider. The BBC's PSB role is particularly important in the nations, and this role becomes more important still in relation to the ancient languages which survive in Scotland, Wales and Northern Ireland. These principles have been recognised in the Green Paper in a paragraph whose sentiment proved too much for its syntax:

Devolution has changed the political fabric of the UK, and the BBC should continue to provide a larger amount of dedicated programming in and for each of the devolved nations (Northern Ireland, Scotland and Wales). That should include provision in indigenous minority languages across a range of platforms—the internet has particular value in supporting those languages. More detail on Welsh and [Scottish] Gaelic is set out below. (page 41)

2.3 Again, while the Green Paper argues that "broadcasting in indigenous languages is an essential element of the United Kingdom public service broadcasting mix" (page 48), and that "Indigenous language broadcasting is an integral part of national television services" (page 98), it fails to mention one of these indigenous languages at all.

3. OFCOM RECOMMENDATION ON CHARTER REVIEW

3.1 We believe that one of the most critical issues in the PSB debate is the role of the licence fee in supporting indigenous language broadcasting. Ofcom recognises the BBC's past failures to support Irish language broadcasting, and proposes that the issue be addressed through the renewal of the BBC's Charter. We warmly support this recommendation:

Historically, the BBC has spent less per head on serving its Irish-speaking audience than on the Gaelic and Welsh-speaking populations. We welcome its introduction of a regular factual strand in the Irish language, SRL, and would expect Charter Review to result in sufficient funding for BBC Northern Ireland to be able to continue and expand this commitment. (page 100, emphasis added)

4. BBC CELTIC LANGUAGE SERVICES, A COMPARISON

4.1 The following table, from research commissioned by the ULTACH Trust, clearly demonstrates the disparity in both service and funding.

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	<i>2001 Census knowledge of Welsh, Gaelic and Irish</i>	<i>Hours</i>	<i>BBC television service 2001–02 (from Licence Fee) Spend</i>	<i>Spend per speaker</i>
Wales	580,000	533	£16,400,000	£53
Scotland	63,444	150	£1,500,000	£64
N Ireland	167,490	2	£200,000	£3

Note: BBC Scotland is also supported by the Gaelic Broadcasting Fund, which provided an additional £3 million in 2001–02.

5. SOME INTERNATIONAL PERSPECTIVES

5.1 The Good Friday Agreement of 1998 has the legal force of an international treaty. In the Agreement, the British Government committed itself to: “seek more effective ways to encourage and provide financial support for Irish language film and television production in Northern Ireland”.

5.2 The European Charter for Regional or Minority Languages was ratified by the UK on 27 March 2001. Irish, along with Welsh and Scottish Gaelic, was included under Part III of the Charter, the higher level of provision. In Article 11, in the section on Media, the British Government made the following commitment to the Irish language in Northern Ireland:

“to the extent that radio and television carry out a public service mission . . . [the Government undertakes] to make adequate provision so that broadcasters offer programmes in the regional or minority languages” [Paragraph 1a (iii)]

5.3 An International Committee of Experts examined the performance of the UK in relation to the Charter and published its report in 2004. Their report, addressed to the Committee of Ministers of the Council of Europe, found “shortcomings in the services in Irish and Scottish Gaelic, particularly regarding television”, and stated that:

“The Committee of Experts considers the undertaking fulfilled in relation to radio but not currently fulfilled in relation to television” (page 53)

5.4 The Committee of Ministers of the Council of Europe received the report, and on 24 March 2004, passed the following resolution (Recommendation RecChl(2004)1:

“[The Committee of Ministers] recommends that the authorities of the United Kingdom take account of all the observations of the Committee of Experts, and, as a matter of priority . . . improve the public service television provision in Irish” (p.70)

5.5 Foras na Gaeilge, the Irish language agency of the Cross-Border Language Body, an international statutory body with a remit to advise both governments on issues relating to language policy, has made a strong recommendation to Ofcom that the BBC's responsibilities to the Irish language be clearly defined:

We believe that BBC NI does not give due recognition to the Irish language and has failed in its remit to provide an adequate service for the Irish language community. We believe that Ofcom has a major role to play in actively pursuing the realisation of these recommendations by pressing for enhanced provision for the Irish language in the form of dedicated programming supported by and as an obligation on the part of the BBC Charter.

6. BBC NORTHERN IRELAND

6.1 In Wales the responsibility of the BBC to Welsh language broadcasting is defined by statute. Currently, this involves making 500 hours of programming to be broadcast on S4C. In Scotland, the BBC's Gaelic service is protected by a ring-fenced portion of the licence fee income, supplemented by income from the Gaelic Broadcasting Service. Irish has no such protection in Northern Ireland. Irish language television programmes must compete for BBC resources within a general programme budget. In other words, an Irish language programme can be made only by displacing an element of the existing English-language service. This situation

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is most unsatisfactory to all concerned. Through the BBC's Charter Review process, the Broadcasting Council of Northern Ireland has made the following recommendation:

the Broadcasting Council believes that . . . the Charter should provide a clearly defined and enabling context for the development of indigenous language programming by BBCNI, consistent with the BBC's existing/planned commitments to Welsh and Scots Gaelic output, and to include fully additional funding to facilitate the enhancement of programmes and services in this area. (Broadcasting Council for Northern Ireland, response to the Green Paper, Report to the Board of Governors of the BBC, April 2005, page 26)

7. OUR RECOMMENDATION

7.1 It is a matter of grave concern to us that the Green Paper does not reflect the recommendations on the BBC's responsibility for the Irish language in Northern Ireland made by Ofcom and the other bodies identified above. This concern is shared by all licence fee payers who speak Irish—many of whom have contacted both Ofcom and DCMS about the issue—as well as by a large number of non-speakers who believe in the principles of equity, linguistic diversity, the “ecology of public service broadcasting”, and the special importance of indigenous minority languages to the cultural ecology of the UK.

7.2 We believe that Government must demonstrate its commitment to safeguarding the cultural heritage of the indigenous Celtic languages in the UK by clearly defining the BBC's responsibilities to Irish in Northern Ireland in the reviewed Charter.

7.3 When reviewing the BBC's responsibilities to the licence-paying public, we ask your Committee to consider the following points:

- The BBC's crucial role in safeguarding the cultural heritage of the Irish language;
- The BBC's clear public service broadcasting responsibility to provide a dedicated Irish language service for (a) Irish-speaking licence-fee payers of Northern Ireland; (b) Irish-speakers in other parts of the United Kingdom;
- The BBC's responsibility to enable non-speakers of Irish to gain an understanding of the Irish language and its attendant culture;
- The BBC's responsibility to enhance its television, internet and educational provision to a level that reflects its public broadcasting remit;
- The need to explore the BBC's potential to make a significant contribution towards the broadcasting service of TG4 (the Irish-language station broadcasting from the Republic of Ireland), based on the model of the BBC's relationship with the Welsh language channel, S4C.

29 April 2005

Examination of Witnesses

Witnesses: MR FERDIE MACANFHAILIGH, Assistant Chief Executive, Foras Na Gaeilge, MR JIM MILLAR, Director of Language and Education, Ulster-Scots Agency, AODÁN MAC PÓILIN, Director, Ultach Trust and MR JOHN MACINTYRE, Member, Ulster-Scots Heritage Council, examined.

Q781 Chairman: Welcome, thank you very much for coming in. You perhaps know the position with us, that we have already presented and published one report on the BBC—and it is the BBC that we are particularly concerned about and concerned with. This is the second part of our inquiry where we are going into a number of areas which we did not have time to devote to in the first part. I think it might be useful, to get this conversation going, if you would all introduce yourselves and say what you are doing and what your role is. So why do we not start from you, Mr MacanFhailigh, and move down to Mr Miller?

Mr MacanFhailigh: My name is Ferdie MacanFhailigh and I work for Foras Na Gaeilge. We are one part of the cross-border language body, the other part being the board of Ulster-Scots, which is represented by Jim, here. We were set up on 2 December 1999—it came out of the Good Friday Agreement. We have an all Ireland remit in promoting the Irish language. We advise governments, government departments, statutory bodies and public organisations. We also provide funding for projects and groups that promote the Irish language, and we support Irish-medium education, the teaching of Irish, and we are also

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involved in the development of new terminology for the Irish language, the production of dictionaries and the production of teaching materials for both Irish-medium education and the teaching of Irish as a subject.

Mr Mac Póilin: I am Aodán Mac Póilin; I am the Director of the Ultach Trust, an organisation set up in 1990 to promote the Irish language throughout Northern Ireland with government funding. We are the first organisation to get government funding spent specifically to promote the language. We have a very strong cross-community ethos—that is code for one of my jobs being to try to sell the Irish language to the Protestant and Unionist community. We have had some success; we take the credit for the growth in the number of Protestants who claim knowledge of the language. It has gone from 5000 odd in 1991 to almost 11,000 in the 2001 consensus. So we take the credit, whether we deserve it or not, for that. We are quite a small organisation but because we were sort of respectable we took it upon ourselves to try to advise government, and the very first thing that we did was to publish a report on Irish-medium broadcasting, Irish-medium television, which came out in March 1990, and we have produced five reports since then. So the broadcasting area is one we are particularly interested in.

Mr MacIntyre: I am with the Ulster-Scots Heritage Council. I am on the board, I am not a full-time worker, and I work for a living! I did not mean that pejoratively. The Heritage Council is an umbrella group which covers language but it also covers all aspects of culture, dance, music and all that sort of thing. There really is very little being done in relation to Ulster-Scots, and public funding has not come down to us to do any of the things which my two colleagues have been describing for the Irish language. There is a committee sitting at the moment to set up an Academy for Ulster-Scots, to engage in a whole language-planning programme. As well as that, I am a member of the Ulster-Scots Language Society and sit on their committee. I also sit on the Board at the Ulster-Scots Academy, which is a voluntary community academy, self-financed. I am also Vice President of the European Bureau of Lesser Used Languages, and I was President of the UK Committee of the European Bureau.

Mr Millar: My name is Jim Millar. I am the recently appointed Director of Language and Education at the Ulster-Scots Agency, and the aim of the Agency is to promote the study, conservation, development and use of Ulster-Scots as a living language. The Agency is the other part of the cross-border language body that Ferdie alluded to earlier.

Q782 Chairman: Let us start with some basic questions. What proportion of the community in Northern Ireland are Irish language speakers?

Mr MacanFhailigh: According to the last census figures there are 10.3 per cent of the population of Northern Ireland who have a command of Irish; that is 167,490.

Q783 Chairman: When you say a “command” of Irish, does that mean they speak it as a first language?

Mr MacanFhailigh: The census is a very blunt instrument. The question is asked, “Can you read, write, understand, speak?” and you tick the box. The census does not go into usage or the level of command; it is a very, very blunt instrument.

Q784 Chairman: In your experience would the 167,000 be at the top end of how you would define it?

Mr MacanFhailigh: Yes, it would be at the top end.

Q785 Lord Maxton: Just on that very point, we did get a slightly different definition, that those who speak it fluently were about 75,000 and the rest had some knowledge and usage of it.

Mr MacanFhailigh: As I said, the census is a very blunt instrument; it does not ask for the level of usage or the level of command.

Mr Mac Póilin: Some analysis has been done of it. The best analysis was done by a man in Wales called Diarmait MacGiolla Chríost, and his analysis comes out with something where he has between 30,000 and 40,000 at the top level of fluency and another 30,000 or so with moderate fluency in speaking. A large number of people have a receptive knowledge; it is always easier to understand a language than to speak it. So the rest of that would be people with different levels of comprehension.

Q786 Chairman: So Lord Maxton’s point about 75,000 being fluent probably is not a bad estimate?

Mr Mac Póilin: I would be reasonably happy with that. In terms of broadcasting and comprehension of an audience, you would of course put it higher.

Q787 Chairman: What about Ulster-Scots?

Mr MacIntyre: The official figures are between 35,000 and 100,000. 35,000 was a survey done in 1999. There have been four pieces of work which have been done by the voluntary sector and we consider it to be probably close to 100,000 speakers. We are talking about native speakers, people who learn it in the home, learn it from their parents and the previous generation. People do not learn Ulster-Scots in school, they do not learn it through the media, it is simply generationally transmitted.

Q788 Chairman: There is no census figure?

Mr MacIntyre: No. We wanted a census but it was not given to us. It depends where you draw the boundary. Those are, we would consider, native

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speakers who would be fluent and would probably use it every day in the home.

Q789 Chairman: Would you use it every day in the home?

Mr MacIntyre: Not every day—I live in Belfast, and my children—but I would use a lot of the words every day, particularly with the children because they do not have a good knowledge of it anyway, and even my knowledge is not great. On top of that most English speakers would have some knowledge of it; they would probably have maybe 100, 200 words, and they would unconsciously use a lot of the grammatical constructions that come from Ulster-Scots. So, for a lot of English speakers Ulster-Scots can be accessible; it is not like a totally differentiated language where you cannot access it. So it depends where you draw the boundary, but if you are being purist and within a native speaking population then you are looking at that figure, 35,000 and 100,000.

Q790 Chairman: Mr Millar, could you tell me a bit about the language itself?

Mr Millar: The language of both English and Scots and indeed Ulster-Scots originated from the same old English dialects. Northumbrian Anglo-Saxon or old English was a basis for Scots. While Mercian Anglo-Saxon became the basis for English. So up until the 1600s in fact Scots was a completely separate diplomatic language from English. At the advent of the Union of the Crowns in 1603 what happened was that English became the priority language and so it became the language of State, in fact, and as a consequence of that, it meant that Scots became undervalued, and obviously after the period at the time of the Plantation, when a large number of Scots came to Ireland, they brought with them their own spoken language. So Ulster-Scots is a spoken language and it is a language, as John has quite rightly indicated, that has passed down through generations, in much the same way as Scots in Scotland has. So it is a separate language from spoken English.

Q791 Chairman: When was it last taught in a school?

Mr Millar: It has not been taught in schools, that is the difficulty.

Q792 Chairman: For the last 400 years or whatever?

Mr Millar: Yes, I would say that would be correct, and in fact there has been a continual process by which children who have used the vernacular and people who have used Ulster-Scots in schools in Northern Ireland have been encouraged not to use it and there has been a complete erosion of Ulster-Scots. The big difficulty that John has alluded to as well is that we do not have any real figures of how

many Ulster-Scots speakers we have in Northern Ireland. The figure of 100,000 came from a piece of research that was conducted in 1963 by Professor Bob Gregg, who indicated and has researched that there was somewhere in the region of 100,000 people in three distinct areas: that was in East Donegal, the central part, which included Coleraine to Antrim, and there was another section in Northdown. That piece of research did not do any survey work to find out how many native speakers there were outside of those areas. But since 1963 there has been no real significant research. The piece of work that John referred to, that survey that said there were 35,000 speakers, that was the N.I. Life and Times survey, but that was conducted in 1999. What was asked there was, "Do you speak Scots or Ulster-Scots, or do you know someone who does?" That represented something like two per cent of the population in Northern Ireland who regarded themselves as Ulster-Scots speakers, and that roughly in 1999 meant about 34,000 people.

Chairman: I am going to allow my colleagues to come in, and I want to come on to the BBC and what they are doing, but there may be some points coming out of this.

Q793 Lord Maxton: As someone who lives in Scotland I could almost define myself as a Scots speaker, despite my accent, despite the way I was brought up, despite the way I speak because in your terms I use words and expressions which are from the Scottish language rather than from the English language. My three sons, born and brought up in Lanarkshire, speak, I suppose, what you might term Lanarkshire-Scots, but they were not taught it—they were never taught it at school. There is Ayrshire-Scots; there is the Burns language. I do not see what the difference is between that sort of Scots and your sort of Scots. Is there a difference? People in Scotland do not tend to speak—there are a few but not very many.

Mr Millar: There are. In fact there are a number of regional variations of Scots, yes.

Q794 Lord Maxton: There are, yes, but no great drive to make it part of the curricula and have it taught or to have it broadcast, as far as I am aware.

Mr Millar: With respect, I think that is not entirely accurate. I suppose it really depends on who one speaks to, but I speak to a number of people who are very keen on actually retaining this language, and I think it has a certain significance in Northern Ireland that perhaps it may not have back in Scotland. I think the difficulty about our language is that if we lose this language—and that is why the BBC has such an important part to play in this, and it is not like a building being knocked down because we can rebuild

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the buildings—if we lose Ulster-Scots in this community then it has gone. It is a part of a cultural tradition, a cultural heritage, it is part of our history, and that is why it is so important.

Q795 Lord Maxton: Why would it be gone in the modern technological world? There is no reason why we should not these days ensure that it is recorded. It may be that eventually it might die out—and one would hope maybe not—but essentially you could form a massive database of all the information, you could get the best present Burns' speakers in Scotland and record all the Burns' poems and so on and also get native speakers to speak it and talk about it and then record it, and once you have that you still have it.

Mr MacIntyre: The danger is it will stop being used as a community language because of the pressures on it. It is not taught in school, it is only in occasional programmes on the media; it has no status because the “establishment” do not give it any status. It tends to be the people who are least touched by education that speak it the most and are the most fluent in it. There are also political and social issues in here as well. The Ulster-Scots community are coming under very strong assimilationist pressures here, not just in the use of English but also in Irish as well, and there is a will there to try and maintain that identity. Our situation is very different from Scotland; in Scotland you are the majority population there, you are not under the same assimilationist pressures that we are under. So it is really about trying to ensure some sort of community cohesion here, getting tolerance, about avoiding division, avoiding misunderstanding and avoiding resentment. All those negative factors come into play here and that is what this is about.

Q796 Chairman: Let us go from that, which is very useful, to what BBC Northern Ireland can do about it, basically. Let me ask you both in turn, do you actually think that BBC Northern Ireland's current provision is adequate for the different communities here? What about the Irish language?

Mr Mac Póilin: As you know, the UK is a signatory of the European Charter for Lesser Used Languages and the Irish language community was more or less unanimous in accepting that the radio broadcasting service for Irish speakers in Northern Ireland was adequate; there are absolutely no complaints about that.

Q797 Chairman: That is roughly about five hours a week in the BBC?

Mr Mac Póilin: Yes, 250 hours a year. And there was again universal agreement that the television service was woefully inadequate.

Q798 Chairman: Which is almost five hours a year, as I understand it.

Mr Mac Póilin: Yes, on a good year.

Mr MacanFhailigh: In 2004 it was five hours.

Mr Mac Póilin: The year before that it was three, the year before that it was two, the year before that it was 26.

Q799 Chairman: We can take it that it is not a high priority.

Mr Mac Póilin: It is not very high. One of the difficulties for the broadcasters in this is the fact that less used language broadcasting has to come out of the BBC budget, basically, and has to fight for a place within the budget. And if you add the number of Irish language programmes within the current budget then you have to cut something else, and there is going to be a loss. So the burden of the submission that we made to you and to Ofcom and all the other bodies was that the languages needed protection through the Charter. This is what happens in Scotland, this is what happens in Wales, that the Charter gives the BBC a duty to provide this, and that then protects them and means that they do not have to fight with all the other services. It also means that we are not depriving any of the rest of the community of their service, if it is brought in as requirement from Westminster and if there is a budget line set aside for it.

Q800 Chairman: If I were the BBC or if I were the Chief Secretary to the Treasury or something like that, what would you say about demand? Is there a demand for this to take place? Obviously you feel strongly on it, but what is the objective evidence of demand?

Mr MacanFhailigh: We have the census figures; we also have in Irish-medium education at the minute just in excess of 4,000 kids in Northern Ireland in Irish-medium education. The Council for the Promotion of Irish-medium Education, if they meet their strategic objectives by 2008, there will be somewhere in the region of 10,000 kids involved in Irish-medium education. It is a burgeoning sector; it is a growing sector. From when the question was first put in 1991 on the census regarding the Irish language the numbers have grown. The Irish speaking population, whom we are here to represent, feel that the service provided on BBC television is non-existent, practically—five hours annually. The service for the schools sector, Irish in Irish-medium education is part of the core curriculum. There is a provision for the English-medium sector in *Bitesize*, for Irish at GCSE. This is the only place where Irish is studied for GCSE; they have provided that provision. But in terms of the Irish speaking population here—and let us not forget that in

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England, Scotland and Wales there are also a large number of Irish speakers from the republic of Ireland, who have emigrated, who are there, and that those people also deserve a service to be provided by the BBC.

Mr Mac Póilin: Could I add to that that the only firm figures we have are the responses to the Ofcom 3 consultation? There are more responses on the Irish language from here than on all the rest of the issues that were raised. I think it was something like 53 per cent of the responses related to the Irish language. I am not just talking about myself and Ferdie's commitment to this, this is the only objective figure we have, and the level of the response to the consultation on the Renewal of the BBC Charter has been very, very high, and we can pull out those figures for you.

Q801 Chairman: Yes, we would be interested. Just tell us about what your first feelings are as far as Ulster-Scots is concerned.

Mr MacIntyre: I did circulate that statement.

Q802 Chairman: You did.

Mr MacIntyre: So we have that and I will refer to it. In 2005 there will be 10 and a half hours of broadcasting Ulster-Scots, and it will be mostly on the radio. I do not know what the TV is, it might be one hour, it might be two hours, but that is all it is. It comes on an occasional basis, people do not know when it is going to come; it comes for maybe four weeks and then it stops and then another series runs later on. We feel that there has to be a minimum level of provision and we would say that a programme time has to be raised, and we would put 30 minutes as a reasonable programme length, and that has to be regular.

Q803 Chairman: Before you go into what it is that you actually want in detail, what is the evidence of demand?

Mr MacIntyre: In the paper that I did give you the evidence we have is that *The Night o Ulster-Scots* programming there was the third highest popular programme that year; it came third after a Celtic v Rangers match and after a *Country Times* programme. The figures for the other programmes we know were high but those figures are not in the public domain so we do not know exactly what they are, and the BBC could supply those figures. The feedback we are getting is that the viewing figures are high and the feedback we get in the community is that we know a lot of people watch it and they tell us how much they enjoyed it. So we get that sort of analytical feedback as well. Some of us who have been active with Ulster-Scots have appeared on some of these programmes and you always have people coming up

and talking to you about them. Even a programme that I appeared on three years, I still have people tapping me on the shoulder and talking to me about it. So there is an audience there for it.

Mr Millar: I think one of the significant difficulties with regard to making an assessment of how much programming should be available on the BBC is the assessment of the level of Ulster-Scots speakers within Northern Ireland and within the nine counties of Ulster generally. So one of the big difficulties, I think, is the census. Whenever you ask Ferdie and Aodán those questions about how they would justify it, they both go back to the census and say, "This is the census that tells us exactly how many speakers there are." I think there is a real need for us to establish the actual extent to which there is a significant interest and enthusiasm for Ulster-Scots. People like John and myself are convinced that there is a significant level of enthusiasm. One of the difficulties with Ulster-Scots is that it is so close to English and some people who are fluent speakers, who are native Ulster-Scots speakers—and you, sir, probably will recognise this sentiment—some people do not regard themselves even as Ulster-Scots speakers because they think they are speaking bad English, and all of that information that is contained in their heads is because of the way that the educational system has used this. So whilst John might say that there are 34,000 or 35,000 Ulster-Scots speakers in Northern Ireland, that figure could be grossly underestimated and it could be ten-fold as much figures on the actual Ulster-Scots speakers. In terms of the BBC, I think there is a great issue about confidence for people who are speakers, to use Ulster-Scots because it has been so undervalued. I think that the role that the BBC has to play in that is in terms of allowing people the opportunity to see that there is a valued linguistic tradition within this country. John is quite right to indicate that there is 10 hours of language on BBC radio—and that is in stark comparison to over 240 hours for Irish language. We do not expect that both languages, because they are at different levels of development, should have the same type of commitment from the BBC, but we expect that as time goes on the gap between Irish and Ulster-Scots should begin to close. But I think in fact the reality is that the gap is increasingly becoming larger, and that would be of some concern. There is a background in the BBC in terms of Ulster-Scots programming, but clearly there is no long-term joined-up strategy in the way in which the Ulster-Scots programmes are developed. Ten hours of language, there was another 19 hours of programming that could be linked to some form of Ulster-Scots culture, whether it was *A Touch of Tartan* or *Pipes and Drums*, or whatever, but all of those programmes are organised by different

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producers and it shows that it is a separate set of individuals within the BBC who are dealing with those issues. What we would like to see would be some systematic, some rigorous way of organising the development of Ulster-Scots programmes within Northern Ireland to reflect the growing enthusiasm and interest that John has already highlighted for Ulster-Scots.

Q804 Chairman: Has it ever been better than it is now? Have the television and radio ever covered Ulster-Scots better than they do now?

Mr Millar: I think whenever we look at the level of provision it is virtually zero, and that has to be under all the legislation. Aodán talked about the European Charter and Ulster-Scots is recognised within the European Charter and it is recognised within the Good Friday Agreement.

Q805 Chairman: Yes, but if you go back to 1990 would it have been any different?

Mr Millar: No.

Q806 Lord Peston: Just going back to the adequacy of the provision at the moment. I did not ask these questions this morning because they did not occur to me until hearing this morning's evidence, but two aspects of provision which are not exactly programmed occurred to me whilst I was thinking about this morning. Is any bit of the *Radio Times* published in Northern Ireland in Irish?

Mr Mac Póilin: The titles of the programmes, if they are in Irish.

Q807 Lord Peston: But there is no Irish version or even sub-version of the *Radio Times*?

Mr Mac Póilin: It would not bother me what language they are published in.

Q808 Lord Peston: It would not? You would like programmes in Irish but you do not care whether the listings are in Irish?

Mr Mac Póilin: No, I do not care.

Q809 Lord Peston: Would you therefore take the same view about Teletext? Again, when I was flicking through Teletext I could not see any Teletext in our hotel. Is there a Teletext in Irish?

Mr MacanFhailigh: No. The only thing that is available in those terms in Irish is on the website. BBC have *Bitesize* revision for GCSE and they have produced a GCSE Irish in that. In terms of Teletext, *Radio Times*, nothing. Again, as Aodán said, in terms of what language the TV, the *Radio Times* is published in, I do not care.

Q810 Lord Peston: No, but you do care about education and promoting the language. I am a devotee of Teletext, I would rather watch Teletext than any of the news programmes because it gives me all I want; it just tells me the simple news and that is good enough for me, and I do not want any comment. But if I were trying to promote the Irish language I would very much want Teletext to be in Irish because it is an ideal form; it is easy to understand and it would help the younger people in particular to get used to the language. But that does not bother you?

Mr MacanFhailigh: I would not object to it, but I would not see it as a priority.

Lord Maxton: Do RTÉ run a Teletext, or TG4? I hear from Mr O Ciardha that young people are not great users of Teletext.

Q811 Lord Peston: I did not realise it was an old person's thing, I must drop it immediately!

Mr Mac Póilin: Could I pick up on a point arising from what Jim said earlier, about losing it, and support what he is saying? The BBC can do much more Ulster-Scots material with the culture and linguistically without the displacement element that will happen with Irish. I have been arguing for a long, long time that Ulster-Scots should be in the mainstream within BBC Northern Ireland because it is accessible to most of the population here. Most people who are brought up here have a latent understanding of Ulster-Scots; there is a fair degree of intensity. Most Ulster-Scots people I will understand and I would like to see a lot more of them on the TV and I would like to see it mainstream, and it should happen. Irish is different from English that it requires a different genre, but I would totally support what Jim is saying about this very important thread of our culture being seen in the most important medium.

Q812 Baroness Bonham-Carter of Yarnbury: It is interesting what you have said because I wanted to ask that of Mr Millar. When you were talking about the Ulster-Scots programmes I was wondering whether it was as much about culture as language. Is it certain events?

Mr Millar: I think there is a difficulty in as much as whenever BBC programmers say, "We have presented some Ulster-Scots programmes", so the definition of what is an Ulster-Scots programme therefore becomes important. What we are saying is that strictly in terms of language issues I think it is important that we recognise there are 10 and a half hours which represents 20 half-hour programmes on BBC Radio dedicated solely to people speaking Ulster-Scots and talking about Ulster-Scots issues, and that is the extent of it. I think to a certain extent

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there may be some massaging of figures whenever we talk about some of the other programmes. That might be a small part of the cultural element towards linking language with Ulster-Scots culture, but the hard reality of life here is that we have 10 hours of Ulster-Scots language. To pick up again on the point that Aodán made, one of the great things about Ulster-Scots is that it offers an opportunity for people from both sides of our religious divide in Northern Ireland to engage in their own personal linguistic development, and I think that is sometimes an issue that is understated in this country. So I am not necessarily saying that because someone is an Ulster-Scots speaker *de facto* they are Protestant or a Unionist or whatever label you wish to ascribe to that. It covers the whole spectrum of life. It is mainly a rural condition in terms of people coming from particular backgrounds who have an understanding of the use of Ulster-Scots.

Q813 Baroness Bonham-Carter of Yarnbury: But are you suggesting that some programming is called Ulster-Scots programming, which is not in your stance?

Mr Millar: Yes, absolutely, that is exactly what I am saying, that there is some Ulster-Scots programming which is defined as Ulster-Scots but really it is not. What we are talking about here is language programmes and language programmes for me, by definition, are Ulster-Scots speakers talking about Ulster-Scots issues.

Mr MacIntyre: Could I come in with a comment there? Some of the programming is what we call the animal in the cage syndrome. It is where a producer or production staff from outside the Ulster-Scots community makes a programme on Ulster-Scots or about it, but it is actually made by the outside community. We have compared it to putting an animal in a cage and poking it with a stick to see what it will do. What we really need are people from the Ulster-Scots community, trained in production, who can then make programmes for the community. I am not saying we should not use outside producers but there needs to be a balance here, and that balance does not exist at the moment.

Q814 Baroness Bonham-Carter of Yarnbury: Is that something that you think is the responsibility of the BBC?

Mr MacIntyre: The BBC are the people who transmit the material and commission it, so they are in a position to influence it.

Q815 Baroness Bonham-Carter of Yarnbury: Moving on to the case of Gaelic, Ofcom suggested that there should be an enhanced relationship between the BBC and TG4 in order to encourage

more time spent. Is that the way forward, do you think?

Mr Mac Póilin: It is not the only way forward. There are certain elements in the service that can only be done by the BBC, for example the education service. There is also an element in that it is extremely important within this society that basically Irish broadcasting is not entirely the purview of a station that is broadcasting from another state, from a neighbouring friendly country, or state anyway.

Q816 Baroness Bonham-Carter of Yarnbury: If we are talking co-productions?

Mr Mac Póilin: The fact that the BBC has begun to broadcast in Irish—and it is only recently, previously it has broadcast in Welsh since the 1920s, and even before there was a BBC the BBC was doing it—that impact, of a major institution within the United Kingdom broadcasting on lines that were previously excluded, has made an enormous difference to the perception of that language in society. It has led to the normalisation, acceptance of that language in society, so it is very important for us that the BBC does things on its own for that reason. Also, because basically we are licence payers here as well and we deserve a service from our licence fee as opposed to somebody else's licence fee. I would welcome cooperation but I think that the BBC also needs to do things on its own in education and in general programming as well, just basically to show that Irish speakers are part of this society. It is a symbolic significance but it is extremely important. There are also elements and programmes and interests that the society here has—and I speak as a northerner—and we actually do not share all that much with the south. There are particularities here that people in the south might not be interested in. So TG Ceathair's priorities and broadcasting priorities may not necessarily—and I know they do their best, but they do not live here—recognise what we as a community need as a television broadcasting service.

Q817 Baroness Bonham-Carter of Yarnbury: Of course we heard earlier that there was a great pool of talent in the south; there was no lack of people to make Gaelic programmes. Is that true in the north?

Mr MacanFhailigh: In terms of the north television production is very young. The Irish Language Broadcast Fund has been set up by the Department of Culture, Arts and Leisure, essentially to educate, train and grow what is a very, very young sector here in the north. There is, as you have said, a larger pool in the south, which the BBC could tap into. In terms of what Aodán was saying a minute ago about co-productions with TG Ceathair, yes, the BBC could do that, but just to emphasise the point that he made we are talking here about a normalisation of the

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language, and the BBC as a public sector broadcaster has a responsibility to the Irish speaking community, but it also has a responsibility to enable non-speakers of Irish to gain an insight and an understanding of the language and its attendant culture.

Q818 Baroness Bonham-Carter of Yarnbury: Of course it would be broadcast by the BBC.

Mr MacanFhailigh: Yes.

Q819 Lord Maxton: But in Wales and in Scotland they have had ring fencing funding, particularly in Scotland, with Gaelic—in Eastern Wales it is a fair proportion of the population—not just from the BBC but also from STV. The new Scottish Parliament Executive has taken positive action to try and encourage it and have even made it now a second language in the sense that signing and whatnot is to be in Gaelic, and yet despite all that effort being made it is now below 60,000 people in Scotland who speak Gaelic. And the rest of us, if you like, are putting a large amount of money into preserving and keeping that 60,000 people's language for them. I think there are some Scots who begin to doubt whether that is the wisest course to take, and that it might be better to say, "It is up to you to preserve your language, rather than for the rest of us."

Mr MacanFhailigh: In terms of numbers here in Northern Ireland, in the census in 1991 there were 143,000 and somewhat; in 2001 there were 167,000—it went up from 9 per cent to 10.3 per cent. So in terms of blunt numbers, if you like, here in Northern Ireland the numbers are growing. But I think that there is another element here, and that is an element of an understanding of a culture and of a way of life, if you want to call it that. I will go back to what you said earlier, the reference you made to taking speakers of Scots and good speakers of Burns Scots and recording them. The only thing I can say for that is—Latin. It is not a living language but it is there, it is recorded. What we have here are living, vibrant languages and if we lose those then we become poorer both linguistically and culturally. What we are seeking from the BBC is working towards the normalisation of languages. It is something that is happening all over the world; the globalisation, if you like, of English and Spanish and so on is being resisted, and I think it is very important that we take those minority languages and cherish them for what they are, because it is from those that we came.

Q820 Lord Peston: You have covered almost everything I was going to ask, but since you have mentioned globalisation, another thought I had in mind is that you are not the only part of the world where people are trying to preserve a language as part of preserving their culture—the Basques are ones

that immediately come to mind. Do you have contact with people like the Basques and others? Do they have, for example, their own television station?

Mr MacanFhailigh: We have, facilitated by the Bwrdd y Iaith Gymraeg, the Welsh Language Board, set up a network of official language boards including ourselves and Foras Na Gaeilge, Bord na Gaeilge in Scotland, Bwrdd y Iaith Gymraeg in Wales, the Basques, the Galicians, the Catalans, the Friesians—

Q821 Lord Peston: They were the other ones I was going to ask you about.

Mr MacanFhailigh: The Swedish Finns, so we have a network of language boards which were set up last year, 2004.

Q822 Lord Peston: My question was not really that—that is the background—but what about their access when it comes to television and radio? I am interested in the Basques because of football and all that, but is there a great deal of Basque language television, as far as you know, and do they press for it?

Mr Mac Póilin: Basically, how long do you have? I could keep you here until this time tomorrow and we would not have finished that particular subject. The services for different minority language communities even within the European context are so various that some do better than us and some do much worse than us. That is the simple answer to that. I would like to come back to a deeper question that was raised here, which is the question of the value of minority language and their cultures within the society within the United Kingdom. It is a question of cultural ecology. The approach that I take to it is that there are civilisations within this state and within this society that have survived for the last 2000 years and they are in danger, they are weakening; they are weakening because of the enormous force of a more dominant language that is the majority language within the community. Any society that does not treasure its minorities, does not treasure the value of those civilisations, those very ancient civilisations—even if they are weak, you do not go round and count heads and say, "There are only 50,000 of you, we will not do anything else for you." The value of that diversity, the historic diversity within the community is of enormous importance, I think, and any civilised society that ignores it and lets its minorities die without making an effort to support them, should not be called a civilised society, it is as simple as that. What has been done for Gaelic, I would support; what has been done for Welsh I would support, and basically what we are saying is it should be done here as well.

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Mr MacanFhailigh: I would just like to make one point. What we are talking about here is a question of access, and if this was a question of disability access we would not be having this conversation that we are having today, and this is a question of access for those people.

Q823 Chairman: And Ulster-Scots, everything that has been said, you would probably agree with?

Mr MacIntyre: Absolutely, totally agree, and it is about human ecology. You have to realise that we as a race colonised every part of the earth up to the Poles—except the South Pole—and we have done that because we have been different, and here we are in a situation where we are actually trying to edit out the difference and that difference is what made us successful as a species, and we are actually undermining ourselves as a species by not respecting that difference and encouraging it. The other thing is that it is rather silly to believe that one language, whether it is English or Spanish, can contain the sum total of human knowledge. There is no one language that can contain the sum total of human knowledge; all languages can contribute to human knowledge. If you kill off one language you are killing off a part of that human knowledge. The other point I would like to make is, we are not talking big money here to do these things. For instance, on Ulster-Scots radio station all we actually need is for Ofcom to give us a licence because we have three business models that we could follow: one would be a commercial model, one would be maybe a community voluntary model accessing existing funding bodies. So even to give us that you would be sustaining difference. And it is about will; in many cases it not about resources, it is about will.

Q824 Lord Maxton: Do you have your own website?

Mr MacIntyre: Yes.

Q825 Lord Maxton: Do you have voice radio on that?

Mr MacIntyre: We are trying to set that up.

Q826 Lord Maxton: That obviously is at least one way in which you can get to your communities.

Mr Millar: I think the interesting thing about that is you have just highlighted the strength in radio, in as much as radio is about speaking and about listening. I take very much the points that both Aodán and Ferdie have made, and also John, about language development. I think the significant difference between Ulster-Scots and Irish is that we are in the position that maybe Irish was in 40 or 50 years ago, where Irish was seen as a lower status

type of language. The role that the BBC can play with regard to supporting the sustainability of Ulster-Scots is incredibly important. If young people can tune into radio and they can hear this language that their parents speak, that they might have some notion of speaking also, and that is on radio, then that means such a significant amount to making the difference between the language sustaining or struggling through for the next number of decades.

Q827 Lord Maxton: A separate radio is one thing, but having part of the normal radio programmes as part of using either of the languages in that, for what are minorities, is questionable, is it not? A separate one I can fully support.

Mr MacIntyre: BBC Northern Ireland has to reflect the population it serves and the situation is that it is a minority but still quite a substantial minority who speak either Irish or Ulster-Scots, and it is not asking for a lot, but that they would get maybe a portion of broadcasting time. We are talking maybe an hour at the most a day out of nearly 24 hours' broadcasting time, and that these programmes are not inaccessible to the whole community. I do not speak Irish but one of the radio programmes I listen to is a music programme and the link is done in Irish, but it is the same as any other programme, it is popular music and I listen because the music selection is good. There is no reason why you could not do an Ulster-Scots programme where the links are done in Ulster-Scots.

Q828 Chairman: We will come back to you in a moment, and I will come back to Lord Maxton as well because he has a number of last questions, but let me ask you one question which I think is quite interesting. There is a BBC survey that found that it was the younger people in Northern Ireland who are more positive about the Irish language programming than people over 35. Is that your experience?

Mr MacanFhailigh: If we look at it in terms of the growth of Irish-medium education and the growth of the popularity of Irish as a subject in mainstream education, for want of a better term, the growth of Irish in the last 20 years has been phenomenal. So the majority of Irish speakers in the north are younger people—and I would like to class myself as one of those! But that is the age of the majority of the population who speak Irish.

Q829 Chairman: Is that the same with you? Is it younger people who are showing the most interest?

Mr MacIntyre: The honest answer is we do not know; there is no census information.

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Q830 Lord Maxton: You do not gather any yourselves?

Mr MacIntyre: We have very limited resources; we do not have the funding.

Q831 Chairman: What is your impression?

Mr Millar: One of the threatening issues is that there is some recent research being conducted at the University of Ulster at Londonderry and primary results about the use of Ulster-Scots would indicate that the age range of the people who are using Ulster-Scots is in the upper age range. That, if you like, brings a significant problem to the language because if Ulster-Scots is being used by people in the older age range then that, if you like, accelerates the difficulty that is facing Ulster-Scots. If you have a language that lives only through people who are in their 50s or their 60s then that is a very worrying sign.

Q832 Chairman: So you are in a rather different position in fact to those speaking the Irish language?

Mr MacIntyre: Part of the issue about Ulster-Scots is that because the census figures are not available this is purely speculation.

Q833 Chairman: It sounds as though it might be a more urgent issue, is another way of putting it.

Mr MacIntyre: Yes, I would say it is an extremely urgent issue.

Lord Maxton: I have to say I find that my sons who speak, as I say, Lanarkshire-Scots have probably three different oral languages: they have one at home with me, one at work and one in the pub at night, and they are almost different in what they say at different points. In one of them they will be fairly broad Lanarkshire and in the rest they may not be. We have covered the questions on dedicated services.

Q834 Baroness Bonham-Carter of Yarnbury: Mr MacIntyre, is it absolutely necessary with the future of digital switchover and lots and lots of new channels and so on that it is the BBC that supplies what you are asking for?

Mr MacIntyre: My answer to that would be that we need our own dedicated channel; that we cannot depend on the BBC because if you are a BBC Radio Ulster English language channel all they can do is to give some sort of token provision to reflect the diversity of our society; they cannot give us the sort of broadcasting that we need. We need our own dedicated channel.

Q835 Baroness Bonham-Carter of Yarnbury: Would you be happy with that? Would that be sufficient? You are not fighting for a BBC voice, necessarily?

Mr MacIntyre: We have nothing at the moment. If we do not have the BBC we just have nothing.

Mr Millar: I wonder if I could make a contribution? Whilst I accept in the main what John is saying I think we have to recognise that the BBC is the single biggest broadcaster in this country and in Northern Ireland and also in the UK, and I think the validation of the language would be seen much more significantly from contributions from the BBC, and I think whilst it is right and proper that in the fullness of time we seek an opportunity for our own language broadcasting medium I think that the BBC has a responsibility to its licence fee payers, but also I think it has a significant role to play in making sure that that broadcast is available throughout the whole of Northern Ireland.

Q836 Chairman: Let us sum up on this. Basically what you are both saying is that you are underrepresented on the BBC quite substantially and that an urgent way forward is for that representation to be increased. In fact is it fair to say that you cannot really think of any other single measure which would do more to help?

Mr Millar: Absolutely, and radio in particular and the way that people develop their language skills is through listening, speaking, reading and writing. So the very start of that learning process is listening and that is what radio provides.

Q837 Chairman: That would be your view as well?

Mr MacanFhailigh: In terms that we have 250 hours of radio at present annually, and given the level of development that we are at, we are working towards a normalisation of the language. As a public service broadcaster—and I said it before—the 10.3 per cent of the population is deserving of a better service than is being provided. But the BBC also has a responsibility to non-speakers, as I said earlier, to enable them to gain an understanding of the language and of the attendant culture. We are talking here about the normalisation of a language, and what Lord Maxton referred to earlier on, and Lady Bonham-Carter, to dedicated channels. We are talking here about normalisation of languages and acceptance of languages, especially in terms of Northern Ireland where there are perceptions—let us be honest about this—of languages. The perceptions that people have of languages comes from the baggage that they have in their heads regarding those languages, that is where it comes from. Language is merely a series of grunts which we have learned to interpret in one way, and it is when the perceptions of those languages are put on them that languages start to have different meanings for people. So in terms of the normalisation of languages here I think that the BBC has a

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responsibility as well to provide an enhanced service for the Irish language.

Q838 Chairman: You have all put your case extremely well, extremely thoroughly. Is there anything that we have missed out in any way, any point that you feel you have not sufficiently emphasised? I think we have the message.

Mr MacIntyre: I think the one issue that maybe was not raised was broadcasting and the European Charter, how you would align the obligations of the Charter with broadcasting, and I would broadly make the point that we need to try and align those obligations.

Mr Mac Póilin: We have said it before and you have probably picked it up, but I would not mind saying it again, that the only way that what we are proposing can be protected within the structure is actually for it to be written into the White Paper.

Q839 Lord Maxton: You did say that right at the beginning.

Mr Mac Póilin: I did, and I just say it again!

Chairman: A good journalistic thing is to start your article and finish it with the same point. Thank you very much indeed, we are very grateful for your evidence; we have learnt a lot in a short space of time. If we have any points perhaps we could write to you with them. Thank you very much for coming this afternoon.

 TUESDAY 29 NOVEMBER 2005

Present	Armstrong of Ilminster, L	King of Bridgwater, L
	Bonham-Carter of Yarnbury, B	Manchester, Bp
	Gibson of Market Rasen, B	Maxton, L
	Holme of Cheltenham, L	O'Neill of Bengarve, B
	Howe of Idlicote, B (Chairman)	Peston, L

Memorandum by BBC World Service

I am writing to inform you of some important changes to BBC World Service, which were announced to staff in our London and overseas offices earlier today. This will include the launch of a BBC Arabic Television Service, enhancements in new media, distribution and marketing; and the closure of language services, the majority targeted at Europe, after many years of distinguished broadcasting.

These changes are part of an overall strategy to ensure BBC World Service maintains its pre-eminence and impact in a multi-media digital age. They have been approved by the Board of Governors. The Secretary of State for Foreign and Commonwealth Affairs, Jack Straw, has also given his approval as he is required to do under the terms of our agreement with the FCO.

BACKGROUND TO THE CHANGES

Like every other media organisation, the BBC is operating against a background of intense competition, fast developing new technology, and rapidly changing audience demands around the world. Despite this, the BBC World Service has maintained a weekly audience of around 150 million listeners and the highest scores of any international broadcaster for trust and reputation.

However, the pace of the challenge for all of us in the BBC World Service is quickening in many parts of the world. We must also ensure that we serve our audiences in the most efficient and focused way, and offer maximum value for money for the UK taxpayers who fund us.

In that context, BBC World Service held a strategic review of all its international language services. During the review, the BBC took into account many factors, including the relative strategic importance of the countries we broadcast to, the positive changes in the political and media environment over the last 15 years in many of them and where the BBC has the greatest impact and is likely to maintain it.

The conclusion of the review is that the BBC World Service's English language services on radio and online will continue to be the foundation stone of our news and information services to our target audiences, working alongside BBC World television.

However, the review concluded that BBC World Service should be concentrating its non-English services in areas where the media marketplace is less well developed and where audiences have greater need for impartial, independent sources of news and information—such as the Middle East, Africa and parts of Asia. It also highlighted that we should increase our impact by being on relevant platforms in priority media markets, including television and offering more reports in video on our online site.

These strategic directions were echoed in the Government's Green Paper on the future of the BBC which asked the BBC World Service to work out, within its current funding, how it could meet the challenges of widening media choice in many markets, especially in the context of the growth of satellite and cable television.

LAUNCHING A BBC ARABIC TELEVISION SERVICE

We have therefore decided to launch, in 2007, a BBC Arabic Television Service, initially broadcasting for 12 hours a day, focused on news and information. Moreover we will invest further in the development of new media, particularly in the area of interactivity and video news reporting in a number of markets including South America, Russia and South Asia as well as to the Middle East.

BBC World Service is already the most successful, trusted and respected voice in the Middle East with more than 60 years experience of broadcasting in the Arabic language on radio, and more recently and successfully, online. The BBC Arabic Television Service will build on this legacy by offering trusted and accurate news with an international agenda; using all three media for sharing views and perspectives across the region and the wider world. This would mean the BBC will be the only major broadcaster who will provide a tri-media service

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in Arabic to the Middle East—using TV, radio and online. Our research suggests there is strong demand for a BBC Arabic Television Service in the Middle East. Between 80 and 90 per cent of those questioned in seven Arab cities would be “very likely” or “fairly likely” to watch a BBC Arabic TV service.

BBC World Service proposed an Arabic television service as part of its 2004 spending review bid. The Government supported this but said that funding would need to come from reprioritisation.

Launching a television operation in Arabic and improving new media within a budget fixed until the next Spending Review in 2007 is a major challenge in financial terms. This has meant a significant reprioritisation of our current spend, especially in relation to our existing language services targeted to Central and Eastern Europe. BBC World Service intends to continue talks with the Government about the possibility of extra funding to enable the proposed service to become a 24 hour operation.

FUNDING THE NEW INVESTMENTS

Our review concluded that 10 languages out of the current 43 no longer fulfil the strategic criteria outlined earlier. Therefore, after very careful consideration, BBC World Service has decided to close its Bulgarian, Croatian, Czech, Greek, Hungarian, Polish, Slovakian, and Slovenian language services (by March 2006), after many years of distinguished programme making by March 2006.

In addition, we have decided to close our small Thai and Kazakh services by March 2006. Whilst they have a small loyal audience, they are struggling to make an impact in a competitive climate. The Thai media landscape has also changed fundamentally in recent years. In Kazakhstan, we have problems with FM distribution and most listeners are accessing our Regional Russian service, which will continue unaffected by this review.

We are also making changes to the balance of investment in our Portuguese for Brazil service. Following dramatic media market developments in Brazil where online access to the BBC is more popular than conventional radio broadcasting, the Portuguese for Brazil radio service will cease broadcasting over the airwaves and become available online only, by March 2006. Its online service is growing its traffic rapidly and will see major new investment to enrich it.

Many of the European services being closed had their roots in the Second World War, and they have continued to make excellent programmes through the Cold War years and right up to the present day. However, Europe has fundamentally changed since the early 90s. Now, the countries to which these languages are broadcast are members of the EU, or are likely to join soon. The growth of national and regional media has been marked in recent years. As people have turned to media produced in their own country or region, there has been a declining appetite for the BBC World Service. Other international broadcasters have already withdrawn from many of these countries. Some of our target audiences have maintained their relationship with the BBC by turning to our services in English, especially BBC World, which is growing a sizeable audience in Poland and the Czech Republic.

The contribution of all staff in these BBC World Service language services for Europe has been immense. It is acknowledged that their presence has contributed to the building of the free and open democracies enjoyed by their citizens. We believe this will be a lasting legacy.

SUPPORTING STAFF FACING CHANGE

We are determined to support all our staff facing redundancy in their search to find alternative employment in or outside the BBC, but we have to be realistic; there is a high likelihood of compulsory redundancies.

Earlier this summer, the BBC reached an agreement with the unions, under the auspices of ACAS, which laid out the terms by which staff could be made compulsorily redundant. This includes a pledge that no-one would leave the BBC World Service compulsorily until early December 2006 on the grounds of compulsory redundancy. Eligible staff would also receive the appropriate redundancy compensation under BBC policy of one month's salary for every year on the BBC's staff.

I am confident this difficult course is the right one for the BBC World Service. It is always difficult to close services with a distinguished history, but the alternative of failing to deliver our news and information on the right media platforms where it is needed most would do far more damage to the organisation's long term future, and to our reputation, and the value we deliver to the UK taxpayer.

The full text of the announcement to staff, which gives full details of the rationale behind the changes, will be available online at bbc.co.uk/worldservice/us.

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I finally want to reassure you that whilst the mix of services has to evolve as the world changes, the overall core aims of the BBC World Service will remain the same: to provide quality news and information that people trust, which stands out for its independence, authority and objectivity; and to be a forum for global debate. Our news services on television and in new media will be judged by those values just as their distinguished predecessors have been.

I, and the senior management team, believe these changes will enable the BBC World Service to maintain and build on its pre-eminent position as the world's leading international broadcaster.

25 October 2005

Examination of Witnesses

Witnesses: MR RICHARD SAMBROOK, Director, Global News Division and MR NIGEL CHAPMAN, Director, BBC World Service, examined.

Q840 Chairman: First of all, greetings to you. You have of course given evidence before, but it might be helpful for everybody in the room if you just said who you were and what your role is.

Mr Sambrook: Certainly. I am Richard Sambrook, I am the Director of Global News for the BBC. My responsibilities are for the BBC's overall strategy for global news across television, radio and on-line. Nigel Chapman is the Director of World Service, with operational responsibility for the World Service.

Q841 Chairman: Thank you very much. As you know, Norman Fowler, our Chairman, sends his apologies, but I am afraid it is an unavoidable clash of responsibilities. We are, of course, particularly interested—though there will probably be a few wider questions than this—in the area of what has happened since we last saw you, and you will have noticed no doubt that we in our first report did refer to this issue of the change in where the World Service was going to be concentrating some of its resources. I wonder whether we could just start off by you telling us what happened as a result of your recent review. What were the new priorities for the World Service that you decided upon and what was the role of the FCO in all that?

Mr Chapman: We announced the outcome of the review on 25 October, about a month ago, and it has four elements in terms of new investments. Essentially this is a £30 million investment plan that we are talking about here by the end of this period, so it is a significant amount with reprioritisation and spending review money being used for new purposes. The purposes are essentially to make sure that the World Service operates with the right media in the right countries so that it can have maximum impact, because it is facing really significant competition now in so many places. We came to the conclusion that definitely in the Middle East, to start with, it was no longer going to be viable for us to just to broadcast on radio and provide new media services, we needed also to produce a

television service in Arabic, so a central plank of this investment strategy is a 12 hour television service in Arabic. But it is not just that, it is also about improving distribution for radio on FM across the world, it is about improving our new media services, and we have got some very good new media services in languages other than English, and English too, but there was a risk that they were getting out of date and out of touch with the market, they were not up to speed really, so we needed new investment there. We needed new investment in our overseas bureaux and, finally, we needed new investment in marketing because it is great having great services from the BBC World Service but if nobody knows anything about them in increasingly competitive marketplaces then obviously it is very difficult to get listeners' attention. That was, if you like, the new investment strategy. That had to be paid for out of all the funds that we had received in the spending review of 2002 and also in 2004. We had prudently kept some money back from the 2002 spending review to help us with part of that putting in new investment, we obviously had the new money from 2004, but we also needed to release funds from some of the things we already did in order to pay for all this, and that is where the reprioritisation of the language services portfolio came in, because it released something like £12 million by the time we finished that exercise towards what is a £30 million plus bill, so it is a significant proportion of the funds. That is the balance financially and it is a strategy which will take us up until 2007/08 in terms of finance and also sets a long term pathway, if you like, up to 2010, because what it is really saying to government and to our stakeholders is we increasingly need to be a tri-media operator. Operating just with radio and new media alone in many markets will not do the job; it is clearly most pressing in the Middle East but there are other parts of the world too which maybe you want to talk about—Iran would be another example—where I believe that, over time, the BBC will be broadcasting in the relevant languages on television as well as on

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radio and on the Web. That is the background to the review.

Lord Holme of Cheltenham: My Lord Chairman, I should declare an interest. I am chairman of a market research company which conducts the BBC world poll for the BBC, Globespan. I am really very curious about the candidates that have to be knocked out in order to provide a potential new service because, when you came to see us last, in your very interesting evidence you were giving us the criteria for measuring success and they certainly included the size of the audience. Under questioning from our Chairman you indicated that trust was a very important measurement and you arrived at a comparison with on-line audiences as well. Let me just take two examples which I know reasonably well, the Czech Republic and Brazil. If the argument is that they do not have the same strategic importance, the first part of the question is, is that an FCO judgment or is it a BBC World Service judgment that they do not have strategic importance? Anybody who looked at the state of the Czech Republic and of Poland and Hungary—all of which I think are going to lose their native language services—you would have to say that first of all they have in the past been very dependent on and have much used the BBC World Service. In fact, I remember going to the Czech Republic immediately after the revolution and being told within a matter of a day by five or six people that the only thing that kept them sane was the BBC World Service during the communist years; yet it would be very facile to assume that the problems are all over and there are now well-established, functioning democracies working in every respect in those countries. In Poland, and in a different way in the Czech Republic, there are a lot of strains still about the settled future of those countries. Then if we could take Brazil, here is one of the most dynamic economies and societies in the world, a young country, where people do not on the whole have much English, unlike the countries of the former Soviet Union where now the young people are learning English, it is true. That is not largely the case in Brazil, however, it has an enormous population, a fast-growing economy with very considerable strains and stresses—in fact, the trust issue which you rate so highly, trust in all institutions in Brazil has fallen a lot. I guess what I am trying to press you on is in the process of advancing Arabic TV are we sure that we are not throwing out some quite important babies with the bathwater?

Q842 Chairman: If I could wrap up a little bit of that too, really what we are trying to find out is what were the criteria used in deciding which were of the

highest relative strategic importance with reference to those two countries?

Mr Chapman: Let me explain the process by which we evaluated the 42 languages because I think that would make things pretty clear. There were three sets of criteria that we used when we reviewed the 42. First of all, there was what I call relative strategic importance, and you can do some of that by numerical indicators, you can make an amalgamation of population, GDP, strength of the economy, defence spend—there are indicators you could use in each of the country's cases to get a sense of where they sit relative to each other. On the issue of media freedom, which is also another very important criterion, if the BBC withdrew from these places where we broadcast in Czech or Portuguese, what would there be left over? What would people turn to, what would be the strength of the media there—indigenous, national and regional media—but also how far are people already turning to the BBC in English, either through BBC World Service radio or through television? The third area of assessment, if you like, was what was the current audience size and what was the prognosis for the future, was the prognosis good—i.e. it would at least hold its own, perhaps even increase its audience—or would the sheer strength of the competition mean that the audience would ebb away, and what was the trend already in that respect? Obviously, while in every country we do not do audience research every year, we do do audience research pretty regularly in these places and you can see a trend start to emerge. The two cases you cited, on the issue of the Czech Republic the Czech Republic would have scored relatively modestly on strategic importance—against, say, some of the major world countries it would have done modestly well—it would have scored not particularly well in terms of audience and in terms of freedom of information, because if you look at all the indicators about press freedom, the Czech Republic scores on a level not unadjacent to the United Kingdom, so it is hard to make that case—and I have visited myself and seen at first hand. The lack of media opportunity and choice that would have existed in the Cold War years, that is just not the case now: there are many news channels, there are commercial channels, there are State-run channels across television and radio, so it is hard to make out a case that actually the Czech Republic is impoverished in terms of its media opportunities for people to consume independent information. The third area in the case of the Czech Republic would have been size of audience. Actually, the size of the audience for the Czech Republic is not particularly bad, it is okay, it is steady, and obviously FM distribution there has helped. The Czech Republic therefore scores in the middle against quite a lot of criteria, but all these

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issues are relative of course because if you have a sum of money to invest in international broadcasting you have to make difficult choices and you are making a judgment about it all the time as to whether, in the end, you want to spend £1.5 million in the Czech Republic or whether you want to spend £1.5 million somewhere else, because in a fixed budget that is the reality of the position that broadcasters have to face up to. In the case of Portuguese for Brazil we have not closed down all the services to it. The interesting thing about Portuguese for Brazil and the Brazilian media market is that (a) it is a very, very fertile and rich media market now and there is a lot of choice. Again, I have been there and seen first-hand for myself. Secondly, as a result of that, the World Service audience in Portuguese is very modest indeed now, it is less than one per cent of population. However, the audience consuming the BBC's services on the Web, which is Web news and information, is going rather well, so there the outcome was no, let us not close the whole service, let us withdraw from radio except for short news bulletins which are parts that we broadcast on the web and therefore enable us to get an audience, but let us put more money into the web operation and let us move our staff and give them a decent set of premises in Sao Paulo where they can operate from. That was, in the two examples you gave me, how we came to the conclusions we did.

Q843 Lord Holme of Cheltenham: If I may ask just one supplementary question on the strategic importance point, clearly by any reckoning Brazil is a country of major strategic importance, so the judgment was that if you can provide this on-line, that would meet the need.

Mr Chapman: We talk a lot about audience need but there has to be in the end consumption for there to be audience need really, in my eyes. The problem we had with the Brazilian service was that it was not that it made bad programmes, it made perfectly good programmes, but the market just did not need them any more, there was too much other choice, people were not going to listen, and this was despite really good distribution for radio, so it was not that distribution was poor, it was just the fact that in the end the historical reasons that had driven people to listen to the BBC, at a time when there was far less choice and Brazil was going through periods of military rule and so on, those times are not there now, therefore people are not turning to it. In the end I cannot force them to turn to it, we have to be much more thoughtful about it and say in the end there is a better way of getting information to them, the web is the best way in this case. There audiences are going up so actually we are hitting the nail on the head if you like.

Q844 Lord Holme of Cheltenham: When you said that the Czech Republic was not of strategic importance, is that your judgment or the FCO judgment?

Mr Chapman: I think it is together because it is a relative thing. I am not saying that it does not have any strategic importance, what I am saying is that when you look across the world at the places where we broadcast in 42 languages it does not get anywhere near the top, it gets in the bottom seven or eight and therefore it starts to become vulnerable to a reprioritisation exercise, inevitably, if you have a limited amount of funds. In relation to the discussions with the FCO, what happened was we did all this work and actually we have, I think, really sophisticated thinking on this, which we then shared with them, and we said as a result of this we are going to propose to close a number of services, and under the Broadcast Agreement with the government, of any complexion, the Secretary of State has to give his or her permission for the opening and closing of services, and therefore Jack Straw had to either agree or not agree as the case may be, and he agreed that it was an appropriate thing to do, given the relevant needs of audiences around the world, given funding issues, given the need to start Arabic television. You are juggling a lot of different balls here and everything is relative here if you have a fixed budget.

Chairman: In practice it is quite difficult for us to get our minds around exactly what role the FCO plays—I was coming back to the point myself—because you have editorial independence and so on, so that little bit of explanation certainly helps.

Q845 Lord King of Bridgwater: Can I just clarify that point because in this case you said you took the initiative, you went to the Foreign Office and said “Do you mind if we do this?” On other occasions, for instance the decision to set up an Arabic television service, the Foreign Office are entitled to take the initiative, are they, and come to you and say we would like you to do it, and then you have to decide whether it is feasible for you.

Mr Sambrook: It tends to work the other way. We take a strategic view of where we believe our services will be most effective, and we have on-going discussions with the Foreign Office through quarterly meetings and ministerial—

Q846 Lord King of Bridgwater: I understand that. I am really on the point is it always that way round or can it be the other way round?

Mr Sambrook: To my knowledge and in my experience it is always that way round because the thinking is primarily about broadcasting. I take the view we are best equipped to go to the FCO and say we understand the problems of the marketplace,

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right, and therefore we on balance think it is better to invest money here rather than here.

Q847 Lord King of Bridgwater: Can I just clarify a fairly simple point? When we are actually talking about changing to English language, to what extent are the news broadcasts in whatever language it is an identical translation of what goes out on the English service, or are they different broadcasts?

Mr Chapman: They are different, but given that our primary job is to explore an international news agenda, they definitely take guidance editorially from the World Service English Newsroom, and the World Service English Newsroom is the heart of Bush House and has tremendously high quality standards. The language services therefore take guidance, but they have to be able to turn that material and obviously gather their own material to make the programmes relative to their audiences, so it is a mixture. Sometimes an individual service will do a story which is relevant to that country, but other people across the World Service may not cover it at all, but there will be other major international issues where everybody would be covering it.

Q848 Lord King of Bridgwater: Moving people to say we have an English service, more people are listening to that now, they will get different broadcasts.

Mr Chapman: They will get some different broadcasts, yes. The core agenda will be similar but there will be definitely some aspects of regional and national politics or issues which they would not get covered.

Q849 Chairman: Returning to the point about the FCO and their role in all this, are you really saying—as you have said pretty clearly—that they do not really play a major part, but presumably if they disapproved of what you were suggesting they might suggest a cut in the budget?

Mr Sambrook: The broadcast agreement between the BBC and the FCO clearly states that no service in the World Service can be opened or closed without the agreement and authority of the Foreign Secretary; therefore, any reprioritisation or any change in the range and scope of our services has to be formally approved by the Foreign Secretary.

Q850 Chairman: But not necessarily the details inside.

Mr Sambrook: No.

Mr Chapman: I characterise it like this: we have a conversation with them about the where and the how, i.e. the where in the world and the how, increasingly around now television, radio and new media. In the old days it would just have been a

conversation about radio and that would have been it. The what, what is in the programmes, the editorial content, we have absolutely no conversations about that, that is about editorial independence, that is up to our journalists and editors to work out, particularly taking into account the needs of the audience. I would never have a conversation about an individual programme with the Foreign Office and say “Well, the Chinese service had better cover this story tomorrow”, that is not a conversation that would ever happen.

Chairman: Did you want to follow that up?

Q851 Bishop of Manchester: My Lord Chairman, thank you, can I just follow your point about China? There was a debate yesterday in the House on the situation of refugees on the Burmese border, and one of the points that was being made in a speech was the increasing significance of Chinese foreign policy, and somebody did say that there was an increasing need for the kind of impartial broadcasting from the West which the BBC World Service is so renowned for. I wondered if you could just say in respect of the conversations about priorities and the kind of countries to which the BBC might broadcast, how far China has been in those conversations, and as, presumably, the opportunities increase in the years ahead, where would the funding be likely to come from in the medium to long term in order to be able to finance the BBC World Service broadcasting to China?

Mr Chapman: The World Service already broadcasts in Mandarin extensively to China, mainly on news and current affairs, and it also broadcasts to China in English. Both services are delivered by shortwave. The difficulty we have in China—and we are investing quite a lot of money in this area, it is a very important service and there are no plans to cut it back—is that the Chinese authorities have systematically blocked availability to a Mandarin service on radio for many years and they also systematically block access to the BBC's pages of news coverage on the web, both in Mandarin and in English. I am in a position where we are making a rather good service, a very important one in every sense against the criteria we talked about earlier on—strategic importance, lack of free media access where China scores incredibly highly—but unfortunately the people there have a great deal of trouble in accessing it. We have raised this issue, ministers have raised this issue repeatedly with the Chinese authorities, but it is very, very difficult to make progress. They either deny there is a problem, or they say there is a technical problem, or they just do not do anything about it because there is a systematic blocking of these services going on.

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Q852 Bishop of Manchester: But if that blocking were to be removed then you have sufficient resources to be able to broadcast effectively.

Mr Chapman: I have sufficient resources to broadcast effectively in radio and on the web in terms of a new media service of news and information, I have not got any resources to mount a service on television to the Chinese people. That would be a really significant investment, on a par with the Arabic investment, and if the Government wants us to do that sort of thing then they are going to have to pay for it because there is no way I can afford to pay for that.

Q853 Baroness Bonham-Carter of Yarnbury: In China you only broadcast in Mandarin.

Mr Chapman: Yes. We have one programme in Cantonese, for historical reasons, aimed at Hong Kong, but 95 per cent of the output is in Mandarin, yes.

Q854 Baroness O'Neill of Bengarve: When you make a decision to put less money into radio in regional languages and more into new media, you are presumably also gaining audience in a different age group because it would be people who are used to the new technology, possibly using it at a place of work and so on. Have you done surveys to see, as it were, whom you have lost and whom you have gained in the audience as a result of that aspect of the shift?

Mr Chapman: Not in the precise detail you are talking about. In some societies where we have invested more money in new media and retained our radio services we tend, you are right, to attract a different sort of audience, which tends to be younger, tends to be more professional and tends to access the new media from work rather than home, but not exclusively so. Our minimum position about audience, is that we want to reach out to decision-makers and opinion-formers, people who are actually going to influence, if you like, the future of that society, so we are definitely getting to a younger group of these people by new media investment. Obviously, we have withdrawn some funds from radio to do it, as in the Brazilian service, and there is a risk that some older listeners to the BBC's Portuguese service will no longer be able to access it. There is definitely a down side to that, but in the end this is the sort of juggling act that one has to do in making our priorities.

Q855 Bishop of Manchester: Could we begin to focus now on the Arabic plans, and in your helpful letter of 25 October you talked quite a lot about that and referred to the audience research showing 80 to 90 per cent of those surveyed being likely to use BBC Arabic television. There are three areas that I

would like to explore: first, the general objectives that you have in mind, and we have Al-Jazeera coming in tomorrow so it will be interesting to hear from them what they feel about it, and then I want to explore about the costs of the 12 hour and then look at what might be the possibilities over a 24 hour service. Could we begin, therefore, by just going a little bit more deeply into the objectives that you as BBC World Service have for a television service of the kind that you are anticipating? What are you really aiming to do?

Mr Chapman: We are aiming to do a number of things. First of all, it is clear to me that if we are going to have impact in the broadest sense of the word, in the Middle East, with a BBC-funded, BBC-produced service, we need to be on the television; radio and new media alone will not do the job. Why? Because television has become the first medium of choice for news consumption in the Middle East, it is what people turn to first now, ahead of radio and everything else to get their news. So if we are not in it, overall and over time our impact is going to diminish relative to everybody else. It will diminish in a number of ways: it will diminish in the pure number of users, so our reach will go down, and if our reach goes down then our reputation will tend to follow behind it because if we have fewer people to listen it will be less salient, less important and people will give you less credit for it. In terms of the quality of the content, what people are telling us is that there may be more choice in the Middle East now—and Al-Jazeera is an example of that choice—but there is still a place for a television service which has the BBC values running through it, its accuracy, fairness, impartiality, covering a range of views, and there is a high ground, if you like, to be obtained and gained in this market. That is a very strong feeling that comes from the audience research, it is not just that people are likely to use it, they are likely to use it for those reasons, they see there is that gap and they want to use it, they want the BBC to do it. The reason why they want the BBC to do it is because the BBC has a long and distinguished history of broadcasting in Arabic, over 60 years, and they expect and have every right to expect that a television service would offer the same values, the same quality of content that they have grown up with on radio, and in new media in recent years. That is the background to the audience demand, if you like, for an Arabic television service and what we would expect to achieve from it.

Mr Sambrook: One of the other crucial differences between the proposed BBC Arabic service and Al-Jazeera in Arabic is that Al-Jazeera and Al Arabiya and some other Arabic services are regional, they are reporting the Middle East to the Middle East. The proposed BBC service would be reporting the

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world to the Middle East, it will have that international perspective and international agenda, and I think that will differentiate it in that way.

Q856 Lord King of Bridgwater: Done from London by satellite?

Mr Sambrook: It is going to be partly done from London, but we will also be investing in our bureaux in the region as well, so there will be input from Cairo and other regions.

Q857 Lord King of Bridgwater: But by satellite.

Mr Sambrook: Yes.

Q858 Bishop of Manchester: Coming to the funding then, you have already in your letter and in some of the earlier replies today talked about how closing down various things may release some funding. In terms of 12-hour broadcasting do you feel that that re-jigging of existing funding will be sufficient, or will you require grant-in-aid from the Government? If the latter, is that going to be a good deal for the United Kingdom taxpayer?

Mr Chapman: To move from the 12 hour, which is what we are proposing at the moment, to be launched in 2007, to a full 24 hour service, would require an infusion of funds from the UK taxpayer. I think it would be a relatively modest amount of money in the overall scheme of things, we are talking about around £6 million extra to move from a 12 to 24 hour service because once you have got the infrastructure and you have got quite a lot of content already, it is not double the money, if you like, moving from 12 to 24 hours, you are doing a top-up in effect.

Q859 Bishop of Manchester: Can I just clarify that because last time you said that moving to 24 hours would cost about £25 million, so therefore 12 hours is going to cost just £6 million less than that.

Mr Chapman: Correct, 12 hours is costing £19 million and that is part of the £30 million investment plan, but to move from 12 to 24 hours needs extra investment from the Government, perhaps in a spending review settlement, perhaps outside it, but it would need that in order to move from 12 to 24 hours.

Q860 Bishop of Manchester: What kinds of conversations are going on at this moment with the Government on that?

Mr Chapman: There have been conversations about it, but the difficulty is that those conversations are taking place outside the spending review framework and the next spending review discussion formally will start in the early part of 2007 and be concluded in the summer of 2007. That will be the formal theatre in which these conversations will need to take place, but

it will be a very, very high priority for us and I have made it clear in my conversations with the FCO that we have worked really hard in terms of reprioritisation, and taken some difficult decisions about the language services, in order to bring together a package of measures which I think puts the World Service on the right path for 2010, but if you Government want more than that, whether a 24 hour service instead of 12, whether you want new television services or extensions of anything else, I am sorry, but there is a limit to what the World Service can do without it taking money out of things that it really does need to keep going. That is a very frank conversation that I need to have with funders—it is a continually frank conversation—about how far we can go, and I think we have gone a long way here with reprioritisation and I think we have gone as far as we can go in that respect. If people want expensive new services, or even modestly expensive services from the BBC World Service, then the taxpayer has to pay for it because there is no other way, unless we close down more things which, against the criteria I talked about, you could not justify doing.

Q861 Chairman: But the 12 hours you can cope with.

Mr Chapman: Yes, we can and we will be.

Q862 Lord Maxton: Can I in a sense turn to Lord King's question about coverage. If you put out a radio broadcast and I tune my radio and it has shortwave and all the rest of it, I can get it. That is not quite so true of television, is it? I cannot tune my television to pick up television programmes from France or from Germany, someone has to provide it on a platform for me.

Mr Sambrook: Yes.

Q863 Lord Maxton: It is alright talking about the Arabic world as if somehow it is a unity but it is not, it is a whole variety of different nation states, each of them presumably with their own television services. What guarantees are you getting that you will be on their television platforms and therefore available to the people of each nation state?

Mr Chapman: What we will do is we will take space on three different satellite providers which will mean that provided you have a satellite dish—and remember that in some of the societies I am talking about, satellite usage is now 60 to 70 per cent, so 60 to 70 per cent of households have access to satellite television—provided you have got the satellite dish this service will be free-to-air to you, you will not have to pay for it, and the spread of distribution will cover right from Morocco, right across to Saudi Arabia—

Q864 Lord King of Bridgwater: But in Saudi Arabia dishes are banned.

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Mr Chapman: That is not correct.

Q865 Lord King of Bridgwater: Is that not right?

Mr Chapman: The penetration of satellite television in Saudi Arabia is something like 90 per cent of the country.

Lord King of Bridgwater: The brief I have here says dishes are banned in Saudi Arabia and they control through encrypting networks and programming—

Q866 Lord Maxton: That is my problem, it is the control. It is who says that your satellite broadcast will actually be allowed into the individual homes of each satellite owner? As I say, I am a satellite owner but I cannot necessarily tune my satellite of my own accord into whatever free-to-air satellite programmes are floating around out there; I have to have someone to provide it for me. That is the question I want you to answer.

Mr Chapman: As I understand it the satellite distributors will enable that to happen. This is a free-to-air service and of course it is possible in theory that a company could turn round and say I want to try and block access, but that is not the position in Saudi at the moment. The position in Saudi at the moment as I understand it—and Richard might want to come in here—they have free access to BBC World in English, they have access to Al-Jazeera and Arabic TV channels. The authorities may not like people watching them very much, but they have free access to them and they use them at the moment, so there is not really a precedent at the moment of a country turning round and saying I am going to have systematic blocking of access to satellite television in the Arab world. They might not like the content, but they do not block it.

Q867 Lord King of Bridgwater: They put a delay on it, I am told, a five second delay.

Mr Chapman: That has not been our experience.

Mr Sambrook: There are some countries which put a delay on, although I do not think English language BBC World has any significant issues across the regions in which we distribute.

Q868 Lord King of Bridgwater: Have you had consultations with all the countries that you are proposing to broadcast to?

Mr Sambrook: We have had a number of discussions and negotiations going on and we have a high degree of confidence that we can get proper distribution, particularly, as Nigel says, as this is going to be available across a wide region by satellite on a free-to-air basis. We have good relationships with a number of distributors in the region, partly on the back of the distribution of BBC World in English, and indeed good relationships with a number of broadcasters based on broadcasting on radio and

some FM distribution with some as well. So we have strong relationships there which we intend to use and we have—not every signature is in place at this stage given we have not yet begun to put the network together, but we have a high degree of confidence that we can get the distribution.

Mr Chapman: The three satellite distributors are Arabsat, Nilesat and Intelsat. Arabsat and Nilesat are already distributing the BBC World Service radio in Arabic, they are already doing that, and BBC World television and BBC World English radio sometimes. So there is already a proper relationship and this is a commercial relationship—you go and buy your space and you just pay for it. It is a very different situation from what happened in the Nineties when the BBC had a relationship with a company called Orbit which was a Saudi-backed company and it was a pay-per-view channel. It was a very different situation and the fact that channels like Al Arabiya and Al-Jazeera are so widely viewed across the Middle East gives you an indication that whilst governments sometimes have problems with individual parts of the editorial remit, there is no systematic prevention or obstruction going on to people's access to it.

Q869 Baroness Gibson of Market Rasen: Could I perhaps come in on this from a slightly different angle? You very kindly told us in your letter to us of October 25 about the changes the staff were facing and how you were attempting to support them. Would you like to just run over that for us and bring us up to date on exactly what is happening, because obviously as you change languages you change the staff you need.

Mr Chapman: Indeed, and that has been one of the most difficult parts of this process because there are something like 230 members of the World Service staff working in the language services affected, where we have decided to have closures or partial closures, where they have done a very good job. I am determined that they should be given everything we possibly can in terms of redundancy payments and help to find jobs and find new opportunities. In that context, earlier this year the BBC, when we were discussing the changes on the licence fee side negotiated under the aegis of ACAS, an agreement with the trades unions, both with BECTU and NUJ, which gave a guaranteed minimum length of time that any member of staff could stay on the payroll if they were facing compulsory redundancy. Obviously, in reality, the staff in the language services are facing compulsory redundancy, unless we can find them alternative employment, and that could be very hard—half of them are not even based in London, they are based overseas so they would need to find alternative employment in Prague, or in Sofia, Zagreb or wherever, and that would be very difficult,

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obviously, because the BBC does not have alternative outlets in those places. We have agreed with the unions that we will honour the ACAS agreement in this respect, so (a) there will be a length of time, a year, from the time we tabled these proposals in October, and anybody facing compulsory redundancy will be on the BBC payroll and stay on the salary payroll until December 2006. In addition, they will then be entitled to the BBC standard redundancy settlement of one month for every year they have worked on the staff on full contract. We are working with them on retraining issues, re-skilling, looking about for new opportunities for them and a whole range of other issues too. At the moment our conversations with the trade unions are going reasonably well and I hope we will be able to come to a sensible settlement on this.

Q870 Lord Peston: I must say, I am very lost on your arguments. As I understand it, we are talking about TV in Arabic.

Mr Sambrook: Yes.

Q871 Lord Peston: Where you will provide an impartial, independent service, the implication being that they cannot get an impartial independent service in Arabic at the present time, is that right?

Mr Chapman: That is the way audiences perceive it. Audiences perceive that despite the range of choice they now have on television in Arabic, they do not feel that they get—

Q872 Lord Peston: Their belief is that it is neither impartial nor independent.

Mr Chapman: They will get that from the BBC service.

Q873 Lord Peston: You are saying, therefore, it is the duty of the British taxpayer to spend £20–£25 million a year to fill that gap. That is the nature of your argument.

Mr Chapman: Yes. I am not sure I quite express it that way—

Q874 Lord Peston: No, it is the way I am expressing it, but that must be the logic of what you are saying.

Mr Chapman: Yes, because one of the roles the World Service has had historically, ever since it was founded, is to provide people with a cornerstone of reliable news and information, and what this is an example of is keeping the same values but using a different medium in order to reach people.

Q875 Lord Peston: You are also arguing that since they can already get this reliable independent and impartial information in English, there is a net gain from letting them have it in Arabic.

Mr Sambrook: Yes.

Q876 Lord Peston: Can you tell me why that is so? That does not make any sense to me at all.

Mr Sambrook: Less than 10 per cent of the audience are fluent English speakers; therefore an Arabic television service is aimed at a very different group, and we do not believe that there will be a substantial overlap between viewers to BBC World and viewers to BBC Arabic.

Q877 Lord Peston: To extend it, what you are saying is that the British taxpayer has to find £25 million per annum for non English-speaking, Arabic-speaking people to get this kind of information. Can you then tell me—and you probably did answer this and I was not paying enough attention—how many Arabic-speaking people are we talking about?

Mr Chapman: Arabic-speaking people in the Middle East, you are talking about 250 million people.

Q878 Lord Peston: I know that, but how many of them are going to be watching this?

Mr Chapman: It is very, very hard to give precise numbers at this stage, but we believe that we would at least double the reach of the BBC's Arabic services. The BBC Arabic radio service has 12 million listeners at the moment, so at the very least you would expect to double it and I think we would be looking to get a reach with television and radio in Arabic into the 30 million mark, so it is a significant audience and one that is much bigger potentially than for radio, which is going to face a lot of pressures and in some markets will actually decline.

Q879 Lord Peston: If we take it as 25 million, what does the 25 million mean? That 25 million some time during the year will watch the service?

Mr Chapman: No, we would get 25 million users every week. It may not be the same 25 million—

Q880 Lord Peston: You are saying it is 25 million every week.

Mr Chapman: Every week, weekly reach, yes.

Q881 Lord Peston: That is very helpful, thank you. My last question takes us back to Lord King's question, are you absolutely certain that there will be no problem about impartiality or independence on this? Let us say that the major news item one week is Islamic terrorists and that should be your item, if that is the major news item. You as news people say that has got to be what we cover; are you absolutely certain that you are not going to have any problems over that sort of thing?

Mr Sambrook: We do not believe so. We have a history based on Arabic radio and on Arabic on-line services to build upon and they are respected and

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acknowledged to be independent, and I do not think we are going to have any difficulties there.

Q882 Lord Peston: You have had no pressure from any of them at all—which is what you said to Lord King. None of the governments have said to you that you must not be attacking Islamic terrorists in your news bulletins or comments?

Mr Chapman: No.

Q883 Lord Peston: None whatsoever.

Mr Chapman: No. We have extended the Arabic radio service in the last three years from being a 12 hours a day service to 24 hours and we have put more investment into it, particularly since 9/11, and we are not getting complaints or comments of that kind. I think what that tells me is that those governments understand and expect a certain sort of service from the BBC and they expect the BBC to follow those values, whether they are on television, radio or new medium—it does not matter what the medium is, that is what the BBC does. If we do that properly, which I think we will, recruit the right people to do it, then we will defend that coverage to the hilt as we defend our other coverage.

Q884 Chairman: Just before I bring in Lord Holme, you were describing problems with China which make it a less good strategic place to be at the moment. Such things could happen with other countries.

Mr Chapman: They could do, but they have not, and I would have thought there had been plenty of opportunity in the last four or five years. If an Arab country wanted to systematically block access to satellite television in Arabic because it did not like editorial content, I can think of plenty of opportunities and examples that they could have used to do that, particularly in relation to some of the new Arabic satellite channels, but they have not done that, so I have to take some comfort from that fact, therefore why would they do it to the BBC when the BBC has got a reputation for impartiality and fairness far higher than these other channels. I think the odds are that it is highly unlikely they would do so.

Q885 Chairman: I just want to confirm what you said originally, that Al-Jazeera was not bringing, as it were, the world to the Arab world.

Mr Chapman: I think what Richard says is absolutely fair.

Q886 Chairman: Would they agree with that?

Mr Chapman: I am not sure they would agree with that, but what is more interesting is the perception of the audiences, and they see Al-Jazeera as a regionally made Arabic channel which focuses very heavily on

activities in the Middle East and also comes with a certain perspective which audiences spot, and that perspective is to be a champion of the Arab cause, at least definitely not a kind of pure, neutral, impartial force, that is something that audiences are telling us. What is interesting about audiences in the Middle East is that they use a portfolio of services, they do not just use Al-Jazeera and nothing else and they would not just use the BBC and nothing else. They are extremely astute and they hop around if you like, in television terms and cross-comparisons are done all the time about the nuances of coverage. One of the reasons why people would use the BBC is because they would see it as a standard-setter, the gold standard if you like, of certain sorts of coverage, against which they would judge both satellite television services and their own national state television, and they would compare and contrast and come to certain views about what they really believed and what they did not believe as a result of that exercise.

Q887 Chairman: They are doing this to a considerable extent and the on-line services are not using as much at this stage?

Mr Chapman: They are using a reasonably diverse portfolio of television services, that is happening already, and we can be part of that rich and diverse portfolio. In terms of new media, the Arabic on-line site, BBCArabic.com has built up a very good reputation for the range and breadth of its news coverage, but a new medium is a new medium in this world and it has one million users across the world who listen to Arabic.com's service. To give you some sense of context, it would have to put its audience up by 10 times to begin to get into the league of usage that we were talking about in relation to television and radio.

Chairman: I was just wondering about the comparative speed.

Q888 Lord Holme of Cheltenham: I am worried about a slightly facile assumption that these Olympian values of impartiality and balance are going to be easily achieved by even the BBC in the Middle East. I mean, you have enough trouble with the pussycats of British political parties here; if one thinks of an area of the world where everything is contested and where there is a religious, political and culture maelstrom, how would you have dealt with the Iraq war, how would you have dealt with the death of the princess, how would you have dealt with the person you have just apologised for, one of your reporters, for weeping at the death of Yasser Arafat? How would you deal with those sorts of issues in this way? Your stock-in-trade is trust, but is it not possible that there is a level of mistrust in Anglo-American institutions and culture so that the

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response, instead of the welcome you anticipate, at last a trustworthy body—might you not have mistrust carried back to contaminate your main reputation and brand?

Mr Sambrook: I would say two things. Firstly, of course, we do have over 60 years experience of broadcasting to the region in Arabic on the radio, and of course all those tensions—we were broadcasting in Arabic on the radio and on on-line during the Iraq war and during all of the other kinds of incidents you mention, so we do have experience of that. As Nigel indicated earlier, the language services, including the Arabic service and the new Arabic television service are tied into the editorial processes and ethos of the World Service and the leadership of the World Service which has been proved over many years, and we have therefore confidence that we can extend that to this new service as well. In terms of how it is perceived, our audience research generally shows that they believe the BBC is trusted as a broadcaster in the region and that they will see it as a valuable addition to the array of services that are already local to them. It may be, of course, that some parts of the audience in some countries and some viewers do not receive us in quite as positive a light as we would wish, and that is inevitable, but I think across the piece, again, based on some pretty thorough research, we believe we can get a decent audience and will actually be welcomed as a service in the region as an addition to the variety of services they already have.

Q889 Lord King of Bridgwater: Did not the accusation of bias against the BBC actually come on World Service, and it came not from Arabs but from the British Government. Did the Prime Minister not say that there was anti-war bias in the BBC World Service?

Mr Sambrook: I do not think he said it about the BBC World Service, no, I think that was about the UK service.

Q890 Lord King of Bridgwater: In reporting on the war, and that was carried on the World Service.

Mr Sambrook: It was not the same programmes, obviously, the World Service has different programmes to those carried in Britain.

Lord King of Bridgwater: Can we clear up one factual point?

Chairman: Very quickly, because Lady Bonham-Carter has a question.

Q891 Lord King of Bridgwater: Our brief unfortunately contradicts what you have said to us, and I think we ought to have, perhaps, a further letter or something on this because actually what our brief says is that there is censorship of television in Syria, Jordan and Saudi Arabia, and the indication is that

you would be subject to that as well. This is to do with what is called the multi-channel, multi-point distribution service which takes down the satellite signal and distributes it locally. You do not think that applies but I would be interested to know.

Mr Sambrook: It is the first I have heard of it, but we will look into that.

Chairman: Could you look into it, please? Lady Bonham-Carter.

Q892 Baroness Bonham-Carter of Yarnbury: Picking up on what Lord Holme was saying, I am not going to insult radio but there is something about television that is more potent and has greater possibility to cause problems, it seems to me. I know last time we met Mr Sambrook said that international journalism tends to be more reflective; I wonder if that is not going to be a slight problem when you are filling 12 hours of television. Hence my main question is what are you going to put in that 12 hours of television?

Mr Sambrook: It will be a schedule that is a mixture of on-the-day news and breaking news, but with discussion and debate as well, and some documentary and current affairs programmes. It will be very largely original programming, there may be some dubbed and sub-titled programming, but our intention is to make as much original programming as we can. I do think that international journalism does tend to be more reflective, it has a slightly different pace to it, but I absolutely recognise what you say, that television is a very powerful medium, and that is the reason we want to launch this service in the first place. We believe actually that if the World Service is to extend its vision in terms of being a trusted voice in international broadcasting throughout the world and in this most important region at the moment, then we need to extend it to television to maintain that impact. But you are right, television can be very powerful and I am quite sure it will raise some difficulties and some issues of the kind that clearly concern yourself and would concern the Committee. I do believe we have a good track record in managing those and in understanding exactly how to position the service in a way that, I think, can stay true to the World Service values and extend them to this new service.

Q893 Baroness Bonham Carter of Yarnbury: You are in a good position to manage this.

Mr Chapman: I hope so.

Q894 Baroness Bonham Carter of Yarnbury: Can I ask what you are doing to recruit Arab journalists? What proportion of these programmes is actually going to be made by Arab journalists?

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Mr Chapman: An extremely large proportion would be made and we have not started the process of recruitment yet. That will be a major task in 2006. I think there are a number of issues here. First of all, it is going to be vitally important to get a range of geographically based journalists—ie, not just people from Egypt or from the Lebanon or some of the other places where satellite television has already established itself, and where you obviously have people who have television skills already. It is going to be very important to reflect the wider Middle East, if you like, in the workforce, whether they are based in London or overseas. Most will be based in London.

Q895 Baroness Bonham Carter of Yarnbury: Most will be based in London?

Mr Chapman: That is where the main production is going to take place. The gathering of news footage and news interviews will obviously take place all over the world, not just in the Middle East but in Washington and Russia, and we are going to have Arabic television people working in lots of different parts of the world. The second issue is the training of those people when they come to work in London. It is going to be, again, critically important that whatever baggage they bring from their past about making television or radio, whatever it is, or if they have worked in newspapers, that we train them in the proper way to understand what the BBC wants and believes in. I do accept the tenor of your questions, which is that there is a risk here; there is a risk in going to a new medium which has a higher public profile than radio, on the whole, tends to have. That is something we have got to mitigate and one of the ways we mitigate it is by being very clear with people about what we expect, definitely in terms of balance, fairness, impartiality and diversity of view. Actually, the audience also expects that. It would do us no favours at all if I were to produce an Arabic television service which some people saw as highly partisan and favoured, if you like, their point of view because you would alienate just as many people and it would actually undermine the value system which has been part of the World Service for over 70 years. It would undermine the Crown Jewels, if you like, which would be the wrong thing to do, and so we will not do it.

Q896 Baroness Bonham Carter of Yarnbury: As you know, making television is a much more intrusive process than radio. That is the other side, is it not?

Mr Chapman: It is and as somebody who worked in it for 20 years before I moved to the World Service I am very aware of some of the just sheer production sort of struggles sometimes that producing television can bring compared to the simplicity of radio. So I am very aware that it is a tough challenge.

Q897 Baroness Bonham Carter of Yarnbury: A final question: will you be using independent companies or will this be all—

Mr Chapman: No, I would expect the vast, vast bulk of the output will be produced in-house by the core team. This is a news and current affairs service, it is not like BBC2 with lots of individual, kind of bespoke, programmes; this is going to be much more a news and current affairs channel round-the-clock—ie 12 hours—where when you tune in, within a very short space of time, you are going to get the main, top stories of the day analysed in depth. That would be one of the key things it would do for the market which we presently are not doing.

Mr Sambrook: Perhaps I could just briefly add to that point. The BBC is doubling its investment in journalist training over the next two to three years with the launch of its own college of journalism within the BBC for its own staff, and certainly the staff of this channel would benefit from that investment as well. The emphasis there is on the BBC's editorial values and on journalistic ethics and policy.

Q898 Baroness O'Neill of Bengarve: Would you take special measures to secure the integrity of the journalism by monitoring conflicts of interest or would you rely on your current measures?

Mr Sambrook: We do already have some measures in place, clearly, for managing those kinds of conflicts across editorial areas and particular measures in place for managing such things within language services, but I certainly think we will need to extend those for this new service, for all the reasons we have already touched on. We are very aware that is an issue which will have to be managed.

Q899 Lord Peston: I am mostly going to ask you about the Orbit relationship, but I think you have covered most of the ground anyway, have you not? Essentially, your view was that you approached it by one funding model and it just did not work. I am not very clear what there was about that funding model that made it not work.

Mr Chapman: Very briefly, there were two fundamental differences from the proposal that we have now for Arabic television. First of all, the Orbit Company was paying for both the content creation, the programmes, and the distribution, and the BBC was making them. That relationship worked reasonably well, I think, for up to two years and then there was a major argument about editorial matters, including coverage of Saudi Arabia, which was an irreconcilable split because the BBC's editorial judgments were going one way and the views of the funders were going the other way. As a result of that the whole project collapsed. The second fundamental difference is that this was a pay-for-view service—ie,

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people had to pay money in the Middle East to watch it; you had to pay a premium, it was not a free-to-air service. I think we have learnt from that that when you have so many already free-to-air services, such as Al Arabiya, Al-Jazeera et al, it would be narrowing the potential audience hugely if you ask people to pay a premium or supplement for it. So I think we learnt two things from that experience, and we are not going to repeat the experience again.

Q900 Lord Peston: Just to reiterate what you have said, which I fully understand, you are going to have an independent platform where no one can mess you around from now on, as I understand it?

Mr Chapman: Indeed.

Q901 Lord Peston: That was your answer to Lord King and Lord Maxton: that you have this platform and that is for you; there is no way someone will be able to say to you: "You are on our platform and you are really not going to show this or that sort of thing"

Mr Sambrook: There will not be the same control over the content.

Q902 Lord Peston: My point is not "the same control", the point is one requires the BBC not to have any control. The moment I hear there is any control I do not trust any of it.

Mr Sambrook: As Lord Maxton has indicated, of course there will be some third parties involved in distribution.

Q903 Lord Peston: But they will not control.

Mr Chapman: They are not paying for content. The content is being funded in a completely different way. We are going to make the programmes, the programmes are going to go out.

Q904 Lord Peston: So no question can arise of your saying: "We are showing this" and them saying: "Not on our platform you are not".

Mr Sambrook: No. I do not see how that can happen. Theoretically it is possible, if they decide they do not like our service, to withdraw distribution. That could happen in any country in the world. Obviously, the sensitivities in this region are acute in some circumstances but, again, we are not the only Western network broadcasting in this area, this is not the only BBC Arabic service going into that region, and I am not aware of any issues of that kind.

Lord Peston: Fine. I just wanted to make sure we had it on record precisely what your position was.

Q905 Lord Maxton: So, basically, you are buying space on three satellites. Those three satellites are independent commercial companies, there are not any links with any of the Arabic countries that you are then going to be broadcasting to in any way.

Mr Chapman: Let me be absolutely precise about this: two of them do have shareholders from different countries in the Arabic world. You would expect that because—

Q906 Lord Maxton: But they are commercial shareholders; they are not national or government shareholders.

Mr Chapman: Indeed, that is the critical difference. With Orbit, remember, they were not only paying for the content creation they were also paying for the distribution. This is a case where the BBC is going to pay for the distribution. So that is a fundamental difference. In a commercial climate, with commercial companies who are not state-owned or state-funded, it is a very different set of circumstances.

Q907 Lord Maxton: Is there any capital cost involved in any of this from your point of view?

Mr Chapman: Yes, in addition to the £19 million I talked about earlier in relation to a 12 hour service, there is going to be a capital cost which we can afford to fund from our capital expenditure in the World Service of about £5–6 million to set up the appropriate studios and facilities to make the television programmes.

Q908 Lord Maxton: What is the breakdown in the £19 million annual cost between the production of programmes and the buying of the space on the satellites and maintaining your studios etc?

Mr Chapman: The vast proportion of that £19 million will be spent on what we call production costs—ie, people, producers, news-gathering, editing and the preparation of programmes. I would have to, maybe, write to you with the precise figures, but the rough proportion was about £1–1.5 million for distribution in a £19 million budget.

Q909 Lord Maxton: In terms of the online service, will it be basically the same service available online as is available on the television platform?

Mr Chapman: Yes. What we are anticipating there is that we are looking into streaming, if you like, the BBC Arabic television service on the web. So if you have reasonable access to the web (preferably broadband) you would be able to watch it, and you will not just be able to watch it in the Middle East, of course, but will be able to watch it anywhere in the world, which will obviously be a great advantage.

Q910 Lord Maxton: I think you are underestimating. As most people round this table would expect, my view is that if you look at the way broadband has expanded in the Western world in the last five years, then you have to take a much bigger account of that happening in the Arabic world and the rest of the world as well. Have you built the fact

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that increasingly it will be broadband you will be watched on rather than television into your—

Mr Sambrook: We have significant investment into broadband services and into the web, and indeed mobile 'phones. I think in the Middle East, as in Africa and parts of Asia, it may well be mobile 'phones rather than computers that become the wireless mobile device.

Q911 Lord Maxton: You can do both because, presumably, once you can bring it down to your 'phone you can then put it down to your computer as well.

Mr Sambrook: That is true if you have a computer, but it is a region where many people would choose to have a 'phone rather than a computer.

Q912 Lord Holme of Cheltenham: The flip side of the FCO thinking this is a matter of strategic importance is that they are intensely interested in it. So when they say to you: "Let's do it" and you say: "There is a market demand" and they think it is strategically important, it occurs to me that the potential danger of government interference in your editorial output in this area of the world, given how significant it is to British foreign policy and security policy (and, indeed, now to energy policy), must be quite significant, and that you will find yourself being leaned on or—even worse than being leaned on—going in for self-censorship to avoid being leaned on. I am just wondering how you reconcile the things you are valued for—independence, impartiality and so on—with the fact that this is very salient for any British Government and will be for the next 20 years. Have you had any assurances—I know you are arguing about the funding but there is no disagreement on the principle—that the Government is going to let you get on with it?

Mr Sambrook: In a sense, that assurance is encapsulated in writing in the broadcast agreement between the Foreign Office and the BBC which will also sit across this new Arabic television service as well. It is very clear that the BBC's editorial processes and editorial decisions are entirely independent of the FCO. I think in practice as well (and we did touch on this the last time we met), whilst accepting that television is, of course, potentially a more interesting medium, perhaps, than radio in some cases, nevertheless in practice, in the way we are structured and the way that we operate, there is a separation and a Chinese wall between the daily editorial decisions and those people having the debates and discussions and regular meetings with the Foreign Office. I think that is something that has existed across the BBC for many years and is a rather effective insulation, if you like, against the kind of pressure that you are talking about.

Q913 Lord Holme of Cheltenham: You, of all people, know that when the Government has a rush of blood to the head pieces of paper tend not to be worth as much as they seemed at the time, and I do urge on you the necessity, if you are going to do this service, as you are, to try and get a very clear understanding of what are the parameters and the protection you have against something which is so important from a policy point of view to any British Government.

Mr Sambrook: I appreciate your concern about that.

Q914 Baroness Bonham Carter of Yarnbury: Just a very quick question: whether television is more interesting or not, it is certainly more visual, as we were discussing earlier. Have you thought of the implications—I am sure you have—of how you will use women as a consequence of certain attitudes?

Mr Sambrook: Yes, obviously it is a very difficult issue because we have to be culturally sensitive whilst, at the same time, in terms of an employer and so on, we have a number of cultural sensitivities which we have to bridge, but again, in my view, we have some of our most experienced people overseeing this service and, indeed, overseeing the current Arabic service as well and we have a very strong editorial team who are attuned, if you like, to that bi-polarity, if I can put it that way. So I am reasonably confident that we can manage those, although you are absolutely right there will be cultural sensitivities of that kind that we will have to deal with.

Mr Chapman: One of the interesting things, if you watch Arabic television now, is how far you could argue that it pushes the boat out, if you like, in terms of the portrayal of women. In some of the most popular services that have most recently come onto the market, the way women are dressed on the screen, the way they present programmes and the way they take part in that, some people have argued that that has pushed the boundaries of women's role in the Arab world further than would otherwise have happened before. So, actually, some would argue it is an opportunity, if you like, to reflect the diversity of the Arabic world in a much more complete way than, perhaps, was possible in the past.

Q915 Lord King of Bridgwater: Is this an Arabic service or is it a Middle East service? In this connection, what is the footprint of these satellites?

Mr Chapman: It is a service in the Arabic language, it is going to cover events in the Middle East but not just in the Middle East; as Richard said earlier on, it is going to cover an international news agenda so it is going to have strong international news coverage as well as coverage of the Middle East. The footprint will take you from Morocco right across to Iraq and, actually, a little bit further than that—from my research, I suspect as far as Pakistan and the Stans. It would be available but obviously people there would

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struggle to understand it because they would not have the Arabic language. Some would but the great majority would not. It is a case of a comprehensive footprint; it covers the whole of the Middle East.

Q916 Lord King of Bridgwater: Afghanistan?

Mr Chapman: I think it would be on the fringes. Afghanistan is certainly not targeted, it is not the centre of its footprint.

Q917 Baroness O'Neill of Bengarve: Going back to the audiences that may prefer radio or audiences that may prefer new media, what does your research show about those audiences in the Arab-speaking world? Is there one shrinking and the other growing, as in Brazil or do you have different issues?

Mr Sambrook: The Arabic radio audience is much stronger than the Portuguese for Brazil audience but it is in decline, and it is, I think it would be fair to say, an ageing audience, whereas the audience for online is a younger and more professional audience. So the broad pattern that we spoke about before holds true in Arabic as it holds true in a number of languages, but what has happened in the Middle East over the last five, six or seven years, really, is the explosion of television as a medium of mass interest. That is obviously partly driven by Al-Jazeera and Al Arabiya but, also, multi-channel television which, as Nigel was saying, now has a very high level of penetration across the region. So I would say within the last 10 years television has established itself as the pre-eminent mass medium over any other.

Mr Chapman: There are some countries where radio is still going to be very, very important, particularly in somewhere like the Sudan, for instance, where you have got low take-up of television and definitely a low take-up of satellite television. BBC Arabic radio is going to retain a strong audience. BBC Arabic radio has a strong audience in somewhere like Iraq, at the moment; a very high percentage of the population tune in, partly because of the improved distribution on FM for Arabic radio by the BBC. What television brings you is access to markets where FM distribution is extremely difficult, and there are many countries in the Middle East which will not allow the BBC to broadcast on FM from their main conurbations. Saudi Arabia is an example. And the BBC does not have a single FM transmitter or serious partnership to re-broadcast on FM from Morocco to Egypt, as we speak. We are working hard on that but there are regulatory reasons and governmental reasons why those societies do not want to grant the BBC that sort of access at the moment, and therefore what this free-to-air television service will bring you is access to people who have got satellite dishes—high percentages in many countries—where we cannot, at the moment, deliver our radio. So it is complementary. That is why it is part of the rounded

picture, if you like, of the sort of service the BBC needs to do.

Q918 Baroness Howe of Idlicote: There is a thought crossing my mind. If we were taking evidence, as we have, from the commercial side, and so on, during the first part of our investigation, there are a number of areas where we would be told that you were operating in a world which meant that they were, in fact, not having the commercial opportunities they should have. Does any of that apply at all in what you are doing, or might it in the future apply? Might you be taking away potential commercial advantage from more local services?

Mr Chapman: That has not been their response so far—let me put it like that. What has been really interesting is that once we announced this Arabic television service was going to happen in 2007 both companies like Al-Jazeera, in their kind of editorial on the way they responded to the story, and, also, if you look across the newspapers and magazines in the Arab world, almost without exception have welcomed it. There is a sense that they expect the BBC to be in this sort of market doing this—it is part of the plurality. They do not feel threatened by it they just kind of expect it to happen; it is part of the way the world should be. So I do not think it is a similar situation you would get in the UK, where you have commercial channels coming to give evidence saying: “The BBC is crowding us out in a particular part of the marketplace” or “They are doing operations that, effectively, use public subsidy and lower costs which damage market penetration”. Those are not the sorts of conversations which have been emerging so far.

Q919 Baroness Howe of Idlicote: Looking at it from the other side, too, could it be that you can make some money which would reduce the amount that the licence fee payer would have to put into it?¹

Mr Sambrook: I think it is difficult to see how, for two reasons. One is, for the reasons that the Orbit experience taught us before, that there are some difficulties and sensitivities in entering into commercial arrangements for channels of this kind. Secondly, we know from the experience of the BBC world, that international television channels require a long period of investment before they can reach break-even or even profit. There is no indication, as far as we can tell, that Al-Jazeera, for example, is profit-making even though it is commercial and taking advertising. I think it would be a very long investment period before you could hope to break even in a service of this kind, which is why our view is that if the BBC is going to do it and extend its reach in this way it needs to do it on a public service basis.

¹ The Arab TV channel will be funded Grant-in-aid, not the licence fee.

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Q920 Lord Bishop of Manchester: If we can go back to the question of staffing changes which will arise from the kind of cuts that you were talking about earlier on, we know that 230 posts will close, up to 130 of them in the United Kingdom. You said that nobody will be made redundant until early December. We are a few days away from early December—

Mr Chapman: December 2006.

Q921 Lord Bishop of Manchester: Right. How many, do you know, at this stage, are likely to be made redundant?

Mr Chapman: It would be too early to say because we are still in discussions with staff here in the United Kingdom about alternative opportunities. However, I have to be a realist; this is in a climate where in terms of the BBC's overall position there are significant job losses going on in the BBC; some of those are related to journalism and so the possibility that you can create 120 new suitable jobs for staff in some of those European services and they can transfer across to do that, I think, would be unrealistic. In addition, quite a lot will want to take the opportunity to leave because the provisions in terms of redundancy pay and other parts of the settlement are, in fact, very generous by industry standards, so they may well want to use that opportunity and that money to do other businesses and go into other things. So it would not be sensible, in some cases, to even project that you would be able to find jobs for all those people.

Q922 Lord Bishop of Manchester: The purpose of my question was really to inquire about the morale of the World Service in the light of all these changes.

Mr Chapman: I will be frank with you; it is a mixed story. I think staff are relieved, after a long period of waiting, that there is a clear strategy; they see a journey to 2010, they see some pretty expensive and important new investments around not just television

but, also, new media, better studios for radio and improved marketing. So, if you like, those that are staying behind, which is the vast majority of the staff (remember, there are still going to be 32 language services left after these changes) are feeling: "Well, we have got the story now; we know what the Director wants to do, we know what he can afford to fund, and we are going on a journey which is quite an exciting journey." For some of them there is new investment coming. Obviously, for those where the services are facing closure, and they will realistically close their broadcasting in the next few weeks and months, that is a very sad time—I accept that. It is a sad time, it is a difficult time but we are doing everything we can to mitigate that, and I think the mood is more sadness than anger, if I can put it like that. I think people understand the rationale for it; it has been talked about. Closing some of these services has been on the World Service agenda, on and off, for some 10 years. It is not new in that respect. Some of them, I think, have had that possibility hanging over them for that period of time and in some cases there is a sense of relief, actually, that "at least we now know what is happening to us, we know what you want to do and we know you will compensate us properly for the loss of the job, loss of office and loss of opportunity". The BBC World Service will abide by the agreements the BBC has made, if you like, nationally with the unions through the changes that Mark Thompson announced earlier last year. So I think that is the context, but I accept it is not an easy situation.

Q923 Baroness Howe of Idlicote: Thank you very much. Are there any other questions that Members of the panel would like to ask? I think we can say thank you very much. You have given up a lot of your time and we are very grateful for that. If we have any further queries, if we may, we will write to you about those. Thank you very much indeed.

Mr Chapman: Thank you.

Supplementary memorandum by the BBC World Service

WHAT ARE THE MAIN OBJECTIVES OF BBC WORLD

The overall vision for the BBC's Global News Division is:

To be the world's best known, most creative, and most respected voice in international news, thereby bringing benefit to the UK, the BBC and to audiences around the world.

- To provide the most trusted, relevant, and highest-quality international news in the world, and an indispensable service of independent analysis and explanation, with an international perspective which promotes greater understanding of complex issues;
- To connect and engage audiences by facilitating an informed and intelligent dialogue—a Global Conversation—which transcends international borders and cultural divides; and to give audiences opportunities to create, publish, and share their own views and stories;
- And by so doing, to enable people to make sense of their increasingly complex world and, thus empowered, lead more fulfilling lives.

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Within the context of this vision, BBC World's objectives are:

- To support the public purposes of the BBC by bringing high-quality international news coverage to a global audience through TV and new media;
- To provide the most trusted and authoritative television service of international news and analysis;
- To offer a showcase for the best of BBC journalism;
- To reflect the BBC's reputation for in-depth, factual and balanced reporting, specialist knowledge, impartiality and unrivalled newsgathering capability; and
- Principally to target influencers, opinion-formers and decision-makers across the globe, in the English language.
- By driving increased reach and improved reputation amongst target audiences in priority markets to build a growing audience and a successful self-financed operation

WHY WAS IT ESTABLISHED

When the then Secretary of State gave his approval for BBC World in December 1994, it was done on the basis that the channel should "consist primarily of news and information"

The BBC desired to set up an international news and information channel, sharing the same objectives and complementing and extending the reach of its existing international radio operations. At the time discussions were held with FCO, but government indicated that it was not willing to fund such a venture. The BBC therefore decided to launch BBC World as a commercial channel in combination with private sector partners.

The BBC's role in BBC World was initially conceived to be as a global producer, supported by regional marketing, sales and distribution partnerships in the form of alliances and joint ventures. The partners paid the BBC a licence fee in return for rights to distribute and market the channel.

However, the channel's partners were not sufficiently effective in raising the profile of BBC World to generate distribution and revenues and by the late 1990s, it was clear to management that the existing strategy was not maximising the potential to deliver significant growth.

Following a strategic review, the BBC moved away from its historic reliance on partners and began to develop its own sales and marketing teams for BBC World globally, taking ownership of the complete value chain. This provided the opportunity to develop a forward looking and consistent global strategy for the channel as a whole and to adopt an integrated approach to the market.

WHO IS THE TARGET AUDIENCE FOR BBC WORLD

As noted in BBC World's objectives, its target audiences are influencers, opinion-formers and decision-makers across the globe, primarily in the English language.

The channel's audience tends to be highly-educated individuals, both men and women, who have an international attitude and an enthusiasm for news. This is a valuable demographic which is attractive to advertisers and distributors alike. Whilst BBC World's objectives are closely aligned to the BBC's public service remit, research has demonstrated that the values of authority, trust and impartiality are sought after by the channel's target audience and are therefore commercially valuable.

Ex-patriot British are a constituent part of the BBC World audience. However, they are not the primary focus of the channel, and make up a very small proportion of the channel's total audience.

IN WHAT COUNTRIES IS IT BROADCAST

BBC World is broadcast in more than 200 countries and territories worldwide. It is available on a 24-hour basis in 136 million households worldwide and including part time distribution can be accessed in nearly 280 million households.

The only major countries in which BBC World has historically not been distributed on a 24-hour basis are the USA and the UK. In the USA, BBC World bulletins have, for some time, been broadcast on BBC America and also on public service television stations across the continent. Through the arrangements with public service television BBC World bulletins are available to more than 85 per cent of US households.

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However, the situation in the US is now changing and BBC World recently announced an agreement with Discovery Communications Inc to represent the channel in the US for 24-hour distribution. During January the channel was launched on a full time basis in a small cable network in Texas and discussions are taking place with a number of other U.S. cable and satellite operators.

The terms of BBC World's consent do not permit the channel to actively market itself for distribution in the UK. However the consent does recognise that technical overspill may occur.

The channel's full time household distribution has increased by at least 10 per cent per annum for every year since 1998 and shows a compound annual growth rate (CAGR) of 14 per cent over this period.

BBC World is also available in more than one million hotel rooms, via 28 major international airlines (in-flight and lounges) and on 33 cruise lines.

A summary of BBC World's full and part time households in December 2005 is shown in Figure 1.

Figure 1: BBC World Household Distribution by Region

<i>Millions of Households</i>	<i>Full Time</i>	<i>Total</i>
Europe	73.8	82.8
South Asia/Middle East	21.1	21.1
Asia Pacific	13.1	30.1
The Americas	7.4	111.5
Africa and E. med	21.0	34.0
	136.4	279.5

WHAT SORT OF VIEWING FIGURES DOES BBC WORLD GET

The BBC World weekly viewership figure is just under 60 million. This weekly audience reach is the largest of all the BBC's television channels. The figure is compiled from multiple surveys (specifically commissioned, syndicated and omnibus) across many countries. BBC World participates in a number of independent syndicated surveys used by pan regional broadcasters, and listed below, are the recent BBC World viewership statistics for weekly reach from these surveys:

Western Europe excluding UK/ Ireland = 12.1 per cent

(EMS study—chief income earner from top 20 per cent of households—33 million).

Asia-Pacific = 10.6 per cent

(PAX study—affluent adults and business decision-makers in 12 cities—13.5 million)

Latin America = 1.0 per cent

(TGI study—136 million people aged 12+ half continent)

Middle East = 7.9 per cent

(5 country omnibus survey 2003—6 million)

International air travellers = 18.3 per cent

(Interviewed in 26 airports globally—travellers on scheduled int'l flights)

HAVE ANY SURVEYS BEEN UNDERTAKEN OF WHAT AUDIENCES THINK OF BBC WORLD. IF SO WHAT WERE THE RESULTS

Independent international surveys report that viewers believe BBC World News reporting is more international, more trustworthy and more in-depth than other international news and business channels.

Amongst a survey of opinion formers in Europe (2005), BBC World was considered the most relevant, authoritative, impartial and unbiased and 'a source I quote or refer to*.

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The International Air Travellers Survey (2005) found BBC World is more trusted than any other channel—46 per cent of BBC World viewers described the channel as trustworthy vs. 29 per cent for Euronews and 27 per cent for CNN.

A survey of the global financial elite (Global Capital Market Survey) found BBC World was described as 'having a global perspective' by 54 per cent, compared to 33 per cent for CNN. In the same survey, 32 per cent viewed BBC as 'influential' vs. 36 per cent for CNN*.

In the Media Brand Values survey 2004, BBC World ranked No. 1 amongst news channels across Europe for being trustworthy and impartial as well as stimulating.¹

HOW MUCH DOES BBC WORLD COST TO RUN

In the 2004–05 financial year the total costs of running the BBC World channel were £44 million.

HOW MUCH OF A LOSS HAS BBC WORLD INCURRED IN EACH YEAR SINCE ITS CREATION

Since developing its own sales teams, BBC World's revenues have grown strongly. However, airtime sales are primarily contracted in US dollars and distribution revenues are contracted in multiple currencies with a significant US dollar element. Between 2002–03 and 2004–05 the US dollar devalued by more than 30 per cent against sterling and this had a significant adverse impact on overall sterling revenues reported.

A summary of the channel's revenues and loss before interest and tax from the time that the majority of partnership arrangements ceased, is shown in *Figure 2*. The analysis is at summary level only on the grounds of commercial confidentiality. It should be noted that BBC World Limited (the company that has operated the BBC World channel since 2003) prepares and files full statutory accounts for the channel business. BBC World's primary competitors do not provide this level of data as the channels form part of larger corporate entities.

Figure 2: Summary results from 1999–2000 to 2004–05

<i>Summary Results (£m)</i>	<i>Turnover</i>	<i>Loss before Interest and Tax</i>
1999–00	17.6	19.7
2000–01	23.9	13.2
2001–02	23.8	15.3
2002–03	25.2	15.2
2003–04	26.0	16.5
2004–05	28.4	15.8

In underlying currency, airtime sales have shown double-digit annual growth for every year since the team was set up, with the exception of 2001–02 when the events of 11 September had a devastating affect on global economic growth. The CAGR for the period since 1998 is over 30 per cent.

Because distribution revenues are derived in multiple currencies, growth is monitored in sterling although this understates the underlying revenue growth. Since 1998 sterling distribution revenues, excluding the loss of remaining joint venture fees, show a CAGR of more than 10 per cent.

These growth rates have been achieved despite the continued and significant levels of uncertainty that have existed in the global economy since the beginning of the decade. These were exacerbated, particularly in 2003–04 by specific events such as the Iraq war, the SARS epidemic and multiple corporate financial scandals. This uncertainty had a severe impact on the advertising market in the early years of this decade and in particular on the types of company that advertise on pan-regional news channels.

¹ Base is all viewers of channels

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WHEN DOES BBC WORLD EXPECT TO BREAK-EVEN AND WHAT WORK IS BEING UNDERTAKEN TO REALISE THAT OBJECTIVE

The BBC World operates to and is monitored against a challenging business plan. This forecasts break-even in 2010. The channel is currently operating in line with plan.

Pan regional news channels carry a relatively large fixed cost base and key to the financial success of the business is the ability to spread that cost over a large and growing distribution base to deliver both increasing subscription and advertising revenues. BBC World has been successful in recent years in growing both household distribution and revenues and a major area of focus for management is to ensure continued growth in these key measures. A number of opportunities for revenue growth have been identified and are being implemented.

Full time distribution in the US has been a priority target for the channel over a number of years and will significantly enhance the long-term commercial potential for BBC World. The US cable and satellite market is mature and highly competitive, but there is evidence that US audiences are demonstrating increased interest in international news and are sceptical about the impartiality and accuracy of some US domestic news broadcasting. The agreement with Discovery Communications Inc. provides a great opportunity for BBC World to gain full time distribution in the US.

January 2006

 WEDNESDAY 30 NOVEMBER 2005

Present	Armstrong of Ilminster, L	Howe of Idlicote, B
	Bonham-Carter of Yarnbury, B	Kalms, L
	Fowler, L (Chairman)	King of Bridgwater, L
	Gibson of Market Rasen, B	Maxton, L
	Holme of Cheltenham, L	Peston, L

Examination of Witnesses

Witnesses: MR MOSTEFA SOUAG, Editor-in-Chief, UK Bureau, Al-Jazeera; MR MOHAMMED CHEBARRO, London Bureau Chief, Middle East Broadcasting Centre; and MR IAN RICHARDSON, Former Managing-Editor, BBC Arabic Television News; examined.

Q924 Chairman: Good morning. Thank you very much for coming. I think you will know the history of the Select Committee. We have produced one Report but there were a number of other areas which we did not think we had sufficient time to do in that first Report and we are coming back to them. One of the areas we are very interested in is the BBC World Service and obviously its intention to launch an Arabic-language television service and we thought, with your collective experience, you may be able to help us in this particular area. Obviously we are talking essentially about the BBC and policy as far as that is concerned. Could I start perhaps with you, Mr Richardson; in a sense, we have been here before, have we not? You had your own Arabic Television News in the 1990s. Tell us about that and why it failed?

Mr Richardson: I was involved in it from the beginning. I started it up as the Project Manager along with the engineering people and then ran it and then closed it down. It is difficult to know exactly why it went wrong but, from my point of view, it was because there were irreconcilable differences over editorial issues with Saudi and with Orbit, which is owned by the Saudis, and it went from bad to terrible and eventually they just closed us down without warning.

Q925 Chairman: When you say “they” closed you down, who closed you down?

Mr Richardson: Orbit.

Q926 Chairman: Just explain to us the Orbit connection, how that actually came about; this was not strictly BBC going out there by itself?

Mr Richardson: No. It was a satellite cluster, I think was then the vogue phrase, with all sorts of different channels and one of the channels that they were promoting the most was the BBC channel and it was a commercial arrangement between Orbit and BBC Worldwide. I was removed from that, in a sense, because I was looking after the editorial side, the

newsroom, and that sort of thing, but not the financial side, so it was a commercial operation.

Q927 Chairman: On the editorial side, did you have total independence?

Mr Richardson: Yes.

Q928 Chairman: What about total resource, how many resources did you have?

Mr Richardson: For what we did it was quite reasonable. We were independent but we had a tremendous amount of interference and it just went on and on and on.

Q929 Chairman: Just explain to us, how did that interference come about?

Mr Richardson: In theory, what was supposed to happen was that all editorial issues that were in dispute should have been dealt with between Orbit's management and BBC Worldwide and they were to act as the buffer between Orbit and the newsroom. To an extent that did work but it was not long before we really started to feel the heat. I think the first real clash we had was when we broadcast a programme in which we spoke about King Fahd's illness and speculated about the succession and word was passed down to me that we were very lucky we were not taken off air because we had broken a very serious taboo, in that we had suggested the King might die and it was very improper that we should have discussed who might succeed him.

Q930 Chairman: Looking at the position now, what would you say if you were starting a new service in 2005–06, would there be the same restraints, would you get into the same problems? As you know, the BBC are starting their service; given your experience in the nineties, tell us what you think are the prospects for that service?

Mr Richardson: For its editorial independence it will be much easier. They will still come under pressure but that is the way of the world. The difference this

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time is that there will be no financial interest. You will not have someone ringing up and saying, "Look, if you do that again we're just going to have to pull the plug on you," and in that sense they will have a great deal more editorial freedom.

Q931 Baroness Bonham-Carter of Yarnbury: Do you think the BBC understand fully how difficult it is to run a TV channel, they have got experience, obviously, of running radio channels in this part of the world, but how difficult it is to run a TV channel in the areas they now want to cover?

Mr Richardson: I am not sure they understand, or that everyone understands, how difficult it is to run a foreign-language channel and I have already gone into print saying that I have great reservations about this new project, because I think it is seriously underfunded. Without me getting too technical, my experience is that you cannot compare an English television rolling news channel, an international one, like BBC World, with BBC Arabic, because it is about at least a third more expensive because of all the translation that is involved. Most world material that comes in for a news channel is in English and therefore it has to be translated. If I may give you just one example, we used to run *Panorama*, which got us into serious trouble by running it, but we could not put out *Panorama* under two days after it went out on BBC One or BBC Two simply because of all the translation involved, the checking of the translation, the revoicing, the production, that is everything. In a sense, I am not sure that everyone does understand how difficult it is.

Q932 Lord King of Bridgwater: I thought another criticism of concern which led to the closure of the service was that it was a London-based service with Arabic speakers who were not actually really identified with the region. Is it your understanding that the new service is going to be the same; (a) is that a correct criticism the first time round and (b) will it be different next time, do you think?

Mr Richardson: I do not think it is a correct criticism because it is not something that I ever heard about. We are accused of many things, like being a petrodollar channel, because of the Saudi connection, but, in a sense, being removed to London, the news was coming out from an area where there were not any obvious conflicts. If it had come from Egypt, for instance, everyone would have said, "No, it's the Egyptian point of view." If it had come from Saudi Arabia, the same sort of criticism would have been made. I think the BBC had such a good reputation that some of the early reservations were swept away.

Q933 Lord King of Bridgwater: You see it being BBC correspondents who are in the region now, who are broadcasting in English, being translated into Arabic and repeated back in Arabic?

Mr Richardson: That will be the case, I assume, but I am sure they will be trying to set up their own network of correspondents speaking Arabic, but it is very expensive and that is where I differ with people about the cost of this project.

Q934 Lord Armstrong of Ilminster: You said that the arrangement in which you were involved always had the financial clout, you could pull the plug if you did not like something; that will not be true of the new BBC service. If the authorities were to dislike what the BBC new service was putting out, would they have sanctions which they could apply to it, to try to censor it, as it were?

Mr Richardson: I am no expert on that. They can always apply sanctions of some sort but certainly they would not be able to switch us off, like Orbit did. It varies from country to country. The Chinese have been quite effective at keeping a lot of the BBC's coverage away from the populous.

Q935 Baroness Gibson of Market Rasen: Following on this topic, Nigel Chapman has said, in a speech that he made in October, that "We" that is the BBC "... must have a strong presence in the Middle East itself." From what you are saying, do you think that it will be difficult for the BBC (a) to recruit high-quality Arabic-speaking staff and (b) that actually they will be from the region itself? Do you think that will create a difficulty for the BBC, bearing in mind the amount of money that they are putting forward?

Mr Richardson: I have wondered about that myself and I have asked a few people, with whom I was connected the previous time round, what their reaction would be to coming back to London to work for the BBC. There was a tremendous amount of damage done to the BBC's reputation among journalists and broadcasters because they regarded the BBC as a kind of god and they could not believe it when a great many of them had moved over here and suddenly found that they were out of a job at an hour's notice, almost. While the BBC did make some reasonable settlement deals, there was that damage. Since then, of course, you have got Al-Jazeera, you have got Al-Arabiya, you have got Dubai Television, it is everywhere. Honestly, I do not know whether the BBC is still going to be an attraction, although I would imagine that Al-Jazeera will not take lightly to a great number of defections, and there might well be a salary competition.

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Q936 Chairman: You are assuming that this operation is going to be headquartered in London, are you?

Mr Richardson: I believe it is, yes, with bureaux abroad, but I do not know how many bureaux.

Q937 Chairman: Thank you, Mr Richardson. Can we move on perhaps to Al-Jazeera. Could you tell us first the history; how did Al-Jazeera come to be formed?

Mr Souag: Al-Jazeera started in 1996, exactly around the time when BBC Arabic Television was closing down, and found it really very useful to get all the expertise that the BBC had prepared. Actually, even before the BBC Television was planning to close down, Al-Jazeera was trying to hunt for good heads from the BBC, and some people were talking about moving to this new channel in Qatar. A lot of people were wondering why you would move to Arabic Television in a place like Qatar and The Gulf, where there was no freedom of expression, there was no tradition of providing serious television coverage, etc. I was with the BBC, Ian was my boss and I am very glad to be with him today. We were told that this was going to be actually a different kind of television, that the Government of Qatar was going to sponsor the station, at least for several years until the station could get its own money, but with no interference, with complete independence. That was because, even before the station was created, the Government had started liberating the media a little bit. They cancelled the Ministry of Information, for example, which used to censor everything there. They started some kind of liberation of the media. When the BBC closed down, of course, everybody was looking for a job. Some of us went to Qatar and to Doha to work for Vizier, some of us went to other places, including NBC, which used to be here in London, the Arabic television channel that was here in London, it was quite famous and had a good reputation in the Middle East, at least, not necessarily for the same kinds of reasons but still it had quite a good audience.

Q938 Chairman: Just to cut through a bit, would you say that actually the closure of the BBC service was instrumental in Al-Jazeera forming, or it was just a vast help?

Mr Souag: I think I would say it was a big help, because Al-Jazeera was already planned and was founded actually before the BBC closed down, but certainly without the staff that left the BBC for Al-Jazeera I do not think Al-Jazeera would have been the same success that it is now and I do not think the people who created Al-Jazeera were expecting it to be what it is now.

Q939 Chairman: When Al-Jazeera took some of the staff from the BBC did it also take the values of the BBC, in the sense of objective and balanced reporting? Is that the aim of your channel?

Mr Souag: I think that is exactly the aim of our channel and that is what we found in the code of honour for Al-Jazeera, all the principles on which the BBC and some other media institutions work.

Q940 Chairman: You model yourself on the BBC, do you think?

Mr Souag: I think so. From my own experience in the BBC, we had the independence that we were hoping for, as Arab journalists, we were looking for the freedom really to do the job that, as professionals, we like to do, we found it there. My experience with Al-Jazeera, which is about four years, I did not start with Al-Jazeera from the beginning, is there is practically more freedom and independence than the BBC itself.

Q941 Chairman: You do not regard yourself as an instrument of propaganda?

Mr Souag: Absolutely not; actually it is exactly the opposite.

Q942 Chairman: Why do so many people disagree with you and feel so strongly about Al-Jazeera, including the President of the United States, we gather?

Mr Souag: I hope he only disagrees and it stops there and does not go beyond that. The point is that up till 2001 and even the beginning of 2002 Al-Jazeera was hailed as a beacon of freedom of speech, of promoting freedom of the media and democracy and all these things in the Middle East by the Americans. It was mentioned even in some official speeches, here in England, in the West, in general. The people we had a problem with were not the western governments or the western media, whatever, we had problems with Middle Eastern governments, with the Saudis, the Egyptians, the Tunisians, etc., our offices were closed and some places would not allow Al-Jazeera to operate.

Q943 Chairman: Rather like Mr Richardson, in a different way?

Mr Souag: Yes, exactly, in a different way. We had almost the same kinds of pressures, but Al-Jazeera could support itself financially if the Saudis, for example, did not prevent all the companies that have any connection to the Saudis advertising on Al-Jazeera. We have big millions and millions of possible sources cut from us just because of that. The problem was with the Middle Eastern governments and that is because of the freedom that Al-Jazeera provided as a platform for political

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discussion, with the opposition as well as government people. After what happened on 9/11 in particular, then in Afghanistan and Iraq, etc., Al-Jazeera continued the same line, there has been no change whatsoever, in its editorial stance, they were still reporting the same thing: facts. Unfortunately, the Americans, and maybe some other western governments, did not like that, they wanted things to be hidden and Al-Jazeera was not going to obey that kind of line, and therefore we got into this problem. When you hear the President of the United States or the Secretary of Defense, or whatever, saying that Al-Jazeera is provocative, is this and that, of course a lot of people follow the same model without even understanding what is going on in Al-Jazeera, without even watching Al-Jazeera.

Q944 Chairman: Do you not have an editorial policy of any kind on, say, the coverage of Iraq?

Mr Souag: We have an editorial policy. I am sure that it is the same editorial policy that you will find in the BBC, or whatever. I think we are a little bit more independent than the BBC. Personally, I have noticed lately, in the last year or so, that the BBC is not reporting everything that should be reported. Al-Jazeera, for example, was reporting from Fallujah when it was being bombed by the Americans, and it happened that our reporter was inside and we were reporting from the inside and the Americans were very angry specifically about that particular thing. Most of the BBC people cannot actually go out and report, I understand, it is a very difficult situation, or if you go out and you go with the military, or guarded, embedded, you are not going to report really what is going on, you are going to be one-sided, in one way or another. I am not saying that the BBC does not want to report what is going on there, it is just that there are limitations. I think Al-Jazeera was doing a better job and that is the reason why Al-Jazeera's offices were closed in Iraq and for about a year and a half, or so, we were not allowed to work in Iraq.

Q945 Lord King of Bridgwater: Are any of your bureaus closed at the moment?

Mr Souag: Many are not open. In Iraq we have the office open again but very limited. In northern Iraq, for example, in the area of Kurdistan, our offices were never closed, so it was a question of covering the war, not covering Iraq, because in that area it was fine with them. We do not have an office in Algeria, for example. We had an office and it was closed because of just one programme which criticised some of the ongoing policies there. In Tunisia we are trying to establish a correspondent. We had one reporting sports only, no politics. In many other places, in Saudi Arabia, we do not have

one. In Kuwait, lately, we were allowed to open an office and in Bahrain just in the last six months, or so.

Q946 Lord King of Bridgwater: Have Saudi decided a position?

Mr Souag: No opening, not even for El Hajj pilgrimage, we were not allowed to go there to cover that.

Q947 Lord King of Bridgwater: Would you expect the BBC, if you think you are following an independent and objective reporting policy, will suffer the same problem?

Mr Souag: It depends. If the BBC was going to be as bold as Al-Jazeera in dealing with the issues that are there and the problems that are there, probably the Saudis would take some kind of action. I do not know how severe an action they would take. They might deal with a British institution in a different way than with a Qatari institution. There is competition there. Qatar is a small country beside this huge country, there are the politics beyond just the media that would be taken into consideration by Saudi Arabia.

Q948 Lord King of Bridgwater: The difficulty of having an objective, I am not quite sure what your footprint is but Arab worldwide coverage is pretty real and yours is only very partial coverage, is that right?

Mr Souag: I think it is, yes.

Q949 Lord King of Bridgwater: You would not accept propaganda from governments, at Al-Jazeera, would you, if they put out propaganda material?

Mr Souag: No. We have people probably who do some propaganda but these are our guests. They can do and they do propaganda but there are always people to respond to them. In Al-Jazeera we have the opinion and the other opinion and we try to bring more than one opinion.

Q950 Lord King of Bridgwater: Obviously, it is very fresh in people's minds, because you have accepted terrorist propaganda, yesterday, in publishing the pictures of the kidnap victims taken by terrorists. Also you said you sell footage to other companies. That has now been broadcast by other broadcasters. Do you sell that footage to other broadcasters?

Mr Souag: There are two different issues here. We have footage that can be seen in another television station. If you find a buyer you can sell it. When it comes to what you call this terrorist propaganda it is a different story. Most of this so-called terrorist

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propaganda does not come only to Al-Jazeera. Al-Jazeera put it on because we think that people have the right to know and to see what these people are as they are. I think people are intelligent enough to judge for themselves. If they see somebody holding a gun against a hostage, you are presenting that propaganda, you are giving them a platform, it is true, but people understand a different thing from what they are saying. They see what they are doing, the violence that they are doing, so I think people are intelligent enough to understand. Our interference, I believe, does harm the information that we strive to bring to the people.

Q951 Chairman: You do not think you are doing the terrorists' work by showing this?

Mr Souag: No. Actually, we think we are doing exactly the opposite. By presenting them, you are giving people the chance to see what is going on, what these people do and to judge for themselves and they think they are wise enough and intelligent enough to do that. We do not have to judge for them.

Q952 Lord King of Bridgwater: Why do you think the terrorists give you the tapes?

Mr Souag: They do not give the tapes only to us, they give other stations tapes.

Q953 Lord King of Bridgwater: It does not matter how many stations they give them to, why do you think they give them to you? Do you think they give them to you because they want people to have an objective view of what is going on, or they have a message that they want to convey which they think is effective?

Mr Souag: I do not know what the reason is. Again, if we go back to the beginning of this whole issue of broadcasting tapes from terrorists, we know that CNN and other stations broadcast bin Laden before we did. There were instances in which we felt that parts, at least, of their tapes perhaps were not suitable because maybe they were trying to say something and we tried not to broadcast it, but later on we found out that CNN was broadcasting it over there in America, in more than one case.

Q954 Lord Kalms: Is it possible, do you think, for a broadcaster in the Middle East to give an unbiased, balanced view of the Israeli/Palestinian problem? Do you have an office in Israel, or Jerusalem, and can any organisation, because it is not your organisation we are concerned about, it is the BBC, give a balanced reportage of the conflict?

Mr Souag: I think, in every situation like the Palestinian/Israeli issue, it would be very difficult to find anybody who would be completely neutral. We

are human beings, we have our feelings and everybody has to bring in some of these feelings, regardless of how objective you want to be. However, as a television channel that strives to bring an objective picture of what is going on, we do something different, actually we do what the BBC does, we bring more than one party to talk about the issue. For the first time, clearly after the BBC Arabic Television, an Arab television station brings Israelis to speak, to be interviewed directly on Al-Jazeera. When we brought these people, everybody said that Al-Jazeera was created by Mossad, by the CIA, etc., because we brought in these people directly. We were talking about the propaganda, talking about bringing bin Laden, or other people, Saddam Hussein, or whoever, in the old days; at the same time we bring George Bush 10 times more than we do other people. George Bush has been on Al-Jazeera for full-length speeches for hundreds and hundreds of hours, because that is what we do. We try to bring to the people what is going on, translated instantly, more than in CNN, by the way.

Lord Maxton: That is the equivalent of putting the terrorists on.

Q955 Lord Kalms: Do you have an office in Israel; do you have representation in Israel?

Mr Souag: Yes, we have, in Jerusalem, in Romallah, in Gaza, and we have four or five offices there and they work with the Israelis.

Q956 Lord Kalms: With no restrictions?

Mr Souag: There have been some restrictions by the Israelis on the movement of our reporters now and then. Quite often our reporters were seriously harassed or frightened or threatened. At one time, one of our reporters was told by an Israeli soldier "If you don't move away I will make you urgent news on Al-Jazeera, because that's what we do, urgent news, you know, that means we will kill you." It happened more than one time, but still, more or less, they can move and they can report as much as can be done in that kind of very fragile situation.

Q957 Chairman: Mr Chebarro, you have been sitting there very patiently for the last half-hour and we are going to bring you in at this particular point. Before we leave Al-Jazeera, could I ask just one factual question, what are your audience figures, how do you estimate that?

Mr Souag: I do not take seriously statistics from the Middle East, to tell you the truth, that is why I do not want you to take them seriously, but the figures that are usually stated are between 50 million and

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75 million, most people stick with about 50, 55 million.

Q958 Lord Kalms: For which countries?

Mr Souag: The Middle East, in the Arab areas, North Africa and even in the West, the Arabs, the people who can actually understand Arabic and watch Al-Jazeera.

Q959 Lord Maxton: You did mention briefly that in one country you were allowed to show only sport, is that right? Does that mean you have got more than one channel; you have got several?

Mr Souag: Yes. Now we have Al-Jazeera News Channel, news and programmes, we have Al-Jazeera Sports 24 hours, we have Al-Jazeera Children and we are going to have Al-Jazeera English soon.

Q960 Lord Maxton: When you talk about your viewing figures, is it all of those?

Mr Souag: No, I am talking just about Al-Jazeera news and programmes.

Q961 Chairman: Let us move to Mr Chebarro. Mr Chebarro, would you tell us, first of all, in the same way as the other two witnesses have done, about the Middle East Broadcasting Centre and how that was formed?

Mr Chebarro: It emerged here in London in 1992. We started airing as the first independent satellite channel beaming free-to-air to the Middle East region. It was a variety channel, maybe tailored similar to BBC One, for example, or Two, some three or four news bulletins a day, a lot of emphasis on news because the Arab world likes news, so the research, if we trust it, had shown. That was in 1992. It was a response to the fact that until that time government was the only vehicle of information. Then we were broadcasting out of London, free of Information Ministry's control, here in London, yet you are not totally free of controls if you are broadcasting in Arabic and to 22 Arabic-speaking countries and reporting from the Middle East region. Whoever does news is not totally objective nor totally balanced and not always managing to reach and seek and give the truth plainly and objectively. MBC in 1994, at the beginning of the floating by the other plan of a BBC Arabic Channel, through Orbit, started to do a feasibility study about the possibility of a 24-hour news channel. At that time market research, again, showed that there was no need for such a channel. They moved on, they kept the service as a single channel with news emphasis until the BBC came up and then left the market briefly afterwards and then Al-Jazeera started to gain audience, and not until February

2003 did our group see the necessity of launching an Arabic 24-hour news channel, called Al-Arabiya, the Arab One. Again, ethos, we can speak about the opinion and other opinion of Al-Jazeera, we have truth, courage and objectivity, basically, as our ethos. In a brief period of time, again, working in the Arab states, as both my colleagues know, is very difficult, we established a presence in approximately all 22 Arab states, apart from one, which is Qatar. Behind my group there is some Saudi money, funding, i.e. it is a business group.

Q962 Chairman: A private group?

Mr Chebarro: A private group, yes. We have a business which has some revenue from advertising. We do not have an office in Qatar. At some point in time our offices even there have been closed or were subject to certain attacks.

Q963 Chairman: Like where?

Mr Chebarro: In Iraq, for example, in September 2004 we got bombed. We have lost five reporters so far in Iraq, some by American 'friendly' fire, or unfriendly fire, and some others by insurgent car bombs, assassination attempt and abduction. One of our colleagues is still in American custody with no chance of getting a lawyer to him. Another one is undergoing spinal injury rehabilitation in a Buckinghamshire hospital. All part and parcel of doing and trying to do news in the Middle East or in a hot area like Iraq.

Q964 Chairman: In Iraq, you stand in the middle and you are fired at from both sides?

Mr Chebarro: We are fired at from both sides yet we still have a presence. We are still trying to work in Baghdad, around Baghdad and in other hot spots in Iraq as well as other parts of the world.

Q965 Chairman: Sometimes we forget how difficult it is to report, is it not, from Iraq and that area? You started this new service in 2003, we have just been told not to trust any figures, how do you estimate your audience figures?

Mr Chebarro: Again, we have commercial revenue of a certain level, we have, basically, commercial entities that are trying really to gauge the mood and understand what our viewership level is. They bore us with lots of graphs and stuff at various times of the day but, as my colleague said, it is anything between 30 million and 70, 80 million, depending on which part of the spectrum you are whether you believe them or not, but estimates say, observers say, that the viewership is split in the middle between us and Al-Jazeera at certain, various different hours of the day. We are seen widely in Iraq but maybe less widely in Saudi, and vice versa.

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Q966 Chairman: In two years you have managed to establish this figure?

Mr Chebarro: We benefited from the infrastructure of MBC, which was the Arabic independent channel, established in 1992, after Iraq's invasion of Kuwait. Therefore having a footprint was much easier than starting from zero.

Chairman: With all this background, can we now apply this knowledge and experience to the BBC.

Q967 Lord Holme of Cheltenham: I am very interested in what you said about the size of your audiences, and it invites the question is there room in the market, first of all, for a new BBC Arabic service and I would like to ask this question of all three of you? A supplementary to that is whether there is a market space for it, is there an editorial space for it and is there a set of values that the BBC represents which are needed, which are superior? We have already heard that perhaps Al-Jazeera thinks their independence and impartiality are superior to that of the BBC, nevertheless is there a space for the BBC in the market and in terms of an editorial need which is unmet particularly for independent news coverage? The third question is, in your personal opinion, as it can be only a personal opinion, what would be seen to be the reputation and strength and credibility of the BBC as an objective bringer of independent, balanced news and current affairs to the Middle East and the Arab world? I would be very interested in the reactions of all of you to that.

Mr Richardson: I suppose you might expect me to say this but the experience with World Service over 27 years was that the BBC did help a great deal in many areas by being a benchmark for quality journalism and for production values and I think that should not be underestimated. The first time round with Arabic Television, I am happy to admit that it was not all that brilliant to start with, it was a bit ragged around the edges, but it was better than anything else that was available, far, far better. I think, without BBC Arabic Television, television media across the Middle East would be very different today. I accept what Mostefa says, that there were already plans for Al-Jazeera towards the end of BBC Arabic Television but I have no doubt that if we had not set a standard which others wished to follow then it would be different.

Q968 Lord Holme of Cheltenham: Of course, that is history, and whether it is cause and effect, as you described, or whether it is just the development of competition, we do have now two substantial broadcasting presences, both of which represent that they have some of the values and editorial quality and standards of the BBC. Looking at it today, I would be interested in your opinion of

whether there is a market and editorial space for what is being suggested?

Mr Richardson: I think there is a market for a good quality product, and this is where we come back to the funding of it, because my view is that if it is not done well it should not be done at all. I do have in the back of my mind, with respect, that, Al-Jazeera and Al-Arabiya, their editorial independence is pretty fragile. It may appear to be strong but if the Emir of Qatar felt the need to change the editorial policy of it, it is his company at the moment and so I think, in that respect, it is a little fragile, whereas I would hope that the BBC's editorial independence is not.

Mr Souag: If I start where Ian ended, probably personally and I think the Al-Jazeera people, I was in Qatar when the news about the plan to start this BBC Arabic Television came out, people were actually quite welcoming, they want a station that might be good competition to start maybe to activate the media environment a little bit more, because everybody respects the BBC. Moreover, if there is BBC Arabic Television and the Emir decides to change the editorial stance, at least we will have a place to go to, to be a little bit blunt. We have no reason to believe that the Emir of Qatar would change his mind about Al-Jazeera and Al-Jazeera's editorial stance. There is every indication that probably we will get even more support from the Emir of Qatar, rather than less, in terms of what we are doing. Is there a need? I think the more we have of objective reporting, of good programmes, the better for the Arab countries to enhance the extent towards objective reporting, towards the freedom of expression, the freedom of the media, certainly. With different stations in the Middle East, let us say, for example, a lot of people in the Middle East would think Al-Jazeera, regardless of how objective it looked, "it must work for the Qatari's, it must do some propaganda for the Qatari's, even if you don't see it," they say there must be something there. The same thing would be said about Al-Arabiya, because it comes from different countries with some competition, with some problems in-between, but when it comes from the BBC, "At least, one thing, the British Government support it but it is still the BBC, we know they have standards." It might actually help to show that these are the right standards, that they are followed by Al-Jazeera or by Al-Arabiya because they are also followed by the BBC. I assume there is space for them. There is always a need for better reportage, for enhancing that kind of track.

Q969 Lord Holme of Cheltenham: Would the Arab person on the street think that, because it is the BBC and they have from radio some knowledge of and

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experience of the BBC, let alone the recent experiment, the BBC would represent independence, or would they think that this was a propaganda tool of the British Government whose policies from time to time are unpopular in the Arab world? Which would it be? Would they see the BBC the way we like to see it, as independent of Government, or would they see it as somehow an instrument of British Government propaganda?

Mr Souag: I would say yes for both. There are people who will see it this way and people who will see it that way, especially, for example, governments. If BBC Arabic Television would really respect its standards and be what the BBC should be then a lot of people would believe that this was real journalism, etc., but a lot of people would follow mostly the official propaganda against anything that they do not like, that "this is coming from the West so they are just working for the oil interests." However, if you will allow me, there is one point to make here. If the BBC is going to start this channel, it has to be sure that it is going to continue for a little while, that it will not stop within a year or two, or whatever, that is one thing; secondly, it is not going to back off when the pressures start. One of the reasons, in my opinion, that maybe the BBC Arabic Television stopped was not just that Orbit decided to close it but also I think the British Government could have said "This is too big and too important an institution at this point to close down and it's going to hurt the reputation of the BBC," because people would see it as a complete influence by Saudi Arabia or the Saudis on the BBC itself. They should have come in and given them money, at least for a little while, just to take that perception away and then they do whatever they want, because there is going to be a lot of pressure from business groups. In Saudi Arabia, if the Saudis were to say, "The BBC is reporting this way, I'm not going to give you the project, we are going to give it to the Americans or Germans," there might be some pressures there, and I understand at that time there was that kind of pressure. It was a time when the (Yemaneh ?) project was negotiated with the British Government and I think there was a lot of pressure in that respect. They have to be sure about this.

Mr Chebarro: I returned from the region a couple of days ago, and definitely the news that everybody was asking about in the professional field, i.e. the intellectuals, professional Arab journalists, was "When is this project going to be launched?" i.e. the BBC. For our station, it is just another welcome competitor, a respected channel, a respected entity getting into the media. We have to remember that there are lots of players in the Middle East, cross-regional, cross-country channels, there are in excess

of 50 channels, all on satellite, free-to-air, competing for the viewers, and the BBC definitely can stand apart, as far as competition is concerned, from the rest. Yet I think one sceptical point of view here, that you would hear in the Middle East, is "Why Arabic?" because, let us be frank, news is not an innocent product. As much as we would take the value of the BBC on board, it is still another, it depends how you can find a use, therefore the product will determine it. From the previous part, when Mr Richardson was talking about the standards and the ethos of the BBC in Arabic in the mid nineties, I do not know, the set standards of the BBC English were there. Did we reflect that in the Arabic service, how far was it reflected, this is another question. The television industry is a new industry in the Middle East and does not have the long experience and expertise of the national broadcasting companies such as the BBC, so there was pressure on funding and finding especially the human asset, of finding independent-minded reporters who are capable of reporting the story as it is. If it is translation, as in the first round of the BBC, in the mid nineties, i.e. the re-package of the BBC material translated into Arabic and voiced over by an Arabic-speaking journalist, that is one thing. Then putting a fully-fledged service from A to Z by bureaus in the region I think is a costly business and I wonder whether anybody is ready to foot the bill if it is going to stay without advertising and commercially competitive.

Q970 Lord King of Bridgwater: What is the image at the moment of the BBC? There is plenty of radio broadcasting here. The man in the Arab street, does he have a high respect for the BBC or does he not know much about it?

Mr Chebarro: Every household opens on the BBC World Service radio in Arabic first thing in the morning, or English if they are educated, as far as I remember, growing up in a house in the Middle East. Yet was it always seen as positive, it was a different source of information in the absence of multi sources of information in every state, whereby the information industry was controlled by the state. The situation has been different from the nineties onwards, there are different outlets, different sources of information and there were ups and downs in the perception as well of the BBC from the days of the Suez crisis and a lot of the information that was published then and after that. Today we would say that the Iraq expedition, or war, could also cloud this view, and we are talking about people's perception, it would cloud their perception, but overall the BBC has a good name whereby it is another source of information, respected and

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reputed and believed to be objective or closer to the truth.

Q971 Baroness Bonham-Carter of Yarnbury: You said that you, the professionals, are happy about the idea of this BBC television service. Is that true of the Arabic governments, would you say?

Mr Chebarro: I think that the governments, till now, are trying to swallow, or get used to, basically, the current information revolution that the area has witnessed. The professionals welcome the BBC and I think, the governments, in a global world they cannot say no to the BBC. The BBC is entering lots of houses anyway through the excellent service the World English Service provides. But, it is not reaching the masses. There is a sceptical question by these governments why now you want to repeat an experiment, like the Americans did a couple of years ago, Al-Hurra, the free one, basically to propagate freedom, democracy, and get the message right. For some reason they think Al-Jazeera, Al-Arabiya and other national TV stations are not getting the message right and they are airing lots of propaganda. Let us face it, there is a situation in the Arab world whereby what is cross-national news could be aired on a broad channel, there is the Palestinian question and there is the Iraqi question and these are where there is consensus about how to report and where to report and when to report them. With the BBC, I wonder what else could be brought in. It will bring in better production values and it will bring in better objective input. If it is not going to report from the region it is going to be seen as an element importing news from outside it. Al-Hurra is seen clearly as a vehicle of American hegemony within the intellectuals and the street switch it off, because I do not see it saying anything or adding any news value or information value. This will be the challenge. The BBC has an aim and it is risking a lot by going on with this.

Q972 Baroness Bonham-Carter of Yarnbury: I think what they say is that they want to bring the world as regional, maybe, in their news, as you both have been. You have both talked about having offices closed down and I think neither of you have offices in Saudi Arabia.

Mr Chebarro: We do have.

Q973 Baroness Bonham-Carter of Yarnbury: You do; I am sorry. Do both of you have full access to all the countries you broadcast to, from the point of view of the signal being reached, people being able to watch your programmes, whatever?

Mr Chebarro: Yes, absolutely. I believe that there is no restriction on the signal. Nobody could jam your signal, it is free-to-air and it has obviously catered for the tools and the machines of the state there.

Q974 Baroness Bonham-Carter of Yarnbury: The BBC will be able to reach everywhere it wishes to reach?

Mr Chebarro: I believe that. If they pick up all the relevant satellites which are picked up free to air there should not be a problem.

Q975 Lord Maxton: You buy satellite time, do you? How many satellites do you use?

Mr Souag: The technical part I really do not know, but I know that, for Al-Jazeera, for example, in Saudi Arabia we cannot open an office there, we cannot even send somebody to report from there.

Mr Chebarro: In Qatar, they revoked the nationality of our reporter in Qatar and kicked him out of the country as well. They took his passport and citizenship.

Mr Souag: It could be. I do not really know what happened.

Mr Chebarro: There is an information war in the region.

Q976 Lord Maxton: Could I ask also, however, which is quite important, because we are talking rather glibly about the people in the street across the Arab world, but presumably that is going to be neither the BBC's audience or, to some extent, your audience, if you are talking of 30 million, or 50 million even, out of the 250 million, it is still a relatively small part of the population and presumably it is the professional, middle-class audience that is watching both your services and will watch the BBC services. To what extent are you or the BBC likely to reach down to, if you like, the man on the street, the average person living in fairly poor conditions in parts of the Middle East?

Mr Souag: Talking about Al-Jazeera, I think actually a portion of our audience is from these poor people, because the only entertainment, practically, in the Middle East is television.

Mr Chebarro: It is cheap.

Mr Souag: Cheap, and people are very politicised, people are very aware, even the people who have never gone to school still can talk to you about the international issues with quite a lot of knowledge. Actually, this is another issue. I have noticed that from the beginning you have been concentrating on the BBC in the Middle East, how it works in the Middle East and reporting from the Middle East. A television channel of this kind is not going to be reporting only from the Middle East, the Middle East is just a small region. In Al-Jazeera, sometimes,

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if we have a one-hour bulletin, it might take half an hour in the Middle East because most of the explosive things are in the Middle East, but very often you might have 45 minutes of nothing about the Middle East, about the war, because this is an international channel, it is not a channel about Arab issues.

Q977 Chairman: To interrupt you, I am not sure that the vision of the BBC would be much different from what you are saying?

Mr Souag: Exactly, and the audience would look into not only what is reported about the Middle East or from the Middle East but also what is reported about the war then how it is reported. The BBC has to compete for its reputation with what it does.

Q978 Lord Maxton: The BBC, in order to get down to that audience, will have to spend quite a lot of money presumably on marketing as well as just on putting out the service, will they not? Will they not somehow have to get the message across that this service is now available?

Mr Richardson: I think the message will get across very quickly, apart from the radio side of it, certainly they will know about it. One of the things that Orbit was most concerned about was that once you start broadcasting in Arabic you do get to the people in the street. They are not worried so much about CNN or BBC World because that gets to the elite, and the elite are judged to be smart enough and wise enough to take this sort of information. When you get into Arabic and it gets right down into the slums or into just ordinary working-class areas that is what worries them and when Orbit started off they charged \$10,000 as a subscription, to make sure that it was an elite channel.

Q979 Chairman: Can we go back a moment to Mr Chebarro. I have got down here a quote of yours, and I think I quote it accurately: "People will look with cynicism to the new venture" that is of the BBC "if it takes off, especially given the British position as a strong ally to the US and the US and coalition military situation." There you are equating the BBC with the British Government, and is that the point that you are making?

Mr Chebarro: That was part of an interview and only a soundbite was taken out, as usual when one is under pressure of time.

Q980 Chairman: So the journalist bit on it?

Mr Chebarro: Exactly. I said in the same soundbite that it is a welcome addition to the range of information, yet when I was asked specifically how the viewers will see it, it is always a double-edged

sword, you do not know where it is going to fit, but there is, as my colleague Mostefa was saying, this high awareness, there is also high association. The public is aware of what is happening in Iraq and the public is aware that news gathering and news operation is not just an innocent operation of information. In some countries they call it fourth authority, in others they call it an objective tool and in others they call it a watchdog, basically. Yes, there will be especially I said that the American channel was seen as another extension of the policy of the US, whereby they say but they are losing in the information war, that the messages coming out of the Middle East are not taking on board hundreds of hours of speeches of President Bush on Al-Jazeera or even on Al-Arabiya, whereas they reckon that there is a problem of radicalisation within the Arab street that they need to address and reach out. So to speak, if the BBC enters the race for viewership, it could be seen as another propaganda tool. Traditionally, the BBC has always been seen as an independent, objective force, yet it is risking a reputation, but at various times of the history of information from the region it was maybe tarnished or put in question, so this is at stake today for the BBC.

Q981 Chairman: Therefore, will it depend upon the quality of the service that is provided?

Mr Chebarro: Basically, it is trying to reconcile 22 different Arab streets and 22 different viewerships available in 22 different countries of that region.

Q982 Lord Armstrong of Ilminster: I wonder if I could go back just for a moment to Mr Richardson's expectation that the provision of this BBC Arabic Television Service will be much more expensive than they are reckoning. I think we were told that it was expecting to cost £19 million a year for the 12-hour service which they will be projecting. Do you think that is a gross underestimate?

Mr Richardson: I think it is a pretty serious underestimate because I see, yesterday, was it, the Managing Director of Al-Jazeera talked about the hundred million dollars that go into Al-Jazeera Arabic each year, and I have been told, and I think probably it is pretty accurate, that a hundred million dollars is going into Al-Jazeera English, the channel which is being launched next month. I understand that Channel Four News, which is about 40 minutes of content five days a week, has got a budget of £20 million. It is a serious underfunding, in my view. Now that there is the competition with Al-Jazeera and Al-Arabiya and other channels coming along, it worries me.

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Q983 Lord Maxton: When they were here yesterday, the BBC told us that they intended to stream their new Arabic service on the internet service as well and also, more particularly probably, if you are talking about a bigger audience, onto the new mobile 'phones as well. Do you do that, or are you intending to do that as well, or do you see the BBC maybe as gaining an edge on you in that?

Mr Chebarro: I think we have internet streaming. You can tap into the address and you can see basically our broadcast up to the minute. There is what you call revenue, and this is all aimed maybe at revenue, I understand, from the mobile 'phone, which is up-to-the-minute information via mobile

'phone. That needs subscription and is another way of measuring who is tapping into your information and service. Yes, we are already giving to mobile telephones and I think Al-Jazeera does the same.

Mr Souag: Yes, the same thing.

Mr Chebarro: I think also the streaming on the net as well of the broadcast, so it is something which is already being done.

Chairman: I am immensely grateful. Actually we could go on for very much longer on this but, as you understand, we have another witness waiting. I think it has been totally fascinating and thank you very much for the way you have given your evidence. Thank you.

Examination of Witness

Witness: LORD TRIESMAN, a Member of the House, Parliamentary Under-Secretary of State, Foreign and Commonwealth Office, examined.

Q984 Chairman: Good morning, Lord Triesman. I am sorry we have kept you waiting a little. We had three witnesses beforehand and it took just a little bit longer than we thought. I think you know what we are about. We have produced our first Report and published that and that will be debated in about a week's time in the Lords. We were conscious of the fact that there were a number of areas which we did not have the time to do full justice to and one of these was BBC World Service, which obviously was a very important part. I wonder if I could start in this way. I note that, as part of the Spending Review 2004 settlement, the Foreign Office agreed to undertake a review on the effectiveness of public diplomacy work. Lord Carter of Coles was appointed to carry out that review. The review has not yet been published but it does seem that the role of BBC World Service fell within the remit of that review. Could you explain why you consider BBC World Service to be one of the Government's public diplomacy tools?

Lord Triesman: I think, if we are going to try to reach out into the world and convey a sense of what the United Kingdom is like, we need a number of ways of doing that and there are a limited number of options, apart from all the options in private society and business, and so on. The public options are the British Council, the World Service, because it has a presence pretty much everywhere in the world, and one or two other, very important institutions, including the Chevening scholarships and fellowships, which are important, which bring people into this country to get a sense of what we do. To make that successful, in my judgment, the services that we provide have to be seen in the rest of the world as being of first-rate quality and they have to be seen as having genuine independence.

They may be pulling in the same strategic direction but in the content of what they do they have to have a sense of real independence, because if they do not have that people do not trust them and it is critical that they are trusted. I think it helps convey what we do but it does it based on, in the case of the World Service, dealing with issues throughout the world, in news coverage and cultural coverage and other forms of coverage, in a very, very responsible and very objective way which people have come to respect, I think, probably above all other international broadcasting players.

Q985 Chairman: Really what you are saying is that any advantage that the BBC has in its programmes is an indirect one?

Lord Triesman: I think it is a mixture, Lord Fowler, of direct and indirect. It is indirect in the sense that it is reputational, and the reputational elements are built out of the overall quality of what it does everywhere, and that is probably quite hard to define because it is a process which takes place over very, very many years, no-one gets a reputation on day one, it has got to be achieved over a period of time. I think it is then a direct one in the sense that people can look at this as a British institution and say "Is this a country that is capable of dealing with very complex issues, in very difficult parts of the world, with real objectivity, with impartiality?" and the answer is yes. Does that say something of us as a nation and as a people? I think the answer to that is also yes.

Q986 Chairman: You think the independence of the BBC and the values that the BBC follows are a vast advantage, as far as the country is concerned?

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Lord Triesman: I think they are a huge asset and I compare them with other international broadcast media and I can see the difference between the two. The distinction that I would like to introduce, in response to that question, because of course it is the question at the heart of all of this, is that, I think, as Government, we have an absolute responsibility to stand well clear of the editorial independence of the BBC and the content of its programmes and its practice in programming. What the World Service and the other parts of public diplomacy need to do is face in a general strategic direction that is useful to the United Kingdom, because they are heavily dependent upon public finance and we have an interest for which we are answerable in Parliament, and should be.

Q987 Chairman: You would not wish, under any circumstances, to interfere with the BBC's independence?

Lord Triesman: Its editorial independence, no, I would not. If someone put the proposition to me that we should, I would fight that proposition very fiercely. Do I believe that we should try to have proper mechanisms to steer the strategy, that is the where rather than the what, if I can put it that way, and I do think we have a genuine interest in that and that is an interest that the taxpayers are entitled to see us exercise.

Q988 Chairman: When Mr Murdoch quoted Mr Blair telling him in a conversation that the BBC World Service coverage was "full of hate of America," gloating about our troubles, that is simply an expression of opinion that anyone might make?

Lord Triesman: Yes, and he does have robust opinions, I have noticed that, from time to time. I think it would be unfair to characterise the World Service in that way, but the World Service's decisions on editorial content are their decisions.

Q989 Chairman: Alastair Campbell, or whoever has taken his place, would not get on the 'phone to the World Service and say "This is the Prime Minister's view; you want to do something about this"?"

Lord Triesman: I am pretty confident that I can say no.

Q990 Lord Armstrong of Iminster: I just wonder if public diplomacy is the right way to describe this, because diplomacy implies kind of active work around the place and what you are describing is much more like a pervasive influence, that something about the British way or British objectivity is projected by the BBC World Service greatly to the advantage of Britain in its

international affairs but, in a sense, indirect, in terms of government-inspired diplomacy?

Lord Triesman: I was curious, when I was first appointed to the Foreign Office and found this in my brief, as to why the particular words had been chosen, because exactly those issues went through my mind. I have to admit, I have not been able to find better words. I suppose there is some justification in the content of the words, in that, in our discussions, the annual discussion in particular, with the BBC World Service, which Michael Grade attends, as Chair of the Governors, there is a good, strong discussion about where in the world it is useful to be. In that sense that is, of course, a political choice and I do not think it would be sensible to hide from the fact that it is a political choice. I believe that the BBC has reviewed the political choices made, the advice that it has given has been good, I think the Foreign Office has responded well to that advice and I think we have got the right outcomes. I must say, I hope we have got the right outcomes in a timely way, because some of these discussions seem to me to have taken so long that on occasions we are entitled to worry that we may be behind again.

Q991 Lord Holme of Cheltenham: We have just heard evidence from the competitors of the BBC in the Middle East, from Al-Arabiya and from Al-Jazeera, and on the whole a very fair-minded response to the prospect of the BBC entering an Arabic service. The point was made that the good reputation of the BBC for objectivity, impartiality, balance, part of the values, if you like, of the British way of doing things, which the FCO has an interest in, could be tainted by the policies of the British Government. Clearly the BBC are in no position to do anything about the policies of Her Majesty's Government, but I think the flip side of that is what clear assurances and protection can the FCO and the Government in general put in place, not just to viewers in the Middle East but to people in this country whose money is being spent on this, that the independence will be absolutely assured and that there will be no tinkering and no hanky-panky? The reason this is important is that it could affect the trust which you talked about just now as being the key characteristic of the reputation, both of the BBC and of Britain, if you like, a trustworthy organisation and a trustworthy country, that could affect it fatally. I think the bit that is difficult is this word 'strategic'. Strategic suggests geopolitical objectives being executed through public diplomacy rather than suggesting the rather more benign halo effect of a good image, British Council type work that you were also talking about. What have you got in mind to make sure, in terms of this new

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station being successful, that it is absolutely ring-fenced, because it is difficult enough in this country, with people biting the legs of the BBC, to retain impartiality, how much more difficult when there are these momentous issues in a very contested region? What are you going to do to make sure it is independent and is seen to be independent?

Lord Triesman: The first thing I think any government has to do is make its position clear and make that position clear on the record. I have done so myself a number of times. I have made it clear, as I have today, on the record that any attempt, or any suggestion that there should be an attempt, to interfere in the editorial independence of the BBC World Service, whether it is radio broadcasting or its websites or any of the new media or the new Arabic television station, which is a very important venture, if that is compromised in any way then the whole of the objective would be foiled. I am wholly on the record, as are other members of the Government, that there will be no interference in the editorial policies. Incidentally, I should add that when Lord Carter approaches these same questions, and I hope it will be reflected in the Report when it appears, those comments will be made in just as robust a way. I just say that again. Secondly, it is a very difficult enterprise launching television in a market which is already reasonably crowded and where there are other stations which have had a number of years and have got going; they are serious competition. I think, if the BBC were thought to be a vehicle for propaganda, rather than a vehicle for impartial coverage, they would have not only the difficult hill to climb in taking on competition in a crowded media market but they would have failure built in from the beginning. I do not think it would be in anybody's interest for there to be any taint of that kind at all, if they are to succeed in that competition. The final point I would make, very briefly, is this. Of course people sometimes say that there is public money going in, does that not mean, as it does in other countries, that the government which puts in that money exerts some sort of an influence; well, I think it is right that public money goes into the BBC, possibly people will always raise that question. The only answer to it is, day by day, content by content, can you analyse what they do and say it is genuinely independent, clearly independent, reflects impartiality in the programmes that are broadcast. If anybody, as it goes forward, has criticisms on those latter fronts then I think we have got to be able to deal with them very strongly. We will not interfere in its independence.

Q992 Lord King of Bridgwater: I think one of the problems you have got is that other governments do not believe you. I think I recall *'The Death of a*

Princess', that the Saudi Government found it inconceivable that the British Government could not actually organise the BBC and that was a programme which was funded by the licence fee-payer, and the Government had that defence, that they did not have any financial role. Here we have a situation in which you are funding it, you are funding the whole thing. Does it occur to you that, and certainly the message that came across from our other witnesses just now was, you are supporting the launch of a programme at a particularly sensitive time in the Middle East, when the British reputation in certain areas is extremely low and it would be seen to be, to quote Lord Holme, in the strategic interest of the British Government to get a better image for itself and its policy there? You are going in there, and with much more immediacy, via television, risking the reputation of the BBC, putting it in a much more controversial area, where people will not believe that it is independent of Government?

Lord Triesman: I think you are absolutely right. The fact is there will be some governments and some other media outputters who will never accept that the BBC conceivably can be wholly independent. On occasions I run into the foreign ministers of other countries who put it to me in terms that I should 'phone the BBC' or intervene with the BBC and stop them criticising President whoever, and I say it is nonsense, and I try to say it as diplomatically as I can, of course, this is not the way we work and nor is it conceivable. As to timing, I think it is a very important issue. Personally, I would have hoped that we could have got to the position where we had an Arabic-language T.V. service rather longer ago. It would have required other changes to take place rather earlier, which is why I made the point about making changes in a timely way, anticipating events, but I am glad it is now happening. I think that what people will find is, in practice, whatever criticisms there may be and the anxieties, that in a media environment in which there is a great deal of misrepresentation of this country and of events locally, where there is often a tolerance of terrorism in broadcasting, the BBC is impartial in all of those areas, that it tells a truthful story. I make that point because, whatever the timing of the start of it, and often we do not get to pick the times exactly as we might choose, it will then take time to establish a reputation. Reputation is not established, as we know, overnight, but I would rather start now and feel that we have established a reputation over the next few years than wait until we feel there is a more propitious time. I do not know when that more propitious time will arrive.

Q993 Baroness Gibson of Market Rasen: Can you explain to us how some of the grant in aid is set? Also, can you explain to us what the benefits are of the World Service for the UK taxpayer?

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Lord Triesman: Let me start with the benefits and then come on to how we fund those benefits. I think the benefits are that there is a first-class, international, high reputation broadcaster, as I have said, independent and known to be independent, even if there are squeamish people around in the rest of the world about whether it is, but where impartiality is the hallmark of what is broadcast. Also I think that, increasingly, because through digital radio you can hear broadcasts in this country, there is now a greater benefit, which could be greatly extended. I will just make the point, when I go home at night and turn on my radio the default station to which it goes is the World Service, which I find an extraordinarily valuable asset. I would like to feel that in many of the communities in, for example, the African diaspora there would be a lot more of that available to them than there is at the moment. I think it has got very, very high values outside and very high values inside the United Kingdom for taxpayers. The budget is set in an annual process. The process really goes ahead in blocks which correspond to the Comprehensive Spending Review periods so that there is some stability in overall funding but there is a review which goes ahead within that each year. For example, during the 2002 strategic decisions on spending there were decisions to increase the amount that was available by an extra £48 million, bringing it up to £239 million in this financial year, and in 2004 an extra £19 million to develop the new media services, these are web-delivered services and they deliver access in some of the ways which it is evident people are now more attracted to, or find easier to get hold of, and are very valuable assets as they are rolled out. There is a forward plan which gets adjusted as these new things come along. The consequence, just to put it in figures, for next year of the expenditure will be that there will be £246 million spent on the service next year. Part of this process involves a very thorough discussion in the annual scheme with the BBC and I have to say that the World Service comes forward with some electrifying proposals which will involve very much higher expenditure, and on occasions, valued as it is, we have to say we think that is going rather further than the taxpayer should allow.

Q994 Chairman: Could you let us have the figures on perhaps the spending over the last 10 years, as far as the World Service is concerned?

Lord Triesman: Certainly.

Chairman: I think that would be quite helpful.

Lord King of Bridgwater: I would like to raise a question about the cost of the particular funding of the Arabic service. We have just had evidence Al-Jazeera are launching an English service. They are raising, I think, \$100 million to fund it. The

unanimous view of the three witnesses we had before was that the funds available for launching this, which I think are £19 million, are woefully inadequate.

Chairman: I am sorry to interrupt. We are coming later to that.

Q995 Lord Peston: Could I still partly take us back to what Lord King started us off on a few minutes ago, about the whole enterprise here. To my knowledge, lots of Arab people believe that the BBC is strongly pro-Israel and is in the pockets of the Americans and is not to be trusted. Equally, many Jewish people believe, largely because of the history of the Foreign Office in this area, that the BBC is totally pro-Arab and traditionally so. I take the view that if the BBC has managed to offend both sides in this extreme way they must have got it exactly right, but, following what Lord King was trying, I think, to get you to say some more on, is this not a very dangerous area at this time for the BBC to decide to expand into? In other words, in terms of objectivity, in terms of what the BBC ought to be doing, is the probability of it all going wrong not so high that perhaps they ought to have stuck with the Czechs and the Slovaks, and all of that? Did you get involved in discussions exactly along those lines and do you have a view on that?

Lord Triesman: I do have a view. The first part of that view, I agree with you, is that if everybody is disgruntled we are probably roughly on the right route. There is no question about it, whoever you talk to thinks the choices have been wrong. My view is really this, if I can elaborate very slightly on the points I made to Lord King, I believe that we should have been more attentive to the development of the Arabic-speaking world some time ago. I do not think we have missed the boat but I think we were in real danger of having missed the boat, and that is why I think it is right to do it now, and if I thought if we did not do it now would it be slightly more favourable in a year's time, I have no reason to think that in a year's time, or two years' time, it would necessarily be any easier. I think that is just the hard, political reality of it. In those circumstances, if we are to try, not by propaganda but by honest coverage, to offset some of the more extreme propositions that are broadcast, every hour of every day, in the Arab-speaking world then we ought to get on with that. Will that be of greater value than trying to broadcast in the former Soviet bloc? In my judgment, yes, not because I think the former Soviet bloc is uninteresting but because we did the fundamental job that was needed there at the time that it was needed and it had the impact that was intended, about opening the window on what the world could be like rather than the shuttered-off world in which those countries lived.

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That proposed change reflects, I think, modern objectives and I think it is right to do it. As I have said, sorry to repeat the point, had we done it three years ago I suspect the competition with Al-Jazeera and others might have been slightly easier; now it is quite tough but, tough or not, it is right to do it.

Q996 Lord Kalms: I thought I would just pick up a point that Lord Peston made. The analogy between the fact that the BBC is seen often in this country as being prejudiced towards Israel, that is alright here because we are, in a sense, outside the conflict, but in the Middle East they are not outside the conflict, they are totally within the issue, and the fact is that the Arab-Israeli conflict is fundamental to all the Arab countries, they are, in effect, in total conflict with Israel. Is it possible, within those absolute dimensions, that the BBC can come in and somehow create a balance in the news that it gives? It would be a bit like saying that during the war the BBC ought to have represented Hitler's view; obviously, it could not, we had to see only the British view looking out. Now you are trying to put the BBC right in the centre of what is the major issue of the ideological battle between Palestine and Israel, and it seems to me that the BBC is going to get a bloody nose out of this. I cannot see the line it can take, it will naturally, inevitably, have to take the home side view, and that seems to me to be putting the BBC initially, or soon, at a disadvantage. Do you not see this as the great big danger of this whole concept, of moving into this area and taking a terrific reputation, which came out of every other witness, the terrific reputation of the BBC, and putting it on the line?

Lord Triesman: I think that the BBC has put its reputation, in that sense, on the line many times. It did it throughout the cold war. It was routinely described by the regimes in Eastern Europe and by the Soviet Union as being no more than a mouthpiece for the British Government and it was attacked roundly and, in many countries when they could, blocked as a broadcaster. It is blocked to this day in China because it is simply a mouthpiece, as they would put it, of the British Government, and the Chinese take great exception to broadcasting freely. I just make that point to you, Lord Kalms, because I anticipate also that there will be a good deal of hostility on this occasion and this is a steep hill to climb, genuinely I accept that. What I think we should learn from the history of it though is that the BBC's capacity to build a reputation over a period of time finally overcomes those gradients and I think it will on this occasion as well. It will be very, very hard. As Minister for Africa, as I go round Africa, I meet politicians in Africa who say "The BBC World Service only appears to support the Opposition," and I say "What they cover is a matter

for them," but, from what I have heard, that appears to me to be untrue, and I cannot follow all the languages that are used but from the ones I have heard in English that appears to me to be untrue. Gradually, over a period of time, you do find people who say, "Actually, I've got to accept there was coverage which seemed to be good and objective and reflects what you've said, what you've claimed for the BBC." It is very hard. Is it worth taking on something that hard; in my judgment, yes. Do I believe that the BBC will be able to step up to the plate and succeed despite it being that hard, yes, precisely because we have seen them do it.

Q997 Lord Kalms: What we have heard from several of the people this morning were the words 'high-risk strategy', that the BBC is now entering into an area of high-risk strategy. It seems to be a little bit that they are betting the company, one of the rules you make in business, you never bet the company on anything, you take serious, calculated decisions. In many ways we are betting the company, we are betting the BBC will come through this. If we get this wrong then our terrific reputation, which quite clearly has been established, is at risk, the words 'high-risk strategy' come very much to mind. I emphasise it to you.

Lord Triesman: The new service has got to succeed on a number of fronts. We talked about it reputationally and whether it will establish its credentials quickly enough and against pressure from others. It has also got to deal with this service financially. Broadcasting in the Arabic-speaking world has not been a secure financial project in the past, so there are big issues there. I think it is right to identify all of those issues. I do not believe it will fail because I think they will succeed in this and I think there is risk but I do not think it is an incalculable risk in that 'betting the company' mode. Even if it were not to succeed on either the reputational route, and it did not achieve the right sort of coverage and penetration into the markets in the Arabic-speaking world, or indeed if it failed financially, the BBC World Service would still be there across the globe and successful across the globe, so I do not think the company goes down, in that sense. I do not want to finish on that kind of negative note because, it is very interesting to me, all sorts of other providers in the Arabic-speaking world have told me that it would be a disastrous enterprise to embark on. When a major competitor tells me something is a disastrous route, you would never open an electronics shop in the high street, would you, if you listened to the competitors.

Chairman: I think, to be fair to our previous two witnesses, that was not quite the flavour of what they were giving to us.

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Q998 Baroness Bonham-Carter of Yarnbury: Sorry, just to press you on this point. The fact is that television is a very different medium from radio and has the ability to be much more provocative and, as we have heard, this particular service is being aimed at the working people, not at the elite, so it is not quite the cold war analogy, where I think it was more the governments, was it not, who were objecting to what was being broadcast? Just to go back on this point, are you not concerned that the BBC World Service television channel, in an area which is rife with sensitivity, might undermine both the reputation of the World Service itself and the role it plays representing Britain.

Lord Triesman: Just for clarity, I think that during the cold war period World Service broadcasting was aimed at all sorts of different strata. There was a very strong desire to get to the citizens of countries and open that window on what the rest of the world was like when others tried to keep it closed. In this case, it is true that the ambition is to get to what is called sometimes the Arab street; that is absolutely true, I think it is possible to do that. I think it will depend on some very astute programming that is likely to be appealing. I keep saying will sports be shown on it, but I am told that the cost of getting the rights is prohibitive. I can imagine all sorts of ways in which this can be more appealing to people if it has got the right spread, the right cultural mix, and so on. Will the Arab street start off even more sceptical than some of the Arab governments, I think there is a real chance of that. Wherever the BBC World Service has broadcast, I think over a period of time—I hate to use the words ‘ordinary people’ because somehow it conveys entirely not what I want to convey—it has reached those audiences and has finally become embedded in those audiences because of its reputation. I do think that you make a very strong point about the difference between television broadcasting and radio broadcasting. One of the points I have made consistently to the World Service in the discussions on this project is, are you 100 per cent sure you have got the people who can do television; you have got expertise coming out of everywhere in radio but have you got that expertise in T.V. They are confident they have, they are bringing in people who do look very estimable but I am going to keep asking that question myself, because I think if anybody relaxes on the assumption that you can do television in the same way that you do radio they will fail.

Q999 Lord Armstrong of Iminster: We were told, I think yesterday, that £19 million had been allocated for the development of this new BBC 12-hour service and I have two questions. First of all, I wondered whether you had talked to them at all

about the possibility of finding that extra £6 million so that it was turned into a 24-hour service; we gathered that was the extra premium that would have to be paid, as it were? The second point is the point that Lord King was beginning to touch on, are we sure that £19 million is going to be enough to finance this service? There was a reference to the fact that Al-Jazeera is putting something like \$100 million into the provision of an English service. You are going to have to pay for a great many extra people, some of them quite expensive people, in those countries. Would the Government be amenable to the thought that in order to make this successful the funding will have to be a great deal more than either £19 million or £25 million?

Lord Triesman: The BBC has put together what looks to be, in my judgment, a pretty robust business case. One of the things that is true about BBC World Service is that it does make use of synergies within the BBC and news-gathering, and so on, although of course it does need specialists in this area and they will be expensive. The synergies are probably a bit hard to cost in an organisation like the BBC, but nonetheless they are there and so I think that the plan looks reasonably sound. The difference with Al-Jazeera is that Al-Jazeera has decided to be a global broadcast station. It broadcasts 24 hours, it does it right throughout the world, not just in the Arabic-speaking countries. There is quite a high premium in doing that, as we know, with all of the big global broadcasters. That is a really tough business to get into, I think. That is why, in the case of the BBC World Service Arabic programming, we believe that it is right to start with the 12-hour programming and see how that looks. There is a very good, logistical reason for it. If you look at the time zones of the Arabic-speaking world, you can get, roughly speaking, 80 to 90 per cent of most of the hours that people are awake with a 12-hour service. It is a very narrow time zone band. Others may have made this point, my Lord Chairman, to you before, but it is a very significant factor. I think, in justifying a 24-hour service and any additional expenditure, whether it be £6 million or more, you would have to say, “Well, what do you really think audience penetration will be at three or four in the morning in the Arabic-speaking world with a television station?” I think that only solid research, showing that there is some serious value added by doing that, will be needed to convince people to go ahead.

Q1000 Lord Armstrong of Iminster: I can only comment that the Arabs in my part of London, which is near Bayswater, seem to stay up all night already. Could I ask, and you may not want to answer this question, whether the BBC actually asked for more than £19 million to do this job?

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Lord Triesman: They wanted a 24-hour service; they have that ambition. I must say, to their credit, when we talked about what may or may not be the pros and cons, and there was an open discussion of that, not a sense of giving them a direction but an open discussion of it, they came back with a business plan which, as you know, dealt with various of the language groups and how they were going to generate resources inside the BBC, which indicated that, whatever their long-term aspiration, their recommended position at the moment is the 12-hour and we agreed that was the right way to go. Incidentally, I ought to make this point, and I do not mean to go on too long about it, there are two features of this, and I do think there are two and they are distinct. The first is, of course, that there needs to be proper balancing finance in order to make this thing work, but secondly that it was worth doing in its own right, that as we analysed it out it was the right thing to do.

Chairman: Obviously, things have changed in Government. I have never heard of public spending negotiations being called an open discussion, up to now, in my experience. The Treasury at the end decides pretty firmly which way it is going to be, but we will leave that to one side.

Q1001 Lord King of Bridgwater: You said at the start this has got to be well done and it is one of the criteria for the BBC in doing it. With the increased competition there is going to be, it could well be that the BBC find it is rather harder to recruit competent, Arabic-speaking journalists if there is competition for them and that they cannot do it as well as they hoped within the budget that you have agreed. Have you got any ability to ensure that it is properly launched if they hit trouble? Will the alternative be to postpone it, or will the alternative be to give them more assistance?

Lord Triesman: I suppose I have not reached towards an alternative, Lord King, principally because, when the BBC have discussed the detail of this, one of the things they have felt very confident about was the quality of Arabic-speaking journalists, who of course principally will come from those countries, they have been really rather confident of that. I think it may well be that the burgeoning of the Arabic-speaking media has generated a very considerable number of competent journalists.

Q1002 Lord King of Bridgwater: What, currently unemployed?

Lord Triesman: Currently attractable to the BBC Arabic service. I must say that one thing which has to be said about the World Service is that, its world prestige, as such, there is a real desire, particularly among younger journalists who are very ambitious

and of very high quality, a real ambition to work for the BBC, it is one of the great prestige steps on anybody's CV.

Q1003 Lord King of Bridgwater: Tell us, because you have not told us this, which hours are the 12 hours?

Lord Triesman: I have not got those hours in front of me. Do you mean the British ones?

Q1004 Lord King of Bridgwater: You know that it covers 80 per cent of the listening time, so somebody must know the answer?

Lord Triesman: Indeed, and I will make sure, my Lord Chairman, that we provide that. I think it runs from something like six hours before GMT to six after.

Q1005 Lord King of Bridgwater: Continuous hours?

Lord Triesman: Yes.

Q1006 Baroness Howe of Idlicote: Mine is a very quick bit of future-gazing. There is clearly a disparity between views about how much this is going to cost to be really successful, but leave that to one side. In its early days, if it is up and going, it is going brilliantly and everybody is absolutely delighted with it on all fronts but it is costing more, what then?

Lord Triesman: That is a very tough question and I guess there would be a pretty tough negotiation and the Treasury—

Q1007 Chairman: Another open discussion.

Lord Triesman: The Treasury would engage in that open discussion, I think that is right. One of the things which I hope the BBC itself will continue to do, and arguably could have done a little earlier if they were realistic about it, is continue to review its output and ensure that it is using the resources that it has as effectively as it should. I am not, in that, hinting at other language closures, the plan we have got needs to bed down and we have got to be confident that it is working but, rather than encourage anybody's thinking, including the BBC, that the first recourse will be to go back and knock on the Chancellor's door, I think there is a key recourse, which is to make sure that, as they were, I believe, they are using all the resources they can, we have in that a sum just under £250 million next year, that they are using every penny of that wisely.

Q1008 Lord Maxton: To ask you a question on these costs, the BBC of course already employ presumably a fairly large number of Arabic-speaking journalists on their radio stations; certainly in BBC Scotland the journalists move between radio and television. When you looked at

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the costs of this, was that taken into account, that presumably some of these journalists would either move over or would be employed doing both parts of the service?

Lord Triesman: That was really my point in saying that there are synergies across the BBC and within the World Service. It is absolutely true, there are a significant number of Arabic-speaking journalists already in the BBC. I cannot say, I am not a broadcaster, I have never been asked to put together a programming system of that kind, whether all of those people are sufficiently telegenic, or whatever it takes, and they will have to make those kinds of professional judgments. They do start with a very, very good base resource and it is one which is a very flexible resource, that is quite true.

Q1009 Lord Maxton: Which, of course, an organisation like Al-Jazeera did not have and will not have, that sort of double pallium, if you like, in terms of journalists?

Lord Triesman: Interestingly, I think I am right in saying that it was BBC journalists, in a former attempt to get an Arabic-speaking service, who were largely the people recruited to be the journalists for Al-Jazeera, so I think Al-Jazeera benefited greatly from the BBC.

Q1010 Chairman: I think we have heard that. Can I just sum up, before bringing in Lord Holme. I think one of the concerns is, and you expressed it yourself, that we were behind going into the Arabic service. The BBC is now going to have the authority and finance to introduce a 12-hour service, not a 24-hour service. You may feel that basically this is too little, too late?

Lord Triesman: I do not think it is too little. As I have said, I think that is a proposition which will get tested in practice. My strong sense at the moment, having analysed the data that we had, is that the BBC were right finally to pitch at the 12 hours and the period that the Foreign Secretary was prepared to sign off. Is it too late, well, I think not. As I have said, I think that it would have been advantageous to have started this earlier. I think it has still got every prospect of working and I would not be an advocate if really I did not think that, because I have got no desire to see public money spent fruitlessly. I think it could work but I believe it will.

Q1011 Lord Holme of Cheltenham: I think one of the very sad things about this development is the fact that, in scraping together the pot of money to do it—and I share the scepticism of some other members of the Committee about whether in the end it will be enough, because this I think is a high-risk enterprise, and the characteristic of high-risk

enterprise is, in business, as Lord Kalms reminded us, not just they go wrong but they always end up costing more than you think they will, whether that is the case or not—we see the closure of some services which really have been extremely important in these countries. I happen to know the Czech situation very well and I think this will be a very great blow and I know that a number of leading Czechs already are very sad and worried that the Czech Service will be discontinued. I have to say, for some of the countries, I think it is a bit complacent to assume everything is fine now and the very need that existed originally has disappeared. I think there are real issues in a number of these countries about the nature of the democracy, the nature of civil society, the understanding of the sorts of values which the BBC represents, and those are very much valued by those who care about those issues, so it is a sad development I think. My concern would be that has been done in the worst possible way, “Oh, gosh, we’ve got to find the money somewhere so why don’t we close down some services and that will pay for it,” rather than being led by the real demands and the real needs of those countries for the sort of service that the BBC World Service offers. I would be really most grateful for your opinion, because when the BBC World Service made this review how far were people with sharp pencils in Government sitting over their shoulders saying, “Oh, you can cut that one”?

Lord Triesman: I suppose I have started from some rather different working assumptions, but let me explore them briefly with you. I think that probably there was a convincing argument for a number of years before the BBC did this review to discontinue some of the services. A number of the countries are countries which have joined the European Union recently, they are now well-established, solid democracies, a number of them are in our military alliance, in NATO as well, they are not thought to be at risk in a general sense and one of the characteristics of not being at risk is that they have flourishing media. I know at first hand, and I have seen it with a number of parliamentarians in our own House but also, of course, in the House of Commons, that it is very easy to publish articles with strongly-held opinions on almost any subject and the Czech media is as good an example of that as you could get, it is very open media now in which you can fight out ideas without restraint. I do not think that necessarily we will be adding in some of those countries a great deal of value, and the indications that the BBC took as evidence that we were not adding that much value were that the levels of penetration that they were then achieving were falling to very low levels indeed. In many cases, people were picking up BBC broadcasts in English, in any case, because, fortunately, many people in

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continental Europe make much more of an effort to learn our language than we make to learn theirs.

Q1012 Lord Holme of Cheltenham: That is probably true of the under-30s but not yet true universally in those societies?

Lord Triesman: No, not universally true, but I think that, nonetheless, when we get to these very low levels of penetration and these very changed media profiles in countries there is a different picture. It was perhaps the same decision that is coming round again that was taken about Germany and France in the past. I think it is a pity, in a way, because, of course, there was some very high-quality work and it was done by some very exceptional people, and everyone will feel regret at that, but I think that the regret could be nostalgia now rather than the realities of the contemporary position. I do think it was the right review with the right outcome and it was not to get the money. That review, I think, would have had to take place to enlarge the new media, just to do the work that was necessary to get these new forms of communication with people going, they would have had to think about whether they were using all the money wisely. In the development of new media, I think that is an area where the BBC did grasp the nettle actually, and pretty early, and they have been doing rather well.

Q1013 Lord Holme of Cheltenham: Would the BBC, with or without your advice, have discontinued those programmes had it not been necessary to find the money for this new Arabic service?

Lord Triesman: I really do believe they would, yes. I think they would have held the reviews that they intended to hold and I think they would have come to the same conclusion.

Q1014 Lord Holme of Cheltenham: The worry is, if the gloomy among us are right and the new Arabic service will end up costing significantly more than the present estimates, for competitive and other reasons, for establishing itself, will we see another tranche of countries brought into the column of "Oh, well, compared with the burning need of having an Arabic service, we can close those down as well"?

Lord Triesman: In discussions with the BBC they have said that they want the new pattern to bed in. I have said, on behalf of the Foreign Office in those meetings, that I think it is very important that we do not simply go through one change after another without everybody being able to make what we have moved to work. That is the approach we are taking, in partnership with the BBC. I think that if the Arabic-speaking service turns out to be very different we are going to have to think about the

whole thing. I do adhere to the point that it must be right for the BBC always to think about whether they can do other things and more efficiently, that would be true in any organisation. I could not say of any organisation they should not do that. I think if there are other big questions, well, they will have to be addressed, and the Comprehensive Spending Round is coming up and some of those polite discussions no doubt will take place.

Q1015 Lord Peston: Just as a preliminary, of course I agree entirely, since the individual taxpayer has to use their budget wisely then it follows that public sector institutions should be subject to exactly the same rules. That is not a problem, as I see it, quite the contrary. I should think that the more they are told they can do this and cannot do that really the more efficient these public institutions would be. The fact still remains that one other aspect of this matter is that Britain is a country which has to survive in a very tough, global economic world. As I look at the list of the countries that are before us, several of them, I bet, very definitely, the Czechs, without a shadow of a doubt, are going to be very successful economies in the European Union and I am pretty sure that the Slovaks, the Poles and the Hungarians are also very important markets, where we will be competing like mad, where it is vital that we succeed. My only worry then is has that kind of consideration really had the weight put behind it that it ought to have had? Really it is not for you at the Foreign Office to tell the BBC "You must not give up the Czechs," but it just needs airing, do you agree, that one has to think often of these wider issues where, to go back to your point, the image of our country will also help to sell our goods and services?

Lord Triesman: I have felt right from the start of my involvement in the exercise that the FCO did need to be clear about what it thought were strategic priorities. This is not to compel people but so that they understand our thinking that public diplomacy delivers the best possible results. You are absolutely right about the economies of some of these European countries, it is also true about some of the big economies in Latin America, and I think that the response to that has been quite a wise one. Firstly, we do anticipate being able to access through English language and that will have a continuing impact. Secondly, there are a lot of broadcast outlets which we have an involvement with, which are not BBC World Service but which we use, and we try to make sure that in view of, for example, economic work together, business opportunities are good, those are all there. Of course, the new media that I referred to a while ago are still going out as very important parts of that and in the business community, of course, that sort

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of worldwide web networking is tremendously important. All of that is still there. I would doubt that, if one looks at some of the levels of penetration, even in quite dynamic economies, let me choose Poland, 1.82 per cent of the available market, I doubt we were having the impact that, of course, you are quite right, we should want, and so, of course, we have got to find other means. There would not be any point in saying, "Well, we're not going to do that involvement and we're not going to do anything else;" we have got to find other means.

Q1016 Lord Armstrong of Iminster: This is a change of subject. In our first Report we recommended that the BBC as a whole should be subject to a regular set of 'value for money' reviews by the National Audit Office. That is something that the Government and the BBC have always resisted, for fear, they say, of compromising the independence of the BBC. Of course, the BBC World Service is already subject to such reviews. There seems to be a difference between licence fee-payers' money and taxpayers' money in this respect. I wonder if there are any fears that the National Audit Office's work with the BBC World Service risks compromising the independence of the World Service, of the BBC?

Lord Triesman: You are absolutely right, that the World Service does have, in the six agreed key principles, a requirement to go through an exercise on monitoring and I do not think that any monitoring, whether it is NAO monitoring, and I do not want to guess at what will be in Lord Carter's Report, if there is any notion of there being a general and heightened level of accountability for public money across the public diplomacy partners, I do not think any of those should compromise the independence of the BBC. What I do think the public are entitled to insist upon, that parliamentarians insist upon, is that if people say they are going to do particular things, that is their direction of travel and these are the milestones, they are entitled to insist that they know whether they are going along that direction of travel and whether they are passing the milestones. I think that is the least that the public should expect us to do. I think that we must do that, we must do it in a way which keeps at the forefront of what we are saying, "This is where we're going, we're not telling you what you should do in content, at any stage, in doing it." Those are the distinctions we maintain as our guiding principles.

Q1017 Chairman: Does the National Audit Office, in its inquiries, in any way compromise the neutrality of the BBC World Service?

Lord Triesman: No, I do not think any of these performance-measuring systems compromise that. I truly do not believe that they do and we must ensure that they do not.

Q1018 Chairman: You do not think therefore there is some sort of conflict between the view on the BBC World Service as far as the National Audit Office is concerned and the view on the BBC generally?

Lord Triesman: No, I do not, personally. We live in an environment, and I think it is good that we do, where people say, reasonably enough, "What is it you say you intend to do?" and then later say "Are you doing it?" I think that is a perfectly fair question to ask of us, as parliamentarians, or anything. The FCO has to be asked that. I do not think any of us are immune from it. I do not believe that the BBC could point realistically to a single occasion when such a question has compromised their editorial independence.

Q1019 Lord Maxton: Could I bring together perhaps two things you have said, one about the growth of the number of people who speak our language, or maybe it is the American language rather than ours, across not just Europe but the world, and of course the new media. Is not the sense that the World Service is not yet irrelevant but that it is being replaced for many people around the world by the BBC website, which gives, of course, a much bigger and broader view of the world than just the BBC's World Service can give and it gives an impression of Britain which is open, democratic, liberal and has a whole variety of different things going on?

Lord Triesman: I think the BBC's websites, of which, of course, there are quite a number, some of them highly specialist and many of them very intriguing, convey exactly the impression, Lord Maxton, that you describe and they have the added benefit that a number of them are interactive, you can get a discourse through them in a way you simply cannot by broadcasting outward. I think there are real advantages in all of that. It is also true that on the World Service, and at rather better broadcast quality than often you can get through the net, there is a huge range of cultural materials, of things which are deeply interesting and which rely on the specifics of the language that is used and of the music that is played, and so on. I use this just as an example. I listened to the World Service's material on the development of the jazz of Portuguese countries in Africa, maybe it is something that I am particularly keen on, but I could not imagine either anybody else doing it or it being done if you could not do it with a strong Portuguese element within it. I felt that it just demonstrated how a degree of specialisation mixed with a degree of real respect for the

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development of music, in this case, in a culture was again a great hallmark of a great broadcaster.

Q1020 Lord Maxton: I presume that is available on the website as well?

Lord Triesman: It is, and because I liked it so much I went back to the website, which you can recapture at another time of your choosing.

Q1021 Lord Maxton: You podcasted it, did you?

Lord Triesman: You could not quite hear the trombones and saxophones at the same quality; it just took the edge off it for me.

Q1022 Chairman: Just one final question, for information. Lord Carter's Report, which we have referred to a number of times, has been with the Foreign Office; for how long has it been with the Foreign Office now?

Lord Triesman: It is still with Lord Carter and I think he is still talking to the principal partners. I think I can say, hand on heart, that the decision about whether he has arrived at the final formulations is wholly in his hands and I just hope that we will see the Report soon. We have been waiting a good time and I know that he is keen to get it out.

Q1023 Chairman: Thank you very much. You have been very patient. We are very, very grateful for your replies and for the way you have handled the questions, and perhaps if we have got any other questions we could write to you and put them down on paper. There are one or two which have come up but we may have a few extra. Thank you very much indeed.

Lord Triesman: I will be delighted to do that and thank you all very much.

Chairman: Thank you.

Supplementary evidence from the Foreign and Commonwealth Office

You will recollect that when I met you and fellow Committee Members on 30 November to discuss the BBC World Service I undertook to let you have a note in response to two questions raised by Members.

The first question related to the grant-in-aid. I was asked what the funding levels had been over the last 10 years. I attach a chart that shows figures from 1995 onwards, broken down into operating costs and capital, with the total amount for each year in the final column. If the Committee would like the figures broken down in any other way, please let me know.

The second question related to the new BBC Arabic TV channel. I was asked what hours the service would broadcast. The transmission will be a continuous 12-hour service, covering peak evening viewing times cross four different time zones. Precise times will be decided closer to the launch date.

BBC World Service Grant-in-Aid figures

		<i>Operating Costs</i>	<i>Capital</i>	<i>Total</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>
	1995–96	144.5	24.5	169.0
	1996–97	144.8	19.6	164.4
	1997–98	145.7	15.9	161.6
	1998–99	145.6	16	161.6
CSR 98	1999–2000	150.6	25.5	176.1
CSR 98	2000–01	155.6	19	174.6
CSR 98	SR 2000 2001–02	165.6	17.7	183.3
	SR 2000 2002–03	170.9	30	200.9
SR 2002	SR 2000 2003–04	189.1	31	220.1
SR 2002	2004–05	194.1	31	225.1
SR 2002	SR 2004 2005–06	208.1	31	239.1
	SR 2004 2006–07	214.6	31	245.6
	SR 2004 2007–08	221.1	31	252.1

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TUESDAY 6 DECEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Gibson of Market Rasen, B Holme of Cheltenham, L Howe of Idlicote, B	King of Bridgwater, L Manchester, Bp Maxton, L O'Neill of Bengarve, B Peston, L
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Memorandum by B Sky B

THE BROADCASTING OF SPORT

INTRODUCTION

Sky notes the intention of the Committee to extend its inquiry into the BBC to cover a number of other matters. These include the BBC and sport. The Committee intends in particular to cover the following questions:

- Should the BBC have a duty to bid for certain sports events?
- Is the BBC too aggressive in the way it bids for sports rights?
- Should there be an independent review of the way the BBC bids for sports rights?

These are principally questions for the BBC, rights holders and for government, rather than for Sky. Sky wishes to contribute to the Committee's work by offering the following background information which the Committee may wish to bear in mind when investigating these issues.

SKY AND SPORT

Sky has been covering sport since 1989 and launched its first dedicated sports channel, Sky Sports, in 1991. We now have five dedicated sports channels, which in 2004 broadcast over 38,000 hours of sport.

Sky broadcasts a wide range of sports content on its channels, with football, cricket, rugby union, rugby league, golf and boxing being shown in greater depth than ever before. However, over 30 per cent of our sports programming in 2004 was devoted to sports from outside this group, including athletics, tennis, sailing, motorsport, and equestrianism. Over 100 different sports were featured on Sky in 2004.

Sky covers a variety of sports in depth and at a grass-roots level, rather than cherry-picking only the most prestigious fixtures. In the case of football, for example, this includes coverage at all levels: international, Premiership, European, Football League, non-league, women's football and youth.

Sky has maintained its outstanding track record of innovation in sports broadcasting and has developed and invested in many production technologies since it started broadcasting sport, many of which are unique to the relevant sport. In comparison with viewing in the past, sports broadcasting on Sky offers a much richer experience. For example, up to 30 different camera positions and 20 directional microphones can be used to cover a Barclays Premiership football match.

Sky covered 182 days of cricket in 2004. As well as being the first broadcaster to offer live coverage of England overseas, Sky has broadcast women's test matches, under-19 and under-15 internationals, the Cricket World Cup and the ICC Trophy, and Twenty20 cricket.

In cricket, we introduced innovations such as super slow motion replays, stump cameras and stump microphones in the early 1990s. This was followed in the mid-1990s with "Skyline" the first virtual LBW technology. In 2004 we introduced the super Ultra Motion camera. From 2000 we have offered coverage with interactive features which include different camera angles, highlights and statistics which considerably enhance viewer experience.

In 2006 we plan to launch an HD television service which will bring another dimension to the viewing of sport and transform the quality of pictures and sound. In addition, Sky is shortly to include content for the mobile phone and PC as an integral part of its monthly subscription for Sky Sports. The current England v Pakistan test series is also available free of charge to all Vodafone 3G customers as part of a launch promotion for Sky Mobile TV Service.

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Sky's achievement in sport has been recognised by other broadcasters. Peter Salmon, until recently BBC Director of Sport, has said: "Sky Sports raised the bar, and raised expectations, because of the breadth and depth of their sports coverage. They have driven everyone in the pursuit of excellence . . ."

TELEVISION VIEWING DATA

Sky has nearly 8 million subscribers, and 40 per cent of people aged between 15 and 25 have Sky. Among young people, a recent Guardian/ICM survey indicated that one in five of those who had access to satellite nominated Sky Sports as their favourite viewing.

There are about 45,000 non-domestic Sky subscribers, including leisure centres, sports clubs, pubs and clubs. These venues attract 5.3 million viewers for televised sport in the average week, according to Continental Research estimates.

The growth of multi-channel television has been rapid in recent years. According to BARB, 82 per cent of children (aged 4–15) now live in multi-channel homes, and 75 per cent of adults aged 16–34 are in the same category. In 2004 multi-channel viewing overtook both BBC1 and ITV1 for the first time with an aggregate 26.3 per cent share (BBC1's share was 24.7 per cent and ITV1's 22.8 per cent).

THE DEVELOPMENT OF SPORTS BROADCASTING

The impact of Sky in providing greater choice for sports viewers is clear from the broader development of sports broadcasting.

In 1989, there were only 2,200 hours of sport on terrestrial television. Since the launch of Sky Sports the availability of sport on terrestrial channels has more than doubled, with 5,747 hours being broadcast in 2004.

On the BBC, for example, football viewers are able to watch the FA Cup, the UEFA Cup, England home internationals, the FIFA World Cup and European Championships. In addition the BBC carries Six Nation's Rugby, Wimbledon, the Grand National, the Olympics, the Open and Masters Tournaments, and the World Darts Championship—over 40 sports in all. ITV carries live UEFA Champions League (shared with Sky), live World Cup and European Championship football (both shared with the BBC), Formula 1 motor-racing and boxing. C4 has a strong presence in horse-racing, including the Cheltenham Festival and three classics.

In 2004–05 the BBC increased its hours of televised sport on BBC1 and BBC2 by some 6 per cent (1,447 hours compared to 1,359 hours in 2003–04), figures which exclude the extensive coverage of the Olympics, Paralympics and the European Football Championships as well as sports news coverage on BBC News 24 (BBC Annual Reports and Accounts 2003–04 and 2004–05).

In total BBC1 and BBC2 offered 2,465 hours of sport in calendar year 2004. According to Peter Salmon in 2004, the BBC had "the best sports rights portfolio in modern times".

SPORTS RIGHTS

Sports broadcasting rights are now a significant part of the funding of many sports. In the case of cricket, for example, the England and Wales Cricket Board has stated that 80 per cent of the game's income derives from television revenues.

Sky believes that, unless there are overwhelming public interest reasons, both sport and the public are best served by the holders of sports rights having unrestricted freedom to market their rights as they think best. It is the governing bodies of individual sports that are best-placed to determine the right balance of income, exposure and coverage for their sports, rather than broadcasters or third parties.

In the UK, the principal restriction on the freedom to market sports rights is the listed events system, which ensures that certain universally available free-to-air television broadcasters (BBC1, BBC2, ITV1 and Channel Four/S4C) have a reasonable opportunity to acquire and televise live rights to certain events. In practice this means that such events will remain on free-to-air television and the value of those rights to the owner is sharply reduced, as there is less competition for the rights than otherwise.

Requiring any broadcaster to bid for certain sporting events, as suggested in the Committee's question about the BBC, would appear to be a substantial additional distortion of the market, presenting many practical difficulties of definition and implementation. It is not easy to see why any broadcaster should be compelled to bid for particular sports rights, as opposed to exercising its judgement as to what is in its commercial interests, or in the BBC's case, as to what is an appropriate use of the licence fee.

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Examination of Witnesses

Witnesses: MR MIKE DARCEY, Director of Strategy, MR VIC WAKELING, Head of Sports, and MR MARTIN LE JEUNE, BSB, examined.

Q1024 Chairman: Welcome. Thank you very much indeed for coming. I think you know really what we are about. As you know, we have done our first report and there were a number of areas which we were conscious that we did not have time to do justice to and we are now trying to wrap those up in this second session, which looks as though will also be in time, the way things are going, for the Government's Green Paper which seems to be going backwards at the moment. Thank you very much for your submission, the memorandum, which I thought was very interesting. I wondered whether just very briefly Mr Wakeling or Mr Darcey would like to talk about how you have developed sports coverage over the years, because you have obviously done so in a very major way, and why you have done it.

Mr Wakeling: If I go first on this one, Sky Sports itself was actually launched in 1991, but Sky was covering sport before then. The first thing we covered in fact, though I was not there, so I say "we", but I was not there at the time, but the first thing we covered in fact was the England cricket tour of the West Indies in the winter of 1989/90. At the same time, we were covering some, what we might call, "national league cricket" and some football which was from something called the "Zenith Data Systems Trophy", which does not exist now, that competition. When the merger with BSB came along of course, Sky then inherited some extra sports rights, FA Cup rights, England international rights, some golf rights and a few other things. Sky at the time of course had Eurosport and then decided to launch Sky Sports in April of 1991. Because of the interest that had been shown in the sport that we transmitted over those two years prior to Sky Sports being launched, and we launched in 1991, we had the FA Cup football, we had some overseas cricket, there was more interest in overseas cricket coming in, and then of course over the years as the interest has grown and as more sports have become available to us from home and abroad, we have launched Sky Sports 2, Sky Sports 3, Sky Sports Extra, Sky Sports News, the whole five-channel package and we run those as subscription services. We also do some pay-per-view sport, football, boxing, wrestling and in fact we have done pay-per-view darts, a one-off. I think it was a response to the interest from those early days, and the huge interest in the first overseas England tour to have been seen in this country live from the West Indies, perfect times of course. The cricket we have covered since then, and in fact we have covered 96 Test matches from home and abroad over the last 15 years, the football has developed, the hours have developed and we are now showing something like 38,000 hours of sport

per year. I think the output has gone up across other channels as well, by the way, over that same period because if you look pre-Sky to 1989, for example, there were on free-to-air TV, BBC, ITV and Channel 4 at the time 2,200 hours of sport and last year, 2004, across those three channels and Channel Five of course, there were 5,700 hours of sport. I think what has happened is that we have been part of a huge explosion of interest in the live sports broadcasting, we have played our part, but I think that the other broadcasters, BBC, ITV, 4 and Five, have all come in and they have shown a terrific amount of sport as well and I think there is a marvellous choice out there.

Q1025 Chairman: So you have not so much created demand, but you have responded to an inherent demand, you think, from the public?

Mr Wakeling: I think we have looked at the various sports as they are and, if you look at football, for example, we show football at all levels. We show international football, we show premiership football, football league, and every one of the 92 clubs which feature in the premiership and the three divisions of the football league have all been seen on Sky in the time we have been covering the game and, in addition, another 30 non-league clubs, we cover conference football and we cover the FA Cup from the first round. No one was interested in the FA Cup from the first round, but we established that there was an interest. We have covered schoolboy football, every Shield series which has been running for many years since the days of Stanley Matthews and Duncan Edwards and these types of people playing this competition. No one was interested in showing that. The under-21 internationals, no one was interested in showing those. The FA Youth Cup Final we show, and women's football. I think it is digging down and discovering that there is interest in the various sports at all levels, and it is the same with cricket, for example. We cover everything that happens in English cricket, whether it be the national cricket league, the Twenty20 Cup, the C&G Cup, under-19 cricket and women's cricket, and we cover them live because there is the interest at various levels of course.

Q1026 Chairman: And one impact upon you devoting these resources to sport has been that the other channels have also responded.

Mr Wakeling: Correct.

Q1027 Chairman: Have you rather sharpened up the game of the BBC as far as sport is concerned?

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Mr Mike Darcey, Mr Vic Wakeling and Mr Martin Le Jeune

Mr Wakeling: Well, I can only quote Peter Salmon, who was interviewed earlier this year, and he was Head of Sport at the BBC at the time and they have had four heads of sport and I am a veteran of the industry—

Q1028 Chairman: You have been there how long?

Mr Wakeling: I have been there for 12 years and the BBC have had four heads of sport. Peter Salmon actually said that Sky Sports, with the technical developments that we helped pioneer in a lot of the sports, that we had actually given the rest a kick up the backside. It was very generous of Peter and I know exactly what he means because every now and then of course, if you look at something somebody else is doing, you respond because I think that in this day and age, apart from delivering live sport which we started in 1989, and I keep going back to the West Indies, I think people are aware that the technical developments, whether it be Super Slo-mo, whether it be the extra camera positions, the instant replays, the extra soundbites that we put in for most big events, et cetera, I think the public is aware and they expect it from us.

Mr Darcey: I was just going to comment on your earlier question, did we create the demand or did we respond to it. I think our overall view would be that the demand was there, it was latent, and in some way when Sky arrived on the scene, there were three major broadcasters with four channels, and they had chosen for whatever reason not particularly to respond to that. We did and I think it is just a general example that competition is a good thing and it has brought forth a great deal more broadcast sport and a lot of innovation.

Q1029 Chairman: And this question of competition, you say in your evidence to the Committee that unless there are overwhelming public interest reasons, both sport and the public are best served by the holders of sports rights having unrestricted freedom to market their rights as they think best, and I think I would expect you to take that general view, but what I was interested in is “unless there are overwhelming public interest reasons”. What are those overwhelming public interest reasons which would prevent this market from operating?

Mr Darcey: Well, I guess really what we are talking about here is that the manifestation of this today is the listed events rules, that a degree of market intervention or a distortion in the market process that reflects a national view, I suppose, a governmental view that there are certain sports events which for some reason the country would prefer not to have the potential to fall into the hands of some broadcasters, that they should be made available to all on a free-to-air basis and that the construction of that is around events of national interest and that sort of thing.

Q1030 Chairman: We will come on to listed events, but in your heart of hearts do you really believe this or do you really think that it should be that all sports events should be open to competition and bidding?

Mr Darcey: I think that is what we believe, yes. Sorry, you say we will come back to the listed events as if to suggest that we might believe that there might be a set of events beyond the listed events.

Q1031 Chairman: No, I was going to ask Lord Holme to ask a question.

Mr Darcey: I think generally that is where we come from and I think that is the way Sky has grown up, and that is the culture of the company. That is genuinely what we believe, that competition and the market do a pretty good job and I think we are sceptical of the idea that something should be reserved and protected from competition. The listed events exist, we accept that—

Mr Wakeling: And we have built to where we are today without access to any of the listed events. We have always said that actually it is a matter for the sports bodies themselves, that if we make them an offer for whichever set of rights, we have to pay a premium of course, but they should have the freedom to decide in the interests of the finance they need and where they invest it, and in the interests of their sponsors, et cetera, they should be able to look at an offer from the BBC and an offer from Sky and decide for themselves.

Q1032 Lord Holme of Cheltenham: I would like to ask about the listed events and your attitude to the A list and the B list, but perhaps I could just follow the question of the Chairman's first. Would it be fair to say, and there is absolutely nothing wrong with this, it is the way markets work, that B Sky B have consciously used sport as a way of driving subscription? If you look back over the 12 years, at the front end there must have been quite a considerable investment on the part of the channel in sport to get the level and competence of coverage which you offer. Has that been a conscious commercial strategy which, given the tastes of the British public, would drive subscription, after all, you are a subscription channel, by offering attractive sporting events and, if so, how successful has it been? Is there any literature on this and is there something we could read? Has somebody written up the success, which is what it seems to be, of the commercial strategy?

Mr Wakeling: The only book that has been written on it is by Matthew Horsman, I think, *Sky High*, who wrote the history of Sky.

Mr Darcey: He was an investment banker at the time.

Mr Wakeling: Yes, indeed. Was it a conscious decision at the outset? Well, actually I was not there at the outset, I joined about 13/14 years ago and took

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over as the Head of Sports 12 years ago. Needless to say, if you go back to the interest that was created by that early investment in overseas cricket and then again when you start to look at the various sports, you can see there are other rights here which are not being exploited. Sky inherited the rights from BSB, for example, for the FA contract, I happened to join at around about that time, looked at the contract and said, "You've got the rights to under-21 football matches here and you are not exploiting them", this was to BSB, and they said, "Well, we don't think there's any interest", and I said, "Well, I think there is". Again you start to look at those opportunities and it builds steadily from there. Of course we are always remembered, I suppose, for the first premiership contract in 1992 which has been renewed, but again if you look back to the last season of the old football league and ITV's contract, where I think they did 18 live games from the old football league, there were five clubs in the first division in that time who had never been seen live on television. We went in, it was not our number of games, 60, that was the number of games that the Premier League put up in their tender document, but they talked to us in advance and we said, "We will show all clubs. You tell us the maximums and the minimums for each of these 22 clubs" at the time, and we did that and we were happy to do it. Again I think it is looking at the opportunities that were there which were not being used beforehand. If you look at racing, for example, the Grand National and the Derby are listed events, fair enough, but we have actually gone out and we have shown for a number of years now evening racing from various places around the country, Hexham, Towcester, we have moved around the country and shown those and they were never exploited in the past and there has been no interest since, although there are now two racing channels on the Sky platform where people can see more racing than they have ever done in the past.

Q1033 Lord Holme of Cheltenham: Well, I think both the depth and the width of the coverage is impressive, but the point I was trying to get at is how far that has been not, as was suggested earlier, responding to the demands of your subscribers, but using those popular sports, and, as I say, there is nothing wrong with it, and investing them ahead of the profile in order to build subscription, and I am really very curious whether that has been a commercially successful strategy and whether you now look at it and whether you are finding the law of diminishing returns, for instance, because it has clearly worked extremely well for Sky in the early days and for their predecessor. Have you reached some sort of plateau in that in terms of diminishing returns for the investment you are making, and I am

talking commercially, not about the benefit of the sporting enthusiasts sitting at home?

Mr Darcey: Well, I guess the first point I would like to make is that there was no grand plan back in 1989 or 1991 or at any point which I think anybody foresaw where this would end up, and it is tempting to sort of look back over 15 years and see how that all evolved and say, "Wasn't it clever". I do not think it really worked like that. I think the fundamental thing which was going on was that there was a four-channel world and suddenly there was a technology that was available to offer many, many more channels and the very nature of that technology says that suddenly you have a lot of capacity, a lot of opportunity to put lots of things on, so you run around and you look for things that are not being exploited where there might be some unmet demand, and there were many places to look for that. Sport is one obviously and it did do a good job for us, but it is far from the only one. Actually we were probably more known as a movies provider in the early years and we have offered a series of movie channels for a very long time and for many people that has been a very important part of the decision of subscription to Sky. Then the development that came after that was the explosion in choice in basic channels, general entertainment channels, documentary channels and so on. Nowadays, there are hundreds of such channels on the platform, some of them viewed more than others, but all of them have an audience of some kind, a group of people, however large, for whom they bring value. What has happened, I think, is that over the last 15 years perhaps the balance between those sets of channels has changed as regards what is important. Sport has played a major role. It is probably not as crucial today in acquiring the marginal subscriber as we are out there in the market today trying to hit eight million by the end of the year, but it is still important. When we ask subscribers, as we do every month, why they have decided to subscribe to Sky, the most common reason is simply the breadth of choice in the general sense. Sport is clearly mentioned by them, but more common nowadays is now the sheer breadth of choice.

Q1034 Lord King of Bridgwater: The evidence you have given here strikes me as very wrong really because you said unless there are overwhelming public interest reasons for the market to operate, and you do not think there are actually.

Mr Darcey: Well, I think that was an allusion to the fact that we are not a great believer in the public interest reasons which have been put forward, but they have been put forward and the Government has accepted them. The listed events—

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Q1035 Lord King of Bridgwater: But you do not believe it. It is contrary to your philosophy, which is fair enough.

Mr Darcey: I do not think we see much need for it. I guess the other point I would make is that increasingly they are looking a little out of place, I suppose. You could see the role they played at one stage and perhaps the logic is starting to break down, or it might do—

Q1036 Lord King of Bridgwater: Well, can I just ask this question: you are a very smart commercial organisation and you know exactly, from the surveys you have done which you have just referred to at the end, why people have decided to sign up to Sky, so, as to Lord Holme's question, you have got the answer to that question because what in the early days was the percentage of people who gave, as their reason for signing up to Sky, sport?

Mr Darcey: I do not know that surveys were being done in the early days. I can only tell you about the surveys which are being done now.

Q1037 Lord King of Bridgwater: With great respect, Mr Murdoch does not waste his money on fanciful dreams. He is an extremely shrewd man and if he decides to reinforce the investment in sport it is by knowing precisely what it would bring him in new subscribers, and you do this the whole time, do you not?

Mr Darcey: Well, I think we make estimates and we have to make commercial judgments. It would be nice to believe that you could do research and analysis and eliminate risk-taking and that sort of thing—

Q1038 Lord King of Bridgwater: So your evidence to this Committee is that you have invested in sport and continue to invest in sport without knowing why or what it is doing in terms of the expansion of—

Mr Darcey: I do not think so at all.

Q1039 Lord King of Bridgwater: Well, that is what you said. You obviously did surveys, it is known that you did surveys, so what was the percentage?

Mr Darcey: I do not know what the percentage is and I do not know that we did the surveys then that I am referring to today. What I am saying we do today is that after the fact, when customers come in to Sky, we ask them a series of questions. We ask them how was their install experience, things like that, and we ask them what they say is the reason, but I do not know when we started doing that precisely. In 1992, and I was not there in 1992, but when Sky formulated a bid for the Premier League rights, as they were then, I do not believe that bid was formulated on the basis of a survey and a detailed model to try and estimate what people would pay—

Mr Wakeling: I was there at the time and, to my knowledge, there was no survey done at that point.

Mr Darcey: A commercial decision for five years to spend hundreds of millions of pounds was made and it was a judgment.

Q1040 Chairman: I want to bring in Lord Maxton in a moment, but let's get the listed events position absolutely straight. There are listed events at the moment, the Olympic Games, the Grand National, the Derby, the Rugby League and the Challenge Cup Final, but are you basically saying that the listed event system, if it was left to you, would be abolished?

Mr Darcey: I am not sure what that means really. It is not going to be left to us. I guess if there was a blank sheet of paper, we might not be calling for it.

Q1041 Chairman: Therefore, that is another way of saying, is it not, that you actually do not want it, that you would like to see it go?

Mr Darcey: No, I do not think that is quite the same thing. It is not something that exercises our minds day to day. We do not cast our eyes down that set of events and think, "Gosh, we really must tear down this edifice so that we can bid for the Derby". It is just not what we do. I think, as a matter of principle, it is something which just does not sit that comfortably with us, but we do not sit around all day, thinking, "We must bring this to an end".

Q1042 Chairman: So you are totally relaxed about it?

Mr Darcey: I think we are pretty relaxed, yes.

Q1043 Lord Peston: Before we give up on this, I am really very disturbed by what you are saying. The classic case for listed events and other controls on bodies like yours is that the 'owners' have monopolies and it is absolutely standard in our country and our economy that if you have a monopoly, like the Premier League, or whoever owns the rights to the Derby, we do not allow you to exploit that monopoly to get as much out of it as you can. The argument of exploiting monopolies is against the national interest. I find it amazing that you, a reputable public firm, are saying, "Yes, we think these monopolies ought to have the opportunity to maximise the revenue from their monopoly". I just find it unbelievable that you are putting that view to us because that is the case for listed events and for other controls on what people—

Mr Darcey: I am a little perplexed as to what you think is the economic market within which the Derby has a monopoly. Is that the market—

Q1044 Lord Peston: The market is the controller of the Derby. You see, you cannot come up and say, "Well, there is that Derby and now I've got this

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Derby, and now that I've got this Derby they can all compete against each other". It is not like selling baked beans. The Derby is a unique event and it is a monopoly. I am not saying you should change your mind, but I am just amazed that you adopt this view as reputable businessmen because, on the whole, the philosophy on which our society is based is that monopoly is bad and where you cannot get an alternative, it needs to be controlled, and that is the listed events position. I am just staggered at the view you are taking. To put it differently, you must have a better argument.

Mr Darcey: I am trying! Competition law exists to address concerns that arise from monopoly and market power more generally in relevant economic markets. I am not aware that any competition body anywhere in the world has defined the market so narrowly as to be one horse race. Now, if—

Q1045 Lord Peston: So we are the only place in the world that has listed events?

Mr Darcey: That is not what I said either. If you were to adopt that rule that said a horse race is a market because it is unique because there is only one Derby, you could adopt that approach and apply it to every single television programme in the United Kingdom. There is only one *Simpsons*, there is only one *Coronation Street*, there is only one *Hill Street Blues*, there is only one individual football game and I think you need an approach that distinguishes—

Lord Peston: There is clearly no point in discussing it further. You clearly do not understand the economics of any of this.

Q1046 Lord Maxton: As far as I am concerned, and not the Derby or the Grand National I would accept, but one of the reasons why government policy wants listed events or wants sport on the terrestrial channels at the moment, and I would accept it is at the moment, is of course to get the widest possible audience to encourage participation in that sport, and there are some governing bodies who will take the same view presumably. Let me just ask you, therefore, about the comparative figures, and we will take my sport, if you like. Last Saturday, the PowerGen Cup in rugby was being shown on BBC2. This Saturday, the Heineken Cup will be shown on Sky Sports 1, 2 or 3, I am not sure which one. Can you give us any idea of comparative viewing figures to give us some idea as to whether or not the argument I am making makes any sense in terms of encouraging people to participate in sport by having bigger figures?

Mr Wakeling: I think it is very important and it goes to answering Lord Holme's question as well, that we do not think we have plateaued, but we think we have a duty actually to encourage more people to play sport, we want them to be involved. I think in our

written submission we talk about the younger audience for multi-channel TV and we also run programmes which encourage young people to get involved in sport. We have something very good going on in schools, Living for Sport, into which about £1 million a year is invested. The answer to your question of course is that I do not know the PowerGen Cup figures, I am sorry, for the BBC. Over this weekend, I think we will show seven live matches from the Heineken Cup, plus the Sunday night round-up which shows everything from everywhere and of course—

Q1047 Lord Maxton: I will be watching it!

Mr Wakeling: Thank you very much!

Q1048 Lord Maxton: Or some of it.

Mr Wakeling: Well, there is too much of course.

Mr Darcey: Seven matches.

Mr Wakeling: Yes, seven matches and then you spread it across. I need to come back after the weekend and I will provide you with match averages, I will give you match peaks, I will give you total reach over the three days because we are live on Friday night, Saturday afternoon, one teatime game on Saturday and I think there are two or three games on Sunday. I think this is one of our busiest weekends and I can provide that information for you next week when we have all of those figures.

Lord Maxton: That would be extremely helpful, thank you.

Q1049 Lord Holme of Cheltenham: I am curious about one point which is: do you make any distinction between A list and B list? Even in the construct you have got of preparing an open, competitive basis for everyone, would you recognise that those great national occasions, which the A list is supposed to represent, where the maximum number of people would want to experience it live as an act of, I do not know, national solidarity where we are all interested, would you make a distinction between the A list and the B list in your wish to open up the market, and in your terms, not Lord Peston's terms? Would you make a distinction?

Mr Darcey: I am not entirely sure what the question is. I think we understand the idea that there are certain sports events that are deemed to have a very broad national interest and that is why they are on the list. I think we understand why that concept has been extended to include a B list as well where things which are regarded as perhaps not quite of the standing as would get them on to the A list, nonetheless, some secondary coverage would be desirable. I think we understand that, yes.

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Q1050 Baroness Bonham-Carter of Yarnbury: I want to ask about the Ashes of last summer. The whole event became so popular that screens were set up in public parks and people were able to watch it there who were not able to get tickets for the event. Would that happen now that Sky has the rights to cricket coverage?

Mr Wakeling: Sorry, would it happen that big screens would be set up?

Q1051 Baroness Bonham-Carter of Yarnbury: Yes.

Mr Wakeling: I do not see why not if the success of the Ashes was repeated. In four years' time Australia may be back here. Let us hope that we are still competitive. We have not done too well in the past couple of weeks in Pakistan. What happened there was quite unique in British sport. If you look at Channel 4's experiences over the six years that they have been covering Test cricket, for example, in the summer of 2004 when Sri Lanka and West Indies were here, the average audience for Test matches was 1.13 million on Channel 4 and for the Ashes the average was 2.16 million. We have all heard of the 7.7 million peak on the fifth day of a Test match after tea as everyone is getting in. I think we have committed to working with the ECB again to reach young people and to work with young people. We are looking at various ways we can invest beyond that money that has been paid for the rights to encourage young people to play. I think that cricket has done a marvellous job before the Ashes. If you look at the success of the Twenty20 competition which, bar one game on Channel 4, has been shown for the past two years only on Sky—and I am talking about people paying to watch, not sitting at home watching it, young families going along to watch it and the same with the national Cricket league as well, with floodlit cricket and the One Day Internationals—I think that the ECB has done a marvellous job of encouraging more young people to go and watch the game. Mind you, I do not know how they get from being Twenty20 fans to watching Test matches. I think you are only going to get a small percentage going up. Test matches are popular in this country but not so popular elsewhere in the world. The answer to your question is that we would love to do that sort of thing.

Q1052 Chairman: I know this issue does not keep you awake at night because you have said so. The logic of having the Wimbledon tennis finals in Group A and cricket Test matches in Group B does, on face of it, seem pretty difficult to argue I would have thought.

Mr Wakeling: That was the recommendation of Lord Gordon's Committee in 1997/98 and I think it was the result of a plea from the ECB who were stuck at the time with only one terrestrial broadcaster interested in the rights. I think it is on the record that

they did not think they were getting a fair deal. They had nowhere else to go. I appeared in front of that committee and at the time I said we were quite happy with what we had got, but beyond the next negotiation which was coming up I could not say that we would not bid for all Test matches at some stage in the future, which is what we did in November last year. The BBC was certainly surprised when Channel 4 came in and took the rights away from them and I suppose I was surprised this time round that the BBC did not bid for anything with English cricket, anything live, any highlights, any part of it, whether it be Test matches, Twenty20, One Day Internationals, nothing whatsoever. Why was it relegated to the B list? Again it was Lord Gordon's committee recommendation. I appeared there and I suppose I said that I understood the ECB position, they had nowhere else to go, they needed money for investment and the same thing has happened this time round and that was the recommendation. We appeared, we gave evidence, but it was not our decision.

Chairman: Let us move on then to the questions concerning the European Commission and the issues there.

Q1053 Lord Maxton: The Premier League has been the star of your programming. How do you respond to this European dimension? Are you responding? Do you welcome it? Do you think it is a bad thing?

Mr Wakeling: I rather think that at the moment you know as much about it as we do. We were not party to any negotiations between the Premier League and the Commission at all. We have seen the statements that have been made and we have read the speculation. At some stage in 2006 I assume that the Premier League will issue a tender document. I am assuming the six packages of 23 games, which is what has been reported, is correct.

Q1054 Lord Maxton: Of which you could buy five.

Mr Wakeling: Of which one broadcaster can buy five. Again I assume what has been published is correct.

Mr Darcey: I think the press release only says six packages.

Q1055 Lord Maxton: But no one can buy all six.

Mr Darcey: That was in the press release, yes.

Mr Wakeling: How do we react to it? When we see the ITT—because all of you know as much as we do about what is going to happen with this next time round—then we will probably have a view on how it will work. If you look at the present packages of four games, there is a lot of detail in there on maximums. We cannot just do Manchester United, Chelsea and Arsenal every week, we have got to cover each club a certain number of times. There is a maximum in each of the four packages at the moment. The 138 games

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that are shown now has got nothing to do with Sky. I do not think the Premier League in the last round of negotiations with the Commission was very keen on that. Perhaps there is too much disruption to the traditional three o'clock Saturday kick-off. That was agreed with Brussels. The time slots of Saturday lunchtime and Saturday teatime, which we take a lot of criticism for in terms of disruption, have nothing to do with us, that is in the tender document and that is the way it is. In terms of the rights fee that we would pay, if we could have enjoyed the degree of exclusivity we have enjoyed so far we would probably pay the same amount of money for fewer matches, but it is now going to change and we will respond when we see the ITT.

Q1056 Lord Maxton: There was a threat yesterday of another major player coming into the field, which is NTL in combination with Virgin. Do you see that as a genuine threat?

Mr Wakeling: I think there have always been other bidders. ITV was the big bidder in 1992.

Mr Darcey: In 2000 NTL initially bid four in one for what was at the time described as the pay-per-view package of 40 matches. They then failed to agree a long form agreement with the Premier League and they ended up handing it back and the Premier League subsequently went out and sold the rights to those matches on a platform by platform basis. So Sky bought the rights to show those matches on satellite, NTL bought the rights to show them on the NTL platform, Telewest for their platform and on digital at the time for their platform. NTL has been a broadcaster of the Premier League, although that seems to have been written out of history in some of the press articles.

Q1057 Lord Maxton: The one thing that did not appear in almost anything you said there was the BBC. Are you telling us that the BBC has really not been competing at all?

Mr Darcey: No. You were asking about a new competitor. I think we are saying they will be there and they have always been there.

Q1058 Chairman: You say that the negotiations were between the Premier League and the Commission and you had no part in it whatsoever. Could you not have a view at all? What did you think of it? What did you think of the idea of packaging up?

Mr Darcey: We have a view, many people have a view, but fundamentally the nature of the conversation was between the Premier League and the European Commission and the reason is that the Premier League is an organisation that sells its rights collectively. That is an arrangement for which they need clearance from the European Commission. The European Commission expressed some concerns

about whether that was or was not legal and effectively said to the Premier League, "We think it could be legal subject to us getting comfortable with the way in which the rights that flow from this collective sale will in fact be sold", so it was a discussion between those two parties as to what was necessary to get clearance.

Q1059 Chairman: At no stage did you in any way seek to influence those discussions, did you?

Mr Darcey: Several years ago the Commission issued a statement of objections against the Premier League and we were a party to that and I think the BBC probably was as well at the time, and we were invited to make a submission in response to that statement of objections and it was a fairly thorough submission at the time.

Mr Wakeling: We were not invited this time round to make any submissions at all.

Q1060 Chairman: I am asking whether you made any kind of approach so that your view was known to the Commission or to the Premier League.

Mr Darcey: The last extensive dealings we had with the Commission were in respect of our contract for the current deal, the one to one we are in the middle of at the moment. The debate between the Premier League and the Commission at the moment is in respect of the next deal. When we concluded our agreement with the Premier League last time the Commission wanted to have a look at that and there followed about a nine month period in which we had various discussions with the Premier League and I think we discussed most aspects of televised football during that period. That culminated in a set of agreements between us and the Commission in respect of that contract and the way in which we bid and what would happen to the rights.

Q1061 Chairman: If I was you, given your position, I would be pretty irritated if it was all going to get changed. I certainly would make it my business to make my views known. You seem a bit coy about this.

Mr Darcey: I think everybody is entirely clear on our views. I am not sure there is much more to say. We have had regulators looking at the nexus between football, Sky and the Premier League and television since around 1996. I think it started in the restrictive trade practices court in the UK. We have had months and months and months of debate with the Premier League. I do not think there is anybody left in the country that is in any doubt of our views that on balance we would like an open market and we would like to be able to bid and that we value exclusivity and that is the nature of the pay broadcaster. I am not sure there is more we can say.

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Q1062 Chairman: There are reports in a number of newspapers that government ministers went in to bat basically on behalf of the kind of lack of restrictions that you would prefer.

Mr Wakeling: I do not know anything about that.

Q1063 Lord King of Bridgwater: You are very coy on lots of things. I am not quite sure what you are defending because I think you have a perfectly respectable commercial approach and there is nothing to be ashamed of in that. To what extent is the Premier League a UK market, to what extent is it a European market for you in that way, and do you on-sell to Fox and Star or is that something that is done direct by the Premier League?

Mr Wakeling: It is done direct by the Premier League. We have no rights whatsoever outside our territory of the UK and the Republic of Ireland. They do their own deals territory by territory worldwide. What we provide is our signal. So our coverage goes to wherever they have sold it, into the US, around Europe, Asia, Australia or wherever. We have nothing to do with the sale of those rights whatsoever, nor do we get any return. They have the right to our signal, to our commentary, et cetera. We simply make that signal available to whoever they tell us to.

Q1064 Lord King of Bridgwater: Free of charge?

Mr Wakeling: Yes.

Q1065 Lord Maxton: And it is included in the original price.

Mr Wakeling: We have made the bid for the rights, we have committed to cover a certain number of games to certain levels and then, of course, the Premier League sells them.

Q1066 Lord Peston: I understood the bit that you bid for the Premier League stuff and then that gets included in the package that I buy, for example, which in fact compared with going to a game is still incredibly cheap. Because my son is using my ticket at Highbury tomorrow it costs me £55 to watch the game, which is the same as I pay for the 60 games that I get in the special package. What I am interested in beyond that is who do you negotiate with when you are showing your European games?

Mr Wakeling: The Champions League games that we are showing tonight and tomorrow we negotiate with an agency called Team Marketing on and they represent the rights for UEFA worldwide and they negotiate territory by territory.

Q1067 Lord Peston: Do you bid or do you negotiate?

Mr Wakeling: We bid.

Q1068 Lord Peston: Do you say to them that you would like to buy it and you are offering this or is it that they say who is offering us the best bid for these games?

Mr Wakeling: There is a written tender document that comes out with the various packages identified and we put a price against those packages.

Q1069 Lord Peston: So as a market it is quite complicated because, for example, Chelsea versus Liverpool will be on tonight on ITV. Do they then bid for a game whereas you bid for a whole group of games? This incredibly complicated market has never made any sense to me.

Mr Wakeling: It has worked quite well, of course.

Mr Darcey: I think there were 17 packages.

Mr Wakeling: When you look at the various packages, there is something like first choice Wednesday, second choice Wednesday, first choice Tuesday and so on and they are all itemised. ITV really only want the two games at the moment. I should think they will probably want more next time around as they develop their services. They were quite happy to take first choice Tuesday, second choice Tuesday and we said we will take Wednesday nights and the other games that are being played tonight, ie AC Milan versus whoever, I cannot remember. It does have a limited market because, of course, as you probably know, we show all games on the Red button and there will be eight live games tomorrow night. If you go back to the very first broadcast we did for the Champions League, we had something like Dynamo Kiev versus somebody else on screen eight and 10,000 people watched it. I do not know where they came from. It is about widening the appeal of Sky Sports.

Q1070 Lord Peston: I understand that because I buy all the packages. You would be amazed at what I watch. In my judgment the best football you show is the Spanish football for quality. Is that a separate deal altogether with *La League*?

Mr Wakeling: Yes.

Q1071 Lord Peston: Is it a bid or a negotiation?

Mr Wakeling: That one was a negotiation with agents representing the Spanish League. We did not negotiate. They have hired an agency to represent them worldwide. I do not know how they did their domestic deal. I do not know if they did it direct with the broadcaster. They hired an agency to represent their deals worldwide. That agency went to every territory, France, Germany, the UK, etcetera and we negotiated the price.

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Q1072 Lord Peston: So as you understand it the BBC could have made an offer for Spanish football on Sky.

Mr Wakeling: Yes.

Q1073 Lord Peston: There was nothing to stop them at all. They simply had to come up with a penny more than you offered, did they not?

Mr Wakeling: Yes, and the Champions League and the Italian League.

Q1074 Baroness O'Neill of Bengarve: Do you think there is any case for requiring rights holders to sell on rights to free-to-air broadcasters to show highlights or would that seem to be unreasonable?

Mr Darcey: I suppose it is on the B list and there is a set of sporting events for which that degree of intervention is deemed warranted.

Q1075 Baroness O'Neill of Bengarve: And beyond that?

Mr Darcey: I suppose if it is not on that list then I do not really see why that would be the case. As we were saying earlier, the rights holder has a lot of things that they are trying to balance. They are very keen on wide coverage of their sport, they are normally very keen on participation and all these things and they would all love to be on the BBC, they would all love to be on BBC One, but not everybody can fit on BBC One. They are interested in that but they are interested in a number of other things as well. They are interested in the funding that comes from the television rights and that is another means by which they can try to foster participation in sport and the money might help develop the quality of the national team which itself might help foster participation in sport if the national team is successful. They are trying to balance a series of things. The key issue to understand about a pay television broadcaster, which is fundamentally what we are, is that exclusivity is valuable. We cannot sell people a subscription to something that is otherwise available for free.

Q1076 Baroness O'Neill of Bengarve: I am talking only about highlights at the moment.

Mr Darcey: There is a continuum that full exclusively, where no coverage whatsoever is available by any other means, is the most powerful and the more you chip away at that the more value to Sky or any other subscription broadcaster declines. Highlights can in principle chip away at that a great deal if the highlights were very extensive, if they were for all matches, if they were full coverage and if, for example, they started straight after the live match was over. That sort of highlights would undermine the value of the live rights to a pay broadcaster like Sky a great deal. Lesser highlights would have a lesser impact. The rights holder is trying to strike a balance

between how much Sky is willing to pay for the exclusivity that it feels it would have, what a free-to-air broadcaster might be willing to pay for the highlights that might be offered to it and the overall money situation they face and the overall degree of exposure they are looking for on television. It is a complex judgment. I think we tend to believe the rights owner who has the best interests of the sport at heart is the right entity to make that judgment in the end.

Q1077 Baroness O'Neill of Bengarve: Would you consider selling on highlights so that people can watch them on their mobiles?

Mr Wakeling: There is a hold back on mobile rights at the moment. You can watch, for example, Premiership football goals at half-time and on the final whistle.

Mr Darcey: That contract this time round was won by a joint bid from Vodafone and 3. We bid for that and we were not successful and 3 and Vodafone have that contract and they show clips.

Mr Wakeling: I think the same is true going forward with the new ECB Test cricket, that highlights packages are available now. I do not know if they have done a deal with Vodafone since it is them who sponsor the England team. Again you will be able to watch Test match highlights at lunch, tea and close of play.

Q1078 Baroness O'Neill of Bengarve: Commercially speaking, you would sooner have clear, complete exclusivity than highlights being available by other media or other channels, would you?

Mr Wakeling: I am not quite sure that I would include mobile rights in that.

Q1079 Baroness O'Neill of Bengarve: They are different from highlights on free-to-air.

Mr Wakeling: As Mike has explained, a lot depends on timing, for example, in that the semis and matches involving England are on the B list. We were aware when we did that deal that there was a highlights window there for a terrestrial broadcaster and I believe that was offered around and the BBC is showing highlights, but because it is coming from the West Indies and because of the time difference they are not going to be showing those highlights until ten or eleven o'clock at night. We have shown it live in prime time. There was an allowance in the bid. We made two bids. There was a bid for exclusivity and there was a bid for live and free-to-air highlights and they accepted the second one. It was their choice. We looked at that and made that business judgment.

Mr Darcey: I would like to go back to the mobile point. On mobile clips and highlights, again in principle it has the effect of chipping away the exclusivity available. At the moment you would

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probably say that has a lesser effect than if it were on prime time on the BBC because fewer people have a video enabled phone and subscribe to such services, but I think that is going to grow through time and that is part of the consideration, particularly going forward with contracts that are going to last a number of years. We are starting to talk about contracts running to 2010. By that time everybody will have to take a view as to how many people will be watching highlights on a phone and the extent to which that might chip away at the value of exclusivity.

Q1080 Lord Maxton: I can see with a World Championship boxing fight which you are showing live, probably on pay-per-view at three o'clock in the morning because it is coming from Los Angeles or somewhere in the middle of the States, you do not want highlights being shown at eight o'clock in the morning, would I be right, because that would be the first time most people would see it?

Mr Wakeling: That is a very good example. We would not want highlights being shown.

Q1081 Lord Maxton: So you would insist on exclusivity on that, would you?

Mr Wakeling: If it was pay-per-view, certainly. With pay-per-view boxing from the US we insist on a seven-day window.

Q1082 Lord Maxton: So nobody can show that fight on anything at all.

Mr Wakeling: Under the code of agreement on user access people do tend to show the knockout.

Q1083 Lord Maxton: This leads me to a question where I think mobile phones is only one of the new technologies, the other will be streaming down on broadband the internet services. Where do you stand on that? It is very difficult to insist on exclusive rights. If someone is sitting in the audience with a video camera and a mobile phone and is beaming it straight down onto his computer and then out to anybody who wants to pick it up, how do you stop that? You cannot.

Mr Darcey: I do not think there is much we can do about that.

Q1084 Lord Maxton: I presume so far it has not happened.

Mr Darcey: It may have happened but it has not been so prevalent that we have had cause to worry about it a great deal. On streaming, I think the way the sports rights market is moving is towards a general understanding that it is not particularly meaningful to define live rights differentiating by technology.

Q1085 Lord Maxton: The English Rugby Union witnesses last week were quite clear that that is what they were doing.

Mr Darcey: I am saying that the general trend is to think about there being a live right and not to worry so much about what is the nature of the distribution technology and the nature of the screen upon which it would be displayed. Very few people today sell satellite rights distinct from cable rights distinct from DTT rights.

Q1086 Chairman: What you are saying is that, if you take football as a simple example, it is really up to the league or whatever football body it happens to be whether they sell you exclusive rights or whether in their judgment they think it is better (for which they would not get such a high price) for them to sell you live rights and then the BBC could have *Match of the Day* in the evening, are you not?

Mr Darcey: Yes. We do not particularly insist on anything. Very common would be, as Vic has said, two bids. If they want to weigh things up then we would say, "This is the amount we would pay if we had total exclusivity. We understand you might want to sell some highlights. This is the amount we would pay for just the live rights," with the highlights being elsewhere and the decision is left to them.

Mr Wakeling: As far as all football contracts in this territory are concerned, with the Scottish FA, the English FA, the Premier League and the football league, they have all said there will be a highlights window.

Q1087 Chairman: But that is their decision.

Mr Wakeling: Yes.

Q1088 Baroness Howe of Idlicote: Mr Wakeling, you gave a slight indication of surprise at something the BBC had done by way of bidding. Put yourself for a moment in the BBC's shoes, how would you evaluate your own way of bidding given that they have certain rights which mean people overwrite yours?

Mr Wakeling: I think I said the BBC was surprised when they lost the cricket rights to Channel 4 six years ago. I think I said I was surprised that they had chosen not to bid for live matches and highlights this time round. I have been in business a long time as you can tell, but I am not sure I can put myself in the BBC's shoes because I do not know how they work. I have worked before Sky within commercial broadcasting. I do not know how they put a value on anything. I do know that they went public in advance of the last round of cricket bidding. Peter Salmon, who was head of sport at the time, gave an interview to the *Guardian* and said that—this was in advance of the ECB bidding—they envisaged having problems with the scheduling of cricket, and it is difficult. I make no criticism of the BBC whatsoever. It is

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extremely difficult to schedule cricket. You are never quite sure when it is going to finish or when they are going to play either. I have a lot of sympathy with them, but I am not quite sure how they can put a value on the rights.

Mr Darcey: This is a general issue for all of the commercial broadcasters. We are all reasonably straightforward in the commercial world in that we are all trying to make a buck in a sense and we think about the amount we would bid for a set of rights according to the value we think it can add to the business. When we think about ITV and what we might have to bid to outbid them, we are reasonably comfortable that we can analyse their business, estimate how many viewers they will get, how much they would sell the advertising for and so on and reach a view, but when it comes to the BBC all that rather breaks down because they have quite a very complex set of objectives that they are trying to meet. We find it much harder to be able to predict what value they might end up putting on a particular event. I suppose that must lead to many commercial broadcasters sometimes being surprised at what they choose to bid, either high or low, but in a sense we are saying relative to the value a commercial broadcaster would put on that that is a bit odd, but I do not think it means it is wrong, it just means that they are applying a very different thought experiment to the whole equation.

Q1089 Baroness Howe of Idlicote: Given that they have a duty to provide coverage for the licence fee payer, I think what one is trying to find out from you is whether the priority they give to sport is a high as it should be given that overall duty because there certainly was some criticism of their rather low bid under those circumstance.

Mr Darcey: I think it is very hard for us to put ourselves in their shoes. They have a very complex set of things they are trying to achieve and different objectives. They have an extra one that we do not ever really have to think about that much and that is, if they want to assign some money to one idea, because they have a fixed income they really have to work out where the money is going to come from, so they have to work out what is going to lose out or what else they might have done and they are not going to do, whereas a commercial broadcaster tends to think of things incrementally. The Charter will set down what are the objectives that they should pursue and then I tend to think it is for the management of the BBC to think how they will allocate their money to deliver those objectives.

Q1090 Baroness Howe of Idlicote: Let us put it the other way round. Supposing by your standards they bid ridiculously high with public money, do you

think there ought to be some sort of independent review of how they go about their bidding processes?

Mr Darcey: No, not particularly.

Q1091 Baroness Howe of Idlicote: You mean you have never felt cross at the thought that they had bid far too high?

Mr Wakeling: You might be disappointed to miss out on something but I do not think that necessarily means you are asking for an intervention. The Charter is really the period when people have a debate about what the BBC is for, what it should do, what are its priorities and then a licence fee settlement is reached, and they are given a degree of funding and then the management choose how to allocate that money to meet those objectives and I guess that is just part of the background of operating in the UK.

Q1092 Chairman: You do not want them to put any more priority into sport, do you, otherwise they are going to end up outbidding you in a number of areas?

Mr Darcey: Possibly, but that would probably leave some gaps somewhere else.

Q1093 Baroness Bonham-Carter of Yarnbury: You talked earlier about ITV developing sports services. What would your response be to a BBC channel that was dedicated to sport?

Mr Darcey: I suppose that would probably depend on what sort of sports channel it was. Are you thinking this is a channel that is going to make a £1.2 billion bid for the Premier League or are you thinking it is going to show regional volleyball? There is quite a spectrum.

Q1094 Baroness Bonham-Carter of Yarnbury: I would imagine it would be a channel that would cover the areas that you cover. What would its likely market impact be?

Mr Darcey: I think we have a channel that covers the areas we cover; it is called BBC One and BBC Two. I am not clear how you think this would differ from the sports that they currently cover.

Q1095 Baroness Bonham-Carter of Yarnbury: It would only show sport.

Mr Darcey: Are you thinking sport is going to transfer from BBC One and BBC Two or is it just going to do more?

Q1096 Baroness Bonham-Carter of Yarnbury: Both, I suspect. We are talking about the future where there is the opportunity for a BBC digital channel that dedicates the channel to sport. What is the likely effect that would have on your services?

Mr Darcey: I would go back to my previous answer and say that we have a Charter that will say what the BBC is for, what it is trying to achieve, it will have an

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allocation of money and it will decide how best to allocate that money to deliver the objectives. If the management decides that the one thing they should do is bring forth a new channel then I am sure they will do that. I suppose all we would really say is, as for other new services that the BBC might propose, it would go through a market impact assessment and, as we have said in our earlier evidence, we would urge that that would be carried out by Ofcom, so there would be an independent review of the impact on them, but if it then passed through that and operated according to a tightly defined licence then that too would become part of the backdrop of operating in the UK.

Q1097 Baroness Gibson of Market Rasen: I want to be absolutely sure what you are saying because I am finding it very, very strange. You are actually saying to us that it is only at the time when the BBC Charter is under review that you are thinking about the possibility of the BBC having a dedicated sports channel, are you? It is not part and parcel of your marketing of Sky because Sky is associated with sport. You are giving me the impression that you do not think the BBC would do it but, in any case, you only think about it at the time the BBC Charter is being considered.

Mr Darcey: No, I do not think that is quite what I am saying. I am saying that the main point at which we have a major debate about what is the general scope of what the BBC should do is at Charter time and then in the meantime they tend to discharge that. I tend to think it is for the management to take a decision day-to-day on how to spend the money and discharge their obligations and meet their objectives. There are provisions for what should happen if the BBC want to propose the introduction of a new service and that would have to have a service licence. We think it should have a market impact assessment and we think that should be carried out by Ofcom. It should then have a very tightly defined service licence and it should stick to that, but a proposal, whether it be for sport or whatever, passes those tests so I guess that is part of the framework.

Q1098 Lord Peston: In the end you provide very good sports channels and certainly people with my type of income could not remotely call them expensive. Whether you are talking about Test cricket in the last couple of weeks and our ludicrous performance or some of the other things, it did not cost very much for me to suffer! Could you not argue that it should not be the BBC's highest priority, being a public service broadcaster by definition, if you are doing a reasonably good job, to be doing your job? We are not pressing you too strongly. Although one would like to see more sport on the BBC, no one could say you are not doing a fair job.

Mr Darcey: In the scenario we are talking about here that would come in in a market impact assessment and I think part of that would be what public value would be created by such a channel given the framework and the background of what other people are doing and a view would be reached as to that and a view would then be taken as to the impact on the rest of the market and whether there were negatives there that might flow from that. I think we would like it to be Ofcom who would weigh those up and decide whether that should go ahead. Within that process we would make our views known and we would make observations about whether such a service was wanted and whether it would deliver public value given what was already available and so on. I would distinguish that from just a decision day-to-day of the BBC as to what to spend on particular sports rights to put on BBC One.

Q1099 Lord Peston: I want to take us on to what you call minor sports and we have called minority sports, which I think is the wrong expression because I am pretty sure every sport is a minority sport in the sense that no one has ever had more than half the population to watch anything. I think your term minor sports and what you include are right. You say 30 per cent of your coverage is dedicated to minor sports. I take it that means time rather than audience.

Mr Wakeling: I am never comfortable with minor or minority because if you are a badminton player it is a very important sport to you. Badminton is one of those sports that the BBC walked away from in the All England Championships which they covered for years and that are now on Sky and we cover it live wall to wall for three or four days. In our submission we say it is something like 100 minor sports in the year. A lot of those we are covering live but others will be in sports magazine programmes which are scheduled. I think there is some sailing on tonight and some powerboat racing on tomorrow morning, half-hour programmes and half-hour signals. You will then get various other hour programmes, for example Transworld Sport, which is also on Channel 4, which will have reports of various sports around the world. You will have features on sportsmen and on taking part whether it be in BMX or croquet. We actually cover bridge. Last year we did six one-hour recorded programmes covering a bridge tournament. I am not quite sure if you can classify bridge a sport. There are people who are interested in it as a past time and we thought in the middle of the afternoon or in the morning—because we repeated it three times in a 24-hour window—there would be people interested in that. We do try and cover as many sports as possible because there is huge interest.

Q1100 Lord Maxton: What were your viewing figures?

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Mr Wakeling: Not very good!

Q1101 Lord Peston: Mr Darcey has constantly reminded us, quite rightly, that you are a commercial operation. Are you covering these sports that we are currently talking about because they are commercially viable or because it is part of a broader package and a broader image that you want to create as to what you are doing? I am not saying you are wrong to do it, but it is not obvious to me what the commercial advantage is.

Mr Wakeling: I think the answer is the latter in that we think there are small pockets of people out there, whether it be bridge or whatever, who might subscribe to Sky Sports if we give that broader appeal. They will find something on our channel once a day or once a week that will interest them. If you look at the terms of hours that we do on football, golf, cricket, tennis, Rugby League, Rugby Union, they are our main sports in terms of hours. Let me give you two examples in equestrian sport, the Horse of the Year Show and Hickstead. Years ago they were on the BBC and were a major event on the BBC. Now, for whatever reason, I do not know, the BBC has dropped them. We have gone in in the past 12 months and done three-year contracts to cover both. The audiences were 60,000 to 80,000 over the three days of the event, not huge, but we are catering for 60,000 to 80,000 people who wanted to watch Hickstead and the Horse of the Year Show from the NEC in Birmingham.

Q1102 Lord Holme of Cheltenham: The business model behind that would be, as a result of you doing that, X thousand horsy people would now subscribe to Sky and be able to watch their favourite sport.

Mr Wakeling: That is exactly the business model, yes.

Mr Darcey: It may be that there is one person in the home and they might be male, I do not want to be stereotyped here, that is a strong fan of football, but the decision to subscribe or to continue subscribing to Sky will typically be a household decision. It may be that the wife is interested in horsy-type things.

Q1103 Lord Holme of Cheltenham: And the daughter has a pony.

Mr Wakeling: Yes. Part of the commercial model is appealing to all members of the household.

Chairman: We have got the point now. I want to change gear entirely. We are not doing only sports, we are doing a whole range of other things and one of the very important things we are doing is religious broadcasting.

Q1104 Bishop of Manchester: In your written evidence you said 40 per cent of 15–25 year olds have Sky, 82 per cent of 4–15 year olds and 75 per cent of 16–34 year olds live in multi-channel homes. That is

a significant connection with an age group which includes people who are forming their views, acquiring knowledge and so on. During the evidence you have given this afternoon it was said that people are attracted to BSkyB subscription because of the breadth of choice available and I think at that moment we were not only thinking of sport but films were mentioned and the news channels. What about religious broadcasting and religious programming, where does that fit into BSkyB?

Mr Le Jeune: We offer on Sky One a religious programme which runs for an hour early on a Sunday morning.

Q1105 Bishop of Manchester: What are the viewing figures for that?

Mr Le Jeune: I do not know, but I would be very happy to find those out for you and let the Committee know. I looked at the very interesting evidence sessions you had with the BBC and other broadcasters and also with the members of faith groups before coming here and then as a consequence of that I took a look at the electronic programme guide which is available to subscribers to the digital satellite platform. There is something of the order—I would not swear these figures are absolutely correct—of ten Christian television channels free-to-air on the platform, two Muslim channels, one Hindu channel, nine Christian radio stations, one Sikh radio station and one station which describes itself as “a multi-faith Asian radio channel”. It is interesting to carry out that study in a sense because the discussions you had with the faith groups and with the other broadcasters were focussed on a fairly narrowly defined aspect of public service broadcasting which they were required to carry out. The channels we are talking about here are on the digital satellite platform. We are required by law to give channels that have a licence fair, reasonable and non-discriminatory access to the platform. We do not exercise any control over them or their content. There is clearly a demand out there for dedicated religious broadcasting both on television and radio which I think puts into perspective some of the discussion you had with the terrestrial broadcasters.

Q1106 Bishop of Manchester: Do you allow a discounted rate?

Mr Le Jeune: We do. That is a discounted rate that applies to charitable organisations organising channels. We do not discriminate between religious and other charities.

Q1107 Bishop of Manchester: What sort of discount is it?

Mr Le Jeune: It is of the order of 40 per cent, so it is substantial.

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Q1108 Lord Maxton: That would be to the other community channels as well, would it?

Mr Le Jeune: Yes, to all channels that are charitable.

Q1109 Lord Maxton: If one of the American more right-wing religious channels came to you and said they wanted to broadcast on your platform would you say, "That's fine, you are licensed and you are allowed to do it"?

Mr Le Jeune: The decision is taken out of our hands. By law we must offer fair, reasonable and non-discriminatory access to the platform. Making valued judgments of that kind is not a thing for us.

Mr Darcey: They have a licence from Ofcom.

Mr Le Jeune: Ofcom must make that decision.

Q1110 Bishop of Manchester: Like it or not, religion is big news in the world today and therefore it is very important when it is referred to in accordance with what may be happening in various parts of the world that there is some expertise, that people are given a reasonably intelligent background to why something may have happened. What facilities do you have in forming the news bulletins to access the kind of informed opinion that something as serious as religion, belief or non-belief requires?

Mr Le Jeune: On that I think I would have to plead ignorance and ask if I might write to the Committee. I think it is true that Sky News has a very high reputation for the quality and the unbiased nature of its reporting, but I am afraid I do not know if it has a specifically religious expertise in that way.

Q1111 Bishop of Manchester: If there was some scientific point which was being reported on the news it would be likely that you would be going to somebody whose expertise in that was accepted. There can be a tendency when dealing with religious matters for it to be done in a slightly amateur way. I am not saying Sky News does do that, but I would be grateful if what you have just offered the Chairman could be followed up and we could receive that in writing.

Mr Le Jeune: Indeed. As a keen watcher of Sky News I cannot say I have detected any of the possible amateurishness that you have spoken of when dealing with religious matters in which I am personally interested. I will ask the question and write to the Chairman about that.

Bishop of Manchester: That may prove that you have got the knowledge and expertise available, but it would be interesting to see how it is made up. Thank you very much.

Chairman: Can I change gear yet again at this point? We are also looking at regional broadcasting and broadcasting around the country. We have been to a number of places including Manchester.

Q1112 Baroness Gibson of Market Rasen: I am sure that you have been thinking about the BBC's proposals for a shared production hub in Manchester. What are your views on this?

Mr Le Jeune: We have a blank sheet of paper on this!

Mr Wakeling: A few years ago I did go to Manchester where there was a small television studio and I did make a recommendation that perhaps more could be happening there, but the communications at the time and the costs of getting everything up there ruled it out. I am not quite sure that we have a view on where the BBC should base itself. In broadcast terms nowadays it does not matter. I am talking about 15 years ago when I was trying to set up another operation within ITV and the communications in and out of Manchester were not at the same level as now. We could be in London, we could be in Birmingham, Newcastle, wherever. As to basing yourself there, I am not quite sure.

Q1113 Lord King of Bridgwater: Do you not have a big sports unit in Manchester?

Mr Wakeling: We do not. We have a small sports news unit based in Manchester, another one in Harrogate, another one in Newcastle and one in Scotland. We have small Sky Sports news units based around the country.

Q1114 Chairman: Would there be any objection to having a shared production hub with someone like the BBC?

Mr Wakeling: In using their studios?

Q1115 Chairman: In using joint studios.

Mr Wakeling: No, there would be no objection at all. In fact, in the past we have used OB trucks from the BBC because we have put everything out to tender, we do not own any of our own facilities. The BBC has tendered in the past and they did win a contract. They did not win it the second time round. We hire facilities from companies in Birmingham and Manchester and various other parts of the country as well.

Q1116 Lord Maxton: Have you ever considered moving much more into regional broadcasting so that you were doing maybe regional news and regional sport and you might show Scottish football in Scotland but you would maybe show the Newcastle against Sunderland game and make it exclusive to your viewers in the North-East?

Mr Darcey: Twice in my time at Sky the question has been posed as to whether we should develop regional news services of some kind, setting news or whatever you might want to call it and both times we have looked at it we have found it commercially

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unattractive. Essentially the challenge has been the news gathering costs and we struggle to work out how we will make that up. I tend to wonder whether that might change going forward in a broadband world and whether the economics might improve, but in terms of television, it is pretty challenging for a commercial operator like Sky.

Q1117 Baroness Bonham-Carter of Yarnbury: Which means that it has got to be the BBC is what you are saying.

Mr Darcey: If you are going to do news coverage in the traditional way with the traditional news gathering model. The reason I referred to things like broadband is because we are starting to see the emergence of behaviour on the internet in which the citizen is becoming a journalist in one sense. If you extrapolate some of that behaviour and you have large portions of the population armed with video cameras which masquerade as mobile phones or something like that and they are sending information in, you can perhaps see a business model that evolves around fostering that activity and trying to coordinate it. If that were possible you might overcome some of those regional news gathering costs. I do not know yet but I sense that there is something changing there.

Mr Wakeling: As far as regional sport is concerned and Newcastle United versus Sunderland, I think there are Geordies living everywhere who want to watch that and it is the same thing with Scottish football as well. The Scottish Cup Final is listed in Scotland but we do get decent figures in the rest of the territory and the same is true for Scottish football internationals and Welsh football internationals, etcetera.

Q1118 Lord Maxton: But you do not bid for the Scottish Premier League.

Mr Wakeling: We did put a bid on the table but we did not succeed.

Q1119 Baroness Howe of Idlicote: My question really goes back both to your previous evidence and a little comment you make in your latest update paper on high definition television which is due to roll out in 2006. I just wondered whether your assessment of the number of television sets that could be available to put over high definition is the same as it was a few months ago. I only mention this because of the very high cost of high definition television.

Mr Darcey: I do not know what the numbers were that we put over.

Mr Le Jeune: I am not familiar with that figure either.

Q1120 Baroness Howe of Idlicote: In terms of new sets, industry research says there are going to be over a million high definition capable television sets sold this year, that was on the previous occasion and you are saying you are rolling it out. There have been stories of the higher cost of high definition to other forms and I just wondered whether this has made any difference to your assessment and the speed at which this is going to be rolled out and the preferred choice. I can see the value. We have seen some of the ways it can be used clearly for sport but also for wildlife films.

Mr Darcey: I do not know about the exact numbers, but I would say that as we have moved through 2005 I think we have probably become more confident that high definition is going to make a substantial impact and usher in quite a substantial change in the television market in the UK.

Q1121 Baroness Howe of Idlicote: Are you going to be the leaders in this or are the BBC competitive?

Mr Darcey: I think Sky will have a major role to play in getting HD set-top boxes out into the marketplace, but I think we will be one of many broadcasters who will broadcast in HD channels that can be received by those set-top boxes and I think that the BBC will be a major player in that space as a broadcaster. The DTT platform is limited in its ability to offer HD services, but I think you will see the BBC doing things in HD that are receivable by people who have bought a satellite HD box.

Q1122 Chairman: Perhaps if there is anything you want to add to that you might drop us a note. Just one very last question. You may have noticed the Committee's first report where we recommended the cost of digital switchover should be met by the Government basically through taxation rather than by the BBC through the licence fee. I do not know if you have any views on that or not?

Mr Darcey: We have a few views on digital switchover. In terms of who pays, I guess our starting principle would be to ask who benefits and to try and match the two up. It strikes me that there are two broad categories of cost. One is derived from the decision to convert to digital all 1,154 terrestrial masts. That is going to cost a great deal of money. The beneficiaries of that appear to be the terrestrial broadcasters themselves and their shareholders. The reason for that and the reason they are interested in this happening is that they have a strong preference for as many people as possible to be able to choose a digital terrestrial means of converting. The reason is that they strongly prefer the more constrained environment in which they find that their viewing share is not diluted as much as if somebody chooses another

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platform. They have an incentive for DTT to be rolled out as far as it possibly can. It strikes me that they and their shareholders are the beneficiaries of that, where they are commercially owned, and it does seem odd to ask the licence fee payer to pay for that. The second category of cost I would put down as the marketing costs, the disruption that will be faced by people who are forced to convert, the assistance to the vulnerable and that category of costs. They largely come about because of a decision or a desire to be able to switch off the analogue signal and then to be able to sell on the spectrum that is released from that. It strikes me that at least in the first instance the beneficiary of that is the Treasury and it might then be sold on from there. Again it seems perhaps slightly odd to ask for the

licence fee payer to bear the costs associated with delivering that benefit to the Treasury.

Q1123 Chairman: I think we regard that as a rather useful view. It happens to coincide with our own view.

Mr Darcey: They are always the best!

Q1124 Chairman: Thank you very much indeed. You have been very patient. We have been going for over an hour and a half and now you have answered our questions extremely well. Perhaps if there are any other points we could put them to you and you could write. Thank you very much for coming.

Mr Wakeling: We will come back to you on the various bits of information you have asked for. Thank you very much.

 WEDNESDAY 7 DECEMBER 2005

Present	Armstrong of Ilminster, L	King of Bridgwater, L
	Bonham-Carter of Yarnbury, B	Manchester, Bp
	Fowler, L (Chairman)	Maxton, L
	Howe of Idlicote, B	O'Neill of Bengarve, B
	Kalms, L	Peston, L

Letter and memorandum from Channel 4

Please find attached a short response from Channel 4 to the 2nd Call for Evidence from the Committee. We have focused our comments on just two of the areas identified by the Committee for further inquiry—Broadcasting in the Nations and Regions and The BBC as Commissioner versus Broadcaster.

We hope that the Committee finds these additional comments useful.

12 October 2005

1. BROADCASTING IN THE NATIONS AND REGIONS

1.1 Channel 4 strongly supports the BBC's moves to decentralise and play more of a role as “venture capital for the creative economy” in the regions and nations of the UK. As the BBC is funded by licence fee payers from across the UK and as it has a duty to reflect the different constituent parts of the United Kingdom back to one another, it is important that it addresses the fact that historically it has been too much of a London-centric organisation.

1.2 We are not in a position to comment on the specific question of whether the proposed move to Manchester represents value for money for the licence fee payer. However, we would like to reiterate the points made in our initial submission to the committee regarding the importance of the BBC using the opportunity afforded by the introduction of the WOCC to do more to support independent production in the regions.

1.3 If we are to develop an independent production community across the UK that supports cultural diversity, is strong and vibrant and provides significant opportunities for locally-based talent to develop and succeed, it will be important that the BBC does not simply concentrate any increased spend on independent production in London. In Channel 4's view the relative weakness of regional production today will mean that the BBC will inevitably focus spend on London unless positive policy measures—such as an independent regional production quota—are introduced.

1.4 We believe that if the BBC were to deploy a significant proportion of the licence fee in this way, alongside Channel 4's major investment in the regions, it could help to create and sustain strong clusters of regional production, both in-house and independent, in a number of key centres across the UK. As we suggested in our original submission to the Committee the BBC's contribution could be further buttressed if it committed greater resources to the training and development of independent producers in the regions to match the commitment of Channel 4.

2. THE BBC AS COMMISSIONER VERSUS BROADCASTER—IN THE CONTEXT OF THE DIGITAL REVOLUTION IS THE FUTURE OF THE BBC PRINCIPALLY AS A PRODUCER AND COMMISSIONER OF HIGH QUALITY PROGRAMMING OR AS A BROADCASTER?

2.1 Channel 4 strongly supports the proposition that the future for the BBC must be built firmly upon its key role as commissioner and producer of public service content. Its role as “broadcaster” of that content is becoming increasingly incidental. The key purpose of public service broadcasting, at both the BBC and Channel 4, is to educate, entertain and inform by investing in the widest possible range of content of the highest quality and making this available to the widest possible audience through the most relevant means of distribution. Ensuring that this content is easily and universally available, primarily on a free-to-view basis, is clearly vital and PSB delivery should be fulfilled through all relevant media to ensure resonance with its audience.

2.2 A key purpose of the BBC has been that it is both a producer and distributor of PSB programmes and this principle should be maintained in a digital world to ensure the breadth and diversity of its PSB role is adequately fulfilled. Channel 4 believes that it is important for the UK's broadcast and production ecology

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that the BBC retains a specific role as a producer. BBC Production has historically played a very important role in the training and development of skills of staff in the media sector. Retention of strong in-house production units in the BBC, when coupled with a strong and vibrant independent production community, should help to underpin choice, diversity and competition in UK production. We believe that it is important that there is a significant proportion of the UK production sector focused primarily on the delivery of public service content and not only on maximising commercial returns. This is particularly important if those areas of PSB that offer less potential for commercial exploitation in secondary markets or require significant financial risk (eg news, current affairs, documentary, original comedy) are to remain healthy.

2.3 In the old analogue world 'broadcasting' was effectively the only way to ensure universal access to public service content but in the new digital world there is an ever increasing array of ways to get content to viewers. Viewer behaviour is being radically transformed as a result of the 'broadband, download' culture. Viewers now expect to be able to get access to public service content from the BBC, and other PSBs including Channel 4, as and when it is convenient to them and not to the Channel controllers and schedulers. Furthermore, the traditional distinction between production and distribution in the analogue world will increasingly blur in the digital world, as programmes and services exploit the choice and flexibility offered through new digital platforms.

2.4 It is essential that the public service broadcasters are able to meet changing viewer demands by ensuring their content and services are available on the fullest possible range of new media platforms, including broadband and mobile. It is for this reason that Ofcom's review of the production sector that is set to take place later this year is of such significance for the BBC and Channel 4. This review will set the regulatory framework for the means by which the PSBs secure the rights in their commissioned programming necessary to deliver their public service role in the digital age. Channel 4 believes that it is essential that this framework enables public service broadcasters to continue to make their content available on a universal basis in the new media world, without the imposition of prohibitive additional costs. If this is not achieved then public service content will become less and less relevant, especially to the younger generation.

2.5 It is also important that public service broadcasters have the opportunity to develop and promote new forms of public service content on these new platforms. This content, for example on mobile, may not be the same in format or approach as that which has traditionally been the basis of PSB in the analogue world. The BBC has already shown, through the success of its online activity, how public service values can be adapted to remain relevant in the new media world. If PSBs are not facilitated to invest in content for the new media space as well as for traditional broadcast there is a danger that the new media world will be dominated solely by commercial content and that the value of public service and universal access will become increasingly irrelevant.

2.6 Notwithstanding our ongoing support for the BBC as commissioner and producer of content and for its need to expand its presence onto new platforms, we believe it will be more essential than ever that proposals for new BBC services face proper public scrutiny before their introduction. The size and scale of the BBC and the absence of any need to make a commercial return place it in a uniquely powerful position. There must, therefore, be full market impact and public value assessments conducted on all new service proposals as well as full public and industry consultation prior to the granting of any approvals.

Examination of Witnesses

Witnesses: MR ANDY DUNCAN, Chief Executive and MR DAVID SCOTT, Consultant, Channel 4, examined.

Q1125 Chairman: Good morning. Thank you very much for coming again. You know where we are up to in this inquiry; we have done our first part and I am going to come back to that, if I may, just on a few points. We are now moving on to other areas which we did not have time to consider properly in the first part; I suppose notably sport in this session because we have already taken evidence on religious broadcasting. Just on the first inquiry, we were unable to find a figure for how much the Government stood to make from the sale of the analogue spectrum and I wondered whether you could help us in any way about this. Obviously, it will not be known until it has

been sold, but has Channel 4 made any estimate as to the value of its own allocation of analogue spectrum?
Mr Duncan: Not in terms of what it might be worth at the point of going to switchover, because it is a very hard figure to predict. Clearly various estimates are kicking around the place which other people have come up with. Our view is that it depends partly on what the spectrum is used for. For example, up to 14 channels will be released and one of the things we think would be a very good idea would be to reinvest a chunk of that capacity into building a seventh multiplex which is going to be crucial in order to keep DTT up to date and technologically robust. It is also

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going to be crucial if we are ever going to see high-definition television properly available on DTT. If that sort of policy decision were taken, clearly that would not really generate any money at all, in fact quite the opposite, whereas if it were sold off for other uses, potentially mobile phone companies or things along those lines, it could generate a significant amount of money. It obviously depends heavily on the economic cycle at the time and, to some extent, how some of the current activities that are taking place on developing 3G technology, on broadcasting on mobiles and so on, takes off over the next few years as well. Our view on the value of what we have is that historically it has obviously been incredibly valuable. When it was one of only four channels initially and latterly one of five it has clearly been the main public subsidy or mechanism by which Channel 4 has been allowed to operate. Any surplus we generate through commercial revenue we keep and reinvest, but it has been a crucial part of the whole model of Channel 4. It is reducing in value over time, so if you were to value it now, it would clearly be less than it was at its peak and our benchmark for that would be the lowering of licence payments which both ITV and Channel 5 are making for their spectrum. To be honest, by the time we get towards the end of the switchover process, it will clearly be worth significantly less again, unless it is used in some major different way. Our feeling is that it is more about trying to find a replacement for us for that indirect subsidy and possibly using some of the spectrum at the end of switchover for new issues like high-definition, but it is very hard to put an exact value on it.

Q1126 Chairman: But if you were the Government, you might look at it slightly differently and wonder what the value to you, the Government, would be if you sold this?

Mr Duncan: Yes. There is quite a wide range of views. There are some people who believe there is potentially quite a bonanza in store and potentially the economic windfall could be one of the reasons for going for switchover. Others are more sceptical as to whether there will be any real value in terms of cost benefit and even the report which was done a year or two ago indicated £1 to £2 billion maximum.

Q1127 Chairman: That is not an inconsiderable figure. I do not know what your feelings are, but £1 billion to £2 billion seems to me rather a lot of money.

Mr Duncan: It is a lot for Channel 4. The point is that it is predicated on a few key assumptions and those assumptions do not have to change much to wipe that £1 billion to £2 billion out. Our feeling is that the purpose of switchover is not really around the economic windfall: it is more about citizen benefits,

consumer benefits, choice and some of those sorts of things.

Q1128 Lord Maxton: I must say that I am not very clear on this. The switchover to digital starts next year in some areas, but presumably the sell-off does not come until the final in 2012, is that right? So that means there is going to be quite a lot of expense between 2006 and 2012, which presumably is going to reduce the benefits from selling off in 2012, particularly if by 2012 the technology is such that there will be practically no value at all in it. Would that be right?

Mr Duncan: The marketing campaign has effectively started already and the first area Border is switching off in 2008. You are right that there is going to be a significant period of investment and a lot of effort and upfront cost to drive the switchover through before potentially the whole spectrum becomes available nationally. I am slightly repeating what I said when I came to the Committee before. From a Channel 4 point of view, it is an easier life if switchover never happens; the old analogue world suits us rather well. With a broader hat on, we support the purposes behind it and think it is broadly a good thing to do, but I do not think the major arguments are economic. The major arguments are other arguments.

Q1129 Lord Maxton: But in fact, the way the Government are doing it actually suits you best really, does it not? It suits the terrestrial broadcasters to keep digital terrestrial rather than going to some other form, some other way reaching every household.

Mr Duncan: What would suit us best is not to have switchover at all.

Lord Maxton: Given that, the next best is . . . ?

Q1130 Chairman: As a working assumption, we can take it, can we not, that the Government are going to have some receipts from the sale of analogue? There has been a slight assumption up to now that once we have gone to digital, analogue will simply fall to the ground and that will be that, but that really is not the case.

Mr Scott: That is a correct assumption and it will depend on the use that public policy puts this spectrum to. There will be a process, which Ofcom will manage, of allocating the spectrum in due course and of course it is the Government which will get any receipt which comes from that.

Q1131 Chairman: May I just ask you a second question? Given that, what is your view on the costs of digital switchover? Should those be met by the Government out of the receipts of general taxation, or should it all be placed on the licence fee?

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Mr Duncan: It is a decision for Government. Their current thinking that it will be done via the BBC seems to us perfectly appropriate. The BBC have historically taken on the responsibility for driving through some of the broadcasting changes that we have seen. In particular, the BBC have this imperative of universality, so they are putting hundreds of millions of pounds a year into their various digital services and up to this point there are licence fee payers paying who still cannot get those services or certainly cannot get them free-to-air. So the BBC seem perfectly appropriate to us and clearly you have different chunks of cost. You have the transmission build-up which they absolutely have to do simply to deliver their services to their audiences. Taking on a key role in the marketing and communications campaign is perfectly sensible and they have air time availability to do those sorts of training type campaigns and so on. There are clearly other options, but it seems to us a perfectly reasonable way to go.

Q1132 *Chairman:* It does not trouble you that it is a regressive form of taxation?

Mr Duncan: You get into the whole issue of how the BBC are funded. Our feeling is that it is appropriate, although there clearly are other options.

Q1133 *Baroness Bonham-Carter of Yarnbury:* I think they may need a little help from Channel 4 on the marketing, but that is just a personal opinion. I should like to ask you a question about the Window of Creative Competition which you, in your previous evidence, supported but you did say it had to be managed very carefully in order not to, to quote you, “feed big fat indies”. Do you think that the way this Committee have recommended that the BBC should set indicative targets within WOCC satisfies your concerns?

Mr Duncan: I first of all welcome the fact that the Committee have picked up on the issue. I guess my honest view is that I do not think indicative targets are strong enough. Having spent three years at the BBC, if there is not an absolute requirement, it will get lost in the wash. Even since we last spoke about this issue our feelings on this have strengthened, because it is really clear now that within the independent sector a few very big independents are merging, buying up other independents; you have probably seen some of the deals yourselves, the likes of Shed, who recently bought Ricochet, RDF who have just bought IWC and so on. They are very good, very strong companies and in most cases Channel 4 is their biggest customer still, but it is getting harder and harder in fact to secure quality programming from some of the small- and medium-sized independents and that is a particular issue outside of London. It is almost inevitable that the BBC, unless

they are forced to do otherwise, will put a disproportionate amount of extra spend into the big, strong, London-based independents. In some cases—groups which have bought up one or two regional offices to satisfy round the back door—a real opportunity would be missed. If an appropriate amount of that money—in our case it would be 30 per cent and something similar for the BBC would work very well—had to be spent properly to help drive regional development, it would be a fantastic thing for the independent sector and it would also strengthen the available supply base outside of London for other broadcasters including ourselves. My sense is that it has to be an absolute requirement on the BBC, otherwise, if it is just a good intention and they are given some indicative targets, it will get lost.

Q1134 *Baroness Bonham-Carter of Yarnbury:*

Picking up on what you were saying about the regional companies, we were up in Manchester recently and they were saying that a lot of the big London-based independents have opened offices up there. Now those offices will obviously employ local people. Does that not satisfy your desire for the BBC to invest in the region?

Mr Duncan: That is part of the answer. It is perfectly reasonable for some of the regional spend to be with major groups which happen to have a regional office; that is perfectly legitimate. There are also mechanisms which could be put in place. In our case, we source programmes from over 300 independent suppliers, substantially more than anybody else does, and quite a few of those are one- or two-person operations which literally make perhaps one or two programmes in a year. Out of that breeding ground you get some very innovative new companies emerging and it is a real struggle regionally. Being very specific, it would be fine for the BBC to put some money into the Manchester branch of Endemol or the Manchester branch of RDF, but you also want BBC money going into the little independent in Newcastle or in Bristol or in North Wales or wherever it might happen to be. A regional quota could work with some sort of guidelines around spreading it across a mix of different sized companies as well.

Q1135 *Baroness Bonham-Carter of Yarnbury:* And that regional quota would be operated through . . . ?

Mr Duncan: There are several ways of doing it, but in the same way that the 25 per cent to 50 per cent WOCC has to be managed and, prior to that, the old 25 per cent quota had to be managed and reported on by the BBC, you would simply put in place within that, that a minimum of 30 per cent has to be spent outside London.

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Q1136 Chairman: May I ask just one other question. Do you think there is a case for Channel 4 as a not-for-profit broadcaster and, for that matter, the BBC as a licence fee funded body, to be allocated free digital spectrum by Ofcom?

Mr Duncan: Yes.

Q1137 Chairman: And have you put that case to Ofcom?

Mr Duncan: Yes, we have. It is a very current and live debate for us at the moment, which is back to the conversation that we had before. We are doing very well in the short term, but we are increasingly anxious about the pressures in the medium to long term and, almost by the week, life is moving on. We saw the Virgin/NTL deal, we have the cable merger which is taking place, Sky have bought EasyNet and so on and so forth. Our own sense is that some of the competitive developments which are emerging mean that we are perhaps two to three years away from when some of the pressures really start to bite, not least with the switchover process coming in as well. Capacity has historically been a very good way of helping drive the public service model, both in our case and the BBC's case and, going forward, we think it is one of the best ways in which you could underpin Channel 4. We are pushing quite hard on some opportunities, which we are discussing both with DCMS and with Ofcom, which exist specifically at the moment around possible use of some of the BBC capacity and the possible windfall that will come through if 64 QAM is adopted through switchover. In both cases we think it is a very good way of giving Channel 4 more head space through capacity.

Q1138 Chairman: That would mean Government giving up potential revenue, would it?

Mr Duncan: There are two quite distinct options: one of which is complicated and I suspect will take some years to resolve and one of which could be done very quickly. The complicated longer-term option is what you do with the released analogue spectrum. Do you sell it off and maximise income or do you reinvest it to create the chance to do high-definition, those sorts of issues. I am sure that would be a process of some years of debate and there is the big International Spectrum Conference next year which will be part of that. The very specific short-term opportunity that we see, that we are currently discussing, is that the BBC has a commitment to run Five and S4C and S4C2 on their BBC multiplexes, one of which is controlled by Ofcom and one of which is licensed directly by Government. Capacity will be available outside Wales, because S4C will run just in Wales on DTT, and Scotland in the other case because of the Gaelic service. It is very, very unlikely that the Treasury or Government will take a decision to take that capacity out of public service broadcasting and

there is a very simple opportunity to rebalance how that is allocated. We are using our spectrum very efficiently. We have run out of spectrum actually and are having to buy it on the open market at a very expensive price. The BBC are using theirs very inefficiently. There is a very simple opportunity which could be taken literally in the next six months or so, alongside the White Paper and the licence fee. We are trying to differentiate between a very specific short-term opportunity to reallocate some capacity from the longer-term policy decision about whether more capacity in total is put into PSB.

Q1139 Chairman: Is there any estimate of how much it would actually cost you if you were not allocated free digital spectrum?

Mr Duncan: Yes. We have acquired two sources of capacity this year, two slots from National Grid Wireless, and although the figures are actually confidential in terms of how much we paid, the press has speculated that the last one was in the region of £12 million. We have certainly had to pay a very significant amount of money which we have decided to do as a premium for certainty now. The market is obviously developing very rapidly and if we are going to get on and launch things like More4—and we are looking at other channel ideas including Film Four going free next year—we have to do them now while the market is developing. Our assumption is that we will not have to continue to pay those very high prices indefinitely and at some point it will be a clear way to underpin us by providing capacity in some other way.

Mr Scott: Certainly going forward there is the idea of spectrum charging, which I know the BBC have written into their licence bid. The concept of spectrum charging was trying to look for efficiency in the use of the spectrum and the allocation of the spectrum, but the way the forecast spectrum is allocated it is money which will just come straight from the programmes, so it does not actually lead to any behavioural change.

Q1140 Chairman: So the spectrum charging would just be another cost.

Mr Scott: For us.

Q1141 Chairman: And for the BBC.

Mr Scott: And for the BBC.

Chairman: Having said all this, let us move on to what we are looking at now. Thank you for that précis of where we were. Let us go to sport.

Q1142 Lord Maxton: I am tempted to ask you whether you would have been so disappointed at losing the test matches if Australia had hammered England last summer, but maybe I should not ask that. You did say in the evidence to the House of Commons Culture, Media and Sport Select

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Committee that you were disappointed that the English Cricket Board did not look at a partnership between you and Sky. Did you make that proposal? What was the proposal? Why do you think they turned it down?

Mr Duncan: We were very disappointed to lose the cricket, regardless of whether we lost to Australia or beat Australia. The reality is that we covered cricket for seven years and I think Channel 4 did an excellent job in terms of the innovation of the coverage. A lot of money was invested in production, a lot of money was invested in marketing as well as the rights cost and it was basically a very successful partnership over those seven years between us and Sky together with the ECB. Having said that, we lost over £100 million over that seven-year period, so it had always been a significant loss-maker for us. The ECB had a very simple choice when the most recent contract negotiations came round. They could have driven the process to strive to continue that successful partnership and gone for sufficient money and a balance of exposure across both free-to-air broadcasters like ourselves and Sky, or they could have gone down a route of trying to maximise money by going for an exclusive contract. Clearly in Sky's case, and you only have to look at the football debate to understand that, exclusivity does attract a premium. We put in what we thought was a very full and fair bid. It would have meant us continuing to lose the best part of £15 million a year and it was a very full bid for the main test series of each summer. We were genuinely surprised and disappointed that the ECB did not try to pursue that more strongly as some sort of partnership approach.

Q1143 Lord Maxton: Presumably Sky offered on the overseas, which you do not?

Mr Duncan: Yes. The ECB are quoting very widely this £80 million figure as being the difference between what we effectively bid and what Sky bid as a joint bid, versus what Sky bid exclusively, but the reality is slightly different to that, or I should say that we have a different way of looking at it. Sky have for many years covered the international overseas cricket extremely well and for reasons of scheduling, and it varies by time of year and time of day, they have done a very good job with that through their specialist sports channels. We have covered the main test series of the summer and shared the minor test series of each summer. For example, we shared one test each with Bangladesh and that makes it more difficult in marketing terms because you cannot own that whole series. We only bid for the main test series, we bid just over £3 million a test, which was close to what we had been paying, but not quite as much. In total it would have meant about £5 million less from Channel 4 per year. The ECB had more rights to sell this time around because they had an extra one and a half tests

on average to sell to somebody else, possibly Sky; they had more 20/20 internationals, they had more one-day internationals. If they had driven the process down and made it very clear up front they wanted a joint solution, my own view is that they could probably have had broadly the same amount of money going forward as they had been getting historically and, at worst, if Sky had been prepared to pay no more money, they would have only been £5 million worse off a year. What Sky did, once they knew that the ECB would potentially go for an exclusive contract, was to offer a lot less than they had been paying on the basis of sharing it with us and offer more on the basis of it being exclusive. I do not blame Sky: for Sky, it was a smart deal but in my view the ECB made a big mistake. The idea of having no live cricket coverage in any form, winter or summer, on British television for five years and effectively nearly three quarters of the country being unable to see any live cricket—most people in this country will probably never see Freddie Flintoff live again—is a bizarre decision for a sporting authority to take.

Q1144 Lord Maxton: “Most people” is probably a slight exaggeration.

Mr Duncan: He may not be playing cricket in five years' time.

Q1145 Lord Maxton: I meant that people watch Sky in a variety of different ways, in pubs, in clubs and all the rest of it. I shall leave that one aside because our interest is the BBC. Did you not consider the BBC being involved in this partnership? I know they did not bid in any way.

Mr Duncan: Essentially the way the partnership worked very well was the free-to-air terrestrial broadcaster offering the exposure and the coverage to all homes and then the specialist pay/sports broadcaster, sports channel was able to offer all the coverage including some of the county coverage as well. The BBC were in many ways replicating what we have been doing and so a joint Channel 4/BBC thing would not really have covered some of the other matches, if that is what you mean. They would have been presenting an alternative to us to partner Sky; that might have been a different option. My understanding is they did not make a serious bid at all.

Q1146 Lord Maxton: The whole problem with cricket is that it is a long day and it disrupts every other form of scheduling you have to do during the day and, of course, there is no guarantee that it will not finish early, it will not be put off because of bad light, that it will not rain, whatever. Did you have some form of deal with the BBC to use archive material when you had breaks of that nature? If so,

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did you have to pay them for it and what did you pay them for it?

Mr Scott: I am afraid I cannot recall the answer to that question.

Q1147 Lord Maxton: Obviously, if you wanted, in the interval or when it was rained off at some point, to show Ian Botham playing in a great test match, you would have had to obtain that material from the BBC. You presumably could not have obtained it from anywhere else.

Mr Scott: We have gradually built our archive across the seven years of our coverage.

Q1148 Lord Maxton: You just use your own archive?

Mr Scott: Yes.

Q1149 Lord King of Bridgwater: How much did you say you lost over the period?

Mr Duncan: Over £100 million.

Q1150 Lord King of Bridgwater: Is that in lost advertising?

Mr Duncan: Essentially there are three blocks of cost. The rights cost is the biggest chunk of cost and then there is about a further £5 million pa for production, £5 million pa for marketing. We were spending around £25 million a year and the income we were generating from our advertising was only about £10 million, so it was actually a net cost of about £15 million pa. The actual opportunity cost was potentially even bigger, because we could have run much cheaper programming during that time and generated bigger audiences, but the pure factual loss that we made per year on average was about £15 million.

Q1151 Lord King of Bridgwater: This thing about the tragedy for the great British public and how much of the audience cannot see cricket is that quite a lot of the public would actually hate the idea of having to watch any cricket at all. What percentage of the Channel 4 audience are actually cricket watchers? This is what I am trying to get to. There is this point when you say only so many people can get Sky. We were talking to Sky yesterday who made a big pitch. Obviously they use sport to sell packages to people and obviously the sport lovers tended to sign up to that and people who are keen on bringing up their children to be interested in sport would tend to sign up to that. I am trying to get a feel for what the truth really is about it being awful because most people cannot watch it. What percentage of people interested in sport actually will get it on Sky?

Mr Duncan: Our average audiences for test matches in the first six years of showing them were just over one million throughout the entire test match, but of

course at key moments, when England were batting or towards the end of the day when perhaps there were more people around, you might get figures of three or four million in some cases. This summer was obviously an exceptional series, a once-in-a-generation series in many ways, and the average audience was over two million, but at various points along the way it peaked at seven or eight million. There is a difference between the hard-core cricket lover, assuming they can afford it, who might be a sports lover and subscribe to Sky Sport, and those people who love cricket but either cannot afford to pay for subscription or who are occasional cricket lovers. This summer in particular we saw a lot of people who were perhaps on the fringes who came in to watch the sport. The simple facts are that Sky Sport is only available in a quarter of homes. I am sure a disproportionate number of cricket lovers have Sky Sport but there are many, many cricket fans, people who would have watched cricket on Channel 4, who are either unable or unwilling to afford or do not want to subscribe to Sky in order to get that cricket.

Q1152 Lord King of Bridgwater: In a population of 60 million, what is your audience for cricket?

Mr Duncan: On average we had around two million with peaks of seven or eight million. We could go back and try and do some sort of cross-analysis, though it is quite difficult, but our sense is at least well over half and probably two thirds of that audience is coming from non-Sky homes.

Q1153 Chairman: The £100 million loss was over how many years?

Mr Duncan: Seven years.

Chairman: Seven years; so £100 million over seven years.

Q1154 Lord Peston: My questions are generalisations of those. You have public service broadcasting obligations and of course the BBC is a public service broadcaster. I take it you would interpret the loss on cricket and any other losses you make on other sporting events as fulfilling your public service obligations. Therefore in a sense what you are telling us is that the ECB does not regard itself as having any public service obligations at all; they are simply going for the most remunerative package they can sell. Is that not a bit bizarre? They are in charge of an asset which actually really belongs to the public.

Mr Duncan: My personal view is that they took a strange decision. At the end of the day, as a sporting authority, they have to make their choices. One can understand why they made the decision.

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Q1155 Lord Peston: They wanted the money.

Mr Duncan: Clearly cricket is struggling financially. There is a county structure which probably needs a radical overhaul, but my slight fear is that the money will largely be dissipated around county ground building projects and overseas players inflation and so on and although they plan to put a few million into grass-roots development, it cannot possibly make up for the fact that a lot of people will not be watching and seeing cricket any more. For a sporting authority to put its entire rights throughout the year for live cricket away from the majority of the British public is a strange decision, but that is their judgment call.

Q1156 Lord Peston: I understand that; I just wanted you to get it on record explicitly in that way. Looking more broadly at sporting rights, they are clearly becoming mostly more expensive. The point the Chairman has led us towards is whether it would be a good idea in other areas if you and the BBC cooperated. You both have a public service obligation. It seems a bit bizarre if you two are bidding against each other to fulfil a public service obligation.

Mr Duncan: The reality, to be honest, is that sport is probably now our most difficult genre to compete in effectively. Channel 4 has a fantastic tradition as a sort of multi-genre channel and we aspire to deliver our public remit whether it is through drama, through news, through current affairs, through the innovative way we did the cricket. Obviously we have horse racing, but in reality it is very hard and the reason is basically Sky and the BBC. Firstly, with Sky, sport more than anything drives their business model; they are prepared to pay huge amounts of money.

Q1157 Lord King of Bridgwater: That is not what they said.

Mr Duncan: I am sure it does drive their business model. My perception is that it drives their business model, but they ought to know better than I do. On the surface it looks as though it drives their business model. They are certainly prepared to pay a lot of money for it. The BBC changed tack on sport a few years ago. I was obviously there when Greg Dyke was Director-General, but prior to that they had exited sport and not fought that hard when Sky and others had come in. There was quite a level of disappointment from licence fee payers, particularly younger males who did not feel that their sporting interests had been catered for, so the BBC actually massively reinvested back into sport, did long-term deals on tennis and rugby and so on, which broadly was a good thing. It means a combination of Sky who are able to pay a lot of money because of the business effectiveness for them and the BBC who have the licence fee, which actually means that sports rights

inflation has been very high and it is very difficult for us to get sport at sensible levels.

Q1158 Lord Peston: I speak as someone who regards himself as very strongly pro the BBC for the sports traditions and the BBC. However I get the feeling, though I cannot quite put my finger on precise evidence, that the BBC do not like cooperating. Would I be mistaken in saying that they would typically, whatever they are doing, really like to do it on their own if they possibly could? There is less cooperation in sport for example than I would have predicted *a priori*.

Mr Duncan: Culturally that is exactly true. I think the BBC are an incredibly important and good institution, but they tend to operate best when they are able to do everything themselves. Where they do share things, and they have to share things like the World Cup with ITV, there is a reasonable sense of cooperation, but it is very much about the BBC doing their coverage and ITV doing their coverage and the BBC do not have many good examples of sharing activities. My understanding is that both Michael Grade and Mark Thompson have talked a lot about partnership during the Charter process. It will be interesting to see whether that then comes through once the Charter is agreed.

Q1159 Chairman: To whom have they talked about the partnership process? To the Government?

Mr Duncan: A lot to the Government and other people. It is fine to talk about it, but it would be quite hard; the BBC would need to demonstrate some action. Funnily enough, on some of the digital platforms emerging now, there is a chance for cooperation in a way which is easier than it was historically.

Q1160 Lord Kalms: A slight twist on the same question. The BBC has an obligation, does it not, to bid against everybody for certain sporting events? Do you think it is compatible with its obligation that it is always high competitive against people like yourselves? Does the BBC fulfil its public service obligation by being very competitive in its bidding? Can it get around the problem of its obligation to bid?

Mr Duncan: My own sense is that it is valid for the BBC to do sport and to bid competitively to try to secure sports. That seems to me a perfectly reasonable thing for them to do. They are in a privileged position. They are able to put a lot more money in than might necessarily be economically justified. Where they perhaps need to be careful and where it can have an impact, radio is probably quite a good example of this, is where the funding of BBC Radio is at such a vast level compared to any other radio anywhere else in the world. BBC Radio is very

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good quality but there is very little public service competition for that and it would be almost impossible for somebody to come in and perhaps secure the sports rights on radio given the amount that the BBC will pay for football or cricket and, regardless of how well you think they might do it, if you take the television equivalent with cricket, the competition there really stimulates them to do a better job than for some of the rest of their sports. They need to be careful there, but I am not sure that you can prescribe that the BBC should keep out of something just because Channel 4 is trying to go for it, for example.

Q1161 Lord Kalms: Could you twist this around? Could you say that as long as those sporting events are in the public domain on free-to-air or some of the other media such as Channel 4, why should the BBC artificially compete? Is it because the BBC feel they have to have it on their channel? In other words, they are creating a market for a product which they might not necessarily need but it might mean the consumer, the listener or the viewer, can have their product. Is it a slightly artificial pressure on that sports event?

Mr Duncan: There is an element of truth to that. To be very specific, if the BBC got there and I do not think they are quite there but they almost got to the point, if the BBC were of the mindset that says "We must get sport no matter what and we are prepared to pay whatever it takes to get it", that would have an impact in artificially inflating the price; that is definitely true. Probably the move they made over the last few years to strengthen their sports portfolio was appropriate, but they probably have adequate sport now and if they were suddenly to decide they wanted to do even more, that would probably be quite distorting in terms of the market.

Q1162 Lord Maxton: I am a bit confused about this public obligation to show sport. If you do have and the BBC do have it, it is to encourage people to take part in sport for the general health of the nation. Otherwise, if you are just putting on football matches between two bunches of foreigners, it is as much an entertainment as putting on a play or putting a film on really. You are not necessarily encouraging anything. If that is the public obligation on you to encourage people to take part, have you looked at minor sports? Probably as many people play badminton and squash and sports like that throughout the country as play cricket. Do you ever think about putting these minor sports on? It is relatively cheap to purchase the rights, in fact some sports may even pay you to put them on.

Mr Duncan: We have had a tradition over time of trying some rather unusual and interesting sports. There was clearly a period when we did the American Football quite successfully. We actually do a very

interesting range of sports that run overnight, extreme skateboarding amongst others. There are some quite niche and minority sports. We had a serious go at covering the World Rally Championships two or three years ago, a big investment which did not particularly work; audiences did not come to it. You get back into some of the same kind of economic problem.

Q1163 Lord Maxton: American football and rallying is hardly high participation sport in Britain.
Mr Duncan: No, not particularly, but you are back to some of the same economic issues, to take your badminton example, because you would find audiences were extremely low. This is the truth.

Q1164 Lord Armstrong of Ilminster: I was wondering whether the European Commission's reform of the sale of Premier League broadcasting rights was going to present a genuine opportunity for terrestrial broadcasters to acquire live rights.

Mr Duncan: The decision that was made was rather disappointing. The situation where effectively five out of six packages can still be bought by one broadcaster has not forced the extent of sharing that one might have anticipated or hoped for. We shall look at it. It is very unlikely that we should be able to justify paying the sort of money that will be needed to secure one of those packages. Most people think that Sky will bid very heavily to get the five packages. They even said to you yesterday and it was reported in the papers today that they would be prepared to pay virtually the same for five of the six packages. I am sure others will look at it, including the BBC and ITV. If you are only able to get 23 games, it is hard to do much with that in terms of really promoting it or driving a business. Presumably, somebody will pick up at least one of the packages, but it is quite difficult.

Q1165 Chairman: Do you regard it as a sort of victory for Sky?

Mr Duncan: I should have thought, given some of the possibilities that have been talked about, they would have been very satisfied with the eventual outcome.

Q1166 Chairman: We talked to Sky yesterday and I am not sure they were particularly informative on this point. Did you do any lobbying yourself on this issue?

Mr Duncan: No. We did not have a serious interest in bidding for the football. It is something we shall look at, but other broadcasters made various noises along the way. Obviously ITV and NTL put forward a suggestion of wanting to bid for up to half the matches. But no, this was not something we were lobbying behind the scenes on.

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Q1167 Lord Peston: It looks as though the Commission, having talked very loudly on the desirability of competition, suddenly lost their nerve on the six packages. I was astounded that they would allow that; to be able to sell five just makes no economic sense at all. Would there be any possibility of more than one terrestrial channel jointly bidding for one of the remaining packages? Would that make any economic sense to you or to the BBC?

Mr Duncan: Back to the point, even having only one of six packages is quite hard to properly utilise as one broadcaster, so the idea of further splitting that and sharing would make it even more problematic. Football is quite complicated because you have also got the FA Cup, the Champions' League, international matches, big tournament events like the World Cup and the European Cup, so if you are ITV and you are showing some other football anyway or if you are the BBC and you are showing some other football anyway, I cannot speak on their behalf but I can imagine that you could think about how it is part of a wider football proposition. For Channel 4, we do not show any football now. We used to show Italian football.

Q1168 Lord Peston: It was a marvellous way of showing it, if I may say so. Bravo are nowhere near your league.

Mr Duncan: We are looking at it, but it is hard to see that with just 23 games you can really do enough.

Q1169 Lord Peston: You were talking in terms of a kind of halo effect, when you were going back to the test cricket: it created a vision or view of you and that was part of the pay-off. Do you not think that might happen with one of the Premier League packages or something like that? Obviously you have thought about it.

Mr Duncan: We are looking at it. We are yet to conclude whether we are going to bid and if so, on what basis we bid. It is less enticing than it might have been, given the decision that was taken by the Commission.

Q1170 Chairman: If the Commission had given half and half or some other proportion, you would have been more persuaded, would you?

Mr Duncan: It would have opened up many more options including partnership options and really given ourselves and other people more opportunities to do something very imaginative.

Q1171 Baroness O'Neill of Bengarve: May I turn to the system of listing events? Do you think the present lists are reasonable? Do you think the criteria for compiling those lists are reasonable, or would you like to see them change?

Mr Duncan: DCMS have said they are going to review listing over the next two or three years. Our view is that would be a sensible thing to do. We have not particularly spent a lot of time thinking through what changes, if any, are necessary. Particularly given the recent controversy over the cricket, it would be a good time to dust them off and take a view. The listing of some crown jewels is very important.

Q1172 Baroness O'Neill of Bengarve: But you do not have a wish list.

Mr Duncan: No, not that we have formulated at this stage.

Q1173 Chairman: Do you have criteria? Do you have a sort of definition of the crown jewels?

Mr Duncan: To be absolutely honest with you, no. Ultimately, it is an issue for Government to work out, but the basic principle of having some listed events is a good thing. A serious piece of work has not been done on it for a number of years and, given how much technology has changed and the whole digital environment has changed, a debate back to first principles would be a very good idea, but we literally have not spent any time on it whatsoever.

Q1174 Bishop of Manchester: May I take up a point you made earlier this morning when you were enthusing about regional development and you mentioned several places, some of them relatively small. You did also mention Manchester. Forget I am the Bishop of Manchester, because I want to be absolutely fair on this one. When the BBC came to us, on several occasions they emphasised their commitment to the move to Manchester. They have also emphasised how that will depend upon the appropriate licence fee being agreed. At various stages during our meetings, it is fair to say we have all expressed some concern about aspects of the proposed Manchester move, for example, there have been some real worries over the cost, particularly the early figures that we were given and whether or not that is actually an appropriate use of the licence fee and whether we ought to be protecting the interests of the fee payers by saying that is too much. Then there are the fears that if you move departments up to a region, you also move them away from what, rightly or wrongly, could be regarded as some of the corridors of power in London. Then there are all the domestic upheavals of people, with all their fears about what it must be like living near the North Pole and all these sorts of things. It would be interesting first of all to find out from your viewpoint as Channel 4 what you feel about that proposal by the BBC. Just forgetting for the moment how that might fit in with you, as a professional company, what do you think about this move?

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Mr Duncan: I went to university in Manchester, so I am quite proud of Manchester. I was also involved in the Manchester project when I was at the BBC. From a Channel 4 point of view, our perspective is that it is actually a good thing that the BBC are looking to invest significantly outside London and, being party to the debates which took place two or three years ago, I think that having one strong centre does make more sense than trying to spread it too thinly. The broad thrust of the Manchester proposal is a very good thing. I should say that there are two very significant points. One is that it should not be a Manchester-only solution, going back to the earlier WOCC debate. If Manchester is part of a broader strategy to help the BBC really broaden out from its over-London-centric approach, then that would be very good; if it is a Manchester only thing, then it is a big opportunity missed. Given that all licence fee payers across the whole of the UK pay for the BBC, to have a broader spread like that does make sense. In particular, the North of England is a real weak point. The second thing is, being very blunt about it, that the costs are far too high. I think the BBC are involved in some licence fee negotiation tactics. You could be much smarter and much more sensible about how you could really build, creatively and imaginatively, the sort of centre of gravity around Manchester, perhaps in conjunction with the independent sector, perhaps opportunities for cooperation with the likes of ITV who have a centre there. Certainly compared with some of the figures I saw before, they look very high indeed and it is a classic BBC Rolls-Royce, "We'll have a completely spanking brand new office and we'll ship thousands of people up there". From a commercial perspective, if you were Channel 4, you could probably pull off something more creative, more imaginative at a fraction of the price. They should be supported in doing it, but they should be pushed very hard on how much it really costs and they should be encouraged to do it in a way which really tests their commitment to partnership.

Q1175 *Bishop of Manchester:* May I now take up something you said in providing that answer. You were referring to "sharing" and of course having this shared hub is meant to be one of the key features of the move. You did say earlier this morning that the BBC are not really very good at cooperating. You said in fact that there are not many good examples of sharing activities. That does not sound hugely hopefully prophetic given their plans. Could you comment on what you feel their ability is, given past evidence, to produce the hub that will really work and would Channel 4 in any way benefit from that?

Mr Duncan: On the first point, my sense is, particularly given the amount of money that they are requesting against it, that they have had several years

of debating and discussing it and very tangible concrete plans should be put on the table now and they should demonstrate very clearly and very vividly how the partnerships would potentially work. It is a very, very good test case to see whether this commitment to partnership is something they really mean or whether it was just fine words during the Charter renewal process. Before any licence fee is set next summer, whenever the time period is, the BBC should get that money subject to putting a very clear plan together illustrating that. As far as Channel 4 are concerned, we are a kind of very lean mean organisation. There are only 900 people; less than the old BBC HR department. We do not have regional bases as such; we source our programmes from all over the country. Our prime interest would be how this could be used to help nurture the independent production sector in the North generally, not just in Manchester. Certainly indirectly we benefit from that: whether there are any direct cooperation benefits is less likely. ITV have just walked into the room, but I can imagine that there are more opportunities for them because they have a physical base there.

Q1176 *Bishop of Manchester:* On the whole do you think it is a workable idea?

Mr Duncan: It is a really good idea. It is one of the most important ideas in the Charter. It is an incredibly important opportunity. To repeat myself, it should be part of a broader strategy to broaden outside London, including the WOCC point from earlier, and it should be done more cost effectively.

Q1177 *Chairman:* We need to get the costs right. The costs are changing almost as we speak, but at one stage there was going to be a 25-year payback. How many investments do you do on a 25 year payback?

Mr Duncan: None.

Q1178 *Baroness Bonham-Carter of Yarnbury:* I just want to go back to our WOCC conversation. You were saying you thought the BBC needed mandated targets for sourcing from regional companies, but I did not quite get who you thought would oversee that?

Mr Duncan: You have a number of options and it depends a bit on the Government's whole debate which is still going on in terms of the Charter. Clearly, it could be something the Trust manages or it could be something that Ofcom manage. I suspect they are the two options.

Q1179 *Baroness Bonham-Carter of Yarnbury:* Would you have a preference?

Mr Duncan: As long as they actually stuck to the target and were given a target, then no, it would not matter.

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Q1180 Lord Maxton: May I just look to what is already becoming the future in a sense and that is, and it has happened, certainly so far as I am concerned, since we saw you last? We are moving into the world of what I call multiple choice rather than multiple channels. I am a cable subscriber and one of the things which is already happening is that I am now being offered what TeleWest call teleport, which is the ability to watch programmes from the last week at any point, any time, forward them, fast forward them, reverse them, watch them, watch films, pay for them, programmes and all the rest of it. At the moment, as far as I can see, they are very largely showing BBC programming. Are you in negotiation with these companies for that sort of facility to show your programmes?

Mr Duncan: Yes, we are. Probably the single most profound issue that we are facing at the moment is the Channel 4 position *vis-à-vis* rights. Essentially, we are a publisher/broadcaster, so we do not have our own production base and in that sense we are different to the BBC or ITV, the majority of whose programmes are produced in-house. But for all of the broadcasters there is a very profound issue, as the audiences want to get programmes and content when they want them, how they want them, on the device that they want, around the rights management in terms of new media platforms, which is very important and is being looked at as part of an Ofcom production sector review as we speak. We are very, very anxious about it. To be very specific, we fully fund the programmes, we take all the risk. At the moment, we have, in exchange for fully funding the programmes, rights to show that programme on Channel 4 twice, potential rights to show it across our emerging digital portfolio, More4 and E4 and so on. We think it absolutely essential that we also have the ability to show those programmes on broadband, on demand, potentially versions of those shows via a mobile and so on. We are particularly arguing for two things. One is a public service window which we think needs to be around 30 days where we are able potentially to offer those for free. Advertising revenue might be generated but it would be largely

substitutional from the main broadcast platforms and subsequently some sort of fair share of any commercial revenue which is generated between ourselves and the independent sector. If a fair outcome is achieved by the Ofcom review, that would be very satisfactory. If in fact a bad outcome is achieved, particularly for us and Channel Five, but I should say especially Channel 4 with our public remit, it would be quite devastating and our ability to deliver our remit going forward would be badly damaged.

Q1181 Lord Maxton: Presumably one of the real problems is the advertising revenue. If I can watch one of your programmes the following day or even two hours later and I am able to fast forward through the adverts every time they come on, then the advertisers are going to look at you and say "Why do we bother"?

Mr Duncan: Yes, there are two very specific points. The basic business model of paying for a programme, showing a programme then getting the money back via advertising would be broken. If people are watching some sort of catch-up service or on demand or watching it after the event, you could have a mechanism where they are still advertising there but it will have been substitutional from the main broadcast platforms. If people are paying subscriptions, particularly if we do not get that money, that money goes to the independent sector for example, that means our ability to fully fund programmes is taken away. It is a very, very important issue. The BBC and ITV are also concerned about it, but they are somewhat cushioned because of their in-house production.

Q1182 Chairman: Thank you very much. Did you want to make any other points to us?

Mr Duncan: I do not think so.

Chairman: Thank you very much; you have been very patient with us. Thank you for coming again and thank you for your evidence, which was very clear. If we have any extra points, perhaps we could write to you.

Memorandum by ITV

1. INTRODUCTION

1.2 ITV welcomes the opportunity to provide further evidence to the House of Lords Committee on BBC Charter Review. This paper follows our previous submission which focused primarily on the key issues concerning the BBC's scope, remit, market impact, funding and Governance.

1.3 The particular issues that the Committee wishes to focus on are all important, and in response to these specific questions ITV has a particular interest in the future of regional broadcasting, as well as in sports rights and the BBC's relationship with the external production sector.

1.4 Since the first call for evidence there have also been a number of announcements made by the BBC regarding its future plans for growth across the new media space. These announcements raise a number of serious questions reinforcing the importance of ensuring that the proposed BBC service licences and the new

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independent market impact assessments are effectively introduced and enforced. In addition, the Government's focus has now moved to setting the level of the licence fee. The BBC has tabled an aggressive pitch for a licence fee progressively increasing by twice the rate of inflation for a full seven year period. Yet, there has been relatively little debate about the amount of funding the BBC requires in order to fulfil its specific public service duties.

1.5 Given the importance of these issues, ITV's comments on the Committee's specific questions should be seen in the context of the wider need for the BBC to be more accountable and transparent, its duty to compete fairly and for its funding to be matched to the BBC's needs.

2. THE BROADCASTING OF SPORT

- Should the BBC have a duty to bid for certain sports events?
- Is the BBC too aggressive in the way it bids for sports rights? Should there be an independent review of the way the BBC bids for sports rights?

Free to air sport

2.1 The broadcasting of sport in the UK is shared between a range of different broadcasters. The viewing public enjoys the availability of many sports events, across a wide range of channels and platforms and available free to air and on pay-TV. Certain "crown jewel" sporting events are "listed" with a view to securing their transmission on free to air television. This includes events such as the FIFA World Cup Finals, European Football Championship Finals, the Rugby World Cup Final and the Olympics.

2.2 Sport has been a driving force behind the success of pay-TV, with Sky heavily dependent on its sports channels, and in particular on its exclusive coverage of Premier League football. However, there remains a significant proportion of the population who do not—and will never have—access to pay television, and even more without access to premium rate sports channels. Sports channels are not part of the basic channels of any pay-TV offering and the minimum cost of watching premier league football through Sky is now £28 per month. Free to air broadcasters including the BBC and ITV can therefore play an important role in making sports events available free and to all viewers.

2.3 The European Commission is currently investigating the manner in which the FAPL sells its rights to broadcasters. They consider it detrimental to viewers and to competition for the FAPL to sell its rights exclusively to one broadcaster. Live Premier League football has been the preserve of pay television since the inception of the League in the early 1990s. Other broadcasters, including the BBC and ITV, have long wanted to bring live matches to their viewers and not simply highlights packages.

2.4 We are hopeful that the EC investigation will result in a genuine opportunity for terrestrial broadcasters to acquire live rights. We think this will bring huge benefits to viewers and the wider game of football. After all, some 18m TV households in the UK do not have access to pay television sport.

The BBC Bidding for Sports Rights

2.5 Many sports rights are negotiated on a purely commercial basis, with broadcasters prepared to invest significantly in acquiring rights which are likely to deliver large audiences and commercial benefit. Sky has built much of its business on its pay sports channels. ITV has the rights to sporting events such as UEFA Champions League, Formula One and boxing. ITV had the Premiership highlights package until 2004, when the BBC outbid all its commercial rivals, including ITV, by improving markedly on the market rate. In ITV's view it must be questionable whether it is appropriate for the publicly-funded BBC to outbid commercial free to air broadcasters for the rights to sports which—even without licence fee funding—would be provided free to air to all UK homes.

3. BROADCASTING IN THE NATIONS AND REGIONS

- Does the BBC's proposed move to Manchester represent value for money for the licence payer? Should the BBC continue to de-centralise?

3.1 ITV is the UK's leading regional public service broadcaster, providing more regional television services and sourcing more production from outside London than any other broadcaster. In its 50-year history ITV has developed a unique regional structure that works in two ways: through a regional infrastructure providing dedicated regional services; and by commissioning original network programming from across the UK.

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3.2 ITV is committed to moving to commission at least 50 per cent of original ITV1 network commissions from outside London, in terms of hours and spend. ITV will also invest £9 million over the next three years in a Regional Production Partnership Fund, which will fund commissions from new-to-network regional producers and development in the regions. By contrast, the BBC's commitment to network commissions from outside London stands at just 25 per cent by volume and 30 per cent by value. ITV believes the BBC's commitment to original production outside London should move in line with ITV's. After all, with well over 50 per cent of licence payers living outside London it would be reasonable for at least 50 per cent of production to take place outside the capital.

3.3 ITV's ability to support production in the regions is, in part, underpinned by our strong regional presence. ITV has strong network production centres around the UK, including Manchester, Leeds, Bristol and Norwich, as well as London. The value of ITV Plc in the regions to the country's economy is put at 1.4 billion pounds, employing directly and indirectly some 50,000 people.

3.4 The North-West has been a major production base since the early days of ITV 50 years ago. Today Manchester produces some of ITV's biggest programmes, including *Coronation Street* and other major drama, entertainment and factual programmes. If the BBC is to maintain—and increase—its support of production from around the UK it would benefit from having a stronger regional presence, with an established centre outside London. ITV is supportive of the BBC's plans to move part of its operations to Manchester and believes it can do so most effectively by working in partnership with ITV and other media organisations in the area. The creation of strong creative hubs outside London, starting with the Northwest, would be good for the sector; for the commissioning and production process for in-house and independent producers; for competition and for UK viewers.

3.5 ITV does, however, question the costs that the BBC has cited for the move to Manchester—some £600 million. This seems extremely high and the BBC has not published any breakdown of how it has reached this figure. The BBC should be encouraged as part of its assessment of the move to justify those costs and look at cost saving measures that might be achieved by working in conjunction with other organisations based in the region. Where possible the BBC should seek to find synergies and work in partnership to make the move as cost effective as possible.

3.6 The figures cited by the BBC for the move should also been seen in the context of the licence fee settlement. The BBC has repeatedly cited the Manchester move as part of its plea for a licence fee rising by twice the rate of inflation for seven straight years. ITV firmly believes that in reaching a decision about how much licence fee funding the BBC will need to fulfil its purposes, it should be absolutely transparent about what it needs the money for and how much it will need for each activity in which it is engaged, whether through individual service licences or other projects.

Should the BBC move towards "ultra local" services? If so, what form should such services take? Should the BBC provide stand-alone local services or work in partnership with other non-profit distributing organisations?

3.7 ITV provides more dedicated regional programming than any other broadcaster, including the BBC. ITV provides news and current affairs across the 15 main ITV regions, and within 27 regional sub-regions. Even following recent BBC commitments to improve its regional services, ITV still offers three times the volume of regional non-news programming in English regions than the BBC. And with 27 sub-regions, ITV also offers more regional news services.

3.8 Regional news remains the most valued aspect of regional broadcasting, as demonstrated by Ofcom's public service television review. The review also showed that viewers would value more local services. Technical limitations and cost have previously made it extremely difficult for local and ultra local services to be rolled out. However, the internet, broadband and access to digital spectrum mean that it is now possible to provide services at a much more local level. ITV is trialling its own broadband local service at present in Brighton and Hastings. As part of the trial users will be offered a local television interface for viewers, including local news and weather, community activities, travel and property advertising and ITV entertainment content. As a commercial service we are also trialling advertising for local businesses as well as local classified ads.

3.9 The BBC is also engaged in a number of trials for local services. ITV welcomes competition in this area. Just as competition in news and regional services was important in the analogue world, plurality of supply should be supported as far as possible in the digital world. But in launching new local services the BBC should have regard to competition with other providers. This further supports the need for market impact assessments of all new BBC services to ensure that the BBC will not be encroaching on services already offered by the commercial sector, but rather that commercial and BBC services can co-exist.

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3.10 Ofcom's public service television review also identified the potential threat posed to regional broadcasting on ITV in the coming years. Unlike the BBC, ITV relies entirely on commercial funding for its regional services, the cost of which outweighs the total of Channel 4 and Five's public service obligations combined. Regional broadcasting is hugely expensive as, by its very nature, it entails the duplication of regional and sub-regional production for each single network slot. ITV invests around £150 million in regional broadcasting every year. Ofcom has identified the risk that with switchover the benefits of public service broadcasting, and most starkly regional broadcasting, will be outweighed by the costs. If plurality of high quality regional supply is to be maintained in the digital world, ITV believes consideration should be given to public funding being made available to commercial regional suppliers to compete with the BBC, preventing it becoming a monopoly regional supplier.

4. RELIGIOUS BROADCASTING

Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?

How should faiths be represented in BBC programmes, services and governance?

4.1 Religious programming has always featured in the schedules of public service broadcasters. Programming includes coverage of religious acts of worship and programmes about faith and inspiration and moral and ethical issues. Faith and religion are also reflected in news and current affairs output, and at times is incorporated in mainstream factual and drama programming. ITV is currently committed to broadcasting 52 hours of religious programming a year, which includes four acts of worship. In its Statement of Programme Policy for 2005 ITV said it would seek to make its religious programming more accessible, topical and relevant. ITV is also looking to make its output more ecumenical, reflecting Britain's multi-faith society and those of no faith. To that end ITV has established an ecumenical revisions advisory panel. This year programming has moved away from traditional Christian worship to programmes like Rageh Omaar's *Tsunami Journey* in which he travelled to Tsunami-hit countries to talk to people affected about how the experience affected their beliefs; an in depth interview with the Archbishop of Canterbury; *Mosque*, a series about Islam; and *Parish* in the Sun about the work of the Anglican priest in Mallorca.

4.2 As the leading public service broadcaster the BBC should be the leading broadcaster of religious and faith based programming. Religious programming—particularly traditional worship based coverage—is difficult to sustain on commercial channels, as they tend to attract relatively low audiences of little appeal to advertisers. Commercial broadcasters like ITV should provide complementary and more mainstream programmes containing religious themes alongside the BBC's more traditional output. The BBC should also seek to provide religious programmes to as wide an audience as possible, including at peak time and covering a range of formats and faiths and beliefs.

4.3 The BBC has not put enough focus on religious programming, and should take steps to increase the profile and broaden the range of religious output in the BBC's schedules, including on BBC One. The BBC Governors conducted a review of the BBC's religious output in 2004, measuring the BBC's performance against a strategy set out in 2002, with a focus on BBC One. The strategy set out a commitment to putting more religious in peak time, achieving higher impact and broadcasting more "landmark" programmes. ITV fully supported the BBC's strategy. However, the Governors' review found that the BBC had failed to deliver against these key objectives: in 2003–04 only one hour of religious programming was broadcast in peak time on BBC One. The review also found that no steps had been taken to provide landmark programmes or more impact. ITV believes the BBC should take immediate steps to make improvements in these areas to ensure that the public service broadcasting system continues to provide religious programming that is available in peak time to those who wish to watch it. The natural home for this kind of programming, away from commercial pressures and as part of a mixed schedule, is the BBC.

4.4 This further underlines the need for Service Licences to include specific commitments to key PSB genres—including religion—for each BBC channel. Service Licences should be more akin to commercial PSB licences, which contain explicit programme requirements, and coupled with the annual Statement of Programme Policy which gives additional commitments to output in other PSB genres such as Arts, Religion or children's programmes.

4.5 In terms of Governance, ITV believes that the Trust should represent a range of backgrounds and specialist interests. However, the Trustees should together be representative to all licence payers rather than seeking to be made up of representatives of specific interest groups. There should therefore be scope to include someone with broad knowledge of religion and faith issues to provide advice and expertise to the Trust.

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5. THE BBC AS COMMISSIONER VERSUS BROADCASTER

In the context of the digital revolution is the future of the BBC principally as a producer and commissioner of high quality programming or as a broadcaster?

5.1 The BBC and ITV both have a long heritage of producing programmes in-house, as well as commissioning programmes from the independent sector. Channel 4 and Five source almost all their content externally. Some digital channels have in-house production capability (such as Sky and Flextech) but the value of their programming is very small compared to that of the main public service broadcasters.

5.2 ITV commissions programmes centrally, through the ITV Network Centre. This ensures that programmes are commissioned on a meritocratic basis so that the best programmes reach the screen, whether produced by ITV producers or by the independent sector.

5.3 ITV benefits from a number of ITV owned production companies competing for commissions. But the independent sector has also provided diversity of ideas and production formats. ITV recognises the important role that public service broadcasters (including ITV and the BBC) have to play in supporting an independent production sector. ITV—like the BBC—is required to commission at least 25 per cent of qualifying programmes from the independent sector. ITV has consistently exceeded this target, sourcing around 30 per cent of qualifying programme from independent producers. The BBC has, on the other hand, regularly failed to meet the 25 per cent target. The Window of Creative Competition (WoCC) is an interesting potential solution to the specific issues about the openness of the BBC's commissioning system and should be welcomed if it will improve the balance between BBC in-house and external programme making.

5.4 If the WoCC is introduced as currently outlined, the BBC should ensure that it is a genuine move to diversify commissioning and support external producers. Therefore the BBC should seek to commission from a wide range of producers, including in the Nations and regions, and from smaller producers who have not had the opportunity to produce for the BBC before. It is interesting to note that ITV not only has a much higher commitment to original network commissioning from outside London, but is also committed to bringing on board new-to-network producers for ITV over the next three years through the Regional Production Partnership Fund.

6. CONNECTING TO THE LICENCE FEE PAYER

What more can the BBC do to better involve the public in its decision making process?

6.1 The Green Paper places the Public Value Test (PVT) at the heart of the decision making framework for proposals to launch new services or make a significant change to an existing service. The intention is to ensure that licence payers' considerations are always taken into account, by demonstrating that the proposal delivers public value and has licence payers' support. However, it remains unclear how the BBC plans to make the PVT objective. In the past the public has been invited to respond to BBC proposals, on which the BBC has made decisions to launch new services. However, the way in which public opinion has been measured in the past is questionable, as proposals have tended to be presented in an entirely positive light. In future, the canvassing of public opinion should be conducted in a more objective and rigorous way, with more emphasis on the impact of the proposal on the wider market.

6.2 The Green Paper places a greater emphasis on the assessment of the market impact of proposed new BBC services or changes to existing services. ITV fully supports this. The BBC has the capacity to damage competition and stifle innovation in the commercial sector. This is not only potentially damaging to commercial operators, but to the public if plurality and choice are limited. The White Paper is expected to provide further details on how the public value test and market impact assessments would work. The BBC has also outlined its own vision of how the model will work, but at this stage has provided very little detail about the role of the market impact assessment and how it will weigh its findings into the decision making process.

6.3 It is vital that the process for assessing BBC proposals is a properly balanced and objective judgement that takes into account both the interest of licence payers and the impact on competition and the market. While licence fee payers should be consulted on BBC proposals, the view of the BBC's competitors and an independent assessment should be equally influential parts of the process.

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6.4 As part of the drive to make the BBC more accountable, ITV welcomes moves to make the Trust more transparent, by publishing more detailed minutes and holding its AGM in public. However, these exercises must be more than just window-dressing and must represent a genuine attempt to make the BBC more transparent and reactive to the views and interests of licence payers, taking into account the BBC's impact with respect to pluralism and commercial competition.

7. CONCLUSION

7.1 Whether considering the BBC's role in regional or sports broadcasting, its public service broadcasting commitments or its relationship with the independent production sector, it is critically important that the BBC does not abuse the licence fee and that it competes fairly with the commercial sector. The issues raised by the Committee's specific areas of interest underline the need for the BBC to be much clearer in its purposes in the next Charter period. Every BBC service must be subject to a Service Licence, setting out the remit for each activity. Any proposal for a new service or a significant change to the Service Licence should be consulted on and subject to an independent market impact assessment.

7.2 ITV is concerned that there is still some uncertainty about how the Service Licences and new approvals process will work in practice. The BBC has said that it intends to publish draft Service Licences for existing services: these are yet to materialise. The BBC has also suggested that the Trust should have some involvement in the market impact assessment: this would be very worrying as they would not be objective or independent. It would be unreasonable for the BBC's competitors to disclose the requisite commercial information to the Trust—the "sovereign body" of the BBC; this would reduce the effectiveness for the assessment.

7.3 Through the Service Licences and agreement on other specific duties placed on the BBC under the Charter, it should be possible to set the level of the licence fee according to the BBC's needs, rather than its wants. The BBC has just published its first "pitch" for the licence fee for the seven years from 2007 to 2013. To fulfil its duties it claims to need an above inflation settlement of RPI + 2.3 per cent, providing an additional £5.5 billion of funding over the period. The BBC has broken down the areas where it requires more funding into broad headings—quality content; digital services; digital infrastructure; local relevance and base costs. However, despite promises of greater openness and transparency, the BBC has provided very little detail about how it justifies the figures. Many of the bigger costs have yet to be agreed, for example whether the BBC should be spending large sums of public money on "navigation and search". Before the licence fee level is settled, there should be more public discussion and consultation about the BBC's exact scope and remit and a more detailed breakdown of how the BBC intends to spend the money. ITV believes that this would lead to a far more modest funding settlement than that proposed by the BBC.

2 November 2005

Examination of Witnesses

Witnesses: MR CHARLES ALLEN, Chief Executive, ITV Plc and MR CLIVE JONES, Chief Executive, ITV News and Sport, examined.

Q1183 Chairman: Welcome. Thank you very much for coming. It has been a very busy time for you and we are even more grateful because of that. May I start with the latest headlines that are being created by ITV and ask you about your aim to buy Friends Reunited. I see in the *Financial Times* one fund manager is quoted as saying "We cannot work out why ITV would want Friends Reunited. We cannot see the industry logic, or how it would link to ITV's other businesses". We are not a bunch of analysts, but tell us what the purpose is.

Mr Allen: This is part of our overall strategy. I laid out a strategy 18 months ago which said that we needed to stabilise ITV1 but we needed to grow our revenues outside ITV1. People have more choice as ITV1 moves from analogue to digital and that has a direct impact on our revenues. In an analogue home we get a 27 per cent share, in a Freeview home we get

a 22 per cent share and in a Sky home we get a 16 per cent share, so as we transition from analogue to digital our ratings will decline. It is not about the performance of the channel, it is about an arithmetic calculation, that people have more choice and we are more affected because we are a mass market channel. So what are we doing about it? The strategy is to grow our business outside ITV1 in two areas. One is to create a family of channels that would compensate for people who, once in multi-channel, wanted content of their choice; so ITV2 is younger female, ITV3 is ABC1 and ITV4 basically is younger males. We also said that we wanted to try to create revenues outside advertising and we created a whole new consumer division with the objective of building relationships with the consumers, ideally turning viewers into consumers. We have started down that path: we have created something called ITV Mobile.

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Rather than lose the viewers when they go out of their front doors, they will actually get content on the move, which we think is quite exciting. We have created ITV Broadband which is our on-line offer and we are piloting something called ITV Local, which is a very local service in Brighton; the early signs of that are actually quite interesting because we are able to use the massive infrastructure we have. We see it as creating communities of interest. Where does Friends Reunited fit into that? It is a pay business; 80 per cent of the revenues come from subscriptions. The core business was basically catching up with old school chums, but they have built a series of businesses. They have built a genealogy business; if you want to know where you are from. I am told we are all six steps away from royalty; maybe if you are Scottish it might be seven or eight, but most people are six steps away from royalty, or six steps away from a star. We can see an opportunity to build up a database there for people to find out about their relatives and we use that to build that up. It also has a dating business in there and it also has a jobs business. Effectively what we are doing is using this as the engine room to drive ITV's community of interests. The way we see ITV is that it is about bringing people together, it is about backing creativity and it is about acting responsibly. The brands Friends Reunited and ITV fit well within that.

Q1184 Chairman: It presumably shows another step on the diversification of all the media groups?

Mr Allen: Yes. When we joined the two companies together, Granada and Carlton, 90 per cent of our revenues came from ITV1; just two years later, now 30 per cent of our revenues come from outside ITV1 and we know, because of the move from analogue to digital, that we are going to have to build that and we have set ourselves public targets to do that. The revenues from ITV1, because of the move from analogue to digital, simply will not be enough to fuel growth for ITV.

Q1185 Chairman: What, if any, relevance does this have for the BBC? What implications does what is happening here have for the BBC?

Mr Allen: One of the most significant things which worries people outside the public broadcasting space is the BBC's untrammelled ability to move into a whole range of services. So one of the key things which would be an issue is if the BBC had been able to create or buy similar products and one of the things you have touched on before is that there needs to be absolute clarity on the service arrangements for the BBC; not only new service arrangements, but, really important, public consultation on the existing service arrangements, full debate, full review of all of the services so we can then move forward. A good example is the MP3 stuff the BBC is doing which you

were chatting about earlier. My view is that there has been no public consultation on that and if there were on umbrella BBC.co.uk, then that would cover a multitude of sins. There needs to be much greater clarity on exactly what the current services are, so that things do not go under the wire. There is relevance related to this, related to all commercial activities and the commercial activities of ITN—you have heard from ITN before—and the worries which the commercial sector has that the BBC will be able to do a number of these things under their existing service agreements and how we police that going forward.

Q1186 Chairman: So your real concern is fair competition and duplication of services.

Mr Allen: Yes; clarity of public funding. We want to know why public funds are being used to create something that the commercial sector will provide anyway. That is a basic premise of the things we are looking at: it has to be something that the structure addresses.

Q1187 Lord Maxton: Do you see Friends Reunited as a continuing growth? It seems to me that schools, colleges, everybody else have their own websites and their past members subscribe to it or log into it and there are organisations like the Records Office in Scotland. It is cheaper for me to go into the Scottish Records Office to find out about my genealogy than it is to go to Friends Reunited. As you see more and more people getting their own websites, do you actually see that as an area which will continue to grow?

Mr Allen: The thing to remember is that Friends Reunited has about 15 million members already and it is already a community of interest as such. One of the interesting statistics I have found is that on the genealogy side, when we started the due diligence for buying this business eight weeks ago, there were 40 million names on it and six weeks later, there were 46 million names there because it is much easier than any other option. What is happening is that people are populating that site with their relatives, their friends and that is creating a really interesting asset. What I also see is that as we are able to introduce video capability, to have moving pictures there, pictures of your children now and in the future, pictures of your grandparents or whatever, that will make it very interesting. It really is a live, living family album.

Q1188 Chairman: Let me go back to our first report and ask you about one of the issues that came out of it, which was the value of the analogue spectrum. Have you ever made any sort of estimate of the value here? There was at any rate an assumption that once

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we went digital, analogue spectrum would actually have no value at all, which is clearly not the case.

Mr Jones: Are we talking about what will be done with the spectrum which remains?

Q1189 Chairman: Yes.

Mr Jones: I think the key issue here is that it can be valid in a number of different ways. There has to be a serious appraisal of what one should do with the spectrum that is freed by the move to digital switchover. One of our key concerns would be to try to ensure equality across the digital platforms in terms of high definition television. We have an opportunity next year when we shall hopefully be doing an experiment with the BBC around the World Cup. We have wonderful television pictures in the UK through the PAL system, but when one is able to see an HDTV, particularly for sporting events or high quality drama, it is a leap forward again. Some people have compared it with the difference between black and white and colour; that is a slight exaggeration, but it is very significant. One of the aspects of HDTV is that it is actually very spectrum hungry. Sky will begin HDTV next year, TeleWest, to which Lord Maxton subscribes, are talking about beginning HDTV services next year. It would be deeply unfortunate if DTT, which we think would be the most popular delivery mechanism to the bulk of the population and of course will be free, did not have an HDTV capacity on Freeview. I would hope that some of the spectrum that is freed up is not automatically put out to the highest bidder, but that Government and Ofcom make their own value judgment and take proper concern for the citizen consumer and use some of that spectrum for HDTV. We should certainly like to put some of our high quality dramas out on HDTV, as would the BBC, as indeed might Channel 4. Equally, as we move forward on the basis of listed events continuing, it would be great to be able to put World Cups, Olympics and other significant events on HDTV.

Q1190 Chairman: Valuation is going to depend exactly on purpose.

Mr Jones: Absolutely; absolutely.

Q1191 Chairman: And there is really no guide, you can put no guide on value, except that one does know there is value.

Mr Jones: There is value, but also it depends on other things. For instance, if one, at the point of digital switchover, and I hate to use technical terms, moved the current system on Freeview, which is called 16 QAM, which means about 30 channels can be put out, to 64 QAM, you could probably move the number of channels you could put out to around 50. One could make adjustments there and still create space for HDTV. It is also dependent on the power

that is actually used, so a number of ratios could be used.

Chairman: We might come back to those points. Let us get on to what our inquiry is about on this occasion. We are looking at sports and other areas, but sports in particular.

Q1192 Lord King of Bridgwater: You have mentioned the issue of Sky scooping the pool on cricket and the issue around whether there is more scope. You said that the BBC had a big role to play in helping sports be more available free to all viewers. Can you work together more?

Mr Allen: We already work together on big events like the World Cup; we tend to work together on big international events and there are more examples. The key to this is ensuring that we maintain the listed public events; that is the key to it. Then both of us, and for that matter the BBC/Channel 4 or BBC/ITV, BBC/Channel Five, can work together. We do have quite a close relationship with the BBC in buying these rights together.

Q1193 Lord King of Bridgwater: You did not see cricket as your sport really?

Mr Jones: No. ITV did briefly show cricket. We showed the Gillette Cup about 20 years ago when Yorkshire were about to win it with a sterling innings from Geoff Boycott. Unfortunately David Frost insisted that we switched to his programme, so we missed the final two overs. Cricket has not been very keen on ITV since. It is problematic; given the length of cricket games and our advertising break structure, cricket is not a natural fit with ITV. Traditionally, it has not been a sport we have bid for. We have bid for everything else, for athletics, boxing, soccer, but cricket has never been a natural fit with ITV, so we did not put in an offer.

Q1194 Lord Peston: More generally than cricket, you take the view, probably an arguable view, that if, say, you were providing some free-to-air sport of some sort, it would be absurd for the BBC then to bid against you to do the same thing. I understand the argument, but the counter-argument which is always there, which has been around for a very long time actually, is that if the BBC does not show these things, then people will ask why they are paying a licence fee to the BBC. It is quite tricky getting the balance right. My difficulty is that I can see both arguments are valid, but you have to come to a practical conclusion on this.

Mr Jones: When you have a major broadcaster like the BBC, it is hard not to agree that they should not provide a fuller range of services from sports, through current affairs, through drama, through entertainment. Our concern going forward has to be that actually there is a logical and level playing field

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and our particular concern with the enormous licence fee increases that they are seeking over the next number of years, not millions of pounds but many billions of pounds, is that a very useful market intervention, because that is what the BBC is, which has produced one of the great broadcasting organisations of the world, does not use those very large sums of money to create a major distortion in the market. A number of years ago we faced the BBC bidding against us for the Champions' League, a tournament which was designed for commercial broadcasters, a tournament built around sponsorship, which frankly sits uneasily in the licence-funded BBC. One does not in any way wish to see a diminution of sport in the BBC, but one wishes to see a level playing field and one does not want to see them using money which might be being supplied to them to ensure digital switchover being switched into overarching bids for sports rights.

Mr Allen: May I just pick up on Lord King of Bridgwater's point and add to that. The reason the BBC and ourselves work together is that they do not often have the funds to do all of it. If they had the funds to do all of it, they would not talk to us. If you look at their current proposals, of the £6 billion they are looking at, they are saying they want £1.6 billion for additional quality and therefore if they had the money, they would not talk to us. They are looking at £1.4 billion for super inflation. Only the BBC and we have the capability to buy these rights, so if one party has £1.6 billion of funds, either they do it on their own or they actually become the self-fulfilling prophecy that creates super inflation. Whether that is for sports rights or buying the best talent or buying the best writers, or buying the best scripts, that is where we should have a material problem with the current proposal.

Q1195 Lord Peston: What you are really talking about is fair competition and a level playing field.

Mr Allen: Yes; absolutely.

Mr Jones: Our annual programme budget on ITV1 for all our programme services is around £800 million and they are seeking £1.6 billion.

Q1196 Lord Peston: I understand that argument. Concentrating largely on sport, Freeview, or whatever it is called, is very important to you and when you showed your Champions' League game on ordinary ITV, I cannot remember whether you had another one on.

Mr Allen: We did; we had the other game on ITV4.

Q1197 Lord Peston: I thought you did. The thing that troubles me a bit is that at the moment, whereas virtually everybody can get ITV as an ordinary terrestrial channel, where I live in the country I cannot get the ITV channels on Freeview, which I

find amazing because I can get an enormous number of other channels I do not want.

Mr Allen: ITV4 is not only on Freeview; ITV4 is on Freeview, Sky and cable.

Q1198 Lord Peston: I am in a terrible area myself in the sense that, where I live, on the one hand I cannot get Freeview and on the other hand I am in an area of natural beauty so I cannot have a Sky dish either. This means that if I were stuck in the country I could not, to take a different example, get the old *Taggart*. Happily I was in London so I was able to get it, which showed me that sometimes standards do fall because it was great, which is why archiving is a dangerous business, let me tell you. Are you investing more in making sure that your Freeview stuff, or whatever it is called, is more generally available? It seems to me that your case for sport would depend considerably on that.

Mr Allen: Our challenge is to show a sport across a number of platforms. When you only had ITV1 in the old days you would only have been able to see one game anyway. This was an additional game that we were able to show because we now have ITV4 which has access to Freeview, cable and satellite. The good news is that hopefully, with improvement as we move from analogue to digital, you may be in an area which can then receive it. The signal will improve as we invest in the DTT infrastructure and hopefully as the BBC does.

Q1199 Lord Peston: Just to conclude this whole bit. The BBC clearly sees its role as being able to reach everybody. Is that your philosophy as well?

Mr Allen: Absolutely. We see our philosophy across ITV1 and all of our channels as we move from analogue to digital as providing across a range of channels.

Mr Jones: Under our digital licences, which we have only just agreed with Ofcom, we have agreed alongside Channel 4 to replicate the map, in so far as it can be replicated because there are slight differences between the digital and the analogue map. That 98.5 per cent of the population which currently receives analogue signals will get the digital signals. As we move through to 2008 and on until 2012, we shall provide the same universal service as the BBC do and hopefully we are about to agree our transmission contract with a supplier.

Q1200 Lord Kalms: I think I heard you say that you are working closely with the BBC, though actually they are your competitor and you expect to have competitive bids. I am not sure how you can actually work closely with them and not break any anti-trust law that exists. Perhaps you would explain to me what you meant. When the BBC makes a bid it is excluded from the same rules and regulations that

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you may have to have in making that bid. Do you think that is equitable? In other words, you already start with a slight handicap in that their bidding process is more relaxed than yours; though there are punitive measures they are more punitive for you than they are for the BBC and whereas they get their hand slapped, you get your butt kicked, so there is clear demarcation. Having said that, presumably you might have a comment to make on how can you work closely with a competitor.

Mr Allen: It is really worthwhile understanding that although we compete with the BBC for viewers, we do not compete with the BBC for money. Let me explain that. If 100 people are watching television, I of course want as many as possible watching ITV, but say 40 of those people watch ITV, if the rest are not watching ITV, I desperately, desperately, desperately want them to watch the BBC, because we are rewarded on a share of people watching commercials, we are not rewarded on ratings. Just to give you a couple of practical examples, a few weeks ago we had headlines which said "The Daleks exterminate Ant and Dec". *Doctor Who* was getting nine million, Ant and Dec's *Game show Marathon* was getting seven. On that Saturday evening we had a 67 per cent share of people watching commercial television. I opened a bottle of champagne and that was good news. The opposite can be shown when you read the headlines that say "Fantastic *X Factor* on a Saturday night wiping out the BBC's show about a man and a baby". We had seven million, they had two. That was actually bad news for me because some people were not watching us, they were not watching the BBC and they were watching my competitors. What you want with a key public service broadcaster is complementarity. Yes, we compete with them, but we want complementarity. The worst thing that can happen to me is that I am doing a period drama and they put a period drama up against it. Effectively we split the audience that would watch period drama and, frankly, we frustrate the public because they would want to watch both. The best thing for me is when I have a younger screen programme and they have an older screen programme, or vice-versa. It is important to understand that that is where we can work in a collaborative way.

Q1201 Lord Kalms: Do you pre-agree not to have a costume drama at the same time, or is it just chance? If it is chance, then you are not working together.

Mr Allen: The way the system works is that the BBC are required to publish their schedules three weeks in advance of us so we can have complementary scheduling. Under the previous regime of management, they still complied with that, but against all of the key programmes it said "To be advised" and literally on the day we had to publish it, they came out and changed it. That was why you

would get head-to-heads; the previous management saw beating ITV as their principal objective. Fortunately currently under the new management that is not the remit and they are now back to publishing what they are going to do and we can avoid frustrating the public. There will still be some element of head-to-head, that is inevitable, but what happened under the old regime was that they had a brief to beat ITV and that was not necessarily in the public's interest because you would have common shows then.

Mr Jones: There is also a limited number of events, in terms of sport, on which we truly cooperate. This Friday the draw will happen on the World Cup and England is obviously in that World Cup draw. It is a big tournament. It is one of the great major sporting events. It would be crazy, as used to happen in the past, if we were both trying to schedule the same games. We shall sit down post Friday and agree a concordat, so the first four England games will be split two and two. Equally, we shall try to split some of the other matches, whether Germany, Brazil or Italy, so the consumers get the best possible deal over three weeks. We did the same with the European Cup last year. We only work together on a limited number of occasions. There will be a point later in the tournament, particularly if England progresses, where we shall both want to show the games and may the best broadcaster win, but it is in the interests of the viewers.

Q1202 Lord Kalms: You did not answer my question about the rules. Do you want the rules changed so the bidding process is an absolute level playing field, or does it not worry you a great deal?

Mr Allen: Because we do not compete, that part of it does not worry me. There were two parts to the question: there was that part, but there was also the issue of the BBC and us bidding together and whether we could do it. Absolutely we can do it; it is absolutely legal to bid for the football rights together, there are no constraints on us. The only worry I would have comes back to the financial issue. If the BBC felt they had so much money, then why would they not just buy the rights themselves? The constraints of the licence fee are the things that actually made it work to the benefit of the public in the past. My serious worry is with what is on the table currently and for the reasons I said earlier. We want a strong BBC, you can understand now why, but people find it a bit strange that the chief executive of ITV should say he wants a strong BBC. I want it for the commercial hard-nosed business reasons I gave earlier, but an over-funded BBC would have the exact opposite impact: they would not work in concordat with us and they would drive a level of inflation that is just so significant; that is the big worry. The numbers they are talking about, just to

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underscore it, the £1.6 million they are seeking for additional quality, is twice the level of our overall budget. The quantum is just so ridiculous that you really do need to focus on it. When I came to see you last time, you will see that I said I was very supportive of the BBC, incredibly supportive of the licence fee because I thought it was the right way to do it, but the quantum that has now been asked for is just so ridiculous that I am slightly surprised, although there has been some negative reaction, that nobody has really quite clocked the scale of it. Just one item alone is twice our overall budget and you can imagine how that would distort the market.

Q1203 *Chairman:* It is a rather curious way of doing it, but do you think it is just a sort of bid on the part of the BBC so it can be scaled down?

Mr Allen: That has certainly been the situation in the past and when you do have that, you tend to average at somewhere between what you had and what you were asking for. The point I am making here is that if you got anywhere near a third of what they were asking for, that would be ridiculous. My view is that the BBC can be made more efficient and we should be looking for an RPI minus situation going forward; they could certainly afford it. You heard from Channel 4 about the scale of their human resource department. We can give you figures for every single department which just demonstrate that this is not the most efficient organisation and when all of us are being asked to be more efficient, then surely building in a structure which asks the BBC to be more efficient over time will give them the benefits that we get. As we move from analogue to digital we are not paying for both analogue and digital. I do not see any of that in the document and the figures are so broad brush that you cannot even go back and analyse them. What does £1.4 billion for super inflation mean? What does that actually mean? The quantum is just so great. I feel very passionately about it because I think that broadcasting is about an ecology and what we have had to date is the BBC and ITV and Sky and multi-channel which have operated an ecology. If you significantly change that ecology, then you damage it quite significantly.

Q1204 *Lord Kalms:* We are talking now about big bucks, the Olympic Games. Do you see opportunity and danger? You are talking serious money, so how do you see your position *vis-à-vis* the BBC? Are there dangers?

Mr Allen: There is definitely an opportunity with the Olympics. I had the privilege of being the vice-chairman of the London bid and I am delighted it is coming to London; that is the good news. The less good news is that the BBC have already secured those rights for 2012. Having said that, I should rather they went to the BBC than went to any of my other

competitors. So, for the reasons I gave earlier, that is not a particularly unhappy situation. The good news for us is that key global advertisers will need to advertise around them, so the BBC might have them but they will take some of their advertising time and invest with us. It is not a particularly bad situation as such. We do not have the distribution to take all of the rights anyway and the BBC have historically taken them. Historically, the BBC have done a very good job. I chaired the Commonwealth Games in Manchester which the BBC covered and they did a fantastic job. At the opening ceremony nobody expected anyone to watch and the viewing figures were going up from seven to eight to nine million which was fantastic for me as chairman of the Commonwealth Games but not so fantastic for ITV. However, I do not see any particular problems with the Olympics as such. I think the BBC will do a great job and they have the rights.

Q1205 *Chairman:* Let us just go back to that BBC licence fee point again, which is rather an important point for us. The BBC are bidding for RPI + 2.3 or it could be RPI + 2.8 depending on what decisions are made. You simply regard that as completely out of the question.

Mr Allen: I think it is the scale of it. Just to give you a sense of the numbers, in 1999 before the licence fee decision, ITV had revenues of £1.9 billion and the BBC had revenues of £2 billion. Today, because our revenues are declining in ITV1 with the switch from analogue to digital, we have £1.6 billion of revenues and the BBC have nearly twice that. If you then project forward to the end of the licence period, we should have revenues less than that, less than £1.4 billion and the BBC would have revenues of nearing £6 billion, depending on how you calculate it. The sheer quantum of it is just ridiculous. Surely you would be looking for the BBC to be getting fitter for the next licence round, whether or not there is a debate to be had on how they are funded, rather than exploding in terms of costs. Mark Thompson talked about the BBC having a Jacuzzi of cash when he was chief executive of Channel 4; this sheer quantum is a Jacuzzi of cash. If I leave nothing else with you today: £800 million is the total revenue investment we make in programming and across a number of areas they are asking for twice that and one and half times that in key areas on figures which I just do not understand. They are light in terms of cost reduction and heavy in all the costs. Another thing in there which I am very supportive of is the move to Manchester. Again, here is a quantum of £600 million to move to Manchester. That is a lot of Pickford trucks, that is a lot of money and I do not see the £50 million they are getting from the North-West Development Agency in any of their figures.

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Q1206 Chairman: We shall come to that precise point but just a last point on this. Tell us about your own budget going forward.

Mr Allen: What we are basically saying for the ITV budget is that because of the constraint on ITV revenues, because ITV1 revenues will continue to decline, what we are attempting to do is constrain it at the current level. So the objective for our team is to try to constrain it to the current level by changing the mix of the programmes. We are not looking at inflation-busting increases in that; we have to do that. Just to put that in context, going back five years 30 per cent of our revenue ended up on screen, now over 50 per cent of our revenue ends up on screen but with the revenue declining, though we are holding it stable, an increasing part of our revenue will end up on screen. When we hear the BBC talking about inflation plus, plus, plus, that just does not make sense when the major commercial competitor is moving in the opposite direction because of this move from analogue to digital.

Q1207 Lord Maxton: On cost, one of the reasons the BBC are asking for an increase is to cover the switchover. Most of that money will be going to marketing but also into improving the digital terrestrial television. I have to say that it seems to me that the BBC would be on whatever platform the Government had decided to use for digital switchover. You, however, are a major beneficiary if it remains terrestrial digital rather than Sky, whether satellite, cable or telephone, which is the other alternative. In a sense the BBC licence fee payer is going to be subsidising you, are they not?

Mr Allen: I find it difficult to see how. Every single viewer who moves from analogue to digital costs me money, every single person, for the reasons I gave earlier.

Q1208 Lord Maxton: But if it is terrestrial, you are more likely to benefit, if you are still on that platform.

Mr Allen: It is better than them going to Sky. Let us be very clear that the figures I gave you earlier, 27 per cent peak time share to 22 per cent peak time share for Freeview, every percentage point costs me £20 million. There is no advantage to me from everybody who moves. In addition to that we have an £80 million licence fee to pay and we are funding our share of the roll-out. So I struggle to see where we get a benefit. Is it advantageous for us to be on DTT rather than Sky? Absolutely. Are we working hard to build up that platform? Absolutely. That is in line with government policy to ensure that there is a choice out there for people and 15 million people in Britain have chosen not to have to pay and that is a really legitimate choice. That is why we have created an investment in ITV2 and ITV3 and ITV4, to give them the best choice in DTT. ITV2 is now the most

watched digital channel; it is ahead of Sky One. ITV3 is in the top five and ITV4 has recently been launched.

Q1209 Lord Maxton: By 2012 DTT will be such an outdated technology.

Mr Allen: It may be an outdated technology, but it will be the one which is in most people's homes. It will absolutely be the technology.

Q1210 Lord Maxton: There are telephones in most people's homes.

Mr Allen: Absolutely. The cost of putting our pictures down telephone lines is too expensive. This is the cheapest route to get mass market broadcasting to the viewers.

Q1211 Lord Armstrong of Iliminster: Does the European Commission's reform of the sale of Premier League broadcasting rights present a real opportunity for terrestrial broadcasters to acquire live rights?

Mr Allen: To be honest, we are very disappointed with the current proposal. It does not bring in real competition to the marketplace; it absolutely fails to do that. Just to give you the background to that, the last time round the agreement was that eight games could be sold outside the overall package. Sky then put in place a minimum price which was so high that none of the players could actually bid for it. This time round I felt very comfortable that the Commission was taking this very seriously and was looking at having real competition here. Just to explain how that market works, Sky pays approximately £340 million for FA/PL rights. There is a debate about how much, but £180 million comes from them selling those rights on to pubs and clubs, approximately £100 million comes from cable companies, so Sky effectively gets all the rights to those football games for £60 million a year. That is actually a very small proportion. What we were arguing was that the rights should be split into two packages. Why two packages? If you wanted to access that pubs and clubs market, if I were to come to you as the owner of a pub or club and I said I had 10 per cent of the games or 20 per cent of the games, you would not talk to me. If two players came to you and we both had 50 per cent of the games, you would be able to access that marketplace. The current proposal does not allow that. It allows one player to have five or six packages and that may allow some access for free-to-air broadcasters, but it is quite limited. An opportunity has absolutely been missed here and I only hope that the next time round we shall see the real benefits of having a couple of players bidding this out and see how we and other key players

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could have got together, with some rights for free-to-air, either ourselves or the BBC and other rights going to pay TV.

Q1212 Chairman: What you were saying about selling on, could you not have done the same?

Mr Allen: The issue is that Sky has the incumbent customer base, so they are incumbent players with that customer base. You would have to take it out of that and bid against them. The real problem is that one of the ideal partners for us would have been a cable company. If the cable company did bid up the costs and lost, that would bid up their own costs, because Sky just passes the cost back to them. They are then in the invidious position that if they bid and lose, they bid up the cost and Sky just passes the absolute cost back to them, whereas this would have avoided that as an issue.

Q1213 Lord Peston: What is puzzling me, certainly wearing my economics hat, is that I took it for granted that what the Commission were interested in was promoting competition and since the Premier League has a monopoly of the highest level of club football in this country, that is a monopoly the Commission are saying must not be exploited to the full. Therefore, what they have done makes no sense whatsoever in terms of their own objectives. Would you agree with that?

Mr Allen: Not only would we agree with it, the input coming from Ofcom, the UK regulator, absolutely supports our argument. They fully supported the argument that you need to break it up in a particular way. You still have a dominant buyer; you have a single seller and a dominant buyer so it makes no sense.

Q1214 Lord Peston: As someone who watches lots of sport, we lose one of the best things which comes from competition, which is innovation. In other words, there is no incentive at all for Sky to find different ways. The one I should most like to have is the red button where you can switch off the commentator. The BBC did have that for a while and you could just have the picture. I am still hoping that one day someone will get the rights and I do not have to have commentators boring the pants of me. Do you agree that this is a serious matter in terms of innovation?

Mr Allen: I completely agree. The idea of having two equal and opposite parties who were competing both on quality and presentation would really have driven it up and it would have allowed the consumer to have access. At the moment, unless you are prepared to pay the full package, because what Sky does is package those contents within the total package, unless you are prepared to pay £30 to £40 per month, it is bundled so you have to buy the whole thing. This

would allow the consumer who wanted more than the free-to-air rights to buy some additional games but not all of them. That was the idea. We are disappointed that did not happen.

Q1215 Chairman: If I am in the Premier League, I just want to get the best price possible, do I not?

Mr Allen: Yes.

Q1216 Chairman: It is a monopoly of the Premier League, but goodness knows, there is enough sport around to show. Why should the Premier League be forced to give this portion here and a portion there to other broadcasters?

Mr Allen: Because we believe it would have brought real competition, there would have been benefits in that competition exercise, benefits for the public, and you would have wider exposure for sport. They did not choose to do that; they fought against this kind of thing. They fought against anything which the European Commission wanted to do and that should be a question this Committee should rightly put to them.

Q1217 Baroness Howe of Idlicote: What do you think the logic was for them to come to such an uncompetitive decision?

Mr Allen: We found the decision very surprising, considering that we had had detailed discussions with Europe, very detailed discussions with our own regulator and we had made our case very clear.

Q1218 Chairman: Are you talking about the Commission?

Mr Allen: Yes.

Q1219 Chairman: A certain amount of lobbying took place. Have you heard that?

Mr Allen: There was indeed; allegedly.

Chairman: We still find it quite difficult to get the detail of this lobbying.

Q1220 Lord Maxton: It seems to me that the one advantage in sport that you and the BBC have over Channel 4, Channel Five and Sky, is regional. In other words, you ought to have the ability to show regional sport within the regions where you operate and the BBC should be doing the same thing. I come from Scotland and I know you have no direct . . . It seems to me, if anything, certainly STV are retreating from that position. They used to do rugby; they do not do rugby any more on a Saturday afternoon. Where do the regions stand on this? Are they providing that level of sport?

Mr Allen: We cannot speak for Scotland but Clive manages this for England and Wales.

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Mr Jones: We provide regular regional sports programmes every Thursday night throughout England and Wales and certainly within our regional news magazines we still provide the deepest and broadest regional news and sports coverage of any UK broadcaster. We are providing 27 regional and sub-regional news services. Whether it is rugby, whether it is athletics, whether it is the Premier League clubs or the championship, we are already providing detailed information and match coverage.

Q1221 Lord Maxton: Do you cover rugby in Wales along with BBC and S4C?

Mr Jones: We bid for the rugby in Wales. The rights are currently held by S4C and the BBC.

Q1222 Lord Maxton: You did bid for them.

Mr Jones: We did bid for them. It is quite a small market. You are talking about 2.5 million people, so the rights went for quite a high sum of money.

Q1223 Baroness O'Neill of Bengarve: Do you find the current system of listing adequate for the listed events which do come free-to-air and which are guaranteed free-to-air? Do you like the list? Do you like the criteria the list is based on? Do you think there is a case for reviewing it?

Mr Jones: In general terms we are happy with the listed event structure. I was somewhat surprised that test cricket came off the listed events list and it is somewhat ironic that after the Ashes victory probably more people were watching test cricket on terrestrial television than had done for many, many years. It is now going to disappear for quite a long period of time, apart from the highlights on Channel Five. One does not blame Channel 4 or the BBC for that; it was a direct result of lobbying by the England and Wales Cricket Board. They wanted them removed and as a result they were removed. If there is an issue around that it should be raised with the England and Wales Cricket Board. Largely what the list does is identify and protect the crown jewel events going forward, the world cups, the European cups, the rugby world cups, the Olympics and ensure that these are generally available to the mass of viewers because they are great big landmark events which unite and excite the country as a whole.

Mr Allen: You need to have a more public and robust process when you are delisting events. That just passed us by; nobody picked up on it until it was too late. There needs to be a far more public process which says when an event is being considered for delisting. The public then are able to comment on it and there is a more robust process. I just do not feel the profile is high enough.

Q1224 Baroness O'Neill of Bengarve: And the other way round, given that test cricket is lost from it at the moment. Do you think there should be a public process for considering listing events not currently listed?

Mr Allen: Yes, I should be happy with that. That would be an interesting way to look at it and would work well. Reflecting on why we ended up where we are and why this is an issue, I am a great believer in public consultation, because you will get everybody's view through that process and nobody can then say that they did not know or did not understand. If it is behind closed doors and lobbied, you would not get it all out in the public domain. I do think your suggestion would also be a good one.

Q1225 Chairman: It is quite difficult, is it not, to define these crown jewels? You are the second witness today who has actually referred to them as the crown jewels. Wimbledon tennis finals and the Derby are in the crown jewels category, but you find that the Commonwealth Games are not in the crown jewels category and test cricket as well of course. Are the difficulties of definition so great that it is really not worth pursuing this?

Mr Allen: That could be overcome with public debate. If the debate were to say that the Commonwealth Games should become a listed event, then that is how you should approach it. From a purely commercial perspective the Commonwealth Games are very valuable if they are in a decent time zone and they are not very valuable if they are not in a decent time zone. I know that. The Commonwealth Games in Britain was fantastic for the BBC because they were held in Manchester. They will be much less valuable now they are going to be in Melbourne next year. That is why it can be great. What is interesting is that if that were the debate which was being had, a number of you wanted to do it, you would have the debate and then all parties, all interest groups would be able to comment upon it and flush through exactly the point we have just made to you.

Q1226 Bishop of Manchester: I was just looking at what Mr Allen was saying on our last occasion with you. You referred to the BBC's proposals and said that it was a great opportunity, a fantastic idea and you passionately believed in it. Since then we have all had the cold shower of financial details, or seeming details. Do you feel that the BBC is playing a bit of a game over this in terms of negotiations for licence fee, or, to put it in another way, what would you, as a proven operator in this sphere, reckon the costs ought to be for the move by the BBC to Manchester?

Mr Allen: I absolutely stand by what I said last time; it is in Britain's interest for there to be a centre of excellence which would host the BBC, ideally ITV, we should like to work with them, the independent

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sector which services Channel 4 and Channel Five, in what I would call a creative hub in the North West. If the BBC have enough money, will they want to do it together? I would question that. I do think, however, that it is still the right thing to be done and it would be a great move for the North West as such. The second thing is that I also believe that the BBC should be asked to do as much production in the region as we do. We do 50 per cent of our production outside London. It is not all about having the facility, it is about having a code of practice or something which could be reviewed either by Ofcom or by the Trustees and that would also make it real and make it happen and make sure production is actually coming from the regions as such. I cannot reconcile the figure of £600 million which is being quoted. I do not understand how it works. I should like to see a detailed breakdown of that to be able to answer your question in a lot more detail. I do not see any of the £50 million which I know has been offered by the North-West Development Agency and Manchester City Council in the funding model. I should like to see a detailed breakdown, because I genuinely believe that if we were working together, then we, ITV and the BBC, could be sharing the costs and I do not see how you could get anywhere near those figures. It would be inappropriate for me to comment on what the figures should be, but it would be great to see how the BBC gets to the £600 million and analyse it in full. To go back to your final point on whether it is a tactic of the BBC, I believe it is. We have had so many false dawns at the BBC, trying to find the M25 up to Manchester and getting onto the M6. This time round they cannot use the shoot-the-puppy strategy, "If you don't give us that amount of money we shoot the puppy and we don't go to Manchester". That is unacceptable and I feel passionately that that is exactly what is happening. If you talk to colleagues in the North West and people you know well, there is a real fear that is what is happening this time around.

Q1227 Bishop of Manchester: One of the worrying things which has come up this morning in both the sessions that we have had in relation to the shared hub proposal is the reputation the BBC seems to have for not being able to share. Channel 4 said to us earlier that there were not many good examples of the BBC sharing. Earlier on you raised precisely the same point. What realistically are the opportunities as you see them for sharing in this shared hub, or will it in fact end up just as a BBC hub?

Mr Allen: We have put a joint proposal together and put it to the BBC. We have very detailed plans for this hub where we, the BBC and the independents share a common facility. While we are investing in new studios, while we are investing in new kit, surely we should be investing in a common infrastructure which we can all use. There are detailed plans there

which demonstrate that we can work together and how we should work together as a common facilities operation. I genuinely do not believe that the BBC need to be in the facilities business. I am very happy for a facilities company to operate that site, provide us with the facilities we need, but we are all there together, it becomes a creative honey pot. If you have young creatives and they do not have a job in Manchester, they come to London. If you then have us, the BBC and independents all working together, they stay in that area, young writers, young producers and directors, and then it works. I have not heard anything from the BBC which says they cannot make it work. Yes, it would be unique, but it would be a blueprint for the future.

Q1228 Bishop of Manchester: What opportunities do you see for this kind of thing, not necessarily in a brand new building, being developed in regional cities other than Manchester?

Mr Allen: There is an opportunity to do it. You cannot have the same scale, because there is not the opportunity to create super units. You can probably have three or four at maximum outside London which are major production centres. A good example would be to look at Bristol. The BBC based their wildlife operation in Bristol. We closed our wildlife operation in Anglia and moved it to Bristol, because that was then advantageous because the people in this industry who knew about wildlife were then in a central hub. There are models which demonstrate that we can do it. This would take it one stage further and I absolutely think that it is going to work. If the BBC have too much money, they will not share, they will do it on their own.

Q1229 Chairman: Presumably the proposal you would put forward uses your site in Manchester.

Mr Allen: The proposal we have put forward uses our site, but we have also said that we would be happy to go to other sites. They have not said it is a condition.

Q1230 Chairman: So there are two other sites.

Mr Allen: We are looking at other options.

Q1231 Chairman: It would not be a bar if they chose another site.

Mr Allen: No; absolutely not.

Mr Jones: One of the things I find quite baffling is that ever since ITV began in the regions our major soaps, our major dramas have always been made outside London. Obviously that is an historical tradition with us, but also one of the reasons we make so many of our programmes outside London is that it is cheaper; it is cheaper to make programmes in Manchester, it is cheaper to make programmes in Leeds and in Bristol and in Cardiff than it is in London because of high transport costs, high

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housing costs, so many other reasons. I cannot understand why moving to Manchester is going to cost the BBC so much money and why we do not see a discount there for them coming in.

Q1232 Chairman: To be fair, the cost is coming down almost as we are speaking; certainly when we went there, there was no question that the cost would come down, but we take the point. There is also your idea of a regional production partnership fund. Is there scope for a joint regional production and development fund with the BBC?

Mr Allen: We believe something is possible. If they were given the same levels that we have, the 50 per cent outside London, then there would be a reason for us to do things together and you could see why that would work for them as well. Whether it is a joint or two separate funds, we could certainly look at that.

Q1233 Chairman: How would this operate in practice?

Mr Jones: We have committed £9 million to new to network producers outside London. That can apply to in-house producers, people who have made regional programmes for ITV but never made a network programme, but it is equally applicable to independent producers around the country. It only began this year. It began through a process of commissioning editors for this particular fund going around the whole of the UK with a caravanserai of presentations explaining the forms of programmes that we are interested in, the slots which are available in the various parts of the schedule. Basically it splits into two forms: it is either money for commissions, new programmes, or it is sums of money for development, for training, for seed corn. It might be a new writer who may have made a short, 10-minute film but now has ambitions to do more and that might be money which we would put out as a script development fee, to see whether we can move them from being a shorts writer to a major writer. That is the way it is evolving over time.

Q1234 Lord Maxton: I do not know whether you heard the question I asked about teleports and also linked that in with PVR, SkyPlus and all the other things which are coming along. This makes your work even more difficult, does it not? Are you negotiating with the cable companies on the teleport thing?

Mr Allen: Basically PVR and teleport actually make our life much more difficult as we go forward because viewers can choose to skip the ads, viewers can choose to go back and look at programmes they have seen before and when they do that they tend to skip the ads. We are quite fortunate in that we have a high proportion of original programming and we have

high volumes of live and as-live programming. From the data we are looking at, we are less affected than some of the couple of hundred small channels. If you really want to watch *Fools and Horses* again, it is probably on your hard drive, so we are not as disadvantaged as some of them, but nevertheless it does have a direct impact. Picking up the Channel 4 point, we too have a similar issue on rights because we pay for our content in full; we give them 100 per cent cost plus a margin and the big debate coming up with the independent sector is on how those rights are used. We are fortunate in that we actually make a lot of our own programmes and most of them in the regions, therefore it is not as big an issue. Those are both issues for us but not quite as big as they might be for others.

Q1235 Lord Maxton: So while I, if I wanted to, and I do not, go home on Friday and watch every episode of *EastEnders* I cannot do that with *Coronation Street*.

Mr Allen: No, you could not, unless we got regulatory change. Because we are currently managed on a process called contract rights renewal, for every viewer who does not watch it on ITV1 I get penalised. Until we actually change the regulation, there is a disincentive for me to provide that service, because I need you to watch ITV1.

Q1236 Lord Maxton: If I had SkyPlus I could have recorded every programme and watched them all.

Mr Allen: That gets counted, but the other way does not and we are arguing that what gets counted in terms of our viewership needs to be changed and at the moment that needs regulatory change.

Q1237 Lord Peston: I do not know whether you have seen the evidence we took in Manchester from the BBC but when we put it to them that one of the whole points of this was to save money, they flatly told us that we did not understand them at all and that it had nothing to do with money. Did you see that? Were you as astonished as we were?

Mr Jones: I was struck dumb. We are in the midst of spending £45 million on completely upgrading our whole regional news infrastructure and we are in the process of building what will be briefly—because it is always briefly where technology is involved—probably the most modern newsroom infrastructure anywhere in the world. We have invested that money for two reasons: one is that we think it will markedly improve quality because it improves our ability to move pictures all around the country; 15 seconds after pictures are ingested in any part of the system, they will be available all around the system in different newsrooms. Two is that it saves us money. Once we move to a file server technology our ability to edit pictures, to move pictures around is much,

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much quicker, therefore we can have fewer people. How they could argue that it does not save them money astonishes me.

Mr Allen: That is why, to reiterate, it would be fantastic to see that £600 million, or whatever the figure is, broken down. I think we are only looking at one side of the equation; we are looking at cost and not looking at the benefit. What are the properties they are vacating in London? Are the BBC able to sell them? Even if they rented properties, I can assure you that the cost of rents is a lot less in Manchester than it would be in London, particularly because you actually have the North West looking to subsidise that to bring the BBC there. The cost of labour is substantially less. We have the facts, because we actually operate there. We were completely astounded. Our managing director came and presented to you. When we heard that we just could not reconcile it with the facts we have.

Q1238 Chairman: Without putting words in your mouth, you would be moderately in favour of our proposal that the National Audit Office should look at the licence bid which the BBC makes.

Mr Allen: Absolutely; I do think we need to go through that, not only with the move to Manchester but every aspect of these claims. We just do not understand. With the limited information which has been put in the public domain we are not able to get

access and get a real review. It needs to go further; it needs to go back to the existing services and review the value for money aspect. That is why the policy of having the RPI minus structure in place which may be reviewed in five years' time might be a more appropriate way than an RPI plus, plus. One point I did not make earlier was that there is always an inherent benefit for the BBC to be based on licence fees from homes. In fixing the current licence fee they got £300 million of benefit because there were more homes than there were at the beginning of the previous licence fee. That £300 million is also built-in going forward because it is calculated as something like £380 million because there will be more homes, more single parents, in the next 10 years than there were in the last. I do not see any benefit; they are pretty heavy on costs and pretty light on any form of efficiency. We should want to be as helpful as possible and the National Audit Office have already been to see my finance people with this in mind, actually looking at comparing and contrasting, and we should be very happy to help to compare and contrast our cost base with the cost base of the BBC.

Chairman: We end on a point of agreement, which is a good point on which to end. Thank you very much indeed for the evidence today, the evidence you gave before and the way in which you have answered our questions. If we have any other issues, perhaps we might write to you. Thank you very much.

TUESDAY 13 DECEMBER 2005

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Holme of Cheltenham, L Howe of Idlicote, B Kalms, L	King of Bridgwater, L Maxton, L O'Neill of Bengarve, B Peston, L
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Examination of Witness

Witness: MR MARK MCCAFFERTY, Chief Executive, Premier Rugby Ltd, examined.

Q1239 Chairman: Thank you very much for coming, Mr McCafferty. Perhaps I should explain that the Select Committee has done one report already and we are now looking at a number of areas which we really did not have time to do justice to. Sport is one, the World Service is another, religion is another, so rather a mixture of subjects, but today obviously we are doing sport and what we would like to understand is Premier Rugby League and its implications. Perhaps I should declare an interest straightaway in as much as I am Chairman of a company that sponsors Leicester Tigers which, as you know, is the leading rugby club in the country.

Mr McCafferty: Some people would take issue with you over that, Chairman, but I am sure we respect your opinion!

Q1240 Chairman: There we are. Can you just tell us the role of Premier Rugby in relation to the sale of broadcasting rights?

Mr McCafferty: Yes, there are 12 professional Rugby Union clubs in the Premiership and they own Premier Rugby Ltd, which is a company, and that is the company that I run executively on their behalf. One of the things that we are tasked by them with doing on their behalf is to sell the broadcasting rights for the competitions in which they participate. There are three competitions: the Premiership itself, where we sell the broadcasting rights for that competition; there is the Powergen Cup which is sometimes referred to in shorthand as the Anglo-Welsh Cup, which is a new tournament for this year where we operate in selling the broadcasting rights with the Rugby Football Union and the Welsh Rugby Union; and then the third competition in which they participate is the European Cup competitions, and there our clubs are clubs from one of six countries and we play a role in contributing to the sale of these broadcasting rights, but they are sold by a separate organisation on behalf of all of the clubs in the six countries involved in Europe.

Q1241 Chairman: As far as the Premiership is concerned, you signed a five-year contract with Sky Sports in 2004?

Mr McCafferty: That is right, yes.

Q1242 Chairman: That is for all domestic television rights so it is an exclusive contract?

Mr McCafferty: Yes, the highlights from the Premiership are part of a package however alongside the autumn internationals of England which are sold to the BBC alongside the rights to cover the Powergen Cup, as I mentioned.

Q1243 Chairman: So it is rather like Premier Football to that extent that the live rights go to Sky but the BBC can use the highlights, which is really a recording of the games?

Mr McCafferty: Correct.

Q1244 Chairman: Do we know how much Sky paid for those rights?

Mr McCafferty: It is not a public number, however there are two ways of looking at it. As far as the revenues which are generated centrally on behalf of the 12 clubs by Premier Rugby, it is about one-third of the total revenues we generate there, and the other revenues come from title sponsorship rights, such as currently with Guinness, and partner programmes which we develop around the competitions. Looked at a second way, if you take the collective turnover of the 12 clubs and you net out the transfers that go between us as their central organisation and the clubs, then the turnover of those clubs is probably in excess of £90 million.

Q1245 Lord King of Bridgwater: 90?

Mr McCafferty: £90 million, which makes it a larger collective organisation than the Rugby Football Union, but within that £90 million about 15 per cent or so would be from television rights.

Q1246 Chairman: I think I am still with you. The third is the what, is the cost of the—?

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Mr McCafferty: The organisation of Premier Rugby. The company Premier Rugby is at the centre. Of the revenues it generates, about a third comes from broadcasting.

Q1247 Chairman: What is the total of revenues it provides?

Mr McCafferty: It is between £35 and £40 million.

Q1248 Chairman: Then another way, do I add one to the other so to speak?

Mr McCafferty: Not quite. You have to take the revenue of the 12 clubs and then you net out the money that we transfer from the centre to them because effectively the monies that are generated at the centre, once costs are taken care of, are then distributed out to all clubs, so you have to net off to not double count.

Q1249 Chairman: Okay.

Mr McCafferty: Of the business of Premiership Rugby's clubs about 15 per cent of it is made up of broadcasting rights.

Q1250 Chairman: I am sure my economist friends around the Committee will have worked out the exact figure by now; why do you not just give it to us?

Mr McCafferty: It is in the region of £12 to £14 million.

Q1251 Chairman: Thank you very much. In getting that was there a great competition between the BBC and Sky?

Mr McCafferty: Yes, it is a package that goes out for competitive tender not only for the Premiership but also the other package of rights that I mentioned of the highlights and the Powergen Cup.

Q1252 Chairman: What are the audience figures for Premiership Rugby on BSkyB; do we know that?

Mr McCafferty: In terms of in-home figures it averages about 120,000 to 130,000. Then it would rise obviously as it goes through the season towards the end of season games and as we get towards the Premiership Final it would probably peak at around 200,000. That excludes any audience viewing within rugby clubs or pubs or any of that.

Q1253 Chairman: And Sky sell that on, do they, to pubs and clubs?

Mr McCafferty: Yes, but obviously we do not see the viewing figures that are captured from that. This is just the viewing figures from within homes.

Q1254 Chairman: Do you know how that compares with rugby on free-to-air television?

Mr McCafferty: Our latest experience is with the Powergen Cup and we have had so far this season three televised rounds of that, and of the games that were chosen for broadcasting I think the first two games were 1.3 million and the last game, which was a Leicester Tigers Northampton Saints game, which was a decisive game for qualification, was 1.9 million viewers.

Q1255 Chairman: Two million?

Mr McCafferty: So closing in on two million which is a very significant number obviously.

Chairman: I told you, yes! Lord Maxton?

Q1256 Lord Maxton: That is a very significant difference between free-to-air television and satellite, is it not?

Mr McCafferty: Yes.

Q1257 Lord Maxton: So surely the bigger audience encourages more people to actually take part in the game? Should you be looking more at not just the cash return but also the responsibility you have to the game at all its levels?

Mr McCafferty: I think we do. That is why from our point of view a balance between the satellite coverage of the Premiership and free-to-air coverage of highlights and live coverage of cup competition is quite effective in promoting the game as well as generating commercial returns for the organisation which has to sustain that game.

Q1258 Lord Maxton: What about the Heineken Cup; how do you sell that? Do you sell that in relationship to whom? You are part of it but only a segment?

Mr McCafferty: Correct, we are one of six countries involved in that.

Q1259 Lord Maxton: You form another company?

Mr McCafferty: There is a separate company called ERC. In fact, the shareholders in that company are the Unions themselves.

Q1260 Lord Maxton: The Unions, not you?

Mr McCafferty: Correct, however the participants in the competition are the clubs and in our case in England six of the clubs would be competing in the Heineken Cup and there is also a secondary European competition beneath the Heineken Cup, so we have a say (and I personally am a board director of ERC) in how that process happens but we are one of six voices around the table.

Q1261 Lord Maxton: You have had some problems in your relationships with the Rugby Union because it is the clubs that contract the players and through the television pay the wages of those whereas in

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some of the other countries it is the union that contracts the players; is that right?

Mr McCafferty: That is correct.

Q1262 Lord Maxton: There have been some problems, and this presumably involves the broadcasting rights as well, over players going to play in games for the Rugby Union which the clubs do not actually think is worth the while of going to play in; is that right?

Mr McCafferty: It generally does not affect anything to do with broadcasting rights for international games as compared to broadcasting of club games.

Q1263 Lord Maxton: It does not?

Mr McCafferty: No, generally it does not. As regards international games that are played domestically in a season, there are three games played in the autumn by England, which is a schedule of games which has just been completed, and that has been in place for a number of years and the Premiership plays through those weekends and then when it comes round to the Six Nations where England obviously have five games and either two or three of those games will be at home, so we will typically play through the weekends when there is either not a game or where England are playing away from home.

Q1264 Lord Maxton: I know this maybe is not entirely to do with the BBC but does not that affect a club like Leicester Tigers or Sale who have got, say, six, seven or eight internationals from different countries in their squads and then they have to play a game against another club that does not have anything like that? In other countries in Scotland and Wales, as far as I am aware, the professional clubs do not play on the weekend when the international team is playing.

Mr McCafferty: Generally that is true, yes.

Q1265 Lord Maxton: So is this because of your contract with Sky?

Mr McCafferty: No, it is to do with the fact that there are only a certain number of weeks in the year and the internationals are accounting for a number of those weekends and we have our competitions to fulfil as well and generally—and this is a difference between say Rugby Union and Football—because of the nature of the game we would not want to be playing more than one game a week because of the physical nature of the game, so it can put pressure on the scheduling of games and that is why, as an organisation, we would prefer there to be a defined limit as there has generally been on the number of internationals taking place during a season rather than an expanding number because as soon as it expands it then puts pressure on our business

directly and that is where sometimes it can lead to issues and problems.

Chairman: I am going to go on to Lord Holme because we are straying a bit here. Lord Holme?

Q1266 Lord Holme of Cheltenham: Could I just explore why you think BSkyB are willing to pay more money for a smaller audience than the BBC are for a larger audience? Let me put it this way, if I understand the numbers you have given us (and I simplify them to help myself) roughly speaking, you are receiving £15 million income for an average audience starting at 120,000 and rising towards the end of the season, let's call it an average audience, to 150,000, and BSkyB are paying £10 per season per viewer, if I have understood your numbers. That is quite a lot of money to pay unless of course you are using the passionate interest that a relatively small number of people have in Rugby as a form of loss leader to lock people in to subscribe to your channel. I am not suggesting there is anything unethical about this. I am just trying to understand the business model concerned. Do you think there is any question that the sort of sums BSkyB are doing and asking, "It is costing us £10 for each of these people, on the other hand we can see a revenue stream over four or five years for each of them of £1,000 and therefore it is worth investing £100 to get this passionately interested minority who can get the rugby they want nowhere else; is it worth paying that?" It is trying to understand the business motivation of Sky in this?

Mr McCafferty: I am not sure I can comment on the business motivation of either the BBC or BSkyB.

Q1267 Lord Holme of Cheltenham:—You must have a passionate interest in it because it affects how much money you get.

Mr McCafferty:—How they generate their return on investment over the investment decisions they make when they are purchasing rights such as sport. Perhaps just to clarify though, when someone acquires the rights to the Premiership games and competitions they acquire all of those rights, so the number of games that they stage on any given weekend is essentially up to them. The fact that they stage one game for instance on a weekend and it generates a 120,000 viewing audience is a decision they make. They could televise more than that in terms of live coverage of games. Indeed, when they get to the end of the season—

Lord Holme of Cheltenham: Just sticking to my calculation, which is £10 per season, it does not matter how many games there are.

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Q1268 Chairman: These are the in-home ones?

Mr McCafferty: Correct.

Chairman: We are not counting in under that, are we, the pubs and the clubs?

Q1269 Lord Holme of Cheltenham: No, I am counting homes.

Mr McCafferty: How do they justify that? Is that your question?

Q1270 Lord Holme of Cheltenham: I am saying there are you, with two potential bidders; one will pay more for less viewers watching and the other will pay less for more viewers watching. You can quite rightly take the view that is up to them but I am interested as somebody trying to stoke up a good auction so you can maximise your income what you think the respective motivations are. I think we know what the BBC's is but what is the motivation of BSkyB and the issue I am pressing is whether in order to lock up people very committed to a sport they are prepared to pay over the odds as a form of loss leader in supermarket terms?

Mr McCafferty: Our job as an organisation is to market the rights as effectively as we can in order to generate a return in order that we can distribute that return.

Q1271 Lord Holme of Cheltenham: Would you agree that a good marketer is trying to assess the motivations of the purchaser?

Mr McCafferty: Yes. I think from that point of view one has got to remember that they have the rights to all of those games each weekend and indeed as they go through the season they would televise more of those as they got to the crucial stages of the season. When we talk, as we have mentioned, about 120,000 to 130,000 we should be clear it does not include the broad audience that would watch that within pubs and clubs and rugby clubs, et cetera. From our point of view, one has also got to remember as a broadcaster we really want to commit to a continuous coverage of our product so what we know when we enter into that kind of relationship that somebody is covering the product and competition week in week out. It is a 22-week competition followed by a semi-final, a play-off game and then a final game, so we have got 24 weekends during the year when at least one game, if not more, is being covered and promoted and shown to the audience so that continuity is also a factor, I think, and I believe that the BBC may have more difficulty in committing to that kind of volume and level of coverage.

Chairman: I want to bring in Lord Kalms.

Q1272 Lord Kalms: Part of my question has already been asked. Is this £12 to £15 million paid evenly over five years?

Mr McCafferty: There is a small step up but it is not a significant one. Essentially it is fairly evenly spread.

Q1273 Lord Kalms: You talked about £14 million, you did not talk about the gross amount. Was that significant in itself?

Mr McCafferty: Can I just clarify that is per annum over those years and there is a slight step up over the course of five years.

Q1274 Lord Kalms: So it does include some formula?

Mr McCafferty: I am sorry?

Q1275 Lord Kalms: On some formula it does increase over the five years?

Mr McCafferty: It is slightly back end loaded, it is not a complex formula, and many contracts are structured like that.

Q1276 Lord Kalms: You mentioned £12 million, you did not mention £60 million. Is that significant in any way? The contract is a £60 million contract.

Mr McCafferty: No, I do not think it is significant. It is just the way we live from hand to mouth sometimes in sport one year to the next.

Chairman: Did you want to come back, Lord Maxton?

Q1277 Lord Maxton: The big difference of course from your point of view is presumably that Sky last weekend showed seven games plus a round-up programme.

Mr McCafferty: At the weekend just gone?

Q1278 Lord Maxton: Yes.

Mr McCafferty: That is a Heineken Cup weekend, remember, that is different from the Premiership.

Q1279 Lord Maxton: You will not get as much on that, will you?

Mr McCafferty: Correct, we would get a share within that but there tends to be an extensive coverage around the Heineken Cup because it is only a six-weekend tournament.

Lord Maxton: As a subscriber, I would not have to pay but I would not subscribe to Sky Sports if it did not carry rugby.

Chairman: We know that, Lord Maxton! Baroness Bonham-Carter?

Q1280 Baroness Bonham-Carter of Yarnbury: In an earlier question Lord Maxton which asked you, you responded by saying you think you get the balance

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between free to air and subscription coverage about right but previous evidence we had from David Moffett of the Welsh Rugby Union said they received considerable complaints from fans when the European Cup moved from BBC to Sky. Do you think you have assessed public opinion enough when deciding how much rugby is going to come off the free-to-air channels?

Mr McCafferty: We do a survey of our fans each year and that will comprise anywhere between 5,000 and 10,000 surveys that we put out and we ask fans for their views on a whole range of issues, so we do that and we obviously also monitor the postbag and what might come in in terms of any issues or complaints people have, and for our supporters generally it has not been a significant issue. Remember, we are dealing with club supporters generally and people who are passionately involved in the club game and as they are pretty ardent sports fans they may be more inclined towards opportunities and so forth provided by satellite and the density of sports coverage which is provided, whether it is in your own home or whether it is in a club, but it has not been a strong issue from our point of view in terms of feedback either through that fans survey or through general correspondence.

Q1281 Baroness Bonham-Carter of Yarnbury: It does not worry you that you are not increasing the number of rugby fans? You say that you are in communication with the more ardent ones. Does it not worry you that there are people out there who do not have access to rugby who you could be bringing into the sport?

Mr McCafferty: I think the fans survey that we do is out to all the fans, a random cross-selection of fans and we do very deliberately split it between new fans and more established fans so that we try and poll the views of people coming in to watch a handful of games a year. Correspondence obviously by the nature of correspondence, it tends to be from people who are either passionately for or passionately against rather than the silent majority but we do not see any particular issues on that front. In terms of bringing people into the game, our attendances as a sport last year grew by 15 per cent over the prior year. This season we are tracking at about eight per cent per annum growth which I think in a very tough consumer environment is a pretty impressive number and overall there will be just over a million and a half supporters who will go to live games during the course of a season. On top of that we do a whole range of community programmes which are driven by the clubs in the local communities with a variety of organisations—schools, hospitals, health departments, et cetera—and the players themselves are heavily involved in that. I think the last number I saw was that

something like 100,000 man-hours of player time was given last season into community work to try and get more and more people involved in the game. I am delighted to say also we have just been given a Business in the Community Award for investing 5 per cent of our revenue into community sport. So I think as a sport we probably punch above our weight, if that is not a bad analogy to use in rugby!

Q1282 Lord King of Bridgwater: Can I just ask you a couple of quick questions. What percentage of the clubs' income—and you have talked about attendances improving—comes from gate money?

Mr McCafferty: At the club level, my estimate would be about two-thirds to three-quarters.

Q1283 Lord King of Bridgwater: Which is then topped up by a share in the television rights that you have given?

Mr McCafferty: Yes.

Q1284 Lord King of Bridgwater: Is your remit from the clubs just to get the best price you can for those television rights or is any consideration given to the point that has come out about what sort of audience you will get? Is there any sense of that at all or do people just do not think it matters?

Mr McCafferty: They do think it matters and the remit we generally have as well as to maximise financial returns is to promote the professional club game on their behalf. They will do it locally in their communities and catchment areas and they expect us to do on a national level.

Q1285 Lord King of Bridgwater: Let me ask you this: did the BBC get anywhere near Sky in their bidding? We have been through the cricket situation and the BBC did not even bid the last time round on this.

Mr McCafferty: I personally was not involved in that because I have joined the organisation since that time.

Q1286 Lord King of Bridgwater: Since this contract was awarded?

Mr McCafferty: Correct, but I understand that there was a clear distance between Sky and the BBC on that.

Lord King of Bridgwater: I think we are coming on to a question later about how the BBC bid.

Chairman: There is a series of questions on the BBC. I will come back to satellite and free-to-air exposure in a moment but let's go to the role of the BBC. Baroness Howe?

Q1287 Baroness Howe of Idlicote: I think you have answered some of this but there was a comment from one of the previous people who was giving

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evidence who said “BBC scheduling of *Rugby Special* was confused and could not guarantee a regular viewing slot” and he went on to say that he reckoned BBC “have gone away from wanting to show highlights packages at all.” Against that sort of background we have heard a lot about the *Rugby Specials* and so on. From all aspects of why you are interested in it, from grass-roots, the coverage, and so on, are you content with the current level of live and highlights television that the BBC gives to rugby?

Mr McCafferty: I think at this point in time in general, yes. We are working a new competition this year that I mentioned, a Powergen Cup competition, which the BBC is carrying on free to air and our early experience of that has been good and those are the numbers I quoted to you earlier on. We are now moving into the semi-final stage of that game which is both semi-finals on the same day at the Millennium Stadium in Wales and then a final at Twickenham, so we will be expecting now to see quite an uplift and I would hope to be touching some quite significant numbers in terms of television coverage. I think if we did have an issue at this point in time it would be in the highlights area and I would echo the comments you referred to that I think have been made previously. In terms of promoting the game it would be nice from our point of view if two things were done: first of all, we had a much more regular, predictable scheduling slot that people could become addicted to again. Secondly, I think in terms of style we would like maybe a more progressive approach to that, maybe some new ideas, some new formats, to test the boundaries of what people found attractive and acceptable in the way highlights packages are presented. Part of our remit is to try and push partners, broadcasters, title sponsors to develop new things and innovations in the area in the interest of promoting the game generally.

Q1288 Lord King of Bridgwater: Let me just ask you this; are you saying this particularly about the BBC or are you trying to encourage all broadcasters or do you think the BBC's quality and imagination is not as high as Sky's?

Mr McCafferty: I think on the highlights package we could improve with the BBC. We would like to do that and we will explore ideas of how to do that with them. I think as a general principle I am interested by virtue of the clubs to push continually the boundaries of innovation and new ideas.

Q1289 Lord King of Bridgwater: But you do not think the BBC are as good as Sky?

Mr McCafferty: No, I did not say that. I think the highlights package particularly we need to look at as a way of improving that. Market forces would tell

you that if the BBC are not particularly interested in paying independently for a highlights package then it says something about their view on what the marketability of that is. My job is to find new ways of marketing that aggressively with an emerging popular interest.

Q1290 Baroness Howe of Idlicote: Just following up from my viewpoint, given that the BBC is there to make jolly certain that right across the board there is free access to some of the things that the vast majority of the population want to have access to, are you not from your viewpoint, by the way you have negotiated all these things, losing out on the potential to get even more popular game by actually getting a wider coverage in the first instance, really very much Baroness Bonham-Carter's point?

Mr McCafferty: We are trying to strike a balance, that is the issue. We do not want to be entirely satellite or entirely free to air. We are trying to strike a balance that meets the objectives that you have just described as well as producing a good financial return that we can then invest back into the game. At any point in time when these rights are up for renewal and bidding that is the balance that we would look to strike. That is why we were particularly happy that the BBC did become involved in the Powergen Cup because it did give us what we loosely call a “terrestrial window” to promote the product. At this point we feel the balance is quite good. In a few years' time when those rights are up for rebid and renewal we have to reassess that and look at that at that point in time.

Q1291 Chairman: Are you saying the highlights used to have a regular scheduling spot?

Mr McCafferty: Yes they did.

Q1292 Chairman: What time was that?

Mr McCafferty: Sunday afternoon.

Q1293 Chairman: What is the position now?

Mr McCafferty: It moves around a bit and it is only on a certain number of weekends. I think they are committed to 12 weekends.

Q1294 Lord King of Bridgwater: Are you in competition with Rugby League?

Mr McCafferty: We do not think so, no.

Q1295 Lord King of Bridgwater: You do not think the BBC thinks, “We will get some people running around with a ball in their hand that keeps the viewers happy?”

Mr McCafferty: No, especially since Rugby League moved to being a summer competition. In fact, you may know one of our clubs in Leeds runs both the

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Leeds Rhinos Rugby League Club as well as Leeds Tykes and that is possible as a business model.

Chairman: We had better get back. Baroness O'Neill?

Q1296 Baroness O'Neill of Bengarve: Some sports bodies have seen merit in the idea of a dedicated free-to-air sports channel. If the BBC had such a channel would that make them more attractive as partners to you because they could perhaps give you a regular slot or more time?

Mr McCafferty: I think from our point of view competition is always to be encouraged because it creates more opportunities to increase the value of our rights. I think we would probably address one of the issues about the difficulties that can be had sometimes on scheduling and the amount of scheduling time there is available for sport generally and then a sport in particular, and that possibly would allow continuous coverage of the type that I mentioned earlier in response to a question, which is a key concern for us, that that competition is promoted continuously through the season.

Q1297 Baroness O'Neill of Bengarve: So that would in principle perhaps make it possible for you to get the exposure you want although the financial side would remain competitive bidding?

Mr McCafferty: I think it would, in principle. Then it would depend obviously and it is a decision for the BBC how well they could utilise that possibility.

Q1298 Lord Kalms: Concentrating basically on the BBC, I do not think you have yet yourself negotiated with them?

Mr McCafferty: Correct.

Q1299 Lord Kalms: So it is not useful to ask you questions about their negotiating stance and commitment or their outlook on purchasing your rights?

Mr McCafferty: I was not personally involved in that, no, so anything I have is second-hand from within our organisation, yes.

Q1300 Lord Kalms: Do you have any view on the BBC's role and how they have approached it before and how committed they are? Are you satisfied as an organisation that the BBC has the right outlook as far as the free-to-air facilities which is their objective?

Mr McCafferty: Are you asking me as consumer or as a sport?

Q1301 Lord Kalms: I am trying to get a view of how you think the BBC approaches something like your organisation. How competitive are they, for a start?

Mr McCafferty: I can tell you that when the highlights package was put together with the Powergen Cup and the autumn internationals highlights, that package was marketed and we approached ITV and I think Channel Four as well and the BBC came out on top of that, so in that sense they have free-to-air coverage of the game both at a club level and at an international level outside the Six Nations, as it were. So from that point of view you would have to say that they won that bid. The generally held view within the sport in recent years seems to be that they possibly should have been a bit more aggressive on the Heineken Cup and at that point should possibly have—

Q1302 Lord Kalms: Taking your product as you have got it now, how do you think the BBC evaluates that? What do you think their criteria will be because you are going to come up against them in a few years' time? What are they really looking for from you for their audiences?

Mr McCafferty: I think the way that I see our job on that front is that we would be for the main Premiership competition back out into the marketplace in about three years' time. Our job in the meantime is to make our product on the pitch as successful as possible and as attractive as possible to as many people as possible. That is a combination of live audiences and hopefully an indication is given to us in terms of growing live audiences that the product is becoming more and more attractive to a larger number of people. It could be a function also of the highlights package season in and season out. That is why I make the point that having that showcase product on there for people who perhaps do not want to watch a whole game from start to finish but are interested in watching the highlights we can perhaps draw them into the game. All of that put together in such a way as when we go back out to market in three years' time people will say, "Look, this is an even more attractive product than it was three years ago." In terms of those who are then willing and able to bid for those there is not a lot I can do to control that. That is a function of how other organisations operate and what the marketplace looks like at that point in time. What I can control is that our product looks very attractive both from where it is today and where it is vis-à-vis other sports and that is the way we would look to evaluate each season, how are we doing, what does the product look like, how many people are watching us, how attractive it is, how do we deal with things like speed of play and disciplinary matters or areas like that.

Q1303 Lord Kalms: One more thing on this because if the BBC stopped bidding for you, you would be in a much weaker position vis-à-vis Sky. If the BBC

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decided for one reason or another they did not want your product, you would be in a much weaker position to negotiate a price, if the BBC came out and said, "We do not want your product of Rugby League." Would you envisage a scenario where the BBC had to make a bid for your product? In other words, do you think it ought to be a listed sporting event? Does it ever worry you that you might only have one buyer at some stage?

Mr McCafferty: It is not something we lose a lot of sleep over currently because we know that we have the next three or four years in which our main concentration is not the actual bidding of those rights but the process I described in terms of making the product more attractive. I think inevitably if you think your customers or the market-place is going to shrivel down to one potential purchaser then any business would be worried about that prospect. That is a natural conclusion. There are other channels there that have shown interest in sport. I think you have obviously had a discussion about cricket as one for instance. Clearly Channel Four did a very good job of moving cricket forward. I think our job in the next few years is to make our product as attractive as possible to as many different broadcasters as possible, and that is the only thing we can influence. I only worry about things I can influence; I do not worry about things I cannot.

Q1304 Lord Peston: I am going to ask about radio coverage but could I just check I have understood what you have said so far. You are involved with 12 professional rugby clubs and therefore on a typical weekend there would be six matches?

Mr McCafferty: Covered on television?

Q1305 Lord Peston: No, I mean that they play between the 12?

Mr McCafferty: Correct.

Q1306 Lord Peston: So the 12 play each other and there will be six matches. Do they play each other twice a season or four times a season?

Mr McCafferty: Twice a season.

Q1307 Lord Peston: If we take the six matches what is the average gate at those six matches?

Mr McCafferty: We would average about 10,000 in the ground per game.

Q1308 Lord Peston: So only 60,000 people watch real rugby in that sense?

Mr McCafferty: Correct.

Q1309 Lord Peston: That is the perspective I wanted, 60,000 people would be at the matches. That is the background to the radio coverage. The obvious question first of all is if only 60,000 people

are interested in going is there anybody who wants to listen to it on the radio at all?

Mr McCafferty: I think I maybe take issue with the statement that only 60,000 people are interested in going.

Q1310 Lord Peston: There are more than that at Manchester United in one game?

Mr McCafferty: It is a function also of what ground capacity you have.

Q1311 Lord Peston: Okay?

Mr McCafferty: We have nine of those 12 clubs operating at over 75 per cent capacity and six of them are operating at over 90 per cent capacity.

Q1312 Lord Peston: It is not a question of the share, what is the radio audience?

Mr McCafferty: May I just finish on that point though. One of the reasons why the financial side is the balance we have to strike and why it is important to us is because it is crucial that we invest back into that game. It is public knowledge if you take a club like Leicester they are sold out each week at just under 17,000 so they have to move that stadium up now to try and create a capacity of 25,000. This is a professional sport which relatively speaking is in its infancy and needs to move on from there. That is why the financial side is more important because we are not a mature business, we are a growing business.

Q1313 Lord Peston: I understand that but if the BBC does have some radio coverage.

Mr McCafferty: Yes, very good local radio coverage.

Q1314 Lord Peston: But do you know who is listening?

Mr McCafferty: In what sense?

Lord Peston: In the sense when I am talking here there is no-one listening. I do not mean in the Committee; I mean in the House of Lords. What I am saying is the BBC broadcast—

Chairman: It is not true there either.

Q1315 Lord Peston: How many people are listening?

Mr McCafferty: I do not know off the top of my head whether we have those figures to hand about the audience figures. What I would say is in profiling the sport it is very clear to us that there are certain parts of the country particularly that might be called rugby heartlands and within those communities we think it is a vital part of our marketing mix that we do have local radio coverage and that is part of promoting the game into that broader community. So to turn your questions on their head in one sense,

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it is not necessarily in the case of radio just a function of how many people are listening but the kind of promotion that that gives to the game within the local communities.

Q1316 Lord Peston: I am not against that. Nothing I am saying is the opposite of what you are saying on that. I can see why you want radio coverage. What I want to know is why the BBC wants to cover it. We are talking about almost minorities of minorities.

Mr McCafferty: I think in the context of local radio, and I am putting words in their mouth, I would imagine that it is quite an important part of their local sport. If you take a city like Worcester which does not have a Premiership football side and does not even have a professional League football side, it has Worcester Rugby League club which is in the top half of the Premiership table and that is where you go to in Worcester or listen to on the radio to get top-quality, professional sport in your city. The way in which that club has been built up in the local community is a testament to that.

Q1317 Lord Peston: I can understand all that and I think we are being unfair to you because the people we ought to ask what is the audience size is the BBC themselves and we will be having them back and they can explain it. What troubles me, and it goes back to Lord Holme's question, is why Sky are bidding for any of this. We are talking about very few people in terms of who are interested in rugby.

Mr McCafferty: Everybody accepts that football is in a different league in terms of scale to any other sport but I think in terms of the other sports beneath that we are talking in the case of Rugby Union about quite a large scale sport within that second tier within England, and we would be competing against other sports for a share of voice and eventually getting people to part with their hard-earned money to come and watch the games or to participate in the sport.

Q1318 Lord Peston: But to summarise your view, would I be right in saying you see the BBC's radio coverage as very much coverage that would be helpful to you in promoting Rugby Union Football in this country? That is your vision of it?

Mr McCafferty: It is certainly a very important part of our marketing mix, yes.

Q1319 Chairman: Just going back on one of those figures, do I not also remember you saying that for one of the games (this is top of the table) you had two million people watching.

Mr McCafferty: For a Premiership game, in other words as part of the Sky package we would expect about 200,000 for an end of season game.

Chairman: 200,000? I beg your pardon, I got that wrong. Lord Holme?

Q1320 Lord Holme of Cheltenham: I would like to ask a question about the BBC's grass-roots activity but could I just revert to the question Lord Kalms was asking about bidding. Let us assume in the next round you will be doing it and that you do market to Channel Four, ITV, BBC and Sky. I do not want you to betray any commercial confidentiality but do you do that by a process of on-going bargaining or is it a sealed bid? How does that work? Are you able to play bidders off against each other in a commercial way?

Mr McCafferty: It would be a normal bidding process. We would describe the rights; we would then invite responses to those rights; it would then be narrowed down to a short list. There would be a selection committee and then a decision would be made and in the final throes of that decision there would be some negotiating going on.

Q1321 Lord Holme of Cheltenham: Once you got to the shortlist you could say, "A is willing to pay more than you, you had better up your bid." You could do that?

Mr McCafferty: We would negotiate in the final stages.

Q1322 Lord Holme of Cheltenham: I just wanted to understand how that worked. My question was about the BBC. Do you think that the BBC with both its coverage of Rugby Football Union and some of the big listed events and its general interest in rugby should be doing more as grass roots promoters of rugby?

Mr McCafferty: We are always looking for partners to work with in terms of grass-roots so I would like to see as many broadcasters or other types of partner involved in that.

Q1323 Lord Holme of Cheltenham: Are they good partners at the moment in that respect?

Mr McCafferty: They are pretty good. There is more that we can do but I always anticipate there is more we could do. I could give you one statistic. In our fans survey that I referred to earlier on, some 40 per cent of those fans, which I thought was an extraordinarily high number, will go to the BBC Sports web site for information. Within that fans survey over 80 per cent of our fans have Internet access and are active users of the Internet. So I think there are whole areas within emerging channels of communication and broadcast that somebody like the BBC is well-placed to work with us to explore

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not only covering the professional game but covering work that we do in the community with local clubs and schools and so forth, as I mentioned earlier.

Q1324 Lord Holme of Cheltenham: When you say they are pretty good, you feel they could do more, particularly in respect of the Internet?

Mr McCafferty: I always feel they could do more. We look for and expect to be challenged ourselves with being creative because we are competing in a pretty active market-place for sports, not only in terms of grass-roots—children's, boys', girls'—interest in the sport but also at the top-end professional area in terms of sponsorship money, et cetera. I am always looking within the organisation and the partners that we work with for creativity, innovation and new channels to market, et cetera. Once you get bogged down in only looking at one business model of the way in which a sport is promoted and developed and covered then that is the day that you start to become complacent and you go backwards. I personally come from a background in consumer businesses so I approach it first and foremost as a sport I love, yes, but also as a consumer business, and how do you speak to an audience and how do you build a brand over a period of time. I think in some of those emergent channels for information and coverage, if you look at what has happened in the film industry where people are able to make films at a much lower budget off the high-tech equipment, should we be looking at broadcasting in a more creative way and doing that type of thing as well.

Chairman: We have got a whole series of questions and I am just going to come back to you Lord Kalms?

Q1325 Lord Kalms: Just coming back to a point you made before, our role is to understand the BBC's commitment to broadcasting sport. You said before that the BBC was substantially outbid by Sky on the last bidding round. Firstly, I do not understand how you can be substantially outbid on the process unless it is an absolutely blind bid and you in your discussions might have marginally indicated (and I will not tell you how to negotiate) a little whopper as sometimes happens, but you said the BBC was "substantially" outbid. Do you think the BBC really was upset at not getting this? How committed was the BBC? One of the great dangers we see, and how I come to this question explores that aspect from our point of view, is if the BBC can always be number two and still make a respectable bid but making sure it never wins, but from your point of view, how was it that they were substantially outbid, and do you think they were disappointed?

Mr McCafferty: First of all, they bid and won on the Powergen Cup. I am putting words in the BBC's mouth, I do not know this for a fact, but looking at the business model from their perspective they have the coverage of the Six Nations. As a result of winning the Powergen they now have three games of ours covered and could do more in the window between the start of the season in September and Christmas, and they also have coverage in the semi-final and finals. In terms of the coverage of Rugby Union as a sport during the season that is quite a neat progression, as it were, from Powergen coverage, into Six Nations, they can use the highlights as they want from the autumn internationals and from our Premiership and then they are into a semi-final of Powergen and into the final of Powergen, and that would happen in April. So I imagine that one of the ways in which they look at it is they have got a whole series of sports to cover, how much Rugby Union do they want and how does it fit into their scheduling when they do not have a dedicated sports channel.

Q1326 Lord Kalms: Why do they bother to bid at all?

Mr McCafferty: That is a question you will have to ask them to answer.

Q1327 Lord Kalms: That is a rhetorical question. Nevertheless, if it went right to the end and at some stage there were the two of them eye-balling and yet the other side paid substantially more for something for which they did not get right the information regarding the BBC's bid, and the BBC still bid despite having this big package. So I am trying to get the logic of the whole process of bidding. I do not think you can give me the answers.

Mr McCafferty: On that level of detail I would need to come back to you because I did not have direct experience of what they were like in the final stages. I cannot give a qualitative answer to your question about how they approached that.

Q1328 Lord Kalms: When you told the BBC they did not get the last bid were there tears in the eyes of the man who put the tender in?

Mr McCafferty: I do not know.

Q1329 Lord Kalms: You were not there.

Mr McCafferty: I was not there, I cannot speak for his emotions.

Q1330 Chairman: Just to get it again on the record. I was rather concerned about Premier League Rugby being written off as a minority interest.

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Mr McCafferty: Not so much as I was, Chairman!

Q1331 Chairman: But I just wanted to get that figure on the record. It was 1.9 million, shall we say 2 million people looked into the Powergen final on the BBC free to air. Is that the figure you are giving us?

Mr McCafferty: The last pool game of the Powergen, just to divert for a second, the way that competition works is there are 12 English clubs and four Welsh clubs in groups of four and then in the case of the game that I am referring to, Leicester versus Northampton, that was the final game of three rounds in a pool which would decide whoever won that game is the side that would progress from that group with three other group winners into the semi-final stage. That is BBC free to air and it was a 1.9 million audience.

Q1332 Chairman: Which by any measure is a pretty big audience?

Mr McCafferty: It is and I think it demonstrates the strength of the club game and it demonstrates what a high stakes match can generate in terms of interest. I think one would have to say, as you well know, they are two pretty passionate rugby communities.

Chairman: Lord Maxton?

Q1333 Lord Maxton: Skill, passion and violence. Can I in a sense come back to the Internet question. As you quite rightly say, your audience is likely to be more broadband literate and have computers and use them. How do you divide out your rights in terms of them? Do you separate them out or does Sky get all those rights as well, or do individual clubs get them?

Mr McCafferty: We do seek to separate them and Sky have a window of elapsed time—I do not know what that is, it might be 24 hours—and then after that there is a greater ability to exploit those.

Q1334 Lord Maxton: But the individual clubs presumably are all contracted to you for all their broadcasting rights? You have the right to sell them for them?

Mr McCafferty: Yes.

Q1335 Lord Maxton: Do they retain any? Could BBC North East do a contract to show Sale's home games?

Mr McCafferty: No, they are contracting into the centre in the area of broadcasting. In the area of local advertising and ground advertising that is not something we do on their behalf.

Q1336 Lord Maxton: And each individual club, which presumably has its own web site, can show its own games live on that, or not?

Mr McCafferty: After the delay, it is part of that contract there is, that is the window.

Q1337 Lord Maxton: So they cannot show it live?

Mr McCafferty: That is correct.

Q1338 Lord Maxton: They cannot show it live.

Mr McCafferty: That is correct but they can on a delayed basis once they are outside the window.

Q1339 Lord Maxton: Do you have a web site yourself and do you show highlights?

Mr McCafferty: Yes we do and no we do not.

Q1340 Lord Maxton: I know what you mean. The SRU are now doing that. In fact, the only way you can watch club rugby in Scotland is on the SRU web site. It is not very good, it is pretty limited, but if you have an interest you watch it, but you are not doing that?

Mr McCafferty: We are not doing that currently, no. In that case, apart from the window that I mentioned of exclusivity in terms of delayed coverage but reasonably live as it were, that is more a function of us just learning how to exploit that market and what the level of interest might be in that market, but personally I think it is a great opportunity for the future, I really do. I come from most immediately two industries in the form of travel and I also sit on the board of HMV Group which is involved in digital downloading of music, et cetera, and I have seen businesses that can embrace the changes in the distribution channels and I think live sport has to be one that opens its mind to that.

Q1341 Lord Maxton: How would a club sell except by some form of encryption which allows those who pay for it to watch it to sell their own rights, which presumably will happen eventually?

Mr McCafferty: It is one of the business models that could work. You mean how will it technically work?

Q1342 Lord Maxton: Not so much technically; how will it make money out of it?

Mr McCafferty: Like everything else, it needs to have a sufficient number of customers willing to pay a sufficient amount of money to avail themselves of that service, and that is classically the thing in this area that we have to learn as a business and as a sport. We do work, for instance, with O2, one of our sponsors, on what is called an active service where people can subscribe to delayed highlights of tries and so forth on their mobile phones. That is very much in its infancy but we have to find how

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big that market is going to be and what price point people are willing to pay to do that.

Lord Maxton: It will be interesting whether the House of Lords are prepared to do that with their now phones.

Q1343 Chairman: You have been very patient, Mr McCafferty, thank you very much. Can I just ask one last question. I do not want to put words in your mouth but I assume that you are content with the present position where there are no controls on Premier Rugby in who you sell your television rights to? You want a free-market position?

Mr McCafferty: Yes we do and I should be clear, obviously the remit is to talk about the BBC, and aside from any monetary issues Sky have worked extremely well with us in this period in promoting the game and we would want the freedom and we would want to strike the right balance between satellite and free to air at any point in the sport's

development. We think we have that broadly at the moment. It may change in three or four years' time.

Q1344 Chairman: You want to be the person in the driving seat making decisions on it?

Mr McCafferty: Yes.

Q1345 Chairman: Without any outside interference?

Mr McCafferty: I think our obligation and our mandate from our clubs is to generate returns and promote the game. We think we do a pretty good job for them and they will always hold us to account if we are not doing a good enough job for them. I think at this stage from the position we are in it is a good looking profile that we have got over the next few years.

Chairman: The Committee will obviously have to decide whether that is right or wrong, but I think we have got your views absolutely straight. Thank you very much. If there are any other points we have perhaps we can come back to you in writing. Thank you very much.

Examination of Witness

Witness: MR RICHARD SCUDAMORE, Chief Executive, Premier League, examined.

Q1346 Chairman: Mr Scudamore, welcome and thank you very much for coming. The Select Committee has produced one report on a range of issues but we were conscious of the fact that there were other issues which we had not done total justice to, one of which is broadcasting of sport, and hence our additional inquiry that we are carrying out. I wonder if I could ask you then as far as Premier League Football is concerned could you just outline the history of Premier League Football on television and your relationship with BSkyB.

Mr Scudamore: In the history of Premier League Football on television, 1992–93 was the first season of the Premier League. It is worth just making reference to the six or seven years before 1992 because it is only 20 years ago this year, 1985, when football had no television deal at all, so in the year of Heysel, in the year of the Bradford fire, in the year of Margaret Thatcher's attempts to introduce membership schemes, somewhat in relationship to those particular issues, attendances were literally at an all-time low, so clearly it is not that long ago, in most of our memories anyway, that football reached its low point, and it had no television deal at all going into 1985–86. The BBC and ITV together semi-seriously took some live football out of the top division of English football, never more than 18 matches a season, basically because between the two of them they were able to in some ways exact some form of duopoly in negotiations with football and also because of the scheduling time and their commitment to scheduling time. In 1992–93 having

had various attempts at working out how top division football might be broadcast live on television the top 20 clubs got together and formed the Premier League not by way of breaking away (although that is what it is sometimes referred to as) but in fact it was the opposite, it was a restructuring of English football under the auspices and the sanction of the Football Association in this country and that was when it was formed. That took it into a new era in terms of then there were matches broadcast live on television. Then all of a sudden it went to 60 matches being broadcast live and then all of a sudden clearly the income stream increased significantly. But just as importantly, I have to say, as the move to pay television for live matches was the continued commitment of the BBC through the iconic programme that is *Match of the Day*. That is as important in terms of the evolution of television and the promotion of the Premier League at that time because clearly the free-to-air experience of a lot of people was, by most people's argument, quite a strong promoter of Sky's pay television service. In other words, people saw a very nice, attractive highlights programme and then thought, "I will buy some more of that", and therefore subscribed to the live offering. I think generally people were very impressed by the range and depth of commitment to live broadcasting that Sky brought, not just in terms of live matches and promotion but everything that went with it. The quality of the programmes and the production values that they brought to sport were recognised as being different and recognised as being

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an improvement. That situation pretty much existed until the next major shift in terms of Premier League broadcasting came five years ago when for the first time we moved up to 66 matches live and then we moved to 40 games on pay per view so we suddenly moved to 106 live matches out of the 380 matches that are played. That was the television deal that ended some 15 months ago. We have now just finished our first season and are almost halfway through our second season of the latest television deal which sees 138 matches live on television. Through all that time there has been a free-to-air highlights package which has been with the BBC for all but the three-year period 2002–04.

Q1347 Chairman: And you sell these packages separately?

Mr Scudamore: Absolutely separately but we have always subscribed to the principle that there will be a free-to-air highlights package that is only purchasable by a free-to-air broadcaster.

Q1348 Chairman: Is there any reason to believe that you will ever change that policy?

Mr Scudamore: I cannot see there is any reason at all why we will change that policy. There is something very significant that we did introduce 18 months ago in response to the regulatory challenge from Brussels and the European Commission which was this near live package, which is neither live nor highlights, it is extended highlights, so now you have a regime where 138 matches are broadcast live, the remaining 242 are available in long form before midnight on the day the games are played (so on a Saturday night that will be six or seven matches on the Saturday night) plus we have got the free-to-air highlights in addition to that, so I think now there is extensive exposure of all matches.

Q1349 Chairman: Remind us how much the rights were sold to BSkyB for in 2004?

Mr Scudamore: In 2004 the live rights were sold for 1024, which is £1,24,000,000 for the UK only. The near live rights figure is not in the public domain.

Q1350 Lord Kalms: That is five years?

Mr Scudamore: Three years, 1024.

Q1351 Lord Kalms: Over three years?

Mr Scudamore: Yes. But the near live rights are significantly less valuable than the live rights. The free-to-air highlights BBC number is in the public domain and that is £105 million.

Q1352 Chairman: So the highlights are £105 million. Everyone quotes your rights generally as being one and a half billion.

Mr Scudamore: Generally they do quote about that number, you are correct.

Chairman: Okay. Lord Peston?

Q1353 Lord Peston: I am going to ask you about the European Commission and restrictive practice. Before that could you clarify one thing that probably everybody knows but me. When we were talking before about Premier Rugby they are owned by the 12 premier clubs. Can you tell us who owns the Premier League?

Mr Scudamore: Yes, it is owned by the 20 shareholder member clubs, exactly the members.

Q1354 Lord Peston: That is the bit I did not understand. Is it the original 20 or do you become a shareholder when you get promoted?

Mr Scudamore: It is very clinical. You become a shareholder the minute the season ends and the new season starts. It is usually around the AGM.

Q1355 Lord Peston: So on midnight the new ones come in and the old ones leave?

Mr Scudamore: On midnight at the AGM we grab back three shareholders' certificates and we reissue them to the three promoted clubs.

Q1356 Lord Peston: That is absolutely fascinating. I take it your main criterion is to maximise income?

Mr Scudamore: I think it is a little more complicated than that. There are qualitative criteria, there are exposure criteria and there are production criteria. We go through a process of vetting potential owners of our rights in terms of how they are going to promote them, how they are going to broadcast them, and clearly there are criteria, but one of the interesting evolutions of the regulatory interventions is that it is almost reducing itself to being whoever bids the most has to win them because they are in the regulatory environment and they are under sealed bid and open tendering processes and everything else. It is pretty difficult to attach any other attributes other than value.

Q1357 Lord Peston: But you would have other criteria in mind? In other words, if you felt that the top bidder was in some broader sense unsatisfactory, would you be in a position to say we would rather lose a bit of money and have someone we felt was the "right sort"?

Mr Scudamore: We have an overriding criteria which is financial security.

Q1358 Lord Peston: Is it overriding to the extent that no other criteria ever come into it?

Mr Scudamore: No, there are other criteria. Clearly if an organisation came along and we did not think it could produce the matches and more importantly we

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did not think it was financially secure and would not be able to make the guaranteed payments that our contract provides for then we would not contract them.

Q1359 Lord Peston: So that is very unlikely, thank you, I did not know that. Turning to the European Commission, when they were waxing very strongly, it was all about restrictive practices in the classical sense. Were you surprised by the outcome when it occurred of this business of the six packages and the restriction to—?

Mr Scudamore: The most recent one?

Q1360 Lord Peston: Yes.

Mr Scudamore: I have got to be very careful what I say about that because clearly we have only reached a provisional political agreement with the Commissioner herself and the Head of DG Competition and it is yet to go through the Advisory Committee and it is yet to be signed off by the College of Commissioners, but certainly we have been fighting the case, as you know, for four years in terms of our case against the European Commission, and it comes philosophically from a very different view of what our competition is. It ostensibly starts from this idea that we are some form of cartel. That is their view; clearly it is not ours. In our view, when team A plays team B it is only in the context of the competition, so whilst Arsenal can play West Ham United on a cold Tuesday night as a friendly some time in June the media rights value are worth nothing as a friendly but in the context of the Premier League competition, with three points or otherwise being extremely important, we believe that the value of those rights is held at least jointly by the competition if not jointly by the clubs in the competition, and therefore we start from a different place in that we do not see collective selling as being a restrictive activity. The analogy we use is that you would not take the windscreen wiper manufacturer and the car door manufacturer and say because they come together to produce a car that is a cartel activity. You need both components before you get the finished product which is in the context of the competition and therefore that is the thrust of it. If you start from those two different positions, you can see why it is quite hard to reach agreement in the middle.

Q1361 Lord Peston: I have always approached it from the view that you have just put forward, that the product is the Premier League, the product is not the individual game, and that makes good sense to me. That means however it is not a cartel; it does not mean it is not a monopoly. An economist would describe the Premier League as a natural monopoly.

Mr Scudamore: How can it be a monopoly?

Q1362 Lord Peston: Because you cannot have two premier leagues, one of them is premier and that is by definition.

Mr Scudamore: I presume this inquiry is interested in its broadcasting implication. Our arguments in our submission are that there is an awful lot more content that is of interest to the broadcasters, far more interest than our Premier League football.

Q1363 Lord Peston: Nobody is arguing with you. It is just trying to get the nature of the product in order to understand the position of the European Commission. Did you say that because of what is going on you are not happy to comment on the outcome?

Mr Scudamore: I will take each question as it comes.

Q1364 Lord Peston: My question, which you sidetracked me away from, was whether you were happy with the outcome?

Mr Scudamore: I have to say I do not know if it is yet an outcome.

Q1365 Lord Peston: So you are not happy to answer the question.

Mr Scudamore: If the agreement we have reached with the Commissioner and with the Director-General sees its way through the formal consultation processes and is signed off we (by definition the Premier League) are in the scheme of things satisfied with that agreement. As with all compromises both sides sometimes have had to agree to things we would not ordinarily have agreed with so your word “happy” I would translate into my word “satisfied”.

Q1366 Chairman: How long has the debate now been going on between you and the Commission?

Mr Scudamore: It is about four years.

Q1367 Lord Peston: My other question which is really what we have to focus on, and we are not investigating the Premier League—

Mr Scudamore: Thank goodness!

Chairman: That is our next inquiry!

Q1368 Lord Peston:—We are investigating the BBC but do you interpret the putative deal as one that would give a chance to free-to-air terrestrial broadcasters?

Mr Scudamore: Every time we have tendered our rights free-to-air broadcasters have had a chance.

Q1369 Lord Peston: No-one is going to find a billion quid, it is not a chance.

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Mr Scudamore: Let me just explain. Our rights have always been separated out into packages. Last time our rights were put into four packages, two times 38 matches and two times 31, and therefore if you work on the basis that the fourth package was fourth pick, even if you did simple maths and divide a billion into four, £250 million, producing a fourth package was only worth £150 million, for example in the old rights, so you are talking about having to find £150 million. Now that is a lot of money but it is not out of the realms of the sorts of money that any broadcaster in the UK could pay for rights. Clearly in the way we have tendered the rights we have never stopped anybody from bidding for them. We welcome all bidders, as you would imagine, because it creates a competitive market and in our view the winners will be the winners.

Q1370 Chairman: Out of this £1 billion that is spent some of that they will have the right to sell on the rights to clubs or pubs or people of that kind, will they not?

Mr Scudamore: Yes, basically they have the wholesale rights for those packages and then they distribute them as they see fit. Clearly in a free-to-air environment that sell-on right is really non-existent because by definition it is free to air and available to everyone anyway. It is only in a pay environment that you would introduce that notion of selling on wholesale.

Q1371 Lord Peston: One last technical point, one thing I do not fully understand is I buy the Sky package and I watch the Sky games and clearly since I am not broke it is incredibly good value compared with the cost of going to an actual match. One of the things that puzzles me is that other games are being shown all over Europe and I have never been very clear. Sometimes my mobile phone goes and it is someone I know in Slovakia who says, "Do you know Arsenal have just scored a goal?" The answer is I have got Teletext on at the same time so I do, but that is by the way. What I do not understand is whether you are selling rights other than to Sky to, say, the rest of Europe?

Mr Scudamore: Yes, we only sell Sky the UK rights. The international rights are sold separately.

Q1372 Lord Peston: You do sell the international rights?

Mr Scudamore: We sell to 195 countries outside the UK.

Q1373 Lord Maxton: Separately?

Mr Scudamore: 54 different contractors. In our major markets we sell directly to the broadcasters so to Japan, to Asia, to the US we sell to individual countries.

Q1374 Lord King of Bridgwater: Malaysia.

Mr Scudamore: In Eastern Europe we sell to a small agency based in the Cotswolds who go round Eastern Europe and do all that.

Q1375 Lord Peston: All this peculiar stuff people keep telling me about there is a pub you can go to somewhere in East Finchley and you can watch a match that is broadcast by Sky. I have never been clear whether that is legal.

Mr Scudamore: That is a different issue, that is illegal.

Lord Peston: I keep saying I cannot go.

Chairman: Lord Maxton?

Q1376 Lord Maxton: What about Sky Sports in a hotel in Spain?

Mr Scudamore: Sky Sports in a hotel.

Q1377 Lord Maxton: Let me ask you the question. Sky contract out to be shown not just in this country but elsewhere in Europe in particular and in the world for that matter. Can they therefore not show your games on those services?

Mr Scudamore: It depends, it is not a question of whether Sky can show them or not, it is a question of who owns the cards, so if you have paid for your card and you have paid legitimately for that card.

Q1378 Lord Maxton: Anywhere?

Mr Scudamore: Anywhere, and if that card, depending on the technology as I understand, is transportable, then that card may well work elsewhere in Europe, but strictly under the encryption rules and with encryption getting tighter that happens less and less and less and you will have to have subscribed to whoever the owner of those rights is in Spain to get that particular service Sky do distribute Sky Sports News and other channels throughout Europe on to other European broadcast platforms.

Q1379 Lord Maxton: That is how they do it, right. I have a question about separate club channels. Manchester United, Chelsea and Arsenal, no I do not think Arsenal do but Manchester United and Chelsea—

Mr Scudamore: Middlesbrough certainly do and Arsenal do in a broadband environment though not in a television environment.

Q1380 Lord Maxton: The other two do it in television, right, on a Sky platform, so you can get those two channels. How do they operate? Do they not use live games?

Mr Scudamore: It was remiss of me in giving an explanation of how we sell our rights at the start not to say that live is sold collectively, near live is sold collectively and free to air highlights are sold

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collectively. That leaves space on a delayed basis for clubs to have their own rights that revert after a certain window, so generally midnight the day of the match the clubs are allowed then to exploit the rights on their own channels. If you like, it is part of the windowing and we have had that now for some time.

Q1381 Chairman: Take that in stages, I am not quite sure I understood that. When am I as a viewer, if I am looking at the Manchester United Channel, able to view that?

Mr Scudamore: To be absolutely precise, and you are testing my memory, for a Saturday match if it is played on a Saturday, by Sunday midnight you would be able to see that match on a club channel. If that game was played Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, you could see it midnight the day of the match. It is only the Saturday games that have got midnight the day after and every other day is midnight on the day. However, in a broadband environment if you are on the Internet and clubs can prove to us that they can geo-block and therefore they are only capable of being watched in the UK (and the technology exists to do that) you can have your own club rights on a broadband Internet system at midnight on the day of the match so Saturday night midnight. That is what Arsenal do and Liverpool do and various others do in a broadband environment.

Q1382 Chairman: In that situation Manchester pays you nothing; is that right or not?

Mr Scudamore: They do not pay me anything because they are their rights and all 20 clubs have those rights and all 20 clubs do have moving image on their web sites.

Q1383 Lord Maxton: They are all subscriber channels, are they not, you have to pay to watch the Manchester United Channel?

Mr Scudamore: Some do. That is a subscriber channel. Other people use their moving image content in a more promotional environment.

Q1384 Lord Kalms: When the BBC bids for one of your programmes as a public sector broadcaster, is it inhibited because of the disciplines of promotions and advertising, or lack of advertising? Is it a level playing field for the BBC when it is up against an organisation like Sky?

Mr Scudamore: I can only speak for the Premier League clearly and it is an entirely level playing field. We would make that decision pretty much on a value basis only, we would not go through any permutations as to what the value of exposure or lack of exposure or lack of commercial imaging or commercial messaging would make. We would not

make any calculation on that historically. I cannot see that would change either.

Q1385 Lord Kalms: What is the BBC's view about getting the rights of football broadcasting? How high a priority has it got? It seems to me they can never win a big battle. It always has to buy the smaller package, does it not?

Mr Scudamore: Again it is hard for me to say what the BBC's strategy is in terms of any content. Clearly the BBC and ITV to some extent are not the same broadcasters as they were three years ago, five years ago and seven years ago, and in a digital environment they clearly are not just single channel or two channel analogue terrestrial broadcasters. They do have more content, they have more capacity, they have more channels, and in a digital environment they have a different way and they are clearly evolving into being digital content providers just like many others. I think that they take a very sensible approach to it. They know what they are good at and they know what they are supposed to be doing. They have public service obligations clearly but they also have some iconic programming that competes very well with Premier League football. Quite frankly, they have other programming which it does better than Premier League football whether that be in the live environment or other environments, so if you have got *Eastenders* or if you have got *Strictly Come Dancing*, we sit here understanding that it would be very hard for Premier League football to compete and generate those sorts of audiences at those sorts of times of night, and they have a scheduling issue and they have to weigh up the value of our rights versus what they can do with other programming, and in that sense whilst they are not supposed to be commercial, it is an entirely business-like approach, it seems to me.

Q1386 Chairman: Correct me if I am wrong, it is also quite difficult for them to compete in any event financially because, as you have said before I think, BSkyB sell on rights to clubs, pubs and people like that? For your free-to-air broadcaster there is not a great deal of point in doing that, it is impossible to do that because they are free to air in any event. If for the sake of argument BSkyB pay £1 billion and get back three-quarters of a billion pounds in the rights they sell on, for the sake of argument—

Mr Scudamore:—A compelling one!

Q1387 Chairman:—Then that is quite a good deal as far as BSkyB are concerned.

Mr Scudamore: Let's go back to whether they can compete. The reality is that the BBC, particularly with an income that they know because it is a fixed income by way of the licence fee, could if they chose to compete purchase Premier League rights. It is for

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them and them only and not for me (and maybe it is for you and your Committee) to have a view as to what proportion of that licence fee is justifiable to put towards sports rights. It is not for me to say. It is not true they cannot compete; it is just a question of how much do they want to compete, because they certainly have the money.

Q1388 Lord Kalms: Has the BBC ever expressed to you their mission statement regarding public sector broadcasting football? Have they expressed to you what their philosophy is or is it just a tender that goes in at a certain stage? Do you understand their thinking?

Mr Scudamore: In fairness to the BBC, we understand their thinking. We look at their annual reports and we look at their mission statements generally. The Director-General has always taken a keen interest in sport and also the Heads of Sport at the BBC meet with us and they take us through their philosophies and mission statements. We understand where they come from in terms of sport but we are not, as much as we are very proud of our competition, so presumptuous as to say everybody should have a huge interest in buying all of it. Clearly we open up a tender process. Lots of people come along and talk to us and those that bid, bid and those that do not, do not and those that win, win; and that is the way I think it should be.

Q1389 Lord King of Bridgwater: We have heard lots of comments that the BBC are skilful negotiators and very imaginative in the way that they might approach this to try and create different packages on things that maybe you had not originally suggested. Do you have any comments on that?

Mr Scudamore: No, not really. I think the BBC, quite rightly, play to their strengths in any negotiation or any promotion of what they do in terms of the equity that comes with having your programming broadcast on the BBC. I think it relates back to the previous question about are they disadvantaged in terms of not being able to commercialise some of their exposure. The balance is that in a sense any negativity, and there is not much of that, which is attached to that is more than made up for by clearly the very, very credible nature of being on the BBC platform. No sports rights' owner underestimates how significant it is to be seen to be on the BBC platform. In a sense they work very hard at marketing even though you might not necessarily think of them as a commercial organisation. Clearly if you look at their promotional work, their promotional trailers, the way they cross-promote, they clearly have some hugely impressive marketing people who do a very good job in my view of promoting the BBC offering.

Q1390 Chairman: We say it is a three-year contract. We talk about a billion pounds, so do we roughly say that that is just over £300 million a year?

Mr Scudamore: Yes.

Q1391 Chairman: Just to go back to the point, it would mean the BBC, to compete with that, using a very big percentage of their annual income?

Mr Scudamore: But that is for the whole 138 games.

Q1392 Chairman: I realise that. I am not arguing whether it is up to them or not. I am just commenting that that is the case.

Mr Scudamore: Yes, it is a true comment, but if you break it down into its component parts, it is £330 million a year for 138 matches. It is about £2.7 million a match which, in terms of 90 minutes of compelling, unscripted drama,—

Q1393 Chairman: That is looking at it one way, but if you are looking at your income going down the other way, it amounts to over a tenth of the income of the BBC spent on Premier League football.

Mr Scudamore: If it were to buy it all.

Q1394 Lord Maxton: Your clubs, of course, play in other competitions which are shown on the BBC?

Mr Scudamore: Yes.

Q1395 Lord Maxton: Have you any idea what the BBC pay, for instance, for the FA Cup, and also some of the European competitions are shown on the BBC, are they not?

Mr Scudamore: I do not know because it is a joint deal between the BBC and BSkyB that shows the FA Cup matches and I do not know what the split of the money is within that class. It is not my business. There are some UEFA Cup matches which the clubs own themselves which sometimes are shown on the BBC but not too many of those, and the Champions League clearly is currently on ITV and Sky.

Q1396 Lord Maxton: The Scottish clubs seem to have a deal whereby they are shown on BBC.

Mr Scudamore: As I understand it, most of the Scottish club matches are in a pay-per-view environment with the Sentanta organisation on the pay platform and there are a handful of matches that are exposed on a free-to-air basis in Scotland.

Q1397 Baroness Howe of Idlicote: You have said quite a lot about your view of the expertise and negotiating skills of the BBC but, looking at it the other way round, when you are looking at who to choose, as it were, what sort of financial judgments do you make between the revenue and the exposure when evaluating a TV rights bid from the BBC? I am thinking particularly, of course, of the importance of

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it to your growth; I know you are very popular, but nevertheless the continued growth of football grass roots, so exposure versus finance.

Mr Scudamore: We are cognisant of it but I have to say in all honesty that we do not attach much significance to it because we are extremely popular anyway and, whereas many sports would give their right or left arm (if it did not stop them performing the sport) for free-to-air exposure, we are not in that position. We do not need that exposure for a number of reasons. Remember, a lot of our economics are driven by attendance. If you look at a club's economic basis it is usually about a third, a third, a third: a third from central television, a third from match day revenue and a third from other commercialisation such as sponsorships and other kinds of exploitation. If you go back to the history of the Premier League, one of the reasons it has been successful in our view is that the virtuous circle from day one was large income from a pay television service where the numbers of viewers were not in the first years huge. Combine that with free-to-air exposure promotion through *Match of the Day* on BBC and it led to this rather virtuous circle where we managed to keep attendances rising extremely fast. If we had gone on day one to full free-to-air exposure one wonders whether the attendances would have suffered, or not risen as highly as they did rise, because a lot of that money in the early days, as you know, in the early nineties, was invested in stadia, so improved stadia with live matches to a relatively small audience when the Sky platform was in its infancy together with the promotional value of free-to-air highlights made for quite an interesting virtuous circle. We recognise the fact that right now the old dynamics of 138 live matches with the sort of penetration that pay television has are altering and there is now an effect on attendance when games are broadcast live, even in a pay TV environment. Certainly when games are broadcast live in an FA Cup environment or a UEFA Cup environment on free-to-air television you see a marked impact on attendance. Therefore, whilst we do not really do a calculation about media exposure, we do an overall look at the effect of media exposure vis-à-vis attendance because we still are, I am glad to say, first and foremost a competition that is in a spectator sport and the secondary consideration, although it is a big financial consideration, is the broadcasting.

Q1398 Lord King of Bridgwater: When the test match was getting rather exciting football attendances were seen to slump quite a bit and there was some unfavourable comparison about unsporting behaviour on the football field as against a very much more sporting contest on the cricket field and people were then supposed to be very worried about what was happening to attendances. Have they

now come back? What is the overall attendance now that you have got pay TV even more pervasive? What is happening overall to attendances compared to five years ago?

Mr Scudamore: Attendances are very strong. They have grown consistently since we started. We have pretty much reached our plateau level in the last two or three years mainly because the occupancy rates are over and above 90 per cent, and now the only alteration you will see in our attendances is according to which teams are in the league or not. If a big stadia club comes up or a big stadia club gets relegated, that is the only effect you will see on our attendances. It is interesting that we are here today because mathematically, as of tomorrow night when Everton and Manchester United catch up and play two home games that were displaced from August, I predict that the league average by Thursday morning will be back past where it was last season, and therefore all you have every year is an August effect. There is an August effect every season where at the start of the season in the first five weeks the average is less than for the whole season. Football comes into its own when the clocks get altered and it becomes dark and grey outside and that is when attendances peak, round about Boxing Day, or Christmas and New Year, to be precise, and therefore we are back past last year's attendances.

Q1399 Baroness Howe of Idlicote: Funnily enough, I was about to ask that sort of question but, thinking about whether the BBC was interested, say, on the cricket side, it clearly at some stage dropped its interest. It did not think it was getting the same coverage et cetera. Are you saying, because this is what I have picked up, that if the BBC suddenly completely lost interest (for whatever reason) in covering any of your football, it would have no effect at all because you have got so much Sky and other forms of coverage?

Mr Scudamore: No. I think we have achieved a very good balance up till now where the cocktail that is live matches in the pay TV environment and highlights in the free-to-air environment has actually worked; they have helped each other.

Q1400 Baroness Howe of Idlicote: That was not quite what I was asking.

Mr Scudamore: In answer to an earlier question, I cannot envisage where we will not have some sort of free-to-air exposure of our football in a highlights form. Whether that is the BBC, ITV, Channel 4, Five or any other free-to-air broadcaster, I am not wedded to any particular broadcaster. As you have probably gathered, we are more wedded to extracting the value of our intellectual property than we are to any particular broadcaster.

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Q1401 Chairman: Your concern is that there should be some competition?

Mr Scudamore: Yes.

Q1402 Baroness Bonham-Carter of Yarnbury: I have one question in response to your answer to the Chairman's question about whether the BBC should bid more. You said it would cost £2.7 million for 90 minutes. That is before production costs?

Mr Scudamore: Yes, and they are not huge, as you can probably imagine.

Q1403 Baroness Bonham-Carter of Yarnbury: There are a lot of people involved.

Mr Scudamore: Yes, but in the scheme of programming costs they are not huge. These are all at the moment, shall we say, last year's prices, of course. That is the current deal. Who knows what the future competitive environment may hold?

Q1404 Baroness Bonham-Carter of Yarnbury: You talked earlier when you gave us a history of football about 1985 being an all-time low and it has built up since then and the importance of *Match of the Day*. What effect do you think the lack of premiership football on free-to-air platforms has on the game? Are you concerned that there is a danger that young people are not being drawn into the game in the way that they were through the late eighties and nineties?

Mr Scudamore: No, because there was never very much football live on television anyway. The maximum it ever got to was 18 in the season. They did not schedule anything in August and September. We always got the FA Cup, we always got the World Cups and the European championships and people thought they were watching Premier League football when they were not. With the uptake now of pay television generally with the consistency that *Match of the Day* has brought to that highlights environment and the advent of the Sunday morning programme, the earlier programme which has been re-engineered and re-edited for the audience and includes a special section on community involvement with young people and is edited with less analysis and more action, deliberately aimed at the younger market, I think we are probably as well served now as we have ever been, whether it be young people or any group. For those who have not got access to satellite platforms, usually everybody knows somebody who has and there is always for older audiences the pub environment which is an extremely attractive environment for a lot of young adults to watch football, so in terms of access we are as good now as we have ever been.

Q1405 Baroness Bonham-Carter of Yarnbury: And you were saying earlier about the whole broadband capability.

Mr Scudamore: Yes, and that is all to come.

Q1406 Baroness Bonham-Carter of Yarnbury: Moving on to the question of listed events, what is your attitude to the existence of listed events and do you think that it makes it more difficult for the BBC to bid for premiership games because they are not on the list?

Mr Scudamore: I would rather come at this the other way. Clearly there is a place for listed events. They are the iconic, more single match or condensed series of matches such as the FA Cup, such as the World Cup, but 380 games, 10 of which are played every weekend for nine months, do not lend themselves in my view to anything like a listed event environment.

Q1407 Chairman: That is quite interesting. You do not actually contest the concept of listed events?

Mr Scudamore: No, I do not contest the concept. I contest the practicality of its applicability to something like the competition that I run because it just would not work for us.

Q1408 Chairman: Can we just go back to Lord Peston's point about the European Commission? We have now got this rather curious position where, providing it goes through all the stages that you have said, no-one is going to be allowed to buy all six packages but someone would be allowed to buy five of the six, so there is this one sixth thing. It does not sound to me on the face of it one of the world's most attractive packages. What is your view on that?

Mr Scudamore: I will come at it the other way. Nobody is guaranteed to buy anything. The whole point is, now that those rights are in six packages, now those rights have a balance, we have guaranteed what we call the top five club matches. Other people want to call them top quality matches (and, of course, we have quality matches at all our matches). Anybody involved in the top five clubs, those matches will be spread throughout the packages. Everybody is concentrating on this five/one concept but that is rather a negative construct. The fact is that anybody can step up to the plate and buy one package, two packages, three packages, four packages, and I think it is certainly not a foregone conclusion that we will end up in a five/one environment. If the market is prepared to step up to the plate and take part I think we have got a very good chance of a very vague outcome, sitting here today.

Q1409 Chairman: So you could have a three/three, for example?

Mr Scudamore: Yes, easily.

Q1410 Chairman: Who, apart from BSkyB and the BBC, would be in the bidding?

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Mr Scudamore: Again, in the nature of things it is anybody and everybody; all UK broadcasters. I am sure there will be some foreign broadcast interest. We would not rule out, subject to them having some definitive plans by the right time, venture capital interests. It is impossible to say, sitting here. We will, as we always do, advertise in the correct trade press and some time in the new year we will go to market. The ITT will be issued to everybody that shows an interest and we will hopefully have interest from everybody.

Q1411 Chairman: So, rather than being a defeat, it sounds as though it is a plus for you?

Mr Scudamore: But that is how we have always done it. There are some differences now, there are some technical differences; we are being forced to sell at least one package to somebody else but, as I say, that is the agreement we made with the Commission in December 2003.

Q1412 Chairman: So we have taken two years, have we, to get to the final bit?

Mr Scudamore: To get to the definition around what a balanced package is and what that would look like in qualitative terms.

Q1413 Lord Kalms: You said a foreign broadcaster might buy it. Do you think a foreign broadcaster might buy it and then try and sell it back to a UK broadcaster or that they would broadcast into the UK or what?

Mr Scudamore: No. I should have said owners of foreign broadcast channels. Clearly, there are other people who have ownership interests in channels that are distributed in UK television.

Q1414 Lord Kalms: For the UK?

Mr Scudamore: If you were to run yourself down the EPG currently on your satellite system or on your cable system you would see a whole lot of channels that are not owned by UK broadcasters, sports channels included.

Q1415 Chairman: I think Sky have said, have they not, that they would be happy to pay the same amount as they currently do for five packages, so it sounds as if you have come out of this rather well?

Mr Scudamore: Do not believe everything you read in the press but my recollection was that they would be prepared to pay the same amount as they pay for the current level of exclusivity, which is a different point.

Q1416 Lord Peston: Your model is that you are Premier league and you have a package and it is bid for. Is there also La Liga and Serie A? Is their stuff also always pay-per-view?

Mr Scudamore: That is entirely different. Serie have a club rights model where the government passed a law that said that said collective selling was not legal, and the individual clubs sell there which clearly leads to a huge disparity in incomes between the top club, Juventus, and the smallest clubs. There is a ratio of something like 17 or 18 to one in terms of television income.

Q1417 Lord Peston: Just to interrupt you on that one, when I watch Inter against Milan on Bravo, Bravo would have bought that from either Inter or Milan in order to show it to me?

Mr Scudamore: Yes, that is quite difficult because that is the international distribution. It depends on which matches have been put into that package. A group of clubs have got together and pooled their rights for the purposes of selling them internationally. In Italy they have sold them individually.

Q1418 Lord Peston: So if were an Italian I would have to—

Mr Scudamore: You would have to buy the matches; you can buy them individually because clubs sell them individually.

Q1419 Lord Peston: I was asking you about La Liga. Is that yet another?

Mr Scudamore: La Liga again is individual but when I last checked, which was a couple of weeks ago, Sogecable have bought every single club's individual rights, so they have got themselves back to a collective position, having bought them all individually.

Q1420 Lord Peston: Is there also pay-per-view in Turkey?

Mr Scudamore: Yes.

Q1421 Chairman: We have more or less come to the end. Again, I will ask the question we asked our previous witness. I assume that you, irrespective of what the European Commission have done, want the minimum of interference in your freedom?

Mr Scudamore: Only because I think we have acted quite responsibly. I think we have let more and more content into the market. We have managed it in such a way that we are not over-exposed and therefore attendances have held and attendances have grown some 67 per cent since we started, and we have created this virtuous circle that says, "Here is the best football competition in the world"; we use that interest, we generate the income and we distribute it. There is grass-roots investment. Five per cent of all our TV money goes into the Football Foundation. There is a whole virtuous circle that says you sell collectively, you generate the value through your intellectual property, you redistribute the money to

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keep the league very competitive by reinvesting it in stadia, by reinvesting it in the best playing talent in the world, you meet your corporate social responsibility requirements by redistributing money to grass roots and you keep this virtuous circle going. We have managed to do that without too much regulation and interference and in our view we should be allowed to continue.

Q1422 Chairman: When you were doing the negotiation with the European Commission presumably you lobbied pretty fiercely, did you not?
Mr Scudamore: We have always within the political circles, certainly at Westminster and Brussels, had huge support for the idea that we are intellectual property rights owners who should be allowed in a responsible way to sell our intellectual properties to the highest bidder, and ultimately that is the bit that wins you through.

Q1423 Chairman: I am not sure if that was a yes or a no.

Mr Scudamore: I would not say we lobby. We talk to a lot of people whom we find it very easy to get support from for this particular topic. Whether that is a heavy lobby—I do not particularly see that it is.

Q1424 Chairman: Did you manage to get the Government to help you as well in putting your case?
Mr Scudamore: I think the Government were very supportive, yes.

Q1425 Chairman: So the Government were putting your case in Brussels?

Mr Scudamore: I do not think they necessarily were directly putting our case. They were certainly very supportive of collective selling and very supportive of the way the Premier League redistributes its money for the benefit of grass roots in this country. Because of that I think they are very supportive and they are also very wary of the alternative, which is the Italian model or the Spanish model, which is individual

selling, which only means that the richer clubs get richer and the poorer clubs get poorer.

Q1426 Chairman: You said a number of times that what you foresee as the future is live games on pay TV and the highlights on free-to-air. Is that right?

Mr Scudamore: No. I do not see the future as anything other than that the bidders that bid will win, and if that is free-to-air that is fine. If that is pay, that is fine. We are technology neutral now. If a broadband operator wishes to put it out into a controlled broadband environment, that is also fine.

Q1427 Chairman: I must have misunderstood in that case. Did I not hear you say that you envisaged a position where the highlights would always be on free-to-air?

Mr Scudamore: That is free-to-air highlights.

Q1428 Chairman: Yes.

Mr Scudamore: I think the difference between highlights and live—

Q1429 Chairman: Yes, that is what I am talking about.

Mr Scudamore: Because we are technology neutral, whether that is free-to-air, pay, broadband, we are completely neutral as to where those end up. I cannot envisage a position where we would not in any circumstances, no matter what happens to live, have free-to-air highlights.

Chairman: That was the point I was getting at.

Q1430 Lord Kalms: You described your organisation several times as a virtuous circle, which is quite an interesting comment. As a market economy man, would you mind if I suggested that it is also a golden circle that you have created? Virtuous and golden—it is a unique combination.

Mr Scudamore: It is.

Chairman: You have been very patient. Thank you very much indeed. There may be one or two other points that we would like to raise, so perhaps we could write to you on that. Thank you for your time.

 WEDNESDAY 14 DECEMBER 2005

Present	Bonham-Carter of Yarnbury, B King of Bridgwater, L Fowler, L (Chairman) Holme of Cheltenham, L	Howe of Idlicote, B Kalms, L Peston, L
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Memorandum by Ofcom
INTRODUCTION

The Office of Communications (Ofcom) submitted an initial memorandum of evidence to the Select Committee and gave oral evidence in April 2005. Following the extension of the Committee's inquiry, Ofcom would now like to submit supplementary evidence on two particular issues that fall within our remit; broadcasting in the nations and regions and the BBC as commissioner versus broadcaster.

Ofcom embarked on its first statutory review of public service broadcasting (PSB) in late 2003. We are charged by the Communications Act with assessing the effectiveness of the designated public service broadcasters (BBC, Channel 3, Channel 4, Five, S4C and Teletext), taken together, in delivering the public service purposes set out in the Act. We are also charged with reporting on how the quality of public service broadcasting can be maintained and strengthened in future.

One of our main conclusions from the review of public service broadcasting was that, as a society, we demand a wider range of high quality UK content than would be provided by the market—even in a more effectively competitive environment. We value trustworthy and independent news, programmes which increase our knowledge of the world, and content which reflects the different parts of the UK, and informs our cultural identity.

Ofcom believes the BBC, funded by the licence fee model, should remain as the cornerstone of PSB, with a special responsibility to invest in distinctive content which strives always to meet public service purposes and characteristics. However, we also believe that the BBC should strive to ensure that all its programmes, not just its services, reflect the purposes and characteristics of PSB to some degree.

One of the most challenging issues for the future is securing the effective provision of PSB in the Nations, regions and localities of the UK. For the commercial PSBs, this programming has a high cost of provision and is most at risk as competition increases. Viewers tell us that their priorities are regional news and current affairs, delivered by more than one provider, although many viewers would like the news to be more locally relevant than that currently provided. Viewers also like to see their own nation or region reflected on network television. The distinctive circumstances of the devolved Nations mean that meeting the needs of audiences in those Nations requires both more, and a greater range of programming specifically for each nation than is the case in the English Regions. We therefore believe an increasingly important role for the BBC in the provision of news and a range of other programming for both the Nations, and the English Regions.

BROADCASTING IN THE NATIONS AND REGIONS
The BBC's role in the Nations and Regions

Ofcom set out its recommendations for the BBC's role in broadcasting in the Nations and Regions in Phases 2 and 3 of its Review of Public Service Television Broadcasting, published in September 2004 and February 2005 respectively.

In the context of the inevitable decline of ITV1's regional service as switchover approaches, we proposed that the BBC should adopt an enhanced role in meeting the needs of the UK's nations and regions (in line with its own proposals), particularly in the English regions, where its non-news output has historically been more limited than in the devolved Nations. This should not involve the BBC providing a direct replacement of programming no longer available on ITV1. Nonetheless Ofcom considered that the BBC should be asked to develop new proposals of its own, which go beyond the use of local new media, to help provide more well-funded television programming for the English Regions in addition to its ongoing activity in the Nations. In

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adopting any new regional commitments, we suggested the BBC should undertake to support a plurality of regional producers.

We noted in our final Statement on Programming for the Nations and Regions, published in June 2005, that the BBC agrees that it will need to take the lead in providing programming for the Nations and English regions, as ITV1's presence and obligations are reduced. We welcomed its commitment to developing plans for further regional output in England including current affairs, targeted regional programmes and regional inserts in network output. So far, the BBC's development of its English regional services has been mainly in the form of programming associated with major network projects, such as *British Isles: A Natural History*. A more extensive response could be looked for.

Production outside the M25

Most UK network production still comes from companies based in London, although all five main channels have some level of out-of-London production quota. In 2003, 33 per cent of network originations across the five main channels combined came from outside the M25, accounting for 37 per cent of total spending.

Viewers tell us that they value representation of their Nation or Region on network TV, although audiences in the Nations are sometimes concerned about misrepresentation, and some feel that their local accent or culture is often portrayed in an atypical or awkward way on network TV.

The BBC has an important role to play in reflecting the Nations and Regions of the UK on its networks. In the early 1990s, the BBC set itself a target to increase the proportion of network programming made outside London from a fifth to broadly a third. In 2003, 31 per cent of its produced hours were made outside London, accounting for 33 per cent of its network production spend. The Governors' Review of Services for 2003–04 stated their particular concern that not enough material from the BBC Nations is shown on network television.

We intend to consult with the BBC about increasing its out-of-London production quota, as part of the follow-up to Charter Review. We believe it is reasonable to expect the BBC over time to achieve a similar position to ITV1—50 per cent of network production made outside London, measured by both volume and spend, across BBC One, BBC Two and its digital services.

We expect that the changes announced by the BBC in December 2004, which proposed a significant move of production and commissioning responsibility to Manchester, would represent a significant contribution towards this increase, and welcome this proposal. However, further steps may be worth considering, in particular increasing the BBC's representation of the Nations and Regions in its network drama, entertainment and factual output. The BBC might also be able to complete the Manchester relocation programme faster than currently envisaged to help meet our proposed target.

Local services

Ofcom is the licensing authority for existing local TV services, broadcasting on analogue to particular areas around the UK. There are currently 11 services on air.

Looking to the future, we believe digital local services have the potential to create significant new value for citizens and consumers and be a source of innovation in the UK broadcasting sector. In the PSB Review we identified digital local TV as a potentially important element of the future PSB mix, serving audience needs that are not fully met by the current blend of national and regional broadcasting.

However we recognise that the economic viability of local services has not yet been established and that audience demand for them has not been adequately assessed. We are currently carrying out further work on the prospects for digital local content services as part of our follow-up to the PSB Review.

We welcome the BBC's interest in "ultra-local" television news services for 50-60 cities and counties across the UK, initially on broadband (and satellite in its West Midlands pilot), and its offer to share its evaluation data with Ofcom to contribute to our own ongoing work in this area.

We note that "ultra-local" is something of a misnomer for the BBC's plans, given that the initial intention is to base coverage areas on existing local radio service areas. In many cases these are not particularly local, and are not the kind of community-level services that some local TV stakeholders envisage.

Nonetheless we recognise there are concerns from the local press and from some commercial and not-for-profit local TV operators about the potential impact of the BBC's plans on their markets and potential audiences.

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It is difficult to reach a firm view about the relationship between the BBC's plans and the prospects for alternative providers without more information about the likely future development of the BBC's services. However the growth of digital platforms offers substantial growth opportunities to commercial and not-for-profit local TV operators and there is a risk that the BBC's early entry to this field could discourage potential investment in this market, closing it off before commercial and community providers have had a chance to explore fully the emerging opportunities.

We therefore suggest that the BBC's detailed plans, and any future extensions to them, should be carefully assessed with respect to their public value and their impact on both existing and potential future markets before they proceed beyond the current pilot in the West Midlands.

One option that may be worth further assessment is for the BBC to develop partnerships with other local operators, including both commercial and community providers. However, a significant disadvantage of this is that if other stakeholders join with the BBC in sole operations in particular areas, this may have the effect of stifling not only commercial but also creative and editorial competition.

Our detailed work on the future of digital local content services, including an assessment of the possible role of the BBC, is now underway, and is being carried out collaboratively with DCMS. We will set out the full range of options that we believe deserve consideration in our initial report, which we currently plan to publish by the end of the year. We would suggest that no further decisions on the BBC's plans should be taken until this research is complete.

Other issues

In addition to the issues covered above, the aspect of broadcasting in the Nations and Regions in which the role of the BBC is critical is the delivery of indigenous language services. Although not specifically covered by the Committee's questions, we include a summary of our proposals in this area in case the Committee should wish to address these important issues.

In the short term, the key issues to be resolved include:

- S4C's relationship with the BBC in Wales;
- in Scotland, the creation of a Gaelic digital channel with the support of the BBC and provision of Gaelic programmes on ITV1; and
- the extended transmission of TG4 in Northern Ireland and the role of the BBC in serving the needs of Irish language speakers.

The BBC and S4C should develop a new relationship driven by three core principles: transparency, financial commitment and editorial control. We welcome the constructive steps already taken by both broadcasters to develop such a relationship, and support the BBC's proposals to establish a new Strategic Partnership between itself and the S4C Authority.

However in certain respects we feel that more could be done to ensure that S4C has effective control over the nature of its service, its programme strategy and the direction of investment.

The overarching goal should be to ensure that accountability for the S4C service, and the powers needed to carry out its strategy, clearly rest with the S4C Authority. Our Statement on Programming in the Nations and Regions contains more detailed proposals that we would be happy to make available to the Committee if that would be useful.

Longer term, consideration should be given to alternative funding models for Welsh broadcasting based on contestability, including a review of the possibility of a Welsh Public Service Publisher funded partly by a transfer of the portion of licence fee revenues spent by the BBC on Welsh broadcasting.

In Scotland, sufficient funding and in-kind support for a Gaelic digital channel could now be secured from a number of sources. We recognise the BBC's vital role in supporting the Gaelic language over many years and believe that it would be the preferred broadcast partner for any new channel.

Looking further ahead, we recognise that other delivery mechanisms (broadband, DTT, interactive Web services, mobile, digital radio) might represent a rich and powerful way of engaging the Gaelic audience, particularly younger people.

In order to most effectively exploit these new opportunities, one option would be to introduce creative competition into the provision of Gaelic through a contestable funding mechanism. This could either be achieved by channelling funding to a single body after a competitive tender process, or by awarding contracts to a range of providers providing different aspects of a broader Gaelic service.

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We believe that this could help generate a new wave of creative thinking about ways of reaching the largest possible audience, and exploit the best ideas from all those with an interest in supporting the development of the Gaelic language. Ultimately, of course, this is a matter for Government.

The ultimate goal for Irish language speakers should be a dedicated digital service broadcasting to all viewers in Northern Ireland. The main Irish language public service channel in the Republic of Ireland, TG4, would currently appear to be the obvious vehicle for such a service. Consideration needs to be given as to whether and how it might be possible for TG4 to continue to be broadcast in Northern Ireland after switchover.

However it is not appropriate for the provision of services from the Republic of Ireland to be the whole of the solution to Irish language broadcasting in Northern Ireland. The matter most often raised with us by respondents from Northern Ireland in the final phase of the PSB Review was the absence of statutory provision and of sufficient funding via the licence fee for dedicated programming in Irish, with content produced in and about Northern Ireland. They pointed to a perceived lack of equity in the treatment of Irish compared to that accorded Welsh and Scots Gaelic.

It is true that Irish language speakers continue to be under-served by UK broadcasters compared to speakers of other indigenous languages. We believe that Charter Review should provide sufficient funding for BBC Northern Ireland to continue and expand its commitment to Irish language television broadcasting.

However, enhanced funding raises further questions about where and how new programming should be broadcast. We have argued that provision through dedicated services and the exploitation of new media are more attractive than opt-outs on the main channels, and the BBC has said in its response to our consultation that in scheduling Irish language programmes it “must take into account the potential ‘deprivation’ factor for the monolingual English-speaking audience.”

Therefore other options should be examined, including an enhanced relationship between the BBC in Northern Ireland and TG4, for example involving greater use of co-productions. There may also be scope for enhanced new media services, especially those relating to news and current affairs, pre-school children, school pupils and drama.

THE BBC AS COMMISSIONER VERSUS BROADCASTER

The UK television industry generates annual revenues exceeding £9 billion, and spends almost £5 billion on programming—of this, around £2.4 billion 4 billion represents spending on original programming by the five main terrestrial broadcasters. This means that UK television viewers enjoy one of the highest levels of domestically originated programming in the world.

UK programming is delivered by a production sector comprising programme-making activity both within the main broadcasters (in-house production) and without (independent and external production). This part of the industry has been and remains an integral part of UK television.

Ofcom is conducting a review of the television production sector. This review commenced in May 2005, and is expected to be completed by April 2006. This submission to the Lords Charter Review Committee summarises the key issues being addressed by the review.

Background

Ofcom is conducting this review since we are looking to secure the delivery of high quality television content.

More specifically, this review is being carried out in the light of our statutory duties set out in the Communications Act:

- To secure the availability throughout the UK of a wide range of television and radio services which, taken as a whole, are both of high quality and calculated to appeal to a variety of tastes and interests
- The maintenance of a sufficient plurality of providers of different television and radio services.¹

¹ Section 3(2) of the Communications Act 2003.

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This means that the interests of viewers are at the heart of Ofcom's work on the television production sector.

In order to meet this overall objective, Ofcom has a number of responsibilities which relate directly, or at least indirectly, to the television production sector. These include:

- The setting of quotas regarding original production on the main terrestrial channels, designated as public service broadcasters (PSBs) under the terms of the Communications Act.
- Setting out-of-London production quotas for the PSBs.
- Recommending quotas for the commissioning by the PSBs and other channels of programming sourced from independent producers.
- Monitoring the operation of codes of practice for dealing with independent producers.
- In addition to its formal powers, Ofcom needs to take account of the impact on the overall production sector of proposals made in the context of the Review of the BBC's Royal Charter.

The last major review of the sector was conducted by the Independent Television Commission (ITC) in 2002. As well as reviewing existing quotas, the ITC's review recommended that new codes of practice should be put in place between independent producers and existing public service broadcasters. These have since been implemented by the broadcasters, based on guidance issued by Ofcom.

The sector was also considered as part of Ofcom's recent review of public service television broadcasting (PSB) in 2004. In the PSB Phase 2 report,² Ofcom suggested that the new codes of practice should be given time to work before any detailed assessment of them could take place. Ofcom therefore concluded that it would be sensible to wait for 12 months before conducting a further review of the production sector.

The current review

Overall, Ofcom's review concerns essential aspects of the relationship between television broadcasters (including, but not limited to the BBC) and the production sector—focusing in particular on the key production quotas, and the operation of the commissioning system between producers and broadcasters. Our overall objective is to define the appropriate nature and scope of intervention that is necessary in order to secure the highest quality content for viewers.

Intervention in the production sector has been an important contributor to the sector's development. Ofcom is using this review to re-examine the case for this intervention. We are considering whether changes to existing regulations are necessary, and assessing the continuing need for intervention in the sector.

More specifically, the review is covering:

- The economic and public policy arguments for intervention in the production sector.
- The effectiveness of existing quotas on origination, independent production, and production outside the M25.
- The extent to which the new codes of practice have helped the market to function more effectively.
- Issues surrounding the exploitation of programming rights on new distribution platforms.
- The transparency of the commissioning process.
- The case for further action or for alternative solutions, which if required may mean investigation of:
 - The appropriate definition of an independent producer, and of qualifying programmes.
 - The appropriate level of the independent production quota, and whether it should be defined by volume or value of programming.
- The circumstances that might result in the relaxation or withdrawal of intervention.

This review comes at a critical time for the UK television broadcasting sector in general, and for the production sector in particular. For instance, the Government's review of the BBC's Royal Charter is now well underway. The recent Green Paper³ indicated that the future of independent production is a key issue, and the Paper also highlighted the need to give detailed consideration to the BBC's plans for the reform of its commissioning system (including the proposed Window of Creative Competition).

² *Ofcom review of public service television broadcasting, Phase 2—Meeting the digital challenge* ("PSB2"). Published on 30 September 2004.

³ *Review of the BBC's Royal Charter: A strong BBC, independent of Government*. Published on 2 March 2005.

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The BBC's proposals are intended to enhance creative competition for access to the BBC's commissioning structure—and so aim to ensure that the best possible ideas reach viewers' television screens. This is therefore an important issue for Ofcom's review.

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Examination of Witnesses

Witnesses: LORD CURRIE OF MARYLEBONE, a Member of the House, Chairman, and MR TIM SUTER, Partner for Contents and Standards, Ofcom, examined.

Q1431 Chairman: Good morning. It is very good to see you again. I gather you decided not to bring Stephen Carter today?

Lord Currie of Marylebone: We felt that the two of us would be able to handle your questions appropriately. Tim Suter is head of our contents and standards area.

Q1432 Chairman: As you know, we are now into the second part of our review. We have published the first part and we are now looking at various other areas but perhaps we could jog back to the first part and some of the recommendations and proposals that we made there and also in light of the debate we had in the House of Lords on Friday. One of the things which is constantly said about Ofcom is that you are just an economic regulator, nothing more, nothing less. Do you accept that?

Lord Currie of Marylebone: I would certainly not accept it. Our public service broadcasting review and the whole process around it indicate the much broader range of responsibilities that Ofcom has given to us by Parliament, enshrined in the Communications Act. We have a very clear responsibility for the citizens' interests as well as consumer interests and we have to balance those where they might come into conflict. We have a very clear responsibility to maintain and strengthen public service broadcasting which is reflected in our PSB review. We have a much wider range and we regulate not just the private sector but the state owned Channel 4 and we also have regulatory powers over many aspects of the BBC's activities. We are certainly not a pure economic regulator.

Q1433 Chairman: Remind us of the two powers, the powers you have with the BBC and the powers you have with the commercial broadcasters in the non-economic field.

Lord Currie of Marylebone: We have over the commercial broadcasters, including Channel 4, tier one responsibilities for harm and offence, fairness and privacy and accuracy and impartiality. We also have those powers over the BBC except in respect of accuracy and impartiality of news. Then we have powers at tier two in terms of quotas of regional production, origination and so on. The BBC

governors have responsibility for tier three powers. In the case of commercial broadcasters, we have a co-regulatory arrangement.

Q1434 Chairman: If someone makes a complaint to the BBC and they are not satisfied with it, that is perhaps the end of the matter but if someone makes a complaint to ITV do you act as a final court?

Lord Currie of Marylebone: Yes and also in respect of the BBC. We made the final adjudication on the *Jerry Springer Opera*.

Mr Suter: It is important on issues like that that the BBC is regulated in exactly the same way as any other broadcaster. If it is an issue of harm or offence, what used to be described as taste or decency that is a matter for Ofcom. A complainant to the BBC has exactly the same status as a complainant to ITV about a similar programme or a complainant to any other broadcaster. The broadcaster may respond to it and may satisfy the complainant or may not, or the complainant can come direct to the regulator and in those instances the regulator is us. In *Jerry Springer*, the BBC received a lot of complaints. We received a lot of complaints directly as well. We waited, as we always do in situations like that, for the broadcaster to determine their own response, whether they think what they did was appropriate or not appropriate, before we come to our regulatory decision. In those senses, the BBC is in no different circumstance to any other broadcaster.

Q1435 Chairman: When it comes to accuracy and impartiality the BBC is a special case?

Mr Suter: That is right.

Q1436 Chairman: They are judge and jury, to put it in an emotive way?

Mr Suter: They regulate their own output in relation to accuracy and impartiality in news programmes.

Q1437 Chairman: They are judge and jury.

Mr Suter: If regulators are judges and juries that is what they are.

Q1438 Chairman: You say that you will consider charging companies who use the spectrum from 2006 and you also say that if you decide to go ahead

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charges would apply to the BBC and Channel 4. As far as the BBC is concerned, obviously it would push up the costs and the licence fee costs. Have you therefore decided whether the BBC is to be charged for spectrum from 2006?

Lord Currie of Marylebone: No, we have not. We have made it clear that there will be no charge for analogue spectrum unless a broadcaster was wilfully late with the digital switchover process. The question of whether we should charge for digital spectrum for broadcasters is a question that we will be going out for consultation on next year. We have not taken a view on it but it is a question that we will come to as part of the broader review of spectrum pricing and spectrum trading. This is part of a much broader picture but whether we would wish, after consultation, to charge broadcasters is an entirely different matter.

Q1439 Chairman: Is the decision entirely up to you?

Lord Currie of Marylebone: Yes.

Q1440 Chairman: What is the case for adding to the costs of the BBC?

Lord Currie of Marylebone: I would not wish to say that there is a case for adding to the costs of the BBC in its own right but there is a case—here again the broader spectrum review is relevant—for spectrum pricing in order to encourage efficient use of spectrum. For example, if one was rolling out a new broadcast network, a system of masts and so on, with spectrum being priced you would arrive at a very different configuration of masts than if there was no charge, just as if you do not charge for electricity you would have a very different usage of electricity by broadcasters and others. We are asking the question: should broadcasters pay for spectrum, which is a very valuable resource, but nobody asks should the BBC pay for its electricity usage. It is also worth making the point that we are talking about a prime bit of spectrum, 112 megahertz of ultra high frequency spectrum. That is about two thirds of the equivalent of the 3G spectrum that was auctioned a number of years ago, so potentially it is a very valuable resource and one would want to encourage broadcasters to use that spectrum in the most efficient, possible way. That is the rationale, not pushing up costs. Those are arguments that will have to be considered and balanced in the consultation and the decisions which we take next year.

Q1441 Chairman: What would happen to the money that you raise?

Lord Currie of Marylebone: Like all spectrum receipts which we collect across the range, they go to the Treasury.

Q1442 Chairman: What we are talking about is a spectrum tax?

Lord Currie of Marylebone: Yes. It is a price for the use of spectrum.

Q1443 Chairman: The Treasury will be very interested in this, will they not, because they can raise more money? You are saying that is an independent decision for yourself?

Lord Currie of Marylebone: Yes. One of the key points is that in making that decision the maximisation of revenue for the Treasury is not the main consideration.

Q1444 Chairman: Why have we not charged before?

Lord Currie of Marylebone: Historically, we have had a different arrangement. We have slowly been implementing charging for spectrum across the board. We saw that with the mobile phone auction. We have increasingly applied administrative incentive pricing to the Ministry of Defence and other public sector users. Interestingly, in the case of the Ministry of Defence, it has been releasing spectrum and it has been made available for other users. We have seen the effect of pricing, encouraging exactly the type of efficiency benefits one would like, given the highly valuable spectrum. In the case of broadcasting, we have not charged. We have had the analogue compact, where in return for the gifting of spectrum there has been a requirement of public service broadcasting which has been laid upon the commercial broadcasters.

Q1445 Lord Holme of Cheltenham: There is obviously a strong *prima facie* case for looking at spectrum between broadcasters to arrive at a level playing field and a fair definition of entry cost in the way you describe. The bit that is worrying in the evidence you have just given is the role of the Treasury. When you go out to consultation next year is the Treasury simply one of the bodies with which you consult or does the Treasury have some special role in this?

Lord Currie of Marylebone: Clearly the Treasury will take an interest in it but it is a decision for Ofcom.

Q1446 Lord Holme of Cheltenham: Will you consult with the Treasury?

Lord Currie of Marylebone: Of course. We will consult with all relevant bodies.

Q1447 Lord Holme of Cheltenham: Will they be like any other stakeholder or will they be a special stakeholder?

Lord Currie of Marylebone: I do not think they will be special.

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Q1448 Chairman: When the consultation document goes out, will you have shown it to the Treasury beforehand to see if you are putting the right points?

Lord Currie of Marylebone: That is something I have not considered. We would want to get the views of the Treasury but it will be an Ofcom consultation document that goes out. I do not think we as a regulator have been seen to be in thrall to any particular department of government. We are an independent regulator set up by Parliament with our statutory duties and I think we have been quite vigorous in pursuing those independently.

Chairman: I have not put out a Green Paper yet which has not been pored over by the Treasury but you might say I was a government department and not an independent regulator.

Q1449 Lord Peston: Obviously the other comparison would be with road pricing. Essentially, all you are enunciating is the view that if something is scarce it is appropriate to get the optimum use of it through pricing. I am right, am I not, that in economics there is nothing that says that should be used as a revenue raising device? In other words, there is no reason why that money should accrue permanently to the Treasury?

Lord Currie of Marylebone: It could be recycled back, for example, into public service broadcasting, the broadcasters themselves or some new concept like the public service publisher that we have talked about.

Q1450 Lord Peston: Normally the economic analysis of this is that it is revenue neutral, is it not?

Lord Currie of Marylebone: Yes. On the other hand, what that money is used for is not a matter for Ofcom.

Q1451 Lord Peston: You said that you were not purely an economic regulator but you are to some degree concerned with economic considerations. Are there limitations on that? For example, do you have the right to look at the sellers of broadcasting rights of all sorts? Obviously, sporting rights are the ones that particularly interest us. If you believe that the sellers of those rights are abusing their dominant market position, do you have any role there or is that a matter for OFT and the Competition Commission?

Lord Currie of Marylebone: We have competition powers concurrently with the Office of Fair Trading. In the media area, we would work with the Office of Fair Trading on any possible breach of competition policy. Ultimately, those decisions then go to the Competition Commission.

Q1452 Lord Peston: If there were explicit or implicit collusion, for example, between the owners and therefore the sellers of broadcasting rights and one or two of the buyers, would that fall within your remit

or would you just discover it and pass it on to the OFT and the Competition Commission?

Lord Currie of Marylebone: There would also be the question of whether it rests within UK competition law or whether it is a European matter and therefore whether the jurisdiction is with the Commission rather than the UK competition authorities.

Q1453 Lord Peston: What if it clashed with the UK to start with?

Lord Currie of Marylebone: If it was purely UK, we would be very much involved with but we would be working closely with the Office of Fair Trading.

Q1454 Lord Peston: If it were international or European?

Lord Currie of Marylebone: It would be a matter for the Commission.

Q1455 Lord Peston: Just for the Commission? You would not draw it to their attention if you came across something?

Lord Currie of Marylebone: If there was something that we felt was remiss, we would have the scope for bringing it to the attention of the Commission but it would not be a matter for us.

Q1456 Lord King of Bridgwater: You said you might charge the BBC if you thought they were being too slow hanging on to spectrum when they should have switched over. Are you or the BBC taking responsibility for this issue about who is going to lose coverage when we do the switch over and people who will be disadvantaged by that? Is that your responsibility overall? If people have complaints, do they come to you?

Lord Currie of Marylebone: The relevant body is Digital UK which has responsibility for overseeing the whole process of digital switchover.

Q1457 Lord King of Bridgwater: Who do they report to?

Lord Currie of Marylebone: The government.

Mr Suter: And the Secretaries of State.

Q1458 Lord King of Bridgwater: It is a government department?

Mr Suter: No. It is an organisation. We suggested in our report on digital switchover last year that the implementation of digital switchover should be put in the hands of a body that drew from the broadcasters and the relevant industries and stakeholders who would ensure that switchover happened. There should be a body set up that would report through to government on implementation. Our role is around ensuring that the spectrum coverage is going to meet the requirements as set out for digital switchover. It is the role of Digital UK which has representations

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from the broadcasters, the manufacturers and the relevant bodies to ensure that the marketing works.

Q1459 Lord King of Bridgwater: If there is one particular area of the country that is going to be seriously disadvantaged by the switchover and plans are not in place or there are no arrangements to provide alternative broadcasting coverage, who takes the decision that would delay the switchover because it is going to disadvantage one group too severely? Is that you or Digital UK?

Lord Currie of Marylebone: Any decision for delay would be a matter for DCMS. The government made the decision to proceed with digital switchover. On the question of disadvantaged areas, there are very detailed plans to ensure that digital coverage at least matches the current analogue coverage. Stephen Carter and our people gave evidence to the House of Commons Trade and Industry Select Committee on exactly this point yesterday.

Q1460 Lord King of Bridgwater: We are back to the point I tried to make in a speech on Friday. It is average coverage. We will have the same coverage, you think on average, as we have at the moment when we do the digital switchover but there will be different people. Some people do not get any reception at the moment and some people will not get any reception in the future.

Lord Currie of Marylebone: The vast majority of people who do not get digital reception at the moment will get it once you have digital switchover. The great advantage or one of the many advantages in terms of increased choice and one of the key merits of it is that it will not be until the analogue signal is switched off that the digital signal can be boosted to reach the vast majority of the country.

Q1461 Lord King of Bridgwater: You use the phrase "the vast majority". If Parliament has a role, it is also to defend minorities. I am interested in the administration of it. You said you were going to take the decision or you might take the decision to impose effectively a fine on the BBC because they have been slow but they might have taken the decision to be slow because they thought a minority otherwise would lose out.

Lord Currie of Marylebone: We have done a very detailed analysis of the costs and benefits of digital switchover because of all the issues potentially that could be raised against the process around state aid. Our analysis supported the view that it would be appropriate to match the analogue coverage, 98.5 per cent of the country, but not to go the extra margin just as we have not as a government or as a country felt it appropriate to boost the analogue signal to 100 per cent. We have lived with that position ever since the beginning of television.

Q1462 Lord King of Bridgwater: Obviously every possible care has been taken but from the evidence we have had people are not quite sure how it is going to pan out until it happens. Who do they then turn to? We seem now to have three bodies: yourself, Digital UK and DCMS and maybe even the BBC.

Lord Currie of Marylebone: I would argue that the creation of Digital UK was precisely to avoid that muddle. Digital UK is the body that has responsibility for managing this process and delivering it operationally. You say that people are unclear. They are at this point but we have to remember that it is barely three months since the decision was taken. Digital UK has since come into being and is starting the process of communication. It has some very active plans in that direction.

Q1463 Baroness Howe of Idlicote: There are about four bodies involved in the whole switchover but you say it is Digital UK who are overseeing it. Is the consumer sufficiently represented on that body?

Mr Suter: In the end, the issue is whether the public have confidence in the representation that is around the table. Government, having constituted that body, believe that it has sufficient representations from those with a direct interest in making this work, which are the broadcasters, the consumer groups and the manufacturers.

Q1464 Baroness Howe of Idlicote: In other words, you are saying consumer groups are represented?

Mr Suter: Yes.

Q1465 Baroness Howe of Idlicote: In what proportion?

Mr Suter: I am afraid I do not have the precise constitution of Digital UK.

Q1466 Baroness Howe of Idlicote: You referred previously to your public service publisher idea. I was wondering about the independence of your views on that because if you are going to decide whether to charge for spectrum you might be slightly inclined to charge if some of that money was going to one of your ideas.

Lord Currie of Marylebone: That would not be a consideration. It could not be since it is entirely a matter for the Treasury how it uses its spectrum receipts.

Q1467 Chairman: Lord King raised some interesting points. The House of Commons Select Committee is looking at these points as well. We will probably try to keep to our role at the moment although the two do intertwine. To sum up on the spectrum tax, I do not see how you can describe it as anything else. What would happen is that the person who pays the licence

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fee would pay more and that more would go to the Treasury in receipts.

Lord Currie of Marylebone: I think that is a fair description.

Q1468 Chairman: That is what you are going to be consulting on?

Lord Currie of Marylebone: Indeed. We have no preconceived view as to which way we will go on that question, except we are conducting that review in the context of the broader reform of spectrum pricing.

Q1469 Chairman: When do you expect your consultation paper to go out?

Mr Suter: We are just scoping out that project now and I suspect it will be some point during next year. I will confirm the date.

Q1470 Chairman: Some point during next year is even more imprecise than the average government minister.

Mr Suter: Forgive me but we have our own different bits of responsibility and that bit is not mine.

Lord Currie of Marylebone: We could provide that answer to you.

Chairman: We might give you some free advice.

Q1471 Lord Holme of Cheltenham: Would you envisage in your consultation paper saying whether Ofcom should be paid for effectively acting as a collection agent for the Chancellor?

Lord Currie of Marylebone: Ofcom's income streams fall into different buckets. We are able to offset the administrative costs of all our spectrum work against the receipts for the money which comes from spectrum. The spectrum work includes not just the collection, the licensing and so on, but also the enforcement of stopping interference in spectrum and keeping spectrum clean as a major part of our field work which goes on around the country. However, we are not looking to increase those costs. Over time, we have been quite effective in reducing costs and we are considerably increasing the efficiency with which we license in the whole spectrum area.

Q1472 Chairman: You will take into account that the Treasury will then be receiving money from what is a regressive tax?

Lord Currie of Marylebone: Those will be considerations that no doubt will be very thoroughly explored in the consultation.

Q1473 Baroness Bonham-Carter of Yarnbury: You have been asked a lot of intellectual questions about the role of the Treasury. I am going to ask you a very crude one. Can you tell us what value you think the money that you say is going to the Treasury will be?

Can Ofcom estimate the value of spectrum to the government after analogue switch-off?

Lord Currie of Marylebone: It is not easy to have a precise estimate. The lesson we have from the 3G auction is that timing is everything in terms of valuation. It is prime spectrum we are talking about. The analogue spectrum is very useful and in quantitative terms it is about two thirds of the quantity that was auctioned at the 3G. I am not suggesting you will get two thirds of 22.5 billion. That would be nonsense.

Q1474 Baroness Bonham-Carter of Yarnbury: What figure would you put on it?

Lord Currie of Marylebone: I do not think we could put an estimate on it.

Q1475 Baroness Bonham-Carter of Yarnbury: A range?

Lord Currie of Marylebone: I would be very happy to undertake to come back to the Committee to see whether we could answer that question but estimates in this area are exceedingly imprecise.

Q1476 Baroness Bonham-Carter of Yarnbury: You said at the beginning that there was no charge for analogue spectrum. That is the situation now.

Lord Currie of Marylebone: And continuing until switchover.

Q1477 Baroness Bonham-Carter of Yarnbury: One of the things I think we can agree on here is that it is very important that Channel 4 remains a strong player in the PSB market. Do you think the government should consider allocating free digital spectrum to Channel 4? They, as you know, have access to analogue spectrum.

Lord Currie of Marylebone: As we made clear in the PSB report, we think the question of maintaining the strength of Channel 4 as a public service broadcaster is very important. We want to strengthen PSB but we also want to maintain diversity and even expand diversity. Therefore, the question of the future of Channel 4 is important. Today we have published our annual plan for next year. One of the streams of work that we have flowing out of our public service broadcasting review is a review of the position of Channel 4 because it is something that we want to keep closely monitored, to consider whether there will in the future need to be ways of helping Channel 4 which could involve the gifting of spectrum or grant in aid. There might be a number of different mechanisms.

Q1478 Baroness Bonham-Carter of Yarnbury: Coming back to the BBC, as I understand it, high definition television is very spectrum greedy. Do you support the BBC's pursuit of HDF?

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Mr Suter: The question of high definition, how much spectrum it will use and therefore what that will do to other potential users of spectrum, both within the public service multiplexes and elsewhere, is an important consideration for that review going forward. Clearly, we are looking at the most efficient use of spectrum going into the digital age. That will balance consumer issues, the desire to have an enhanced service which will be appropriate for some kinds of service but not necessarily for all, against citizen issues, ensuring that there is a plurality and diversity of services being made available. That is an important issue that we will need to address. Lord Currie has said we are looking at the next set of implications for public service broadcasting. A year ago we finished our public service broadcasting review. There are continuing implications in there for how public service broadcasting will develop. Among those is how will public service broadcasters, conventional broadcasters, be able and want to make themselves available in future and what kinds of services will they be, alongside what other kinds of public service content should be made available and what demand might that have on other kinds of spectrum or distribution. We have to ask those questions and the question of Channel 4 is clearly an important one. Possibly the answer to the question about the consultation will be contained in our draft annual plan for you, so we may be able to get that to you even quicker.

Q1479 *Chairman:* You were very kind to say, Lord Currie, that you would try to give us an estimate on the sale of analogue and how much that could raise. When do you think you could do that by?

Lord Currie of Marylebone: Fairly quickly. High definition brings huge benefits. It is stunning to watch television with high definition, but that is one area where the consideration of the costs of spectrum and the whole question of the pricing of that into the decision is pretty central because it is also very greedy of very valuable spectrum.

Q1480 *Lord Holme of Cheltenham:* No doubt you have had a chance to read our first report?

Lord Currie of Marylebone: Indeed.

Q1481 *Lord Holme of Cheltenham:* It does envisage quite an enlarged role for Ofcom. Some Members of the Committee probably felt that Ofcom's position of authority and impartiality made that plausible and some might even felt *faute de mieux* because we felt there had to be a body that was not the BBC itself if we were to get a proper division between regulation and governance. For whichever reason, it does envisage quite substantial extra duties being laid on Ofcom. What is your general reaction to the proposals in the report which contained several

areas: the adjudication of appeals about the BBC's public value tests about complaints on accuracy and impartiality as an ultimate forum, the role of approving the BBC's own fair trading rules and empowering you to demand information from the BBC and, perhaps most crucially, strengthening the Content Board in order to cope with at least two of those functions. What was the general reaction of Ofcom to our report?

Lord Currie of Marylebone: I thought the report was very helpful in clearly separating the three aspects of governance, accountability and regulation. We see our role as regulation and not those other functions. With respect to the Content Board and the recommendations there, to give it a little context, our annual plan is for the fourth year running setting out a plan for reducing the overall cost of Ofcom. We do not think the additional duties that you are recommending that we be given in the content area are a huge increase in what we are doing. We do quite a lot of tier one and tier two for the BBC already. If those recommendations were followed, no doubt we would wish to increase the resource going into the content area but we could do that, we believe, within an overall declining budget. We would want to strengthen the resources available to the Content Board. We think our Content Board is quite a strong, powerful body. The report refers to it needing to become semi-autonomous. That is a fair description of where we are because all content issues are handled by the Content Board with the support of a very able team run by Tim Suter. Yes, we need to strengthen it but I am not sure we need to change its operations hugely.

Mr Suter: I think that is right. Your overall thrust is very helpful in that it simplifies a system that is currently complex and not necessarily in that complexity the best vehicle going forwards when the kinds of media people are going to consume, the ways they are going to consume them and where they are going to consume them are going to become increasingly complicated. It is the bit that is relatively simple called broadcasting that is complicated in its regulatory arrangements for where and how people complain and how they seek redress. That seems to us not terribly optimal and it would be better to simplify the system. That is our position and therefore we welcome the general thrust of your report.

Q1482 *Lord Holme of Cheltenham:* Thank you. Presumably from Ofcom's point of view, with these extra responsibilities as well as the issue of extra resources which you mention which seems on the face of it reasonable, there would be issues of organisation. Is it your case that the organisational shape you have—after all, it is quite early in the life of Ofcom and I doubt you have reached your final, immutable organisational form—without any

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significant changes could, with resources, assimilate these new responsibilities?

Lord Currie of Marylebone: Yes. We have just gone through an organisational change reflecting the fact that Ofcom is now up and running and starting to get into its stride. We felt it was appropriate to make changes. The one area where we have not needed to make changes is in the content and standards area. This is working well. We need to put in some additional resources but in structure terms I do not think we would need to make major changes.

Mr Suter: Importantly, it is not least because you are not asking us to change what we do but to extend what we do to include the BBC. The areas you are asking us to cover are areas that we already cover for every other provider of news and information in regard to ITV news, Channel 4 news, the ITV news channel, Sky news and any other news channel that is broadcast. We are already responsible for ensuring that it is accurate and impartial and upholding the law. It is not the arrival of a new set of skills that will be required within Ofcom to make those judgments. It is an extension of those judgments beyond the relatively large number of broadcasters to whom we already provide them to the BBC, which is obviously a significant broadcaster and a very significant addition, but it is not a change in what we do.

Q1483 Lord Holme of Cheltenham: If you were to take on these court of appeal functions in respect of complaints and maintenance of public service values, are you confident that you could operate the right mixture of light touch in the sense that you want the BBC to deal with complaints and you want them to be concerned as a matter of governance to have the right implementation of public service? Are you satisfied that you can operate as an ultimate arbiter with a light enough touch to encourage the BBC to do it right in the first place so that your final regulatory role is limited?

Mr Suter: That is the way we want to operate with all broadcasters and the way I think we operate now with the BBC in relation to the large amount of editorial content it is our role to regulate. The large majority of complaints in the broadcasting sphere already go to broadcasters to be dealt with. Those who wish to make a more formal complaint can and do come to us. We are looking at whether it would be appropriate for us in the future to have as our first response formally to invite the complainants to go back to the broadcaster to seek the appropriate form of redress, apology or whatever it might be and reserving, therefore, the right for them to come back to us in relation to whatever complaint they have made if they are not satisfied with the response they have got. That seems to be a sensible balance going forward of establishing the right framework, giving broadcasters an incentive to deal with issues

themselves which on the whole I think they do pretty well anyway, but preserving our statutory powers to intervene where we need to and to operate on behalf of the citizen if they have not had fair enough redress in the first instance. That is not something we would want to do differently with the BBC. Indeed, our argument—and I welcome its echo in your report—is that there should be a single approach to broadcasters in relation to issues of standards, taste, harm, offence, fairness and accuracy and impartiality because of that separation between regulation which is an external validation and approval, and governance, which is the internal process of guaranteeing the highest of editorial standards. It seems to us that that is an appropriate and important distinction and could be made to work across the whole system.

Q1484 Baroness Howe of Idlicote: As you have already heard, a number of us came to the conclusion that Ofcom would be the best at dealing with the other aspects of the BBC via different methods of thought processes. Perhaps there are already too many regulators being set up and the idea of the court of appeal to let the broadcasters get on with it in the first instance is very important. You will remember that the main reason that there is concern about the Content Board not being on the same parallel as the consumer panel is because the Content Board was very much a last minute add-on. The concern people were expressing in the debate on the Broadcasting Act was very much concentrated in this last minute effort to set up the Content Board. Subsequently you will remember the view that it is an economic regulator first and foremost, though it has content power. You will remember that there was a fillip about the citizen consumer or consumer citizen. I gather you have addressed that and you do not think in those terms any more which is reassuring, but there is still the desire out there on the content side that there should be greater transparency in what you are doing on the Content Board. The argument that we have made for giving a parallel situation to the Content Board that you have already there in the consumer panel, which reports and we can see where you have been discussing with the panel and the board getting together on some of the issues, is that this would be a beneficial and reassuring approach to the citizen group, those who are very concerned about content and would like to hear more, more regularly, about what you do.

Lord Currie of Marylebone: The architecture which the Communications Act gave us, in my view, is working very well indeed. The Content Board takes responsibility for all content matters and works exceedingly effectively in that area. Where there are issues where content and economic issues come together, the main board listens very carefully indeed

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to the advice it gets on the content issues from the Content Board but in the end it has to make a balancing decision and those issues arise from time to time but by no means very regularly. The consumer panel is independent because it is not a decision making body. It advises us. The Content Board is making decisions on behalf of Ofcom, very important decisions in the content area. To make it as autonomous as the consumer panel would create very serious difficulties in those areas where content issues have to be balanced against broader economic issues. That change would be disabling for Ofcom. The present arrangement does allow us to work very effectively in combining the content of other issues in a way that I think is linked to the needs of citizens and consumers.

Mr Suter: The transparency point is essential. We can always learn lessons from how others make themselves transparent and make sure that our decisions are well understood. At the moment, we have programmes of research which are published and which I think are quite authoritative. We will be holding seminars in relation to key aspects of public service broadcasting. We publish every fortnight our bulletin which contains all our findings and, where there are no findings of breaches but there are nevertheless editorial issues that need to be promulgated widely across the industry so that people can see where our thinking is coming from, that happens every fortnight. We have just issued our code in the summer, the first ever combined broadcasting code. No doubt there will be others who will do it better but it was a pretty good example of us trying to be as inclusive as possible in that consultation because it was a lengthy consultation process with 900 responses to get at a single code. I think it is a pretty authoritative piece of work. I have no doubt there will be other ways in which we can do it better. Transparency of our decision making must be our goal. We started from the position that said there should be simplicity in our rules and applicability of our guidance which should be kept up to date through dialogue with citizens and broadcasters. That is what we have adopted. That is all available online in our guidance and it is regularly updated.

Q1485 Baroness Howe of Idlicote: From the viewpoint of the licence fee payer, what is going on is not as transparent to them as what is happening between the board and the consumer panel. It is that which is underlying the process. You are seen very much as an economic regulator with the priorities that you have because if you remember quite a lot of the argument was, "Not yet. We may look at that later" but perhaps you could take on more of the content at a later stage. Given all of that, surely there is a case for saying where is your priority for

citizenship issues? I am talking about the board overall. How can we see this more transparently unless you have something that for the licence fee payer looks as transparently clear? Sometimes the consumer panel says something to you and sometimes you accept it; sometimes you do not, but it is out and public. How can you do that if you are not slightly separate? I hear what you are saying, that you think you have more power, but from the point of view of the licence fee payers that is not entirely clear.

Lord Currie of Marylebone: The question of how we are seen to be serving the interests of consumers and citizens is a very important one. One thing that we are considering which could be very important is a proposal by our consumer panel that we should find a mechanism for doing an audit of our work which examines how and how effectively we take account of consumer interests and citizen interests. That would be a way of making it transparent. Any such audit would be published, to make transparent the way in which we operate and pursue the citizen and consumer interests. I believe we are doing that and I believe the mechanism we have is achieving the goals Parliament set us, but we need to be able to demonstrate that absolutely firmly. One demonstration is our public service broadcasting review, looking at economic matters and very clearly at citizen matters. A pure economic regulator would not have come forward with a report of that kind at all. It would have reached a very different conclusion.

Q1486 Chairman: Perhaps we can come to our second report. We seem to have come up with a broad formula which will reduce complexity, which must be to the advantage of the public and broadcasting, and also which can be managed without a big increase in resources and cost, which from the Treasury point of view must again be extremely important.

Lord Currie of Marylebone: Not from the Treasury's point of view; from the point of view of broadcasters.

Chairman: I take back my customary insult to the Treasury. Let us move to our second inquiry. We are looking at religious broadcasting, the broadcasting of sport and various other aspects.

Q1487 Baroness Howe of Idlicote: In your phase one of the public service broadcasting review and various consultations you did make the point that you had found there were too few religious programmes in peak time viewing, that demonstrated the moral, ethical and philosophical relevance to topical or factual issues. Since that review, have you seen any evidence that the BBC is scheduling rather more of this type of religious broadcasting in peak time?

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Mr Suter: I do not think there is any evidence that the BBC is scheduling more religious programmes in peak time but the issue that frames this is the distinction between religious programmes that are defined as religious programmes and returned by the broadcasters as religious programmes, as opposed to programmes that will deal with issues of morality, ethics or religious faith in a broader or different way. That is always the challenge. It is the challenge we laid out in the public service broadcasting review which we hope commissioners and producers will rise to, which is to find ways that are more likely to attract the large audiences that you need to hold a programme within the heart of the peak time schedule, that will tackle those difficult subjects, but using genres or formats that are more conventionally likely to attract those large audiences. What we are expecting broadcasters to do is to balance those more traditional, protected types of programme that are likely to have smaller audiences and therefore are likely to struggle if put into the peak time schedule with programmes that are more likely to sustain a large audience because they are tackling those subjects in different ways. That is what we hope broadcasters will do. To the straightforward, factual question are more religious programmes being scheduled in peak time, the answer is no. Do we expect to see broadcasters commission more inventive ways of getting religious programmes into peak time? We certainly hope so.

Q1488 Lord Kalms: Your executive summary dated May 2005 rather damned with faint praise the BBC's efforts in religious broadcasting. We have interviewed the BBC on this and they made a very impressive show but I did not have the sense that they were responding to the points that you were making. It is a difficult area. You are walking on eggshells all the time and there are lots of forces which have impact and they have their slots and popularity. Nevertheless, I did not get any sense that they were moving in the direction of your executive summary. I do not know how you interface with them. I have a feeling that the BBC reads your executive summary and puts it into a pigeon hole. Would that be unfair?

Mr Suter: It is important that the arrangements for the qualitative aspect of public service broadcasting regulation, what is commonly referred to as the tier three stuff in relation to different kinds of public service output, are a matter in terms of the BBC for the governors. We do our review which looks at all of public service broadcasting. We try to draw out the threads that we think are common across the piece and challenges that we hope broadcasters collectively and individually will rise to. It is then a matter for the governors to ensure the delivery of

the sorts of programmes they think will best meet the public service purposes of the BBC.

Q1489 Lord Kalms: If they ignore you, what is your purpose? The executive summary is quite critical of what the BBC should be doing in religious broadcasting. There are strong words here. If that criticism does not impact—it is now six or seven months since the criticism—what is the purpose of the whole exercise?

Mr Suter: It is a review that we do every five years. Annually, we report statistically what is going on in terms of broadcasting. Secondly, this is an area where we do not regulate the BBC. We do not regulate the religious output of the BBC in relation to its public service broadcasting obligations. That is a matter for the governors. It is our job to put forward our perception of the whole broadcasting system. Commissioning cycles are quite long. It takes time to change the nature and balance of output, especially if you are talking about developing new approaches or new commissioning strategies. Those are not going to happen within seven months.

Q1490 Lord Kalms: Do you think the BBC is listening to you? Listening to the BBC, I did not hear in their comments a reflection of these criticisms. In other words, they must have read it but one did not get the sense that they had picked up these points and were going to run with them. If you are only in an advisory capacity and you do not have any powers other than mild persuasion, it is not a very satisfactory role.

Lord Currie of Marylebone: The key point is that this is a role that rests with the governors. We are charged as the overall regulator in broadcasting to take a periodic look and that is a sensible thing that Parliament asks us to do. Therefore, it is quite germane to your consideration of the charter process that is under way. Tim has articulated the key point that the challenge in this area is one of finding new formats that grab people's attention and enthuse people, presenting religious and ethical issues in a new way, in the way that you are reinventing other formats in other areas of broadcasting more generally. It is not necessarily an easy thing but broadcasters need to be experimenting to bring that about. It is quite interesting that the BBC programme *The Monastery* had more viewers than *Celebrity Love Island* and that is encouraging. We would like to see a few more successes of that kind.

Q1491 Lord Kalms: You do not have adequate powers to implement your review. You have purely advisory powers; you have no stick and perhaps a little carrot somewhere.

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Lord Currie of Marylebone: I think that is right but that is how Parliament set us up. They felt it appropriate that the power should rest with the governors and broadcasters without us having an influence on those decisions.

Mr Suter: If I may just supplement that. We do have very significant powers in relation to enforcing public service obligations in relation to ensuring the quantity of original programming that must be made. We said in our Public Service Broadcasting Review that it was an absolutely fundamental requirement going forward that there should be a heavy investment in original programming. That requires broadcasters to spend that money across the schedule that they are going to deliver. That is not an insignificant lever with which to influence the behaviour of public service broadcasters.

Q1492 Chairman: Lord Kalms is absolutely right, is he not, because your paper makes a fairly persuasive case for having more entertaining, more innovative religious broadcasting and it is also critical of a number of points, that particularly industry professionals, let alone the public, think that audiences are currently poorly served by religious broadcasting in a number of ways? We have got the diagnosis but how are we ever going to get to a better outcome?

Mr Suter: I think the outcome is one that can only be achieved by the broadcasters themselves exerting influence over their commissioning strategies. It is not for us as regulators to be setting up commissioning strategies for broadcasters. It is not our job and, frankly, I do not think we would be very good at it. It is our job to point out what we believe the citizen deficit is and how we believe broadcasters could address it. It is then our job to come back and review whether they have done so. We have not found a better way of doing it.

Q1493 Lord Kalms: You have got one every five years which means nothing is going to happen between now and four and a half years if your recommendations are not implemented.

Mr Suter: No. Every year, every broadcaster has to publish a statement of programme policy. That is in relation to, and takes account of, our Public Service Broadcasting Review. There is an annual process.

Q1494 Chairman: So you could go on banging away at it year by year. When it comes to it, Lord Kalms was right, if the BBC wishes to ignore, they can ignore. I am not saying they would, but that is the power structure as it stands at the moment.

Mr Suter: The formal lever that we have to pull is insisting on the amount of original production that they make, on setting out the purposes of public service broadcasting and judging whether the

statements of programme policy as delivered to us by the public service broadcasters constitute a significant change from the way it was being delivered before, and if so whether that change is beneficial.

Lord Currie of Marylebone: Just to be clear, suppose Parliament had decided to give us more regulatory levers in this area, I submit that those levers would not have been effective, what you would arrive at is a process of box ticking. In the end, as Tim has said, it is the commissioners who have to do the creative act of finding new formats; regulation cannot make that happen.

Q1495 Baroness Bonham-Carter of Yarnbury: You have talked about formats but what about subject matter. In their evidence, Channel 4 suggested that the BBC's approach is monotheistic and within that it concentrated too much on Christianity and Judaism. Is that something that you have a view on?

Mr Suter: It is not something on which we have a formal view, other than we believe the public service obligation is to present programmes and ideas that cover a range of beliefs, a range of faiths, a range of attitudes, and that is something we expect all broadcasters to do.

Lord Currie of Marylebone: Public service broadcasting is about reflecting our multicultural society and that is a core aspect of the ambition there.

Q1496 Lord Peston: I want to ask you about the Central Religious Advisory Committee. Perhaps I ought to declare an interest: I think there is far too much religion that is broadcast and I cannot see any necessary connection, which Tim seems to take for granted, between religion on the one hand and morality and ethics on the other. I would regard it as your duty to say that we ought to have programmes that show that. Is not the Central Religious Advisory Committee a rather anomalous body and in practice they are just a religious pressure group, are they not? They consist only of religious people who believe in things. Why should there exist such a body and why should you take any note of them, other than you take note of all citizenship issues?

Mr Suter: I think the first thing to say is that it is not a committee of Ofcom, it is a BBC committee. Its membership and constitution and constitutional arrangements are really for the BBC to respond to rather than us. It is an organisation that will need to respond to the different roles that the BBC as constituted in future will have of it, and one of those is assisting the regulator in forming conclusions about issues in relation to whether a particular programme was appropriate and whether it was offensive to different groups, and another role is

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assisting commissioners and broadcasters to ensure that their range of subject matter or their treatments are appropriate or are sensitive or well enough thought through. I think those are different roles and the Religious Advisory Council will want to address how it meets those and whether a single body can do those and how it is appropriate in the new BBC structure. It is for the BBC to determine what that is. From Ofcom's perspective, we do not have any other formal advisory bodies than those that have been set up by statute. We seek advice from a wide range of people to ensure that our judgments are well rooted and we try to be as open as we can about those from whom we seek that advice.

Q1497 Lord Peston: When Dr Siddiqui told us that CRAC was an unofficial advisory committee to Ofcom that was wrong?

Mr Suter: The important word there is "unofficial". It is an advisory committee to the BBC with whom we meet a couple of times a year.

Q1498 Lord Peston: You meet CRAC?

Mr Suter: We meet CRAC but it has no formal role in advising us.

Q1499 Lord Peston: Are there any other pressure groups of that sort that you meet formally?

Lord Currie of Marylebone: We meet a whole range of bodies.

Q1500 Lord Peston: Formally, regularly?

Lord Currie of Marylebone: Yes. I am meeting with the CBI this lunchtime. We take a view that it is appropriate for us to expose ourselves to the views of ordinary people and organisations out there that have views and interests in what we are doing.

Q1501 Lord Peston: You do not feel, for example, that what we really need is not a body of this sort but a body that would be called the Central Morality and Ethical Advisory Committee? Is that not the body you ought to be looking for somewhere? Is that not the issue?

Mr Suter: There are specific issues when it comes to offence in relation to religious programming where we do not necessarily have the sensibilities within Ofcom, or the range of faiths or knowledge, to be able to respond to issues of offence that are brought to us by, for instance, the Tamil community in relation to a piece of broadcasting. It is important for us to have access to people who can authoritatively tell us where a line has or has not been crossed. It is important to have that resource.
Lord Currie of Marylebone: I have no doubt that if the body you have mentioned existed we would be meeting with them.

Chairman: You think that is up to somebody else to set up?

Lord Holme of Cheltenham: Lord Peston!

Q1502 Chairman: Just one point of fact. You answered Lord Peston and said basically it is a BBC committee, but I understood its members are appointed jointly by the BBC and Ofcom Content Board?

Mr Suter: They are appointed by the BBC; the Content Board has been consulted on recent appointments.

Q1503 Chairman: So are they jointly appointed?

Mr Suter: No.

Q1504 Chairman: They are appointed by the BBC?

Mr Suter: They are appointed by the BBC.

Q1505 Chairman: But the BBC goes to the Content Board and says, "Have you got any suggestions or proposals"?

Mr Suter: And advises us of who they are intending to appoint.

Q1506 Chairman: If the Humanists or others were an inside body you would consult with them as well?

Mr Suter: Of course.

Q1507 Chairman: Do you at the moment?

Mr Suter: With the—

Q1508 Chairman: With non-religious bodies. Do you talk to the Humanists or someone like that?

Mr Suter: We will talk to any organisation that can help us in forming the judgments we have to form.

Q1509 Baroness Howe of Idlicote: I just want to come back to your document and the programme code review where I think you printed some very interesting comments by people which give the right balance of where people might have concerns if broadcasters were not taking the right view of things that are being put over. Perhaps being a little bit specific, getting a bit too like some of the stuff that goes on in American broadcasting of religion. Given the different areas in which broadcasts are now being heard and accessed and so on, are you at all concerned that some of the areas that are quite clearly the responsibility that your code is concerned about will just drift in and people perhaps will be persuaded in areas that certainly religion in this country would not want them to be persuaded: giving money, watching certain forms of religious activity that might influence children, you know what I am talking about, that are in the code?

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Mr Suter: Beyond question, the environment we live in now makes those sorts of channels available to people who have access to satellite and cable technology, for instance. They can get those channels. They are not licensed in the UK, they are licensed elsewhere, but they are freely available here. It is not that this broadcasting is not available. The question for us is what broadcasting we wish to license, and that is an important distinction. Just because something is available elsewhere does not mean to say that it should be licensed by us. It might mean we should license similar programmes but it does not necessarily mean that we should, we may take a stricter rule in regard to some kinds of broadcasting that prey on particular sensibilities. Until now we have taken that line with some kinds of religious broadcasting on television, limiting the ability to appeal directly for funds, for instance, because of the concern we have about sensibilities.

Q1510 *Baroness Howe of Idlicote:* Is that available via the Internet?

Mr Suter: Of course it is available via the Internet and it is available from—

Q1511 *Baroness Howe of Idlicote:* But you have not much control over the Internet.

Mr Suter: No, nor indeed over channels that are licensed outside the UK.

Q1512 *Lord King of Bridgwater:* On this business about the European Commission's Premier League rights, Talk Radio complained to you about the radio rights being exclusive to the BBC and you waited to see what the European Commission were going to do about television. Did anybody complain to you about the television situation or did the European Commission do it off their own bat? You had a complaint only on the radio rights that came to you, you do not seem to have had a complaint on the television, is that right?

Lord Currie of Marylebone: Are you talking about the Premier League?

Q1513 *Lord King of Bridgwater:* Yes.

Lord Currie of Marylebone: That is a matter for the European Commission.

Q1514 *Lord King of Bridgwater:* Somebody complained to you about the radio rights, Talk Radio, but did anyone complain to you about the television?

Mr Suter: We have had no complaints on the television. We knew this was a subject that was for the Commission anyway and which the Commission would be picking up.

Q1515 *Lord King of Bridgwater:* Was radio not something for the Commission?

Mr Suter: It is a separate issue. The issue that Talk Radio brought to us was in relation to the BBC purchase of those rights which we stood off until we knew where the FAPL and the Commission would come out.

Q1516 *Lord King of Bridgwater:* Television appears to be a matter for the Commission, radio does not, but they have both got exclusive coverage, one in radio and one in television.

Mr Suter: They would both be a matter for the Commission, but the Commission is deciding on the appropriate allocation of FAPL rights going forward.

Q1517 *Lord King of Bridgwater:* You waited until you saw what the Commission had to say. Are you now going to say any more on the radio issue?

Mr Suter: I think it is not yet clear where the Commission is going to end up. We have indications of where it will end up but I do not think it is yet clear.

Q1518 *Lord King of Bridgwater:* Is Talk Radio waiting to hear from you? Have you said to them, "Hang on; we will wait to see what the Commission says"?

Mr Suter: We said to Talk Radio we will wait to see the outcome of the European deliberations, and that is still the position.

Q1519 *Lord King of Bridgwater:* Would it be in your power to say, "The Commission says six packages; nobody can have more than five"? Are you likely to do that with radio and say the BBC can only have that and somebody else can have some of the gains?

Lord Currie of Marylebone: That is a matter for consideration when we know the outcome of the FAPL.

Q1520 *Lord King of Bridgwater:* Would it be within your power to do that?

Lord Currie of Marylebone: I am not sure. Does this fall within our power?

Mr Suter: I am not sure.

Lord Currie of Marylebone: Could we write to you on this? I think that might be sensible.

Q1521 *Chairman:* Let us ask you about television then. Do you think that the sale of Premier League broadcasting rights and what appears to have been the Commission's view does present a genuine opportunity for others to acquire live rights, that you cannot have more than five parts of the six?

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Lord Currie of Marylebone: This whole area is one that needed a detailed look. The fact that the Commission has taken up the issue has been helpful. The fact that there will be more than one acquirer is a significant step forward. Our understanding is the Commission is currently looking to get undertakings from the Premier League, the fact that in the market mechanism for allocating the rights, the auction processes, there will be some quite detailed rules to ensure that process is fair and if that is indeed the outcome that is an important step forward, yes.

Q1522 Chairman: Do you think it is an important step forward? On the face of it, it seems that if you are only able to acquire one-sixth of it—

Lord Currie of Marylebone: That is not necessarily the case.

Q1523 Chairman: No, it is not necessarily the case.

Lord Currie of Marylebone: If there is a fair auction it may be that there will be a bidder who will come along and acquire more than the minimum one-sixth; indeed, you might find a bidder acquiring a third or more. That is the relevance of the fairness of the auction process which is a rather critical element in this. Even if it is the one-sixth, I think that is a step forward in this market.

Q1524 Chairman: To put it the other way round and I now come from the opposite direction, why should the Premier League not just sell whatever they want to sell? They are the owners, why should there be any restraints placed upon them?

Lord Currie of Marylebone: I think there are questions about the fairness and the openness of the process. This is not a matter for Ofcom, let me emphasise. We have provided some research to the Commission, they asked for that, but it is not for us to decide these issues. There are questions of the appropriateness of all the rights going in one direction and not necessarily changing hands. In other countries you have them all going to one acquirer, but different acquirers over time have been able to get into the business.

Q1525 Chairman: So you really have no say in this at all?

Lord Currie of Marylebone: No, this is purely a European Commission matter.

Q1526 Lord Holme of Cheltenham: As I understand it, you have got a duty to ensure that due process is observed in bidding so that if non-BBC broadcasters provide false information or withhold material information in the bidding process you can fine them, is that right?

Lord Currie of Marylebone: If we found a breach in competition law of an auction process we would certainly have powers. This one rests with the Commission because of the inter-connectivity between the different markets in the different national countries.

Q1527 Lord Holme of Cheltenham: To the extent that you are the UK market I have two questions. First of all, do you think it would be appropriate to extend those powers to the BBC which at the moment are not subject to you playing that role? The second question is, given how important these great sporting rights are to the British public and, therefore, how they are prone to all sorts of lobbying, do you think it would be appropriate that all bidders should have to declare any lobbying of public officials they make in the course of trying to acquire sports rights?

Lord Currie of Marylebone: I think the latter one is a rather hot potato that I prefer not to be drawn on. On the first, we are in discussion as part of the Charter Review process about the question of whether there are certain specific competition powers that we should be given over the BBC in addition to the powers that we already have, because we are a competition authority that does include the BBC in those powers. The question of how far that should be extended is an interesting set of issues.

Q1528 Lord Peston: Very briefly, you do have these responsibilities to the public as citizens, it is not just economic.

Lord Currie of Marylebone: No.

Q1529 Lord Peston: What interests me is if we look at outcomes so that free-to-air broadcasting includes no test cricket, no top class football, who would the citizens think would be standing up for them within the broadcasting area to say these outcomes are less than satisfactory? I thought it was you.

Mr Suter: Our role is to define what we think public service purposes are and how they can be used. Can sport be legitimately part of public service broadcasting? Clearly it can be. Clearly we would expect to see public service broadcasters position themselves in relation to how do we meet that public need, how do we meet that public purpose. They will do that in a variety of different ways and some of those will be driven by the extent to which that sport activity is already available elsewhere and the extent to which it is not, and therefore there is a *prima facie* role for them to get involved. If you ask the question whose job is it to define that space, I would say it is our job in relation to the public service broadcasters to define the parameters of the interaction between public service broadcasters and sport. It is not our role to define which public service broadcasters should carry which kinds of sport, that is for them to

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Lord Currie of Marylebone and Mr Tim Suter

decide in relation to their own objectives and priorities.

Q1530 Lord Peston: I will give you one specific example and then I will stop. Someone pointed out to this Committee that the way the Test rights were sold means that a young person from a not very well off family who could not afford pay-per-view in the next five years would not see the rest of Freddie Flintoff's career, perhaps, because he might be gone in the next five years. I was rather shattered by that because it had not occurred to me at all that that is the outcome of this kind of market process. You say you have got no duty to say that at least consideration ought to be put that people as citizens have the right to see a team called England available to them when they cannot afford pay-per-view?

Mr Suter: I take the force of the question but you could argue the same for a whole load of other activities that may well be constituted equally as public service—great musical careers that we ought to find access to, great acting talent, great moments of heritage—which would all form part of public service ambition, public service purposes. It is our job to define that challenge, and representing those aspects of our culture and our heritage are part of the responsibility of public service broadcasters, but it is not our job to say, “That means you must cover these individual things”, it is for broadcasters themselves to decide how they rise to that challenge.

Q1531 Lord Peston: So you do not feel you should speak up for the citizen who does not like the monopolistic outcomes that occur?

Mr Suter: We feel very much that we should speak out for the citizen in defining what their expectations should be and for the broadcasters to rise to it.

Q1532 Chairman: You do not want a wider role than that?

Mr Suter: We do not seek a wider role than that. It seems to me that the consequence of the wider role than that is to start to determine precisely what broadcasters should or must carry and actually gets us into the business of dictating their programme planning.

Q1533 Lord Kalms: We have been talking around it and we have spent a lot of time talking to the BBC and the providers about the Premier League, rugby and cricket, and it is quite clear that in the bidding process all the time, whatever happens, Sky get the cream and the BBC is lucky if it gets the skimmed milk. The process has been conducted in a totally unsatisfactory way, and anyone in business would

know that you do not go into a battle if you are going to get beaten up, so it shapes the BBC's thinking. I can bring this down to one simple question. There is a problem there which you have half recognised but you have ducked away from it. Would you support an independent review of the way the BBC bids for sports rights because it is an unsatisfactory process and it ought to be reviewed properly and in public with a transparent look at the process? We did not get a transparent look at the process; we got a lot of half truths, half expressions and platitude after platitude. Would you support an independent review of the process of bidding for sports rights? It is a simple question.

Lord Currie of Marylebone: I am not sure that is a question that we, as a body, have considered. The prime question is, is there a major problem in this area and, if so, where does the responsibility lie? It seems to me the BBC Governors have a responsibility for appropriately managing the way in which they bid and pay for programmes they buy, including sports rights, and it may well be that the BBC Governors should be asked to look at that question and be held to account for it.

Q1534 Lord Kalms: They may be happy to keep on losing bids because a lot of people are happy to be second, it keeps their budgets intact. I think there ought to be a public review, not a private decision as to whether the process is right. This is about the public interest. As Lord Peston just said, people are being denied, therefore, it is not the BBC, who are very happy not to spend whatever millions in getting the rights, the public ought to understand the process of why the BBC comes in at number two regularly. It is an issue of public interest and, therefore, you ought to be involved.

Lord Currie of Marylebone: If there was a review we would certainly wish to contribute to it and help to facilitate it.

Q1535 Chairman: You could not do it yourself?

Lord Currie of Marylebone: I think it would be a matter for Government if it wished to ask us to do that. It would be a matter for you if you wish to recommend that as a course of action.

Q1536 Chairman: You have been very patient, thank you very much indeed, both Lord Currie and Mr Suter, for your evidence. I am very grateful. There were a number of points that came up and if you could let us have those as soon as possible we would be very grateful.

Lord Currie of Marylebone: Thank you very much. We look forward to your report in due course.

Chairman: Thank you.

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Supplementary evidence from OFCOM

NOTE ON THE VALUE OF SPECTRUM RELEASED BY DIGITAL SWITCHOVER

The Committee asked for further information on the value of the spectrum that might be released by digital switchover (“DSO”).

It is important to emphasise at the outset that it is not the aim of Ofcom to raise revenue for HM Treasury. Ofcom’s duties in relation to management of the radio spectrum are set out in statute, and relate principally to securing optimal use of the spectrum for the benefit of the citizens and consumers in the UK. Ofcom’s primary concern when assigning spectrum, whether through spectrum auctions or otherwise, is to maximise the social and economic benefits that can be generated from the use of spectrum.

Ofcom’s general policy is to prefer auctions as a means of assigning spectrum because auctions are (in general) an efficient, transparent, objective, and non-discriminatory mechanism for assigning scarce resources. The revenue effects of auctions are not, therefore, a consideration to which Ofcom has regard in taking regulatory decisions about spectrum.

The best estimates currently available of the social and economic benefits likely to be generated by DSO are those compiled by the DTI and DCMS for the regulatory impact assessment of digital switchover published in September 2005. Based on the completion of DSO in 2012, DTI and DCMS assessed the likely benefits to be:

<i>Benefit</i>	<i>NPV £ million (2004)</i>
Benefit of extending DTT to current non-DTT areas	2,725
Benefit from additional services in retained spectrum	659
Benefit from re-use of released spectrum	1,011
Imputed benefit of compulsory migration	657
Benefit from savings on analogue transmission	1,191
Total benefits	6,244

The total costs of digital switchover were similarly assessed to be £4,551 million NPV (2004), and hence the net benefits to be £1,692 million NPV (2004).

It is worth noting that, on this assessment, only about 16 per cent of the benefits of DSO relate to re-use of the released spectrum, while about 44 per cent relates to the provision of DTT in areas currently unable to receive it, and 19 per cent relates to the cost savings for broadcasters from no longer having to broadcast in analogue. The benefit of extending DTT to areas not presently served by DTT derives principally from the additional channels available on DTT. It reflects the fact that about two-thirds of the spectrum that will be released by switching off the analogue signal has already been assigned to achieve near-universal coverage for DTT.⁴

The proceeds of any auction for the released spectrum will depend on two sets of factors that are logically distinct but both highly uncertain at present.

The first is the estimates that bidders make of the benefits that they can derive from use of the spectrum. This will depend on a wide range of factors, including:

- what they plan to use the spectrum for, the business model they plan to use, and the synergies (if any) with their existing business;
- how much competition they expect to face in downstream markets;
- how efficient they expect to be in capturing the value available; and
- the cost of any alternative means of achieving similar benefits.

Bidders’ view of these (and similar) factors will determine how much they would be willing to pay for the spectrum, as a maximum.

The second set of factors concerns how much they judge that they should actually bid in the auction. Bidders will obviously seek to pay the minimum that they can to secure an asset, and should always aim to pay less than the full amount of the future benefits, as otherwise they will make no surplus.

⁴ Broadcasting of the five main analogue TV channels on DTT could be done using a single DTT multiplex, requiring only 48MHz of UHF spectrum. Hence if no other spectrum were assigned to DTT, analogue switch-off would release 320MHz. However, nearly two thirds of this released spectrum (208MHz) has already been pre-assigned to DTT, to permit the transmission of five additional DTT multiplexes. Hence only a little over a third of the spectrum released by analogue switch-off (112MHz out of 320MHz) is being released for other purposes.

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How much the successful bidders actually pay will therefore depend on factors such as:

- the degree of competition for the spectrum at the time of the auction;
- the detailed design of the auction; and
- market expectations as to the availability of alternative spectrum in the future.

Given the uncertainties involved in relation to all these points, and given that raising revenue is not an objective of management of the spectrum, Ofcom has made no attempt to estimate the revenues from an auction of the released spectrum.

January 2006

Complaint about the joint selling of national radio broadcast rights to Football Association Challenge Cup (“FA Cup”) matches by the Football Association to a single purchaser

Complainant: The Wireless Group plc (the “Wireless Group”).

Complaint against: The Football Association (the “FA”) and the British Broadcasting Corporation (the “BBC”).

Case opened: 17 December 2004.

Case closed: 19 October 2005.

Issue: It was alleged by the Wireless Group that an agreement between the FA and the BBC regarding the sale of national radio broadcast rights to FA Cup matches was contrary to Article 81 of the EC Treaty and/or Chapter I of the Competition Act 1998.

Relevant instruments: Chapter I of the Competition Act 1998 (anti-competitive agreements) and Article 81 of the EC Treaty.

The current arrangements for the selling of the national radio broadcast rights for FA Cup matches result in a maximum seven matches per round (excluding replays) being broadcast on BBC Radio Five Live and Five Live Sports Extra.

Ofcom has considered whether demand for further FA Cup matches exists from other national broadcasters and further evidence obtained in September 2005 indicated only limited interest in the currently unsold rights and that a low value is placed on these games.

Ofcom has also noted that the current FA Premier League rights investigation by the European Commission includes an examination of issues raised by the scope of any exclusivity granted to the BBC, which are very similar to the issues in this case.

For these reasons, Ofcom does not propose to allocate further resources to a detailed examination of this complaint at present and has therefore closed the case.

Case Leader: Martin Hill (020 7783 4334 e-mail: Martin.Hill@ofcom.org.uk)

Case Reference: CW/00790/09/04.

Text published when the case was opened.

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Under the agreement controlling each individual football club’s participation in the FA Cup, the FA has the exclusive right to sell the national and local radio broadcast rights in respect of matches for each and every participating club.

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Local radio rights for FA Cup matches are currently sold, via the clubs, to BBC local radio stations and commercial radio stations licensed by Independent Radio News (“IRN”). These arrangements do not form part of the Wireless Group’s complaint.

On 27 April 2004, the FA invited tenders in respect of a number of packages of rights to broadcast live national radio commentaries to FA Cup matches for the seasons 2004–05 to 2007–08, with bids invited for either individual packages or for all rights in a “global” bid. The national radio broadcast rights to a total of four FA Cup matches per round were offered for sale in the original tender.

At the outcome of the tender, the BBC was successful in its bid for all the FA Cup radio rights packages on offer by the FA.

The Wireless Group has submitted a complaint that:

- (i) the agreements between the FA and individual clubs are anti-competitive in that they prevent individual clubs from offering for sale on a national basis the radio rights to matches in which they participate;
- (ii) as the only supplier of broadcast rights, the FA is able artificially to fix prices and create a high barrier to market entry;
- (iii) by offering for sale only four matches per round the FA is restricting supply;
- (iv) the exclusive sale of national broadcast rights to the BBC prevents competition in radio broadcasting markets for four years; and
- (v) the agreement regarding the sale of rights with the BBC has the effect of unnecessarily tying the purchase of the rights to unrelated individual matches to one another.

Ofcom has considered the Wireless Group’s complaint and has held initial exploratory discussions with the Wireless Group, the FA and the BBC.

On the basis of a preliminary examination of the complaint and subsequent discussions, Ofcom has concluded that there are reasonable grounds to suspect that Article 81 of the EC Treaty and/or Chapter I of the Competition Act 1998 may have been infringed. Ofcom therefore believes that it is appropriate for it to formally investigate the substance of the issues raised.

Case Leader: Martin Hill (020 7783 4334 e-mail: Martin.Hill@ofcom.org.uk)

Case Reference: CW/00790/09/04.

TUESDAY 20 DECEMBER 2005

Present	Fowler, L (Chairman) Howe of Idlicote, B Kalms, L King of Bridgwater, L	Manchester, Bp Maxton, L. O'Neill of Bengarve, L Peston, L
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Letter from the England and Wales Cricket Board Limited

The England and Wales Cricket Board Limited (ECB) is the governing body for the sport of cricket in England and Wales. Our remit is to develop and nurture cricket from the Playground to Test arena. The ECB recently published Building Partnerships, cricket's strategic plan for 2005–09. A full copy of the strategy and more information on our business is available at www.ecb.co.uk

Broadcasting revenue and the quality of coverage is extremely important to cricket. It delivers the majority of the income that we then reinvest in the game and is also the primary means by which cricket fans across the country can follow our sport.

Few sports are as reliant on broadcasting as cricket in this country which derives 80 per cent of its income from our broadcasting contracts and this source of revenue funds the majority of our grass roots and England Teams (Mens, Womens, Youth and Disabilities) programmes. For example broadcasting income is more than 10 times the sum we receive from Lottery and Public Sector support, more than 10 times the figure we receive from sponsorship income and 20 times the income we receive from the surplus on staging major matches. In 2004 our spend on community/recreational cricket was £10.634 million. Our UK domestic broadcasting income was £47.4 million and overseas TV licence revenues were \$2.7 million.

As a percentage of UK Broadcasting income our investment in grass roots cricket is 22.4 per cent. This is extremely high as compared with other major sports and more than four times the 5 per cent target set at the time of de-listing.

Being the lifeblood of the game's financial health, broadcasting income also provides the funds necessary for ECB to invest in programmes, facilities and initiatives designed to safeguard the future of the game in England and Wales. The following is a snapshot of the benefits we hope our investment will bring by 2009:

- Our England teams (Men, Women and Disability) to be ranked in the top two places in the world in Test cricket and the World Cup.
- 7,500 coaches and 85,000 volunteers registered nationwide to help teach the game to a new generation.
- A Cricket Centre of Excellence within 30 miles of 85 per cent of the population.
- An expansion in the number of ECB recreational focus clubs from 165 to 1,000.
- 20,000 school and club coaching sessions, delivered by working alongside the Cricket Foundation and the Lord's Taverners to reintroduce competitive cricket into state schools and forge strong links between schools and local clubs.
- £5 million of ECB interest-free loans to clubs for investment in the development of the game.

The ECB owns the media and broadcast rights around the following domestic competitions and events:

INTERNATIONAL CRICKET

- International Test Match Cricket (7 × 5 day matches per year) all featuring England against a touring nation.
- International One Day Matches (10 × 1 day matches) all featuring England against a touring nation.
- International Twenty20 (a maximum of 4 × Twenty20 matches featuring England and both touring nations).
- Womens International ODI and Test cricket.
- England Under 19 Test and ODI cricket.

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DOMESTIC CRICKET

- Liverpool Victoria County Championship (144 x 4 day matches played in two divisions featuring the 18 First Class Counties).
- The C&G Trophy (73 × 50 over matches played in two conferences (North and South) featuring the 18 First Class Counties, Ireland and Scotland culminating in a final to be played at Lord's between the highest placed team in both divisions).
- The Twenty20 Cup (79 × 20 over matches to be played by the First Class Counties split into three regional conferences of 6 teams. Quarter finals, semi finals and a final.) The group stages of these matches are played in a three week window in mid-summer.
- The 40 Over League (73 × 40 over matches played by the First Class Counties split into two performance based divisions).

RADIO COVERAGE

The BBC's radio coverage of cricket is rightly famous the world over, with Test Match Special recognised for its dedicated, thoughtful and entertaining broadcasting of cricket. BBC radio also streams audio coverage worldwide by agreement with ECB. Our radio rights with the BBC are in place until 2009.

TV BROADCASTING

Sky television has secured the exclusive rights to live television coverage of the ECB's properties, including the Test Matches, from 2006 to 2009. This has created a great deal of interest. The Committee might like to note the following:

- Neither the BBC nor ITV bid for any of ECB's television rights in the period 2006–09 despite the rights being divided into 27 different packages, specifically to make the process accessible to all broadcasters.
- There was no interest from terrestrial channels to televise overseas cricket tours, One Day Internationals, Womens Test Matches or ODIs, Under 19 Tests nor Domestic cricket.
- Channel 4 bid for a selected few Test matches, at a price that would have meant a reduction in cricket's income (in comparison to 2005) of £80 million over four years.
- A key component of the new arrangements is the package we have agreed with Five which will broadcast highlights of all major matches (except floodlit matches which will still be in progress) on terrestrial television between 7.15 pm and 8 pm. This is the time when most children, families and working parents can view cricket.
- The rights were awarded following extensive consultation with Ofcom and DCMS, who both gave their full approval to the process and outcome.

The ECB is delighted to continue and extend our relationship with BSkyB who have consistently demonstrated excellence in their coverage. BSkyB has shown a real commitment to cricket through the 16 year relationship with the governing body for the game. It was Sky who first introduced coverage of overseas Test Matches in 1989–90 and it is Sky who currently make available Test and One Day International cricket from around the world. Sky regularly cover Womens International cricket, domestic competitions and Under 19 matches. Were it not for Sky's commitment to global cricket, there is little question that cricket fans would not be able to enjoy this range of cricket on TV.

The ECB wishes to see a vibrant broadcasting market with many channels interested in showing cricket. We hope that the success in the Ashes and national interest this has created will increase interest in our future rights; indeed this surge of interest in cricket following the England men's and women's team success can be put down to the level of investment which ECB has dedicated to identifying and nurturing talent.

During the past five years cricket has invested in a National Academy and County Academies which have been fundamental to the success of the England Team. Without broadcasting revenue this investment would not have been possible. Any significant reduction in this revenue would put the main driver of interest in any sport, namely a successful national team, at serious risk.

ECB has already offered to meet with a range of broadcasters to pro-actively ensure that schedules and new opportunities can be identified to maximise the number of broadcasters who will express an interest in televising and transmitting cricket from 2009.

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It has recently been announced that the BBC has agreed the rights to screen highlights of the Cricket World Cup in 2007. We are delighted that cricket is returning to the BBC in this way and that there will be highlights of England's attempt to win this prestigious tournament.

Sport is an issue of immense national importance—not just in terms of its contribution to the keeping the nation healthier and reducing crime but more fundamentally because it instills a set of core values especially amongst our young people and can bind communities.

The ECB would like to suggest that as part of the Charter Review the BBC is given an enhanced responsibility, and generates a new opportunity, to support the coverage and development of sport across the country.

ECB understands the very specific challenges that cricket poses to terrestrial broadcasters in terms of the longevity of some of its formats and the associated scheduling issues it carries with it.

The establishment of a dedicated BBC sports channel would create a platform that would mean not only more space available to schedule top-level sport, but also create capacity for the broadcasting of minor and developing sports, such as junior and women's cricket. It would also allow the broadcast of coaching and training programs plus other initiatives which BBC now successfully publishes online at www.bbc.co.uk.

The BBC has a long and proud history in covering sport. Recent statements expressing renewed interest in televising cricket are greatly welcomed by the ECB and cricket supporters. ECB further welcomes the statement that the BBC will be seeking to acquire rights at a fair market value. This policy is both enlightened and would not only protect the core revenue for the game of cricket but would also provide an opportunity for terrestrial television to transmit live matches of Domestic and International importance.

4 November 2005

Examination of Witnesses

Witnesses: MR DAVID MORGAN, Chairman, and MR DAVID COLLIER, Chief Executive, England and Wales Cricket Board, examined.

Q1537 Chairman: Thank you very much for coming. This is probably the last Select Committee of the House of Lords meeting before Christmas. One can almost feel the heating being turned off! Thank you very much for coming. We are particularly grateful because I know you have literally flown in a few hours ago from Pakistan. I am not quite sure how to put this question but reactions on what has happened in the series?

Mr Collier: I think we have been outplayed. I think the Pakistan side has played exceptionally well. What has been wonderful is to see the intensity and passion for cricket in Pakistan. It really was a joy to behold. We were in Karachi at the weekend and the crowd there was quite outstanding. All credit to the Pakistan authorities and the Pakistan Board. They have looked after our team exceptionally well. The President was there at the game yesterday. It really was a wonderful occasion.

Q1538 Chairman: Good, that is very generous. I hope you are not too jetlagged for this. We are looking at the BBC Charter process. As you know, we have already produced one report but we were conscious of the fact that we had not done some subjects justice of which one was sport. Thank you very much for your written evidence which I thought was extremely useful as far as we were concerned, and we have also, of course, had the benefit of being able to read the evidence that you gave to the Commons'

Select Committee. So we will try not to jog back over all that because that is already on the record. For the record, just explain to us, Mr Morgan or Mr Collier, how important the income from television rights is to cricket.

Mr Morgan: It is vitally important. It provides 80 per cent of our total revenue and that is the situation thanks to open competition for the sale of those rights. So that figure speaks for itself; it is vitally important.

Q1539 Chairman: And the position before BSkyB had the exclusive rights, correct me if I am wrong with these figures, was that when Test cricket was still a listed event you received £33.5m from the BBC?

Mr Collier: That is correct.

Q1540 Chairman: For four years of coverage?

Mr Collier: Three years.

Q1541 Chairman: Three years, thank you. The contract that you have signed with BSkyB for exclusive live coverage of all domestic and international cricket is valued at £220 million over the period?

Mr Collier: That is right. That includes Channel 5 which is a small element of that totality of the broadcasting income. The totality over a four-year period is £220 million

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Mr David Morgan and Mr David Collier

Q1542 Chairman: So it is obviously vastly important; you view it in that way?

Mr Collier: I think when we look back over the period since we were delisted, you can see the success of the England side and you can see the amount that has been invested in grass-roots cricket. We are very proud of the ECB. At the moment we invest 18.5 per cent of our total income in grass roots cricket and that compares with Cricket Australia at eight per cent and compares with the target we were given by Government of five per cent. Without that level of income we could not invest in that. Without the success of the England side I do not think we would be generating the amount of passion and interest there is in the game today.

Q1543 Chairman: You said in your written evidence that broadcasting revenue and the quality of coverage is extremely important to cricket. We have just dealt with broadcasting revenue. What do you mean by “quality of coverage”?

Mr Collier: Broadcasting has progressed very rapidly over the last seven or eight years. I think Channel Four and BSkyB have done an outstanding job in helping us educate the general public, with things like the “Analyst”, the “slow mo” replays and the “Hawk Eye” so people can see leg-before-wicket decisions. I think it has helped demystify cricket. I think that has been something that has been particularly important. I am sure that other broadcasters will catch up with that in the future. I think it is encouraging that the BBC are looking at cricket again and certainly in bidding for World Cup rights in the West Indies that will be a big step forward. We hope the quality of the coverage will mirror what Channel Four and BSkyB have managed to achieve over the last three or four years.

Q1544 Chairman: It is not just quality, it is also the size of coverage as well. How does the audience on BSkyB compare with the audience on the BBC?

Mr Collier: If I may refer, Chairman, to the DCMS Select Committee which you mentioned earlier. The Managing Director of Sky said openly in his evidence that he hoped their audiences would be growing to similar levels to Channel Four, the average audience being slightly less than two million on Channel Four, but that did expand at peaks at certain periods of the Ashes series to some eight million at Old Trafford in the last half hour of that particular match. It is interesting that that was a higher peak than we achieved at the Oval later on. What is also interesting is that almost double the percentage of young people watched SkyB programmes compared to some of the terrestrial broadcasters.

Q1545 Chairman: When has your audience—and you have had various broadcasters doing it—peaked as far as audiences are concerned?

Mr Morgan: The peak was the fifth day at Old Trafford in Manchester where we had 8.4 million viewers. But as David Collier suggested, the average Channel Four audience has been somewhere below two million, and BSkyB are now in seven and a half million homes in Britain. They have a campaign to encourage members of cricket clubs to subscribe in the next year and I think they are confident that they will match the Channel Four average level. Having said that, I think it will take them a little time to match the peak level of 8.4 million on that wonderful fifth day in Manchester.

Q1546 Chairman: Was there ever a golden day before this when it was on the BBC and even more people, not the 8.4 million, but more than the two million people, were watching?

Mr Collier: Certainly 8.4 million is the record by some considerable distance for cricket as far as we are aware from when records first started. It was an exceptionally unusual and exceptionally large audience. We are not aware of a BBC audience for cricket at either a domestic game or international game in this country that has reached that level.

Q1547 Lord Maxton: On these figures I must say I find the promise that BSkyB are making quite astonishing. First of all, to reach the two million it means over a quarter of their total subscribers (and not all of them subscribe to sport remember) are going to watch cricket. I find that difficult to believe.

Mr Collier: I think if I may that is of their current base. It is obviously expanding very rapidly. They are hoping, as David Morgan has just indicated, that their promotion of cricket will help expand that audience as well. I think during the period of this agreement from 2006 to 2009 we will see the satellite television audience grow substantively.

Q1548 Lord Maxton: If we look at the equivalent in terms of rugby, we had the Rugby Union here and I think 190,000 was their figure on Sky for the end of season Premier League championship decider. The Powergen Cup which is shown on the BBC for a game just at this point of the season, not the final, but at this point of the season, was 1.9 million. Those are not the sort of figures you are giving us in terms of cricket.

Mr Collier: Certainly we can rely on the evidence that Vic Wakeling, the Managing Director of Sky, gave to the DCMS Select Committee. They are the experts in the field and I think we would have to defer to them on those predictions they have made.

Chairman: Anything else on these points? No? Baroness O'Neill?

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Q1549 Baroness O'Neill of Bengarve: We are all aware that cricket poses particular problems for scheduling because of the length of matches. Do you think that those problems might be in part addressed by having a BBC free-to-air sports channel or do you think there would still be terrible scheduling problems for cricket?

Mr Morgan: I think certainly a free-to-air dedicated sports channel would help, but I think we need to remind ourselves that the BBC did have an excellent track record of covering cricket from 10.30 in the morning, with rain delays, on one famous occasion delaying the *Nine O'Clock News* in high summer. It is difficult to schedule there is no doubt about that. Channel Four found it difficult to schedule. They frequently wanted us to guarantee a particular cut-off time, but we need only look to Australia where Test cricket is broadcast on free-to-air television quite successfully.

Q1550 Baroness O'Neill of Bengarve: So do you support a BBC free-to-air sports channel or do you think that is really unnecessary and it is a matter of there being a will and then there is a way with existing channels?

Mr Morgan: I think it would be very handy if such a channel were available and we would be supportive of it, but I think we need to simply remind ourselves that in other parts of the world free-to-air broadcasters do ball-by-ball commentary on Test match cricket and it used to happen on the BBC in this country.

Baroness O'Neill of Bengarve: Yes, we all remember. **Chairman:** Lord Peston?

Q1551 Lord Peston: I at least, and I am not sure about my colleagues, am rather confused about the bidding process and the switch from terrestrial television. I think in your written evidence you refer to these 27 different packages which I knew, I must say, nothing about at all. Then as far as I can see from what was said at the Commons' Select Committee, there are remarks like Channel Four would only bid for a highlights package if there was an element of live coverage and the BBC said they would not bid because they thought Channel Four were bidding. The whole thing was extraordinarily confusing or confused or both. I am wondering whether you could enlighten us fairly briefly what happened.

Mr Collier: Yes, in the bidding process, the ITT, there was a lot of discussion and I know in the evidence the BBC provided to this Committee, they referenced a number of meetings that we had in preparation for the invitation to tender. That was done very specifically to try to create the broadest possible range of packages so that people could bid for all or part of the Test match series, the one day international series, domestic cricket, or whatever.

Although there were 27 packages, people were also given the freedom within those 27 packages to bid for all or part of that package, so if it was a package of a Test match series people were still free to bid for one Test match and I think the BBC have stated—back to the scheduling issue—that the Test matches clashed with three or four major events, Royal Ascot being one major event it clashed with. Fortunately, there was no clash with the Open Golf or Wimbledon but they had got prior commitments on a number of those occasions. I think it was a matter for each of the broadcasters to then determine exactly what they wished to bid for. I think they have already answered to this Committee as to why they did or did not bid for various packages. Clearly as far as ECB was concerned, what we wanted to do was to create the most competitive market that we could, to create the widest range of opportunities for people to bid that we could, and I think that was very satisfactorily achieved within that tender process. I do not think anybody could complain. Nobody has complained that there was not an opportunity to bid for all or part of either our international series or domestic series.

Q1552 Lord Peston: I do not want to prolong this too much, but I understand an auction where there is a simple product that is being bid for in secret, but if I am bidding for the lot and you are bidding for the one day game, how does the seller or auctioneer determine the outcome? Would they come to you and say, "Would you like to accept the bid for the one days?" and tell the people who have bid for the lot, "You now cannot bid for the lot"? How would it have worked?

Mr Collier: I think the scenario became very simple because a number of broadcasters determined very early that they were not bidding for a significant number of those packages. That obviously simplifies the whole process very quickly. A number of other broadcasters did bid for either all or part of the packages. I think in their evidence again BSkyB outlined that that was their approach to the bidding process. It really became a very simple process at the end because there were a limited number of bids for the invitation to tender in each of the package areas.

Q1553 Chairman: And only one bidder for the whole thing?

Mr Collier: Only one bidder for the whole thing. There was no bidder, other than BSkyB, for any domestic cricket; there was no bidder for any one-day international cricket; there was no bidder for any international Twenty20 cricket or the Twenty20 competition, and there was no bidder for the first Test match series in the summer other than BSkyB.

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Q1554 Lord Maxton: BSkyB presumably wanted an exclusive package if they could get it. Did they bid considerably more to get an exclusive package than they would have done if they had had part of it and others other parts of it? Would your total income have been less?

Mr Collier: If we had had a mixed bid of a terrestrial channel for one of the Test series and then a satellite channel, our income, as we have said in the evidence to DCMS Select Committee, would have been reduced by £80 million on our current level of income, so that is a fall of £20 million a year or 40 per cent of our total annual income. That would have been disastrous for the game of cricket. The Board in our fiduciary duties could not accept a drop of that sort of magnitude because imagine the success of the England side and the impact on that and imagine the impact that it would have had on our investment in grass-roots cricket. It would have decimated it. I think the Secretary of State has put it very well that cricket was left behind a hard rock and had very little option.

Q1555 Baroness O'Neill of Bengarve: So you are telling us that in this case the absence of effective competition in the bidding produced a greater sum of money for the ECB and for the game?

Mr Collier: I would not say there was an absence of competition. I think that the competition was generated by having a broad range of packages within the invitation to tender. The fact is very few people bid for those. The fact that those tenders were there and open for people to bid actually created a competitive environment. If there had not been that competitive environment I am sure the bids would have been much lower.

Q1556 Baroness O'Neill of Bengarve: I think many of us would think if there are no bids for products the market is not being organised to the best advantage of the vendor?

Mr Collier: We cannot answer for broadcasters who choose not to bid. What we have done is we have tried to work with those broadcasters. I think we are on record as saying we have sat down with all the broadcasters and talked through things like scheduling issues. The scheduling issue is something I hope will be alleviated in the future. I hope when we come to the next tender process there will be a very competitive market, I think the success of the England side that we saw last summer has generated a lot more interest. We are already seeing that with the BBC bidding for the highlights of the 2007 World Cup. I think this is tremendously good news and it just shows that the market is becoming more vibrant and more competitive.

Q1557 Chairman: The European Commission when it was looking at Premier League football has more or less said six packages and no one broadcaster should have more than five. Would something of that sort be attractive to you? You have got 27 packages but there is no compulsion in there, is there?

Mr Collier: There is no compulsion but the packages are there for people to bid to. So I think that that environment had been created within the tender process. Obviously as part of the process with Ofcom and the European Commission all of that was considered during the whole tender process.

Mr Morgan: The decision, if I may say so, to provide 27 rather than 17 or seven packages was to encourage competition and to give broadcasters the opportunity to take advantage of some cricket, and I suppose one needs to say that it was a surprise to ECB not that the BBC did not bid (we understood their scheduling difficulties) but it was quite some surprise they did not bid for the highlights, which is what I think the gentleman there was questioning about earlier on.

Q1558 Chairman: But do you regard cricket as a monopoly product? Trying to get into the European Union and how they seem to have regarded Premier League football; would you see cricket in that way as well?

Mr Collier: No I think it has a different audience to football, certainly that was the advice that we received, that it was treated very differently.

Lord King of Bridgwater: It certainly is in Europe.

Q1559 Chairman: The advice from?

Mr Collier: From the European Commission.

Q1560 Chairman: And throughout this process you kept in contact with the Commission?

Mr Collier: There was legal advice taken all the way through the process.

Chairman: Thank you very much. Baroness Howe?

Q1561 Baroness Howe of Idlicote: I really do find it extremely difficult to understand exactly what happened. I think we all do; perhaps you do. I wondered whether subsequently anything had come to your notice which might have helped explain why there was this sudden lack of bidding?

Mr Collier: I think the DCMS Select Committee was most helpful and most constructive. It outlined the fact that certainly for Channel Four there were a number of serious financial constraints in terms of the bidding process. I think Channel Four openly stated a significant amount of money that they had lost on cricket from the last rights package. Certainly in terms of the BBC the scheduling issue was a significant issue. That came out very early on, that the scheduling issue was always going to be their major constraint. That, if you like, was two

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significant broadcasters and it gave them significant problems with bidding competitively for several of the packages. Cricket has obtained no more money from this deal than it is currently obtaining, so it is not additional or incremental revenue for cricket.

Lord King of Bridgwater: Just a couple of quick points. First of all, I ought to declare that Giles Clarke is my nephew and he was one of the two negotiators on this. I have declared that interest in the Committee. I am also the occasional captain of the House of Lords' cricket team and a participant in the field.

Chairman: Is that televised?

Q1562 Lord King of Bridgwater: And I am not a Sky subscriber, and I have already made my views known to Giles Clarke. First of all, the 27 packages that have been talked about, are those confidential or have they been made available? Could we see them?

Mr Collier: I see no reason at all why we should not release those and I would be very happy to send those on to you, Chairman.

Q1563 Lord King of Bridgwater: Can I ask you if exclusivity was ever one of the original packages? I got the impression from the Commons evidence that it became evident to Sky during the bidding process that they might be able to get exclusivity as though it had not been one of the original packages; is that right?

Mr Collier: There was no total exclusivity in the original packages. One of the packages was for all seven Test matches so that was one area that people could bid for, but then the one day internationals, the ODIs as we call them, were separated from that, as was domestic cricket, as was the Twenty20 competition, so they were all separate packages and then there were subsets of those packages.

Q1564 Lord Kalms: One question that keeps coming up is you are very sympathetic to the BBC because of what you are saying are scheduling problems. When you negotiate, one of the first things you do is not worry about the other side, you just worry about the product you are selling. All of sudden scheduling is a big problem. Scheduling is always a problem to the BBC. Why are you so sympathetic to it because when they want to introduce a sports programme they find time. They always have time for Royal Ascot, they fill as much time as they want with snooker but all of a sudden they are saying, "Cricket? No, scheduling problems," and you roll over and say, "Yes, we understand your problem." They did not make one single effort to take cricket into their programmes. Is that a correct analysis?

Mr Collier: Where we are sympathetic is to the fact that the BBC had contractual commitments to other sports. In the same way we as the ECB when we negotiate rights we do like to see within our agreement the maximum amount of coverage per day because the last thing we want is for cricket to be switched on and off every half an hour during the day of a Test match. That clearly is something our viewers do not enjoy. Once the BBC have entered into a contractual commitment, let's say, with Wimbledon or with the FA Cup Final or with Royal Ascot, they have a commitment to a certain amount of coverage on those days. That clearly creates a scheduling issue and we have to recognise that. That is why it is important that we prepare for the next round of bids very early, we discuss with all the broadcasters (not just the BBC) what they might or might not be interested in, so we are trying to mix and match their schedules and opportunities because we believe that is in the best interests of ECB as well to create the most competitive market place.

Q1565 Chairman: The next round of bids is not until 2009.

Mr Collier: Correct, but if you think that a lot of these contracts will be entered into in probably 2007, so some of the contracts that broadcasters have with other sports or other events expire in 2006 or 2007 and that is where we need to be.

Q1566 Chairman: Mr Morgan, I am sorry I interrupted you.

Mr Morgan: Just going back to Lord Kalms' question, it was not our intention to be sympathetic, we simply recognised that they did have a scheduling problem and our assumption was that they had believed that Channel Four and Sky would be both bidding again and I think they took a business decision (they being the BBC) to procure other sports for the period of this deal. Now, next time round they have made it very clear to us that they will be extremely interested in coming to the table at the bid.

Q1567 Chairman: You obviously have this unusual if not unique problem that the weather might get in the way and you have a six-hour slot that has not been filled with anything. It is all very well playing last year's Test matches but they begin to pall after a bit.

Mr Morgan: Indeed.

Mr Collier: There are nearly 300 hours in an English summer of international cricket. That is quite a lot of cricket.

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Q1568 Lord Peston: It has just dawned on me, and I will get you to clarify following what the Lord Chairman has said, that you sell the rights to show the cricket but there is no obligation to show it, is there? Supposing Sky were to decide that one of the touring sides was so tedious and the audience was so low that they really could not fill Sky Sports One or Two (I think it was One yesterday, I cannot remember, whatever I was watching) and they might say “We have bought it but we are better off now not exercising the right.” Are they obliged once they have bought the package to show it no matter how awful it is?

Mr Collier: Certainly I can answer that in terms of BSKyB; they guarantee continuous coverage of the Test match. Likewise, going forward with the Channel 5 highlights we were very anxious that they were on at peak viewing time—7.15 to 8 o'clock—and that that was a guaranteed slot at a guaranteed time. Wherever possible we would seek to obtain the maximum amount of coverage within the contract. Clearly with Channel Four there were times when Channel Four had to switch to a racing programme during the last contract so we were not guaranteed totally extensive coverage of all the Test matches.

Q1569 Lord Peston: Under the current deal you are absolutely guaranteed the coverage?

Mr Morgan: Chairman, they have bid against a schedule of matches against a four-year period so they know which tourists are coming essentially.

Q1570 Lord Peston: Therefore they do take some risks, do they not, because interest in cricket might conceivably have a fleeting character that might well go as well as stay. Yesterday's match was fascinating how England managed to guarantee to lose it, then looked as if they were going to win it, and then they decided “we have really made up our mind to lose it”. It was fascinating yesterday; it is not always quite as fascinating as that, is it?

Mr Collier: I certainly think there are some unique challenges but also some great rewards. We think cricket provides exceptionally good value for the amount of money paid for those rights comparative to other sports.

Q1571 Lord King of Bridgwater: Reference has already been made by the Chairman to the paper you produced. At this point you say your relations with the BBC have been good in the past, you have a long and proud history, and that you welcome the statement they have made looking forward. I think Michael Grade is on the record (he was not the Chairman then like you were not the Chief Executive then either) as saying that they were sorry they did not do more then.

Mr Collier: Yes.

Q1572 Lord King of Bridgwater: You were asked in the Commons' Select Committee whether the game was all over in this respect or whether the Irish analogy where Sky were called into a meeting with the Taoiseach and persuaded to allow some more terrestrial coverage of the Irish World Cup football. You gave an ambivalent answer, if I may say so, on that, I thought. Is there a possibility of further discussions in view of the public reaction to the existence of the Sky exclusivity?

Mr Collier: In the DCMS Select Committee I think it was most helpful in his summation at the end that the Minister for Sport made that commitment that if parties were interested he would seek to bring them together. Clearly it would be up to the broadcasters themselves if the broadcasters were interested—and there have been some statements since then that some broadcasters have stated that their position has not changed.

Q1573 Lord King of Bridgwater: They have said their position has not changed?

Mr Collier: That is right. There was some comment resulting from that select committee that the position had not changed.

Q1574 Lord King of Bridgwater: If you were invited by Mr Caborn would you be able to go into it in a constructive frame of mind?

Mr Collier: The ECB would be willing to attend any meeting with the Minister. Certainly the Minister has been most helpful in seeking all options. That said, we do have some contractual commitments, but clearly again I think BSKyB and Vic Wakeling made a similar commitment in his Commons testimony to say that he would be willing to attend such a meeting as well.

Q1575 Chairman: It would be very unusual, would it not, for BSKyB who have entered into an exclusive contract with you, they might have made a commitment to go to a meeting but I would not put too much money on them coming out with a change of policy, or would you?

Mr Collier: I think that is something that broadcasters themselves would have to answer. It is very difficult for me to speculate on what BSKyB would say. They do have a contract with ECB.

Q1576 Chairman: What about you? You are not going to change your policy presumably very willingly?

Mr Collier: We always look for the best deal for the sport of cricket and I think what we have done is achieved the best deal for the sport of cricket. We do believe we have safeguarded the income stream

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for the game. We do believe that it was the right package from the options that we were given at the time. Clearly if new options come on to the table that were of similar values then we would always look at other options, but I think it is very unlikely.

Q1577 Lord King of Bridgwater: Mr Caborn has not pressed the issue.

Mr Collier: I certainly think the Minister has followed through but there has not been a meeting called at this time.

Q1578 Lord Kalms: You mentioned before that the BBC are bidding for the rights for the West Indies. They are going to bid?

Mr Collier: No, they have bid and they have won the rights for the Cricket World Cup for the highlights in 2007.

Q1579 Lord Kalms: Did Sky bid for that?

Mr Collier: Sky will be televising the World Cup live.

Q1580 Lord Kalms: They have got it live?

Mr Collier: They have covered live cricket of our international series for many years and the World Cup is one they have bid for and won.

Q1581 Lord Kalms: They bid for it live and the BBC bid for the highlights?

Mr Collier: Yes.

Q1582 Lord Kalms: For once the two fitted together?

Mr Collier: Very nicely.

Q1583 Lord Kalms: No problem of scheduling for the BBC?

Mr Collier: No, because they bid and won the rights.

Q1584 Lord Kalms: What else did you say about 2007 and the BBC bidding?

Mr Collier: That is the Cricket World Cup.

Q1585 Lord Kalms: That is the one which we were just talking about?

Mr Collier: Yes.

Q1586 Lord Maxton: You presumably do not sell those rights?

Mr Collier: No we do not. Those rights belong to the International Cricket Council, they will put them out to tender but clearly they always follow what has happened in the UK, which broadcasters are interested in bidding for rights, and clearly the BBC showed an interest in those rights.

Q1587 Lord Maxton: When you are selling rights like that do the broadcasters make any demands in terms of when the matches will be? They do obviously with football. I just wondered whether Sky made it a condition that "you must play Test matches on those dates because we have got something else on or we are broadcasting a bigger event or equivalent value event" or whatever

Mr Collier: No, what we do try and do, as I mentioned, is schedule our Test matches to avoid as many clashes as possible with major events in the United Kingdom. That is not always possible with seven Test matches over the summer period. We do try to avoid Wimbledon Finals weekend, for example. We come under very little pressure from other broadcasters in terms of scheduling but from time to time broadcasters do say they would prefer us not to run into the evening news programmes, for example, and therefore in World Cricket I know that David has had comments from the President of the ICC, the International Cricket Council, on the fact that over rates are a big issue to make sure that we finish playing at a specific time.

Q1588 Lord Maxton: So you have changed the time of some of them from half past 10 to six rather than 11?

Mr Collier: Yes, we have, half an hour earlier.

Mr Morgan: We will revert to 11 o'clock once the Sky deal comes in next year. That is a much more customer-friendly time, 11 till 6.30.

Q1589 Bishop of Manchester: I would like to widen the discussion to bring in an exploration of your opinion in relation to the BBC Charter Review process. In your letter of 4 November, if I may remind you, you said that the Cricket Board "would like to suggest that as part of the Charter Review the BBC is given an enhanced responsibility, and generates a new opportunity, to support the coverage and development of sport across the country", and in the two final paragraphs of your letter is a summary of things that might include. It is a tantalising paragraph and I wonder if you would like to be more expansive to us this afternoon. What would you really like to see coming out of the Charter Review in terms of the BBC in sport?

Mr Morgan: This is the education area where we would wish them to expand the use of websites, on-line children's television and so on. We believe this to be particularly important.

Q1590 Bishop of Manchester: So this would be an educative process rather than anything to do with wider coverage?

Mr Collier: I think there is a mix between the two areas. We mentioned in our letter a dedicated sports channel. We do believe that offers up far more

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opportunity and the opportunity of a mix between coverage of events and training programmes, coaching programmes, education programmes, magazine programmes, as David has just mentioned. With the expansion of the internet, the BBC with BBC On-line are working with us very closely on a number of coaching programmes. Radio programmes are producing a number of programmes that have been most helpful to us in terms of educating young children in coaching techniques. That broader agenda is something we would very much welcome.

Q1591 Bishop of Manchester: What about the proposed move they are making to Manchester? I was delighted about the peak viewing when the Test Match is in Manchester, but from your point of view, if you are thinking in terms of a BBC which might do what you have just been describing, is it going to help or hinder or is it not going to make any difference at all if the department moves from London to Manchester?

Mr Morgan: We think the move to Manchester would reduce costs and make the BBC more competitive.

Mr Collier: I think it is a matter for the BBC.

Q1592 Chairman: Not the way they are doing their sums at the moment!

Mr Collier: Clearly we would welcome any move that assists in expanding the amount of sports coverage on television.

Q1593 Bishop of Manchester: In terms of the dedicated channel, which presumably, as we were saying earlier, would be on Freeview from the BBC, how do you then reckon the other broadcasting companies would relate to that? What you would be pushing for would be for the BBC to be the major sports broadcaster in this country—is that what you are saying?

Mr Collier: No, not necessarily. I think it would just open up opportunities for the BBC to be able to get away from the scheduling issue that we have had. That is the issue that it would cure. It would still mean that the BBC would have to be competitive in the way that they bid for rights with other broadcasters, but what we do see with a dedicated sports channel is the opening up of more active competition and better competition. We believe that would be good for broadcasters and the consumer as well as sport in general.

Q1594 Bishop of Manchester: And presumably there would be costs, as you are implying, and therefore you would be quite happy about significant increases in the licence fee to cover that

because you feel this is what the licence fee payer is wanting?

Mr Collier: I think the whole issue of the commercial arrangements is for the BBC to determine its own priorities on. One of the things that is true of sport is that the production costs are much lower than the production costs of some other programmes, particularly costume drama, for example. We understand it is less than 10 per cent for the cost per hour. It is just a question of priorities, for broadcasters to determine what priority they put to different events.

Q1595 Baroness O'Neill of Bengarve: We can see the up side that you have from the flow of money into the game and it is splendid that you have been able to distribute so much to grass roots cricket, but the issue on the down side is that a lot of the children who one hopes might be going into the game will be having much less opportunity to watch first-class cricket, to watch Test cricket, because their parents do not afford a channel for which you have to pay. Have you done anything to measure or gauge the impact of that effect on BSkyB?

Mr Collier: We did a lot of consumer research that showed that the time when schoolchildren, particularly in working families, want to see cricket is in the peak time in the early evening. That is why we believe that the Channel Five highlights package is so important; to get that package on at 7.15 to eight o'clock every night, guaranteed, throughout the summer we believe is exceptionally important. That is when we can bring cricket to young people. It is when mum and dad can sit down with their children and watch the cricket together. We do believe that is a very big plus. If we just create interest in the game of cricket without being able to invest in facilities at grass roots we are making the problem far worse. At the moment we know there is a £50 million shortfall just in basic resources for cricket. That is artificial turf pitches, practice facilities and renovating cricket pavilions. If we had a downturn in income it would enhance the frustration. It is a delicate balance for us. We want to encourage young people by providing facilities. To do that we have to have the income to provide facilities.

Q1596 Baroness O'Neill of Bengarve: I appreciate that you want to have both the coverage and the revenue. Is the answer not to look for a situation in which the same broadcaster cannot have the live rights and the highlights?

Mr Collier: The same broadcasters do not have the live rights and the highlights package.

Q1597 Baroness O'Neill of Bengarve: There are not free-to-air highlights or continuous coverage?

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Mr Collier: Yes, but there are free-to-air highlights on Channel Five from 7.15 to 8.00 pm.

Mr Morgan: Which, Chairman, is an extremely important part of the package. It is the first time that cricket has been available, early evening highlights on free-to-air television, in a very long time. That is the time when our research tells us more children and more parents are able to watch television together.

Q1598 Lord King of Bridgwater: They claim 95 per cent coverage of that.

Mr Collier: Ninety three per cent, Lord King, I believe is the figure at present.

Q1599 Lord King of Bridgwater: Rising to 95 per cent?

Mr Collier: Aiming to rise to 95 per cent, yes.

Q1600 Chairman: Just to sum up that point which Lady O'Neill has made, which is very important, you would regard live on pay TV and highlights on a free broadcaster as being an ideal package?

Mr Collier: We believe it is a very good package. Children are at school when we play Test cricket in the early part of the season. Therefore, to be able to come home from school and watch cricket in the evening and see that on free-to-air television from 7.15 to eight o'clock, particularly with father sitting down with them and walking through the game of cricket, is very important.

Q1601 Chairman: It enables you, does it not, to meet this point about supporting the coverage and the development of sport across the country which an exclusive package with, say, a normal pay channel does not exactly?

Mr Collier: It does not. That is why the mix was so important, as David Morgan said.

Q1602 Lord Maxton: The BBC, despite the fact that they have not been covering it for the last five years, still have been over the years a major broadcaster of cricket on television and we will come to radio in a moment. On the television side, who owns the archive that they must have, the rights to that? Do you have it or is it the BBC who have it and, if they have it and you wish to use some of it for coaching purposes, what sort of operation do you have with them?

Mr Collier: There is a mix. It depends on the timing of the different agreements. With the current contracts the ECB has rights to archive material. Going back a number of years the ECB does not have those rights. We do work in close co-operation with the broadcasters when we need footage to obtain that footage from those broadcasters and

then we normally enter into some form of commercial arrangement to acquire those rights.

Q1603 Lord Maxton: As a source of income DVDs of great games of the past, like the Botham game or something like that, would be a source of income to you, would they not, if you had the rights to them?

Mr Collier: It is very true that that is something that we identified in the last broadcasting package. That is why we released the Ashes DVD from the Edgbaston Test Match, which I think was dubbed the greatest Test, and then from the whole Ashes Test series which has become the largest selling sports DVD of all time, so it was particularly important.

Q1604 Lord Maxton: It is not on my Christmas list.

Mr Collier: It should be!

Q1605 Chairman: How far do these archives go back?

Mr Collier: I have some in the twenties and thirties.

Q1606 Chairman: So you would take in Len Hutton's 364 runs?

Mr Collier: They would not belong to us.

Q1607 Chairman: Who would they belong to?

Mr Collier: There is a whole variety, Chairman, of different broadcasters, not only the BBC. I think Pathé News has some going back a number of years.

Chairman: It is a fascinating little byway we are going down but I will bring us back. Lady Howe?

Q1608 Baroness Howe of Idlicote: We are now turning to radio, and again, to quote what you say in your written evidence, "The BBC's radio coverage of cricket is rightly famous the world over, with Test Match Special recognised for its dedicated, thoughtful and entertaining broadcasting of cricket". Obviously, things have changed over the years but I certainly am one of those who, when television first started with the Test Match, turned down the sound and kept the sound of the radio going. That was the way I preferred to watch cricket. Thinking about the future of the radio side, do you think the future of the BBC lies primarily in providing radio and on-line coverage of international Test cricket only?

Mr Morgan: I think Test Match Special is a top-class product. Like you, I am an ardent listener and I believe that they do a first-class job and I believe that it is quite remarkable that in terms of cricket Test Match Special has more listeners than free-to-air television has viewers. I do not think that happens in other sports and maybe it is because other sports are of 90 minutes' duration as opposed to cricket which is 30-plus hours' duration. I am

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concerned that the BBC should continue to invest in Test Match Special and I have no reason to believe that they are not going to continue to invest therein. Your question as to whether that is where the BBC should concentrate rather than on television, I think they need to concentrate on producing the ability to televise international cricket again, and I am delighted, as is David Collier, that they have successfully bid for the highlights of the ICC Cricket World Cup from the West Indies in 2007. Radio is very important but not to the exclusion of their ability to televise international cricket.

Q1609 Baroness Howe of Idlicote: I gather also that you stream the audio coverage worldwide by agreement. Do you get extra payment for that? How does it work?

Mr Collier: It is part of the rights packages. The rights packages have the streaming element. The ECB also runs its own website, which is www.ecb.co.uk, and we put some audio streaming on there as well.

Q1610 Baroness Howe of Idlicote: Do you get extra money for that?

Mr Collier: No, because that is our own site. It just gives us a new audience. We are trying to reach the broadest possible audience. We see things like mobile rights and internet rights as well as broadcasting in its traditional sense as being ways in which we can reach the broadest possible number of people.

Q1611 Baroness Howe of Idlicote: But again, thinking of the pretty solid coverage on radio that the BBC give, are those rights sellable on, as it were? Can the BBC pass them on and you pass them on and bring in extra revenue? Who owns them?

Mr Collier: The BBC would bid for the rights to produce the audio broadcast for that match but once they have won those rights it is up to them how they utilise them.

Q1612 Baroness Howe of Idlicote: So they could charge for passing them on?

Mr Collier: I think it would be unusual for them to then broaden that out into competitive broadcasting. I am not aware of that happening in the past.

Q1613 Chairman: You made a very interesting point about the audience on the radio. How big is that audience?

Mr Morgan: I do not have that number in my head but I do know for certain that, when we talk about the Channel 4 average audience being of the order

of two million or just under two million, radio is far in excess of that.

Q1614 Chairman: Is it possible to find out?

Mr Morgan: Indeed. When TMS is broadcasting home Test matches it goes out on the internet as well. The worldwide interest is quite remarkable.

Q1615 Chairman: As you say, it is a slightly unusual position, is it not?

Mr Morgan: Very unusual and it is an area where the BBC do an incredibly good job. It is a top-class programme.

Q1616 Baroness Howe of Idlicote: One other point: what happens after 2009?

Mr Collier: In terms of the radio rights specifically?

Q1617 Baroness Howe of Idlicote: Yes.

Mr Collier: They will be part of a new tender process, so again there would be a new tender going forward after 2009 and I am sure there will be a number of companies bidding for that. Test Match Special has become an institution in this country and is very special. It is a worldwide quality product and I would be very disappointed if that did not continue.

Q1618 Lord Kalms: One of the purposes of this committee is to evaluate the BBC, not the ECB, and it would be helpful if you could give us some comments on your reaction to the way the BBC negotiates with them. I know there is a tendency not to be critical of the BBC because you do not normally bite the hand that might one day feed you, but nevertheless it might be helpful if you could evaluate for us their whole approach to sports rights for their bidding processes. Do you think they ought to be bound to bid for certain processes? What is your evaluation, not as a principal but as an observer?

Mr Collier: Our observation would be that they should not be bound to bid but that we would wish to encourage them to bid because we do believe that cricket delivers very good value for money. It should be a priority. If it is a priority for the BBC then we will have cricket on BBC television. It is a matter for the BBC's own judgment as to what audience they can achieve against what the costs would be of that broadcast. I would like to see cricket being a much higher priority. That is the comment that we would reiterate, as we have done to the BBC in the last few months and years.

Q1619 Lord Kalms: Is the bidding a quality process? Do you have a sense that they are seriously involved in the subject or do you feel sometimes that it is only a notional interest?

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Mr Collier: I came into this post in January this year and I have had a number of meetings with Roger Mosey as well as with Mike Lewis on the radio side, and I sense that there is a significant renewal of interest in the game of cricket. I think that is evidenced by the 2007 World Cup. I think it has been evidenced by the amount of coverage there was on Radio 5 Live of the Ashes series at the end of the summer. I think there has been a number of new programmes that have entered into the BBC programming schedule that have been very helpful to cricket, so I do sense that there is a renewed appetite for and interest in the game of cricket.

Q1620 Lord Kalms: I just want to take up a note in your letter where you say, "ECB further welcomes the statement that the BBC will be seeking to acquire rights at a fair market value". They have indicated to you that that is their attitude but a fair market value is miles outside their resources, is it not, so why are you encouraged by a statement which is rather hard for them to realise?

Mr Morgan: We would question the belief that it is way outside their resources. We believe that cricket is good value for money in terms of televising.

Q1621 Lord Kalms: Yes, but anybody who has a product must think that they should not be in the selling business. In the real world the price that a product has gone for is normally, within the terms of the BBC, well outside their possibility, ignoring the scheduling, just talking about pounds.

Mr Collier: I do not think that is the case. Certainly, in terms of other programming it would be a lot less expensive than a number of other programmes.

Q1622 Lord Kalms: For instance?

Mr Collier: Things like a highlights package would not have been anywhere near outside the parameters of a commercial deal for the BBC. I am sure that they will be looking at that very hard in the future.

Q1623 Lord Kalms: Do you think it is realistic for them to pay a fair market value when they have hovering over them BSkyB which can always outbid them if they choose to?

Mr Collier: I think it is a question of priorities for the BBC. I do not believe that it is outwith the remit of the BBC to be able to afford the rights for cricket comparative to other programmes and other rights that have been acquired.

Q1624 Chairman: It may not be the case but live cricket is getting outside their budget?

Mr Collier: Yes.

Q1625 Chairman: Do you think that is right?

Mr Collier: As I say, Chairman, it is still within the budget, provided that it is seen as a number one priority. I do not think that the sum of £55 million a year in terms of what is paid for the totality of cricket comparative to the total BBC budget is exceptional.

Q1626 Lord Kalms: Do you know how much the BBC budget is for sports rights?

Mr Collier: It is a multiple of five or six times that.

Q1627 Chairman: But highlights they could easily afford?

Mr Collier: Easily.

Q1628 Chairman: Would you regard that as the ideal solution?

Mr Collier: I think the ideal solution is that the BBC bid for all aspects of cricket, not just highlights.

Mr Morgan: I think this takes us back to why there is a large number of packages. The large number of packages existed in order to give free-to-air broadcasters the opportunity to bid for what they could afford.

Chairman: I see that. We have certainly distinguished three or four. I am fascinated to see this list and how you get up to 27, but doubtless we can see that when you put that in.

Q1629 Lord King of Bridgwater: You mentioned you were not here when this process was going on. Neither was Mr Mosey, who came and appeared before us, although Mr Coles was, who was the financial man. When is the next bidding round going to start because it seems to me that there are quite a lot of lessons to be learned on both sides. Are you having discussions with them about the next bidding round?

Mr Collier: We are certainly having discussions with all broadcasters, not just the BBC. I would see the next bidding round commencing in earnest around 2007. There has to be at least a two-year lead period because otherwise other contracts for rights do get added into it and we are back to this schedule issue that we talked about earlier. Just to clarify, I was a director of the board last year, so obviously I did have knowledge of what was going on, as I think I said to the DCMS committee.

Q1630 Baroness O'Neill of Bengarve: Who determines what is in the 27 packages?

Mr Collier: That was a matter for discussion. This is why we had all these different meetings with different broadcasters, to try to determine what would be the best sub-division packages to be able

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to allow people to choose and to bid. That was why, even when we created the 27 packages, we determined that people should be able to bid for all or part of those packages themselves. In fact, some mathematician somewhere worked out how many different combinations (and it was many million) that people could bid for if they so wished.

Q1631 Baroness O'Neill of Bengarve: Did it therefore follow that there was no exclusivity in any of the 27 packages since any combination was possible?

Mr Collier: That is right. If you look at the list of 27 packages, which we will send to you, there was no total exclusivity. One of the packages would have said, "Here is a package for the seven Test matches" that we hold, but it would not then have included the One Day Internationals and they could have bid for them separately.

Q1632 Baroness O'Neill of Bengarve: I may be slightly confused but what I meant by "exclusivity" there was that it was not that you could not have different broadcasters being successful bidders for different packages but rather that when a broadcaster was successful in acquiring a package did that broadcaster acquire the exclusive right to the components of that package? These were non-overlapping packages?

Mr Collier: Yes, that is right. It was for that specific package.

Q1633 Baroness O'Neill of Bengarve: So for each of the packages it was exclusive?

Mr Collier: That is right.

Q1634 Lord King of Bridgwater: Did you say that you actually consulted the broadcasters in putting together the packages?

Mr Collier: Yes.

Q1635 Lord King of Bridgwater: So the BBC were able to put forward their views as to what a suitable package would be for which they then did not bid?

Mr Collier: I think the evidence you have already received stated that there were a number of meetings with the BBC. I think a figure of 15 was quoted of meetings that were held. Yes, there were meetings to discuss how the invitation to tender could be put forward, so that people could hopefully bid.

Q1636 Lord Maxton: Can I ask in all of this that we remember that the BBC is the British Broadcasting Corporation, not the English Broadcasting Corporation, and certainly some of us were looking quite horrified at the idea of the BBC giving up the Open Golf to show Test cricket. Can I come back

to your website? You say you show highlights of games on the website.

Mr Collier: Yes.

Q1637 Lord Maxton: I had a quick trip there this morning and I could find highlights from last summer's games but I could not find the Pakistan games.

Mr Collier: That is right.

Q1638 Lord Maxton: I could find those on Sky but I would have to pay on the Sky website if I were prepared to pay eight or nine pounds a month for the right to be a member of the Sky Sports channel.

Mr Collier: There is a technical issue with overseas matches of getting the feed back to us. In Pakistan in the last few days a company called Ten Sports was doing some of the actual filming of those matches, so it is something that we are looking to expand in the future, but at the moment you are absolutely correct: it is our home matches that we put through our website.

Q1639 Lord Maxton: Do you film yourself or does Sky give you the film?

Mr Collier: No. We take the feed off whoever is the host broadcaster. It is not live for the whole match. It is highlight packages of the match.

Q1640 Lord Maxton: Do they then lay down when you can show the highlights on the website? Do they say you cannot show them until so many hours have passed from the end of the match or whatever? That is what they do with football.

Mr Collier: No, they do not. We have set our own limits as to what we will show as the amount of coverage, which is something like seven instances or one and a half minutes of highlights in an hour period.

Q1641 Lord Maxton: Do you intend expanding that because to some of us that is the future? Do you think that is where eventually broadcasting will be?

Mr Collier: It comes back to this balance between commercial reality and what we can achieve in terms of additional income from ECB. Clearly, there is no sense in us trying to sell rights to broadcasters if we are competing against that broadcaster ourselves. What we are having to try and do is work out how we get the widest possible audience whilst also getting the value of the commercial rights packages. That is why we believe the best balance for us and for the consumer is for us to show highlight clips rather than becoming directly competitive with the broadcaster, because if we did we would downgrade the value of our own rights. We would be shooting ourselves in the foot.

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Q1642 Baroness Howe of Idlicote: I wanted to ask a slightly broader question. You were talking about Sky and how they had introduced quite an interesting range of how cricket has been seen and explained to those who perhaps do not understand it. I was intrigued to see that women's cricket was one of the areas that they covered. I wondered what was the point of that. Cricket is a pretty masculine game and I wondered what you thought the motivation was for that side and whether the BBC would be quite as good at it as Sky clearly has been. What do you think their motivation was?

Mr Collier: Certainly ECB were very keen within the broadcasting agreements to ensure that not only did we cover our international game but that we also covered a wide aspect of cricket, that the domestic game, our county game, as well as our women's game, as well as our under-19 international matches were covered. The only broadcaster which has covered the women's game and our under-19 games has been B Sky B. I think it is again because of the range of opportunity they have in terms of a dedicated sports channel that they have been able to do that. There was massive interest in our women's side when they regained the Ashes this year. There was a wonderful reception at the Brit Oval when they paraded the Ashes around the outfield there. They were part of the Ashes parade in London. That gave women's cricket the biggest boost, and certainly the discussions at the International Cricket Council were that England and Wales has been a world leader in promoting the women's game in the last 12 months primarily because of the coverage that we received on B Sky B.

Q1643 Baroness Howe of Idlicote: I asked that question with tongue in cheek because I was taught cricket at school and consequently have followed it ever since, so I have a slightly biased view on that. Having said that, the question really was also, because we are looking at the BBC Charter Review, do you think now, having seen what Sky have done, that the BBC are going to be able or will want to do the same, encourage women—bigger audience and all sorts of other reasons?

Mr Morgan: There is no reason at all why the BBC should not cover women's cricket and cover the aspects of the game that are not normally associated with the Test Match and One Day International cricket played by other players.

Q1644 Chairman: There is one last question which I think will require a one-word reply. I imagine that you are not in favour of cricket going back to Group A in the listed events?

Mr Morgan: Correct.

Q1645 Chairman: I thought that might be the case. I would like to thank you very much indeed for coming. How many more one day matches are there?

Mr Collier: One.

Chairman: We wish you luck in the last game. Thank you very much. You have put yourselves out incredibly. I hope the jet lag is not too bad and have a very good Christmas.

Supplementary evidence from the England and Wales Cricket Board Limited

APPENDIX 2

Invitation to Tender (ITT)

SCHEDULE 1

ECB Invitation to Tender (ITT)

The Packages of Rights—per season

INTERNATIONAL MATCHES

1. Test Matches (7)—Live.
2. Test Matches (7)—Highlights.
3. ODIs (10 all involving England team)—Live.
4. ODIs (10 all involving England team)—Highlights.
5. Twenty20 internationals (4)—Live.
6. Twenty20 internationals (4)—Highlights.
7. Radio rights to 1 above.

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8. Web radio rights to 1 above.
9. Radio rights to 3 above.
10. Web radio rights to 3 above.
11. Radio rights to 5 above.
12. Web radio rights to 5 above.

OTHER MATCHES

13. totesport League—Live—minimum broadcast commitment of 30 Matches.
14. totesport League—Highlights—minimum broadcast commitment of 30 Matches.
15. C&G Trophy—Live—minimum broadcast commitment of one quarter final, both semi-finals and final.
16. C&G Trophy—Highlights—minimum broadcast commitment of one quarter final, both semi-finals and final.
17. Twenty20 Cup—Live—minimum broadcast commitment of 10 Matches plus one quarter final, both semi-finals and final.
18. Twenty20 Cup—Highlights—minimum broadcast commitment of 10 Matches plus one quarter final, both semi-finals and final.
19. Other—County Championship/Tourist Challenge/Under 19 ODI/Women's International Matches/Cockspur Cup—Live/Highlights—minimum broadcast commitment of two County Championship Matches.
20. Radio rights to 13 above.
21. Web radio rights to 13 above.
22. Radio rights to 15 above.
23. Web radio rights to 15 above.
24. Radio rights to 17 above.
25. Web radio rights to 17 above.
26. Radio rights to 19 above.
27. Web radio rights to 19 above.

TUESDAY 10 JANUARY 2006

Present	Armstrong of Ilminster, L Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Gibson of Market Rasen, B Howe of Idlicote, B Kalms, L	King of Bridgwater, L Manchester, Bp Maxton, L O'Neill of Bengarve, B Peston, L
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Examination of Witness

Witness: MR PHILIP LOWE, Director General of Competition, European Commission, examined.

Q1646 Chairman: Mr Lowe, welcome to you. Thank you very much for coming over. We are very grateful. As you know, we are conducting a review of the BBC in the context of the Charter Review and we have already produced one report, but we are now looking at a number of areas which we could not do justice to in the first report. One of these is the issue of sports rights. Can we start from the beginning? We are obviously interested in what you are proposing as far as the Premier League is concerned. Could you explain first why the Commission is involved in the first place in television rights and the Premier League, given that the present system appears to allow Premier League to maximise its income?

Mr Lowe: The involvement of the Commission in the sale of audiovisual rights for football originated from complaints made to the Commission before 2002. Since 2004, we have a parallel application of European competition law by national and European authorities. Perhaps this case would have been dealt with directly by the OFT and the Competition Commission if necessary were it to take place today. However the historical aspects of it were that we received complaints. We also received complaints in respect of similar cases in Germany and with respect to the sale of rights of UEFA Champions' League and the EBU. The essential basis for those complaints and our initial concerns that while any individual company selling its services has a right to restrict output and fix prices, if there is collective selling of rights, there is *prima facie* a case for saying that that could be in the interests of restricting output and simply maximising revenue for the companies concerned at the expense of the consumer. Our main concern in attacking this case and indeed all our competition cases is the ultimate benefit to the consumer. The Commission's line on the Premier League case and in its previous decisions on the German Bundesliga and on UEFA Champions' League is based upon the following principles: that joint selling is possible in this area in particular given the specific nature of sports, contrary to other areas where it might be considered a cartel. If you think of companies operating to fix output and

price together elsewhere, it might be regarded as a cartel but in this area there are specifics. The reason why we believe it is permissible under certain conditions is where the product being offered has a value added for the consumer over and above the particular services offered by individual clubs. If Manchester United, Chelsea or any other club in the Premier League was marketing its own audiovisual rights to its matches, that would represent a certain value but there is an added value from the Premier League's marketing of its rights, a showcase for competition which makes sense.

Q1647 Chairman: Even if the proposals that you put forward lead to a drop of income for the individual clubs?

Mr Lowe: I will come back to that later on. Our case started principally on the basis of saying, "Under what conditions would it be acceptable for joint selling to take place?" First, there must be value added ultimately for the benefit of consumers or something extra for consumers. Secondly, there should be open competition for the rights in a transparent way and, thirdly, any exclusivity which was given to any broadcaster at the end should be of limited duration and scope, offering the maximum choice for consumers. That is where we started from. We were particularly concerned in the Commission in 2002–03 that the successive purchase of all the live television rights for Premier League matches by one single supplier/broadcaster would in the longer run foreclose competition in that market, reducing the incentive for others to invest in possible entry into that market. That was aggravated by the fact that in the UK situation as opposed to other situations there is only one dominant operator on the retail subscription market. The purchase on an exclusive basis of all the premium content of live football upstream would not only successively foreclose competition possibly for competitors upstream but also downstream it would reinforce the dominance of the broadcaster who had the retail subscription rights. At least that reduced choice for consumers because there are consumers who want to buy all live

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TV matches; but there are consumers who perhaps would like to buy a few. Our concern was that there was not sufficient potential choice in the way in which the Premier League were offering matches in order to leave it open for the market to offer to consumers the maximum benefits. We started off from that point. We entered into negotiations with the Premier League in early 2003 on that basis. They had already agreed at that point to increase the number of live games which could be offered. They also agreed to increase the number of packages of rights. The more packages you have, the more chance there is that people will bid for different types of combinations. Some free to air broadcasters do not want more than 23 matches per season; others want to use the matches on a pay TV basis. At that stage, and on a preliminary basis we were working towards four packages with a total of, 138 matches. Indeed, the Premier League operated on that basis for the tendering of the 2004–07 rights even before they reached an overall settlement with us in December 2003 to do that. The result of that bidding however was that one broadcaster got the entire rights. So we concentrated the 2003 settlement on the issue as to how bidding should take place for the next round which is 2007–10. Our concern about the downstream effect, strengthening the position of retail subscribers on the pay TV market as well as reducing choice for consumers generally as to how much football they want to watch and at what price, led us to the conclusion that it was advisable not to have a situation where again, for various reasons but for the third and fourth time, only one broadcaster got the entire live TV rights. As a competition authority, I can say that this type of solution is not a solution which we would ideally go for. A competition authority is interested in creating structures, and processes which make the market work, not in determining outcomes. We thought very long and hard before we proposed a no single buyer rule in the context of the commitments in December 2003. The subsequent reaction of a market test to those provisional commitments was mixed. The vast majority of other broadcasters thought we had not gone far enough. In some cases, some of the regulatory authorities here thought we should have imposed a split of rights effectively, 50/50, between the existing dominant broadcaster and others. We felt that the way to go was to have the maximum number of packages of live rights open for the market to bid for, which is why we subsequently agreed on six packages. We have also placed emphasis on the need for stand alone bidding. That is to say, broadcasters cannot simply bid on the basis that, “If you give me one, I will give you X. If you give me two, I will give you 2X plus a premium. If you give me the whole lot, I will give you a massive premium” because that would encourage again this serial exclusivity

which would cut out competition and choice for consumers. We placed emphasis in our settlement with the Premier League on six packages offering the possibility for broadcasters to choose to combine. They can even bid jointly if necessary. The packages are based upon a module of 23 matches which is what the free to air broadcasters believe is what they can tolerate in their programming. It equally allows other larger or joint bidders to bid for half the rights, for example. We want to determine the process, not the precise outcome. However, if we were to leave all six packages open to exclusivity by one bidder for another period of three years, our concern was that that situation would in the end lead to further foreclosure in the wholesale market for the premium content and further dominance of the retail subscription market. That is the logic of what we are doing.

Q1648 Chairman: You said the whole process began by complaints. Who were these complaints from and were there many of them?

Mr Lowe: The number of operators or broadcasters on the UK markets is limited. I do not think it would be correct for me to indicate to the Committee the names of our complainants.

Q1649 Chairman: It was operators who complained?

Mr Lowe: Broadcasters and also downstream operators. Of course there were countervailing views from other bodies. The Consumer Association was also in favour of the major complainants at the time.

Q1650 Chairman: You have done what you have done and proposed what you are proposing as far as Premier League football is concerned but does it therefore mean that if, for example, we look at cricket you are going to do exactly the same in that area?

Mr Lowe: As I said at the beginning, I personally believe that the issue of the market for live rights to for games such as cricket is a national one and not a European one. The way in which we have modernised our competition law framework in the European Union allows these problems to be dealt with at the level at which it is most appropriate, where there is the most proximity to the facts and where the national regulatory authorities can deal with it. In the situation of cricket, we have not received any direct, formal approaches from any of the parties. We have received a number of letters but we have not received any formal complaints. We know that Ofcom has also intervened in relation to the award of highlights of cricket matches to, for example, Channel 5.

Q1651 Chairman: In précis, it is not as far as I know widely played in France and Germany and there is regrettably no sign that it is going to pick up interest

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there. As far as that is concerned, that you would leave at the national level, basically?

Mr Lowe: Certainly. The only argument for looking at football at a European level is the degree to which there is similarity in the cases and also the degree to which the rights are not just sold nationally but also across Europe, which is the case.

Q1652 Chairman: What are other potential sport areas which could be brought into this? Would athletics be brought in? Would rugby be brought in?

Mr Lowe: Sport is a specific area for application of competition law because a sports competition in principle adds something to the individual performance and events presented by one or two clubs. Therefore, I think there are particularities which will always be taken into account by the competition authorities, whether it is the European Commission, the OFT or the US FTC. We all struggle with the same sort of problem in this area. We have dealt on occasions with specific cases. In particular, for example, we have an ongoing case as far as the European Broadcasting Union is concerned, because many of the private broadcasters in Europe believe that the combined purchase on an exclusive basis by the public broadcasters throughout Europe of the Olympics and other activities precludes competition for them, particularly when some of the rights which they purchase are never used. For example, some of the public broadcasters in the European Union are buying rights to pay TV which never get used, but they get bought up. Our overall approach to these cases is to apply some general principles. I have told you what they are: value added for consumers, reducing exclusivity in scope and in duration to the minimum necessary to ensure competition, open tendering procedures to ensure that competition takes place. But we do not have a proactive approach in this area.

Q1653 Baroness Gibson of Market Rasen: I would like to ask you about where we are with the draft decision at the moment. Has it been prepared by the Commission and sent to Member States for consultation? If it has, have there been any responses so far? What is its status? Finally, when will a final decision be made, because I understand it is due to be made in the first quarter of this year.

Mr Lowe: Under the law which we are applying, this is a decision which enables the Commission to obtain from the Premier League legally binding commitments to behave in a certain way and change things in a certain way. This decision is already prepared inside the Commission. We have not formally adopted it yet and it will be preceded by a consultation of the advisory committee of experts of the Member States who are experts from each of the national competition authorities. We expect that to

happen in the next few weeks and at the very latest we should have taken a decision by March of this year.

Q1654 Lord Maxton: I am a trifle confused by this. You said that you would not consider cricket because it is a national issue but the Premier League is a national thing, or are you telling us that some of the complainants about the Sky contract came from outside of the United Kingdom?

Mr Lowe: I am sorry I was not clear. Historically, this has become a European issue. There is arguably a precedent value across the EU because several markets have similar problems but I believe that if the case arose today under the new framework for European competition law it would have been dealt with by the OFT and other bodies in the UK.

Q1655 Lord Maxton: You would not therefore have come to this decision. You would never have had to deal with it.

Mr Lowe: We would never have had to deal with it unless,—as many commentators have suggested—it was felt that the European Commission should take a clear line on this we must as 25 national authorities and the Commission have a similar approach, applying the same competition law. In certain sectors such as energy policy or airline alliances, you would expect the Commission to take the lead in showing how the law should be applied. In this case, due to the history of the cases, we have developed an approach which has been broadly followed by the Dutch authority, by the German Cartel Office and by the OFT.

Q1656 Lord Maxton: I am even confused a bit on that, because the Premier League is not a monopoly for football in England, let alone the rest of the United Kingdom. Last weekend, there was major football being shown on the BBC, because it was cup and not league. If you like, there was a competition for television watching and football even within that one area which you are considering is a monopoly. Is that not right?

Mr Lowe: This is a question of degree and proportionality. Seventy-three per cent of the live rights available for premium football shown in the UK come from the Premier League.

Q1657 Lord Maxton: Those of us in Scotland might find that helpful.

Mr Lowe: I am talking about the Champions' League, national matches, cup matches, et cetera.

*The Committee suspended from 15.52 pm to 16.00 pm
for a division in the House*

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Q1658 Chairman: Having gone through this process slightly reluctantly—may I paraphrase?—can you not now repatriate it back to the United Kingdom authorities?

Mr Lowe: Once we have taken our decision which we intend to do by the end of March, it will be up to the UK authorities in our view to take any further action which they may believe necessary in the interests of consumers either at the retail level or at the wholesale level. What we have tried to indicate here are some principles, which I believe the UK authorities share, on the way in which you deal with exclusivity and the way in which you have an open tendering procedure. The Premier League have been very open to ensuring that the tendering procedure is fair and non-discriminatory. The more packages of rights which are open for offer, the more opportunity there is for competition to take place. I do not think the result in terms of the application of law will be any different particularly between the Commission and the OFT. The proximity of both the OFT and, for example, Ofcom to the realities will help in reaching a more rapid decision.

Q1659 Chairman: As we go forward after that, will it become a matter for the OFT and for Ofcom initially, first?

Mr Lowe: FAPL's commitments, if the Commission takes the decision in the next few months to accept these commitments, which I believe it will, will be valid for as long as necessary. If FAPL believe they are no longer relevant, they can come back to us and argue that they should not be bound by them. The commitments essentially relate to the way in which audiovisual rights for football are sold. The crucial moment will be later this year when the process of tendering for the period 2007–10 begins. We will see as a result of that what the outcomes are for competition. No doubt between 2007 and 2010 the various competition authorities, particularly the national ones, can judge whether any further intervention is necessary.

Q1660 Baroness Howe of Idlicote: You talk the whole time about doing whatever you are doing and coming to whatever decisions you come to in the interests of the consumer. Is there a difference in your mind between the interests of the consumer and the interests of the citizen? Might there be a difference literally between nations as well?

Mr Lowe: The interests of the citizen are in principle reflected by the decisions of government and Parliament. For example, in relation to the definition of public service broadcasting and the provision of a varied and wide scope of broadcasting. The interests of the consumer relate primarily to the markets which exist to provide him or her goods and services. In the area of purchase of audiovisual rights of football, we

are largely operating in the realm of commercial activity, notwithstanding the fact that the national governments can take decisions to foresee listed events which must be shown for the citizen in general. That is the distinction I would make. We are talking here about the way in which markets are working for consumers as opposed to what the citizen must be provided by a decision of government and Parliament.

Q1661 Baroness Howe of Idlicote: Is this an additional argument for a subsidiarity approach so that more decisions are taken at the local country level?

Mr Lowe: The whole purpose of moving to a parallel application of our European competition law across the European Union was precisely to allow national authorities to deal with problems which were primarily national and yet the major problems—for example, the energy market is one of them where the problems in energy are beginning to go beyond national boundaries—need to be dealt with arguably by European action. To take another example which has occupied me personally for the last three or four years, it would be extremely questionable whether it would be useful for the 25 national competition authorities in the EU to pursue complaints against Microsoft on a parallel basis. Arguably, there is a case for having an investigation done on a comprehensive basis where the negotiation can take place, which is most highly informed by the situation across all the EU markets, because the remedies will be applicable everywhere. In the case of FAPL, there are specific national elements where, normally speaking, national characteristics will dominate over the continent-wide aspects.

Q1662 Lord Kalms: When you first decided to investigate the UK situation, were there no authorities that were capable of doing this themselves or did you decide that you would rather take it over from them and you could do a universal, European view and pass back to the local authorities the implementation of those views? The first question is what was there before you interfered or took powers. You then made another statement that the remedies are universal. They are not universal. The whole *raison d'être* of subsidiarity is that the remedies should be suitable to the appropriate country. I am not sure I understand why you took the powers or why you took them away when there were already the OFT and the Monopolies Commission and there were sufficient safeguards in this country to deal with the complaints, which would have been directed through the OFT et cetera instead of coming to you. Nevertheless, you grabbed them, then set a universal standard and said to the local boys, "You deal with it from now on." Would that be misleading?

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Mr Lowe: I think it would be a misrepresentation of the facts on legal grounds because there was no issue of competence. If a complaint comes to the European Commission under European competition law, we have to address it. If we take no action, there will be legal consequences in the courts. I have indicated that since the time when these first complaints were made, we have had a much more rational arrangement, in our view, so that national authorities and national courts can deal directly under European competition law with cases which are primarily national. That certainly avoids the impression which you have that we are grabbing competence. On the contrary, given the mass of cases that the Commission has to deal with, we would prefer not to deal with cases which are primarily of a national nature because there are many pressing cases of European if not global dimension which are much more important at European level. What we did in this case was to respond to the complaints and express a statement of objections after which the Premier League and ourselves entered into settlement negotiations which we have now finished. Examining particular effects in a national jurisdiction is one thing. Establishing principles which are broadly applicable everywhere is another. If you are applying the same law in the EU as a whole, the principles should be correct. The principles of the analysis should be consistent and similar as indeed the Premier League has argued in the comparison with us and the French or Bundesliga case. The effects have to be looked at nationally or indeed even locally in some cases and the remedies have to be adapted to the effects, which is why we think the next stage will probably be national in this case.

Q1663 Lord Peston: I am a bit lost on the economics of all this. The Premier League by definition is not a complete monopolist of football. Searching my knowledge of monopolies, I can think of no other economic activity in our country corresponding quite to that degree of monopoly. It seems to me it then sells its product to a monopoly distributor, namely BSkyB. It has been doing that for some time. I would have thought any economist would argue that, whatever else that is, it cannot be in the interests of consumers. It might be in the interests of the Premier League and BSkyB but the one thing it does not do, to use old fashioned terminology, is maximise utility or welfare. I am totally puzzled by what I might call the fairly relaxed view that for the moment you, as the European Commission, take of this phenomenon. I am equally puzzled by how relaxed our own competition authorities seem to be about it. It seems to me *prima facie* therefore that the role of the authority trying to stop abuse of monopoly would be surely to limit what they could sell and how they sell it. What puzzles me is you come up with a solution of six packages. The notion that any

distributor could buy as many as five hardly seems to take us forward at all. I am trying very hard to discover the economic analysis that leads to the outcome you have given. I am not saying you are wrong; I am simply saying I have great difficulty understanding it at all. It certainly does not correspond to what I would expect wearing my economics hat.

Mr Lowe: I apologise for responding to your question with a certain degree of delay. I omitted to mention that our complaints were preceded by a considerably activity by the UK Restrictive Practices Court and national authorities, particularly in the downstream market for subscription for football rights. It was a failure of the competition authorities in the complainants view to impose an effective solution that led them to come to Brussels. This is often why people do come to Brussels, because they do not feel they have found an adequate solution at home. Whether they are right or not depends upon the results of our decision. As to the question which Lord Maxton raised—what is a monopoly?—if in terms of our analysis, the absolute standard for a monopoly was to be 100 per cent owner of all the rights in a particular market, I would argue, and I think most competition authority heads would argue, that is too high a standard. The Premier League accounts for over 70 per cent of the live rights for TV. It is a “must” have if you are going to deal with football on television. You have to have part of your programme devoted to Premier League activity because it is so much related to the others. The reason why you have Champions’ League on your television is precisely because the European Commission imposed on the authorities the need for greater distribution of the live rights for Champions’ League matches. You might argue that that is too much from the citizen’s point of view. Some of the correspondents to our newspapers say that there is now too much football on television. The second point on the question is that a monopolist, whether it is 100 per cent or 73 per cent, is someone who can to a large extent determine what happens in the market, in terms of price and output. It is the capacity for a monopoly seller to drive the whole market process, and especially if there is only one exclusive purchaser. This analysis has been supported by UK authorities. Will our solution be adequate? Some are puzzled that we have not gone far enough. Some are puzzled that we have even intervened at all. I believe—and my Commissioner, having settled this agreement with the Premier League, is of the view—that in a situation where all these rights were historically bought successively by one purchaser, there will be no difficulty in selling these rights again at a quite high price to one purchaser for five of the packages and the sixth, if that is needed, will go to a second broadcaster at a comparable price. My view is that the market must be

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made to work. If the value of these rights is so high, it is very good that there should be competition for them. If there are other broadcasters who would like the rights, they have the capacity with six packages to bid for them and get them. We regard the 'no single buyer' rule which we have imposed on the one package as a failsafe mechanism in the event effectively that the market does not work for the benefit of the consumer. A substantial part of the revenue from exploitation of Premier League rights does not come from individual retail subscriptions to pay TV but from pubs and clubs subscriptions. One would expect that. This a very growing market for live TV. One would expect that there would be competing bids in this next round as compared to previous rounds. The market has in that respect changed significantly since 2004.

Q1664 Lord Peston: I am really not satisfied. It is difficult to find another example. Coca Cola has considerable market power although nothing like the power of the Premier League. Supposing a large supermarket chain were to do a deal with Coca Cola and they said, "We will pay you much more than you are currently getting on one condition. We are the only retailers for Coca Cola." Surely the competition authorities in any country would stop that and simply say that that must be against the interests of the consumer. Why are you so relaxed about it? Was it La Liga where we were told that the clubs have the individual rights and they sell them jointly? They all end up with a single monopoly model, as far as I can see. I would have thought a tough competition authority in Brussels would start off with the simple proposition: no way. If I were a competition person I would want to see real competition. I do not see it.

Mr Lowe: You have omitted our emphasis and stipulation in the presentation of the six packages that they have to be the subject of "stand-alone" bidding. There is no conditional bidding allowed. Last time, the primary broadcasters who got the rights bid conditionally. On this occasion, they will have to bid for each of the packages of rights individually. It is the highest bidder for each of those individual packages who gets the rights. There is no question of giving an exclusivity premium. This was extremely important in the decision which we are preparing and extremely important in the way in which for example the French competition authorities attacked a similar decision on the French league. We regard that as a very clear indication of our determination to ensure that competition takes place correctly. What the result is remains to be seen. A lot of people confuse money to football as benefit to consumers.

Q1665 Baroness O'Neill of Bengarve: I am still lagging a little bit in understanding this. First of all, why the magic number six? At one point you said that you were looking at a maximum number of packages. Why is six the number for which you went?

Mr Lowe: When we were first discussing the whole question of how rights should be sold with the Premier League, there were over 300 matches played in the period and they were marketing something like 104 matches. They agreed with us in early 2003 that they should increase that number because maintaining this artificial output restriction could be seen as designed to increase the value of each individual game. That could have some compensating factors but we then agreed with them that 138 matches was a reasonable proportion of matches to be marketed jointly. The question arose as to how many and what kind of packages the 138 matches could be divided up into. The more packages you have the more chance there is that people compete for them in various forms because they fit in with their programming schedules. We then reached the situation where they marketed four packages rather than two as before. Because of the conditional bidding by the major bidder, that major bidder got all the packages last time. The creation of six packages, is a response to the market research which indicates that particularly the free to air broadcasters believe that in their programming schedules 23 live matches, which is broadly speaking one a week, is what they want.

Q1666 Baroness O'Neill of Bengarve: That explains the six.

Mr Lowe: Yes. There are other players in the market who say also that hearing six packages it allows them to bid for three packages individually and get a very substantial proportion of the rights.

Q1667 Baroness O'Neill of Bengarve: There is one well organised bidder who might well bid for five out of six and might get them. Do you regard that as a satisfactory outcome?

Mr Lowe: We have thought very long about the issue as to whether we should be looking at a much higher proportion of the rights which in some senses should be "off-limits" for the major bidder. Our view—and it is the considered view of my Commissioner—is that it is better to have a situation where there are more packages available to be bought under open competition, on a stand alone bidding basis rather than to predetermine the result by, for example, reserving two out of the six packages for a second bidder. The one disadvantage of that kind of solution—also there has been a proposal of a 50/50 split—is that, supposing the dominant bidder bid for 50 and there was no bid for the remaining 50? If there was not a bidder you would have to have all

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sorts of other arrangements for reserve prices to cover the residual amount which had not been bid for already. All the packages of comparable quality will at least allow a second broadcaster to re-enter the market for live TV Premier League which they had not been in for the last 10 years.

Q1668 Baroness O'Neill of Bengarve: I can see that it is an advance but some might say it is a rather small advance. We can see why putting an end to conditional bids is an advance but it is difficult to see why stand alone bidding is going to do much to impede the bidder who would gladly pay again for all six and has the facility in and beyond Europe to use those six very profitably but also has the facility to use five profitably. Why is stand alone going to make it a different outcome or is it just that you felt you could not go very far and at least allowing one of six packages to go to other hands was a gesture in the direction of competition?

Mr Lowe: We are looking for a proportionate solution. The Commission's view at this stage—hopefully it will be the formal Commission view of all of the college of Commissioners—is that in a situation where we are covering 73 per cent of live TV rights and not 100 per cent, in a situation where we have “stand-alone” bidding, in a situation too, where the market has developed such that other broadcasters are now very interested in taking a larger proportion of the rights, we should let the market work out what the outcome is and not predetermine the outcome by a very high percentage for a second bidder, by effectively reserving more than one package for a second bidder. Yes, it is less than what one might think of as a desirable outcome, but the purpose of our intervention is not to determine outcome but to determine process. The process, in our view as a competition authority, should be driven by the market, by people bidding for the rights at a value which is correct. If our research is correct, these rights are valuable and the Premier League is one of the most successful leagues in the European Union. It would be normal that broadcasters alternative to the one you imply also bid at the same rate.

Q1669 Chairman: Did you have the benefit of government ministers giving you advice on the outcome that you wanted prior to your decision?

Mr Lowe: It is fair to say that not just any government minister but virtually every representative of the United Kingdom in any other form has always mentioned the Premier League to any Commission official who is remotely concerned with the case, although they were never clear as to precisely what solution should be found.

Q1670 Chairman: As far as government ministers are concerned, is the answer to that yes?

Mr Lowe: Government ministers have said that the case is important for the UK.

Q1671 Chairman: In what respect?

Mr Lowe: They have not elaborated on it in detail because they were not aware of the details of the case.

Q1672 Chairman: The only thing they said was, “This is important for the UK”, but they could not define how it was important?

Mr Lowe: Correct. I am not talking only about ministers of the Crown but about many representatives of political opinion in the UK.

Q1673 Lord Maxton: I am still a bit concerned about the monopoly thing because the assumption is that it is a monopoly maybe within football but football is one of many sports. My concern is much more with the almost monopoly that Sky have in bidding for a lot of other sports which in some ways is more dangerous than bidding for football. At the end of the day, is not technology going to overtake all this anyway? Manchester United may very well come to a decision that they would rather show all their own games on their own channel or on their websites and wherever and Arsenal and others will do the same and not bother selling the rights at all.

Mr Lowe: To answer that last question, clearly if technology is going to solve the problem we do not need to intervene, but where there is a collective agreement between all the Premier League clubs to sell their rights jointly—which there is from now until the year 2010—we have to do something about it. As to the issue of intervention, the question of what is a monopoly and what is important downstream and upstream of the retail subscription market is a very, very important one. I also said the revenue from pubs and clubs subscriptions was very important for the revenue of football. I do not think, coming back My Lord Chairman to your initial remark, that the intervention here is susceptible of causing any major problem to the revenue stream of football.

Chairman: We are coming into the last few minutes. Lady Howe.

Q1674 Baroness Howe of Idlicote: You have mentioned some of these areas so perhaps we could go quickly, confirming one way or the other. Looking at related Commission decisions in the past, certainly you have brought a number of cases against broadcasters on the grounds of their acquisition of exclusive rights to categories of content, and that is what you have mentioned. Equally, you have said that in the process you have been trying to define the principles against which these decisions are taken. In three particular cases the Commission found against

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European public service broadcasters for their collective acquisition of sports rights that was judged to restrict competition. However, the Premier League is able to collectively sell the rights without a similar adverse effect upon competition—or was in the past anyhow. What are the common principles there which underline the decision?

Mr Lowe: As I mentioned before, the collective selling, if it is not to be anti-competitive, must be delivering some value-added for consumers in some form of an additional service or product for consumers who watch the games or indeed are in receipt of information. In that sense the joint selling of the rights of games within a competition can arguably be said to be offering that value-added. The principle which we have adopted in looking at other cases is to say that where rights of this kind are available, they should be tendered in an open way, in a non-discriminatory way, that if there is exclusivity it should be limited in duration and scope. In respect of the precise solutions in individual cases, in fact the decision which was taken by the Commission against the European Broadcasting Union was a decision taken settling our case for the EBU, but indeed was challenged twice in the courts by private broadcasters

because they believed that the sub-licensing conditions which the EBU placed upon potential users were so restrictive as to be unacceptable, and the European Court of First Instance maintained their objections. For the moment, therefore, we have absolutely no decision of the Commission on EBU. That leads me on to the question what is the right formula for dealing with these situations of joint selling and exclusive purchasing? It could be that in some circumstances we will insist, as we have done with Premier League, on stand-alone bidding plus a “no-single-buyer” rule. But it is conceivable too that one can envisage alternative remedies which comprise an element of compulsory sub-licensing. That is not something which we investigated very extensively with the Premier League, given in fact the lack of interest in that solution from the market itself. **Chairman:** Unless anyone has got any urgent questions, there might be one or two points that we would like to follow-up, if we may, by letter, and it would be very kind if you could respond to that. Thank you very, very much, Mr Lowe, for coming today. You have been very patient with our questions and we are very, very grateful to you. Thank you very much indeed.

Examination of Witness

Witness: LORD CARTER OF COLES, a Member of the House, examined

Q1675 Chairman: Lord Carter, I apologise for keeping you waiting. The position is that we are looking at the BBC in relationship to the charter renewal. We have done one report, there were a number of areas where we were not able to do justice in the first report and one of those was the World Service of the BBC. We have with us, for which many thanks, your review, *Public Diplomacy*. If I could just ask some general questions, you say that this was an independent review. It was staffed by the Foreign Office, as I understand it and read it, it came from a public spending talk between the Foreign Secretary and the Chief Secretary and you, as we know, are a Labour peer close to the Government: how independent is this review?

Lord Carter of Coles: I have done a number of reviews, as you perhaps know. It is very independent, within the confines of trying to produce something which will work, so that is the caveat I would give. I could produce a review which was very fundamental and basic, but was not very helpful; this is meant to be helpful to the administration, if you like, in a non-political sense. I think it is independent and I hope it is taken as such.

Q1676 Chairman: That will work in the context of the Foreign Office and how it can be organised from there.

Lord Carter of Coles: It is more managerial than that, I do not think there is any political dimension to this, it does not really read in that way.

Q1677 Chairman: Who chose the advisers? We are obviously fascinated with what you have to say about the FCO and the British Council, but that is not our area; the World Service is a media organisation and I notice that the only media representative you had as an adviser was the Sports Editor of *The Guardian*. Without in any way decrying that—we are spending a lot of our time on sport at the moment—do you think you would not have benefited from a bit of media experience of the kind that, say, a foreign correspondent like Martin Bell could have provided?

Mr Lowe: It is always difficult putting together a team of advisers, and it is people's willingness to give their time that is often one of the things, so you might have had a wish list of who you would like to get. We looked around, sought advice and talked to various people; possibly, in retrospect, that may be right, but we did not get one.

Q1678 Chairman: You did not find that that was a defect.

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Lord Carter of Coles: No, I have to say that we did not find that hampering at all. We consulted a wide range of people, we had some very good advice and we got good advice from people who were not actually serving as advisers to the committee. We were very well served by them in every respect.

Q1679 Chairman: The report itself is called *Public Diplomacy*, but as you say on page 25, as I read it, "Public diplomacy is arguably not the primary objective of the World Service . . ." That is right, is it not, it is not the primary objective of the World Service, the job of the World Service is to report independently and objectively what is going on around the world, but not just that, to be seen to be doing that?

Lord Carter of Coles: That is absolutely right. It is the trust factor that makes it valuable in public diplomacy. When I was first asked to do this review I spent a lot of time looking back over the history of the BBC; one of the things that strikes you, if you look particularly at the Second World War and how these things were reviewed afterwards, was the fact that they reported with integrity in good times and bad, that they always reported the truth. For me that was a fundamental guiding principle of that, that that had to be maintained, and from that comes the reputation of the BBC and then the reputation of Britain, based upon that reporting truth.

Q1680 Chairman: What concerns me is whether it is possible to have your concept of public diplomacy and independent reporting standing side by side. The Review Team recommends the definition of public diplomacy as "work aiming to inform and engage individuals and organisations overseas in order to improve understanding of and influence for the United Kingdom in a manner consistent with governmental medium and long term goals." No media organisation I have ever worked for quite has that as a shield over the board table.

Lord Carter of Coles: To me this is probably the most interesting point in the whole review. On the one hand you have got public money, you have got £225 million of public money, and on the other hand you have the absolute necessity to preserve the independence of the BBC. How do you balance those two things? Government is accountable to Parliament, it has to come and explain how it has spent the money; to be able to say we will just give the money and there is no accountability is a difficult position, so it is trying to keep that balance, to keep the editorial independence and integrity of the thing but at the same time actually be accountable.

Q1681 Chairman: We all agree it is a difficult balance, but you do not feel that putting it under, for example, a Public Diplomacy Board or having a Public Diplomacy Board involved actually gives the appearance to the outside world that the World Service has ceased to become an entirely independent service?

Lord Carter of Coles: There is already a Public Diplomacy Strategy Board and that has worked for some time; I do not think there has been any negative effect in perception terms in the world because of that. No, I do not think that is the case.

Chairman: Thank you. Lady O'Neill.

Q1682 Baroness O'Neill of Bengarve: In many formulations you speak about Government medium and long term goals, and I think there was a time when a document on public diplomacy would have talked about the long term goals and interests of the United Kingdom, but not of the Government. I found this a curious transition between public diplomacy and then government policy in the medium and long term. Was that intentional? If so, what were the reasons behind it?

Lord Carter of Coles: I do not want to stray into a constitutional point, but the sense is that it is a question of accountability for the money for Ministers is the line I was going down, and therefore the accountability to Parliament is Government and that is the way the reporting line in simple terms for me goes. That is why I expressed it in that way.

Q1683 Baroness O'Neill of Bengarve: What I would have expected would be a statement of accountability for the long term interests, perception, influence of the United Kingdom rather than the long term perception and influence of the Government of the day in the United Kingdom. This seems to me actually quite constitutionally fundamental and fully compatible with serious lines of accountability. It is something that for me jars repeatedly in that.

Lord Carter of Coles: Possibly we would have a different view, but to my understanding the Government is accountable for the money. I am following the money argument more than anything else, the accountability for the £225 million, how does it go and if this money is properly spent or it has to go to the PAC to be explained or whatever. That is the line it will travel down, so in a sense the Government is accountable for those policies in the long term.

Q1684 Baroness O'Neill of Bengarve: That is a different accountability, that is accountability of the Government for what it does, whereas this appears to be, in public diplomacy, being held accountable to the Government for pursuing its long term goals.

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The Government is the representative of the United Kingdom at a time, but not for all time, so this is a curious addition in my mind.

Lord Carter of Coles: Obviously, I take a slightly different view and think that that is the line of accountability. At any one moment in time we have a Government to be accountable and there is not anybody else. It is that accountability I was highlighting.

Q1685 Chairman: Are you saying the two mean the same, the Government and the United Kingdom in the way that you are looking at it?

Lord Carter of Coles: Yes, at that moment.

Chairman: Thank you. Lord King.

Q1686 Lord King of Bridgwater: Did you give any consideration that the Board should not be chaired by a minister?

Lord Carter of Coles: Yes. We discussed that at some length and why we came down on the balance for having a minister chairing it was again back to this question actually of accountability, that it was better to have somebody there who was in the driving seat and clearly accountable. It was something we discussed for a long time.

Q1687 Lord King of Bridgwater: You have the BBC World Service of course and you have the BBC with £3 billion worth of public money from the citizen. No minister ever runs the strategic board for the BBC.

Lord Carter of Coles: That is correct, but this is from separate funds, this is Foreign Office money which is actually given to the Foreign Office by the Treasury for the pursuit of the financing—

Q1688 Lord King of Bridgwater: That is an embarrassment because the great strength of the BBC is it can claim that it is totally independent and it is objective. This is not party political, it is about the political government of the day and that is its great strength, and that is why it is widely admired around the world. It seems to me that we are actually reinforcing a suggestion that a minister should tighten up on what you state is really a managerial solution, tighten up on that and put a minister in charge. If the minister is responsible for the administration of the money ultimately, as you say accountable, then he who pays the piper is deemed to receive; if something goes wrong and if there are objections to the view the BBC has taken, very quickly it will be attributed to the fact that there is political intervention.

Lord Carter of Coles: I would hope that would not be the case, it is certainly not the intention.

Q1689 Lord King of Bridgwater: I am sure it is not the intention.

Lord Carter of Coles: It is something that I can see. I can see having a board which questions things, but I cannot actually see how it would intervene.

Chairman: I would like to bring Lord Armstrong in because we are slightly straying into his bailiwick at the moment.

Q1690 Lord Armstrong of Iminster: It is really following on the point that Lord King was making. Having this board, chaired by a minister, and having the BBC World Service sitting on the board with full membership—is there not a great danger of that prejudicing the independence of the World Service? They will be sitting there on the board, chaired by a minister, much less able to assert and maintain its independence and its freedom from pressure from the Government than it is under the present arrangements. Why do we not have an arrangement whereby the minister is accountable to Parliament for the amount of money it grants to the BBC World Service but the BBC World Service is then accountable as an independent body for the way it spends that money, whether it is to the National Audit Office or whether it is direct to the minister. This seems to be a strange extra wheel on the coach. It is not clear to me how the concept of the board fits in with the concept of independence of the World Service if you have the FCO as chairman of the board and the BBC World Service sitting as a member of the board, not summoned to talk to it or to observe or anything, but actually as a member.

Lord Carter of Coles: Actually, if I may, the proposal is that they are observers. We discussed this with the BBC and the BBC made that point and we accepted it totally, that they should be observers in fact and enjoy that status so they could be there to share and discuss the strategy but they were not actually in any way bound by the board.

Q1691 Lord Armstrong of Iminster: They are not bound by the board?

Lord Carter of Coles: No, absolutely not, that is why they are there as observers, to deal with that point.

Q1692 Chairman: What does an observer mean? If I turn up as an observer to a board, what do I do? I do not talk unless I am spoken to or what?

Lord Carter of Coles: It depends how the chairman wants to run it, My Lord Chairman. The whole purpose of the board and really my main thrust of the report is that there should be more joining up strategically, there should be some better alignment of priorities; I think, frankly, everybody agreed with that. That is something which came from the World Service and this is a further step in that. The way I

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see this happening is that the BBC would come to the board, they would make a point, somebody would discuss whether or not to increase resources going into the Arab World, into Iraq or somewhere like that, and if the British Council was going to be doing more, the World Service would discuss whether it would be and the FCO would be talking about it, how do we actually gather together our resources, and so we have the benefit of leveraging them collectively as opposed to doing it separately. That is the purpose.

Q1693 Lord Peston: Just a little clarification because I really was surprised by your answer to Lady O'Neill in particular, but also to Lord King. In the sentence we have got before us, where you refer to "in order to improve understanding of and influence for the United Kingdom ..." it seems to me that there can be no argument about that as an objective, but you add on "in a manner consistent with ..." If you were to ask some of us we would say the BBC using public money to improve understanding and influence of the United Kingdom is precisely through its independence. The moment you add "in a manner consistent with ..." you are actually contradicting yourself, and that is what you did not seem to me to deal with when you were answering Lady O'Neill and, for that matter, Lord King. It would seem to me again on the board that the one thing the Government should say to itself is we had better not chair that board, rather the other way round. Can you clarify that?

Lord Carter of Coles: The issues really for me I suppose were where, how, what? The what, the BBC says, is guaranteed absolutely editorial independence, nobody has ever questioned that. The question of where, in other words which countries they put their resources into is something which is a bona fide reason for discussion with the FCO and the prioritisation which has to be done in that way. The question also of how, to whom if you like—in other words are we going to deal with this through radio or through television, are we going to do it through the internet or other electronic media—that is a discussion which it is quite proper that the FCO should hold with the BBC or, in similar terms, with the British Council. There is an important difference between the absolute freedom of the BBC to say what it wishes to say, but the point about the rest of it is to have a discussion about those other two points.

Q1694 Baroness Howe of Idlicote: Returning, if I may, to the definition of diplomacy that you gave, and obviously explaining it all to be within the editorial situation, when you were actually looking at this situation were you in any way concerned that

the FCO had either too much or too little influence in the role they play?

Lord Carter of Coles: Yes to both, and I will explain why. In terms of strategic influence, first of all, probably too little in the sense of discussing with its partners where the resources should be deployed; in terms of anything to do with content, none at all. I could not find anywhere that the FCO had actually tried with the BBC to influence content at all, so there was none there but too little in terms of actually giving a clear and strategic role to which countries and particularly which media were important.

Q1695 Baroness Howe of Idlicote: You would not have regarded that as too much interference?

Lord Carter of Coles: No. Inevitably, the BBC is a strong organisation after all and it is strong enough to engage in a debate with the FCO. It has done so continuously, has held its corner and has done extremely well, and I think the way it is set up is designed to do that. It works very well in that sense.

Q1696 Chairman: You have said we should gather together our resources and look at a particular area. That does seem to indicate that you regard the World Service as one part of the resource that the Government can put in a particular area.

Lord Carter of Coles: It is interesting, but I am not sure the BBC's interests and the Government's are dissimilar. If we look at the move by the BBC into Arab television, it would seem that the interests of the BBC and the interests of the Government are synonymous and so they have acted together in that sense. The money does come from the Treasury to the FCO with the intent of improving the image of Britain in various places, and it is important to understand whether the money is being spent to deliver what we are setting out to deliver, which is a positive perception of this country. If you are looking, for example, at a country like Pakistan, I think it is important to understand which things are working well from the £600 million we spend on public diplomacy. It may well be, for instance, that the BBC spend is particularly effective and more resources should be given to the BBC for that particular country. That is the sort of direction in which I was trying to take this, so it is about resources backing up things that work.

Q1697 Chairman: It also has something to do with reputation, does it not, as well? The World Service has a reputation—you mentioned at one stage at page 28, the Voice of America. I would have thought there is a big contrast, frankly, between the BBC World Service and the Voice of America in as much as the BBC speaks with authority. It is really

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the ability to cover news objectively from which Britain, I suppose, might get some advantage.

Lord Carter of Coles: That is absolutely right. If you just look at the trust ratings between Voice of America and the BBC it is absolutely clear the great benefit we have got. I think the only country I could see where the trust ratings were similar was Indonesia, and all foreign broadcasters into Russia where the trust ratings were the same.

Q1698 *Bishop of Manchester:* Just exploring a little bit further and looking at the issue of China, the fact is as we know that China constantly jams any broadcasts which come from this country, and we have no idea when that may alter if it ever will alter. Were you satisfied though that the BBC has got the kind of preparedness in terms of back-up technologically and financially to be able to get fast into that market if the situation arose that such broadcasting was available, or would there be a bit of a vacuum which might enable other broadcasters to get in?

Lord Carter of Coles: It is interesting in China. There has been a proliferation of satellites going in where people are picking up the BBC, though it is probably not recognised by the authorities, and I think there are 2000 TV stations in China which may provide some way to do this. The example of Iraq is a very good one for the BBC, who actually did manage to get into Iraq very, very quickly and to actually be a very positive force in that country. They can respond but I think China, with 2000 TV stations, would be a very big and difficult market and the jamming is set to continue, both in terms of TV and of course on the internet. They do seem to have the most efficient firewalls in the world.

Q1699 *Bishop of Manchester:* Given the influence of China in that whole area, to be able to get in there one day would presumably be a very good example of the BBC and the United Kingdom Government working together.

Lord Carter of Coles: Absolutely, that is very important, but it is also interesting that the BBC on the other hand has not discontinued its Japanese service some years ago. It is this point of continual reprioritisation.

Q1700 *Chairman:* It also matters does it not that if the Foreign Office was to say our priority was to get better relations with China—which it might well say—would it then be legitimate for the Foreign Office to say to the BBC World Service we are having a bit of trouble with your reports out there, would you mind modifying them? Would that be legitimate or not?

Lord Carter of Coles: I should think there would be a constitutional crisis.

Chairman: I am glad you replied in that way. Let us go to Lord Maxton.

Q1701 *Lord Maxton:* I would like to switch a little bit to the governance of the World Service within the BBC itself where there is of course the Governors' World Service and Global News Consultative Group. You are not quite critical of it in the review, but you believe it is (a) too small, do you, and (b) that it does not seem to have any input really into decision-making, it is an advisory body. Would you like to see it beefed up?

Lord Carter of Coles: Yes, I think so. It meets twice a year as I understand it—

Q1702 *Lord Maxton:* It is entirely made up of governors, is it?

Lord Carter of Coles: No, it is not, it is actually made up of outsiders. They commission work and then review it at the second meeting, so it is infrequent and it did not seem to me to be one thing or the other in governance terms. The sense, I hope, from the report is that we would like to see that strengthened to offer more input.

Q1703 *Lord Maxton:* How would you like to see it evolve? What should happen?

Lord Carter of Coles: First of all I am not sure how transparent it is and with the coming of FOI these things are going to be accessible to people anyway and the questions it asks should be a matter of public record and available, and the whole discussion going on within the World Service about what its priorities should be. I see this body as quite important to that.

Lord Maxton: That almost leads you into the next group which is about where the World Service goes next, but that is for someone else.

Q1704 *Baroness Gibson of Market Rasen:* I notice in your report that you state that the Review Team questioned whether a radio service in 43 languages was still relevant. What was your personal view about this in relation to the existing services and how has the BBC World Service responded to your proposals that there should be a continuous review on a country by country basis to make the case for funding for each service, which seems to put a much bigger onus on the BBC than previously?

Lord Carter of Coles: Starting with the fact that resources are finite, I would come from the position of how would you prioritise this. We were obviously working on the review and talking to the BBC before their announcement in October of the reduction in the number of stations. My own sense was that the money could be better deployed elsewhere; I did not have a specific view about which services should or should not be continued, I think

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that is for the BBC to discuss with the FCO, but I suppose you could argue that post the Cold War the shortwave service in Czech probably was not the best way to spend the money and we should spend that somewhere else. That is the constant thing for me, it is the continual reprioritisation because if we look back 20 years the BBC was broadcasting on shortwave into Eastern Europe with a very specific aim, 10 years ago we were actually in a sense in a transition with the accession countries of Eastern Europe, it was a different message, and going forward from there who knows, 10 years on. The case for broadcasting in the sense of the recipient countries has changed and, secondly, the technology has changed and we have the question of whether we put more into TV or in fact into electronic media, so we have such a dynamic situation, that is why I was making a recommendation that this thing should be continually under review by the BBC, and it is for them to do this.

Q1705 Baroness Gibson of Market Rasen: Can I ask you a little bit more then about the actual continuous review. Are you thinking of every year or every five years?

Lord Carter of Coles: Probably every two years, but looking at it I think the wave of information leads us to the question of how do you rate success of the BBC? Is it by audience numbers, is it by the segments of the people you are trying to reach, the target audience, or what? That needs to be clear and then in the case, for instance, of services to Thailand, it was clear that the service was declining rapidly, people were not listening to it, so it seemed to self-present if you wanted to reprioritise. I think the BBC will just continuously look at it in some way. It is not a matter of every week, but presumably every year as they come through their budgetary cycle they look at it and say is that a good place to spend money this year? If for three years you get declining audience numbers and it is not explicable or reversible, then probably it would lead to a question whether that should continue.

The Committee suspended from 17.06 pm to 17.16 pm for a division in the House

Q1706 Baroness Howe of Idlicote: I wanted to follow up with a question on the decision that the BBC ultimately makes about exiting from 43 countries. I just wondered to what extent in the representations the Government must be making they dwell a little on their own inclusiveness programme because of course there are people who would be listening to the BBC in areas like Thailand, for example, only able to understand it in their own language, who would be disadvantaged. Therefore, how much weight really would be given to that?

Lord Carter of Coles: It is very difficult to get that balance, and if you are trying to get an objective measurement of that it really comes to the point—as in the case of Thailand where it was declining so steadily—where you say if that trend is going to continue and we cannot reverse it, we should stop. It is very interesting to look at the Voice of America who actually made the same reprioritisation three years before. I do not know whether it was less consultative, but it was certainly quicker.

Q1707 Baroness Howe of Idlicote: Obviously, the lack of being able to access “independent” news or information would perhaps have greater priority for somewhere like China because there are other reasons, but nevertheless that particular aspect must have some weight, though not a huge amount.

Lord Carter of Coles: That is where the internet becomes important because that is not country-specific. Although there is a language issue, at least actually you can get access to those services, and I suspect that is the way it might go.

Q1708 Lord Kalms: Lord Carter, it is not entirely within the remit of your committee but I wanted to raise the issue of Arabic language television because you have made several comments and it seems to me that there is a fair amount of ambivalence about your own comments—I think you were being tentative. We have had quite a lot of discussions around this table with others who were talking about setting up the service, and one of the conclusions was that it might be substantially underfunded and there were many doubts expressed about this whole venture, including who is going to fund it and the Government saying if they wanted the money they would find it from somewhere else. I thought you might just expand a little bit on this service. How do you judge this? This is potentially a very important enterprise by the World Service and/or dangerous.

Lord Carter of Coles: It is important and I agree it is dangerous because it is the first step into foreign language TV and therefore it is important to get it right. In terms of success, I think that actually delivering it on time to the budget they have got at the beginning is probably quite an important starting point, and the second point is to get the audiences that they are setting out to get. They have made statements about how many people they expect to see it—I cannot recollect what it is and on what basis—and they have made very clear indications that they are prepared to be measured against. The most important thing, probably, to get back to the original point, would be the integrity of how they are perceived in the Middle East. They would be the three measures but how those trust ratings come through in this difficult situation

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would be the most critical. On the funding point, when we looked at this of course comparative funding for other stations like Al-Jazeera, or CNN, or whatever, it means that they look better funded, but of course this is a marginal cost to the BBC, they already have news-gathering systems et cetera and those things can flow through into this which makes them well-placed to do it. My own sense is to monitor it very closely and see how it goes in the first period, and see then what sort of audiences they get and whether consideration should be given to extending it to 24 hours; 12 hours is a very good place to start, the BBC feel it is adequately funded, and they are not going to come forward with an impoverished service they are going to come forward with something which is competitive and I think it stands a very good chance. But it is a crowded space and the dominance of Al-Jazeera is obviously well-established. It does not seem as if the American Alhurra has done particularly well, but that may be for content reasons and not for any other reasons or independence reasons.

Q1709 Bishop of Manchester: Are there any projections about potential audiences?

Lord Carter of Coles: Yes, I think there are. They did say what they are aiming for and perhaps I could come back to you on that. I think they are aiming for 30 million people a week within five years—it is quite ambitious.

Q1710 Chairman: You really think that the budget they have been given is an adequate budget?

Lord Carter of Coles: Their feeling is that they were prepared to start on that and felt they could actually meet the criteria and that audience, so on that basis, yes, given that it is marginal cost. If they were having to set up a whole news-gathering organisation—

Q1711 Chairman: But you do have to translate everything, do you not? We have already had evidence which pointed out that the cost of this is not insubstantial.

Lord Carter of Coles: That is absolutely true, that is a cost, but I do not have any idea what that specifically would be.

Chairman: Thank you. Lady Bonham-Carter.

Q1712 Baroness Bonham-Carter of Yarnbury: Picking up on that, I am not sure quite how marginal it is. Television is very different from radio, much more expensive, and also this is not just about using foreign correspondents who feed into the rest of the BBC because we are talking about providing Arabic speakers and so on, so I wonder how marginal the cost is. In your report you said that you thought the BBC World Service was very slow

in moving resources out of Europe into key regions in the Middle East. How do you think that could be improved in the future—in part picking up on the Bishop of Manchester's point about identifying China? You also talk about the need for the World Service to move from radio more into television—which I agree, having come back from Morocco and seen all the satellite dishes—and that does seem to me to imply the need for a lot more resource. Where is that going to come from?

Lord Carter of Coles: That is always the question for TV. The reprioritisation, if you look at it, Voice of America was quicker; it made a policy decision that it would stop broadcasting in the native language to Eastern Europe and the BBC's numbers are, with the sort of savings they have got out of that, around £30 million a year. Looking at it simplistically, had we stopped doing it three years ago we would have had £100 million to spend on something of greater significance, so I do think there is a need to be really quick off the mark in reprioritisation, it is a very dynamic thing and you need to keep looking at it. On the question of BBC World, the strength of the BBC brand is so powerful and with the reliance of the world if you like on TV an English language TV station is of great value. What it should be I do not think I have a clear view on, but clearly we need to be in that space. If you look at the sort of standing it is held in where it does go through, people rely on it, people do like it as a service. Whether it is good enough is a separate issue.

Q1713 Baroness Bonham-Carter of Yarnbury: When you talk about further foreign language television services, you are talking about using BBC World television.

Lord Carter of Coles: BBC World is just English and I think that will always remain English, that is the way it is organised within the BBC. For further foreign language TV stations there are various options. The Americans have looked at Urdu and Persian, they have given some thought to that, and if the BBC saw that the Arab station worked very well they would have to give consideration to extending that, but I think one step at a time probably, you prove one point and then go on from there.

Q1714 Baroness Bonham-Carter of Yarnbury: Going back to the answer to the first question as to how to speed up the BBC World Service's decisions about moving its resources around, I was not absolutely clear as to who you thought should be doing that.

Lord Carter of Coles: It is the BBC that should be doing that, but they should be asked a question in terms of their accountability down the chain, what are your priorities? Are you making these decisions

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quickly enough? It is really just the accountability, I think they should make the decision and they should be pressed to do it speedily.

Q1715 Lord Maxton: You yourself mentioned the internet and broadband technologies and we have considered them as well, but to some extent do not the broadband and, probably more importantly mobile, wireless technology, to some extent make all of this, introducing television services, rather irrelevant? Certainly it is in China; you can put a firewall up against any form of landline but you cannot put a firewall up against wireless technology, so they should be into China and the Chinese should be able to get it. Is that not the future and is that not the way to go, and the BBC website is where we should be looking to see how we develop?

Lord Carter of Coles: The BBC has got this tri-media strategy which I think is right. If you look back over 20 years, the BBC has successfully migrated away from shortwave radio, but if you look at communication patterns, the growth of FM radio and drive time radio in the United States and drive time radio in developed countries, I do not think it is a market you cannot be in if you want to communicate and reach the population. That is the distinct segment which I think will remain. TV is important, particularly in developing countries where you have got media fragmentation but the way in which television is watched still lends itself to investment in TV. As the thing develops and looking forward 20 years from now, significant resources will have to be going into the internet because with broadband growth and the growth of mobile phones, how people receive information, it is there. The BBC has done a very good job on that; if you go and talk to other governments about how they perceive us as a competitor in this area, people are

quite envious about what the BBC has managed to do in electronic technology.

Q1716 Lord Maxton: The great beauty of the internet as opposed to television or radio is its ability to link, but it brings us back almost to the question where we started and the Government's ability to influence in a way the World Service, because if in fact the BBC website has a story and says you can link to 10 Downing Street and watch the Prime Minister talk about this, is that not maybe defeating the purpose of the World Service?

Lord Carter of Coles: It is up to them to decide that, they must make that decision. If they think that is good news reporting I presume they should be allowed to do that.

Q1717 Lord Maxton: I think that a great strength of the internet is this ability to link from one across to different things—it will give you more news, more ideas, more thoughts on different subjects, that sort of thing.

Lord Carter of Coles: The great strength of the BBC is content. What the internet is about is content and the BBC has got historically some of if not the greatest content in the world. That is what gives us this wonderful position and the coming of the internet actually gives us a real chance to leverage that.

Q1718 Chairman: That sounds like an extremely good point to actually bring this to an end unless any of my colleagues have further questions. Lord Carter, thank you very much for making the report available to us and thank you very much for the manner in which you answered our questions. Perhaps if we have any other points we could write to you.

Lord Carter of Coles: Of course. Thank you, My Lord Chairman.

Chairman: Thank you.

 WEDNESDAY 11 JANUARY 2006

Present	Armstrong of Ilminster, L	Kalms, L
	Bonham-Carter of Yarnbury, B	Manchester, Bp of
	Fowler, L (Chairman)	Maxton, L
	Gibson of Market Rasen, B	O'Neill of Bengarve, B
	Howe of Idlicote, B	Peston, L

Examination of Witnesses

Witnesses: PROFESSOR MARTIN CAVE, University of Warwick, and DR DAVID CLEEVELY, Chairman, Analysys, examined.

Q1719 Chairman: Professor Cave and Dr Cleevely, welcome. You will know that we have already produced one report and we are now producing another. One thing we are interested in is very much this issue of spectrum. We have known for some time that you, Professor Martin Cave, were coming. Dr Cleevely, I think you are a fairly recent addition to the cast list.

Dr Cleevely: I think you can put that down to me not responding to emails.

Q1720 Chairman: I have great sympathy. We have your biography, so we will not ask you to repeat that. Professor Cave, obviously we have your report. Could you explain why you were asked to make this report in the first place?

Professor Cave: Certainly. I have in fact done two reports: one in 2002 was a general review of spectrum strategy for the UK, which covered the whole range of spectrum use, both public sector and private sector; the second report, which the Treasury commissioned at the end of 2004, was specifically to address the question of what could be done to improve the efficiency of spectrum employed for public purposes. It was characterised as an audit of major spectrum holdings, up to 15 GHz, which includes the most valuable spectrum. In fact, a large part of that is used by organisations such as the Ministry of Defence and the Civil Aviation Authority for public purposes. There was a focus upon that. As you may know, it specifically excluded broadcasting, which had been dealt with by other means. I think the concern behind it was that whereas, as far as private spectrum users are concerned—mobile phone operators and people of that kind—they have a strong incentive to use their spectrum efficiently because they have had to pay for it in many cases, and ordinary commercial pressures impose a kind of operational discipline on the way in which it is used, on the other hand, with the public sector, a lot of the spectrum is just allocated free of charge for them to use; therefore, they have an incentive to ask for a lot of it and they have a further incentive not to give any up if they do not necessarily need it to use it very

intensively in the future. So the question then becomes: how do you try to challenge their holdings of spectrum and how can you introduce a regime which imposes some kind of financial discipline upon them which actually gives them a continuing incentive to cut back on their spectrum use and return unwanted spectrum.

Q1721 Chairman: That is very clear. I am always very suspicious when I hear that the Treasury want to set up a review to improve efficiency. It always seems to me that that might be another way of saying raising money.

Professor Cave: I am not really in a position to do anything except take their motives and their remit at face value. I must say that personally I have always regarded it as a huge mistake to use spectrum as a way of raising money, just simply because in order to raise the money you have to restrict its use, and by restricting its use, you are depriving consumers of lots of benefits. I have always been very strongly opposed to that particular approach. Indeed, I believe it is contrary to European legislation to do that, although identifying what is happening is of course rather difficult.

Q1722 Chairman: You say, as of course we knew, that broadcasting was excluded from your review. Why was that?

Professor Cave: Most of the focus of the work was on public sector, unexplored aspects of spectrum use, particularly involving the Ministry of Defence. It was, to a considerable extent, pretty virgin territory as far as investigations of this kind are concerned. There may have been a feeling that it was quite a big pay-off to making a start with drilling down into those areas. On the other hand, the broadcasting issues have been subject to very considerable debate following my earlier report and the Government's response to it, which allowed it to introduce spectrum charging for broadcasting under certain conditions. No doubt, there was a feeling that quite a lot of work had been done on that and, moreover, we had now got to the stage where analogue switch-off was being

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imminently decided. Presumably any advice that I could give them on this rather difficult issue was superfluous. I think that is why it as not included.

Q1723 Chairman: Explain to us for the purposes of the minutes of our report the importance of radio frequency spectrum for broadcasting.

Professor Cave: It used to be of absolutely fundamental importance because in the world before 1980 all telephone calls went on wires and all broadcasting went over the airways. What we have seen since then is the development of a range of multi-purpose platforms, which are capable of providing services, such as telecommunications services and broadcast services, some of them wireless and some of them using wired methods. As a consequence, we now have a much greater degree of choice over how broadcasting services should be delivered to households. You can obviously rely upon analogue terrestrial transmission or digital terrestrial transmission or satellite, which uses much higher frequencies. Obviously all of these are spectrum using technologies. Then, in addition, there are cable TV networks, and also increasingly the use of a telecommunications network upgraded to provide broadband services, which is capable of providing video on demand. In a sense, the importance of spectrum for broadcasting has diminished to some degree by the introduction of these other alternatives but that, of course, makes it particularly important that we devise ways in which pressure can be put upon people providing communication services to provide those in the right way. There are some services which have to be provided using spectrum, like mobile communications. There are many services like broadcasting where you actually have a choice. In a sense, the introduction of these degrees of freedom and the existence of these multiple platforms makes the issue of spectrum management much more difficult and it is much more important to get it right, just simply because the demand for spectrum has increased in so many different ways.

Q1724 Chairman: Dr Cleevely, have you anything to add to that?

Dr Cleevely: No, not really; I think I would agree with Martin on this but say in particular that there is enormous economic potential value, not in the sense that you were talking about with the Treasury, in spectrum. It is a significantly under-exploited resource, both for broadcasters and for other potential users of spectrum. It is very important that over the next 10 or 20 years, in a world where we are talking about broadcasting that is going to move to multiple platforms, we get the economic incentives correct so that then people can take the right kinds of decisions and innovation can take place. That is where we are going to create the greatest amount of

economic growth and the greatest benefit for the people of the United Kingdom.

Q1725 Lord Armstrong of Iliminster: As I understand it, the spectrum is the property of the Government. I believe our access to it is controlled by international agreement. I would be grateful if you could confirm that. The other question is: to whom is the BBC now accountable for its use of spectrum? Is there any process by which their use of it is reviewed and justified?

Professor Cave: I will try to deal with those points in order. I think there still may be some residual uncertainty about precisely to whom the spectrum belongs. Clearly it belongs in the Government camp, or it is to be disposed of by government. The Government has committed itself through a United Nations treaty-based organisation, the International Telecommunication Union, to respect certain rules concerning the use of spectrum. Broadly speaking, these rules say that particular tranches of spectrum under this international treaty should be used for particular very broadly defined purposes, such as broadcasting or telecommunications or things of that kind. That does not, however, necessarily impose very strong restrictions on what happens within the United Kingdom. It obviously leaves it open within the United Kingdom for the Government to assign spectrum to particular firms and organisation in order to fulfil the very general functions which are set out in the international treaty. As far as the BBC is concerned, I think I am right in saying that the BBC holds a wireless telegraphy licence, which permits it to have access to spectrum. That spectrum is, to a large extent, planned by the BBC in conjunction with the Radiocommunications Agency previously and subsequently Ofcom, and decisions are made in conjunction with other broadcasters about how precisely spectrum should be used in order to maximise broadcasting efficiency.

Q1726 Baroness Bonham-Carter of Yarnbury: Pursuing the questions from a point of real ignorance, you mention the fact that cable does not use spectrum. Is that correct?

Professor Cave: That is broadly correct. It is a wire-based technology

Q1727 Baroness Bonham-Carter of Yarnbury: Who owns/controls the cable access to channels?

Professor Cave: Companies like Telewest and NTL hold franchises to run cable networks and then they decide which channels they want to admit to those cable networks.

Q1728 Baroness Bonham-Carter of Yarnbury: Is there an infinite number of potential channels?

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Professor Cave: No. They would have something of the order of 250 channels on an upgraded cable system, whereas of course the limitations for DTT are in a 50 to 60 level at the moment, depending upon technological developments, whereas satellite is 500 plus, very large numbers.

Q1729 Baroness Bonham-Carter of Yarnbury: Is the fact that spectrum is so important because the Government has decided to do analogue switch-off and the BBC and so on will be using spectrum?

Professor Cave: As I have said, spectrum has traditionally been the foundation of all broadcasting. Twenty years ago, just about every broadcast was delivered by spectrum. What has happened now is that people have moved, first of all, to other frequencies, which are satellite frequencies, so we have both terrestrial and satellite delivery using spectrum, and also both cable companies and telecommunications companies like BT are now capable of delivering broadcast services to homes using wire5 rather than using spectrum.

Q1730 Baroness Bonham-Carter of Yarnbury: The television channels could pursue an alternative way of getting channels, other than through spectrum?

Professor Cave: Yes, they certainly can but, of course, whereas satellite is available to just about everybody, even though only about 10 million households take it up, cable networks are only available to two-thirds of the population of the country and have a relatively low take-up level. Analogue terrestrial and in the future digital terrestrial will be available universally. If you want to get through to everybody, the simplest way of doing it is by getting on those platforms.

Q1731 Lord Maxton: I am not contradicting you because you are the expert and I am not, very far from it. ADSL and DSL technologies surely are potentially available to anybody who has a telephone line and that, in theory, particularly in terms of some experiments actually being done by some companies in London, is already being done and they are providing television services down the line. Does that not mean that basically potentially everybody can get broadcasting without using spectrum?

Professor Cave: Yes, that is certainly true but the number of subscribers to broadband in the UK at present is, say, 25 per cent of the population. If you actually have a channel and you wanted to make it available via ADSL only, then you would have a limited clientele. I believe there are also some doubts about the capacity of DSL to deliver broadcasts to those who are located some distance from the exchange.

Q1732 Lord Maxton: Is not that the mistake that we made in this country and in other countries they have not made in not ensuring that the country is properly cabled to take this sort of television?

Professor Cave: I think that is a very difficult question to answer because the costs of going snap on a particular technology at any particular point in time and of laying down a permanent universal infrastructure are very considerable indeed. It is very nice once you have done it because you have it; on the other hand, it may turn out to be a bit of a white elephant.

Q1733 Lord Maxton: Countries like South Korea and Japan have done it and it has been very successful in terms of providing television by a different route. I see Dr Cleevely nodding.

Dr Cleevely: Steam will come out of my ears presently, if I am not careful!

Q1734 Chairman: You may come in at any stage. Do not wait to be asked.

Dr Cleevely: On the issue that was first raised, which was about whether you can use spectrum or whether you can use cable, Martin has been quite correct in talking about the "as is". My view will differ from Martin's because I will not talk about the "as is" but what might happen over the next 10 to 20 years. What you will see over the next 10 or 20 years is what is already happening -as you say- in Japan and South Korea. You can get far more capacity: hundreds and thousands, if not millions, of channels, if you wanted to, over wire line or optical fibre systems. If you actually do the calculations over a greenfield site for the UK, economically that has now started to make a great deal of sense. You have to ask yourself: why are we still broadcasting? The answer is that we still have satellites flying around in the sky and we still have people with television transmitters. What we are actually looking at is the period of transition from a point where most of this stuff goes over the radio waves and is broadcast, to a position where the vast majority will be accessed by cable systems because ultimately they are economically a great deal more efficient. Indeed, you can change the way in which you access the broadcast channel. In fact, broadcasting over the next 10 to 20 years might start to look rather antique; to be honest, because if I want to watch something, I want to watch it now. I can do that off a personal video recorder, if that is what I want to do, but it is a lot more convenient if the supplier, as in Japan for example, simply allows me to watch whichever programme I want to at whichever time. Broadcasting is an incredibly inefficient and wasteful way of doing that. It is much more cost-effective to do that using other wireless systems.

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Q1735 Chairman: Why is it inefficient and wasteful?

Dr Cleevely: That is because, as Martin has said, for example with satellite, you are broadcasting to the whole of the United Kingdom but only 10 million households take it up. In the meantime, satellites are using as much spectrum as the military do, below 15 GHz. There is a lot of fuss made about the military using a great deal of spectrum. I declare an interest in that of course. You have to understand that you are now broadcasting huge amounts of data for large amounts of people, many of whom do not necessarily want it. Where you have such a huge amount of information being broadcast, it is probably better to start to build systems that are directed to the people who actually want that, as opposed to just about anybody who could receive it.

Q1736 Lord Armstrong of Ilminster: The underling base of this is that the spectrum is a finite resource and the wire systems are infinite.

Dr Cleevely: Yes, almost, but spectrum is not a finite resource. Let me justify that very unexpected statement on the following grounds. If I have a transmitter that is covering 10 or 100 square kilometres of territory, then I need a certain amount of bandwidth to transmit a certain amount of information. But if I have a transmitter that is covering 100 square metres, I can use the same bandwidth to transfer the same information and a few hundred metres away I can re-use that spectrum. Just in the same way as mobile telephony chops up the territory into smaller and smaller pieces in order to be able to carry more and more traffic in the same amount of spectrum, we could continue to do that with broadcasting and any other use of the radio spectrum. It is a very simple piece of arithmetic to do a calculation to demonstrate that for 2 GHz, (and the audit that Martin did was for 15 GHz from 0 to 15 - not quite 0 of course), you could give everybody in this country 100 megabits per second quite economically; 100 megabits per second translates into several simultaneous high definition TV channels, plus all the mobile telephony they want, plus all the internet access they want. Of course "infinite" is a word that is used with precision by mathematicians and very loosely in a context like this. There is no real shortage of spectrum. The pricing that Martin has been involved in, for example, is specifically directed at opening up this resource, so that we can actually use it more efficiently and more effectively and not be constrained in the thinking that we have had for the last 50 to 100 years.

Q1737 Chairman: Professor Cave, do you want to respond to that? I read from your report here that spectrum is a finite resource. That seems just to have been slightly challenged.

Dr Cleevely: I was using the term loosely.

Professor Cave: I think David has used the term "infinite" rather loosely. At any point and with any given set of technologies, there is only a certain amount that you can do with it. Just jumping over that point, if I may, I have tried throughout to avoid taking a position about what is the most efficient or the most desirable way of delivering services to people. As far as I am concerned, I am somebody who advises governments and regulators, and I do not think they should take that kind of decision. I think that is a decision that ought to be taken by people who make the investments.

Q1738 Chairman: I do not know if you can, but if you were to take that hat off and express a personal view, would you have sympathy with the point that Dr Cleevely has put?

Professor Cave: No, because spectrum is available free; it is a non-depletable resource. It is going to be there for ever. We should use it as much as we possibly can because it is a very valuable input. Subsequently, we may have to resort to other technologies to achieve different things. Basically, I think we are going to end up with a quilt of different colours involving different technologies and providing different services and also, perhaps most fundamentally, constantly changing as new technologies come in. For anybody to try to control that process, except through very general regulatory parameters, I think is a huge mistake.

Q1739 Chairman: May I ask one very obvious question? What determines the range for a broadcast signal? You said that you could use the same bandwidth for 100 kilometres or for a much smaller range. What is the other variable, as it were, which determines whether it is going to be 100 or 10? Is it the strength of the signal?

Dr Cleevely: It is the strength of the signal; it is the amount of power that somebody uses. Your mobile phone, for example, which transmits generally over relatively short distances and is very sensitive to how far it has to get to the transmitter, and actually transmits at extremely low power so as to conserve your battery, for example. The BBC transmitters for broadcasting can be transmitting in hundreds of watts; they are very powerful and go over a very long distance. May I also add that Martin and I may appear to be slightly at odds but we are coming at exactly the same point but just from slightly different directions? The real issue here is that in the directing of spectrum pricing, particularly as applies to broadcasting in this case, I share Martin's view that that will then generate this innovation, which will, in the end, determine, through people's preferences and the operation of the market, without any single regulator or any central body determining what

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technology is best; a whole series of things, many of which we have no idea about yet, apart from vague ideas that are sitting around in laboratories and in people's heads. I am absolutely at one with Martin on that.

Chairman: I hear what you say. I would like to move on to the world as it is, which I think was the point that you were putting, Professor Cave, and the impact of spectrum pricing.

Q1740 Lord Peston: I am bit lost by what both of you have said. I am used to economics and the concept of efficiency bears no relationship to economics or what one of our witnesses was talking about at all, as far as I know, but maybe the subject has changed. I am right that you said in reply to Lord Armstrong that the spectrum in some general sense is within the Government's domain, which might also then be interpreted as belonging to the citizens of this country. The Government then would use it for optimum public purposes. Would that be a fair way of putting it? That is what we mean by things being in the public domain.

Professor Cave: I hesitate to describe it legally in those terms. In effect, it is at the Government's disposal.

Q1741 Lord Peston: That is right. Normally, what is at the Government's disposal, subject to some distinction, is meant to be allocated for the benefit of the people of this country. That is normal. I used to teach the subject and it is certainly what I used to say.

Professor Cave: It would certainly be a very respectable objective.

Q1742 Lord Peston: Therefore, to take an obvious example, if one of the objectives of the general views of what the people of this country wanted would be virtually universal coverage of television, then that would be a perfectly acceptable thing that they would want and they may like spectrum to be allocated to achieve that. I would be right on that, would I not, if that is what they want and if that is what is regarded as in the public interest?

Professor Cave: The public interest would be in the capacity of the population to receive broadcast programmes, which may or may not be spectrum based.

Q1743 Lord Peston: But if it were to be spectrum based, that would be one way of doing it. The notion of universal coverage does not imply the notion of universal watching. In other words, if I look at my *Radio Times*, I want access to everything in the *Radio Times*, but that does not mean I am going to watch everything. I certainly do not regard the system where most of us do not watch as inefficient, and that is why I regard your use of the word efficient quite as quite erroneous. In other words, it is nothing to do with the

idea that if only a few people listen to *Radio 3*, that is not allocating the resources properly. Surely that is a complete mistake as far as economics is concerned. I think I am right on that. Now, let us go on to the point, and I entirely accept the view that if we place a value on something, that requires people to use it economically. It will also cause them to innovate, we hope, to use it even more economically. That is commonplace. Is not that experience of pricing that it also has all sorts of other effects which may be adverse? Take your view, Martin, of the Ministry of Defence. Can you imagine if we were involved in some military conflict and the Minister of Defence said, "I am sorry we lost that but of course we did an analysis of the cost of acquiring some extra spectrum and we decided not to buy it. It is too bad we lost 100,000 troops because we could not communicate". The notion that you would even introduce that idea into the analysis of defence would be regarded as ridiculous. It does not solve the problem of how you allocate spectrum to them. The answer that we did a cost-benefit calculation and that was our answer would never stand up at all. A government would fall within a minute.

Professor Cave: Could I interject here because it seems to me that when the Government determines what is the appropriate scale of the defence budget, it is making a balance between costs and risks. It is abridging the nation's capacity to respond because it costs money. It costs money to buy weaponry from the United States. It costs money to employ people to be members of the Armed Services and things of that kind. My view of spectrum pricing is that because it is a resource which has considerable alternative opportunities for use and there are therefore substantial opportunity costs in using spectrum for one purpose rather than another, it is important, if we are operating within a kind of market economy of the kind I have described where you buy defence equipment and you hire soldiers, sailors and people to fly airplanes, that that discipline should apply uniformly to all the inputs which are purchased. Only by that means are you going to get people making appropriate trade-offs between, for example, slightly more expensive American equipment, which uses much less spectrum, and much cheaper American equipment which uses a vast amount of spectrum and which therefore deprives, say, Vodafone or Sky of access to spectrum which it would use to provide a whole range of services to the British people whose interests the Government is quite rightly encouraging.

Lord Peston: That is not my question. Really what I am trying to get you to focus on, turning it the other way round, is this. Supposing the generals and all the others all say that we need this spectrum. Would not the system work—and Lord Armstrong understands this much better than I do—if the generals were to

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say, "We have got to have this". Spectrum is priced at such and such and their budget will then be adjusted so that they could buy the thing; in other words, it would not actually economise in the sense in which economist often talk. It is rather like the argument, looking at St Thomas's over there, that if we attach pricing mechanisms to the NHS, which this Government is keen on, it raises the point that there is no point in keeping old people alive; the benefits compared with the costs are just massive. It applies to me as well. If the Government were to take note of pricing mechanisms seriously, it would lead to results that no-one would be willing to accept. Supposing it did lead in this case to the BBC not putting on the kinds of programmes it wanted, could you imagine the Secretary of State saying, "It is too bad. The spectrum has been priced. We need lots more mobile phones. We do not need public sector broadcasting". Is there not a certain naivety amongst us economists when we put this sort of thing forward that we do not seem to understand the real world?

Q1744 Chairman: We have got back to the BBC now, which is good. How do you reply to that?

Dr Cleevly: I reply on two counts. Firstly, I apologise for being slightly short in the way that I explained my argument about efficiency. It is simply that if you know there are alternative technical means for providing exactly the same level of service and you know that somebody is then using a resource which they are getting free, and if they did not get it free and it was traded in the market at a reasonable price they would use some alternative method, then that does count for economic efficiency. I hope we are back on sound economic grounds, even if the mathematics earlier was a little bit risky. I think I have to talk about the defence issue for a moment, if we may move away from broadcasting, since I am a non-executive director of the Defence Communications Services Agency, and some of this stuff impinges directly on this. In fact, I was at a main board meeting yesterday. We sit there and we take decisions of exactly the kind that you are talking about. We have to allocate resources and we have to think about how you meet the Treasury guidelines and the Treasury imposes extremely strict views on exactly how much we spend on communications, for example.

Q1745 Lord Armstrong of Ilminster: Do you allocate frequencies?

Dr Cleevly: No, some of that is done within other parts of the Ministry of Defence, although Martin recommended that there should be some changes within the Ministry of Defence as to exactly how some of that is done. That will undoubtedly play out before the big stick that I think you were mentioning comes along to beat up the Ministry of Defence at

some time round about 2007, but let us not get too much into that. To go to your point, it is extremely important for defence, for example. I see my particular role as a non-executive director as being absolutely to make sure that defence is using resources effectively and, if I dare say so, efficiently. When it comes to things like spectrum, I see that as a major component of the way in which these things work. It is absolutely vital that we start to bring prices to bear on this stuff because otherwise you have no mechanism for working out, in Martin's word, whether you are using the right inputs to produce the desired outcome. That is precisely the problem that we struggle with. I can see your point about losing 100,000 troops. Nobody would ever want to do that if it could possibly be helped. I think we are moving to a situation where we are less likely to do that than more likely.

Q1746 Baroness Bonham-Carter of Yarnbury:

Speaking as someone who has worked in broadcasting rather than as an economist, I am going to ask a straight question, which is: does the Government not need to allocate spectrum to ensure public service broadcasting? By taking money from the broadcasters, from the BBC and from Channel4 et cetera, to pay for spectrum, is that not taking money directly out of programme-making budgets?

Professor Cave: The overall view of spectrum management, which I have espoused, is that there should be two processes going on. One is a process which relates largely to commercial use of spectrum, and that is a market process. In essence, you create spectrum licences as tradable property and you allow various firms to buy and sell this property in order to achieve a market objective of providing services to homes and customers. That is the first world. There is also a second world in which the Government, quite rightly, allocates spectrum for specified public purposes, of which defence and public service broadcasting are obvious examples. The difficulty arises to some extent in the co-existence of these two worlds. Clearly, the commercial spectrum users will be under commercial pressures to economise on spectrum. There is, however, a concern in some sense that if the public sector spectrum users get it free, they will get too much and we will have an imbalance and consumers will be deprived of the benefits they would otherwise have derived. For that reason, I have proposed the extension of a system that was introduced in 1996 which means that public sector spectrum users actually make some kind of payment. A calculation is made of roughly what the spectrum could have done had it been used for other purposes, and they are charged that as an administrative incentive price as an input into their decisions. I think that has two consequences. Firstly, it makes transparent or more transparent how much public

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services are actually costing. If the Ministry of Defence, for example, is sitting on 5 billion worth of spectrum, and you would normally expect it to earn a return of 10 per cent on that, that is £0.5 billion pounds of expenditure, so that the defence budget in a sense is more than we first thought. The same of course would apply to the BBC and to Channel 4. It would not apply to ITV and to Channel 5 because they have in some sense been engaged in a competitive process to acquire their licences and that competitive process includes an implicit payment for access to spectrum which gives them the opportunity to broadcast to households. It is really only the BBC and Channel 4 which are involved in this particular discussion about the price of spectrum. That is one reason—transparency. The second reason is that pricing provides signals for broadcasters to make sensible decisions about how to achieve their statutory or other objectives. For example, they may have an objective to ensure that their programmes are available as widely as possible and on as many platforms as possible. Then, having an arrangement by which the platforms are priced to reflect their actual economic cost, including the cost of spectrum, is going to help them make those decisions. Another issue is the question of analogue switch-off. Perhaps I could just say in general terms that this is a transition. It is a margin of discretion which is available to the broadcasting world, including of course its regulators and the Government, and prices of spectrum can play a role in generating sensible, rational and efficient decisions which ultimately benefit consumers.

Q1747 Baroness Bonham-Carter of Yarnbury: You do not think that that is money that should be being spent on programmes or content?

Professor Cave: The administrative pricing for spectrum is in respect of things which the Government declares ought to be done: such and such defence capability, such and such public service broadcasting. What I am suggesting is that the Government should allocate the appropriate amount of money to provide the level of defence services or public service broadcasting services to cover all the costs. At the moment, the Government allocates money through its licence to cover the BBC for the cost of hiring its staff, the cost of paying for its transmission, and the cost of buying its electricity, but it does not in fact allocate money for the cost of buying its access to spectrum. What I am suggesting as a general rule is that that should be included as a cost and that there should be an appropriate adjustment to the revenues which the BBC makes in order to cover that cost.

Q1748 Lord Armstrong of Ilminster: In the case of the BBC, if we were charging for spectrum, it would be up to the BBC to say whether they wish to recover this from an increase in the licence fee or by reducing expenditure on other things. That would be a BBC decision?

Professor Cave: Or possibly by reducing expenditure on spectrum by identifying more efficient ways in which it can use spectrum in order to achieve those objectives.

Q1749 Chairman: The difficulty, of course, that we have with the BBC is that if you were to do that, if for the sake of argument you were to have the impact Lady Bonham-Carter was talking about and you reduce the programmes, and I think the fear is that this might take place, the only way that money could realistically be raised in terms of the BBC is by increasing the licence fee, which is already a regressive tax?

Professor Cave: That is indeed a consequence but, broadly speaking, if the BBC is making a lot of decisions at the margin about the kind of activities which it would undertake based upon the licence fee and if those decisions include margins of spectrum use, then there is a considerable potential pay-back in terms of greater efficiency by focusing their attention on that amount. The second point to make is that we might not be talking about vast sums of money.

Dr Cleevely: I was going to make precisely that point. We are not talking about huge amounts of money.

Q1750 Chairman: What do you mean by that?

Dr Cleevely: If you moved to fully digital on broadcasting, you save something of the order of £225 million a year. I think that the BBC would cut its costs down: the BBC would be paying out something of the order of £20–£30 million a year for that. We are not talking about a huge chunk of their budget. Martin probably knows the figures better than I do. I would not rely on my figures. By the same token, the BBC is taking decisions about how it distributes its content, so it is paying for IP streaming which costs roughly 20 to 30 times the cost per viewing hour of a broadcast transmission. I cannot see the argument, to be frank, for saying that they should stop doing that because they should put the money into programmes or that they should stop, as they are doing at the moment, distributing content over mobile phones because they are taking a decision about how they wish to reach their audience and fulfil their remit. What we are doing here is actually giving the BBC considerably more freedom to be able to do that kind of thing. In the long run, whilst it is nice to think that the Government can somehow decide how people should do things, frankly, it is better if the people decide how these things are done. Obviously you have to internalise

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some of the externalities of universal coverage and so on; there are roles for regulation there. But we are talking about giving all broadcasters a link to the market so that they can actually start to do things which people prefer. People may prefer in the long run to get what we now regard as broadcasting over completely a different medium.

Q1751 Lord Maxton: In a sense, that is my point. I am quite ignorant about this. How much spectrum could a five-terrestrial channel use in comparison to, say, a giant satellite? Have you any idea what the figures are? Sky is providing up to 500 channels, you say. Is Sky using a lot more spectrum in the five channels or are the five channels using as much spectrum?

Professor Cave: Can I try to evade that question by saying that even though there is a physical unit of spectrum, the megahertz, across the whole range of very low frequencies to very high frequencies, the actual economic value of it varies so hugely that it is very difficult to compare quantities of terrestrial transmission which uses spectrum absolutely at the “sweet spot”, the most valuable spectrum that there is, with the spectrum that is used by satellite broadcasters, which is way up there and is competing with much less efficient uses. I think the broad answer to your question is that to provide a channel of national coverage by satellite is, in spectrum terms, an awful lot cheaper than it is to provide a channel of coverage by terrestrial means.

Q1752 Lord Maxton: Perhaps I should not really ask this. Would not it be more efficient and cheaper in spectrum terms to give everybody a satellite dish or a telephone line, an ADSL, rather than going to terrestrial digital?

Dr Cleevly: You do not know because it is about people's preferences. If you go back to the point about where people live and how they wish to gain access to these kinds of things, you do not necessarily want to be forcing that decision. That decision will be taken by people taking their own individual decisions and the broadcasters using their inputs and producing the outputs accordingly.

Professor Cave: Statements of that kind have been made but the conclusion seems to be that the cheapest method is to use a combination of all the known technologies, subject to quantification.

Chairman: I want to move on to the value of spectrum.

Q1753 Baroness O'Neill of Bengarve: Professor Cave, we have found ourselves meeting a number of claims both about the value of the price of spectrum, and I do not want to get into the more metaphysical things because I can see that you are looking for an array of things, some of which you may say have no

value whatsoever. Let us just stick to the price. If it is marketised to a greater degree, then people will pay and your argument is that they will use it more efficiently or they will pay for bits of it and use it more efficiently. The particular case that interests us is the consequence of analogue switch-off. Will that analogue spectrum find purchasers or is that an open question? If it does, what might it be sold for and to whom might it be sold?

Professor Cave: Can I begin with a modest preamble about the difficulty of answering that particular question? It arises for the following reason—that we have very few actual observations of spectrum trades. We have some slightly aberrant ones which date back to the year 2000 when the 3G licences were sold and we have some rather interesting leasing contracts relating to free-view channels, which give us some idea of the current value in 2006 of access, but the position in terms of scarcity of spectrum across the relevant bit of spectrum we are talking about is likely to change very substantially over the period up to 2012 and thereafter when the analogue switch-off spectrum will be available for other uses for two reasons. Firstly, Ofcom has published plans for very substantial spectrum awards, which it proposes to carry out over the next three years. These include, for example, a very large amount of spectrum in what is known as the 3G expansion band, which can be used for a range of mobile communication and broadcasting services. It also includes a plan to auction spectrum licences in what is called the L-band, which is a band which is particularly suitable for mobile broadcasting. There will be a lot of additional spectrum coming on to the market over the next, say, five years. As far as the demand is concerned, there are various views that you can take. In the course of the report which you referred to earlier, my Lord Chairman, we commissioned some work forecasting the balance between supply and demand of spectrum. It became apparent that there were some states of the world in which very extensive use was made of wireless technologies, for example, for broadband services using technologies such as wi-max and then 4G mobile communications and its successors and also for broadcasting. There were states in the world in which there will be very substantial growth in demand for spectrum and that would obviously have the consequence that any spectrum released would increase in value. I guess the conclusion of this is that any estimate that somebody gives you of the value of spectrum over a period of 20 years after 2012 is going to be subject to a very broad range of doubt. Having said that, I think there is a way in which you can try to unpack the problem. Might I suggest how that might be done? You can think of the value of the spectrum licence as consisting of two components. One is the intrinsic value of the spectrum based upon its capacity to

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provide services. As I have said, some spectrum is better than others spectrum, just as some land is more fertile than other land. Just simply by making calculations about the extra productivity of particular bits of spectrum, you can produce some kind of estimate of how much spectrum at that level of scarcity would be worth. That is one element of it; it is a kind of scarcity rent. The other element of it is the degree to which ownership of a spectrum licence gives you market power in some downstream market and enables you to get some kind of monopoly profit in the downstream market. By a process of calculation, you can try to figure out what the scarcity value of spectrum is. Then of course you have to take a view about what degree of monopoly power it is going to confer upon the owner of the licence. That is obviously much more conjectural because it depends upon market conditions that prevail at the time. I am just coming to what I hope is the bottom line. If you address the first element of it, then I think for the value of spectrum you are likely to end up as an annual charge with something in the range per MHz of £0.5 million to £1.5 million. If you then gross that up at 112 MHz which are under consideration, that gives you an annual charge of something between £50 million and £150 million. If you capitalise that, which I propose you do very roughly by multiplying by 10, you get a value of something of the order of £0.5 billion to £1.5 billion. I do emphasise that this is based upon our current understanding of technological capabilities, and it is subject to a very wide margin of error. I am not suggesting that it will lie within that range. I would not be at all surprised if it were more or it were less. That provides, in my mind, some kind of general figure.

Q1754 Baroness O'Neill of Bengarve: So the auction that went on in 2000 is no model for the sell-off of analogue spectrum in this?

Professor Cave: No. I think that has no value for precedent at all.

Dr Cleevely: Could I add that having been involved in the original working in setting up the auction of 3G and doing some of the technical economic analysis of 3G networks, (which then led to the idea that we could have five operators and therefore it would be possible to auction) the original estimates for the value were of the order of £3 billion to £10 billion, and the upper end of that was based on precisely what Martin said, which is the market power; that is, you can extract more value further down the chain and that is why that value was in there. The inflated values that were paid of the order of £23 billion were due to particular circumstances prevailing at the time. If we go back to the spectrum that we are talking about, this broadcast spectrum, Martin quite rightly points out that there is a huge range. He also said that it is

quite possible that we would lie outside even the large range that he was talking about the £05 million to £1.5 billion. I would like just to give you a couple of other pointers as to why it is as uncertain, if not more uncertain, than Martin has just said. First of all, you actually need some equipment or some technical reasons for wishing to use that spectrum. We are sitting here in 2006; in 2012 we should have some extra available spectrum but if it is only this small group of islands here off the north-west corner of Europe that is doing this, then we are likely to find technical solutions that are relatively high cost and are not necessarily going to be commercially attractive. The second point is that whilst Martin was indicating, and he is right to do so, that generally lower frequencies are of more value than high frequencies, in fact that is not necessarily quite the case because if I have a relatively low frequency, it tends to travel further. Therefore, if you recall, I was talking about the idea of making small cells to make efficient use of the spectrum; the idea that you can do that with lower frequencies starts to become technically more difficult. Then there is the final point that there is a huge momentum building up, as Martin said, for example in the range of the 3G expansion bands, which are in the range of 2.5 GHz plus. These seem to be very high frequency and technically quite difficult, but, because there is so much R&D going into using these things and so much investment in technology going on, those areas start to become rather more valuable. The whole thing could be described as a mess or as us being a long way away from being able to put any reasonable estimates on what this spectrum would actually yield. We will be in for a surprise.

Baroness O'Neill of Bengarve: I think that is a very full answer because it explains why there is uncertainty about the answers in this area, which has been one of our problems.

Q1755 Chairman: We could go round this for a long time and not actually come, in the end, to any better position than both of you have just explained. There is uncertainty but I think we take away that £0.5 billion to £1.5 billion. Would you accept that, Dr Cleevely? There is a long pause here.

Dr Cleevely: I have a great deal of scepticism about the long run, high value of spectrum. That is because I think there are a lot of technical and technological developments coming along which will enable us to do a great deal with very little spectrum at very low cost. Because of that, then spectrum as a substitute will command a relatively low price in the long run, hence my long pause.

Q1756 Baroness Howe of Idlicote: I have certainly picked up the message that the value of spectrum and so on is changing literally moment to moment. I am

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just thinking about the public service broadcasting and particularly about the BBC, and I think somebody put a figure on the value of their spectrum as £26–£30 million a year, something around that. Have you any views about how well the BBC and other public service broadcasters use spectrum they currently have? Let us give one example at the present. Are their transmission networks geared to best use and so on?

Professor Cave: I am afraid I cannot really speak with great authority on the engineering aspects of this. I believe it is generally agreed that, given the constraints of providing near universal coverage in an environment in which there are a lot of obstacles to it in the form of hills and valleys and so forth, we do have a system in which the analogue spectrum is used efficiently and subsequently the same basic structure of 1,180 transmission sites will be used for digital, so I am sure that, subject to that constraint, there will be reasonably efficient technical use of spectrum.

Q1757 Baroness Howe of Idlicote: Just comparing the BBC and Channel 4 and the other two which have some degree of public service responsibilities, would you say the second group, ITV and Channel 5, are more efficient in the use because they have paid something for it?

Professor Cave: I do not think I would want to make that claim in relation to the operation of the existing transmission system. Clearly, of course, the actual transmission activity is done not by the broadcasters but by Aqiva or the National Grid Company, which actually does the heavy lifting as far as the engineering aspects of it are concerned.

Dr Cleevely: Just to intervene on that, I would expect whichever broadcaster to try to minimise their cost anyway, so there are costs associated with transmission sites and things that Martin was talking about, the 1,100 sites and so on, which would reflect in some relatively reasonable use of spectrum. The point is that those other broadcasters cannot trade that spectrum. They cannot say, "I am going to give up a few MHz and get some rent from doing so". They do not have the incentive to be efficient in their use of spectrum. The question cannot be answered. You say they were paid money for it, but it is not linked directly to a decision about the use or non-use of spectrum, so you would not expect them to behave any differently.

Q1758 Bishop of Manchester: I visited the Australian Broadcasting GDS in Melbourne a few months ago and for a short time dipped into a conversation not unlike the one we have been having this morning, but then I was moved on before I discovered what they were really up to. I gathered that in Australia, and I think in New Zealand, they

have been moving towards the price of allocation of spectrum. I wondered if you could clarify the position for us on that, if you do know it, and whether or not the kind of experiences that they have had on this issue are relevant to what we are talking about now.

Professor Cave: Australia and New Zealand have led the way in introducing market-based methods of spectrum management. However, the broadcasting systems in both countries are controlled by an additional overlay of specifically broadcasting regulation, which has imposed very considerable restrictions upon who can own what broadcasters and the purposes to which they can be put. I think that in practice they have a good framework for spectrum but their broadcasting regulation is as idiosyncratic and restrictive as it is in many other countries.

Q1759 Bishop of Manchester: So it is not very helpful?

Professor Cave: I do not think in relation to broadcasting you will find that particularly helpful.

Dr Cleevely: There is just one small point. Particularly if you take New Zealand, it does not have as many countries surrounding it as, for example, Germany might or the United Kingdom, and so they can afford to experiment a little bit. They have conducted quite a few experiments in various forms of communications regulation. The only problem that both the Australian and the New Zealand markets have in engaging in this kind of thing is in setting the price because the markets are relatively small. Whilst you do not have the restrictions that we have here, it is then very difficult to set a price, quite apart from the very specific regulations that apply in the case of broadcasting.

Q1760 Lord Kalms: Would you agree that high definition TV would be one of the obvious manifestations of the benefit of spectrum? Could you amplify a little about the demand for spectrum from the wide number of sources that will want to use this particular facility?

Professor Cave: HDTV is a very interesting challenge. If very roughly you suppose that moving from analogue to digital reduces the demand for spectrum by about five, going back to HDTV increases it by five, so you end up with similar limitations on the amount of spectrum that you will be able to have. I believe, for example, that if you took the whole of the UHF band that is currently used for analogue and you put digital high definition signals into it you would end up with something like eight channels. That means that a single HDTV channel has an enormous opportunity cost in terms of normal definition channels and all the other things which spectrum could be used for such as mobile broadcasting, and mobile telecommunications.

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Heaven knows what will be thought up by 2012 when this spectrum comes on the market. My inclination would be to take HDTV as an indication that it is highly desirable to have some kind of spectrum pricing regime which means that, when decisions are made by a public service broadcaster about whether to exhibit HDTV programmes on a terrestrial transmission mechanism or alternatively to put them on a satellite or alternatively to put them on a cable system or on ADSL, you will have some kind of price signal which will encourage it to make sensible decisions. I regard this HDTV decision as one of the key margins in the future where having some kind of spectrum pricing will have a considerably beneficial effect upon rational decision taking within the industry.

Dr Cleevely: I would absolutely agree. There is one point that we have not mentioned, although it was hinted at by Lord Peston, which was about the geographical split. It is worth thinking about the fact

that there are some areas in the country—mid-Wales, for example—where there are relatively few people and you can have quite a free rein with quite a lot of spectrum; whereas in a dense urban area like London it is a rather different matter. Going back to Martin's point about why you might need many different ways of getting this stuff, in an urban area like London the spectrum may be a very high price and therefore it would be a strong incentive to go for cable, for say HDTV. The same thing would not apply in mid-Wales or Scotland. One of the advantages of this kind of mechanism would be, I would hope, that we get better coverage for more people than you would by any other mechanism. I just wanted to make that slightly non-technical point.

Chairman: It has been a fascinating session. Thank you very much for coming. We are very grateful. Perhaps if, as may be likely, we have some further questions we might write to you and you can come back to us on them. We are enormously grateful for the trouble that you have taken.

Examination of Witness

Witness: LORD PUTTNAM, a Member of the House, examined.

Q1761 Chairman: Welcome, Lord Puttnam. You know only too well about the progress of this Committee. Since we last spoke to you, you have become deputy chairman of Channel 4.

Lord Puttnam: I will be at the end of February.

Q1762 Chairman: Congratulations on that. Can I refer to your speech to RTS North East and Borders which you sent to us, given at the Throwing Stones Restaurant at the National Glass Centre? I assume such does exist?

Lord Puttnam: And stones were thrown.

Chairman: You talked about the potential for really local television. One of the reasons you said that there was potential was the question of costs. You can go into Dixons and for as little as only £2,000 buy a digital camera.

Lord Kalms: That was before the sale. I think you mean £200.

Q1763 Chairman: I knew it was a mistake to quote Dixons. But you made the point that such cameras have better resolution than anything the BBC owned five years ago.

Lord Puttnam: That is correct.

Q1764 Chairman: The barrier to entry that there once was in terms of technical equipment and the cost of that has simply vanished.

Lord Puttnam: I was using it as an illustration of the pace of change and the collapse of the barrier to entry.

Q1765 Chairman: Tell us about your concept. Cost is on one side but you take the view that television can now be very local indeed and there could be—I remember you made an analogy between Chelmsford and Northampton—a television station in Chelmsford and a television station in Northampton. Would that be fair?

Lord Puttnam: Yes. The example I was using was from my own background of 20 years as a non-executive director of Anglia Television. I think I know a reasonable amount about what we term “regional television”. Regional television as we know it existed because there were a number of places in the country where you could put up a transmitter mast, get a signal, put a circle round that and call it a region. These regions were always totally illusory. I do not think anyone would pretend that even today, after 30 years of Granada, Liverpool and Manchester are entirely harmonised and see themselves as a region. I would defer to the Bishop but I do not think that is the case. In Anglia, we never reconciled Norfolk and Suffolk. The situation in a sense became worse, not better. At the time of the 1990 charter review and renewal of the licences, we had a long discussion about the possibility of a triple opt-out. That was the idea of having a news gathering service in Cambridge. Local news would be offered from Ipswich, Norwich and Cambridge. There was an enormous debate about this. The argument from many of the executives was that it was a waste of time because the maximum Cambridge reach was only 300,000 people. I have spent a lot of my time working in the United States. There are people who probably

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with Mafia backing would kill for an audience of 300,000. 300,000 is regarded as a very big and profitable audience in the United States. I think we lapsed into an acceptance of the fact that we had a market which was fragmented into these so-called regions, which started with no geographical rationale but merely a technological rationale, and we have not got around to challenge that thinking. In the eight years I have been in your Lordships' House, I have gone around the country a very great deal, mostly in connection with my work for the Department of Education. What you quickly come to terms with is the desperate need of communities to talk to each other and identify themselves as a community. I think it is a need that has grown in those eight years, not diminished. Here we have the technology to at last to be able to do it. It has been done very effectively for many years by local newspapers but local newspapers have their own limitations. Here is the chance to move into another area. One of my concerns is that the only movers at present are the BBC. All my concerns with the BBC are to do with what I would term as the over-professionalisation of the local. My concept is some what different. My concept is that if you see someone reading the news who Monday, Wednesday and Friday is on the check-out at Tesco your reaction to her is, "She is doing remarkably well." It is not, "Is she as good as Anna Ford?" It is possible that most local, technical colleges could get eight small cameras, send students out on a Saturday to cover three weddings each in the region, come back on Sunday, edit them into a programme and on the afternoons of the following week you have communities looking at themselves, seeing their own weddings, possibly not as beautifully shot as the BBC might do it, but something of real community value. I have brought along a video and it illustrates the fact that everything changes and nothing changes. I do not know if you are familiar with this wonderful series of films, *The Lost World of Mitchell and Kenyon*, put out by the BFI. This was a stash of films found in Blackburn shot very locally, in the early years of the twentieth century by local cameramen who went to workplaces, the football ground and various other places and filmed people coming out of work or the local football ground and, the following week, screened them at the equivalent of Blackburn Odeon. People turned up in their droves. Why? Because they were seeing themselves, and their own communities reflected within their own context. I do not think that instinct has ever in any way been removed. We have not had an audiovisual medium with which to allow people to reflect on their own interests: on people they know; the girl they were at school with. That is a completely legitimate form of television but we have allowed ourselves to lapse into the notion that television is something far more, national and rarefied. My key argument during that

speech was our need to understand that the local has not been served at all by television and yet the technology now exists to do it.

Q1766 Chairman: You referred to the United States. Does that mean that in the United States there are such local television services?

Lord Puttnam: Very much so. The example I have used has been going for 50 years. It is run by Wisconsin State University. It is a marvellous example of what is possible. International news is taken down from the BBC. National news is obtained from PBS. But most of it is local, local football matches, local news, and local events. About two-thirds of the output on an average evening is local but it does not ignore the national and the international.

Q1767 Chairman: Has a market survey been done in this country to see if there is potential?

Lord Puttnam: There have been some attempts using analogue spectrum to do it, some more successful than others. What I believe is that once you go out to communities, once you are prepared to invest in and take a chance on what local people do, you have to accept a fair amount of crash and burn. If you go down this route there will be failures, but there will also be successes. My belief is if you stay with it, if you allow the successes to be well publicised, you will begin to emerge over 15 years, I would say, with a pattern of very successful, maybe formulaic but very successful, local stations which serve a defined public need and which tie very neatly into all the other developments taking place in technology. The Wisconsin station, for example, is very closely tied to its web based service. Everything is on it. Much of it is also webcast. You can constantly update yourself on what is happening. These are very complementary media and the web gives a lot of advantages to the potential at local broadcasting that have not existed in the past.

Q1768 Chairman: What kind of operators do you envisage running these services?

Lord Puttnam: I would like to see a number of different versions, maybe local councils in cooperation with local NGOs. It would be very nice to think—I do not think it will happen—that the BBC could be a key partner with local organisations. I bow to nobody in my admiration for the corporation. Unfortunately, the BBC traditionally is a horrible partner. It does not "do partner". That would be desirable but in the end unlikely. I think it would be community organisations of different types, sometimes maybe involving local businesses and sometimes not. It would be very interesting to see what type of patterns of ownership would emerge.

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Q1769 Lord Maxton: You mentioned the web and the internet. If the internet develops, broadband becomes commonplace and people watch television on their television but beamed to it by their computer that surely is the best way of providing this local service rather than having it as part of the BBC's broadcasting. I am not saying the BBC website cannot be used. It is already being used for exactly that sort of purpose. I do not see why you think it has to be television run rather than just using the internet as it develops for that purpose.

Lord Puttnam: Simply time. I was very interested in what Dr Cleevly was saying. If you are prepared to wait five, six, seven or eight years, without doubt, you could get this type of broadband or cable direct to your PC. But it would be a pity to wait that long because the period between now and five years' time could be well spent discovering what does and does not work locally, what resources can be brought to bear, the degree to which, for example, local council meetings could be shown even planning decisions could be broadcast. There is a whole plethora of areas that I would like to see experimented with. It would be a shame if the delay was a technological one. I have no doubt whatsoever that in six or seven years' time that will be the chosen delivery route.

Q1770 Lord Peston: The more we ask questions about spectrum and charging for it the less I seem to understand. We have been approaching spectrum as if it were a scarce resource and therefore the economists say that scarce means charge. To take an obvious example for your local stuff, if it were to go out on spectrum as opposed to broadband they would simply be priced out of this market. If they had to meet the market price of what you call Tesco TV and so on, it would mean that none of these people could operate at all.

Lord Puttnam: One of the reasons I am pretty ambivalent about spectrum charging—I admire Martin Cave's report very much indeed—is that he has a series of targets, some of which are probably utterly legitimate. The Ministry of Defence would be one. The problem is the law of unintended consequences. If you took a rather broad brush on spectrum charging and applied it, for example, to the BBC you have an already relatively cynical public knowing full well that this is what's known in the film industry as double dipping. The public are having their pockets picked for a licence fee and that licence fee is being picked again so that money can go back to the Treasury. If the figure is indeed, let us say, 30 million, surely that 30 million could be far better spent on the sorts of services I have just described. It is peanuts when it gets to the Treasury. It creates cynicism in the electorate and potentially damages the BBC. In a sense, I suppose I now have to declare an interest. Channel 4 was a brilliant concept of a

visionary Home Secretary, Willie Whitelaw. It is a marginal organisation doing quite well at the moment. Three or four years from now it might be in some difficulty. The cost of spectrum to Channel 4 might be the very thing that tips it over into serious problems. Do you as a Committee really want to be looking at a situation in which you are being asked to recommend whether to release Channel 4 from some of its BSB obligations because it has been so hard pressed as a result of spectrum charging, using all the same arguments that ITV listed, or would you rather forego spectrum charging and know that you have a reasonably healthy Channel 4 moving forward. I certainly would be more than unhappy if a series of events was set in train by my government which resulted in the diminution let alone the elimination of Channel 4, which has proved such a spectacular success for the Conservative Party. That would be a very poor bargain and it would be a classic form of unintended consequence.

Q1771 Lord Peston: I was following your lead on the local, which I found very impressive. I am surprised you call them unintended consequences since they are so obvious, it seems to me, that you have to regard them as intended consequences.

Lord Puttnam: I do not think for one moment Professor Cave would be a happy man if he knew that he had been directly responsible for the collapse of Channel 4.

Q1772 Lord Peston: If we take Channel 4, if we start from a logical position and you want Channel 4 in its public service context, it follows that you have to facilitate this happening. You can say you facilitate it happening because you are going to charge them but then you could give them the money back that you are charging them, which seems rather ridiculous. You are much better off just giving them the ability to do it in the first place. All you have done is create bureaucracy. I hope Channel 4 is not in danger but I am much more intrigued by your suggestions about all these local things which do require an approach which is a citizenship approach of "Let us facilitate this."

Lord Puttnam: Of course you are right. It comes right back to the Chairman's question which is what sort of groupings might be put together that might facilitate community television. I would like to see this being community driven. I think that is where we will learn something and that is where the value will lie. If all of a sudden there were another unintended victim of a spectrum tax, where there was a requirement to put down £250,000 in a small area in order to pay the spectrum tax, I would argue that you begin to drift into what I am terming Tesco television because immediately the powerful player is the person, maybe a large retail outlet, who can come

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along and say, "I will pay the 250 but this is what I want. I want these advertising breaks and you can fit the programming in between." You will begin to have a different economic mix one that becomes principally driven by a fiscal imperative. From my perspective, that entirely misses the point.

Q1773 Chairman: You argue you do not want Tesco television. You do not want council television either, do you?

Lord Puttnam: No.

Q1774 Chairman: I was a bit worried by one of those replies because if you are going to have genuine community television it is going to need to be independent and one of the things it is going to need to be independent of is councils.

Lord Puttnam: Absolutely. This is why I suppose I am arguing against any fiscal imperative placed up front, which plays into the hands of any one of the vested interests, be it the local newspaper, the council or the dominant retail outlets. When I use the word "community" I mean community, a means by which communities can express who and what they are as freely and as honestly as possible, including holding the council to account.

Q1775 Lord Maxton: Can I be slightly a devil's advocate here? That is fine if you talk about Tesco but what about John Smith, the local grocer, and George Brown at the local garage? Surely, if you are having this local television, one of the things people are entitled to get from it is what local commercial services are available to them.

Lord Puttnam: I could not agree more. I am talking about the local dominant advertiser. It would be almost absurd to not allow local retail advertising. I was brought up in an era in which the cinema had those terrible slides that used to be pushed across the screen during the interval which promoted small local retailers. I am not suggesting we go back to that but I do think there should be a very good opportunity to promote local retail outlets. There is a lot of good stuff in the *Building Public Value* document but my argument against it is it assumes a level of professional output which I think will defeat the purpose behind real local access, but I would love to be proved wrong.

Q1776 Chairman: You are obviously fairly sceptical about the BBC providing these services.

Lord Puttnam: I am sceptical for two reasons. I am sceptical because I do not think they know how to do anything inexpensively and somewhat amateurishly. I use the word "amateurishly" as a positive, not a negative. I do not think they are very good at involving local communities on anything other than their (the BBC's) terms and working to their rules.

They make poor partners. If I had a wish list of the things the BBC could better learn how to do, it would be partnerships. Lastly and most importantly, if they are remarkably successful in moving into this space it is likely to deter rather than help other people finding ways of putting this kind of community project together.

Q1777 Baroness Bonham-Carter of Yarnbury: Picking up on your scepticism about the BBC being involved in this, going back—

Lord Puttnam: Not involved; dominating. I have no problem with the BBC being involved at all. I would want the BBC involved. I have a certain scepticism about the BBC dominating this space.

Q1778 Baroness Bonham-Carter of Yarnbury: You can imagine them being part of it?

Lord Puttnam: Very much so.

Q1779 Baroness Bonham-Carter of Yarnbury: One of your first answers was about how technology means that this can be so much cheaper than it has been up until now. The BBC is estimating the moves that they propose for the next Charter period to make their services more local will cost £55 million per annum. In the light of your comments about what you can buy at Dixons, does this seem a realistic sum of money?

Lord Puttnam: I have tried to push the BBC on this and maybe you can be more successful than I have been. My concern is that, assuming some of these plans for buses and local community involvement are remarkably successful, how scaleable are they? What would happen if they are genuinely successful and we want to move from 15 or 115 buses to 1,500 buses or we want to move rather more rapidly in pursuing the local reach of the BBC? I cannot get a sense that the BBC's figures account for that level of scaleability. It is quite difficult to unravel what that will pay for let alone what happens if some or all of it takes off like a rocket.

Q1780 Baroness Bonham-Carter of Yarnbury: You do not think they are over-estimating the cost?

Lord Puttnam: No. The BBC are pretty good at costing what they do, they do overspend but they normally have some contingency for that.

Q1781 Lord Maxton: Do you think the BBC should be involved in the digital switchover?

Lord Puttnam: I do. It would be illogical for the BBC not to work with government in enhancing, encouraging and driving forward digital switchover. They know more about it. They are well resourced. They have the relationship with government and in a sense they have the public service remit to ensure that

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digital is made available to the poorest, least advantaged and geographically most challenged.

Q1782 Lord Maxton: I can see that but why should the licence fee payer finance it? Why should not the rest of us pay for it?

Lord Puttnam: That is a perfectly good question. In a sense, it is the reverse question of why the BBC should pay a spectrum charge. You are right. It does encourage cynicism on the part of the licence fee payer who feels, "Is this the very first phase of top slicing? Is this first bit of top slicing of the licence fee to pay for other things?" If it is, does it set the wrong precedent? It is a very correct question. On balance, if you are asking me should the BBC be engaged with the government in driving this forward, yes. Should it be paid for by the licence fee? I am not sure about that.

Q1783 Lord Maxton: Personally, I have some reservations about the technology to be used. It may be that by 2012 the BBC will be a producer of programmes rather than a broadcaster and that we should be looking at other technologies to ensure that everybody has digital services rather than just digital television. Would you agree?

Lord Puttnam: We may find it quite difficult to define what a broadcaster is by 2012. If by "broadcaster" we still include the key archivist, the organisation that makes material available, sometimes quite unusual material, if that still is a broadcaster, the BBC will retain that role. There is something very interesting happening in video and in publishing. It is not a diversion; it is fascinating. The average large book store carries 130,000 titles and sells about ten per cent of them on a regular basis; yet more than half of Amazon.com's book sales come from outside of its top 130,000 titles. What this indicates is that there is a market out there for material that is not available on the shelves but which people would like access to. I hope I am not complicating your question, I believe the bookshop analogy will hold up. Who will be the organisation—I think it will be a publisher/broadcaster—who will make available all of its products on demand? We can argue what demand might mean. I would probably still end up calling them a broadcaster. The BBC's resources increasingly will be available to all of us all of the time. I have an I-Pod Nano slightly smaller than this downstairs. I checked before coming up. I have 1,112 tracks on it. That is almost inconceivable when I look back 20 years to my first Walkman. I think television will move in exactly the same direction. That type of access will be available to us well within 20 years. I think 2012 is about right. But that would still be a broadcaster. I will still be relying on the BBC to call up my material.

Q1784 Lord Maxton: I know it is technical but once you move on to mobile telephones, using the internet and broadband, you are talking about narrowcasting, not broadcasting, technically. Broadcasting implies something that is put out that everybody can watch if they turn on their television at that particular point in time. Narrowcasting implies that you watch it when you want to watch it and where you want to watch it. That is what you are describing in the second part of that answer.

Lord Puttnam: Yes. That is where we will end up. There will be elements of broadcasting but essentially the market for narrowcasting will grow exponentially, whereas the market for broadcasting may well drop.

Q1785 Baroness Bonham-Carter of Yarnbury: Going back to the use of the licence fee for analogue switch-off, we have been hearing from quite a lot of people that the government is likely to get a considerable amount of money from the sale of spectrum. Should it not be using that money to pay for the analogue switch-off, rather than expecting the licence fee payer to?

Lord Puttnam: Yes. I think that is a more appropriate source of funding.

Q1786 Chairman: Your position is that the BBC should be a pivotal force, if you like, as far as switchover is concerned but the finance should come externally, not through the licence fee?

Lord Puttnam: Yes. I am concerned about using the BBC internal resources to fund things which are essentially not related specifically to the output of the BBC because I think we are there setting a hare running and sooner or later someone is going to suggest more that is similar and we will be seriously into the top slicing argument, which is a completely different debate.

Q1787 Bishop of Manchester: One of the things we have talked about quite a lot in this Committee is the proposal that has been made about Manchester. There are three areas I would be very grateful to you for sharing your views on. The first is that the costs of the move have seemed quite enormous. As time has progressed, the projected costs seem to have come down a little. Nevertheless, that is an area of concern. The second point you made earlier about the local community is how far it is realistic for the BBC to be saying that the move to a shared hub in Manchester would be of enormous benefit to the local community. Thirdly, in the light of the points you have made about the BBC's very poor reputation in sharing—that is a point that has been made by other people as well—what chances do you think the proposal has for success anyway as a concept of sharing between the BBC, ITV and the independents?

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Lord Puttnam: My experience of moving centres of activity is that it is, to all intents and purposes, illusory unless you also move the decision making process and the financial clout that goes with it. Why do I say that? When I went into the film industry in the late 1960s, people talked about Hollywood. No decision was made in Hollywood. All the decisions in the film industry were made in New York. It was not until the mid-1970s when, for their own reasons, partly property based, the studios moved to the west coast and the decision making processes began to take place in Hollywood. The decision to move sport to Manchester is a good and very positive one. It is the sort of shift I would like to see take place rather more generally in this country. I will not be totally convinced until I know that the head of sport is living there, that the decisions are being made round a table in Manchester and that the resources that fund those decisions are also available in a bank in Manchester. I do not like token regionalism. I think it is bad for the regions and for everyone involved. I am very much in favour of moving the non-metropolitan aspect, particularly of the BBC, out. I work a lot in the north east and I would like to see much more take place in the north east, but the north east will only have the confidence to perform as I believe it could once the decisions the resources and the mistakes can all be made there. That is another very important point. Regions must step up, have the ability to make decisions, face their mistakes and solve them. I am not sure nationally we have come to that point.

Q1788 *Bishop of Manchester:* It has certainly been the experience in the religion and ethics department which moved to Manchester much earlier that they felt very distanced from where decisions are made. It would be very unhelpful if that kind of experience were to be repeated in the sports area. I think there is a view among some people that when the move is made to the hub, if it does happen, departments like religion and ethics will disappear or be changed. Could you share with us your views about the kind of things that you see happening in this proposed hub? How would it work between the BBC, ITV and the independents?

Lord Puttnam: I think it could work in niche areas but not without enormous difficulty. Can I go back to the period when I was at Anglia? I was chairman of a wonderful subsidiary called *Survival*. We made wildlife films. It was a very successful small company. Because so much of *Survival* related to footage we had commissioned, we used to own our archives which was quite unusual. I spent a lot of time dealing with BBC Bristol to try to create a national wildlife archive. It seemed to me to be completely sensible—there were only three players, the BBC, a small organisation owned by HTV in those days, and ourselves—to pull that together as a comprehensive

archive seemed to make the greatest sense—but it proved absolutely impossible. Everyone had their own reasons why this had to be here and you could not possibly move that to there. You were led to understand that if we had got rid of this or that warehouse in Swindon the entire nation would collapse. I became pretty cynical about the excuses for putting things together. It would be a first in broadcasting to get independents and the major players to work together harmoniously to an improved end product. It might save costs along the way but I do not believe the end product would be enhanced or improved.

Q1789 *Chairman:* That depends on the BBC.
Lord Puttnam: Entirely.

Q1790 *Chairman:* Is it a two way thing? Is it just that the BBC are bad partners?

Lord Puttnam: I am afraid so. I can only repeat that, in my experience, they do not know how to do it. It is not part of their culture. Lord Kalms will have his own experiences. There are businessmen who cannot be partners. It is not that they do not want to be; they just do not know how to be a partner. They know how to use someone else's money in a joint venture but they do not know how to be a partner.

Q1791 *Bishop of Manchester:* If this is going to cost as much as people are saying and you are telling us that you do not think it is going to work, ought not the plug to be pulled on the idea?

Lord Puttnam: I would be sorry if that happened because there are people who are very keen to move sport to Manchester. I think there is enough impetus—there certainly was under Greg Dyke—to do it properly, to re-locate it there, put the management and resources there and make the decisions there. Whether there has been some backsliding since Greg went I do not know but it would be a pity if the idea was allowed to atrophy.

Q1792 *Bishop of Manchester:* It would be a good idea?

Lord Puttnam: Yes.

Q1793 *Chairman:* There are two issues, are there not? There is the issue of putting sport and other things there and there is the issue of the shared production at the hub. The two perhaps are not the same.

Lord Puttnam: It will only work if the BBC are prepared to relinquish a fair amount of control and I suppose what I am saying is I think they are going to find that agony.

Q1794 *Bishop of Manchester:* Interestingly, Charles Allen is very enthusiastic about the idea.

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Lord Puttnam: It is a win win for Charles Allen. It is hard to convince the BBC it is a win win.

Q1795 *Chairman:* Why is it a win win for Charles Allen?

Lord Puttnam: Because he lowers his costs. I do not think he feels all that proprietorial about the decision making issues and again it is a different culture. Charles Allen is a deal maker. He knows how to make a deal and he knows how to walk away from the details having made it.

Q1796 *Baroness O'Neill of Bengarve:* As you know, in our first report we suggested that Ofcom should have comparable powers for content regulation to the BBC and other PS broadcasters. Would you agree with that recommendation? Do you think that would add a sensible form of regulation to the BBC or do you think it would be a little different?

Lord Puttnam: Ironically, in view of what I have been saying, I am not a supporter of that. There are two reasons. The core suggestions the BBC are making along the lines of the Michael Grade Trust concept are worth a go. I am not sure it will work but I certainly think it is worth a run. Conversely, Ofcom is a very young organisation with an enormously broad remit. There is a lot of work to do and I frankly think it could do without the additional responsibility of the BBC for the time being. I am on record as saying that I think there is a strong argument for a mid-term review. I would not blame the BBC if eyes went to heaven at the idea of a mid-term review. I would rather see something more. I would like to see the trust itself commit to commissioning some form of peer review of those areas in which the public value test is involved. I have a shortlist: certainly its commitment to training and training for the entire industry. I am not comfortable with the idea that the BBC decides itself how well it is fulfilling its commitment to the rest of the industry. I would like to see that peer reviewed and I would like to see that peer review published. In the area of curricular support, there is no reason at all why the Trust should not have a rolling contract with the Institution of Education to appraise the BBC's performance in this area of educational output, comment on it and publish their appraisal. Diversity would be another one. Parliamentary coverage might be another. These are key areas of public value that the BBC is responsible for and where it cannot honestly, without blushing, make the argument that it could be the judge and jury of how successfully these are being carried out.

Q1797 *Baroness O'Neill of Bengarve:* This is to take the notion of content regulation very much further than the Ofcom definition of content regulation which was extremely minimal and perhaps even so a

burden too far extended to the BBC. Your notion is a diversity of forms of peer review, not just the National Audit Office and Ofcom?

Lord Puttnam: Yes. I am an enormous fan of expert peer review. Training is a very good example because there are people who really do understand where this industry is going, what the needs of 2012 are likely to be and whether there is going to be a sufficiency of this or that type of training. I am not prepared to trust the Corporation with this enormous responsibility, with no one commenting annually as to whether it is meeting its targets because they are in themselves shifting targets. We are talking about 2012 and maybe 2020 and all of a sudden we could find ourselves with a really serious skills deficit. These things have to be monitored, analysed and commented on and that cannot be done by the Trust. It can be commissioned and published by the Trust but it has to be carried out by someone who really knows their business.

Q1798 *Baroness Howe of Idlicote:* Quite apart from suggesting that Ofcom should take over the review of content, one of the comments you made was that the whole of the Content Board might need a little reappraisal. I wonder if you have any views on how you see the workings of the Content Board?

Lord Puttnam: We fought jolly hard to get it and to give it some teeth. With the change over in Chair, this would probably be a good moment to appraise the performance and work out whether it is doing the job. It is a little large. I am not a great fan of rather crude, regional representation. For me it is rather like a football team. Yes, it maybe a good idea to have a Chinese fullback but it is also a good idea if he is a good fullback. I would really like to think that everyone on the board is appraised for their skill set as well as their representational value. My concern is that on the one occasion when the Content Board in its area if responsibility advised the main board that it was making a mistake it was ignored. That was over the removal of the totality of the ITV PSB obligations. That is a pity. Whilst I gather it was done pleasantly at the time, it would be quite nice to see the two conflicting arguments put side by side, to be assessed possibly by yourselves. There has been an important development which is that the Content Board's recommendations appear in the main board minutes. That is a very important and could be a significant development. That is one to applaud but it would be a great pity if the Content Board somehow gets reduced to being a mere advisory attachment to the main board.

Q1799 *Baroness Howe of Idlicote:* One of the hopes that we had when we were putting forward this idea of a strengthened Content Board was that somehow the Content Board would be more accountable and

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more open to licence fee payers, which is the group who clearly feel very strongly about issues of content. Can you see any way in which that could be done?

Lord Puttnam: You and I have met the Consumer Panel and I think we were both rather impressed by the seriousness with which they are taking their job. The key here is the relationship between the Consumer Panel and the Content Board. It is a fairly clumsy structure. No one invented it; no one really wanted it; it was something of a lash up. There is no question about that. But so long as there is a decent relationship between the Consumer Panel and the Content Board, as long as the Content Board is taken seriously, as long as the views of the Content Board become public through the publication of the minutes, that is probably in the short term as good as we are going to get.

Q1800 Baroness Howe of Idlicote: Would there be any case for holding some of the hearings in public?

Lord Puttnam: There would. It may be better that there should be a public annual review, an ability for stakeholders—an awful phrase—to be able to turn up and question the Content Board on the decisions that have been made and the pressures they find themselves working under. I have been chair of enough meetings to know that whilst it is a lovely idea, in practice it can be a nightmare.

Q1801 Baroness Gibson of Market Rasen: I understand that you are in favour of an annual appraisal of the BBC or certain parts of it. Could you expand on your thoughts on that, particularly in relation to how it would work?

Lord Puttnam: For the first five years I would like to see a statement from the trust acknowledging the fact that they have a tremendous amount of evidence of performance in a number of specific areas, a lot of experience of performance in these areas, but that there are other areas, which we tend to refer to as public value areas in which they have a limited ability to oversee and appraise. This is where my concept of a peer review comes from. In those areas, they should go out and seek really good advice. Were it me, if I were Michael Grade, I would go along to the Institution of Education and say, “We would like a contract with you for the next three years on a rolling basis. You appraise our education output. Look at the intention that lies behind it. Look at the budgets—look at the outcomes and tell us if it is working. Are we really supporting schools as well as we could?” It would effectively become the interface between the measurable impact of the BBC’s output on education and the people who are making the programmes. Some very interesting things could well begin to emerge. Nothing like this really existed. The BBC will say quite seriously, “We talk to the education world all the time. We have a deep

relationship with the education world.” Yes, and No. If the trust would show a willingness to acknowledge that it cannot be expert in every area and it is prepared to take expert advice and publish that advice and back it in the form of improved output, I would have thought the trust would have done itself an enormous favour.

Q1802 Baroness Gibson of Market Rasen: You do not think annually is too short a period of time?

Lord Puttnam: Personally, I would prefer a rolling review, certainly in the case of education which is the area I am most familiar with. So many things just do not happen annually. What one might have is an annual report to the trust, which the trust would then publish.

Q1803 Lord Peston: One is very sympathetic to the examples you give but would it not also be useful if there existed a committee like this Committee which every year would have the BBC before it to say, “We are very puzzled, for example, as to why you did not bid for one of the six football packages” and things like that? Would that also be included in your need for the BBC to explain itself more generally?

Lord Puttnam: Absolutely. There is no serious argument for not having a permanent select committee looking at these issues. This is an important area of public life. This Committee is perfectly able to do it; it has the resources to do it and it is a very good way of going about it. You are seeing Michael Grade this week. If I were Michael Grade, I would welcome the opportunity to explain myself to people who have the time and the interest and who probably share my values. I have never really understood the reluctance on the part of people in public life to appear before select committees. It seems extraordinary to me. When I was chair of NESTA I used to look forward to select committee hearings because it gave a real opportunity to air your problems and grievances. If you have a reasonably sympathetic chairman and informed members, it is a marvellous way of getting out into the media some of the problems that are worrying you.

Q1804 Lord Maxton: The BBC already produces an annual report. Annually, the chairman and the director general appear along with other members of staff before the House of Commons select committee and answer very difficult questions on that report. I do not think we want to run away with the idea that nothing happens at present.

Lord Puttnam: I am not. Qualitatively, what is likely to come from a standing committee in the House of Lords will be somewhat different from the House of Commons committee because your agendas are necessarily slightly different. You are more a fan of

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the previous chairman than I am but I felt that the House of Commons committee had at times unnecessarily hostile agenda and certainly it was felt to be a hostile agenda at the BBC.

Q1805 Lord Maxton: Not by everybody.

Lord Puttnam: No, but among people at the BBC. That is not helpful. As chair of an organisation, again my experience was at NESTA. Yes, you are prepared to take hostile questions but you are also looking for support when the answers you offer are good and valid they deserve backing. That is the reason to be there, to seek support for the things that are most vexing.

Chairman: Lord Maxton is a well known refugee from the Commons committee.

Q1806 Lord Kalms: I very much enjoyed reading the speech. It is a very good insight into the BBC and the way you described it rather amused me. I want to come back to the theme of your speech which is about local content. At some stage in our report will have to deal with this. It struck me that you were being somewhat over-ambitious. You said you felt you could fill most of the time in that local slot with local news. I would assume that you are going to run local news from six in the morning, say, until midnight. It seems to me that you were talking about a few news reports downloaded from other programmes, but would it not be more likely that you could achieve what you wanted if you did not aim so high? I rather suspect what you are asking is just going to be a no no, whereas we could insist, for instance, on the BBC giving you, say, three hours local. In other words, aim a bit lower and hopefully achieve something. If the BBC, on the basis of low cost, had to provide three hours locally for areas, would that not be a more likely target to achieve rather than insisting they give a whole dedicated programme? Surely all day locally would be a bit mind boggling? You can watch a local football match and the local council but you are talking about filling a lot of slots every day, seven days a week, 12 hours a day. That could be from famine to over-indulgent feast.

Lord Puttnam: There would be a lot of repeats. I do not mean that in a negative sense at all. Take my example of a weddings programme and let us say it is one hour. There is no reason at all why it should not be three afternoons a week because people do dip in and out. Many women particularly work part time, so you schedule it to ensure that in any given week there is a very good chance that any woman working in that locality had an opportunity to view it. Yes, there would be quite a lot of repeats but my concern about it being a three hour opt out of the BBC is honestly to do with the fact that unless we try to build this bottom up, unless you give people a chance locally to express themselves in their own time and in

their own way, we will always get back to this national, top down concept of what television is. "This is what we are going to do. This is what is good for you. These are the questions we will ask you and we will do it beautifully and professionally." I am suggesting that there is a different form of television that you have made possible through technology. I do not know if it will work but I would love to see it happen in my lifetime and find out what communities are capable of. I live in west Cork, in Ireland, and we have an enormously thriving farmers' market. Every one of those people has a story. We have for example a very successful cheese maker in west Cork. We come together on a Saturday and if I miss the farmers' market I miss out on what is happening in my locality each week. That is where we find out about each other. All I am suggesting is I think there is a thirst for local knowledge and a thirst among people to have a sense of who their community is and what members of their community are doing, which inevitably national or even large regional broadcasters tend to trivialise.

Q1807 Lord Kalms: If you have this idea that you want to incorporate local programmes, why do you not try and sow the seed and plant the seed into it? If we insisted or recommended that there were so many hours of local and that seed is planted, if it is a good idea it would develop and go from three hours to six. It would become totally local. I am trying to transplant the seed into the BBC's mind following your suggestion, which is excellent and which I totally support. You must have a content of one, two, three or four hours a day or so many hours a week of pure local stuff. Plant the seed. Argue that planting of the seed and you might get somewhere. Argue your case for total dedication and I can see a resistance from the BBC. "It is a good idea but come back later, son."

Lord Puttnam: I have been to Hull where the BBC has a very good centre indeed because of the history of the way the telecom market developed in Hull. The BBC have used it as a test bed. A lot of what they do is very good but it is very clearly BBC driven, driven from the centre. I do not get a strong sense of the voice of the people of Hull dominating that the output. At the end of the day, I am a deal maker but I would love to see at least an attempt made to see what happens when you take a housing estate and get it to look at itself, look at its problems, identify who its heroes and villains are and see what happens. We have the technology, we have the resources, the wit and wisdom to do it. All we need is the will. In the end of course I will settle for whatever deal is possible.

Q1808 Chairman: Going from the local to the rather bigger stage, the World Service to which you refer in one of your memoranda and of which you appear to

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be a great admirer, have you had any views on the idea of this Arab language service being introduced and whether the funding for that is going to be adequate?

Lord Puttnam: I talked to Richard Sandbrook who is responsible for it and my sense is that, yes, the resources will be adequate and that there is quite a lot of regret within the BBC about the cuts that had to be made in order to do it. It was a decision made at the top. I am not so much worried about resources. I am worried about the precedent that it sets, that we begin to trim away the World Service in areas that are seen to be “non-essential” in order to focus on areas which are seen to be politically sensitive or even politically essential. I would have thought that if there was an overwhelming argument for an Arab service television station to be supported by the BBC then we are a big enough and ugly enough nation to be able

to resource it without cuts but I do not know enough about the detail.

Q1809 Chairman: You would argue for additional resources?

Lord Puttnam: Yes. Just to show that even the oldest product can have new life, *The Wizard of Oz* was made the year before I was born and has been watched by people ever since. This D.V.D version went into the shops yesterday. It is possible to give new life to even the oldest concepts.

Q1810 Chairman: You are the only person who, in our evidence so far, has brought along a sort of teaching aid. Thank you very much for coming. We have enjoyed your evidence, as always. Perhaps if we have any other points we can come back to you.

Lord Puttnam: Thank you for listening to me.

TUESDAY 17 JANUARY 2006

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Gibson of Market Rasen, B Holme of Cheltenham, L Howe of Idlicote, B	Kalms, L Manchester, Bp of Maxton, L O'Neill of Bengarve, B Peston, L
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Letter from the Football Association

The Football Association is looking forward to meeting with the Select Committee on 17 January 2006.

In consultation with David Davies and other colleagues, we are happy to offer the following written observations and we trust that these will be of assistance to the Select Committee, forming the context of our appearance before the Committee in January.

INTRODUCTION

The Football Association ("The FA") is the governing body of association football in England. The FA was founded in 1863 and is responsible for all regulatory aspects of the game of football in England, the promotion of the game, the governance of the administration of the game and for exploiting The FA's key assets in order to generate funds for distribution throughout and investment in the development, of the game of football. The FA's activities are many and varied. They including promoting the development of the game amongst all ages, backgrounds and abilities in terms of participation and quality, and promoting the availability of the sport to the greatest number of people. It includes regulating the game on and off the field through the relevant Laws and Rules, sanctioning either directly or indirectly all matches, leagues and competitions in England and overseeing the administration of the disciplinary system and the administration of refereeing throughout the game.

The FA organises a number of senior men's, youth and women's national competitions and a number of representative England teams at all ages and for all abilities. The FA's main commercial assets include The FA Challenge Cup and the England Men's Senior Team, events, the rights to which are of great interest to radio and television broadcasters both in the UK and overseas. It is from the exploitation of broadcast and sponsorship rights to these primary properties that The FA is able to generate the revenue which in turn is used to develop the game of football at all levels, improve standards and increasing participation, and is distributed to clubs, leagues, counties and associations throughout the game.

THE SELECT COMMITTEE'S QUESTIONS

1. *"The audience figures for live football on the BBC and on other channels"*

We attach at the end of this letter audience figures for live matches that the BBC has broadcast from The FA Cup and England Internationals for the three previous complete seasons.

2. *"The importance of BBC television and radio to football"*

The BBC has broadcast football, whether on radio or television for over 70 years. As the nation's publicly funded broadcaster, and as a free-to-air channel, the BBC has always been an important outlet for the broadcasting of top sports events. For many years the BBC has broadcast The FA Cup Final, and as independent television developed and as the amount of football available to be broadcast on television increased, main matches in The FA Cup together with The FA Cup Final and England matches have been shown on free-to-air television between BBC and ITV attracting huge audiences. On radio, The FA has had an almost unbroken relationship with the BBC allowing both live commentary of main FA Cup and England International matches, as well as scoreflashes, news, reports and features.

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In the broadcasting environment of 2006 the BBC is still a major player in the broadcasting of football. In relation to the rights held by The FA, we have a four year agreement with BBC television expiring in June 2008, allowing the BBC to broadcast live matches from The FA Cup, live Home England Internationals and matches from the Women's FA Cup and other FA tournaments. Other broadcast rights are owned by BSkyB to broadcast in partnership with the BBC. For example, in each round of The FA Cup, four live matches may be broadcast, three by the BBC and one by BSkyB. Each broadcaster is able to broadcast highlights of each round.

BBC Radio Five Live has an agreement, also expiring in June 2008, to broadcast live commentaries of up to seven 7 matches in each round of the FA Cup, together with Home England Internationals, and is able to offer Scoreflashes and updates from all other FA Matches.

The BBC is currently an important broadcast partner of the Football Association, and we enjoy a successful and fruitful relationship with them. As can be seen from the viewing figures set out under question one, the BBC enjoys extremely healthy viewing figures from its broadcasts of FA Cup and England matches. It is through this arrangement that The FA has been able to ensure that its main football properties are available to the widest possible audience. In that respect the BBC is an important part of the broadcasting landscape in general and a key partner of The FA in particular.

3. *"The effect on the game of the decreasing amount of live football on free-to-air television"*

The FA disputes the suggestion that there is a "decreasing amount" of live football on free-to-air television. In relation to The FA's own rights, in its current broadcasting arrangements, there are currently more matches available live on free-to-air television than was the case under our previous broadcast agreements.

The FA also notes that the UEFA European Championship and FIFA World Cup are available live on free-to-air television, and are, in addition, listed events. UEFA Champions League matches are still live on free-to-air television, with a wider choice being offered to subscribers to pay television and there are an increasing number of matches within the UEFA Cup which are available on free-to-air television on an *ad hoc* basis.

The FA would ask the Committee to note that there has not been live coverage of top league matches on free-to-air television since 1992, and that there has been comprehensive highlights coverage of the FA Premier League and Football League matches in that period.

We would argue that the balance of coverage between free-to-air television and subscription television across all of the football properties available for exploitation within the UK is fair. In particular, the rights exploited by The FA tend to be "major events". All those matches are available on free-to-air television.

4. *"Whether the BBC should have a duty to bid for certain sports events"*

The FA does not express a view whether the BBC should have a duty to bid for sports events. However, as a publicly funded broadcaster which draws its funding from a compulsory licence fee, we would observe that the BBC must always seek to ensure that it is offering a spread of programmes that appeals as widely as possible to as many of its licence fee payers as is possible. On that basis, since football is the nation's most popular sport, and football broadcasts are amongst the most viewed broadcasts in any particular year, the BBC will retain widespread support and credibility amongst licence fee payers if it is able to offer a good mix of attractive football broadcasts as part of its public service obligations.

The FA notes that the BBC has always taken the approach that it should bid for key sports events, and has always expressed an interest in bidding for rights to The FA's properties. As part of the current broadcasting arrangements between The FA and the BBC, not only can the BBC broadcast live the most attractive matches, but it also exercises a public service remit in giving coverage to matches within the "grass roots" level of the game, such as the Women's FA Cup and other FA competitions. This assists the development of the game at the "grass roots" and provides wider exposure of certain of those events. In that respect, the BBC is exercising its public service remit and providing a service to the public that helps it to retain support and credibility amongst licence fee payers.

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5. *"The BBC's approach to bidding for sports rights"*

We would be pleased to answer the Committee's direct questions on this point when we appear before the Committee.

However, we would hope whenever the BBC is bidding for sports rights, that it participates openly and fairly in any bidding process, that it offers what it considers to be a fair market value for the rights in question, reflecting the value of the rights to the BBC, and that it does not attempt to rely on legislation or other regulation to attempt to secure rights below the market price. The FA is pleased to assure the Committee that, in our experience, the BBC has always operated in this way in its negotiations with The FA for our broadcast rights.

6. *"Whether there should be an independent review of the way the BBC bids for sports rights"*

The FA offers no comment on this question.

7. *"Whether the BBC can provide enough air time to fully realise the value of your rights"*

We are satisfied with the amount of coverage that the BBC provides across television and radio for the rights of The FA which it exploits.

8. *"Whether a specialist BBC sports channel is desirable"*

The FA expresses no position on this question.

9. *"Whether the listed events system provides sufficient balance between protecting free coverage of sporting events and securing income for sports"*

The listed events legislative regime has existed since the mid-1950s. At that time, it was devised to protect the BBC against competition from the newly created independent television. Since then the regime has been adapted to offer protection for free-to-air broadcasters against the arrival of subscription and pay-per-view broadcasters, so as to ensure that the so called "crown jewels", being the most popular and iconic sports events, should remain available to free-to-air viewers on a live basis.

Since the listed events regime has been a part of the broadcast market environment for many years, we have seen no basis for intervening and changing it. The FA Cup Final has been a listed event ever since its inception and it would not be The FA's position to argue for either removing The FA Cup Final or for adding any additional matches within our inventory onto the list. We do not believe in making any further alteration to the balance of the broadcast market by either removing events from the list or by adding to it.

If there were no listed events regime in place now, we would not argue for there to be one. However, since there has been a listed events regime for many years, we believe that the market is mature enough to deal with the balance caused by some events being reserved for free-to-air broadcasters. We are aware that many have challenged the whole concept of listed events on the basis that it distorts the markets and reduces the income available to rights owners whose events are on the list. We do not believe that this need necessarily be the case. As long as the free-to-air broadcasters continue to offer a fair market price, reflecting the value of those events to those broadcasters, then there is no reason why the listed events regime should distort the market.

The Select Committee will be aware of the CCPR Voluntary Code on broadcasting rights, which all the major spectator sports have signed up to. This Code guarantees that at least 5 per cent of all TV revenue derived by the signatory sports is reinvested into the sport. This illustrates how most major sports take a responsible view of raising broadcast revenue. Of course, The FA invests considerably more than this in the sport at all levels.

10. *"Whether the European Commission's reform of the sale of Premier League broadcasting rights present a genuine opportunity for terrestrial broadcasters to acquire live rights"*

The FA offers no comment on this particular question.

We hope that this information is of assistance to the Committee and look forward to appearing on 17 January 2006.

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APPENDIX 1A**FA CUP VIEWING FIGURES****2002-03**

<i>Season</i>	<i>Round</i>	<i>Broadcaster</i>	<i>Day</i>	<i>KOT</i>	<i>Match</i>	<i>Average Rating ('000)</i>
2002-03	1	BBC	Sun	13.00	Forest Green v Exeter City	
	2	BBC	Sun	13.00	Oxford United v Swindon Town	
	3	BBC	Sat	17.45	Southampton v Tottenham Hotspur	5,587
	3	BBC	Sun	13.00	Manchester City v Liverpool	6,111
	4	BBC	Sun	13.00	Manchester United v West Ham United	5,591
	4	BBC	Sun	18.30	Shrewsbury Town v Chelsea	6,259
	5	BBC	Sat	12.15	Manchester United v Arsenal	6,426
	5	BBC	Sun	19.00	Wolverhampton Wanderers v Rochdale	3,591
	6	BBC	Sat	17.15	Arsenal v Chelsea	7,401
	6	BBC	Sun	13.30	Watford v Burnley	2,473
	SF	BBC	Sun	13.30	Watford v Southampton	5,477
	Final	BBC	Sat	15.00	Arsenal v Southampton	6,161

APPENDIX 1B**FA CUP VIEWING FIGURES****2003-04**

<i>Season</i>	<i>Round</i>	<i>Broadcaster</i>	<i>Day</i>	<i>KOT</i>	<i>Match</i>	<i>Average Rating ('000)</i>
2003-04	1	BBC	Sun	13.00	Accrington Stanley v Huddersfield Town	
	3	BBC	Sat	17.35	Southampton v Newcastle United	5,788
	3	BBC	Sun	13.00	Yeovil v Liverpool	5,387
	4	BBC	Sat	17.35	Liverpool v Newcastle United	7,364
	4	BBC	Sun	13.00	Manchester City v Tottenham	4,548
	5	BBC	Sat	17.35	Sunderland v Birmingham City	4,979
	5	BBC	Sun	12.30	Arsenal v Chelsea	5,426
	6	BBC	Sat	18.00	Portsmouth v Arsenal	6,877
	6	BBC	Sun	13.00	Millwall v Tranmere	3,197
	SF	BBC	Sat	12.00	Arsenal v Manchester United	6,291
	F	BBC	Sat	15.00	Manchester United v Millwall	6,322

APPENDIX 1C**FA CUP VIEWING FIGURES****2004-05**

<i>Season</i>	<i>Round</i>	<i>Broadcaster</i>	<i>Day</i>	<i>KOT</i>	<i>Match</i>	<i>Average Rating ('000)</i>
2004-05	1	BBC	Sun	14.00	Thurrock v Oldham Athletic	1,702
	2	BBC	Sun	14.00	Hinckley United v Brentford	1,956
	3	BBC	Sat	12.30	Sheffield United v Aston Villa	3,062
	3	BBC	Sat	17.30	Plymouth Argyle v Everton	4,973
	3	BBC	Sun	13.45	Yeading v Newcastle United	4,821
	3					
	Replay	BBC	Wed	19.45	Exeter City v Manchester United	6,835
	4	BBC	Sat	12.30	Southampton v Portsmouth	3,586
	4	BBC	Sat	17.20	Manchester United v Middlesbrough	6,553
	4	BBC	Sun	13.45	Oldham Athletic v Bolton Wanderers	3,961
	4					
	Replay	BBC	Sat	17.30	Tottenham v West Bromwich Albion	5,781

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5	BBC	Sat	12.30	Arsenal v Sheffield United	4,012
5	BBC	Sat	17.30	Everton v Manchester United	7,577
5	BBC	Sun	13.40	Burnley v Blackburn Rovers	3,683
5					
Replay	BBC	Tue	20.05	Sheffield United v Arsenal	7,599
6	BBC	Sat	12.15	Bolton Wanderers v Arsenal	3,740
6	BBC	Sat	17.15	Southampton v Manchester United	5,632
6	BBC	Sun	13.05	Blackburn Rovers v Leicester City	3,617
SF	BBC	Sun	14.00	Manchester United v Newcastle United	6,208
Final	BBC	Sat	15.00	Arsenal v Manchester United	9,839

Source: Sponsorship Science

APPENDIX 2

ENGLAND VIEWING FIGURES

ENGLAND MATCH AVERAGE FIGURES—LIVE BBC

<i>Season</i>	<i>Competition</i>	<i>Broadcaster</i>	<i>Date</i>	<i>Match</i>	<i>Average Rating ('000)</i>
Final Tournaments					
2000	Euro 2000	ITV	12 June	England v Portugal	15,400
		ITV	17 June	England v Germany	17,800
		ITV	20 June	England v Romania	14,600
2002	World Cup 2002	ITV	2 June	England v Sweden	9,200
		BBC	7 June	England v Argentina	10,200
		BBC	12 June	England v Nigeria	9,600
		BBC	15 June	England v Denmark	12,400
		BBC	21 June	England v Brazil	11,700
		BBC	21 June	England v Croatia	18,200
2004	Euro 2004	ITV	13 June	England v France	17,700
		ITV	17 June	England v Switzerland	14,200
		BBC	21 June	England v Croatia	18,200
		BBC	27 June	England v Portugal	20,700
Qualification and Friendly Matches					
2002–03	ECQ	BBC	12 October	Slovakia v England	9,200
		BBC	16 October	England v Macedonia	9,900
		BBC	29 March	Liechtenstein v England	8,100
		BBC	2 April	England v Turkey	10,700
		BBC	11 June	England v Slovakia	8,600
2003–04	ECQ	BBC	6 September	Macedonia v England	7,400
		BBC	10 September	England v Liechtenstein	10,300
2004–05	Friendly	BBC	18 August	England v Ukraine	6,200
		BBC	9 October	England v Wales	7,700
	Friendly	BBC	17 November	Spain v England	8,700
		BBC	9 February	England v Holland	7,900
	WCQ	BBC	26 March	England v Northern Ireland	7,500
		BBC	20 March	England v Azerbaijan	9,400
		BBC	31 May	England v Colombia	6,500
2005–06	WCQ	BBC	7 September	Northern Ireland v England	8,900
		BBC	8 October	England v Austria	8,700
	WCQ	BBC	12 October	England v Poland	10,100
		BBC	12 November	England v Argentina	9,600
Tournaments Match Average					14,308
Qualification Match Average					8,962
Friendly Match Average					7,780

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Examination of Witnesses

Witnesses: MR BRIAN BARWICK, Chief Executive, and MR SIMON JOHNSON, Director of Corporate Affairs, Football Association, examined.

Q1811 Chairman: Welcome to you both. Thank you very much for coming. It seems to me, reading your biographies, that you have a combination of experiences because both of you come from the world of television. Mr Barwick, you were Controller of Sport for ITV for seven years and you also ran *Match of the Day* on the BBC for a long period before that.

Mr Barwick: I did indeed, yes.

Q1812 Chairman: Simon Johnson, you were ITV's programme commissioning and acquisitions business manager, very much including sport?

Mr Johnson: That is correct.

Q1813 Chairman: You therefore speak with authority. We are grateful for you very clear letter. I will not go through all the points that you include in that, but, just so that we can get everything clear, you say that the FA Cup is one of your main commercial assets, to use your phrase, that it is now getting to an interesting stage. As a Midlands member, I am wearing the Tamworth Nuneaton and indeed Burton colours in a sense at the moment; we will see what happens. You set out very clearly the audience figures for the BBC when they are televising the FA Cup. How does that compare with Sky? What kind of audience figures do Sky have?

Mr Johnson: My Lord Chairman, we are at a slight disadvantage in that we have been unable to supply you with the viewing figures for BSkyB. They follow some time behind, and so the information we supplied to you was up-to-date information for the BBC.

Mr Barwick: I could give you a general comparison, which is probably in the region of 1:5.

Q1814 Chairman: So the BBC has five times more audience than Sky?

Mr Barwick: Yes, and that is approximate.

Q1815 Chairman: Do you take that sort of thing into account when you are thinking about your responsibilities to football generally?

Mr Barwick: Yes, I think so. I have to say that the last time the Football Association sold its rights, I was trying to buy them. The next time they sell them, I will be trying to sell them. It will be quite an interesting change of position. I think the Football Association has a responsibility to the game, which means that it should, as one of its core ambitions, try to maximise revenue, but equally try to make sure it encourages the wider participation of the

game and also the ability for people to see the game. We have to balance that duality really.

Q1816 Chairman: Would it worry you that so comparatively few people watch BSkyB?

Mr Barwick: No, because I think broadcasting is a changing landscape. Some of the bigger and more important games on BSkyB now are watched by significant numbers. Earlier this season I might have been right to suggest to you that when Manchester United played Chelsea on a Sunday afternoon in the Premier League, 3.6 million watched. These are becoming significant numbers.

Q1817 Chairman: Even so, they are a long way behind the BBC?

Mr Barwick: That is absolutely true.

Q1818 Chairman: Therefore, you are in a very good position, given your different jobs, for this next question. How much did the BBC pay to the FA for the rights?

Mr Johnson: I do not think we have put that information into the public domain. The deal was done a couple of years ago. I was checking that this morning. It is not in the public domain. Our present deal that I told you about in the letter is a four-year agreement between ourselves and jointly the BBC and BSkyB. There is a total figure for that. That is not a public figure. Also, we do not divulge how the division for payments is made between the BBC and Sky. If it would be helpful to you, I can give you an indication of the FA's overall income, but I think you are specifically trying to get the value of the television rights, which unfortunately, because this is a public session, I cannot help with any further.

Q1819 Chairman: As a matter of policy, you just do not get that information?

Mr Johnson: We have not published it in this current deal. Whether that remains a policy for the future is something we still need to resolve, but in this current deal, we have not publicised the amount of television revenues that we receive.

Q1820 Chairman: What is the total number for the FA?

Mr Johnson: The FA's income is made up of various sources. The largest section is television but there is also income that we receive from sponsorship, gate receipts and other grants. In our last published accounts, our total income was over £206 million from all the sources of revenue that we have. That

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Mr Brian Barwick and Mr Simon Johnson

is distributed in ways that you may have an interest in later on.

Q1821 Chairman: The bulk of that comes from television rights?

Mr Johnson: It is the largest section of our revenue.

Q1822 Chairman: The other thing I would like to be clear about in your evidence is this. The clubs obviously benefit from this income, including the television rights. How does that work?

Mr Johnson: Would it be helpful if I just explained broadly what the FA does with its income? From that £206 million that we earn, we firstly deduct the cost of actually selling the rights, administering the contracts that we have. There is then a deduction made for the operating expenses of the Association; that is the operation at Soho Square and running the game and our various operations. There is then an element for the cost of specific programmes that we run. There will be some small-sided football programmes, for example, our medical work and our drug testing. Those are just some examples. The rest of that is then distributed by the Football Association pretty much on a 50-50 basis between what we call the national game—that is the amateur, grassroots game—and the professional game. When we say, as I think we did say in our letter, that the FA's revenues are used for the development of the game, that is absolutely true. Really the very largest part of our income is redistributed through the game and it is fairly equally split between entitlement for the clubs in the professional game and then also counties, grassroots football, the development of football at that level.

Mr Barwick: It is interesting to make the point that we are an association that reflects the interests of 37,000 clubs. That is the scale of the game: over 1 million players, 400,000 volunteers. Recent research suggests that up to 12 million people have been involved in football in some way, shape or form this year. We do have a responsibility across the spectrum of the game. We take that very seriously.

Q1823 Chairman: When there is some talk, as by the European Commission, about Premier League being a football monopoly, that hardly seems to be the case on the basis of our evidence.

Mr Johnson: I am sure you will want to talk about the European Commission.

Q1824 Chairman: We will.

Mr Barwick: I do not think we would ever agree that the Premier League is a monopoly. If you simply look at the amount of football that is played, the amount of football that is shown on television, you have: Premier League; Football League; within what we are able to sell, you have FA Cup matches

and England internationals; there are international competitions, the UEFA Cup and UEFA Champions League; and then you have the World Cups and European Championships. We have always argued that there is plenty of football around for the broadcasting market.

Mr Barwick: I became involved in television in 1979 and I have worked, as you have suggested, 25 years in television, including eight years as the Editor of *Match of the Day* and ultimately I was Head of Sport at the BBC before moving across to ITV as their Controller of Sport. The one thing that I saw in that 25 years was just the great range, depth and diversity of the amount of football that was available to be broadcast or available to be bought for broadcast. With the explosion of channels, there was enough football to handle that. That is the case today. There is a lot of product.

Q1825 Lord Peston: I was a bit puzzled by Mr Johnson's point about monopoly. You are aware of the competition legislation that pertains in this country. Monopoly in practice is defined in hours, controlling about a quarter of the market. You are not for one moment suggesting that Premier League has a share as low as that, are you, of the saleable market? By any standards that I am asking you as an economist, Premier League is about the most powerful monopoly of any product I know in this country. I am rather surprised. As someone who used to kick a ball around on Hackney Marshes between two coats, I appreciate there is a hell of a lot of football played by a lot of us and we get told off by our mothers when we come home covered in pure mud. That is not what we are talking about today, much as one wants to see it fostered.

Mr Barwick: That is very critical to our aspirations.

Mr Johnson: To be fair, I think the European Commission's case was actually about the principle of collective selling, the decision taken by the clubs banding together to sell their rights, rather than whether they were a monopoly or not. I was not involved in the case. Obviously I am aware of the collective selling aspect of it. That was their main area of interest. We have a common interest in that because, of course, we have an element of collective selling of our rights. I did not mean to mislead on that. The Chairman had referred to the word "monopoly" and I think I made the link with the case.

Q1826 Lord Maxton: Can I get one or two things clear? You are the controlling body which lays down basically football in England—and Wales?

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Mr Johnson: In England.

Q1827 Lord Maxton: Quite rightly, you have said that one of your aims is to ensure through broadcasting that that game is encouraged. You spend some of the income on the grassroots, I think 50 per cent of it, of the game, quite rightly. I think everybody would be delighted about that. The fact is that 73 per cent of the live football matches shown on television in this country are not under your control. Do you have any say at all in the sale of Premier League rights?

Mr Johnson: We do not.

Q1828 Lord Maxton: None?

Mr Johnson: No, because that is a league that affiliates to the Football Association, so they have to be part of the rules of the game, the regulations of the game, but they are free to deal with their own commercial rights exactly as they choose. That is the same with the Football League, the Football Conference and any organisation. Because the Premier League is the biggest of the leagues, a successful league, they obviously deal with their rights in their own way. To a certain extent, I think the FA is proud of the development of the Premier League because the amount of income that it has generated for the game of football, the way that the league has become a league of such interest and such excitement, I think reflects well on English football. Clearly, there is an element of what the Premier League earns from the distribution of their income that is redistributed into good causes and, through the game, through the Football Foundation. That is something that we support, but we do not have a role; we cannot direct, nor would we choose to, how they would deal with rights.

Q1829 Lord Maxton: Take it that you give 50 per cent of your income after your costs, so to speak. In the Football League, the Premier League is not giving anything like 50 per cent for the grassroots of the game, is it?

Mr Johnson: No, they are not, but we do have different objectives.

Mr Barwick: We are a non-profit making organisation. It might be worth spending a minute or so on this. We are the governing body of the game in England. We are responsible for regulation, governance, promotion and administration of the game. In the context of this inquiry, we use the FA as a key asset to generate funds for distribution throughout the game. We organise senior men's, youth and women's national competitions and a number of representative England teams at all ages and for all abilities. We have 16 teams. Everybody talks about England but there are 16 teams that leave our door. Our main commercial assets are, of

course, the FA Challenge Cup and the England Men's Senior Team. We are able to generate income from the rights to those events. We are a non-profit organisation and so broadcasting sponsorship primarily has the right to exploit those assets and that is the way we generate revenue to develop the game at all levels and improve standards. We are a different organisation with different aspirations dealing with the same handbook.

Mr Johnson: Chairman, I am aware that you took evidence from Richard Scudamore of the Premier League and I know you pressed him on what their objectives were. I wondered if this would be helpful to the committee. When we put our rights out to tender a couple of years ago, we published to those bidding broadly what our objectives were at that time, which are broadly similar to what they are now. With your permission, might I read those to the Committee? It might be helpful to this element of your discussion.

Q1830 Chairman: How long are they?

Mr Johnson: There are six of them. The first is to maximise revenues for the benefit of the game as a whole. Number two is to increase active participation in all forms and at all levels. Number three is to extend the appeal and influence of English football to both the domestic and a global audience. Number four is to raise the level of exposure of the FA's events. Number five is to reinforce the values of the FA's brands—the word they used at the time. Number six is to provide support and exposure for our commercial partners. I know you pressed Mr Scudamore, quite rightly. I thought it would be helpful to know broadly what our objectives were.

Q1831 Lord Maxton: Would it be better if, in fact, more of the money of that 73 per cent of the total income—or is it 73 per cent from broadcasting goes to Premier League—was going down to the grassroots of the game and therefore maybe it would be better on the BBC?

Mr Johnson: We can speak to this Committee about the FA and the way we spend our money.

Q1832 Chairman: I think you have enough issues with the question.

Mr Barwick: We like to think we have to deal today with the FA's situation.

Q1833 Lord Peston: Your aims obviously, as someone who is keen on football, are tremendously sympathetic to me but you kept using the words "English football". It is very rare that in the team I support there is an English player on the field. If you look at the Premier League, with an average of 30 men in a squad, 20 to 10, there are only 600 people, and at a rough guess half of those are

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English, maybe fewer. I try to count them up when I am looking at the Sunday results. It is that order of magnitude. Is there not a serious question for you as the governing body anxious to promote English football that you do not seem to have any way, as it were, to encourage the use of English players?

Mr Barwick: I think it is an interesting point. Let me answer it in two or three ways. Firstly, I am intensely proud of the Premier League as a competition. I was the Editor of *Match of the Day* on the very first Saturday it started. It was an exciting competition on that day and remains an exciting competition. One of the reasons it is an exciting competition is because of the quality of the players that the product has brought to the game. I don't know which team you follow. If you tell me, I will tell you your best player. Two of the things that follow are, I think: one, we have an English national team which is possibly as strong as any in my lifetime, and I think that is because they are playing with good players all the time; and, beyond that, there is an academy system now behind the game which is trying to bring in the next generation. Of course, as the Football Association, we have to be concerned with the next generation that is coming through, of course we do, and we are. It is an interesting point.

Q1834 Lord Maxton: One week's salary for some of the players playing in your team would meet the expenditure of a top level amateur team for a whole season. Amateur teams would roll over to get £100,000 on an annual basis. That is the sort of money that is going to foreign footballers. Would it not be better spent in the game?

Mr Barwick: I think Mr Johnson will deal with that one!

Mr Johnson: I wonder whether we are slightly straying away from the BBC when we talk about players' salaries.

Chairman: If we are not careful, we will get on to the future of the English football manager any moment. Let us move on to Lady Bonham-Carter.

Q1835 Baroness Bonham-Carter of Yarnbury: Curiously, in your letter you talked about the CCPR Voluntary Code and said that this guarantees that at least 5 per cent—only 5 per cent—of all TV revenue is reinvested in the sport.

Mr Johnson: I put that in just to help the Committee. That is a voluntary code that members of the CCPR sign up to. Of course, ours is entirely different; considerably more than 50 per cent of our revenue is distributed. When the members of the code first signed up to that a number of years ago, I think all the members of the CCPR at that time agreed that whatever they do, they will always make sure that 5 per cent of their income will be used in that way.

Q1836 Baroness Bonham-Carter of Yarnbury: This is the broadcasting income?

Mr Johnson: Yes.

Q1837 Baroness Bonham-Carter of Yarnbury: What happens to the broadcasting income that is not reinvested in the sport?

Mr Johnson: It is up to the sport to deal with that.

Q1838 Baroness Bonham-Carter of Yarnbury: In your case?

Mr Johnson: In our case, as I explained earlier, from our income we take out the costs of servicing the income, the costs of running the organisation, and then we distribute it throughout the game. The largest part of what we generate is reinvested back into the game of football.

Q1839 Baroness Bonham-Carter of Yarnbury: Do you believe that it is important, indeed necessary, for the BBC to retain its position as the dominant broadcaster of the FA CUP?

Mr Barwick: It is interesting that the BBC's re-involvement in the FA Cup has coincided with the elevation of the competition again. The FA Cup has had to fight for its place in the modern football calendar. There are some really seriously strong football products, if you can use that word, out there now, and the FA Cup has been a wonderful competition. It is recognised throughout the world as the finest domestic cup competition in football, but it has had to punch its weight. One of the ways it has punched its weight I think is to have a relationship with the BBC, and indeed in our current programme arrangement with Sky where they have given the competition a real boost, both in match coverage but also in promotion around the matches. The very fact that the BBC has a number of television channels, a number of radio channels and a sophisticated website operation means that when they tend to get behind something—*Strictly Come Dancing* for example—you know it is on the BBC. I sense that this has happened with the FA Cup. I have to say that the FA Cup has rewarded both broadcasters richly with some remarkable games, even in the last three weeks.

Q1840 Baroness Gibson of Market Rasen: How many games are there in the FA Cup on average?

Mr Barwick: On any FA Cup weekend from the third round to the sixth round there are four matches, three on the BBC and one on Sky, and then in the replays they have one each.

Q1841 Lord Holme of Cheltenham: Could you help me understand the sponsorship aspect of your income? Out of the £206 million, you have already said that the largest proportion is from television

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rights. Roughly, what is the figure for sponsorship income?

Mr Johnson: Again, I do not think that is public either. We have tended to just report it grouped together. To explain how that comes about, we currently have five partners, five sponsors, of the Football Association, each with the right to have branding representation around the FA Cup and the England team, and then we have specific responsibility for particular areas of the game. For example, Nationwide have an involvement with England teams right the way through the levels; Carlsberg have a role with our other trophies, such as the FA Trophy and the FA Vase. So we have had what we call in our building a pillar arrangement where each sponsor is able to take a part and associate themselves with a part of our activities. That obviously knits quite neatly together with the television exposure. Quite clearly, sponsors will want to know what sort of exposure on television they are going to get before they enter into a negotiation with us. The two are tied together.

Q1842 Lord Holme of Cheltenham: Would those pillars or packages that you sell to a sponsor for the whole season cross over both BBC and Sky television exposure or would they all be BBC or all Sky?

Mr Johnson: We do not sell the broadcast sponsorship element of it. The BBC, of course, cannot have sponsorship. The ability to have Sky, or if it were ITV, and to have a little commercial going into the break is not something that we can sell.

Q1843 Lord Holme of Cheltenham: I am not talking about commercials and breaks but the visibility on screen of "Carlsberg" or whatever it is.

Mr Barwick: Visibility on screens comes in several ways. For example, in the interviews after the games you will often see a backdrop which is commercially driven.

Q1844 Chairman: The point is this. The company takes that ability into account, that it is going to be shown on the BBC, just as it is going to be shown on ITV and Sky?

Mr Johnson: Yes.

Q1845 Lord Holme of Cheltenham: To pursue the point, although of course the BBC is not selling sponsorship, you are selling sponsorship?

Mr Johnson: I think we are selling exposure. You can then have a perimeter board around the game.

Q1846 Lord Holme of Cheltenham: You are selling exposure and Carlsberg or the insurance company or the bank, whoever it is, has the comfort of

knowing that for that money they will be seen not just by the fans at the ground but by people sitting at home watching it on television?

Mr Johnson: That is correct.

Q1847 Lord Holme of Cheltenham: If I could come back to the question which is preoccupying me, it is this. We have already identified that there is perhaps a proportion of 5:1 of viewers at home watching BBC as opposed to Sky, and, even with the qualification Mr Barwick made, it might be 3:1. There are a lot more BBC viewers and therefore, from the sponsor's point of view, that is more attractive because their brand name will have greater exposure if it is a larger audience for the BBC. What I am trying to work out is this. In designing these pillars or packages, do you deliberately—there is nothing wrong with this but I want to understand it—put together a mixture of the less widespread exposure of Sky with the greater exposure of the BBC?

Mr Johnson: It is possibly not as stark as that. What I explained to you about the pillars is what we have had for the last few years. What we have announced going forward is to have a particular partner who will be able directly to associate themselves with the FA Cup, and a particular partner that will be able to associate themselves with the England Senior Men's Team, as well as other involvement with other parts of our products. When we are out in the market talking to potential sponsors, we are explaining to them what they will get at the ground, what they will get around the events, and what they can expect to get in terms of exposure. There is not a direct correlation between the price that we get and where we are a broadcast.

Mr Barwick: I can add that there are other ways of commercial people exploiting their association with us. It can be a photograph of the player on a pack of biscuits or whatever, on any commercial goods, or indeed the use of players at events that commercial companies wish to use. There is a number of ways that a commercial company can have an association with us. One of the ways, obviously, is by exposure through our television rights.

Q1848 Lord Holme of Cheltenham: It would be fair to say that that is the primary thing because the primary thing is: how many people at home am I going to get for this sponsorship?

Mr Barwick: Historically, it has been.

Q1849 Lord Holme of Cheltenham: Although there are refinements to that, that is the primary thing?

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Mr Barwick: Yes.

Q1850 Lord Holme of Cheltenham: I am still puzzled. It means, therefore, that any pound paid by the BBC is geared up, from your point of view, in sponsorship income because by definition the BBC audience is bigger? At the top line, when you look at your income for the exploitation of broadcast rights, you may well be getting, as it were, a premium from Sky, but, when it comes to the sponsorship component of your income, if I am right, it is highly related to the audience delivered, which must automatically make to a potential sponsor the BBC more attractive and therefore your sponsorship income, whatever your broadcast income, must be weighted towards the BBC audiences, which are larger. Is that right or not?

Mr Barwick: It would be easier to say “free to air. It happens to be the BBC at the moment; it is free to air. The rest of what you surmise is pretty correct.

Q1851 Lord Maxton: You do not have total control of sponsorship. Each individual club presumably has its own jerseys, for instance?

Mr Barwick: Exactly, and we have just our piece of the action.

Q1852 Lord Peston: We have talked a bit about competition already, so we do not need to go over that ground again. You mentioned, I think, Mr Johnson, the European Commission. Presumably you have seen the evidence they gave. They have invented this peculiar thing of the six packages, as I understand it, and you cannot buy more than five. One immediate question is: do you see that as somehow at least an improvement of some sort? Let us start with that?

Mr Johnson: If I was at ITV, I would have a comment to make on whether it is an improvement from their perspective.

Q1853 Chairman: What would that be? I get the impression that that would not be an improvement.

Mr Johnson: On the question of whether that way of packaging the rights is helpful for the sports market—remember we are looking at this as sellers—what we were pleased about with the European Commission was that they supported the principle of collective selling. I think we always felt, and we supported the Premier League very strongly in this, that the European Commission was wrong to argue that the principle of collective selling was a breach of competition. I think we are glad that that is their outcome. The specific outcome they seem to have come up with in relation to the Premier League I think is specific to the Premier League and their circumstances as to how they sell their rights, to whom and how they package it. From our

perspective, we are right now evaluating how we might put our rights out on to the market. We do not need to go out to the market for another year or so. Our rights have another two and a bit years still to run and so we are evaluating what we ought to do. Obviously it is of interest to us that that is the way that the Premier League might be selling its rights, but we also take a look at how UEFA are selling their rights to the Champions League and how other sports deal with their own rights. We consider how best we think that we should get value for ourselves, generate competition and help to meet the objectives that I read out a few moments ago. We are interested to see how the Premier League rights might go and whether what we have done has the impact of creating more buyers in the market than might have been the case last time they went out.

Mr Barwick: The interesting thing from my perspective is that we are selling our rights after the Premier League sold their rights. We will have the benefit of knowing how they spend their money.

Q1854 Chairman: On this business of having three on BBC and one on Sky, to some extent you have already done what the Premier League are being pressed for?

Mr Barwick: That happens to be the configuration of the current deal. As a broadcaster, I have worked for the FA Cup on other occasions when the deal has not been struck that way. In fact, I worked at one period of time in ITV where the split was different and what you would call the main glamour game in the FA Cup went to Sky as the first choice. I was working in ITV then, so we used to get the second choice. I always remember when the cup draw was made, a fantastic game would come out of the hat and everyone would think “great”, and I would remind them that was on Sky and we had to wait for the next one. There is a reconfiguration in this current deal whereby the BBC has what would be, before a ball is kicked, potentially the best game.

Q1855 Lord Peston: You are clearly right on collective selling because what is being sold is the competition and, even if you take a great club like Manchester United, if they have not got the competition to play in, gradually no-one would want to watch them. The important point I suppose for us is that you are the governing body of the game. Did the European Commission consult you at all in all of this or, if not, did you tell them?

Mr Johnson: We have dealt directly with the European Commission in a number of areas. They are doing an investigation on mobile rights and internet rights. We have directly responded to that. I have to say that since I have been at the Football Association, this past calendar year, we did not

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directly respond to a request from the European Commission. As I said earlier, we did co-operate with the Premier League when we were asked to because the attack was on the basis of collective selling and about the way that rights are sold into the market. Certainly, while I have been at the Football Association, I am not aware that we have been directly asked to contribute to the European Commission.

Q1856 Lord Peston: This is a hypothetical question, so I will give you a chance not to answer it. If you did feel, in due course, that what was actually happening, because you are the governing body, was not in the interests of the whole game, would you feel able to say in public, "We are not happy with what is going on"?

Mr Johnson: I am fairly certain, and thank goodness it is a hypothetical question, that if the European Commission had decided that the whole principle of collective selling was anti-competitive and therefore illegal, we would not just have publicly come out and said that but we would have made formal representations to the European Commission about that. I think that was an issue wider than maybe the Premier League.

Q1857 Chairman: What do you think they may have come out and said?

Mr Johnson: I think that every time the European Commission has examined the way that rights are sold, whether that is the UEFA Champions League case, the Bundesliga case which they examined, and the Premier League, they have started off by attacking the principle of collective selling. In fact, our competition authorities, if you remember, at the Restrictive Trade Practices Court examined this question at the end of the Nineties. Everybody has examined collective selling from a competition perspective, and no competition authority has concluded that it is anti-competitive. We would endorse that; we always have done.

Mr Barwick: Returning again to my previous life, I always believed collective selling was the only way you could actually broadcast the right: you need a beginning, a middle and an end of an event.

Q1858 Chairman: Going back to your previous life, if you were still in charge of BBC sports, would you be bidding for one in six of the Premiership games?

Mr Barwick: I am not where I used to be and I will watch with interest when the person who currently is does, or does not.

Chairman: That is a very frank answer.

Q1859 Baroness Howe of Idlicote: Listening again to the six aims that you have, I wondered whether the BBC does provide a sufficiently high profile for,

say, women's and youth football and to support their development, given the real element of public service broadcasting in what they do.

Mr Barwick: I think I can be positive in the answer to that. Euro 2005, which was the first time the Women's European Championships had been held in this country, was a massively successful event at all levels; firstly, on the level of playing, it was a great event and because it happened outside the regular season, it had a terrific profile. We managed, through really hard work at the FA, to get a lot of people to go and see it. It was great because they were mums and dads and boys and girls. There was a really good feeling at the games. We had an England team that did extremely well because for us it is the fastest growing element of our sport; in fact, women's football is the fastest growing women's sport in the country. The BBC covered every England game live and the final. They did highlights every night during the competition. In fact, on a Saturday evening when England played I think Sweden, there were 3.5 million people watching BBC2 at 8 o'clock in the evening, which is probably close to what the Lottery has on the other side. They worked very hard at supporting the event and we thanked them for that. They also carried the Women's Cup Final. This is moving in the right direction.

Q1860 Baroness Howe of Idlicote: Do you think they did better, say, than Sky on the promotion of women and youth?

Mr Barwick: On the promotion of women's football, I think one of the things that is critical to it is accessibility to the largest audience. This is where the BBC will score for us in this particular area because 3.5 million people, as I say, watched the women's international. That is a fantastic number.

Q1861 Baroness Howe of Idlicote: Do you have specific arrangements with the BBC where you agree that they will aim specifically to promote football and encourage grassroots participation?

Mr Barwick: I think whenever you are involved in negotiations, as I must have been involved in dozens of negotiations from the other side of the table, what a rights seller must do is maximise the opportunity. Sometimes that is beyond revenue; it is about how you want your product best distributed, best portrayed, best promoted. Certainly, when we go out in 2007 to re-sell the package in the market, the FA properties, one of the things we will want is an acknowledgement that the FA has a broad spectrum of football played in many ways and we will want it supported properly.

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Q1862 Bishop of Manchester: Could I ask another question in the grassroots area in the sense that the sports department of the BBC is coming to what some might term to be the grassroots, other than the headquarters, in Manchester? Do you have a view in the Football Association about that or is it really a matter of little importance to you where the BBC sports department is based?

Mr Barwick: I have no view personally. I am from the north of England and I moved down to London to work for the BBC. It would have saved me a train fare or two, I suppose, if it had been in Manchester in the first place! I have no view, other than that I am interested to see how it will work on a day-by-day basis. They are four or five years away from this. They have to work the practicalities through. I see no reason why it should not move.

Q1863 Baroness Gibson of Market Rasen: As you know, we have been taking evidence and one of the things that has been quite interesting is the views on a BBC sports channel. What are your views? Do you feel that the BBC at the moment can really give you the coverage you require and need and would you be better with a BBC sports channel?

Mr Barwick: I will allow myself a personal comment here. I have always thought that if any free to air broadcaster has the facility and ability to put a sports channel on the air, it probably is the BBC. I do not mean a premium sports channel. I think it has two genuine assets: one is its range and depth and the divergence of its portfolio. The year I left the BBC, it had 56 sports; I defy anybody to name 56 sports, but we had them. I moved to ITV and in a week we had three sports. That was the difference. In ITV the criterion was commercial return with good product in a mixed schedule. With the BBC, their responsibility I think is basically to play across the whole field. That means that they do have lot of product. Secondly, I think they probably have the best sports archive in the world. I cannot possibly tell the BBC how to run their business. I did not do it when I was at the BBC.

Q1864 Chairman: Did you ever put this up when you were there?

Mr Barwick: It was always discussed. Some of it was pre multi channel. It has never got there. It seems to be an idea they did not want to pursue yet. It is an interesting point for me as to who could possibly achieve that. Just on the amount of material they have, it must be them.

Chairman: Thank you for that bit of your memoir. That is great.

Q1865 Lord Kalms: Our job is to look at the role of the BBC rather than inside out. What we are trying to get are perceptions of the BBC. You are

a very interesting man, having been on both sides of the fence. What we are trying to understand is the process and the thinking process of the BBC when it has to go out and bid for whatever product they want at any one time, bearing in mind that they have a limited budget, or not so much that but the other side have an unlimited budget, so you are not on a level playing field. What we are trying to understand is the process of the BBC when it wants a premium product, how it will play out its bid and the considerations it makes, bearing in mind that it knows that it may well be out-bid. Arising from that question, we are wondering about the role of Ofcom. Ofcom does regulate, to some degree, the other bids. It does not have any influence over the way you bid. Do you have any thoughts about this? The third question which these two questions lead to is this. Do you see any case for an independent review of the way the BBC bids for sports rights? That question has been raised quite a lot. Should the whole thing be exposed as a particular exercise for others to see how transparent the whole process is on both sides?

Mr Barwick: Why does the BBC buy sport? That would be the first question you asked, broadly speaking. I think it does that because it is a licence-funded organisation which has a responsibility to provide a mix of programming that reflects the mix of interests in the country. I think also it recognises that sport is exciting television; it is dramatic and variable in its life and it is guaranteed to have a different ending every time. That is what sports television gives you. By its nature, it can be the glue between the bricks in the nation. If you, as we hope, this summer, see England doing well in the World Cup, then millions upon millions of people will watch it. When the games are on the BBC, they will watch it on the BBC. It embodies a diverging television industry. Sport has almost a unique capacity to draw a collective audience together in remarkable numbers. I cannot think of anything else that achieves that. It can also attract a variety of demographics to a channel which makes it appeal. Certainly when I was at ITV, one of the issues we looked at when we were buying sport was the demographic appeal of those who watch it. Undoubtedly, that was the same for the BBC, albeit in a non-commercial way. It is also part of the rich heritage of the BBC; certainly it was before I arrived at the BBC, while I was at the BBC, and subsequent to me leaving the BBC, although it had to learn to live in a modern television economy where it cannot have everything, cannot afford everything, and probably has not the room to fit everything in. The sports rights market has changed; it has exploded. I think I have answered your first point.

Q1866 Lord Kalms: I made the slight mistake in asking you to speak as if you were still a member of the BBC. Once you are a member of the BBC,

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you can never stop thinking BBC. Let us reverse the position and look at it from the outside looking in. We want to know what happens when the BBC goes into the process of bidding, knowing that it reports to the market.

Mr Barwick: I think it has to reflect the market. It certainly has to reflect whether there is going to be competition for the rights. If you are asking me the question "how do they come to the position where it is a specific rights game?" I think they have to go through the same process of value to the licence payer as ITV does, which is the value of return on investment through commercials.

Mr Johnson: I think they do. Our experience when we were competing with the BBC and now when we are preparing to go out in the market and negotiate with them is that they do look at it as a two-stage process. I think they work out the genuine cost to the BBC according to their own economic model, which I think is something called "cost per viewer hour". I think they then also try to work out what this is worth to other broadcasters. I am interested in what you said, Lord Kalms, because you said that others have unlimited budgets. I do not think that is the case. I think everybody has a finite amount of money. The decision the broadcasters have to make is how they choose to allocate their resources.

Q1867 Lord Kalms: I should have said "larger budgets".

Mr Johnson: The BBC would make choices, just as all broadcasters would. The first question they would ask is how much they wish to win these particular rights if somebody else is after them. From our perspective as a seller, what we are entitled to ask of the BBC, and the same I suppose with ITV and Sky, is that people would come and make offers for our rights that reflect the value of those rights to them in the marketplace. I have to say that all my experience of seeing the BBC bidding for the FA's rights and then for the one or two events when ITV and BBC bid together, they do bid in an open market. They do not try to rely on regulation. They do not keep one eye on listed events and say, "Do you know what, we have to have that anyway, and so we will put in a low bid and require the Government or the regulator to help us". I think they do value their rights.

Mr Barwick: One other important point to make is that there is a misconception that the BBC spends less money on sport. In all my time both at the BBC and at ITV, certainly when Sky came on board, only Sky spent more money on sport in the United Kingdom than the BBC.

Q1868 Lord Kalms: That is what we are talking about.

Mr Barwick: It would be fair to assume that perhaps ITV spend the same amount on sport; they do not.

Q1869 Baroness O'Neill of Bargarve: I want to ask you a little bit more about the listing system. You wrote to us that as long as the free to air broadcasters continue to offer a fair market price reflecting the value of those events to those broadcasters, there is no reason why the listed events regime should distort the market. If I may say so, that is rather standing on both sides of the fence, which is generally reputed to be an uncomfortable position. I wonder whether you are really with the free market or for the listed events system, or you are with the listed events system providing it turns out to be entirely compatible with the free market?

Mr Johnson: If I could answer that, maybe I was trying to sit on both sides of the fence. The listed events regime in the UK is a fact of life. We have had it since 1956. In fact, the broadcast market has matured around it, funnily enough. What is interesting is that if you look at other countries where they have not had a listed events system and then have introduced one, it has had a number of effects. Firstly, it has distorted the market; secondly, it has created legal problems; thirdly it has created huge political controversy. It has had a really distorting impact, whereas here in the UK it has been rather more genteel and gradual. There has been a listed regime. I think the FA Cup Final has been on the list right from the beginning. The broadcasting market has grown up around it. The broadcasters are used to operating within it. The BBC, ITV, Channel 4 and Channel 5 are used to the protection that it gives them. Sky is used to competing, if they choose, on those particular events and people are comfortable with that. Therefore, I think that it would distort the market to remove the list now and just to make it a complete free-for-all because the market has become accustomed to it. You can argue around the edges: is it right that these particular events are listed? A matter for debate has surrounded the World Cup. I think we are the only country that lists all 64 matches in the World Cup. This summer Mexico versus Angola deemed is worthy of protection in the United Kingdom. It will not be anywhere else in the world, probably not in Mexico or Angola. You can have those sorts of debates. I remember that the House of Commons got themselves very worked up in 1997 when England had to play a qualifying match against Italy and they needed to get a particular result to qualify for World Cup '98, that match was on Sky. That was the nature of the deal at that time between the FA and the broadcasters. A lot of politicians got quite heated about this. There was an argument that key England qualifying games should

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be listed. I think even then at ITV I felt, and I still feel this now, that if you start listing particular events to suit the market at that particular time, you are creating a distortion that is unnecessary. As I say, I believe this is a mature market that can deal with the fact that a number of events are listed.

Q1870 Baroness O'Neill of Bargarve: So the listing is just seen as part of the framework for the market at this stage?

Mr Johnson: I believe so.

Q1871 Baroness O'Neill of Bargarve: It is accepted that changing it would have costs?

Mr Johnson: If you were to remove it, it would distort the market.

Chairman: You have been extremely patient. Thank you very much for coming and giving us very clear evidence. Thank you for your clear paper. Perhaps if we have any other points we can come back to you. For this afternoon, thank you very much for coming.

Examination of Witness

Witness: JAMES PURNELL, a Member of the House of Commons, Parliamentary Under-Secretary of State for Media and Tourism, Department for Culture, Media and Sport, examined.

Q1872 Chairman: Thank you very much for coming. As you know, we are extending our investigations into other parts of the BBC. Can I ask you first: when do you expect the White Paper to be published?

James Purnell: Shortly.

Q1873 Chairman: You have no other guidance than that?

James Purnell: No. Obviously I am delighted to be here. We value this inquiry. It has been extremely helpful for us in developing the White Paper. We had hoped to finish it before Christmas. My short experience in government is that White Papers and Green Papers often take slightly longer than anticipated. This is a very complex set of issues and I am sure you want us to get it right rather than rushing it out. It is due shortly. Having passed on that piece of experience, I am not going to start getting myself hooked on any other date.

Q1874 Chairman: When we were set up, we were asked to get our report ready by the end of October, which is some months away now. What are the issues that are holding you up?

James Purnell: People should not read any conspiracy theory or anything significance into that. It is purely the issue of the complexity of the matter and desire to get it right. When people see the White Paper, they will see there was no underlying reason why we delayed it, other than just the desire to get it right.

Q1875 Chairman: When you come to the White Paper, will you be announcing the licence fee increase at the same time?

James Purnell: No. We are intending to do that later on. We are currently engaged in a process where we have received the BBC's opening bid, I think you call it. That bid has been submitted to review by

consultants, PKF, and we and the Treasury will jointly look at that evidence and make our decision some time after the White Paper. That will also be based on a further round of industry consultation on the model of having these industry seminars along the lines of the Burns' seminars. It was very helpful for the Green Paper and we intend to do that for the licence fee session as well.

Q1876 Chairman: You used a very interesting phrase "opening bid" by which I imagine you mean that you do not regard what has been put in front of you at the moment as being the final word on the subject?

James Purnell: You have been in this situation more than me. You will know very well that all organisations will expect the Government to scrutinise their proposals extremely carefully and we would not be being thorough with the use of public money if we did not do that. That is exactly why the process with those consultants has been set up. We will be scrutinising all of their financial proposals extremely carefully.

Q1877 Chairman: You say that the process is between you and the Treasury?

James Purnell: Yes, we have a joint committee with the Treasury to do that.

Q1878 Chairman: Both sets of ministers will go through it?

James Purnell: Yes. We have collective responsibility to the Government in the end but the issue of the licence fee clearly touches on public spending and there is a direct role for the Treasury being involved in that process.

Q1879 Chairman: Would you be disappointed if you were not able to reduce some of the figures which have been quoted from the BBC?

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James Purnell: I am not getting into a running commentary on what the level of licence fee will be. We will make those decisions based on a very robust analysis.

The Committee suspended from 4.33 pm to 4.43 pm for a division in the House.

Q1880 Chairman: Let's then go back to where we were and what you referred to as the BBC's "opening bid". The history over the last 20 years has been quite interesting because the licence fee was first linked to RPI in 1988 and until 1998 it went on matched to RPI and below. Since 1998 the licence fee has been more than RPI in each year and we are now coming to the situation where if the BBC's proposal were to be accepted it would be RPI + 2.3 per cent and that does not take account of the costs of switchover so it could be in fact with the elderly and disabled something like 2.8 per cent. Do you think that this size of increase is sustainable year after year after year?

James Purnell: As I was saying before we broke, I am not going to give a running commentary on what we expect the level of the licence fee to be however I think we can set out some clear principles. We will look at the services proposed by the BBC, we will take an overall policy decision on what the BBC should be doing for the next Charter review period, and we will want to make sure that the BBC is adequately funded. We will look at their financial proposals and we will scrutinise them in an extremely robust way and we will also want any decision we arrive at to be bounded by the public acceptability of the licence fee. So those are the principles within which we will make that decision, but I cannot at this stage give you an indication of where that will end up.

Q1881 Chairman: Just taking those principles, what you said about public acceptability seems to me very important. Are you not concerned that if it goes on like this year after year after year the public acceptability of the licence fee is going to reduce if not disappear?

James Purnell: I think public acceptability is a very important point. The next Charter review period presumably in 10 years' time will be happening in an all-digital environment (assuming the Government's policies are successful) and to achieve Charter renewal at that time the BBC will have to have a significant level of consensus for the continuance of its role in a digital world, and acceptability of the way that it is funded will be an important part of that.

Q1882 Chairman: So I think we can take it from what you are saying, leaving aside what the figures are, that you are seeking to work to oversee this bid and if possible to bring it down?

James Purnell: Yes, we want a strong and independent BBC. We will look at what services will be necessary to deliver that. We will be robust in the way that they propose to finance those services and we take the acceptability of the licence fee into account in making those decisions.

Q1883 Lord Holme of Cheltenham: I understand that you do not want to negotiate publicly with the BBC at a delicate moment, and that is quite understood, but since one of your principles is public acceptability, would it not be fair to say that the reaction to the BBC's opening bid was surprise and I would even say shock at the quantum that they seem to envisage as being necessary to discharge their responsibilities?

James Purnell: I do not want to start sounding too much like a broken record but there are pitfalls on both sides here. If the BBC were not adequately funded to deliver services which would enable it to retain audience reach in particular, having services which people are using pretty much every week and which they value and see as an important part of British culture, if they were not doing that, there would be a problem with acceptability. On the other hand, if they also thought that they were not getting good value for money from the licence fee then that would also be a problem, so acceptability and the value for money of the BBC's services will be a key part of how we decide to level the budget.

Q1884 Lord Holme of Cheltenham: And you could not imagine any situation where they would get more than what they have asked for?

James Purnell: I think that is unlikely.

Q1885 Lord Maxton: I argued at the last review for RPI plus on the basis that one of the things that has to be done is the digitalisation of the whole archive of the BBC however the only way really that the public can have access to it is through the Internet through the BBC's website, and that is great, that is fine, and I fully support that. The problem is that that archive is not just available to the licence fee payer in this country; it is available to every person on the Internet in the whole world, and that means the licence fee payer is basically subsidising the broadcasting of material for other people elsewhere, is he not? I believe it is right but I think there is an argument there that people will increasingly make.

James Purnell: Yes, at the margins I think that is true. It would be interesting to think through whether that is a good thing or bad thing overall for Britain, in the same way people using the World

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Service is a good thing for Britain in a general sense for people understanding us and our point of view. Whether the cost of preventing access to those programmes (and I do not know if it would be possible) would be justified, given the marginal benefit of other people around the world seeing it I do not know. Obviously the BBC does exploit its programmes in other markets and should continue to be able to do so.

Q1886 Lord Maxton: In my view, by the time of switchover in 2012, and I will come to digital switchover, most broadcasting will be done by broadband in this country and elsewhere so, given that, why has the Government set its face, as it already has, against the proposal in our first report that the taxpayer should pay for the digital switchover rather than the BBC, which is only one of the broadcasters of course which will benefit?

James Purnell: We will be commenting formally on the recommendations in your previous report—

Q1887 Lord Maxton: In a Parliamentary Question on 19 December the Secretary of State made it clear—

James Purnell: We will be reporting back to you on your recommendations, again very shortly before the White Paper is published and we will give full responses to all of the points that you made. As you say, the Secretary of State answered a question on that and indeed I gave evidence to the Culture, Media and Sport Select Committee on this issue last week. The reasons are that we believe that supporting and spreading Digital Britain is an important part of the BBC's role. It has always been part of the BBC's role to support new technology and to provide content for new technology, for radio when it was created, television, the Internet and now digital TV. Therefore we think there is a general public benefit in the licence fee being used for that. We also think there are important BBC-specific reasons. First of all at the moment the BBC is funding a number of services that people can only access with digital television and we think that is right. It is right for the BBC to be able to pioneer technologies that are not yet universally available but I think there comes a point at which you do have to seek to make universally available the BBC-funded services. This approach will mean that everybody will have the opportunity to have digital television and be able to access BBC Three and Four and other services on digital. Also there is a benefit for the BBC—and I think the BBC said this in their last session to you—which is they share an interest in there being universal access to public service television. They also share a financial return because they will not have to broadcast in analogue and digital. I think for all of those reasons it is quite

appropriate to use the licence fee to support switchover costs and also the package for the vulnerable that we have identified.

Q1888 Lord Maxton: Let's leave the package for the vulnerable to one side. The actual switchover cost will be of benefit to a small percentage by 2012 who are not already paying for digital. A large percentage of us are already paying. It is not rich and poor, by the way. If you go to any council house area in Glasgow and see the number of Sky dishes and so on there, you will know it is not a poverty thing, it is an area thing and a variety of other reasons. So why should those who have already got digital be paying for the rest of the population to get it?

James Purnell: Your first point is quite well made which is the difference in proportion of people who have digital TV between the top half of the income scale and the lower half is pretty minimal, but we think this is an important use for public money from the licence fee for exactly the reasons I have just laid out, which is that we think people should have access to services they are paying for. They are paying for BBC services through the licence fee and therefore they should have access to them. Also in general if we did not have a policy of switchover, in effect, people would be wasting a public resource. The spectrum is a very important public resource and it is important—

Q1889 Lord Maxton: No-one is arguing with the importance of switchover. What we are arguing about is whether it should be the BBC who pays for it rather than coming out of general taxation when, after all, it is the government and the taxpayer that is going to benefit from the sale of the analogue spectrum, not the BBC, unless you do intend giving all the money from the analogue switchover to the BBC and reducing the licence fee.

James Purnell: I would question your premise that it is the government and the taxpayer who are going to benefit from switchover. I think it is right for the country and I think it is right for British television. British TV, arguably, has been the best in the world because we have been at the forefront of technology and I think we need to maintain that. If we did not and if we started to go to a world where we were falling behind compared to other countries then I think in 10 or 20 years' time people would criticise us for not having taken the right decision. I think the BBC is the right way.

Q1890 Chairman: We are slightly at cross-purposes. The point being made is who actually bears the cost? Is it the licence fee payer or is it the taxpayer? This Committee supports the licence fee but we do understand that it is a regressive form of taxation,

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there is no question about that. Would it not be fairer and more sensible for the switchover costs to be borne by the general taxpayer?

James Purnell: No, I do not agree with that. I do not want to repeat myself but we think there are BBC-specific reasons for why the licence fee is the appropriate way to do this. We think it helps make sure that the BBC's digital services are universally available. We think that it is a progressive use of the licence fee because it will be benefitting in particular people who are vulnerable—people over 75 and people who are disabled. I think that helps to answer the point about regressivity. As the BBC themselves said, they share an interest in there being universal access to digital television and they will also share an interest in their not having to broadcast both in analogue and digital. We think that using the licence fee (which is paid by virtually everybody in the same way that taxation) is the appropriate way of funding it.

Q1891 Chairman: Okay, we will go on to the value of the spectrum and Lord Holme but just to pick up the point on the response from the Secretary of State to our first report, you said shortly; in fact, you mean on this occasion very shortly because I think it has to be by the end of this month?

James Purnell: That is right.

Chairman: Just so we are planning on the same basis. Lord Holme?

Q1892 Lord Holme of Cheltenham: I would really like to pursue the point we have been talking about because presumably you would concede that if the BBC are to bear the cost as the Government proposes then whatever the increase in the licence fee would have been it will be higher because of that?

James Purnell: Because of the cost of the spectrum?

Q1893 Lord Holme of Cheltenham: No, the switchover. Whatever the increase in the licence fee would have been it will be higher if the BBC is bearing the cost?

James Purnell: Of switchover, yes.

Q1894 Lord Holme of Cheltenham: This brings us to the question of spectrum because the analogue spectrum that is left after this switchover of course is of value and it is of value two ways. We have the Government's own estimate that it is worth between £1.1 and £2.2 billion to the economy but there is also the issue which we explored with Ofcom, whom I gather will be charged with selling it, of the potential sales value of the spectrum. So the Government and the Treasury, and I do not know whether it is an uncovenanted bonus, but they certainly have a bonus accruing both to the

economy and specifically in terms of revenue coming. I think that this really makes the previous questioning by Lord Maxton and the Chairman even more relevant because what does the Government propose to spend that money on? Why would it not most appropriately be spent on paying for the digital switchover which is highly relatable?

James Purnell: I think we are a long way from being in a position of deciding how to spend any of that money. If I can just lay out the process by which this happens. The decisions about how to allocate spectrum in particular and whether to charge for it are for Ofcom. That decision was taken by the House of Commons and the House of Lords in the Communications Act and we charged Ofcom with that responsibility. Ofcom will now carry out what they call their digital dividend review in which they will look at the uses to which the spectrum will be put and the most effective way of allocating it. The general approach of Ofcom and the Government is we believe that the market mechanism is the right way of ensuring efficient allocation of spectrum, but we will make those decisions taking into account the interests and the views of other stakeholders including the public service broadcasters. So we have not completed consultation, we do not know what the spectrum will be used for, and we have not got anywhere near allocating it, so decisions about what to do with any money which was raised by this would be made by future Ministers.

Q1895 Lord Holme of Cheltenham: You do not even have any estimates of what the likely revenue or possible revenue might be or a min and max range of revenues?

James Purnell: No, we do not and we have answered Parliamentary Questions on that. It is important to realise that the policy is generally not led by a desire to raise revenue; it is led by the importance of allocating the spectrum efficiently. I am sure that you would all accept and support the importance of spectrum allocation. If we do not use it properly we are preventing people from launching new services, we are damaging consumer interests, we are potentially raising prices, we are undermining the competitiveness of British industry, and therefore spectrum allocation is an important issue that needs to be led not by any revenue raising goals but by the issue itself, how you promote efficient spectrum allocation.

Q1896 Lord Holme of Cheltenham: It is very difficult to argue with that but I think the thing that is exercising this Committee is there is direct cause and effect here. As a result of switchover revenues will accrue, so if you look at the whole project, Project Switchover let's call it, it seems difficult to understand why at least a possibility would not be

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to defray or meet the cost of switchover from these uncovenanted revenues that accrue as a result of this switchover. I think that is the part people find very puzzling.

James Purnell: We are firm in our belief that we think the licence fee is the right way of funding the switchover. As I say, we think there are general public reasons but also BBC-specific reasons why the licence fee is the right way of doing it. One of the BBC's specific purposes is to build Digital Britain. It is in keeping with their tradition of supporting the spread of radio, television, the Internet and digital TV. As I have just explained, that revenue if it does materialise is dependent on a whole range of decisions which have not been taken yet and so therefore we think that is the right way of approaching that policy.

Q1897 Lord Peston: I am very lost by all this. I used to be a Reader in Public Finance in the University of London when I taught the subject and anything that was right for the country I then went on to say therefore that is what you use taxation for. I am totally at a loss as to what has happened to economics since I gave up the subject, and everything you are saying is denying that proposition. I simply do not understand the BBC-specific thing that you mentioned. That means the BBC will get gains that no other broadcaster will get; is that what you are saying?

James Purnell: Yes.

Q1898 Lord Peston: Could you give us some examples?

James Purnell: I thought I just had. They will not have to broadcast both in analogue and in digital. They are providing services at the moment to homes which have got digital and once we have analogue switchover every home that has a digital TV will be able to receive that and that is a specific gain for them, that they will be funding services which everybody can receive. At the moment we get quite a lot of criticism saying, "My licence pays for BBC Three and BBC Four, I cannot receive it, that is not acceptable." The BBC's specific gain would be by having universal access everybody will be able to receive those services.

Q1899 Lord Peston: I thought what you meant by BBC-specific—and obviously I do not fully understand this—specific to the BBC and not to any other broadcasters.

James Purnell: Both of those are BBC-specific.

Q1900 Lord Peston: I would have thought that digital will benefit ITV, Channel 4 and everybody else. There is nothing BBC-specific about it at all.

James Purnell: There are general public policy gains and there are also BBC-specific gains. As I say, the BBC has always played a key role in supporting the spread of broadcasting and communications culture and that is completely in keeping with its traditions. Not having to transmit in analogue will be a saving for them and the fact their services will be universally available will be a bonus for them as well.

Q1901 Lord Peston: Obviously I do not understand so I will look at the transcript and try and follow the argument you are putting forward. I cannot see anything BBC-specific in digital switchover at all. It may be just a use of words rather than anything else.

James Purnell: I am really not attempting to obfuscate the matter. I think this is exactly the same argument that the BBC made when they came to you.

Lord Peston: Maybe they did; it does not mean they are right.

Q1902 Baroness Bonham-Carter of Yarnbury: There is one thing I want to clear up that others might have understood but I am not absolutely clear about. When you and indeed the Secretary of State talked about special help being supplied by the Government to those who need it, will that come out of Government funds or is that another thing that you expect the BBC to fund?

James Purnell: That will come out of the licence fee.

Q1903 Baroness Bonham-Carter of Yarnbury: That will also come out of the licence fee?

James Purnell: That is the package for the vulnerable so there is the switchover cost and then there is the package for the disabled and those over 75.

Q1904 Baroness Bonham-Carter of Yarnbury: So that is also licence fee funded. You have said you do not know what is going to happen to the spectrum that is released. At the moment there is no charge for analogue spectrum. Is the Government considering allocating free digital spectrum to PBS channels like Channel 4 and the BBC or do you support the decision by Ofcom that everyone should pay for digital spectrum?

James Purnell: I do not think that is the decision that Ofcom have taken. Lord Curry said in terms that a decision had not been taken and the process is for them to look at the digital dividend consultation process that I refer to. The advantage of having regulators is that they can weigh different objectives against each other, for example, both the importance of public service television and the importance of allocating spectrum efficiently. We will look at their recommendations. We also have backstop powers so if we disagree with the decision

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they have taken we can intervene, but we are a long way from taking decisions on that.

Q1905 Baroness Bonham-Carter of Yarnbury: I understood him to be saying he very much felt it should be a market for digital spectrum in order that the broadcasters were efficient about the use of it.

James Purnell: I think that general approach is right. We are just not applying it to broadcasters; we are applying it to emergency services and we are applying it to the whole range of public sector uses of spectrum. This is not something specific for broadcasters but, as I say, the Digital Dividend Consultation Group will look specifically at that issue. The general approach is that market mechanisms have been the best way of allocating spectrum. We do not always take those decisions. For example, in radio licensing we have continued to make decisions where different considerations have applied but we will take those decisions in due course based on the consultation which Ofcom is carrying out.

Q1906 Baroness Bonham-Carter of Yarnbury: Because it would seem to me that in the instance of public service broadcasting, money would be better spent in pursuing those programmes rather than paying for spectrum which will be an additional cost.

James Purnell: Sure, there are two issues there and one of the issues is programme making resources and whether the BBC and indeed Channel 4 and other broadcasters are properly resourced to achieve their public service goal. There is also the issue of efficient allocation of spectrum and it is important for all users of spectrum to have the right incentives to do that. One of the ways of doing that is through auctions. There are other ways of doing it and people can also take decisions not to allocate spectrum on that basis. We are not ruling anything in or out. We are just saying that we will look at the consultation which Ofcom will do and we will take decisions from there.

Q1907 Baroness Bonham-Carter of Yarnbury: In this particular case of the BBC it could be seen as a spectrum tax on the licence fee payer.

James Purnell: As I say, we have not made any decisions on that and we will look at their proposals as part of the licence fee and we will take decisions based on what Ofcom says in their consultation. I think there is a legitimate point about weighing those two objectives against each other. There are plenty of people who complain to us about spectrum hoarding by various organisations. That is not a cost-free option. If spectrum is not properly allocated people who want to offer services like extra community radio stations, extra local radio

stations, new TV services, new mobile phone services, new data services, all of those services would be prevented and the consumer would suffer. What we need to weigh up is the various policy objectives here, and the right way to do that is through proper consultation.

Q1908 Chairman: Where you have made a decision that it is not from Ofcom (and it does not appear from what you are saying to be from consultation either) is that the special help as far as people with special needs is concerned is a cost that is going to be borne by the licence fee payer.

James Purnell: Yes.

Q1909 Chairman: What is the difference between that and currently what we do as far as licence fees for the over-75s are concerned? Surely the cost of that is not picked up by the licence fee payer, it is picked up by social services funding?

James Purnell: That is essentially social policy whereas the other is essentially broadcasting policy. As I said, we believe there are BBC-specific reasons why switchover will be of benefit to them, why up to five million homes who currently do not have access having access to digital television will be of benefit to the BBC. It will mean that people can access BBC services. I think most people would think in the long term it is not sustainable for the licence fee to be funding services which licence fee payers were not able to access. That is why we say there are BBC-specific reasons for doing that.

Q1910 Chairman: I do not see the sharp difference that you are trying to make between the two. One is social policy you are saying and one is strictly broadcasting policy?

James Purnell: One way of looking at it is that the social policy about help for the over 75s will continue and is not bound by any one project. The whole point of the switchover policy is to achieve switchover and once that is achieved that particular package will not continue. The difference is this is about achieving a broadcasting policy objective which is digital switchover. It has benefits for the whole of the industry but it also has benefits for the BBC, in exactly the same way for example as the BBC gets involved in the use of the licence fee for training which is not just for the BBC. The whole thrust of the Green Paper was to say that we believe that the BBC underpinned the whole of the broadcasting ecology and we believe that that is an appropriate use of the licence fee for exactly that reason.

Q1911 Baroness O'Neill of Bengarve: Just a supplementary on that. I think we can all see why the BBC should lead on the task of digital

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switchover, that is not the problem, but the question might be formulated why is it not a win/win situation for the Government and for the BBC to distinguish those costs which legitimately fall on the licence fee payer from those costs which more appropriately fall on the taxpayer? Although nearly all taxpayers live in households that pay a licence it is not the case that the class of taxpayers and the class of licence fee payers is one and the same because any household with more than one person in employment earning income has multi taxpayers but a single licence. The question we are raising is distinctly a question about the appropriateness of loading the charge on the licence fee payer. It is not a question of the appropriateness of the BBC leading on the institutional and technical and cultural task.

James Purnell: I am really starting to sound like a stuck record but the point is the BBC has always carried out policies which have helped the whole of the broadcasting environment. It has always used the licence fee to do that, from training, to R&D, and now digital switchover. It is completely in keeping with that tradition to use licence fee money for those projects because there will be general policy benefits but there will be also specific benefits for the BBC. If we started to try and work out which ones of those were general benefits and which ones were BBC-specific benefits and split the funding of that appropriately, you would get into a very difficult policy decision issue.

Q1912 *Baroness Howe of Idlicote:* I want to be quite clear about this, following on Baroness O'Neill's point, that as a result of the second policy we have heard your views but as a result of that second policy if it comes into being, and if there is to be a charge, the settlement will have to take account of the extra costs of the BBC?

James Purnell: Yes, absolutely.

Q1913 *Baroness Howe of Idlicote:* So that would have to go up?

James Purnell: Yes, absolutely.

Q1914 *Lord Maxton:* You see all this is based upon technology as it is now and what it would appear you have decided will be the form of technology in 2012, six years from now when the switchover comes. If you look back six years and see the way technology has changed and now go forward six years, then what you are going to have in 2012 will be totally different from what it is today. In particular if you are talking about scarce spectrum why is the Government deciding to use that spectrum (because if it has got high-definition television included in it it will be using a lot of spectrum) instead of looking at other solutions

which do not use spectrum, which are cable and telecommunications, which to me is the way to go to switchover? If you do that the argument the BBC pays for it becomes irrelevant because BT and the cable companies will be the major beneficiaries and may well wish to pay for it.

James Purnell: I can answer that because I spent an hour and a half answering exactly those questions in front of the CMS Select Committee last week. Briefly, we believe it is vital for people to continue to have access to television without having to pay a subscription and the only way of guaranteeing that is by having the option of digital terrestrial there. People may want to buy other options like cable and broadband and other technologies may come along but we believe that having that basic easy access to DDT was important and is the only way of guaranteeing that we will be able to have subscription-free television otherwise we will be relying on commercial operators to be prepared to deliver, for example the Freesat from Sky offer, and we do not think that is the right approach. We also think it is important to have a choice of platforms and people should be able to choose between DDT, cable, satellite, broadband and the other options. The final point is if you are right and it does turn out that another technology is much more successful than DDT that underlines the case for switchover. It does not argue against it.

Lord Maxton: We are all in favour of switchover, it is how it is done.

Q1915 *Chairman:* Let's cut it off at this particular point. I would like to move on to the Bishop of Manchester but I think perhaps you have got the message from this Committee that we are unhappy with several aspects on the way that costs are being put on to the licence fee and to the licence fee payer when we believe that there are better ways and more just ways of that money being raised. You have got that message.

James Purnell: I can hear that in the Committee's voice.

Q1916 *Bishop of Manchester:* Can I look at another area of costs. This afternoon the BBC announced that it is focusing on two of the suggested sites for the move to Manchester and that suggests to me that the momentum is building up towards that move. I have to say that on this Committee we have looked a little askance at some of the financial figures that have been presented to us over this. At the very beginning we were being told the cost would be £600 million which spanning out was an equivalent of £50 million a year. Later we have been told it is down to £400 million, £25 million a year. These still seem to be very considerable sums and when I pressed the Director-General on his

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commitment to this move to Manchester he added that although he wanted it to happen it still depended on suitable funding being agreed. So my first question to you is to ask your opinion about the costings as we know them for this move to Manchester?

James Purnell: We have, as I say, our consultants PKF who are looking at those costs in detail and they will be thoroughly scrutinising not just the costs of the move but also the savings that could be made because of the move. We will also be assessing it in terms not just of the purely financial aspects but also the benefits to the regions, the economic and cultural benefits which come from that and also generally the benefits to the licence fee, the acceptability of the licence fee and to the BBC. We think that having a BBC of which the whole country feels ownership will be an important part of building that consensus around the BBC and that will be an important consideration in the matter.

Q1917 *Bishop of Manchester:* Presumably some of the savings you are talking about will be from the vacated assets in London when they move?

James Purnell: Sure, one could imagine savings from vacated assets, one could imagine savings from the costs of employing people outside London rather than in London. I think also at the time we would want to move to a situation where there was a genuine critical mass of production outside of London and that will bring down the cost of that production. If you are in a situation where people are just being trained up and down from London to various parts of the country to make productions that may have a certain amount of benefit but may not be terribly cost-effective. If you develop a genuine production infrastructure in other parts of the country they can start to compete on costs. Bristol is a great example of that. The fact that natural history programmes have been in Bristol for a while now does mean that there is a network of independent companies round there which are also able to provide good programmes at competitive cost. We would hope that the out-of-London strategy would support development of that critical mass.

Q1918 *Bishop of Manchester:* You were explaining a moment ago the Government has got people looking carefully at these costings. Would you not think it is good idea for the National Audit Office to come in on this?

James Purnell: The National Audit Office has a role in terms of value-for-money studies with the BBC already and we will look at the recommendations which you made on that in a previous report and we will make a decision on that in the White Paper, but we felt the right way of scrutinising these

proposals was by engaging PKF to do that work and we believe that they provided a very good service. It is not a question of whether there is a value-for-money audit, there is a value-for-money audit and there may be various roles for the NAO at various times. We will make a decision on that in the White Paper.

Q1919 *Bishop of Manchester:* Can we explore a bit further this concept of value. As you know, if there is something new happening then there is a public value test whether the BBC pursues but it is said in the move to Manchester it is not going to do that because the departments are not new in that sense. I think what is slightly disturbing about that is we heard from Pat Loughrey when he came to see us that the prime concern of the BBC over the move to Manchester was not in terms of public value, and I wonder what your view is on that because it seems to me that we are all concerned about protecting the licence fee payer and value for money being given to them.

James Purnell: The public value test is really designed for services and changes to services so we would not anticipate it being applied to, for example, property decisions or location decisions. We see those as management decisions for the BBC. You could imagine certain changes by the BBC that they might want to involve licence fee payers or other partners in discussing or having consultations but I do not think the mechanism of the public value test should be transferred over to management decisions of this kind. It is really about what services the BBC should involve itself in. That is not to say there are not public value considerations in those decisions; it is just the public value test is designed for new services.

Q1920 *Baroness Howe of Idlicote:* I want to turn to local services. In fact we have heard some comments that the BBC is not a very good partner; it prefers to do things in its own way and on its own terms, but we have also of course heard if they do go local in this way it may well inhibit the development of competitive commercial services or indeed damage existing services. I just wondered what your view is about this because obviously this is an area where with the new technology and so on there are a lot of opportunities so what sort of role really should the BBC sensibly be playing?

James Purnell: Our view is that this is an area where the public value test is extremely important and we would expect the launch of any new tier of ultra local services to be subject to a public value test, whether it happens before or after the Charter is in operation. I think local TV does illustrate why the public value test is so important because there are lots of different considerations here. There are issues

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about the impact on local newspapers and local broadcasting services. There is also the issue of the licence fee payer and services they expect, the fact that the BBC already has an infrastructure providing this content which could be very efficiently used to support public benefit in terms of spreading that value around. One could imagine all sorts of services which local communities would benefit from having. Coverage of local authority decisions which are often underreported. Looking, in my region, at how cultural events are developing, for example, local Rugby League, we often feel that Rugby League is not focused on as much as football. There is a whole range of services where there might be a real public value and if the Government were trying to take those decisions or Ofcom were trying to take those decisions it might not be in the right position to weigh that public value against the market impact. That is why we said in the Green Paper we thought the ultimate decisions about the public value of those services and whether they outweighed the market impact should be taken by the Trust. I think the point you make about partnerships is important and I think that would be a fair point to make about the BBC over a longer period. I have quite a lot of the BBC's partners now coming to me and saying they have really noticed a difference (not in everything) a real difference. Pact, for example, have been very appreciative of what has been developed on the WOK(?). The Film Council are working closely with the BBC to develop their film strategy. In Wales and Scotland there are again productive discussions around national language provision. So partnership is clearly a very, very important part of what the BBC does and we would encourage them to continue to improve their record.

Q1921 Baroness Howe of Idlicote: That is the other argument of course for having more local offices too for the BBC and a more local presence—and I am thinking of a visit that we did to Bristol where we saw quite a lot of interaction between schools and the BBC and a lot of encouragement to use the creative side of the BBC for that.

James Purnell: There is clearly a real potential for public value there and we will need to set up a framework in which they can judge that properly against the market impact. There are also genuine considerations that I can see.

Q1922 Lord Kalms: Listening to the some of the advice we have had from different people who have contributed to our discussions, I think there is a slight problem regarding local broadcasting and local services. If the BBC are committed to 60 local stations and they are perhaps going to choose the footprint of the radio areas, which for a start may

not mean entirely local, and then the concept is that they may impose what they call local so instead of creating local it might be imposed local. The point I want to make to you is what contra force is there going to be to make sure that there is not this concept of the BBC steamroller with 60 stations with one footprint which might not produce the local bottom-up concept that is more desirable for our listeners and for our viewers? I am not sure that if the BBC is allowed to run untrammelled we will get the best product. Are you concerned about this potential danger that by going into local broadcasting we will not get the best outcome?

James Purnell: I am concerned about putting in place a process or mechanism to ensure that management are not untrammelled in those decisions. Indeed, Tessa Jowell made an extremely important decision on BBC Three in rejecting the original application for that and I think the service which has emerged since is much more in line with the BBC's public service objective than it would have been. I think that experience ought to have taught us the Minister taking that decision is slightly uncomfortable (although she took what I thought was very much the right decision) and that is why creating the Trust with the right level of understanding of the BBC's objectives and the right incentives in terms of accountability to licence fee payers but also being trustees of the market impact and making sure that they do not have an unjustifiable market impact, is the right place to locate those decisions. Thus decisions about exactly how local it should be, should it cover Stalybridge and Hyde or Manchester or the North West will be, quite rightly, decisions taken by the management of the Trust working through the public value test mechanism.

Q1923 Lord Peston: I, at least, was very impressed with David Puttnam's evidence to us last week where he essentially told us that the BBC does not do partnership; it is either done their way or not at all. I could be wrong but he was our evidence, as it were, therefore it seemed to me to follow that it would be in the national interest if somehow one facilitated the growth of local service broadcasting in some other way, I thought your reference to local newspapers was a rather relevant one here because we do not subsidise local newspaper and they are successful a) because they are good and b) because they carry advertising. Would it be your view that if a local body wanted to get together (and again one accepts your view that if you want spectrum to be used efficiently you must price it in some way or other) that some of this local broadcasting, whether it is radio or more importantly television, could be advertising financed even if it were run say by the

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local authority? Has that been at all a part of the Department's thinking?

James Purnell: A mixed ecology of local services is definitely a part of our thinking. There are already a dozen television stations around the country which are doing quite well and I think that is an area which is going to continue to grow, through the Internet, with people providing audio-visual services over the Internet, so there will be a commercial role in this. There will also be an important role for partnership. The provision of local content is obviously enhanced by working with local authorities and local groups. I think the danger of the BBC taking advertising—

Q1924 Lord Peston: I do not mean the BBC; I mean the non BBC. If you and I decided we wanted to set up a local station, just us, the equivalent of a local newspaper, we would have to finance it in some way, *a fortiori* we would have to finance it if we had to pay for the spectrum, and the only way we could finance it would be by advertising. In other words, could one have the equivalent of a local newspaper in this area, is what I am asking you?

James Purnell: Of course, and the economic viability of those services is a really important question. We have commissioned research with Ofcom which will be published very shortly on whether there is an economically viable model and I think there is real potential there.

Q1925 Baroness O'Neill of Bengarve: We have spent a lot of the last month thinking about the sale of sports rights and sports broadcasting and the BBC's role in it. I wanted to ask you a little bit about the Premier League's agreement to market rights in six packages following a ruling by the European Commission. First, did the Government make any representations to the European Commission in the process leading up to that decision?

James Purnell: We always wanted the parties to come in an ideal world to an amicable arrangement and we always made it clear to all parties including the Commission two things really. One is we believe collective selling is important for football. That was the case for the previous review by the Commission and indeed for this one. Indeed, we also said that we thought that collective selling was particularly important because it could support redistribution within the game. That is most obviously the case with the Football Foundation which supports grassroots football but also with a range of other initiatives within football. We made our general policy stance clear. It is not our policy to intervene in competition cases. That is clearly a matter for the Commission and that would be exactly the same whether it was an Ofcom review, OFT or the

Commission (as in this case) as competition regulator.

Q1926 Baroness O'Neill of Bengarve: Do you think six packages of which five may go to a single bidder represents a genuine protection of the public interest in free-to-air access to live Premier League football?

James Purnell: I think having a competition regulator which makes decisions independently of us is the right way to do it.

Q1927 Baroness O'Neill of Bengarve: You would merely say process okay; outcome let's see?

James Purnell: It would be odd in one sentence to say that we think competition commission decisions should be taken independently and then go round saying we think they should have done this or that.

Q1928 Baroness O'Neill of Bengarve: I take that point but you have no view whatsoever on whether anything can be foreseen about committing five of six packages of equal value to go to a single bidder? If they did in fact go to a single bidder would you consider that showed it had been an inadequate decision?

James Purnell: I give you exactly the same answer I just gave you which is that competition decisions should be taken independently of government and if the competition commission, whichever one, the European or national one, started to think we are going to double-guess them once they taken those decisions that will inhibit their ability to take those decisions. I am interested in the benefit that collective selling can bring and in redistribution within football and if there is a benefit in terms of competition and therefore the TV consumer but also in terms of football and therefore the football fan and people who play football, then that would be a good policy outcome.

Q1929 Chairman: But you do not make any proposals and you did not actually put anything before the Commission leading them to the kind of position that you yourself would want?

James Purnell: No we have set out our policy stance and we encourage all partners to come to an amicable arrangement.

Q1930 Chairman: Nothing more specific than that.

James Purnell: No, as I say, our general view was these are public policy objectives. There was an important discussion both in the last deal and indeed in this one which was about whether the Commission was able to weigh those general public policy objectives against competition policy and we believed that they could and that is why we made those views clear.

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Chairman: I am going to call on Baroness Gibson to talk about religious broadcasting in a moment but just to say this, I am very much aware that you need to be away by quarter to six and I am also aware of the fact that a Minister is at this moment summing up in the House of Lords so we may get interrupted by a division and if we do get interrupted by a division (because past experience shows I cannot speak above the bell in this place) we will call it a day. Lady Gibson?

Q1931 Baroness Gibson of Market Rasen: It is the thorny question of religious broadcasting which does seem to elicit very strong responses in people. Obviously the whole question of religion is very important in world affairs at the moment. Do you think that the BBC should be given a specific public service duty to a) educate and b) inform the public about the role of the major religions?

James Purnell: Yes, we do. We believe they have that obligation effectively now. They have got a duty on education and they have got a duty on religion. If there are specific ways in which you think that should be financed we are able to look at that in the joint Charter and Agreement but we think broadly that that is the thrust of their duty in this area.

Q1932 Baroness Gibson of Market Rasen: And what about the position of the three minutes of religious broadcasting at the moment that occurs every morning? There has been quite a lot of discussion about whether or not this should be purely a religious spot or whether it should be opened to, shall we say, atheists who would be able to put some view forward.

James Purnell: It would be a dangerous setting of precedent for a government minister to get involved in telling the *Today* programme what to broadcast and so I am not going to breach that precedent. I saw the evidence which the BBC provided to you which was that this is an opportunity for religious thought to be discussed in the context of a set of programmes on the BBC where many other non-religious views get their opportunity to be aired elsewhere. That is one view. If the BBC decided they wanted to have secular views as part of the *Thought for the Day* again that would be an editorial decision for them and I think it is important that ministers do not get involved in telling the BBC what to broadcast.

Q1933 Bishop of Manchester: I am interested in what Mr Purnell said about that because as the Charter and Agreement is being put together the opportunity might arise for input on this issue. I am wondering what he particularly had in mind over that in terms of process?

James Purnell: In the Charter and Agreement?

Q1934 Bishop of Manchester: Yes.

James Purnell: We will publish the draft Charter and Agreement at the same time as the White Paper and we very much hope that there will be an opportunity for debate in both the House of Commons and the House of Lords. That will obviously be up to the House authorities, not us. The White Paper will be a statement of our policy on it. There will be opportunities then to look at the way that is reflected in the Charter and Agreement so there are opportunities to reflect the new recommendations that you make or indeed any points made in other debate by other voices.

Q1935 Bishop of Manchester: In light of the recent statement by the Chancellor of the Exchequer that we need to be more upfront about our Britishness, would you think it appropriate for the British Broadcasting Corporation to allow proper time for views and education on other faiths in this country, those who have no faith view, and also that there then should be an adequate and proper representation of the view of that particular faith which has been part of our culture for about 1,700 years and which in the national Census 72 per cent of the population in this country said that they supported? In other words, what I am trying to say is in this very complex area we do need to be fair and even-handed but the even-handedness must also reflect the very substantial place that Christianity has within this country?

James Purnell: Of course, and again those decisions are properly taken by the BBC in deciding exactly what programmes they make and how to reflect that. They also need to consult people who are experts on this issue to make sure that those services are up-to-date. I do not think I dissent from the general thrust of what you say.

Q1936 Chairman: Okay, I am going to draw it to an end at this particular point. Allow me to say that when you mentioned that the White Paper would be presented and there would be debate in the House of Commons and debate in the House of Lords, that does beg quite a number of questions. For instance, there is nothing much the House of Commons or the House of Lords can do about it. As you well know from our first report, it is not an Act of Parliament and nothing that is going to be proposed is going to go through, in any meaningful way, either the House of Commons or the House of Lords.

James Purnell: There is a slight danger of the parliamentary equivalent of double jeopardy here but if I could just repeat what we said previously about it which is that we believe if you look at what

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licence fee payers said when they were consulted about this they did not want the new arrangements to bring the BBC closer to Parliament. They thought that would not be the appropriate thing. It is a delicate balance in preserving the BBC's independence. I believe we have a system that has worked well. The fact that they are not incorporated by statute but by Charter means that they do not have the day-to-day accountability to Parliament which could end up influencing their independence. I think that settlement has worked well and that is why we propose to maintain the current system. That was our proposal in the Green Paper and we will make our final decisions on that clear in the White Paper.

Q1937 Chairman: I think, if you do not mind me saying so, to rely upon the opinion polls that you have just quoted is a pretty slender fence when you

look at the detail of that because they neither seem to trust Parliament nor the Government as far as that is concerned!

James Purnell: But the question is is there a problem, has this situation which has developed over many decades under many different governments managed to deliver a BBC which is independent and trusted editorially around the world? And I think it has and that is why we would propose to maintain that.

Q1938 Chairman: That sounds to me as though we will not have to wait to see your response to the White Paper to get your final position.

James Purnell: We will make our final decisions clear in the White Paper.

Chairman: Okay you have been very patient. Thank you very much indeed for coming. Thank you very much indeed for your evidence, we are very grateful.

WEDNESDAY 18 JANUARY 2006

Present	Armstrong of Ilminster, L Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Gibson of Market Rasen, B Holme of Cheltenham, L Howe of Idlicote, B	Kalms, L King of Bridgwater, L Manchester, Bp Maxton, L Peston, L
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Examination of Witnesses

Witnesses: MR MICHAEL GRADE CBE, Chairman and MR MARK THOMPSON, Director General, BBC, examined.

Q1939 Chairman: Welcome again. We are in the last lap now of our investigation and we heard from the Minister yesterday that the White Paper is to be published shortly, which is something we have been hearing for the last few months actually, but we shall see what happens. May I start the questioning with the licence fee which is obviously one of the issues of interest? The Minister yesterday described your proposals as an "opening bid"; I quote. Is that how you see them?

Mr Grade: Not at all My Lord Chairman. The process that led to the publication of the BBC's licence fee bid has been a very orderly process. It has been a process designed to reflect, as far as is possible, the views, the expectations of the licence fee payers. It began with the BBC's publication of the *Building Public Value* document which set out a potential vision for the BBC. That was refined by the Government in their Green Paper and in the Green Paper was contained a clear view of what the Government wanted from the BBC in the next charter. We took that away and we costed it; the management initially did the work. At that point, the governors got into the frame, scrutinised the costings which the management had presented, we brought in independent consultants working to the governors and not to the management, adjustments were made, there was a rigorous scrutiny of that, but what we presented to the public in that bid was as accurate a costing as we could possibly manage given the number of variables in it at that time. Based on what views we had received from the public on our vision, the Government, the department, the DCMS had done extensive research on the *Building Public Value* document which led to the Green Paper. So that bid is not an opening bid, it is a costing for the vision which has been endorsed by the Government. We go forward from there into the next round of conversations.

Q1940 Chairman: So it is unlike the ministerial process that one or two of us are accustomed to for public spending, when you make a bid to the

Treasury and you realise you are putting in too much because you can then cut it back. The Treasury make a bid back to you in which they argue friendly things like abolishing the old age pension or something of that kind and you then have an agreement at the end.

Mr Grade: It is for the Government to decide what the process should be. What I am particularly pleased about is that we have a more transparent process now than we have ever had before. The BBC has gone public with its bid. That is now the subject of considerable scrutiny by the DCMS and their consultants and arising out of that hopefully will come a settlement which reflects the expectations and the needs of the licence fee payer.

Q1941 Chairman: And are you working to try to reduce it?

Mr Grade: The governors would certainly like the bid to be as low as is consistent with what the licence fee payers tell us they want from their BBC over the next ten years; absolutely.

Q1942 Chairman: What I find quite difficult to understand is that the licence fee was first linked to RPI in 1988 and until 1998 each year's increase matched RPI or was below. Then from 1998, we have had a situation where it has been anything from RPI plus one point five per cent to RPI plus three per cent. Have BBC programmes improved to that extent over that period?

Mr Thompson: The fundamental change which happened at the end of the 1990s was the Government asking the BBC to take a leading role in helping to lead the processes of creating a digital Britain by launching entirely new digital services in television and radio, by investing more in interactive services and so forth. The Green Paper of 2005 is actually part of a bigger thrust of public policy which began at the end of the 1990s. The central part of the next stage in this digital build-out is the public policy around the switching of analogue television to digital television where, as you know,

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the Government see the BBC playing a central role. From the late 1990s onwards, the Government was not merely asking the BBC to continue with its existing analogue age services, but to launch many new services and to take a bigger role involving capital investment and also the running costs of new digital services as part of a new vision for what the BBC should do. It is quite possible for someone to say that actually the Government should not have asked the BBC to do that, but if you go back and look very closely, look at the settlement between the Government and the BBC in 1999, the letter from the Secretary of State, what the Government asked for was a number of new things from the BBC. The Green Paper asked for a number of additional new things from the BBC. If you look at like for like, if you look at the BBC's expenditure on like-for-like services over the entire period, the BBC has found efficiencies and is delivering existing services for less year on year in the period. However, because new things have been required the licence fee has grown in real terms, though it is also worth pointing out that over this period the licence fee has declined as a proportion of disposable income, not just for median households, but also for the poorest 10 per cent of households all the way through the period. So as a burden on even the poorest licence payers, it has declined.

Q1943 Chairman: Your latest proposal is RPI plus two point three per cent, plus anything that is required in terms of social provision for helping disadvantaged people with the switchover, which the Minister regards as broadcasting policy and not social policy. The licence fee now is £126.50. What does it actually mean in real terms that the licence fee is going to be in seven years' time?

Mr Thompson: In real terms, it would mean a licence fee of about £150 in today's money; if you take a median view of RPI over the period, probably a headline number at the end of the seven years of around £180.

Q1944 Chairman: What concerns me and probably what concerns the Committee is that we support the continuance of the licence fee, as you know from our first report, but are you not concerned that the licence fee is going so high that the public are not going to accept the height that it has got to?

Mr Grade: Let me say first of all that I and my colleagues on the board of the BBC do not regard the highest possible licence fee settlement as a badge of honour. We are there to represent the licence fee payers. We must argue for a licence fee which is as low as possible, but which is capable of meeting what the licence fee payers tell us they want from the BBC over the coming years. They want fewer repeats; that costs money. They want more local

services; that costs money. There are several things in our bid which arise directly from what we presented to licence fee payers and what they have told us they want. There is a cost for that. We have to arrive at a number that the board can support, which we feel is consistent with what the licence fee payers tell us they are prepared to pay and which is consistent with us having a reasonable chance of delivering what it is they tell us they want us to do. The benchmark for resistance to price increases seems to me to be this statistic that Mark has described which is the percentage of disposable income in households at all different levels of income. That is a key benchmark for us and we need to see the licence fee continuing to fall as a percentage of disposable income.

Q1945 Chairman: You also have opinion polls which actually show public acceptability, do you not?

Mr Grade: We and our sponsoring department have done a great deal of research which suggests, at various different levels, that there is very, very little resistance to the current levels and the projected levels.

Q1946 Chairman: So very little resistance and that resistance is not getting greater at the moment? Is that what you are saying?

Mr Grade: No; there is no evidence of that. Obviously it is for the governors and the trust in the future to keep very, very close indeed to that level. It terms of targeted help, which is the generic term for helping the lowest income groups to achieve digital switchover, in agreeing with the Government to use the licence fee for that purpose, it is conditional that it is not so onerous that it brings into question, or increases resistance to, the licence fee. It is also a condition that we must not be in a position where, in using the licence fee for this targeted help purpose, we have to cut services in order to meet that requirement. There is a large measure of conditionality in terms of our support.

Q1947 Chairman: But will you put it up from plus two point three per cent to two point eight per cent?

Mr Grade: We do not know yet.

Q1948 Chairman: Is that a working assumption?

Mr Grade: No, there is no working assumption.

Q1949 Chairman: Do you regard it as broadcasting policy?

Mr Grade: It is consistent with the BBC's mission to be universally available throughout the nations and it is entirely consistent with that.

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Q1950 Chairman: When it comes to free licences for the over-75s, that presumably comes out of social budgets, does it not?

Mr Grade: Yes, it does.

Q1951 Chairman: It seems a very odd division to make.

Mr Grade: We are in a unique set of circumstances. The digital switchover is an unprecedented revolution in broadcasting.

Q1952 Lord Holme of Cheltenham: I am very interested in what you have both said about efficiency savings and one of the things which worries me slightly is the notion that we discuss paying for your extra commitments and your extra responsibilities and the Committee can well understand the case you have made there. I am puzzled why RPI is taken as a given, why it is what they call in the European Union an *acquis*. Why do we assume that RPI should be and is a starting point, a sort of platform from which extra commitments are then costed? A lot of regulated utilities would have a model which had RPI minus and that is for a really good reason, which is that of course there are extra costs, salaries and wages go up and other costs go up, but, on the other hand, there are possibilities of operating more efficiently which would produce, for large organisations, at least an offset to those general inflation costs in society and would therefore represent an RPI minus model. There is a danger, both to the public and this Committee, in thinking about it, in assuming that the RPI is somehow a given from which you bounce upwards with extra commitments which need extra funding. I should really like to explore that, if you would.

Mr Grade: Before I hand over to the Director General, could I just make a point about the RPI minus formulae for regulated utilities? They are virtually monopoly suppliers of the commodity to the public for profit, nothing wrong with that, but the calculation of RPI minus is based on an acceptable return on capital for the selling of a monopoly to the consumer; it is there for consumer protection. May I just make that distinction?

Q1953 Lord Holme of Cheltenham: But you would not still argue that the pressure it engenders in driving down costs is a valuable one?

Mr Thompson: What I should like to say is that at no point has the BBC suggested that it should not ensure that it achieves testing savings efficiency targets as part of a broader agenda of self-help, of finding the resources itself for what it needs to do. For a number of years now the BBC has, as part of previous licence settlements, been engaged in meeting targets for efficiencies agreed with the

Government. In proposing this new licence fee bid for the next charter, again we said that part of the way in which the BBC should pay for its future is through self-help and through efficiencies. Indeed, if you average the efficiencies the Government asked the BBC to make in the last charter, two point eight per cent a year, in this bid we said that we believe we can stretch, on average over the next seven years, to three point three per cent per year; a figure above inflation. In terms of like-for-like services, the routine running of one of our radio networks, we should expect to achieve RPI minus, to make deeper savings than we get from inflation, so we can take some of the money we save to put against the various new things which the Green Paper asks us to do. In the bid, laying out the combination of what we believe are inevitable rising costs and, more importantly and by far the bigger element our costing, what we believe achieving what is set out in the Green Paper would cost, we arrive at a sum of about £5.5 billion over the next seven years. We believe we can achieve 70 per cent of that through becoming more efficient, absorbing our own rising costs, but also then making further efficiencies so that we can go as far as possible to meeting what we are being asked to do through our own resources. At the moment we are engaged in a programme of reducing the headcount of the BBC by some 6,000 to 7,000 people; one quarter of the organisation either leaving through outsourcing or many thousands of people being made redundant. We are engaged in by far the biggest efficiency programme that the BBC has ever been through. I should not want you to think that self-help and efficiency are not at the front of our minds. What we are saying though, and it really comes back to the first point, is that the mission for the BBC laid out in 1999 and even more laid out in the Green Paper is not like for like. It adds a large number of new elements and indeed some of the elements agreed in 1999–2000 are now coming on stream. We are about, in ten days' time, to launch the digital curriculum which is £150 million, a new educational service available to every child, every classroom in the UK, to support curriculum learning, done in partnership with the Government. It is going to be a wonderful service, but it is something entirely new. We accept the broad principle that the BBC should accept that it should absorb inflation and become more efficient like every other part of the public and private sector. If you look at what we are being asked to do, the list of new things is very long.

Q1954 Lord Holme of Cheltenham: Thank you for that, it was extremely helpful and well understood. May I just ask, in terms of governance, which is a point of disagreement between our Committee and the BBC at the moment, taking the present model

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of governance, how far does the board, which Mr Grade chairs, represent the interest of the viewers, listeners, licence payers in pressing the management, Mr Thompson and his colleagues, to produce the best possible deal for those who pay for and enjoy the service of the BBC, rather than the natural pressures on management to meet these demands which are now being put on them? Is there a tension there?

Mr Grade: There has been unprecedented independent scrutiny of the management's initial proposals in respect of the licence fee bid. Under the new governance arrangements which anticipate the way the trust will operate, there was a lot of tension, a lot of scrutiny, we the governors brought in PA Consulting and as a result of our own scrutiny and PA's scrutiny, considerable adjustments were made to the bid. This was why I was prepared and the board was prepared to support the bid when it went public, because we felt we had really gone through it and we improved the incentives to efficiency which are contained in the bid, what is colloquially known as self-help, which we did not feel were stretching enough and we pushed those a lot harder. We thought the estimates for the profits that the BBC's commercial activities were going to be able to contribute were over-ambitious. We pegged those back, which put pressure on the self-help targets and so on. There was an unprecedented, in the history of the BBC, level of independent scrutiny of the management's bid, but this was not a management bid designed to get the most amount of money possible. This was, as best we could at the time given the variables in the bid, as accurate a costing as we could get to at that time of what the Government had asked us to cost in the vision for the future of the BBC contained in the Green Paper.

Q1955 Lord Peston: Essentially, what you are saying is that your first calculation will always be the cost of doing like for like over the relevant planning horizon and that makes perfectly good sense to me. Then you say there is a second bit, which is an outside force, really the Government. I am not sure whether they ask you to do things or tell you to do things.

Mr Thompson: I do not want to be disingenuous about this. The BBC itself has, since the mid 1990s, believed that it could do a great deal in the digital space, that it could launch an effective website, that it could launch interactive services, it could extend its educational mission to projects like the digital curriculum. We have been enthusiastic about this development of the BBC. Crucially, it is for Parliament and the Government to dispose. Successive governments have felt that that was the right thing for the BBC to do.

Q1956 Lord Peston: The bit where I cannot quite follow what happens in practice is that in addition to responding to outside suggestions, what you are really saying is that there are things you want to do: more programmes, different programmes, more channels, all sorts of things. You are an innovative body and you want to do those things because you think that is what the licence payer would want you to do. What I am not clear about is the process which lies behind that. Do you say to yourselves that you really could put on more drama but you need more money for it, therefore you have to calculate a licence fee which enables you to do that?

Mr Thompson: May I begin from the management side and Michael might want to talk a bit about the role of the governors and potentially the future role of the trust. From the management point of view, I should distinguish between continuous incremental improvements for which we should all strive everywhere in the BBC all the time, without demanding bigger budgets and things which go beyond those. We want the *Today* programme, we want our classic adaptations of Dickens's novels, to grow in ambition and imagination and quality without putting more money into them. We talk and listen to our audiences all the time and sometimes our audiences ask us for things which go beyond what I would describe as incremental improvements. An example would be the balance of repeats and original productions on BBC1. We know, again it is reflected in the Green Paper, that there are widespread public views out there that, certainly as far as BBC1 peak time is concerned, that they would like to see fewer repeats and rather more original programmes. It comes out very strongly in almost all the research we do. Moreover, the public at large, licence payers at large, opinion formers, critics, some politicians also believe, and they are right, that the BBC should think very carefully about the balance between high quality documentary, drama, comedy, current affairs and so forth, proper investment in news and the use of some of the cheaper forms of factual programming, reality programming. If you look at the BBC1 schedule and you want to make significant switches from repeats and low-cost factual programmes on the one hand and *Bleak House* at £600,000, £700,000, £800,000 per hour on the other hand, you very quickly get into an economically very significant shift in investment. I am quite clear that it is what the public would like us to do. When we have programmes like David Attenborough's *Life in the Undergrowth* and *Bleak House* in the schedule, Stephen Poliakoff on Sunday, there is an overwhelming sense from the public and indeed from others as well, that the BBC is doing what it should be doing, but over the course of a year we are talking about literally tens and in some cases hundreds of millions of pounds which

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you cannot achieve by the kind of small per cent of changes. So we start gathering up a number of ways in which we could respond to what our audiences are asking for and then in addition there are ideas like the digital curriculum or like digital switchover which are, if you like, structural changes in the shape and character of broadcasting. Some of these we can very quickly value very precisely. We can predict very accurately the genre mix changes on BBC1. Other things, such as precisely what it is going to cost the BBC to build out the DTT digital terrestrial transmitter chain, are for commercial negotiation and it is less easy to be absolutely precise. We build that up into a model of what a BBC would look like which met the challenges of the future and also met the challenges put to us by our licence payers. Then we shape that into a complete economic picture and then propose that to the board of governors for them to consider.

Q1957 Lord Maxton: My only concern about RPI, and in the past I have supported RPI plus on the basis of digitalising the archive, which is a very important part of the job you have to do, is that lower pricing in technology is what drives the RPI down to the level it is. You are in a technological business and therefore I do not understand why you are not, if you like, perhaps using more technology, for instance in the production of plays. I do not know how much technology you now use but it seems to me you can use a great deal of computer generated scenery and so on, which allows you massively to reduce the cost of production.

Mr Grade: RPI is a measurement tool in common usage throughout industry, public and private sector. The key issue in terms of the BBC is what incentive to efficiency is built in to the BBC. How can the public be guaranteed that, where you have a fixed income laid out for, in this case, seven years, there is the incentive to efficiency. An incentive to efficiency has to be built absolutely into the water supply of the BBC. Where the current bid stands presently, the incentive to efficiency, a figure of something like 70 per cent of the incremental ambitious plans that the BBC has to meet licence payers' expectations and needs, is going to be paid for out of efficiency savings. The figure that Mark mentioned, three point three per cent per annum across seven years, assuming that to be above RPI, is a pretty ambitious target. We shall see whether or not the Treasury, the Government and so on, accept that interpretation of that number. I feel that it is pretty ambitious, given the base from which we are actually starting, which is that the value for money changes which are being implemented at the moment will make us as efficient as we can be, given what we know we have to do presently. So the key question is not what measurement tool you use. The

key question is whether an incentive to efficiency is built into the financial infrastructure of the BBC spending plans that people can rely on, that is transparent and that can be policed and measured month-in, month-out by the trust, through the management accounts and so on and so on.

Mr Thompson: Practically, in terms of programme production, we want to improve quality incrementally across our output, we want to deliver three point three per cent of savings across the BBC. Technology is one of the main ways we are going to do that and we believe we can do that with several thousand fewer employees than we have at the moment.

Mr Grade: I should just like to add, if I may My Lord Chairman, a very brief coda to that. Historically, the BBC has been accused of generally being an expansionist institution. In some cases that is a fair criticism, in some cases it is not. What the governance reforms are designed to achieve going forward and are presently achieving are that before any expansion plans that the management wishes to propose to the trust or to the present board of governors, are even going to be considered, we have to be satisfied that these plans are underpinned by a clearly demonstrable support from the licence fee payers. This is not just the institution expanding for the sake of it, saying "Would it not be nice to do this?". Yes, it would, but is that what the licence fee payers want? The whole of the governance reforms, culminating ultimately in the formation of the trust are designed to put a check and balance in that natural state of any well-funded institution to go on expanding and so on. We have to be absolutely certain, and I am certain, that everything that is contained in the BBC's licence fee bid arising from the Green Paper has been tested against licence fee payers' needs and expectations. That is what is driving it.

Q1958 Chairman: It is not the only thing you have been accused of in the past. The chief executive officer of Channel 4, Mr Mark Thompson, said that the BBC had, and I quote "a Jacuzzi of cash". I assume that those were in the old days before you got to the BBC.

Mr Thompson: Perhaps I might remind you of the context. The then Director General of the BBC, Greg Dyke—and it is interesting to see the way the world has changed—said that Channel 4 was awash with cash. Now this was a time over the turn of the century when advertising as a whole had collapsed and Channel 4 in particular—I remember because I had arrived two weeks earlier as chief executive—was £40 million in debt at the bank and there was no money at all. I was just kind enough to point out that if anyone was sitting on cash it was he.

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Q1959 Chairman: You were swapping insults.
Mr Thompson: I was returning a kind thought from a colleague.

Q1960 Lord King of Bridgwater: You said how important it was that the public had confidence in the justification levels of the licence fee and the BBC. You said that you gave it unprecedented scrutiny this time in making this bid and you brought PA Consulting in to advise you. Did you publish that report?

Mr Grade: No we have not yet; no.

Q1961 Lord King of Bridgwater: Would you be willing to?

Mr Grade: In due course; yes.

Q1962 Lord King of Bridgwater: This is my ignorance, but I am not quite clear about how long this settlement is supposed to run.

Mr Grade: Seven years.

Q1963 Lord King of Bridgwater: Are you then going to call in the trust, presumably, at arm's-length which will want annual confirmation, as will the licence fee payer, that in these rapidly changing circumstances the original judgments remain valid?

Mr Grade: Absolutely.

Q1964 Lord King of Bridgwater: Would you envisage calling in maybe PA or other consultants every year to advise the trust on the annual situation, looking at the annual budget, looking at the annual expenditure, the experiences which have come out, the variances from budget during the year and, as a measure of public confidence, publish their report, the report that goes to the trust.

Mr Grade: Yes. I have no problem with that at all.

Q1965 Lord Armstrong of Ilminster: Do we know what your licence fee bid would be if you were not making these efforts to achieve efficiency savings? RPI plus five per cent or ...?

Mr Grade: It would be even higher than that. I should have to go away and look at the compound arithmetic, but yes, it would be substantially higher, very substantially higher.

Q1966 Lord Peston: We have partly covered some of this, but I am still very lost in following the argument put forward by the Government rather than by you. The Government seem to be saying that it is in the national interest that we have digital switchover. They think it would be a good idea if you took the lead in it, but then they come to what seems to us to be a completely illogical conclusion that it ought to be paid for out of the licence fee. We can understand the argument that we should switch over. We

certainly would very much favour you taking the lead role, but we have some difficulty working out why, if it is in the national interest, it should not be paid for in the normal way if things are in the national interest, namely out of general taxation. What are your thoughts on that?

Mr Grade: There are several constituent elements to the cost of digital switchover. There is the cost of re-engineering the transmitters, which is a reasonable cost for the BBC to bear since that is the means by which it will get the signal into the homes and is no different to moving from 405 to 625 lines, from black and white to colour and so on. Re-engineering the transmitters is unquestionably a matter for the BBC. In addition to that, the Government are potentially concerned about the ability of Channel 4 going forward, which is a statutory corporation, it has no shareholders and may—I am not sure whether it will, but it may—depending on the state of Channel 4's finances ask us to help in the quite low cost of Channel 4's switchover. The costs are not greatly material in the great scheme of things. The issue of targeted help seems to me to be the issue that has raised eyebrows around the place using the licence. Those who argue against our involvement suggest that using the licence fee payer to pay for equipment in the lowest income homes and so on is a form of social policy which has no part in the licence fee. It is a debate we can have. So far as the BBC are concerned, it is entirely consistent with our objective of making all our services available universally throughout the four home nations in every single home. That is an absolute pre-requisite of the licence fee and we have to achieve that. Targeted help is directly designed to achieve universality which seems to me entirely consistent. I would lay down some conditions on that, which I have done with the Government. One is that if the quantum of targeted help were to put at risk support for the licence fee, then I think we would have serious objections and/or, if there were a risk that in order to meet the targeted help quantum we had to cut services to licence fee payers, that would be absolutely unacceptable on behalf of the licence fee payers. So overall, to achieve universality is entirely consistent with the BBC's *raison d'être*.

Q1967 Lord Peston: Just to make sure I understand, universality would still mean universality for all broadcasters. It would not mean just for the BBC. In making this technological change all broadcasters—
Mr Grade: Yes, the commercial players will pay their share.

Q1968 Lord Peston: I did not realise that.

Mr Grade: We are not paying for ITV.

Q1969 Lord Peston: Are you saying that the cost of digital switchover will be borne in part by the commercial players?

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Mr Grade: We are not paying for ITV's transmitters.

Q1970 Lord Peston: I do not mean that. There is much more to it.

Mr Thompson: Just as point of information, the unique part for the BBC alone, which the Government are proposing to pay through the licence fee, is around targeted help. The broader costs are being borne by all the broadcasters with the exception, potentially, of Channel 4 bearing some—

Q1971 Lord Peston: I can understand about Channel 4.

Mr Thompson: It is proposed that targeted help should be—

Q1972 Lord Maxton: And Sky?

Mr Grade: Sky is already digital.

Q1973 Lord Maxton: I appreciate that, but it is not paying anything towards the costs of setting it up.

Mr Thompson: The costs the other commercial broadcasters are paying are the costs of conversion from analogue to digital. That is not a cost that is relevant to Sky because they are already a digital broadcaster. The same will be true effectively of the cable operators.

Q1974 Lord Peston: Just to make sure I really understand this, there are equipment costs—

Mr Grade: Transmitters.

Q1975 Lord Peston: These apply specifically to different broadcasters.

Mr Grade: Yes.

Q1976 Lord Peston: And then there are further digital costs.

Mr Grade: There are some marketing costs for ensuring that the public gets what one might call customer service to enable them to make the switchover effectively and efficiently. So there is some marketing; there is a lot of public ignorance about what this all means, so there are some marketing costs around what it means, how it is going to be effected, how they are going to be affected, helplines and all the rest of it, which we shall pay our fair share of.

Q1977 Lord Peston: Leaving Channel 4 on one side, what you are really saying is that it is only, in a sense, the BBC side of the costs of digital switchover that the licence fee payer is paying, is that right? Leaving Channel 4 on one side.

Mr Thompson: No. I think it is fair to say that the contentious part of the costs of digital switchover is around the so-called targeted help costs. These are the costs of helping some disadvantaged groups—

those over 75 and those in households with people with severe disabilities—to pay for and to effect the change to digital. This is a government plan to ease the universal switchover and specifically the ability to switch off the analogue signal by making sure that these disadvantaged groups are in a position to receive digital television. The Government are proposing this tranche of costs should be borne in the licence fee. The biggest point of contention in this area is the so-called targeted help costs, just to clarify that.

Q1978 Chairman: You said the over-75s. Is that one of the broad definitions?

Mr Grade: We do not know yet My Lord Chairman.

Q1979 Lord Peston: Could you give us some idea of how much of the total cost corresponds to these? I shall very soon be one of this deserving group.

Mr Thompson: There is currently a large-scale trial going on in Bolton, which is fairly advanced now, to try, as it were, in microcosm to gauge what the likely costs of this are going to be by trying it with real households and real people. When the results of that trial are clear we shall have a much better idea of both the organisational challenges in achieving it, which are probably not inconsiderable, and also what the likely costs will be.

Q1980 Chairman: What does this do to your argument about top slicing? You are giving help to Channel 4; you are giving help, which is questionable, in social policy as well. Do you not think you are sliding into that?

Mr Grade: It is a one-off cost. This is a unique event in the evolution of broadcasting in this country. It brings huge benefits for viewers and listeners and so on. The problem with top slicing the licence fee, which is another argument for another day, is that it would be an annual event and it would entirely confuse the public as to where their money was going, who was responsible for the spending of their money and it really cuts right against what the whole of the governance reform and the reform of the BBC is designed to achieve, which is a direct link between the trust and the licence fee payers.

Chairman: I have to say that they might not be entirely unconfused by this targeted help situation for the over-75s.

Q1981 Baroness Howe of Idlicote: I just want to clarify one small point. I understand that targeted help will be rather costly for the over-75s, not least in getting over to them how everything works, but having said that, are we also taking into account any extra costs of actually getting the digital wavelength, whatever you call it, to the areas which cannot receive it currently? Is that your cost?

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Mr Thompson: Yes. Within the licence fee bid are estimates for the cost of building out the digital terrestrial transmitter and repeater chain to a level of coverage at least as good as the current analogue television coverage in the United Kingdom.

Q1982 Baroness Howe of Idlicote: That is not very good in some areas.

Mr Grade: It is 98.5 per cent of the population.

Mr Thompson: It is 98.5 per cent; at least as good as that. We should like to be better.

Q1983 Baroness Howe of Idlicote: And what is going to happen to the remaining percentage? Will they have to be dealt with by going through Sky and that being paid for by Government or by whom?

Mr Grade: It is hard to predict, but we are working on the possibility with other partners of a free satellite, the satellite equivalent of the Freeview box, which would be the answer to all those small pockets.

Q1984 Baroness Howe of Idlicote: Free of charge?

Mr Thompson: A low-cost single payment satellite solution for people who, largely for topological reasons to do with the physical geography of the United Kingdom, cannot get line of sight to a transmitter.

Q1985 Baroness Howe of Idlicote: What does low cost mean under those circumstances? Would somebody on social security be exempted from paying the low-cost charge?

Mr Grade: We are not anywhere close to struggling with that issue yet.

Mr Thompson: It is worth saying that so far the only proposed help that the Secretary of State has announced in switchover relates to the groups that I have mentioned: households with serious disabilities and those over 75.

Q1986 Chairman: So the over-75s are definitely in. Okay.

Mr Thompson: Definitely in.

Q1987 Baroness Bonham-Carter of Yarnbury: Presumably the DTT, which you are financing, would be accessible through Sky. So in a sense you are subsidising Sky?

Mr Thompson: No. I am sorry this is so complex. The proposal emerging around targeted help is that a sum of money will be made available and households would have a choice about which digital platform they wanted the money to be spent on so we are platform neutral. I have to say that the very low cost of digital terrestrial television means DTT is moving very quickly through the population and may make all of these questions less difficult than they appear now. Freeview now costs below £30 and, by the way,

quite apart from targeted help, is spreading at an extraordinary speed; a million Freeview boxes were sold just in December last year, about ten million boxes have been sold. People will have a choice. To be clear, there is a difference between offering people, as we all believe we have to, universal access to free-to-air public service, indeed other free-to-air channels and the whole issue of whether people want to elect to subscribe to pay services. This exercise is about making sure that every household can continue to receive television after analogue switchover. Sky and other pay operators will continue, of course, to market pay services to the public, as they have every right to do.

Q1988 Baroness Bonham-Carter of Yarnbury: Freeview does help ITV and Five.

Mr Thompson: There is a very small number of households using digital terrestrial television for pay services, the top-up TV venture with a few hundred thousand subscribers, but the overwhelming majority of people using Freeview are using it to watch free-to-air channels, the public service channels and also some other free-to-air channels.

Q1989 Baroness Bonham-Carter of Yarnbury: There are already rumblings and grumbings about analogue switch-off. Are you worried that the BBC's very close association with it might possibly lead to a lack of popularity?

Mr Grade: The industry organisation has been set up to manage the switchover. Digital UK will manage it and the issues of where the risk will settle are yet to be discussed.

Q1990 Lord King of Bridgwater: Having had a constituency with a number of curiosities about reception, it seemed to take an awful long time to sort out. Am I right in thinking that when you switch over a lot of it will be suck-it-and-see and find out where actually the new problems arise? When you said you were going to move towards better coverage, how quick can this be for people who you find to your surprise cannot get the reception and then you start to do something about it?

Mr Grade: I hope it is going to be fairly predictable in the sense that if you can get the analogue signal now from a transmitter or a booster station or a feeder station, that will pretty well guarantee that you will be able to receive the digital signal. I do not think that is a real problem.

Mr Thompson: We have very, very good predictive computer modelling now of signals.

Q1991 Lord King of Bridgwater: You are putting yourself on the record and I am very pleased to hear it.

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Mr Thompson: That is the first thing. The second is that we are still sending people out in Land Rovers to test the signal on the ground to make sure. There are sometimes signal problems which relate to a chimney pot or a tree or something which literally relates to a single house. There are some parts of the country where houses, particularly in hill country, have unique attributes because of the topography around an individual house or new building developments. By the way, generally when we cannot solve a signal problem quickly, it is because there is some, as it were, in principle problem. However, I believe that we shall deliver a very, very high level, to the level we said, 98.5 per cent or higher, everywhere where we do the switchover at the time of switchover. It is worth spending a moment perhaps on one of the reasons why we cannot do it before switchover. In many areas where analogue reception is difficult because of topography, in addition to the main transmitters, we also need a number of repeater stations which irradiate from the main transmitter, the Rhondda Valley would be a good example. The sweeps of these repeaters overlap with each other and you have to use a lot of different frequencies to stop the repeaters interfering with each other. In areas like the Rhondda Valley we are using much more frequency to deliver our 98.5 per cent than we are in London or elsewhere. What we shall do, as we plan switchover, is get the entire alternative DTT system ready to go and there will be a day when we pull one lever and pull another one and you flip to a system of a DTT master transmitter and DTT repeaters.

Lord King of Bridgwater: I live in hope.

Q1992 Lord Holme of Cheltenham: If you look at the whole switchover project, if you think of it as a switchover, it has costs, which you have been discussing, and the issue of who should bear them. Equally, it has now become apparent that there are revenue benefits in terms of spectrum becoming available. We have been told by the Government that the value to the economy as a whole might be between £1.1 and £2.2 billion, but as well as that general economic benefit to the country there is also the question of what the sale of spectrum itself will represent as a revenue stream for someone. At the moment, Ofcom sell it on behalf of the Government. If you look at the project as a whole, one cannot help wondering why the revenue, that is the spectrum, is not offset against the costs so that you look at the project as a whole. I just wonder whether the BBC have themselves got any estimates of the likely value of the spectrum sold.

Mr Grade: Are you referring to the sell-off of the analogue?

Q1993 Lord Holme of Cheltenham: Yes.

Mr Grade: No, we have no fix on that at all.

Mr Thompson: I have to say that the spectrum is a great public resource, it does not belong to us in the end and you can see why it is not part of our bid. What I want to say as a public service broadcaster though is that it is our position that we do not have enough spectrum. We are unable to show BBC Parliament full screen currently on Freeview. We believe that going forward important developments are happening in television in particular, radio as well but television in particular. I mentioned high definition television. There should be a public debate on the best use of the spectrum as it becomes available. It would be very worrying for the long-term future of public service broadcasting if free-to-air public service broadcasting were unable to keep up with developments in broadcasting. Although the band width used by high definition will reduce, it will be very considerable and, in my view, we shall begin high definition transmission on satellite and cable this year. As a trial, we hope to show the World Cup in Germany in high definition. We shall also do some test transmissions from at least one digital terrestrial transmitter in high definition. If we are to safeguard the future of free-to-air public service broadcasting on all platforms, there needs to be a debate about exactly what the use of the spectrum is. In other words, should it be sold off or should the value of the spectrum be gifted, not just to the BBC but to the public service broadcasters, so we can maintain and indeed improve the quality of our services?

Q1994 Lord Holme of Cheltenham: That is very interesting and, if I may say so, quite a persuasive point. In a way, what it underlines is that the analogue spectrum will have value, however that is utilised.

Mr Thompson: Yes; definitely.

Q1995 Lord Holme of Cheltenham: I just wonder whether there is any view within the BBC, rather than going back to the licence payer to pay for this or the taxpayer in general, about whether there would not be a symmetry about using potential revenues from the spectrum sale to offset the costs of digitalisation.

Mr Grade: It is a matter of public policy and a matter for the Government, not a matter for the BBC. The difficulty, not insurmountable, is that it is much easier to predict the costs of digital switchover than it is to predict how the market will value vacated analogue spectrum. Very difficult.

Q1996 Lord Maxton: My concern with all this is that by using DTT as your method of ensuring you are going to get the digital switchover, firstly,

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particularly if you are going to provide high definition television on that and interactive services much better than you can do at the present time, you are actually going to use a large amount of spectrum; of digital spectrum I accept but it is digital spectrum. Surely what we should be looking at is how we can do the switchover using means which do not use any spectrum such as cable or telephony. BT are moving into the television market this year. They are going to provide television services. I do not know what their penetration is in terms of landlines, but it must be not that far short of your 98.5 per cent; it is not that, but I think over 90 per cent have landlines.

Mr Thompson: It is not as high as that yet for the delivery of broadband.

Q1997 Lord Maxton: I accept that. We are talking in 2006 now and we are talking about switchover in 2012. Go back six years and see how technology has changed; move forward and undoubtedly telephony will provide that in 2012.

Mr Thompson: The broad point to make first of all is that we are not solely relying on Freeview to achieve switchover. There is already an installed base of eight million households with Sky digital television. There are some millions of households with cable. It is possible that we shall see some households who, quite quickly, do their entire viewing via ADSL or some other fibre optic or other landline technology. All of this is possible. We do think, however, that the public should have a choice of platforms. We think that the extraordinary rate of sales of Freeview suggests that the particular proposition of being able to buy a very simple low cost receiver with a single payment without the complexity of a subscription or a bundling of your television viewing with your choice of telephone is something which manifestly many, many millions of households are opting for. Almost everyone else, in particular, understandably, the telephone and cable operators, have models which are based on subscription. Their basic model is subscription. I am not suggesting that they will not, in some cases, offer free-to-air television perhaps as a free add-on to subscription. In some ways what Freeview offers the public is a rather reassuring continuation of what they expect from broadcasting, which is that you purchase a receiver, it then works and is free at the point of delivery forever. You do not get phoned from a call centre; nobody tries to tell you that in order to get this you have to take this subscription out. It is very, very straightforward and, as a matter of fact, in the last couple of years the enormous movement of people into Freeview suggests that this is one of the most powerful platforms in their view of how they want to convert to digital. You may say that the public are wrong, but, as I say, there are

many, many millions of them out there now making the choice.

Q1998 Lord Maxton: Why then, are we not developing a Freeview box which can be expanded to be used by other digital broadcasters?

Mr Thompson: It is worth saying that the BBC does not make Freeview boxes. Freeview is a standard for a decoder of the DTT signal. We are already beginning to see boxes which use DTT and which can be used for pay television, top-up television. We are seeing Freeview boxes which have personal video recorders, hard disks built into them. I am sure that you will see, both with Freeview and we hope free sat, boxes which combine that with broadband and so forth. It is not for me to say that you are going to see an extraordinary plethora of diverse boxes for getting content from PC to television, to record, to playback, to have a return path and so on. I should say the more choice the better. The only point I am making is, given what is actually happening in terms of the public take-up of digital and terrestrial at the moment, it is manifestly a solution which is working for many millions of households.

Q1999 Baroness Bonham-Carter of Yarnbury: Last time we were talking together you said that in the digital age there was no shortage of spectrum, which does not seem to be the view of lots of other people and indeed there is a feeling, you mentioned high definition television, that the BBC is potentially a bit greedy about it. As you know, Ofcom have stated that they are going to consider charging companies who use the spectrum from 2006 and that that would give broadcasters an incentive to use as little as possible. What do you think the effect of charging for spectrum would be on BBC and indeed public service broadcasting and do you think it would increase efficient use of spectrum?

Mr Grade: May I respond to my comment about unlimited spectrum? That was in the context of looking at the digital world against the analogue world. In the analogue world, pre satellite, pre digital, spectrum was a very, very scarce commodity. It took British broadcasting 50 years to get to five channels, because of our proximity to the continent, frequency agreements and so on. It was a very scarce commodity. Comparatively speaking, the digital world is a world of plenty. Now we see what the demand is for the spectrum, obviously there is more demand than there is potentially supply outside of the satellite option, but you can always add on satellite capacity, so there is in a sense unlimited capacity. It is the terrestrial, the use of the analogue, the use of DTT now, which is finite. It has added considerably to viewers' choice and listeners' choice but it is finite. In respect of spectrum

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charging, it is reasonable to make a distinction between the private sector for-profit organisations and the BBC. There seems to be a lack of logic. The justification for charging the private sector for-profit organisation for the use of the spectrum seems to me intellectually perfectly justifiable in the sense that this is a national resource, the airways belong to the nation, shareholders are making hopefully a decent return on their exploitation of that publicly owned utility. They should therefore pay something back to the nation; give the nation back a return on its own resources. It seems to be inconsistent to apply the same logic to the BBC, because the BBC is there to provide a public service for which the public pays and to take money back through spectrum charging seems to me to be fundamentally illogical. That is not to say that some mechanism needs to be arrived at which ensures that the BBC is an efficient user of spectrum, but to penalise the licence fee payers for the use of spectrum seems to me to be unacceptable.

Q2000 Baroness Bonham-Carter of Yarnbury: What about other public service broadcasters? What about Channel 4?

Mr Grade: Channel 4 is not for profit; it is a statutory corporation and it is in a sense in the same league. In fact in the private sector advertisers supported the world of broadcasting hitherto and Channel 4 has been exempt from spectrum charges that the ITV companies, Five and so on, have been subject to.

Mr Thompson: Professor Kay, whose work related to the spectrum, described the BBC as an efficient user of spectrum, having actually studied it. Inevitably our competitors may want to cast aspersions, but there is no evidence that we are not very efficient users of the spectrum.

Q2001 Baroness Bonham-Carter of Yarnbury: It is people thinking about the future and the pursuit of high definition television which is very spectrum greedy. So you are really agreeing that if the BBC were to be charged for spectrum, that would be a tax on the licence fee payer.

Mr Grade: Absolutely.

Mr Thompson: All other things being equal, it would take money out of the licence fee and out of investment in programmes and move it into the general exchequer, to achieve quite what is not clear.

Q2002 Bishop of Manchester: If we can talk for a moment about the Manchester move, at the very beginning of our discussions and when you, Director General, were with us before, you talked about the move depending upon the right funding settlement being achieved. We had a helpful letter yesterday from the head of public affairs outlining some of the issues and where you have got to at the

moment. It is certainly a relief that we have come down from that enormous £600 million to £400 million and maybe there is another £200 million to go as well, but maybe not. What I really want to ask though is in the light of one of the things which the head of public affairs says and it is on page two. He says that the key driver for the move to Manchester is not to generate savings. Then at the end of that paragraph he says that you clearly want to identify the most cost-effective way of undertaking the move and to realise savings. That obviously is very important, very laudable, but my question is: what advice are you receiving on how these savings can be achieved? In terms of the licence fee payer, what assessments are being made in terms of value, to quote the Chairman earlier this morning, the importance of any expansion being underpinned by clearly demonstrable support from licence fee payers? I want to explore this issue of the value for money of what you are doing.

Mr Thompson: Perhaps I should begin about how, as a management team, we are looking at the project and working up the proposal and Michael should talk about how the governors would expect to scrutinise the proposal. From our point of view, we have spent the past few months working at a much closer level of detail on how practically Manchester might work. We have been through the process of looking at and short listing progressively fewer and fewer sites which we believe, and there is good evidence to believe, would be the right places to achieve the vision we want to achieve. The nature of doing that means that the costs involved become much clearer. We have also achieved a breakthrough, absolutely thinking with colleagues and other stakeholders on the ground, the local councils, the North West Development Agency, also other broadcasters and other players in the creative industries, about whether the BBC could achieve what it wants to achieve in partnership with others, creating a so-called media enterprise zone and, in particular, thinking about achieving its resourcing needs, studios and so forth, in a way which is shared with other broadcasters rather than a separate build solely for the BBC. Now, if achievable, and we think the media enterprise zone is an exciting idea for us, also potentially for the creative industries in the West and indeed North West and indeed the whole of the North of England, that potentially is a very substantial impact on costs of what is being achieved. We are trying to look at every part of the vision that we have laid out for Manchester to see whether it can be achieved at the minimum possible cost consistent with what we want to achieve. That process has been going on. We have been working; you have met some of my colleagues and heard about it. Where that will lead to is a moment when the management formally put a proposal up to the

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board of governors for the board of governors to consider and, in a nutshell, there are three things the governors have to look at: they need to look at whether they believe what is being proposed is congruent with the BBC's overall strategic ends and the best long-term interests of the licence payer; second, whether or not the proposal represents value for money, literally, once you accept that it is the right thing for the BBC to do, whether it could be achieved for less money; then third, whether it is affordable. So it is possible for someone to think it is a great idea and, for what it is, value for money, but for it not to be affordable because the BBC does not have the resources to do it. So strategic fit, value for money and affordability and it is the last of those three which obviously relates to the licence fee settlement. The scrutiny of this will be done by Michael and his colleagues with outside experts.

Q2003 Bishop of Manchester: When you mention outside experts, what about the National Audit Office. They are doing some value for money reviews already in the BBC, why not in an important area like this?

Mr Grade: When it comes to proposed spending plans, that is a matter for the governors, provided the governors do take independent advice; that is not a matter for the NAO.

Q2004 Bishop of Manchester: What is the independent advice you will be taking?

Mr Grade: Deloitte & Touche are presently employed by the governors, not by the management, to scrutinise the way the management is developing its proposals for Manchester. The governors have agreed in principle that investment in Manchester is in the best interests of the licence fee payers. We are much heartened by the results of our investment in the three home nations, as it were, Scotland, Northern Ireland and Wales. That has produced great benefits for licence fee payers in the nations. The English regions have fallen way behind. Everything that the licence fee payers tell us indicates that they want greater identification with their own region, with their own nation, with their own area, with their own community and so on. There is a clear signal coming to us, the governors, that that is what the licence fee payers want us to do. That is why, in principle, we approved the notion of a significant move to Manchester, not a token move but a very fundamental move to Manchester. We shall take a lot of satisfying that what is proposed is value for money and then we get on to the question of whether we can afford it or not. The first question is whether it represents value for money and we are scrutinising it at every stage.

Q2005 Bishop of Manchester: What about a public value test?

Mr Grade: I think a public value test is applicable to new services and so on. This is an investment decision and that is not really applicable. A public value test to a change in an existing service is designed to measure market impact and public value created and to balance those two things. That has been designed entirely for the specific purpose of looking at material changes to existing services or the creation of new services, not applicable to a development project like this.

Mr Thompson: I am sure that is right, but I should not want you to think therefore that we do not believe there is any public interest in doing it. On the contrary, we think that a very substantial investment by the BBC, not just of money but also moving talent and bringing broadcasting to the North West, will make a big impact in the development of Manchester, the North West and the North. It will provide new opportunities and hopefully will be a magnet for other broadcasters, other producers and other people in the creative industries. It is part of a bigger vision of the future of the North of England in particular, of the creative industries in the North of England which we think will, in the long run, add real value for licence payers across the country.

Q2006 Bishop of Manchester: Let us explore what you just said about the opportunities with other broadcasters and industries, focusing now on the two sites in Manchester and Salford announced yesterday, which appeared on the surface to rather push ITV at least slightly out of the picture. We all remember the great enthusiasm of Charles Allen sitting there and saying how wonderful it was all going to be. Can you reassure us that the whole concept of the media hub with ITV and independent broadcasters is still as strong a hope as it was when you first mentioned it?

Mr Thompson: It is. I wrote to Charles yesterday just to emphasise that we want to go on talking to ITV and involving ITV in our plans. Clearly, they must in the end make their own choices, but ITV, I think it is fair to say, face many of the same issues that we face. There is a step change in technology, new formats like high definition are arriving and ITV, just like the BBC, will have to think about the future of their resource base and about the capital costs of upgrading their resource base. Both sites offer ITV a range of choices: the central site very close to the city centre, very close indeed to Quay Street; Salford Quays somewhat out of town but very competitive in terms of the economics. The kinds of choices we are making are very similar to the ones ITV will be making and the numbers will look very similar to both of us. I should want to assure you that we very

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much hope to continue to talk to and engage with ITV as possible partners in this.

Q2007 Bishop of Manchester: That sounds very exciting, but I do recall that on at least three occasions in evidence that we have received on this Committee, there are people who have said something like “Well, the people at the BBC are lovely people but they are awful to work with”. They certainly said the second bit and I am sure they would have said the first bit as well. Can you just address this point? It has been repeated that the reputation of the BBC is not very high when it is thought of in terms of being a potential partner.

Mr Thompson: Historically, it sometimes may well have been true that the BBC was not a good partner; it may well have been true. If you look at what we have achieved in partnership over the last 18 months, if you look at the Freeview partnership, if you look at the way in which the BBC's relationship with Pact and the independent sector has changed over the last 18 months, if you look at the way we are going about thinking about this Manchester project, I should be surprised if any of those partners would say that we were not being upfront and supportive of them. The Minister yesterday was making this point. We are trying extremely hard to set a new path in terms of the way we work with other broadcasters, other key stakeholders and, in the change in the climate, with the independent sector, with the success of platforms. Freeview is a very good example of that; you can see tangible results of that. Although that was said historically, I hope that that is the kind of comment you will hear less and less of as we go forward.

Q2008 Lord Kalms: One of the advantages of digital will be the opportunity to expand into local broadcasting and you have some fairly big plans; you intend to open some 60 stations. We have had quite a lot of lobbying about this. This might be an opportunity perhaps for you to expand on it. Some of the lobbying follows up the Bishop of Manchester's views that you state that you want to go into some sort of partnerships and the point was repeated to us time and again that you are not the people to jump into bed with, particularly if you are going to have a broad number of local stations. Then a further point has been put to us that you are going to use the existing radio footprint for your local broadcasting and it has been pointed out that this is not quite local broadcasting, in other words, the footprint is not absolutely appropriate. Then of course it goes further to what you actually mean by local broadcasting and how many hours, what the content will be, what the impact on the community will be vis-à-vis local newspapers. There have been some very good ideas of the potential that local

broadcasting could bring to the community with the concept of digitalisation and the ability to data transmit good local programmes very quickly. If you could give us a little bit more of your thinking and take some of the criticism and respond to it, it would be helpful.

Mr Thompson: Michael might well want to talk about what will happen when the local TV idea, if it becomes a proposal, is put before the BBC trust, the steps that will then be taken by the trust to ensure that it really does deliver public value and in particular that any adverse market impact it might have is understood and weighed in the balance as the trust decides whether or not to give the management permission to go ahead. I am very clear that we cannot just launch this sort of stuff without external and objective scrutiny of whether or not, taken together, it actually makes sense. The idea of local TV, as set out in *Building Public Value*, and as developed since, is really to say that we have a very strong heritage going back getting on for 40 years in local radio, one of the best loved services of the BBC. In recent years we have also launched websites which broadly mirror the local radio stations; you now can get, where I live in Oxford, both a website showing you the journalism of BBC Oxford and also a radio station. The idea is to complement that also with a relatively modest journalistically based television service for the same area, paralleling radio and the web, so that the BBC's offer of news and information and comment for the people who live in and around Oxford is offered on all three media. What is most convenient? Do you want to sit down to watch some television? Do you want to catch it maybe on a mobile device? Do you want to listen to the radio in the morning? It is also very efficient. We have one centre there. Increasingly we shall have people who are trained to work in all three media, so we can actually deliver this added service with relatively modest extra investment and for the television component we are not talking about 24 hours, we are talking about quite small segments of news and so forth, being delivered on broadband and also potentially delivered on digital satellite to consumers. We are testing this idea at the moment in the West Midlands. In the West Midlands we have a number of very different communities, urban communities, rural communities, and we are trying out various ideas to see what works for the public. A big say in what happens will be listening to the people using the trials and listening to the public more generally and trying to build what they want into the eventual plan. We are also very aware that, although the BBC has a big local presence already, this idea of local television sounds worrying to some of the other commercial players, particularly local newspapers. One general caveat: when we talk about

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local television we are talking about something which is happening at the level of BBC local radio, which is therefore nothing like as local as community radio or most local newspapers. Second, to state the obvious but I shall say it anyway, the BBC will not be competing for revenue with the other players. For example, we shall not be offering classified advertisements which are critical to the business plans of local newspapers. Third, we are going to learn from the review and be very careful also not to replicate those parts of web services and newspaper services which are particularly important in terms of revenue generation and which are well provided by local newspapers, both through their websites and newspapers. So, for example, we shall not get involved in listings and the ability to buy tickets for the cinema and other local attraction which, again, local newspapers see as an important revenue stream. In fact, in the West Midlands and I hope around the country if we go ahead with this, we are actually in partnership with local newspapers, sharing journalism, expecting to link on our website to the local newspapers' websites. We should see ourselves very much in partnership with other players and I understand absolutely why, at national level, there is a lobbying going on. We need to try to do everything we can to reassure them that we understand the dangers of market impact. On the ground, I have to say, collaboration between us and local newspapers is going very well. We hope we can evolve a proposition which adds real value to licence payers, works on the ground, is based on the actual experience of people using our pilots, which works in partnership with other players and which fits into a bigger idea of the BBC's information offer at local, regional, national and global level. Once we have done all of that, we shall pass the proposal over to the board of governors to consider objectively.

Mr Grade: May I reassure the Committee that the trust—by the time this is ready for sanction we shall have turned into the trust—is not going to put its signature to a proposal to roll out local television without applying the public value test, which will assess market impact, both negative and positive, public value created, value for money and all the issues which are now familiar. I can reassure the Committee that there is going to be no blank cheque to roll this out, it will be subject to the public value test.

Q2009 *Baroness Howe of Idlicote:* Can we just have a look at the World Service/FCO/Government interaction? I am sure we all remember Lord Carter of Coles's definition of public diplomacy and he certainly regards the World Service as a diplomacy tool. He defines it as “work aiming to inform and engage individuals and organisations overseas, in order to improve understanding of and influence for

the United Kingdom in a manner consistent with governmental medium and long term goals”. Does it concern you that this is the view? Is it going to influence in any way the editorial independence of the World Service and how it operates? Is it a good thing?

Mr Grade: In the course of the gathering of evidence and Lord Carter of Coles putting together his report, I can assure this Committee and the world outside that there were some very robust conversations indeed between the board of governors, particular our international governor Sir Andrew Burns, but also supported by the governors. There were some very robust conversations, the result of which is a report that we do not feel in any way undermines the independence of the World Service. There was a robust debate.

Q2010 *Baroness Howe of Idlicote:* That is good to have on the record too. Nevertheless he suggested also that a representative of the World Service should sit on the public diplomacy board which is to be chaired by a minister. Is that a good idea?

Mr Thompson: It is what happens at present. There is no change there.

Q2011 *Baroness Howe of Idlicote:* And you think it is okay, you are not worried?

Mr Grade: Yes. There is a difference between being an observer and being a member of that body.

Mr Thompson: It is worth emphasising that the World Service representative will be an observer rather than a participant. We are currently represented as observers on the public diplomacy strategy board. It is not a great change. I should emphasise that we are very grateful that Lord Carter of Coles repeatedly makes it clear that he accepts the BBC's editorial independence should be complete. Certainly from our point of view the World Service's editorial independence is precisely why the World Service is valuable to the United Kingdom because it is a credible voice around the world. Editorial independence is a very, very important central point, the central point for us, but we are satisfied that, as it is laid out, Lord Carter of Coles's report will not compromise that and that the observer status which exists currently in the context of the diplomacy strategy board, will not of itself compromise our editorial independence. If we thought it did, we should say it was impossible and we could not do it.

Q2012 *Baroness Howe of Idlicote:* It is perfectly fair that he did emphasise the context of the editorial independence, but it is good to hear you confirm that. Just one point about the funds allocated to launch the new Arabic service. In contrast to Al-Jazeera's English channel which is being launched

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and will cost £100 million a year, Channel 4 News is £20 million a year and yet the service you are about to launch is £19 million a year for 12 hours as opposed to 24-hour programming. Are you happy with this and do you really think you can achieve the right sort of competition for what already exists?

Mr Grade: I regret that we are not able to launch with a 24-hour service, the costs of which have been calculated at around an additional £6million, so we shall be on the air for 12 hours a day. Everyone, including myself, seems satisfied that we can present a very respectable service for the money which is available. The difference between us, Al-Jazeera and anybody else is that this is an activity at the margin, a marginal cost for the BBC; we already have the international news gathering capacity which Al-Jazeera will presumably have to build for themselves from scratch, that already exists across the BBC.

Mr Thompson: And indeed an Arabic radio service and a very rich Arabic website, so our complete investment in broadcasting in all media to the Arab world is much larger than this £19 million suggests; having said that, we should rather do 24 hours than 12.

Q2013 Chairman: You are saying that only £6 million actually stands in the way of having a 24-hour service.

Mr Thompson: Yes.

Q2014 Chairman: But that is pathetic, is it not? Here we are trying to start what I imagine and hope would be an important service and for the sake of £6 million we cannot go 24 hours?

Mr Grade: Indeed.

Mr Thompson: That is the position.

Mr Grade: But happy to be accused by this Committee of giving too good a value for money at £12 million.

Chairman: It depends what you mean by value for money.

Q2015 Lord Holme of Cheltenham: I must say that I am impressed by your equanimity at being described as a tool. The World Service has an enormous reputation throughout the world and if on every broadcast that goes out on the World Service you were to put a sub-title which says "A tool of British governmental goals", how do you think people would feel about it? Although we have heard reassuring words from Lord Triesman, the sort we have had from you about the respect for the independence of the BBC, it does not seem to me a promising development that the BBC World Service, which is one of the great decorations of this country in the external sphere, should be described as a governmental tool. I think that this Committee,

and indeed all of us who value the BBC World Service, are going to need very specific reassurances that there has not been some step change in the approach towards the World Service.

Mr Grade: The governors of the BBC have proven over the years and will continue to prove, whether they are governors or trustees, more than capable of defending the independence of the World Service and indeed every other service of the BBC. We did not have the privilege of drafting the report for him and the use of the word "tool" is perhaps an unfortunate word but at the end of the day, it is the audience perception of the services that we actually provide and they will continue to be independent and the board of governors and the trustees will carry out their public responsibility to the licence fee payers to ensure the continued independence of the World Service vigorously, robustly and aggressively, if I may use that word.

Mr Thompson: Notwithstanding his broader definition of public diplomacy, he does repeatedly emphasise the importance of the BBC's editorial independence. I should certainly want you to be in no doubt that we do not believe there has been any change in the Government's intention that the World Service should remain wholly editorially independent of the Government.

Mr Grade: I am very grateful that the Committee has picked this issue up. It just reinforces very much what we have been saying and what has led to the drafting of Lord Carter of Coles's report, with which we feel comfortable, but we have taken a very, very deep serious interest in the drafting of this report.

Chairman: As you know from our first report, we are concerned about the independence of the BBC from government. You do not necessarily agree with all the proposals in ensuring that independence.

Q2016 Baroness Gibson of Market Rasen: What progress is being made—and I hope it is being made—with the employees affected by the changes at the World Service? I know that you have been having discussions with the unions and I just wondered how they were progressing.

Mr Thompson: Rather like the bigger redundancy programme across the rest of the BBC in the World Service, we are in detailed conversations with the trade unions and individual members of staff to try, where we can, in every case to deliver the best outcome we can for individual members of staff. Clearly there are particular challenges in the World Service where, in time, radio services are being closed. I believe it is the right strategy, but clearly it is a very tough message for the teams who have made these services so successful over many years. We are trying to do everything we can to get the best outcomes for those individuals. Across the BBC

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as a whole, we have made good progress in minimising the numbers of redundancies we are going to have to achieve through compulsory means. Overall we are spending a great deal of time in recent months trying to make sure that although these changes clearly will be unwelcome to many members of staff, we handle them in a way which is flexible and which puts the welfare of the individuals involved very high on the agenda.

Q2017 Chairman: Remind me. How much is BBC World now losing?

Mr Grade: In the last report and accounts £16 million was the loss.

Mr Thompson: Sixteen million pounds.

Q2018 Chairman: Where does that money come from?

Mr Grade: Commercial activities; there is no licence fee money in that.

Q2019 Chairman: They are resources which are available to the BBC.

Mr Grade: Yes.

Mr Thompson: Yes.

Q2020 Baroness Gibson of Market Rasen: I have a couple of points about religious broadcasting particularly for Mr Thompson. You are on record as saying that you do not have a closed mind about *Thought for the Day* and the possibility, as already happens in the BBC Northern Ireland, for those who have heartfelt belief systems other than religious systems speaking on it. I wondered whether there were any actual plans to bring anyone into *Thought for the Day*. My second point, which I raised with the Minister yesterday and quite rightly he said that it was your decision rather than the Government's, is about the importance of religion in world affairs which I think we would accept has increased. Should the BBC be given a specific public service duty to educate and inform the public about the role of the major religions?

Mr Thompson: What I said about *Thought for the Day* was as follows. It is rather equivocal. "On the one hand he" that is me "considers *Thought for the Day* successful so not needing to be changed". Then he says, with a deftness of which a politician would be proud "You can make a case for opening it up to people with other heartfelt belief systems; I would not close my mind to it". The situation is that as recently as 2004 the BBC looked quite closely, after representations from a number of groups, at this question and decided on balance to keep *Thought for the Day* as it currently is, in other words an opportunity in the schedule for people with a specifically religious perspective, different religions but a religious perspective, to comment on some

aspects of contemporary events or contemporary life. It is something we can look at from time to time; it is not something I should want to reject out of hand for ever. It was very thoroughly debated inside the BBC and indeed outside in 2004. I do not think it is the right moment to come back and review it again at the moment. I am very content to remain with the recommendations which came out of the review in 2004.

Q2021 Chairman: Just before you leave that point, you do not actually follow the same policy in Northern Ireland. When we went to Northern Ireland we were told that in the equivalent of *Thought for the Day* four contributors a year, who are non-believers and who are chosen because it is considered they have something useful and important to say, are able to do *Thought for the Day*.

Mr Thompson: Let us just be clear about this. Across our coverage as a whole there are many opportunities for people, both with a religious perspective and a non-religious perspective to make contributions, to make documentaries, to take part in debates and so on. What happened in 2004 was that the BBC looked at the particular circumstances of *Thought for the Day* in the middle of the *Today* programme, weighed it up and on balance—there was some conversation with the governors as well—decided to leave it in this case as a window for people from a particular perspective. We try not to deal with every editorial question on an absolute, one-size-fits-all basis; this was in the context of looking at the *Today* programme. I take a very high level of humility about editorial questions. It was looked at thoroughly, I do not believe there is a strong argument for a review today but we shall look at it again and when we do in due course look at it we shall certainly see whether we have anything to learn from the way we broadcast in Northern Ireland.

Q2022 Lord Maxton: In Scotland, where 27 per cent of the population in the last census said they had no religious views whatsoever, can I assume, in view of what you have just said about other people getting their point of view across, that 27 per cent of broadcasts relating to religion is done by people who do not believe at all?

Mr Thompson: I do not think that follows at all.

Q2023 Lord Maxton: Why not?

Mr Thompson: *Thought for the Day* was set up specifically with the purpose of enabling a window for a religious perspective on events. That was the original point. It began predominantly as a Christian religious perspective from the different churches and has been broadened in recent years to

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include perspectives from other religions. That is the point of that.

Q2024 Lord Maxton: That was at a time when, if you go back to *Thought for the Day*, if you looked at the censuses then you would find that a very, very small percentage of the population said they had no religion. Now that is a larger and growing proportion of the population which is not ever represented on *Thought for the Day*.

Mr Thompson: I should say that *Thought for the Day* is not a piece of radio which we are trying to handle in the way we might handle a party-political broadcast on the basis of a precise allocation.

Q2025 Lord Maxton: That is what it sounds like morning after morning.

Mr Thompson: If you want to ask whether the BBC, across its output, reflects sufficiently the diversity of belief and non-belief, that is a reasonable question to ask. I have to say that I think we do not do a bad job. I should say that is a broader question. We would have the same debate about *Prayer for the Day*. I think that most people would accept that you would probably only want to have people on *Prayer for the Day* who thought prayer had some point to it. A broader point is whether the BBC has a duty to reflect the diversity of belief in the UK and also to educate and inform its audience about the diversity and significance of different religious and non-religious beliefs around the world. Absolutely; yes. I am not sure it needs to be written into a particular public purpose: it is there and we take it very seriously. Particularly since 9/11 I should say that the prominence of religious questions more broadly in all media in news and current affairs has been very prominent.

Q2026 Lord Peston: Declaring an interest as an atheist, my only question is on the diversity of view. I am worried as a former educationist that one might include the setting out of nonsense, because a lot of people believe a lot of nonsense, that you should portray that. We can discuss that on another occasion. The problem for those of us outside the BBC is that you have a specific religious group within the BBC, which I referred to as a religious pressure group when we saw them, but you do not seem to have any equivalent groups for any other philosophies. There is no philosophy department, to take an obvious thing, sitting there saying there is a need to create a set of philosophy programmes. What is there about religion that makes you feel you

have to have this very special committed group of people doing it?

Mr Thompson: Let us not over-simplify what is going on here. We certainly feel as an organisation that we should reflect the religious life of this country and the world.

Q2027 Lord Peston: There is nothing between us on that.

Mr Thompson: There is an interesting signal in the fact that we now call the department which makes many of these programmes the Religion and Ethics Department. There are certainly some programmes which that department has produced and indeed other programmes as well—*The Moral Maze* would be a good example—which do take philosophy and ethics seriously. You cannot listen, for example to Melvyn Bragg's programme on Radio 4 *In Our Time* and not think the BBC is interested in exploring the world of ideas, absolutely touching on religion and issues like intelligent design, but ranging far beyond that to other broad issues of both philosophy and other ideas and belief systems. We are rather good at that and I certainly should want to encourage our Religion and Ethics Department to take the ethics half of their title seriously as well as religion, whilst recognising that the central part of their mission is around reflecting the specifically religious aspect of British national life.

Q2028 Bishop of Manchester: In a country where 72 per cent, according to the census, say that they are Christian and another ten per cent belong to other faiths, with that substantial majority I suppose that it is understandable that the 5,000 members of the British Humanist Society and 3,000 members of the National Secular Society occasionally feel marginalised. I also think that one has to take into account the fact, as I understand it, that all the audience research which has been done on *Thought for the Day* indicates that, as it is at the moment, there is very, very substantial backing and I think that I am right in saying that *Thought for the Day* is regarded by audience research as one of the most popular bits of the whole programme.

Mr Thompson: Yes.

Chairman: We might draw a line here. I should like to thank you very, very much indeed for coming today. What I should also like to do is thank the BBC and its staff for all their helpfulness and kindness over the last months. We could not have done this inquiry without that help; they have gone to every length to answer our questions and we are very, very grateful for that. I hope you will pass that on. Thank you very much.

TUESDAY 24 JANUARY 2006

Present	Bonham-Carter of Yarnbury, B Fowler, L (Chairman) Holme of Cheltenham, L Howe of Idlicote, B Kalms, L	Manchester, Bp. Maxton, L O'Neill of Bengarve, B Peston, L
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Memorandum by the Voice of the Listener and Viewer

1. One of the central issues underpinning the second stage of the inquiry by the Lords BBC Charter Review Committee is the degree and nature of the BBC's accountability to the British public. In its Green Paper, *Review of the BBC's Royal Charter; a strong BBC, independent of Government*, (May 2005) the Government proposed a revised structure in which the BBC Governors would be replaced by a BBC Trust which would be responsible for policy issues and be more accountable to the public than the Governors had previously been.
2. In general, VLV supports this division of responsibilities between the BBC Trust and the BBC Board of Management, although as will be seen from our response to the Green Paper, we believe that many legal and administrative details have yet to be sorted out.
3. The Government's aim is to ensure the editorial independence and security of funding necessary to enable the BBC to continue in its role as the cornerstone of British broadcasting. VLV is pleased to note that the BBC has made a good start in implementing reforms in its governance structure in line with the suggestions in the Green Paper. Whether the proposed arrangements will prove successful in combining public accountability with editorial freedom, however, remains to be seen. We can, for instance, envisage some problems and possible conflicts of interest arising over the handling of complaints. VLV, will do everything it can to help make the new arrangements work successfully.
4. The second issue that we believe it is important to note is the changing nature of British society and television. Under Lord Reith, the BBC adopted a centralist top-down editorial policy but after the arrival of ITV it changed to a more populist approach in order to maintain audience share in competition with the advertising-funded TV network.
5. The philosophy behind the Green Paper was, broadly speaking, one of adding public value to the BBC's services—stressing in particular the importance of the educational and informational roles of the BBC. VLV believes the entertainment provided by the BBC is also extremely valuable. We were therefore pleased to note that the Secretary of State for Culture, Media and Sport reported recently that the majority of responses she had received from the public to the Green Paper shared this view.
6. In the digital environment viewers will increasingly be able to pick and choose which channels they wish to watch. Simply increasing the number of channels available will not necessarily lead to more choice or to better quality programming. Nor is it possible to ensure that viewers will watch a programme that the BBC or the Government feels is good for them. The most important thing is to ensure that public policy supports a broadcasting ecology in which a range and quality of programming can flourish, including educational and entertainment programmes.
7. In tandem with the digital revolution, Britain is experiencing a period of major cultural change and becoming multi-ethnic and multi-faith, indeed in some places also multilingual. These viewers now have the option of looking outside Britain for choice. Thirteen Asian channels are currently available on the Sky satellite platform, for instance, and hundreds of others on the hot bird satellite.

THE BROADCASTING OF SPORT

8. Sport is a traditional component of the broadcasting mix and both the BBC and other terrestrial broadcasters have the power to influence the popularity of a sport. For example, *Strictly Come Dancing*, one of the BBC's recent successes, not only provided good entertainment but also encouraged many viewers to take up the pastime, while Channel 4's innovative coverage of cricket has added greatly to the popularity of that sport in recent years.

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9. Some sports, such as Association Football, are so popular they have a unique ability to bring the nation together. We believe that there should be no restrictions therefore on which sports the BBC and other public service broadcasters are allowed to bid for. We welcome the fact that under European rules major sports fixtures are included in the list of protected events which may not be sold for exclusive showing on a subscription service—and the fact that the list also includes cultural and national events. The definition of which events should be listed may vary from time to time but it is important the principle remains to protect the public interest.

10. VLV sees no reason to change these arrangements. We believe the BBC has a duty to provide licence payers with a range of sports coverage. We do not consider that the Corporation has abused its position when bidding for sports rights and we see no need for an independent review of the process.

11. The Lords Committee has suggested that the BBC might have a duty to bid for certain sports events. We do not believe this to be a practicable proposal, since if the BBC did not wish to bid for a particular event, it could simply get around its legal duty by submitting an one that was unreasonably low. There is only one circumstance in which it might make marginal sense to require the BBC to bid for a listed event—if no other free-to-air broadcaster wished to bid for the rights to cover it—but this seems an unlikely situation in which the BBC might be forced to bid for an event that few people wanted to watch.

BROADCASTING TO THE NATIONS AND REGIONS

12. We are not in a position to judge whether the BBC's proposed move of some of its departments to Manchester will represent value for licence fee money. Nor is it possible for us to judge whether the move will successfully overcome a London-centric commissioning process. Much will depend on whether the investment is sufficiently large to establish a critical mass in the climate of creative production.

13. Digital technology, in particular digital terrestrial transmission, offers the possibility for establishing more local services throughout the United Kingdom, including city television stations and ultra local television and radio services based within existing BBC premises and radio stations. Following devolution it is important for the BBC to develop new ways of serving audiences in the nations and regions. It is already experimenting with some but we feel it is too early to assess how successful they are, or what the extra costs might be.

THE BBC WORLD SERVICE

14. VLV considers that the BBC World Service does a superb job, not only in providing a well-trusted source of news and information to the world, but also in promoting British culture, goods and services to the world. We understand the arguments for introducing a television service in Arabic, but in view of the number of services now competing in the Middle East (compared with those existing when the BBC first attempted such a service 10 years ago) we cannot say whether the advantages that will derive from the new service will outweigh the disadvantages that will flow from the loss of the proven value of the 10 vernacular radio language services being sacrificed to fund it.

RELIGIOUS BROADCASTING

15. In general, VLV considers that the mission statement agreed by the Committee of Ministers of the Council of Europe in 1994 is still the most sensible course for the BBC to follow in relation to religious broadcasting. The resolution stated that a public service broadcaster should “reflect the different philosophical and religious beliefs in society, with the aim of strengthening mutual understanding and tolerance and promoting community relations in pluri-ethnic and multicultural societies.”

16. The BBC already features many different faiths, including occasionally humanists, in its current programme output. We believe that it would be better for the BBC to comply with the Council of Europe resolution rather than require it to represent specific faiths in its programmes, services or governance.

THE BBC AS COMMISSIONER VERSUS BROADCASTER

17. Whilst VLV considers that the BBC's primary duty to licence fee payers is to provide them with a wide range of high quality programmes and services that seek to make the good popular, and the popular good, irrespective of their source, the BBC may be one of the few broadcasters in the multi-channel future with the ability to commission and broadcast a wide range of indigenous programmes. Whether the BBC produces these programmes itself or commissions them from independent producers, is to some extent of secondary importance. Nevertheless the central role that the BBC has traditionally played, both in the creative process

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of programme making and in training programme makers, cannot be ignored. As the industry becomes more competitive and fragmented it is vital that the BBC uses the stability offered by its privileged position and funding to sustain a critical mass of creative production in order to enrich and sustain the British broadcasting industry.

CONNECTING TO THE LICENCE FEE PAYER

18. VLV welcomes the proposal in the recent Green Paper to reconstitute the BBC Governors as an outward-facing BBC Trust, although as will be seen from our response above and from our response to the Green Paper, we have reservations about how some of the new arrangements will be implemented.

19. We welcome the positive steps the Governors have already taken to improve their relations with the public, including the commissioning of independent research, the establishment of a separate office and an independent unit to handle complaints. They have also moved to strengthen the roles of the Broadcasting Councils and English National Forum. VLV also welcomes the move to set up in some specific cases, independent inquiries such as that into the BBC's reporting of the Arab-Israeli conflict.

GENERAL OBSERVATIONS

20. Many of the Lords Committee's concerns appear to be related to the editorial responsibilities and independence of the BBC. In VLV's view these should continue to remain independent of Government or of any outside regulator, including Ofcom or a possible new Broadcasting Council. The BBC should continue to be accountable to the public through its Board of Governors or through the proposed new Trust if it is established under the BBC's new Royal Charter.

21. VLV's concern is to ensure that, in line with the Government's intention outlined in the Green Paper, any change in the arrangements for governing the BBC shall safeguard the Corporation's independence and its traditional remit. They should also reinforce its duty to serve the public interest and maintain its accountability to licence fee payers.

22. Finally, VLV considers it most important that the principal source of funding for the BBC should continue to come from a universally imposed licence fee which is hypothecated to the BBC's sole use.

October 2005

Examination of Witnesses

Witnesses: Ms JOCELYN HAY CBE, Chairman, and MR ROBERT CLARK, Member, Voice of the Listener and Viewer, examined.

Q2029 Chairman: Welcome, and thank you very much for coming. Mrs Hay, we have seen you before and your colleague is, just for the record?

Ms Hay: My colleague is Robert Clark, one of our Voice of the Listener and Viewer members.

Q2030 Chairman: I think we saw you before, did we not?

Mr Clarke: Only in the public gallery.

Q2031 Chairman: Your face is certainly familiar.

Ms Hay: My apologies if I am slightly out of breath. I thought it would be much better to get a taxi and I have been sitting for half an hour in a traffic jam.

Q2032 Chairman: I think you know where we are at the moment. We are coming to the end of taking evidence. You are our last public witness before we get back to the Secretary of State again. We are producing our report on a number of issues which we have gone through, so, without more ado, perhaps I

could start the questioning. One of the things that we are interested in obviously is the cost of the licence fee. We have come from a position where we have supported the principle of the licence fee, but is your organisation concerned that, as the licence fee appears to be going up and up in real terms, let alone in cash terms—by 2014 the fee will be around £180 in real terms, so in cash terms much more—that it is going to lead to a greater level of public resistance about the whole licence fee itself?

Ms Hay: I think that will depend on a number of issues. It will depend partly on the BBC demonstrating that it is giving very good value for money. In comparison with subscription services, it certainly is. We are looking ahead eight years here, which is a long time away. The environment will have changed; a lot of other factors will have changed. A lot of people are prepared to pay more for their television and audio-visual services—that is obvious in the rate at which subscription and other pay services are rising—but I think it will depend on the

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BBC showing that it is not profligate or wasteful with its money, and which costs of digital switch-over and demonstrating very good value for money are being palmed off on the BBC.

Q2033 Chairman: We will come to those costs, which, as you put it, are being palmed off on the BBC in a moment, but from your experience is there a growing resistance to people paying the licence fee?

Ms Hay: There is some resistance, definitely, and it is very much orchestrated by the press. One sees, every time there is a mention of the BBC or the licence fee, it is a very easy cause to take up, but when you actually look at the numbers of people who, when they think about it and when they actually know what the BBC pays for, I do not in there is such a great resistance. Amongst some people, yes, but what that fraction of the total population is I do not think is significant yet, and, provided the BBC continues to show that it is not profligate or wasteful of the licence payer's money and that it is providing very good value for money, then I think that that can be demonstrated to be reasonable.

Q2034 Chairman: How does it absolutely show that it is getting value for money? How does it demonstrate that?

Ms Hay: Partly in its popularity, partly in the knowledge that people and the viewers and listeners and licence payers have of the services that it provides, because, in our experience, very few people appreciate the breadth of the BBC services, not only across television and radio and, indeed, its on-line and website, but in the BBC's patronage of things like music and the arts and the spoken word in drama. Whether that should originally have fallen to the BBC is a separate point, but if the BBC were to drop that patronage now, who would pick it up? The result would be that, right across the board, from pop music to classical music, the visual arts to the spoken word, I think the nation would be poorer.

Q2035 Chairman: Perhaps there needs to be a little more open scrutiny, public scrutiny of the costs that are involved, just demonstrating to the public that money is not being wasted?

Ms Hay: That is right. The public is, I think, largely unaware of how the BBC's money is spent and it should be transparent.

Q2036 Lord Holme of Cheltenham: In that context, Ms Hay, I wonder if could ask you whether you are happy with this notion that the RPI is a sort of starting point from which we add costs, because there are two possible objections to it. One is if you take the RPI as a given and then add an extra amount for new requirements to generate it forward by the BBC, the danger is that there is not a physical enough incentive

to be cost-efficient because it is assumed that your costs are going to advance in tandem with RPI or should they produce a saving? The other problem is one that anybody who is fortunate to have a saving account knows about, which is compound interest, and if you add compound interest to compound interest, as the banks would like to tell you, it can amount up to a tidy sum. I wonder whether there is a problem in the notion of taking RPI as a starting point rather than trying to take a figure which is the appropriate figure with cost efficiencies on one side and extra requirements on the other. Is there a problem there, do you think?

Ms Hay: There may be, and certainly the RPI is not an indicator of broadcasting costs, because the broadcasting market works differently from normal markets, and, because of the competition now from new services, particularly for talent and for programme rights and sporting rights and anything that is attractive, the bidding process goes up. Therefore inflation in broadcasting costs has increased enormously with the growth in the number of services.

Q2037 Lord Holme of Cheltenham: Although some would argue that there are savings in other areas, in technology and in more efficient use of—

Ms Hay: Yes, there are certainly some savings in technology, but I think in many cases that is offset by the competition for sporting rights for popular events and for talent. One can see this in the way that popular figures are being poached from one service to another, and, indeed, in the cost of programme rights now that we have satellite services. In particular, the irony is that many people are paying subscriptions for channels which are largely repeating programs that were originally commissioned and made and broadcast free-to-air by one of the four public service broadcasters, either the BBC Channel Four or Five. If you look at a whole string of the satellite services, they are broadcasting largely repeats of programmes that were made by the terrestrial broadcasters which are now being bid up in cost. It is very difficult, for anyone outside the broadcasting industry to calculate what those costs are, and the RPI is a blunt instrument, I think.

Q2038 Lord Maxton: You used the term "BBC being palmed off with the costs of digital switch-over". Do we take it from that that you do not believe the BBC ought to be carrying that cost?

Ms Hay: We do not believe that the BBC should be carrying all the costs. The cost of developing new technology has always been part of the BBC's remit, and its research and development department, together, indeed, with the research and development department of the old Independent Broadcasting Authority, were largely responsible for creating and

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developing new technology, including digital. We would not have digital terrestrial had it not been for the research and development departments of the IBA and the BBC—a lot of the Blue Sky thinking, before it became economically viable, materialised there—but what we do not think is right is that the social costs of helping vulnerable viewers to access a highly desirable service which should be paid for publicly, but somehow normally would be paid for out of general taxation. So it is that additional cost of paying for helping people, both in providing equipment and in providing the expertise and the one-to-one help that a lot of the vulnerable viewers will need, that is what we think is not fair, for the licence fee payer to bear that social cost, highly desirable and necessary as it is.

Q2039 Lord Maxton: Some of do not believe that digital terrestrial television is the best way of switching over. Do you have a view on that?

Ms Hay: We certainly believe that there should be a free-to-air satellite service that should be launched, and we have been advocating that for some time, a genuinely free one. Sky services provided a free satellite, but it does have some strings attached to it, and we believe that, again, this is the only area of broadcasting where there is no actual free market in the supply of goods, because Sky at the moment, more or less, has a monopoly on satellite and a genuinely free-to-air satellite, we believe, would provide some horizontal competition for the first time at every level of the market.

Q2040 Lord Maxton: There is another one. BT are launching television services this year?

Ms Hay: Yes.

Q2041 Lord Maxton: The telephone line has two advantages?

Ms Hay: It does.

Q2042 Lord Maxton: One, it can provide television, but also does not use up any spectrum?

Ms Hay: That is true.

Q2043 Lord Maxton: Would you consider maybe a free telephone line into every house and a box as I way of doing this?

Ms Hay: Certainly with wireless communications for telephones as well as for broadcasting services, that is another way which is coming and which is being developed and might be a very feasible way of doing it, but certainly we believe that there should be an alternative to cable, which will not reach everybody—digital terrestrial will not reach everyone and satellite will not reach everyone—and so we believe very strongly there should be a combination

of them all, and if that can be now assisted through broadband or the telephone, then that is excellent.

Q2044 Baroness Bonham-Carter of Yarnbury: You have said that you do not think the BBC should be responsible for paying for the vulnerable. What is your attitude? There are going to be some people who just do not want to convert?

Ms Hay: That is right.

Q2045 Baroness Bonham-Carter of Yarnbury: Whose responsibility should they be and how does one deal with that element?

Ms Hay: It is going to be very difficult, because probably this is going to be a more rapid change than previous technologies and there will be some resistance. I think the resistance is growing less, but perhaps more determined, amongst those that remain, and it will be a difficult one to manage. It is government policy, so in the end it should come down to government, I believe.

Q2046 Lord Peston: We certainly took the view, and this Government told us, that it was in the national interest. As you know, our earlier report arguing it is for the national interest not for the general tax payer who should take it is your view?

Ms Hay: It is in the national interest, we believe, yes, and it is a new technology that will bring benefits. It cannot be uninvented, so let us make the most of it.

Q2047 Lord Peston: You have really answered, I think, what I was going to ask you about who should bear the cost of the social side of all this. You are saying it should not fall to the licence fee-payer?

Ms Hay: That is true. We have just come this morning from a meeting with Digital UK, whom you have already interviewed. They are responsible for managing the project. The BBC is contributing enormously to the costs of Digital UK and to the communications programme that it is preparing. I cannot quite remember now the actual costs, but I thought it was 95 per cent of the costs, which is a considerable amount that is already coming out of the licence fee. So, together with the development of the technology, the build out of the transmitter network, the work that the BBC has put into developing digital radio, for instance, that is a considerable amount which is already coming out of a limited pool of people, the licence fee-payers.

Q2048 Chairman: We keep on talking about vulnerable groups. Have you any thoughts on who these vulnerable groups are? The government appear to have decided the over 75s is by definition a vulnerable group. The disabled?

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Ms Hay: Yes.

Q2049 Chairman: How does one draw it? Have you given any thought that at all?

Ms Hay: Certainly not all over 75s are vulnerable; some of them are far less vulnerable than some younger people.

Q2050 Chairman: I think we can probably talk with experience in this House on that subject.

Ms Hay: I do not like to be patronised myself. Nevertheless, there are, and I am not saying that there are not, some people who do need help and particularly with the technology and learning how to understand it, and a number of people with disabilities, whether they are physical or mental; but I think some of the groups who may not be exactly vulnerable but who will disproportionately have difficulty in making the move, include those who are living in very isolated areas, those who are living in particular areas where it is not so easy to get switched from satellite or they cannot get Freeview, for whatever reason, or digital terrestrial. Then there are people who live in mobile homes, or in flats or in the lea of another big building, or whatever; so I think there is quite a range of people and also a lot of young people who are on very low incomes. One tends to think of the over 75s, but there are a lot of young people with young families who may be on benefits who could find it much more difficult, and, of course, anyone on a low income is much more dependent on television for every service from entertainment to information.

Q2051 Chairman: It is going to be a pretty complicated business bringing aid to all these people?

Ms Hay: I think it is going to be, and perhaps in some ways it should be tied more, much more with greater difficulty, to means-testing rather simply than age.

Chairman: Yes, that takes us right into social security policy, does it not?

Q2052 Lord Maxton: Except that there is a bit of a myth that somehow those who are not taking up the new technologies are somehow the poor than the better off, but that is not the case.

Ms Hay: That is not the case, no.

Q2053 Lord Maxton: Let me come to a point where the last resisters are those who simply do not want to do it. Surely we are not going to start subsidising them if they can well afford to take it up. What do you do with them? Do you just say the television gets switched off and that is the end of it?

Ms Hay: It is very difficult. I would not like to say.

Q2054 Chairman: In your experience, has a great deal of thought been given. One could paint a picture which gets in a quite substantial body of the population actually.

Ms Hay: Yes.

Q2055 Chairman: Has any serious thought been given to who we are talking about: how many people we are talking about?

Ms Hay: I do not think it has. I do not think anybody knows. Ofcom has estimated ten per cent. I have seen some other estimates, but ten per cent of the population is actually quite a lot of people.

Chairman: Six million.

Q2056 Baroness Howe of Idlicote: Following that one up, we had evidence from the BBC not very long ago that there was going to be a very small percentage that they think would not have access of a suitable quality. There are other people, of course, who have responsibility—Ofcom with media literacy, and all of that is part of it.

Ms Hay: Exactly.

Q2057 Baroness Howe of Idlicote: You have obviously given some ideas to some of the problems, but to what extent should the local communities themselves get involved with this? I am just going back to the days when electricity and gas suddenly appeared and, surprise, surprise, there was a Women's Gas Federation, a Young Homemakers' Organisation set up and an Electricity Council that were specifically to deal with making certain those who were mainly in the home, if you like the disadvantaged, actually to cope with the new technology.

Ms Hay: I think that is part of the responsibility that has been given to Digital UK, and they are beginning to get to grips with it. I do not yet know that anyone has realised the full magnitude of the job. I think it is probably the biggest infrastructure project since the end of the Second World War. It is far bigger than North Sea Gas, because every home in the land will be involved this time no matter how remote or whatever level of affluence they are. It is a colossal project.

Q2058 Chairman: I had a letter the other day and a discussion yesterday in which the person who wrote to me, who is in the university field, was saying that under-graduates, people studying at universities, could be brought into this for an advantage to both sides, I suppose, in terms of costs but also one generation speaking to another. Do you think there is anything in that?

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Ms Hay: Yes, I would think it would be a very good thing. We have recommended, and I am glad that Digital UK are doing this, that they will need to involve voluntary organisations on the spot, because what will be required is an enormous amount of one-to-one passage of information from trusted people, particularly amongst the elderly—they are not very keen to welcome a total stranger into their homes to help them adapt—and also, with new technology, you can be shown how to use it one week—and I know this with the computer—and three weeks later, you have not used that particular facility and the buttons seem not quite the same! So it is going to happen in the same way. One might need to show some people two or three times how to use it and to get the best out of it. There is also the question of is it just the first set in each house. I think the average is 2.5 television sets per household; so the cost is going to be quite considerable. It is not simply one set that has to be adapted.

Q2059 Chairman: No. I think we can point out the scale of the problem.

Ms Hay: I think involving voluntary organisations, voluntary labour and effort on the ground will be absolutely essential.

Q2060 Lord Holme of Cheltenham: May I ask you a couple of questions about spectrum?

Ms Hay: Yes.

Q2061 Lord Holme of Cheltenham: As you know, it is contemplated, possible, may be likely, that broadcasters will be charged by Ofcom for the use of spectrum and it is possible that public service broadcasters, the BBC, will be charged for the use of spectrum. It is argued that this will be a discipline on them and make sure they do not waste it—this is the argument for it—but I wondered what your attitude both to the principle of public service broadcasters being charged for the use of spectrum was and the appropriateness of Ofcom for doing it?

Ms Hay: As to the second part, Ofcom has been given this task. I think a lot will depend on the transparency and the manner in which they handle that responsibility, but as to whether the public service broadcasters should pay spectrum tax, it is going to be another charge on them. Whether it will create a stricter discipline, I do not know. If it does create an extra charge on the broadcasters, in the case of the BBC that is going to fall on the licence fee payer again, and I notice that I think it was the National Statistics Office last week have redesignated the licence fee as a tax, so this could then be construed as a form of stealth tax, could it not? It is taking with one hand and giving away with the other. I do not see the justification for the public service broadcasters being charged spectrum tax, either Channel Four or

the BBC. Those are the two that will feel it most. ITV has already been relieved of a lot of its licence costs—those fees have been reduced—and, so far as I can tell, we do not think it is a good idea, but we have not seen the full justification or the cost and benefits of the policy.

Q2062 Lord Holme of Cheltenham: Could I further ask, not on digital spectrum but on analogue spectrum where it is quite apparent, as we have just been discussing, that there are a lot of costs associated with digital switch-over but there is also a potential revenue bonus, which is the sale of the analogue spectrum which will be liberated by the switch-over. I wondered whether, as some have suggested, you feel that in any way this revenue which results from the digital switch-over should be used to offset—and we do not know yet what it will be worth and how valuable it is, but to the it is of value, it should be used to offset some of the costs or all of the costs of digital switch-over?

Ms Hay: Yes, we do quite definitely believe that that should be used within that direction. Having had a meeting with Ofcom, just before Christmas when, they said they had three, at least, commercial operators queuing up to buy that spectrum. I think it could be worth quite a lot, particularly in another five years' time. Two or three years ago it was being pooh-poohed as worthless, but now it is pretty obvious that a number of commercial companies would very much like to get their hands on it, as I say. It will have a value, and it is an obvious source of funding to be used to implement government policy of furthering switch-over.

Q2063 Lord Holme of Cheltenham: Your organisation does not by any chance have any estimate of the potential value of the sales of analogue spectrum?

Ms Hay: I am sorry, no, we do not.

Q2064 Lord Holme of Cheltenham: I think we are all in the same boat.

Ms Hay: Yes. It would be nice, but I am afraid not.

Q2065 Chairman: You mentioned the Communications Act, which we all remember.

Ms Hay: Yes.

Q2066 Chairman: But I, for the life of me, cannot remember how much attention was given to this issue of Ofcom being allowed to make the charge to decide which broadcasters to charge for spectrum. Was it something which was well debated?

Ms Hay: I do not think it was. There was a report, and I suspect that the present policy is largely based on that, by Professor Martin Cave three or four years ago.

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Q2067 Chairman: We have seen that.

Ms Hay: In which he advocated spectrum charging. I personally have not seen much else on the subject. To my knowledge that is the principal report, although I may have missed other ones.

Lord Kalms: Can we cover a little bit about religious broadcasting?

Chairman: We have now got the Bishop of Manchester with us, who has come back from the floor of the House where he has been doing service, we notice.

Q2068 Lord Kalms: We are not doing Manchester today! I was reading in your letter the recommendation of the Council of Europe on religious broadcasting, and this somehow combines I think the most noble of thoughts that man has ever had in this declaration. You recommended the BBC should follow it, which suggests that the BBC is not following it. I am just trying to find out how you feel that the BBC is erring from the Council of Europe's recommendations? How could the BBC improve?

Ms Hay: We did not actually mean to infer that the BBC was erring from that. The BBC is not doing too bad a job really. It does provide religious broadcasts. The Council of Europe recommends the public service broadcasters, provide a service that builds understanding within and between communities and tolerance and understanding of different faiths, and the BBC and indeed Channel Four, are pretty good at doing this. There have been two excellent programmes this year, one on the BBC with Rageh Omar and one on Channel Four with Waldemak Janusek on Islam, for instance, and the BBC recently did a series with Jonathan Miller on non-believers, non-belief and atheism. I think they are doing a reasonably good job, but from the point of view of going further than that, I am not quite sure what the Committee is looking for here on the question of religious broadcasting.

Q2069 Lord Kalms: We have had several interviews on religious broadcasting and the BBC puts forward a very strong case. I was trying to seek the differences between their case, which is quite a powerful and well-presented argument, and the rather broader nobler concepts of Europe. If you cannot define it, then it is not definable. In other words, they probably blend together, but unless you have a particular view, let me ask you a particular question, for instance. What is your view of Thought of the Day?

Ms Hay: I personally enjoy Thought of the Day although it varies greatly from day-to-day. It is sometimes better quality than others. It does now cover other faiths than the Christian faith, but quality depends very much on the competence of the individual speakers. Personally, I listen to it almost every day and I enjoy it and find it uplifting in most

cases, I like it to be there but I know there is some pressure from some quarters to remove it. I think it is a good thing, and I do not think it is too intrusive. I can put up with some programmes that I do not like, and I think other people should also be able to do the same thing for the general good. I think the same about the Morning Service. I do not personally listen to it, but I know quite a lot of people who do, and find it of enormous comfort. I think it is one of those things that the BBC should be broadcasting. (In the list of questions that you sent to me in advance you mentioned that Mark Thompson, the Director General of the BBC, said there had been more complaints received. I think some of those were inspired by the Jerry Springer incident, which was a special phenomenon, did bring the whole issue into the public eye, and in which the use of modern communications orchestrated the response to a hitherto unknown extent.

Q2070 Chairman: Thought for the Day, I do not think anyone was thinking, or certainly on this Committee—at least I was not thinking—I had better not try and talk for the whole committee on anything to do with Thought for the Day—but it is not my view that we should get rid of it, but there is an argument for extending it so that other people apart from the recognised faiths, humanists, for example, who might believe very strongly in a set of principles which could also be expressed. Would you be against that?

Ms Hay: Not necessarily, no. Again, I think it would depend on the question of balance and context. We in VLV do not normally get involved in criticism of individual programmes, so I am speaking personally now, not on behalf of the organisation. But in my experience Thought for the Day is not a programme that proselytizes on behalf of any particular religion, it is a thought for the day which is generally geared to be uplifting for people of any faith, I would have thought.

Q2071 Chairman: Any faith or no faith.

Ms Hay: Or no faith, yes, in most cases. Not entirely—sometimes it errs one way or the other, that is down to individual speakers—but I think it is fairly uplifting.

Q2072 Chairman: We are entering dangerous waters here.

Ms Hay: I am not speaking for Voice of the Listener and Viewer here. That is my personal view.

Q2073 Baroness Bonham-Carter of Yarnbury: Picking up on the question of breadth of coverage, one of our witnesses from Channel Four did suggest that the BBC tended to confine religious coverage to the Judai/Christian area?

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Ms Hay: Rageh Omar did a brilliant series on Islam this year on BBC Four, and it was repeated on BBC Two but fairly late at night.

Q2074 Baroness Bonham-Carter of Yarnbury: I think he was talking about Hinduism, Buddhism, but getting slightly beyond—

Ms Hay: Channel Four did a brilliant series on the Kum Mila, a Hindu festival a couple of years ago.

Q2075 Baroness Bonham-Carter of Yarnbury: There was a suggestion that the BBC's is a little bit stuck on Islam and Judaism. I wondered what your view was on that, but your companion seems to be shaking his head vigorously.

Mr Clark: The In belief programme on Radio Three, Joan Bakewell, covered all spectrums. She interviewed Hindus, Sikhs. It is a programme that goes out at Easter and Christmas or two programmes—I am not sure—but, yes, the full spectrum is covered and the good ones are repeated. If you take broadcasting as radio and television, I think it is very wide. I cannot comment on religious television.

Ms Hay: I think after all Indarjit Singh's Thought for the Day is one of the best of those, and it gives a Sikh point of view.

Q2076 Bishop of Manchester: Let me ask the one question which arises, again, from what Mark Thompson has said and not simply on the controversy side but more in terms of what he has described as something of a cultural shift and that during his tenure of office he sees himself as being in a situation where any broadcasting organisation faces the importance of religion on a worldwide scale in a manner that has not quite been so intense for many a generation. I do not know whether from your organisation you pick up any kind of increase in interest in that sort of way or not?

Ms Hay: It is very difficult, I think. In some ways the evidence is conflicting. In some ways we are into a much more secular world and there is an apparent turning away from the established churches; in other ways people appear to be seeking a spiritual life that they do not have at the moment. I do not think I am qualified to comment on that, quite frankly. I see a place for creating greater understanding. I see a place for religious broadcasting because it brings a comfort and fulfils a need that a lot of people who are confined to the home have, and they cannot find the means of meeting that need in any other way. There is also a need—and there is also perhaps a growing number of people—who have no belief and would like to see a wider range of philosophical and ethical debate. And I think it is up to the BBC to reflect that as well, but also to try to create a better knowledge, understanding and tolerance between different faiths.

Q2077 Baroness O'Neill of Bengarve: Let me turn to the move to Manchester, which is expected to be rather expensive the BBC was suggesting, £400 million. On the other hand Pat Loughrey, the Director of Nations and Regions, stated that value for money is not the prime objective of the project. Do you think value for money should be a prime objective or that it is appropriate that value for money is set aside in evaluating the move to Manchester?

Ms Hay: I do not think it is necessarily the only objective. Did he say what the objective was if it was not value for money?

Q2078 Baroness O'Neill of Bengarve: That would require me to draw on memory more than anything I have in front of me, but I think that what he had in mind when we discussed this with him was breaking an over metropolitan culture within the BBC in favour of something that was more reflective of the diversity of the country.

Ms Hay: There is certainly, I think in many areas of life, a London centric view which, as an organisation that has members in almost every county in the Kingdom and certainly representation in almost all of them, it does not support a totally London centric view. On the other hand, we have not seen evidence yet of the benefits of moving to one single place like Manchester. Why was Manchester chosen over other centres like Birmingham, Leeds, Liverpool, Newcastle, for instance? Why is the move being centered on one particular metropolitan area like Manchester? I think what we would like to see is some evaluation of the moves that have already being made; the religious department, for instance was moved to Manchester a few years ago. I have not seen any recent evaluation of how efficient that was, whether it was effective, and again some of the arguments for moving departments, like children's, up to Manchester. What the actual benefits will be, and again, on a service like Radio Five Live, which, being a news service, wants very often to interview people who may not be available in Manchester. We have not seen all the arguments, the costs or the alternative objectives. So I think at the moment it is open to question and it is up to the BBC to prove the value, because it will be an expensive move.

Q2079 Baroness O'Neill of Bengarve: Would you not expect it to be a cost-cutting move to no longer be paying London costs for certain things?

Ms Hay: One would hope so. If it is simply going to mean more people travelling up and down to Manchester it might increase the costs.

Q2080 Baroness O'Neill of Bengarve: Would the Voice of the Listener and Viewer be keen on the National Audit Office looking at this?

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Ms Hay: I think we need transparency from the BBC and they themselves, I think, should show the benefits and show some of the costs as well as the benefits of such a major move. Whether in fact the cost, as I understand it, of building a new headquarters in Manchester is going to be the best way of using that money and make sure that it does not turn out to be another white elephant; because the BBC has a record of investing in new projects, building projects, and then successive chairmen or directors general change the policy. I am not sure that it is necessarily the best thing, but we have not yet seen all the arguments, costs and figures, and it is open to question. It is very much up to the BBC to prove its case, I think, looking at experience that it has already had of moving some departments out of London.

Q2081 Baroness O'Neill of Bengarve: I think that they have not, in fact, fully committed to Manchester at this point and are waiting for the licence fee settlement. Do you think that I something that is causing difficulty, particularly, of course, for those departments that may move from Manchester and for Manchester that no decision is made?

Ms Hay: Certainty is something that would help any planning process, because the more certainty you have got the longer your planning can be. The question you had put to me—in how written question—was whether this was not a form of blackmail.

Q2082 Baroness O'Neill of Bengarve: I think that is a slightly strong way to put the question; I so fend it?

Ms Hay: Yes. I do not know that it is that, but I certainly think that the costs as well as the benefits should be transparent and be debated.

Baroness O'Neill of Bengarve: Thank you very much.

Q2083 Baroness Bonham-Carter of Yarnbury: One of the down sides of not being transparent is that you get selective exposure, as the BBC have this week about their expenses, which seems to involve a rather excessive amount of travelling according to the newspapers?

Ms Hay: Yes.

Q2084 Baroness Bonham-Carter of Yarnbury: As well as move to Manchester the BBC is planning to spend £400 million on new ultra news and television services. Do you agree with this idea? Lord Puttnam, who appeared in front of us, likes it but is sceptical that the BBC is the type of organisation that can actually tap into the local. He thinks they are potentially envisaging a professionalisation of local rather than improvisation of local.

Ms Hay: I do not know. Again, I think it is something that should involve more pilot schemes, and more experience before they invest the total amount. I think when the BBC moved into local radio they invested in some pilot projects, because it is very difficult in advance to predict what kind of service viewers will take up, until they have actually experienced them. Some people will say they would like it, some will say they would not, but until they have actually experienced it, they do not know. Predictive research is always very unreliable and very speculative. I think here what would be most cost effective and most beneficial is if the BBC tried some pilot schemes. The ones they have started are too recent to provide any proper figures, but, on the basis of some of those and one or two more, they should provide progressively rather than invest the whole amount in one go initially.

Q2085 Baroness Bonham-Carter of Yarnbury: But you do not share the scepticism about the BBC's ability to work with others?

Ms Hay: I do not think so. I think BBC local radio, in the face of a great deal of criticism when it was first mooted, has proved immensely popular and successful. But it has taken time for that audience to grow and it is now totally different to the commercial local radio offering.

Q2086 Baroness Howe of Idlicote: What I wanted to ask you was what your reaction was in one way to our first report, because I think you will have seen, we suggested that if Ofcom, which seems sensible to this Committee, was to take on additional regulation of the BBC then there would be a need to strengthen the content and be more open and transparent to the licence fee payer. I wondered what you thought of that reaction. I should say that their view was it would make them less effective, because the consumer panel we suggested as a parallel was less powerful, even though rather more open, they could see what we are were getting at, but less powerful because they were reporting direct to Ofcom and to nobody else.

Ms Hay: The content board.

Q2087 Baroness Howe of Idlicote: No.

Ms Hay: The consumer panel.

Q2088 Baroness Howe of Idlicote: The consumer panel.

Ms Hay: It is an advisory panel.

Q2089 Baroness Howe of Idlicote: The Chairman of the content board is vice chair of the whole set up. What your view is of the content of the board if you have got one?

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Ms Hay: We have heard remarkably little about the activities of the Contents Board, and I think that is a bit disappointing. It is very difficult to see exactly what they have been doing because most of Ofcom's communications are conducted on their website rather than in any other way and it is not a particular user-friendly website. I do not know if I am alone, but I personally find it irksome to have to stop what I am doing, log on, go through a slightly tedious website then print off what I want to keep and so on. I do not think it is user friendly. The Content Board, as I say, we have not heard a lot of. It is not easy to find out what they are doing. The main board ignored one of the recommendations that the Content Board made. We had Stephen Carter, Ofcom's Chief Executive, speaking at our conference in November and he confirmed that when the content board recommended that the main board's decision to relieve ITV of its responsibilities in regard to non-news regional programming, the Content Board opposed it and said it should be delayed for one year but the main board overrode them. So I do not know what influence the Content Board has with the main board. In Ofcom's work plan last year the Content Board was scarcely mentioned. It was only mentioned one diagram, nowhere else. So Ofcom is not as transparent in its working as it might be. Therefore it is difficult to know exactly what it is doing. The Content Board handles complaints, but again it is difficult to know exactly how those are handled. It is not as easy as it used to be with the Broadcasting Standards Commission to see what the content board is actually doing.

Q2090 Baroness Howe of Idlicote: Have you got any suggestions of how that could be remedied?

Ms Hay: We would like to see it more transparent.

Q2091 Baroness Howe of Idlicote: How?

Ms Hay: If it could publish reports of what it has done. Presumably you have interviewed members of the Content Board here, have you?

Q2092 Baroness Howe of Idlicote: The Chairman was certainly here at the early part, yes.

Ms Hay: We have had members of the Content Board speaking at different conferences, including our conference on children's broadcasting, but again, although I think the member was in favour of keeping the quota on ITV, ITV has been relieved of some of its obligations, its hours in regard to children's television; so it is difficult to see what the board has been doing and how much notice the main board actually takes of its recommendations.

Q2093 Chairman: In principle, without putting words in your mouth, the idea of strengthening the board would seem to flow very naturally from what you have been saying.

Ms Hay: Very much so, yes. We would like to see that. We have pinned a lot of hope on the Content Board. The Content Board was not in the original White Paper. It was put in at the last minute, and I believe I am right in saying that the Chairman of Ofcom actually spoke against it, when it was discussed at Bill stage in the House of Lords, and I think the chief executive also on another occasion at a different conference during the preliminary period also spoke against it, before Ofcom was legally operational. So it has been pushed into the structure of Ofcom and in some ways it does not seem to have such an obvious, clear, transparent or effective role as the consumer panel. So, yes, it would be good to see it strengthened because we believe it is very necessary. Ofcom is operating very much as an economic regulator and we had pinned a great many hopes on the Content Board being able to influence content.

Chairman: I am immensely grateful. You have been very patient and I think you have made some very strong points in the evidence. Thank you very much. If we have got any other points following up perhaps we could be in touch with you, but we are slightly running out of time at this point. Thank you very much, and thank you, Mr Clarke, for coming as well. We are very grateful.

Written Evidence

Memorandum by P Arnold, MBE

Why should churches be given broadcasting time at our expense? It sounds as if the UK government wishes the BBC to encourage Churches to function as an arm of government in controlling the rebellious peasants.

10 October 2005

Memorandum by M Atkins

I wish to comment on the following questions which are under consideration

1. *Do different faiths (including no faith beliefs) figure sufficiently in BBC Programmes and services?*

- Faiths of all descriptions have a disproportionate representation in all aspects of broadcasting. Not only are there programmes that are unambiguously religious but religious representation appears in many guises; videlicet; when seeking the views of a community it is all too frequently a vicar or some other religious devotee who is interviewed and purports to represent the view of the community.
- Those of no faith, a great proportion of the population, rarely have programmes devoted to their life ethos. The social mores denoting altruistic behaviour are shown as emanating from religious teachings whereas the reverse is often truer with religions promoting strife.
- In general therefore faiths figure to a disproportionately large amount in what is a publicly funded broadcasting system. In effect the BBC is proselytising religion at the licence payer's expense and without their consent.

2. *How should faiths be represented in BBC programmes, services and governance?*

- The BBC should stand aside from faith based content and abjure any faith representation. Faith or non faith is a matter of personal choice.

10 October 2005

Memorandum by S Beere

My view is that there should be less religious broadcasting. We are a secular nation, as evidenced by the ever declining numbers going to church, and there is no special reason why religion should get airtime.

12 August 2005

Memorandum by the Broadcasting Entertainment Cinematograph and Theatre Union ("BECTU")

1. BECTU has already submitted evidence to the current inquiry into the Green paper. We note that this will be considered relevant to the extended inquiry without any need for resubmission.
2. Against this background of our earlier submission, we wish to submit some additional brief comments on some of the points raised in the extended inquiry.

BROADCASTING IN THE NATIONS AND REGIONS

3. We have a clear interest in the issue of the proposed move to Manchester and BBC decentralisation. Our views can be summarised as follows:
4. We support, in principle, an increased emphasis on production in the Nations and Regions. We believe such production should be genuinely rather than notionally based outside London ie using staff, freelancers and facilities based locally rather than brought in from London. We accept, as a consequence of this that there will need to be a relocation of some resources from London to the Nations and Regions.

5. This represents a potentially large redeployment of the BBC's most important resource—its staff. In our view, the crucial issue is the manner in which any such redeployment is to be achieved. The transition to “a BBC which is less London-centric” should, in its implications for staff, be subject to a number of basic principles:

- Relocation should be voluntary rather than compulsory.
- The transition should be accomplished without net job losses for the BBC as a whole.
- The procedures and terms for any such relocation should be subject to full consultation with the relevant trade unions.

6. These issues are, in our view, not marginal but central to the BBC's ability to achieve its aim of a significantly increased level of activity in the Nations and Regions. The project will ultimately stand or fall on the Corporation's ability to redeploy its human resources to achieve this. We believe that early agreement on the underlying principles for managing such a transition is therefore both desirable and necessary for the project's success. We hope such agreement can be achieved and that the Corporation can move forward to a more active role in representing the Nations and Regions of the UK.

BBC WORLD SERVICE

7. The future role and development of the World Service was referred to in the Green Paper and we have a clear interest on behalf of our members working in this area.

8. Our view, in summary, is that we support the retention of the World Service as a Government-funded area of the BBC. We see no justification for reducing the number of vernacular languages it broadcasts in but would welcome the development of television as well as radio services.

THE BBC AS PRODUCER/COMMISSIONER VERSUS BROADCASTER

9. We very strongly believe that the future of the BBC is as a producer and commissioner of programmes rather than solely as a broadcaster. We would particularly emphasise the Corporation's role as a producer—and would therefore query the heading in the call for evidence which poses the issue as “The BBC as commissioner versus broadcaster”.

10. Some of our background arguments are set out in paragraphs 3-4 and 17-21 of our initial submission. We believe that the BBC's role as our benchmark public service broadcaster will become more not less relevant in the fragmented digital future and that such a role can be sustained only if the Corporation retains a critical mass of in-house production capacity. Additional arguments for a strong in-house production base in the digital future have been well set out in the recent report from the Work Foundation.

CONNECTING TO THE LICENCE FEE PAYER

11. We believe that the BBC can better involve the public in its decision-making process through greater accountability and openness in its system of governance. Some useful proposals were put forward in the Green paper when discussing the operation of the proposed BBC Trust ie meeting in public; webcasting of meetings; publication of minutes/research; and publication of voting records. We believe that by demystifying proceedings in this way, Trust members could win greater public confidence.

12. We further believe that further consideration needs to be given to the balance and composition of the Board of Governors or of any future Trust. We favour a system in which Governors/Trust members would be more broadly representative of the country as a whole. Within any such system we specifically believe there should be some representation from among those who work in or for the BBC.

CONCLUSION

13. We look forward to the further progress of the Committee's Inquiry and to the publication of the Committee's findings.

September 2005

Memorandum by the Catholic Bishops' Conference of England and Wales

STRATEGIC COMMUNICATIONS COMMITTEE RESPONSE TO THE HOUSE OF LORDS BBC CHARTER REVIEW COMMITTEE

1. The Communications Committee of the Catholic Church in England and Wales is pleased to respond to the call by the House of Lords Select Committee on BBC Charter Review for submissions on religious broadcasting and other matters. Our comments are principally on religious broadcasting but we have also made comments on other matters as they affect the BBC's wider functioning.

BROADCASTING IN THE NATIONS AND REGIONS

- Does the BBC's proposed move to Manchester represent value for money for the licence payer? Should the BBC continue to decentralise?
 - Should the BBC move towards "ultra-local" services? If so, what form should such services take? Should the BBC provide stand-alone local services or work in partnership with other non-profit distributing organisations?
2. The BBC must continue to find ways to ensure that it can be truly representative of, and responsive to, audiences across the United Kingdom. Since the formation of the Corporation, the BBC has had to find imaginative solutions to the challenge of striking the right balance between its national and local responsibilities. It is also vitally important that the BBC continue to identify and develop broadcasting talent wherever it is to be found while contributing to the health of the creative industry across the country. Moreover, it is indisputable that the public served by the BBC can only benefit to the extent that the metropolitan "London" perspective is complemented and challenged by the range and variety of voices from around the country.
3. The recent resurgence in BBC local radio and the creation of "Where I Live" websites indicate how a shift in priority and resources has resulted in the BBC playing a more relevant and active role at the local level. Furthermore, at a time when the regional public service commitments of ITV are disappearing, and commercial radio (particularly in England) has all but abandoned public service obligations, the BBC has a responsibility to strengthen its presence (for example, in providing local and regional news) in the nations and regions.
4. In our view, "decentralisation" is to be welcomed as long as it does not result in a "fragmentation" of efforts and resources. In the digital environment the BBC has a key role in providing a range of high quality public service offerings across all platforms. It cannot fulfill that role unless it remains a unified national organisation of sufficient size and scope to compete in a highly competitive market place. Any weakening of the BBC's ability to function as a robustly independent unified national organisation would be a serious retrograde step.
5. As the Catholic Church in England and Wales we are rooted in local communities and acutely conscious of their needs. Though part of a global community of faith, the local parish is the heart of the church. Given this context, we are heartened by the BBC's increasing interest in exploring the possibilities for truly local services. In a globalised world a huge number of decisions affecting people's lives are taken far from their localities, and communities are under a great variety of economic and social strains, so initiatives which help build and strengthen the local community are to be welcomed. In so far as "ultra-local" services contribute to enhancing the quality of communication and involvement at the local level, they will be performing a very important social function.
6. In this regard, we have been impressed by the commitment to religious broadcasting at local and regional level and the development of creative partnerships between local radio and BBC websites. We would like to see further exploration of the recent BBC local television trials using the possibilities of combining new technologies. It is heartening to note that part of this experiment involves giving local people the opportunity to make short films about their lives and faith. At this local level the BBC can, and does, provide resources and skills to support the work of other community based organisations. The further development of local partnerships should be encouraged.

RELIGIOUS BROADCASTING

- Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?
- How should faiths be represented in BBC programmes, services and governance?

7. Understanding the personal, cultural, social and political dimensions of religious belief and practice is of the first order of importance and has never been more relevant than today. Unfortunately, over the past decades the general level of understanding of religion and its role in society has diminished significantly. Even as our society has become more diverse, more plural in cultures and beliefs, politicians, broadcasters and churches must all acknowledge their failure to rise to the challenge of ensuring that different communities understand and appreciate each other's point of view. Of course, many people and organisations (broadcasters included) have worked hard to increase inter-cultural understanding and to teach people about different faiths and ways of life. But these efforts have not been given the centrality and priority that they have deserved.

8. In broadcasting, religion has long been subject to marginalisation and has suffered from a widespread, and largely unchallenged, assumption that its relevance was diminishing as society became supposedly more enlightened and secular. That assumption is now seen as insufficient and dangerously arrogant. Indeed, just a few days ago the Parliamentary Assembly of the Council of Europe passed a Recommendation on Education and Religion which noted, among other problems, that "More and more young people lack the necessary bearings fully to apprehend the societies in which they move and others with which they are confronted". It went on to say that "The media—printed and audiovisual—can have a highly informative role. Some, however, especially among those aimed at the wider public, very often display a regrettable ignorance of religions, as shown for instance by the frequent unwarranted parallels drawn between Islam and certain fundamentalist and radical movements".¹

9. These points underline the importance of the task that the BBC has to undertake in this field. As the most trusted source of information and news, and a major force in the provision of educational programming, in the United Kingdom the BBC has a huge responsibility to ensure that its treatment of religious topics is not only adequate, but excellent. Over a decade ago, the Council of Europe issued a Ministerial Resolution on Public Service Broadcasting which looked to public service broadcasting to "reflect the different philosophical ideas and religious beliefs in society, with the aim of strengthening mutual understanding and tolerance and promoting community relations in pluriethnic and multicultural societies".² That call, more often only paid lip-service in the intervening years, should now form the basis for the BBC's approach to religious broadcasting.

10. In this context, we want to emphasise the importance of religious coverage and religious programming on the BBC World Service. It is, of course, clear that the World Service should continuously review its output and devise ways to make it more accessible. As part of that review process, it needs to examine its approach and treatment of religious subjects. This should be as part of a broader examination of the coverage of religion across all BBC outlets and services. The World Service, and the BBC as a whole, needs to consider whether or not it has the expertise and adequate resources to provide the level of coverage that the global impact and significance of religion would warrant.

11. Throughout the BBC the level of understanding, expertise and knowledge on religious subject matter has to be addressed further. BBC executives have acknowledged that journalists need to gain a greater degree of understanding of, and sensitivity to, religious subjects. This does not simply refer to the recruitment and training of specialist religious reporters but to ensuring that all journalists and producers operate in a context in which the religious dimension is not something irrelevant, or at worst, exotic, but simply another dimension of life.

12. This acceptance and understanding of religion as part of everyday reality is hampered if characters with a religious faith appear mainly in programmes, especially popular drama, as odd or comic figures. This point was made forcefully to the BBC Governors' own review.³ At heart, the issue of the representation of faith in broadcasting is a matter of the degree to which members of faith communities, or the faiths themselves, are treated in a simplistic and stereotypical manner. Robust, informed questioning and criticism of religious beliefs, institutions, activities or figures is healthy and necessary in a democratic society but ill-informed and casual dismissal of religious opinions or attitudes causes great hurt and reinforces suspicion and prejudice.

13. More often than not, when the coverage or portrayal of religion is problematic, it is because of ignorance rather than hostility; it is the level of ignorance and misunderstanding of religion which poses the greatest challenge to the BBC and other broadcasters. Religion has to be explained and demystified not only for large numbers of the audience, but also for broadcasters themselves. The recent dispute about the broadcasting of *Jerry Springer—The Opera* showed very clearly that broadcasters at first simply failed to grasp the religious sensitivity of the subject and were then shocked by the strength of the subsequent reaction.

¹ Council of Europe. Parliamentary Assembly. *Recommendation 1720* (2005) 3–4.

² 4th European Ministerial Conference on Mass Media Policy (Prague, 7–8 December, 1994) Resolution No 1.

³ *Impartiality Review—Religion*. BBC Governance Unit, 2004.

14. The problem with episodes such as the *Jerry Springer* dispute is that the resultant coverage does no good either to broadcasting or religion. In fact, such public disputes have a tendency to reinforce prejudices and assumptions on both sides. What is needed is an ongoing dialogue between the religious communities and the BBC. How this dialogue is institutionalised and operates is obviously of crucial importance. In the past such a conversation has taken place at many levels, from informal consultations, to the structured dialogue within the Central Religious Advisory Committee (CRAC), and the use of focus groups and other forms of market research. And, of course, the audience can simply express its opinions directly by phone, letter or email. As the BBC begins to think about the development of its governance and accountability mechanisms and structures it must take into account the importance of maintaining robust and effective links with all sectors of its audience. We look to the BBC to initiate a meaningful public debate and discussion about how it envisages its future consultative relationships with those concerned with religious issues. We would like to explore, for example, the possibility of senior representatives from all faiths being part of a national broadcasting forum with a strong remit to advise the BBC on such matters.

15. Given the lack of knowledge and awareness of many broadcasters it is also vitally important the BBC continue to nourish its own in-house centre of excellence in religious broadcasting. BBC religious broadcasting has a high reputation, but to maintain and enhance that reputation it needs to be given the resources (both human and financial) that it needs to sustain the range and ambition of its programmes. In this respect we want especially to commend both national (especially Radios 2 and 4) and local radio output. We also recognise that many, not ostensibly religious, programmes, especially on Radio 4, have dealt with religious themes in a creative and engaging manner.

16. A significant part of the proper representation of faith is the treatment and coverage of worship. Without worship, the sacred dimension of religious life and experience is not adequately present in religious broadcasting. At present, radio provides a good deal of regular Christian worship and we commend the BBC for its efforts. However, televised worship is less well served. In particular, we are concerned that the BBC should ensure that the religious significance of the major Christian festivals, and especially Easter and Christmas is safeguarded and properly marked in its programme output. In addition, as televised worship becomes increasingly vulnerable on ITV we would expect the BBC to be re-examining its public service responsibilities in this area.

17. We echo the responses of faith leaders to the BBC Governors' review when they noted that BBC Religion and Ethics was a source of expertise that could be "further exploited by programme areas".⁴ The importance of an in-house pool of religious expertise in the coverage of events with a religious dimension was brought home, for example, by the recent excellent coverage of the death and funeral of Pope John II and the election and inauguration of the pontificate of Benedict XVI. Such events provide exceptional moments in which to increase the audience's knowledge and understanding.

18. More generally, in our view, BBC services and programmes should:

- recognise the importance of the religious dimension to many news stories and report on them with sensitivity and accuracy in ways that "offer new insights and deeper understanding";⁵
- give a space for and actively encourage the expression of distinctive voices and visions without encouraging segmentation and ghettoisation of religious and cultural life;
- create possibilities for moments of open and honest conversation between different religious traditions;
- reflect and express the religious and cultural life of different communities in ways that are accessible and engaging (including in popular drama and situation comedies) to culturally diverse and, increasingly fickle, audiences;
- avoid treating the issue of religious diversity as purely a matter of differences in cultural and social lifestyles;
- avoid collapsing ideas and issues of religion into simply matters of culture or conversely ideas and issues of culture into matters of religion;
- find new and inventive ways to present religious and spiritual matters, including worship, seriously and in depth, especially on television and in particular on BBC1;
- ensure that journalists are properly equipped to cover religious issues through development of their knowledge base and continuous updating;
- ensure that programmes on religious topics are properly core funded, resourced and not pushed to the margins of the schedules; and

⁴ *Impartiality Review—Religion*. BBC Governance Unit, 2004.

⁵ The phrase "offering new insights etc" is from an article by the Head of BBC TV News in *The Business*, 27–28 March 2005.

- develop a systematic pan-BBC strategy at all levels and across all outlets for religious broadcasting and the coverage of religion in news and current affairs.

19. Public service broadcasting, by virtue of the fact that it has a public mandate, can and should stand for the coming together and mutual interaction of different strands in society. In essence this comes back to the old formula of “inform, educate and entertain”. In increasing understanding and enriching the audience’s view of what it means to be religious, the BBC has a responsibility that goes to the heart of a culturally diverse society. Re-presenting, presenting again, our culture in all its diversity, is to challenge the audience to re-think and re-examine habitual ways of perceiving the world. In a society, which in the words of Jonathan Sacks, has lost the “sense of being part of a single moral community in which very different people are brought together under a canopy of shared values”, a vibrant and confident religious broadcasting has a vital role in expressing and interrogating the values by which individuals and communities live.

THE BBC AS COMMISSIONER VERSUS BROADCASTER

- In the context of the digital revolution is the future of the BBC principally as a producer and commissioner of high quality programming or as a broadcaster?

20. If the BBC is to remain the “cornerstone” of British broadcasting and the upholder of public service values, it needs to remain a broadcaster and not simply a commissioner and producer. At the core of the public service idea is a commitment to the “common good” and this ethical orientation is expressed in the ethos of the broadcasting institution that carries this idea. The BBC “ethos” is not simply a matter of staff morale or organizational credibility; the BBC’s ethos is at the heart of what makes it worthwhile to have a public service broadcaster at all. Without such an ethos, embedded in an institutional framework, there can be no long term commitment to serve people as citizens as well as consumers through the provision of high quality programmes in all areas.

21. In addition to this argument from principle, there are of course, many arguments derived from the BBC’s social role. The BBC is not just a provider of programmes; it is also a major employer, it underpins many aspects of the democratic and cultural life of the country, it is the major patron of music, it provides information and educational services to every community and it works in partnership with a host of communities and organisations.

22. The digital revolution means that these roles are now even more important. In regard to the Internet, for example, the BBC has a crucial role in ensuring that a viable and accessible “public space”; is kept open in a world which is becoming increasingly commercialised. The public interest in the digital world will not be served unless there is a real and significant public presence. The BBC is already offering that public presence. As a national resource and an international shop window, the BBC needs to be strengthened.⁶ It is evident that any attempt to reduce the BBC to a mere commissioner would have significant negative effects on the social and cultural life of Britain.

10 October 2005

Memorandum by B Clayton

1. Religion is seeping into more areas of broadcasting. Since the death of Communism people are seeking other hate or love causes—little of it backed by any logical analysis. Religions should be looked at in a historical context. Accounts of how the various myths and religious belief systems developed down the ages—usually they were established by men concerned about their power to dominate society who explained with fairy stories the inexplicable events of the day. To keep the groundlings with their place and fill them with fear of the future and hope of some dreamworld heaven, with an ancient male god being benign. Down the ages male-dominated religious establishments—be they churches, synagogues or mosques etc—have held on to their power and committed some most abysmal acts in the name of their deity: witch burning, the inquisition, public hangings, the holocaust. Each event based on a ludicrous “eternal truth” which is a dangerous delusion.

2. Religious broadcasting should not be left to religious people. There should be atheists, humanists and agnostics working in executive positions, helping to balance the conflict between science and myth. Richard Dawkins has a place in the making of such programmes—though I think the established religions would refuse to work with him.

⁶ Recent debates at European level have also recognized the importance of public service broadcasters being actively present on all platforms. See for example, the Ministerial Resolution at the 7th Ministerial Conference in Kyviv, Ukraine, 10–11 March 2005, which recognised “the importance of ensuring free and universal access to the services of public service broadcasters across various platforms and the need to develop further the public service broadcasting remit in the light of digitisation and convergence;”

3. We are entering a period when people are talking about bringing back laws against blasphemy, against promulgating religious hatred, etc. We have a play knocked off the stage in Birmingham. Some kinds of Christians were "deeply offended" by Jerry Springer. Bone-brained Bigotry walks abroad. Any religious broadcasting should always remember that the large proportion of British people are agnostics or even atheists who hardly ever go to church. Their views should also be reflected in programmes which explore the growth and decline of belief systems.

4. As far I am concerned, *Thought for Today* is an instant turn-off. Cosy chats ending with a mealy-mouthed religious cliché! They never have anyone who is not a religious practitioner of some kind. Such items have no place in a current affairs news programme.

5. I am a regular listener to Radio 4's *Sunday*. Nothing serves to strengthen my life-long atheist convictions than listening to people clinging to their particular brand of "revealed eternal truth" against people who have been conditioned to believe in a totally opposite set of myths.

Nauseating but stimulating.

6. Bring on the rationalist atheists. We need them now more than ever!!

7. Religious Schools should be discontinued. Young people should not be indoctrinated with too many myths!

1 September 2005

Memorandum by D Clouston

The BBC is institutionally religious. The BBC constantly assumes the existence of god as being as something other than an idea in the minds of believers. The major distinction is not between different irrational faiths, but between irrational faiths and common sense, between religion and no religion. Every specifically religious broadcast should be balanced by a broadcast specifically discussing non-religious atheism, humanism, rationalism or secularism.

Thought for the Day, put out by the BBC Department of Ethics and Religion, is currently pro-religious propaganda masquerading as being neutral between religion and non-religion. It should either be ethically and honestly renamed *Religious Thought for the Day*, with a balancing *Non-Religious Thought for the Day* in a similarly prominent slot, or should include a balance between religious and non-religious speakers.

12 August 2005

Memorandum by Dr P Collier

I feel very strongly that secularists are ignored by the BBC at the moment and there is very little if any programming which portrays the benefits of living a secular lifestyle. Secularists live their lives without the need for superstition or religious belief, approaching the world with an a-religious moral framework that can trace its routes to before many contemporary religions (see for example, *On Duties III*, by Cicero).

The BBC deals with religion by allowing specific religious groups (principally Christians) an un-balanced portion of air time to talk about how great their particular god is or how profound their own brand of belief is. There is no counter discussion of how many people live happy, productive, caring and fulfilled lives without religious belief. If this was a political discussion and only one side of the debate was presented there would naturally, and quite rightly, be an outcry. It is logically inconsistent and contrary to the established tradition of fairness in the modern media to allow this one-sided view. Why does the BBC not insist on a fair discussion? Views for and against religion should be incorporated into religious programming.

I hope that the committee will take this opportunity to re-examine the biased presentation of religion on the BBC and allow air time for secularist values and issues. We live in a time when very few people attend places of worship and much needed updating of the BBC's policy on this matter is required.

13 October 2005

Letter from the Creators' Rights Alliance

The Creators' Rights Alliance thanks the House of Lords Select Committee on BBC Charter Review for the opportunity to respond to the extended inquiry looking at specific areas of the BBC. We would also like to draw the Committee's attention to our submission to the original inquiry. In this we outlined our very real concerns about the treatment of freelance creators and their rights by independent producers supplying

programmes to the BBC. Our response was not solely about engagement abuses. It was also concerned with moral and intellectual property rights and abusive and coercive contract practices.

In this extended inquiry we have limited our response to the area of most direct relevance to the affiliated members of the Creators' Rights Alliance.

THE BBC AS COMMISSIONER VERSUS BROADCASTER

1. The Creators' Rights Alliance believes the BBC has an equally important role to play as both producer/commissioner and broadcaster. (We see "broadcaster" in the widest possible context of the word, ie not limited to radio, television and the Internet but to new and yet to be developed platforms too.)
2. By being involved in both areas at the same time the BBC is in an excellent position to develop content that works for new platforms and also to develop new platforms for new types of content. Throughout its history the BBC has been adept at meeting these challenges to the benefit of licence fee payers and we strongly believe that it should continue to do so.
3. We fear that if the BBC's services are limited to either producer/commissioner or broadcaster it will not be able to provide an impartial public service. Also there would seem to be little point in establishing a separate public service organisation to take on one of the areas while the BBC maintains the other.
4. Equally we are concerned that it will no longer be a reliable source of training and development of new talent in the industry should it no longer have key responsibility for both functions and, essentially from our perspective, act as an example of ethical practices in terms of the treatment of freelance creators and their rights.

5 October 2005

Memorandum by D Curtis

As I have been invited, as a member of the National Secular Society, to make my views known regarding BBC Religious Broadcasting, I wish it to be known that I deplore the great infrequency of any mention of secularism, humanism, agnosticism or atheism on the BBC. The majority of British citizens are not religious, but the BBC output is based upon an assumption that Britain is a Christian country, and in spite of protests by non-religious people, the BBC continues to represent a largely non-existent attitude to religion. Half a century has passed since the BBC broadcast Margaret Knight's programme entitled *Morals Without Religion*. It is high time that those in charge of Religious Broadcasting in the BBC made it more obvious that morality does not depend upon mythology, and that this is the age of reason.

10 October 2005

Memorandum by D J Cutts

The BBC represents the values of the nation to itself and to the world. In examining the way the BBC regards religion it is important to reflect both on the assumptions that are made about the value of religion as such (as opposed to ethics or morals) in 21st century Britain. It is important to make the distinction between religious observance and ethical thinking. Some justification for the broadcasting of religious programming is based on a false concatenation of these elements of philosophy. This is a mistake, albeit a common one—indeed it pervades much of the current education system, where Religion but not Philosophy is taught at GCSE.

A substantial part of our society is influenced by our religious heritage, but only a small proportion of the population observes the rites of any religion. The number of different traditions prevalent here has increased but we are a seven day secular society, in a way not imaginable 50 years ago, and Sunday is no longer dedicated to Church. Religion should properly become a private matter, for the individual to consider and honour, or not, in his own way. Neither the state nor national institutions should presume to promote or impose any particular religious view or portfolio of views. This applies to the BBC in particular, since it has a strong connection with the population.

However, the BBC has some remnants of missionary zeal. This may be more apparent at some times than others. For, example, for many avid *Today* listeners the insertion of the *Thought for the Day*, sourced from Religious Broadcasting Department, is out of place and an unwelcome intrusion into the programme. It often introduces nonsense where clear thinking comment might really be useful; it is staffed by preachers from various faiths and sects to all appearances by "buggins turn" and it leans on assumptions of God which don't wash for a substantial proportion of listeners. In the general run of news, editors often include quotes from Archbishops on ethical issues without any balancing content . . . for example the only quote on a recent news bulletin regarding your Lordship's debate about voluntary Euthanasia referred to opposition being based on

the idea that life was a “gift from God”. This sort of thin thinking doesn't help resolve a difficult problem. The inclusion of faith views in news coverage at the expense of clear ethical thought is a disservice to the nation.

In the new charter Religion should be treated like any other interest or hobby in the BBC's approach to it, both in content and in governance. Of course religion, atheism, philosophy and ethics should all be the subject of programmes, documentaries, drama and stories. If there is a demand for *Songs of Praise*, then there can be no objection in principle to its inclusion in the schedule, but it has leeway not accorded to normal music output in its judgement about quality. Would the music department show this if the content of the songs was secular?

Examine, in contrast, the fate of the recent programme by Jonathan Miller about *Unbelief*. This was thoughtfully done, of high quality, and presented by a broadcaster whose other output—for example on anatomy—makes it to prime time. What happened to this programme? It was shown on BBC4 late at night and is not scheduled for repeat, even on BBC2. This editorial behaviour shows a disturbing bias not just against understanding, but against clear thought. Another programme, a cartoon called *Popetown*, was cancelled, apparently after strong lobbying from the Catholic Church, but according to the BBC's complaints system, because it was of low quality—a criterion that does not always get applied to religious content. We were not allowed to make any judgement on *Popetown* because it was censored. Fortunately we were allowed to see Jerry Springer, despite the aggressive lobby against it.

These illustrations show a bias in the BBC towards religious points of view which, if they were shown in a political context, would be unacceptable. In the 21st Century they should be unacceptable in this case as well. So the BBC needs to be reformed to remove this bias from the system. There should no more be representatives of religions or sects in the control of the BBC than committees of gardeners or antique dealers, whose interests are covered more thoroughly in popular output. The Corporation should perhaps have a Philosophy correspondent as well as Religious Affairs correspondent, but it should not have an advisory committee on religion with any special privileges to influence content or regulation, neither should the membership of the Governors or any other body have any like bias.

9 October 2005

Memorandum by L Czaplewski

The BBC is extremely biased in favour of religious content in their programming and faith is over-represented in the BBC's programmes and services.

The BBC Charter should establish fair representation on all programme time devoted to belief. The first choice is to believe or not to believe in a faith system. It should therefore be 50/50 airtime with those who choose to believe sharing their 50 per cent of the airtime according to the numbers of people who actively practice their religion as opposed to the numbers of religion by birth or school.

Thought for the Day, an excellent thought-provoking concept that addresses moral issues of the day has never had a secular speaker. The programme is missing a wealth of potential speakers from all walks of life and perspectives.

There should be a huge debate on whether it is right to have an established Church of England that offers significant privilege to non-elected individuals.

The BBC fails to treat religion with any independent investigative journalism. It is not wrong to question religion or people's religious beliefs. Not all belief systems are benign and those, which are not privately held, should be open to review and comment.

The extent of the BBC bias was clear over the death and election of the pope. These were events that were of no interest to the majority of the people in the UK.

The BBC frequently lines up religious leaders to comment on events and then never questions them in the way that interviewers would question politicians.

The BBC never questions politicians over their religious beliefs, affiliations, influences etc.

The BBC has adopted the language of the religious in their description of religious schools as faith-schools. Balanced reporting might allow a wider range of adjectives to be used to describe them such as sectarian- or apartheid-schools.

When muslim leaders condemned the London suicide bombers they frequently described innocent-victims. This is code to their followers that they recognise legitimate targets that should be killed. The BBC never challenges them.

Faiths should not be specifically represented in BBC programmes, services and governance. The BBC should run programmes and services its feels right at the time in a way that is blind to faith. It should choose high quality governors that help its business. Anybody who tries to introduce a faith agenda should be disqualified from the BBC because it introduces bias.

The BBC should realise that Faith is not necessarily good and should use its excellent journalistic instincts to see its way through this quagmire with independence from religious minority pressure groups.

10 October 2005

Memorandum by N Day

The question, “Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?” is posed.

As a regular listener to the Today programme on Radio 4, I am continually outraged that the *Thought for the Day*, slot is reserved for religious submissions. With many polls showing that a very significant number of people in this country don't count themselves as religious, why are non-religious thoughts for the day not included.

The British Humanist Society has applied many times, unsuccessfully, to get a chance to fill one of these slots. Why has this not been allowed? I suspect that most of the representatives of the various faiths that do broadcast in this slot have not been directly elected by their faith groups to speak for them, so why would it need to be any different for those from outside these groups? I'm absolutely certain that the sort of speaker and topics that the BHA could provide would be well received by any open-minded person that listens to the slot—and for any other faith, ethics and moral issue programmes.

Please press the BBC to allow non-religious, and especially BHA, representatives onto programmes such as this. With the decline in organised religion in this country, it's even more important that inclusive, responsible non-theistic moral and ethic-based thoughts and views be aired.

2 September 2005

Memorandum by T Donohoe

The fact is that a largely silent body of agnostics comprise a substantial proportion of the better educated population of this country, leading moral and socially responsible lives. Apart from the British Humanist Association they appear to be unrepresented in consultative bodies. There are very many distinguished humanists in all walks of life. Should their views, either through the BHA or independently, not be represented in religious broadcasts and in schools? Is there a bias here?

9 September 2005

Memorandum by L Donaldson

I understand that you are seeking answers to two specific questions relating to “faith” and the BBC.

Question—Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?

Answer—“Faith” is grotesquely over-represented in every powerhouse of society—their Lordships' House being an obvious example. Religion gained power, over thousands of years, by fighting for it. This fight continues this very day—the Vatican is actively campaigning, lobbying and bullying for greater influence in the institutions of the EU. In our modern world, powerhouses, including the BBC, need to be protected from religion's warring factions and would-be leaders.

The BBC is already religion-heavy, to the detriment of important areas such as ethics and spirituality. The BBC's Department of Religion and Ethics is a misnomer—it's all “religion”? and no pure “ethics”—only “religious ethics”. I have spent the last hour scouring the Religion and Ethics website and can find no article or discussion of ethics that is free of religion. (There is great mention of “pagans”—maybe the BBC think that non-believers fall into this category—we're worshipping the moon and the stars, or the mushrooms and the rain—yet to be converted.)

The department's flagship broadcasting slot, *Thought for the Day* on Radio 4, probably has more listeners than all other religious programming put together—thanks to its timing. Yet there has never been a contributor with “no faith beliefs”—the words in your question. Free “thought” has been banned despite repeated requests for access to *Thought for the Day* by various non-religious groups.

Faith-free people are, at best, ignored by the department but there are examples of programming, such as *Beyond Belief* on Radio 4, that actively mock and belittle non-believers and secularists. Is there a programme that actively mocks and belittles Muslims or Jews?

Question—How should faiths be represented in BBC programmes, services and governance?

*Answer—*I am utterly astounded that, in 2005, you even consider that “faiths” could be represented in the governance of the BBC. The BBC is, in my view, the most important cultural institution in the UK. We do not expect, let alone “require”, lesser cultural bodies, say the National Theatre or the Tate, to carry religious messages. Similarly we do not insist that such bodies have a specified number of religious directors.

The BBC is also one of the greatest gatherers and disseminators of news. Looking at those cranky religious broadcasters in the United States, what level-headed European could respect any “news” pumped-out by such organisations? BBC News needs robust protection from all outside influences, including preachers.

The BBC has an important role to play in covering topics that are ignored, for commercial reasons, by other broadcasters. I think and feel that the various strands of religion can continue to be catered for—but with only the same degree of commitment as, say, jazz or poetry.

10 October 2005

Memorandum by A Edwards

As I am sure you will get vast documents offering statistical, academic, analytical and anecdotal evidence, I will keep my submission concerning religious broadcasting on the BBC very short.

There are relatively few practising Christians in the UK who do not live within a short distance of a church; none these days, I should imagine, who do not own Bibles, and, I hope, prayer books, and any amount of other “improving” material. So why is a Morning Service broadcast on BBC Radio 4 on weekdays along with the fully fledged service on Sundays? And that’s on top of *Thought for the Day* which at least deals with other faiths some of the time.

Church attendances are falling, reports say. Churches closing for lack of congregations. Surely it is not the job of a public broadcaster to prop up any ailing religion—even for little old, infirm women . . . like myself. Enough is enough.

12 August 2005

Memorandum by Equity

INTRODUCTION

1. Equity welcomes this further opportunity to contribute to the discussion surrounding the review of the BBC’s Royal Charter. As the trade union representing 37,000 performers and creative personnel we recognise the importance of the BBC in our society. The BBC is the most significant employer in our sector and it plays an integral role in both the audio-visual industry and as a community focus for the whole of the UK.
2. We have followed the Charter Review process very closely over the past two years and made submissions at each stage of the consultation. In particular we have made written submissions to the Department of Culture, Media and Sport; presented written and oral evidence to the Culture, Media and Sport Select Committee of the House of Commons; participated in the seminars held by Lord Burns and his Independent Panel; made representations on each of the individual aspects of the BBC’s own internal review; and provided written evidence to this Committee of the House of Lords.
3. This evidence is consistent with the policy expressed elsewhere, but seeks to address the specific issues raised by this extended inquiry, which are relevant to the interest and expertise of Equity and its members.

BROADCASTING IN THE NATIONS AND REGIONS

4. Equity has argued for much greater decentralisation of BBC operations and particularly for a greater proportion of production to come from outside of the M25.
5. The regional and national spread of production in the UK has fallen short in recent years and has suffered from the acquisitions of smaller ITV companies, the closure of regional bases, reduced investment in regional programming and a narrower range of programmes produced regionally. Furthermore, what passes for “regional” production is simply being centred in two main areas of the country (ie Manchester and Leeds).

6. The BBC does have the ability to work across the UK to create a positive impact of the production base and workforce. However, the BBC's proposed move of sport and children's programme production to Manchester raises a number of questions and does not appear to have been subject to the appropriate level of detailed planning prior to its announcement. While it appears initially to be a bold move designed to stimulate production and create a centre of excellence in another part of the UK, there is little evidence that regional programmes making will benefit in terms of the number, diversity or investment in local production.

7. Moreover, in order to maximise its potential, regional programme production must not be limited to specific genres, or news and current affairs. It should include the possibility of drama and comedy production for example, even if the broadcast is restricted to the region in which it is produced. In this latter regard, the BBC falls short of meeting these commitments in a number of regions, but particularly in Northern Ireland.

8. In Northern Ireland the BBC has the capacity to produce both excellent news and current affairs (due in part to the unique history of the province) but also high-quality drama. However, many such programmes are made elsewhere, including in England and the Republic of Ireland. This problem is compounded by Ulster TV, which does not seek to make any original drama, comedy or entertainment.

9. In response to this state of affairs Equity is working with Government on an initiative to try and bring about a renaissance of cultural life in Northern Ireland. Equity has suggested that the Northern Ireland Office takes a central role in convening a conference of key representatives in the arts and entertainment sector. This would include Equity members, major broadcasters like the BBC and Ulster TV, the Arts Council of Northern Ireland, the Northern Ireland Films and Television Commission, local authorities, key theatres and theatre companies.

10. The purpose would be to achieve a genuine upsurge in cultural activity across the performing arts in Northern Ireland, which would not only benefit Equity members but improve the quality of life for its people. However, any conference would not be an end in itself, but be the beginning of a cultural transformation, leading to specific plans that would create a lasting legacy through the associated economic, social and political benefits. We would be grateful if members of the Committee would consider lending their support to this initiative.

THE BBC WORLD SERVICE

11. Equity supports the continuing and important role of the BBC World Service as a key source of information and entertainment for citizens around the globe. However, it has expressed its regret at the decision that has been made to axe the popular and award-winning soap "Westway", which has been a flagship drama of the BBC World Service since 1997.

12. The BBC Director General Mark Thompson has stated that the BBC planned to "foster audience understanding of differences of ethnicity, faith, gender, sexuality, age and ability or disability, by accurately and sensitively reflecting modern Britain's diversity across our programmes and opening up the BBC itself to talent from every community". Equity applauds and supports this view and would say that Westway encapsulates the true meaning of this statement and extends it to the world.

13. Westway offers a contemporary view of Britain. It has a diverse group of writers and an equally diverse cast where Asian, African, Nigerian, West Indian and Chinese Artists play lead roles. Its excellence achieved the Commission for Racial Equality Award for best soap, against contenders such as Eastenders and Coronation Street.

14. The award-winning soap has included issues, not only important here in the UK but across the world. It provides a discussion forum for people in some countries where these issues are relevant but may not normally be part of the national conversation. It is not only an example of public service broadcasting at its best but also forms a fundamental part of the BBC World service by tackling major issues and presenting them in a drama format. For these reasons Equity has argued for the continuation of the only major drama carried on the World Service.

THE BBC AS COMMISSIONER VERSUS BROADCASTER

15. Equity believes that the future of public service broadcasters such as the BBC must lie as a producer and commissioner of high-quality and challenging news programmes, but also as a broadcaster that is able to make these programmes available to audiences across a range of new and existing platforms.

16. The specific reference within the Green Paper to the BBC's responsibility to serve UK audiences by "providing more original programming (not repeated or bought-in) than any other broadcaster" (para 1.24) can be met satisfactorily only by continuing to develop its activities across these key competencies.

17. The changes in technology must not be used as a justification to downgrade the BBC, from its position as cornerstone of public service broadcasting, into either just another platform provider or purely into a content commissioner. Its future survival depends on its strength in both these areas—as well as retaining the critical mass which it has built up in respect of its own production capacity.

18. There will be a symbiotic relationship between the delivery of digital television and the huge range of material available in future, with the expansion of different platforms which can be used to access this material. Therefore the more material that is available on new platforms the more it will encourage the take up of broadband and its use as a platform for viewing television programmes or as a download mechanism. Similarly mobile phones with 3G capability will also benefit.

19. Conversely, Equity would hope that the availability of these platforms can create an environment where the broadcasters will innovate and offer high-quality original production as well as new products and services, in order to keep attracting the increasingly fragmented audience.

20. Equity is ready to work with the broadcasters in developing these new and different platforms and has sought to ensure that content can be made available for use on these platforms when made under Equity collective agreements. To that end Equity has agreed a trial with the BBC for the use of such work during the trial of its interactive Media Player (iMP). We are also in discussion with other broadcasters and producers about long-term arrangements for the engagement of performers on Equity agreements and the subsequent use of that material.

21. Nevertheless, it is the role of Equity to ensure that the rights of artists are protected and that they are rewarded appropriately for the future exploitation of work.

22. We are also concerned about the question posed by Government in the Green Paper regarding the commissioning of programmes by the BBC, which is based on the unquestioning assumption that independent production must be increased. It is implied directly that the independent sector of TV and radio producers are somehow being handicapped by a restrictive market and that “fairer competition” and the public interest is somehow equivalent to greater independent production. This is confirmed by the further consideration of mandatory quotas for external commissioning, as is being proposed by PACT, the trade body with a vested interest in increasing these quotas on behalf of its members.

23. The UK now has an extremely strong and vibrant independent television production sector with an estimated annual turnover of £1.4 billion. Equity supports the opportunity for the independants to have a “fair chance” and many of our members are employed in excellent programmes made by these very organisations. However the sector is large and increasingly concentrated with the largest 5 per cent of companies making 80 per cent of the programmes. These “super-indies” are increasingly dominant and this trend appears likely to continue, with further consolidation and reorganisation. This centralisation of the main independants has also been accompanied by improved rights and terms of trade in their favour. Therefore we would raise serious questions about the assumption that independants require further special consideration.

CONNECTING TO THE LICENCE FEE PAYER

24. The improved openness and accountability that is being proposed in the Green Paper is also welcome. Greater transparency has been the theme of a number of reviews and investigations of the BBC and its governance, including Lord Burns and the Culture, Media and Sport Select Committee.

25. Therefore the concept of webcasting of meetings of the Trust, the publication of detailed minutes, research and voting records are all welcome improvements that will help retain the confidence of licence fee payers, as well as those employed by the BBC. External and independent appraisal should also be part of this process, so that stakeholders and licence fee players can submit their views on members of the Trust.

26. These changes can only assist in making the BBC a more open and accessible organisation. However it must also be aware of the dangers of being vulnerable to organised but unrepresentative groups who may seek to impose their views at the expense of the majority. Such groups should not be allowed to dictate programme policy by curbing artistic integrity or freedom of expression.

27. The scrutiny of BBC spending is another matter that should be addressed primarily by the BBC Trust in a more open and transparent way than in the past. Accountability for how licence fee money is spent also continues to be available through the National Audit Office (NAO). We understand the concerns expressed by the Public Accounts Committee of the House of Commons in its report on BBC funding in February 2005, which considered a greater role for the NAO. While we do not see a compelling case to review these arrangements at the present time, the scale of organisational change that is taking place at the BBC may strengthen the argument for NAO to provide further scrutiny in the coming years. Therefore this matter should be kept under review.

28. Membership of the Trust is also of crucial importance, if it is to be truly accountable for the activity of the BBC and be an effective custodian of the licence fee. Therefore we believe that it is vital for the Trust to include members with creative and artistic experience and able to represent the views of those who are employed or engaged by the BBC, as well as the FTSE 100 corporate specialists that the BBC and the Government have indicated will be required. We also support the provision of professional and expert staff to enable members of the Trust conduct the necessary scrutiny of BBC operations.

29. We would also wish to see members of the BBC Trust able to address its public interest responsibilities in other ways. In particular, we would wish to see the Trust show greater willingness to engage with those who work for the BBC than was demonstrated by the Board of Governors. The recent transposition into UK legislation of the Information and Consultation Directive (Information and Consultation of Employees Regulations 2004) will mean that from April 2005 employees in organisations with 150 or more employees have a right to be informed and consulted on a regular basis about issues in the organisation they work for. This should include employees being consulted on strategic decision making with bodies such as the BBC Trust.

CONCLUSION

30. We welcome the extended inquiry being conducted by the Lords Committee and are pleased to have the opportunity to register our further response to aspects of the Government's Green Paper on the future of the BBC. While the stability of licence fee funding is welcome for the period of this Charter, there are clearly serious issues which will need to be addressed in the coming years. The debate over funding methods will continue to be particularly contentious, especially as we move towards the decisions over the future level of the licence fee and the consideration of alternative or additional funding mechanisms.

31. We hope that the Committee will take note of our views on these matters, as well as our immediate and ongoing concern about the ability of the BBC to meet the challenge of high quality original programming in an environment of 15 per cent across-the-board budget cuts.

7 October 2005

Memorandum by P Fisher

1. I am writing as a private individual who has been seriously offended by the BBC attitude to those of no faith. As this is the first time I have written such a submission I hope your Lordships will forgive any errors in its presentation. I am a humanist and I am currently writing a science-based novel, which explores the conflicting roles of religion and rationalism in society.

2. I hope to convince your Lordships that there is an entrenched, systematic and parochial bias in the BBC in favour of those who are religious, and against those of no faith. And, further, to show that this attitude is so serious, and potentially damaging, that reform of this attitude should be an important part of the proposed BBC charter.

3. I have previously submitted a complaint to the BBC about the attitude to non-believers in one of their religious programmes. I found the response to my complaint extremely unsatisfactory. As this submission does not directly relate to the complaint I do not propose to comment further on this matter. Your Lordships may, or may not, want to consider the circumstances of the handling of my complaint as you see fit.

4. Before I move on to the details of my argument I should first clarify my view that I am great supporter of the BBC I feel it is one of the world's finest institutions. I feel strongly that the existence of the BBC is one of those factors, which justify the use of the adjective "Great" when it is used in relation to the noun "Britain". My aim is to point out a direction in which the BBC should move in order to improve its already fine and enviable reputation.

5. I first intend to illustrate, what I think is the current position of the BBC in respect of the issues I've alluded to, and to point out the potential pitfalls of a continuation of this attitude. On Thursday 26 February 2004 a programme called *What the World thinks of God* was broadcast on BBC2, and, while my concern is not specifically about this programme, the attitudes expressed in it, are revealing in respect of the BBC's general attitude to those of no faith. I think that a discussion of the programme will provide a touchstone for some of the general points I want to make. *What the World thinks of God* was a panel discussion presented by Jeremy Vine. The programme discussed the results of a number of opinion surveys conducted around the world. One of the more specific points addressed was the decline of church attendance in the West.

6. There are four specific problems, which I would like the committee to consider:

- (i) Bias in presentation of religious programming,
- (i) The marginalisation and undermining of respect for those of no faith,
- (iii) The failure of the BBC in its role as educator to provide a meaningful alternative to religiosity for those who find it impossible to accept theological truth claims,
- (iv) The dangers of unbalancing important and relevant discussions about vital political and social issues by downplaying secular, rationalist arguments.

(I) BIAS IN PRESENTATION OF RELIGIOUS PROGRAMMING

7. In common with many other BBC religious programmes the position taken by the presenter in *What the World thinks of God* was that the rise of secularism in the West in general, and Britain in particular, is a problem for society. The clear implication being that the decline in church attendance is associated with a perceived decline in moral standards. The general impression given in the programme was that religion is automatically good. The presenter, Jeremy Vine, continually referred to countries being “lower” in the polls if their level of religious belief was statistically smaller. The use of the word “lower” here could not be understood in any other sense than that of “worse”. The public rightfully expects the BBC to be impartial. My concern here is that atheism is seen as the absence of meaningful ideology without exploring, or even alluding to the idea that humanist values and thinking have any intrinsic worth. It seemed to me a clear example of the BBC’s general attitude that one way of thinking (faith based ideology) is more appropriate than any other. Towards the end of the programme Jeremy Vine asked one of the atheists on the panel, Sean Hughes, if he had changed his view as a result of what he had heard in the programme. I think it would be illuminating here to imagine such an approach in a programme discussing politics. Suppose a presenter was to see it as self evident that there was a decline in traditional moral standards in the country on the basis that more people were voting Labour instead of Conservative. Or, conversely, took it as read that the country was becoming less caring because more people were voting for the Conservative Party. Imagine, if your Lordships can, a programme where, for example, Michael Howard were asked if he had become more inclined to join the Labour Party on account of his listening to a speech by Tony Benn.

(II) THE MARGINALISATION AND UNDERMINING OF RESPECT FOR THOSE OF NO FAITH

8. During the programme, *What the World thinks of God*, there were a number of interviews, some of which were conducted on the street with ordinary people and some were conducted with leading world figures. To be fair the interviewees expressed a very wide range of views, and some atheist views were included, but when the former Israeli leader, Shimon Perez, was interviewed he said he thought that a Godless man was not a human being. I was grossly offended by this remark, and this has led to my wish to bring this issue to your attention. Mr. Perez is, of course entitled to his view, but let’s, once again, draw a parallel to another scenario. Imagine that he had said that gentiles, or Moslems, or Palestinians were not human beings. Such remarks would certainly not have been broadcast without extensive critical comment. What I am suggesting here is that the feelings of every population group should be recognised and respected in any fair and balanced society. It is of course entirely reasonable that the feelings certain people should not be respected if they do not respect the rights of others, such as criminals and extremists whom promote or participate in violence. But it is completely unacceptable for non-violent, law-abiding atheists to find themselves included in this bracket.

9. In many BBC programmes about religion there seems to be an underlying assumption that belief is something of great value. There can be no doubt that some people feel that their faith is a great asset to their lives so the assertion may therefore seem an innocuous one. However it carries within it a serious charge because if this position is accepted then, by implication, those without faith are in some way disabled, defective or lacking some crucial and essential attribute. I am not suggesting that there isn’t a genuine dilemma here, but while it is obviously necessary to accept the right of individuals to hold whatever views they like, rational or not. It cannot be right to allow single groups to be disparaged in the way that non-believers are in religious programmes—including the one I’ve used as an example here. Nor is it—in my view—ever appropriate to put forward an unchallenged opinion that someone is less than human on the basis of their views, especially when such views are in the ascendant,⁷ and are held by a significant proportion of the population.⁸

⁷ 36 per cent of people in the 18–34 age group in Britain define themselves as atheist or agnostic. In the population as a whole, 24 per cent say they have no religion. Amongst the over 65s, the non-religious are falls to 11 per cent. Mori poll (4,270 respondents) for The Tablet (20 May 2005).

⁸ 35 per cent of British adults do not believe in God and 21 per cent don’t know. (*YouGov* survey, December 2004).

(III) THE FAILURE OF THE BBC IN ITS ROLE AS EDUCATOR TO PROVIDE A MEANINGFUL ALTERNATIVE TO RELIGIOSITY FOR THOSE WHO FIND IT IMPOSSIBLE TO ACCEPT THEOLOGICAL TRUTH CLAIMS

10. In order to set the context of this next argument I hope your Lordships will indulge me by allowing me to illustrate my point by giving an account of my own experience. I was brought up in a Roman Catholic working class family and my parents had very strong religious beliefs. But, when I reached adulthood I began to think seriously about what I really did believe, and I found that I could not accept the explanations that I'd taken for granted as a child. I developed strong views about what I thought to be right and wrong based on respect for the feelings and rights of others: in short, I became a humanist. But—and this is the important point—I did not call myself a humanist because, although I had heard the expression, I did not know what it meant. I only found out about humanism much later while researching my book. It is clear to me that most people on the street would not know what humanism was either. I suspect that there must be millions of people who would benefit from knowing about ideologies in which they might find some basis for moral and ethical standards outside of a religious context. A great many people in this country have abandoned their faith as the country has become more secular. To a large extent this must be because the metaphysics of most theological teaching and Biblical truth claims conflict with modern scientific theory. Many such people are thoughtful and intelligent, and surely have the right to be represented, informed and served by the state media. In my view there is a danger that non-believers are being left in a moral and ethical vacuum as there is no alternative presented other than those that demand belief in a deity, or some other transcendental or spiritual worldview.

(IV) THE DANGERS OF UNBALANCING IMPORTANT AND RELEVANT DISCUSSIONS ABOUT VITAL POLITICAL AND SOCIAL ISSUES, BY DOWNPLAYING SECULAR, RATIONALIST ARGUMENTS

11. The issue currently at the forefront of most minds in our society is the rise of Islamic fundamentalism in the East and their activities. Discussions about the appropriate response of the West are therefore vital. It has become evident during recent history that, in many countries, even in the West, political ideologies have been underpinned and informed by religious dogma. In the United States, recent policy decisions are set with reference to narrow ideologies founded on religious beliefs and assumed moral certitude rather than pragmatic decisions based on pluralism, evidence and sound scientific knowledge. On both sides of the deeply regrettable division between the two great civilisations, there is the assumption that one's individual identity whether as Moslem, Christian or Jew is of fundamental importance. For me, humanism implies that we should recognise the importance of our common humanity as members of a family of sentient beings, and that this should take precedence over identities derived from national, cultural or religious groupings. It seems to me that this ideological position is important, relevant and distinctive, and it is essential that it be brought to the negotiating table. The question then arises as to who is in a position to present this case. Religious leaders have a vested interest in protecting the importance of the religious identity of their followers. Politicians will not make the case because of the danger that they will be thought unpatriotic. The private wing of the media is biased toward "sexy" confrontational politics. It is only the humanists that have a moral/ethical viewpoint which is not tainted by ideological self-interest, and it seems to me that it is only the BBC that is in a position to allow their contribution to be brought to the debate.

12. There seems to be a prevailing notion in our culture that lack of belief in a deity somehow equates to lack of conviction or ideology, as if it is understood that a belief which does not fit in with society's prevailing culture must automatically be dangerous and subversive. This is probably derived from historical notions of non-belief as being negative and corrosive to the common good, but this view no longer holds. Humanism has a forward-looking message of respect for human rights and positive human value systems. It is entirely appropriate, in fact essential, to have robust debate and for all views to be open to scrutiny. This can not happen if a seriously held and widespread point of view is never discussed.

13. Your Lordships may have different views on the degree you think religious influence has a role in policymaking. But it is clear that in order for this subject to be debated in an open and honest way that the public are not allowed to form the opinion that the only meaningful way forward depends on religion, merely because discussion of subjects like humanism and secular value systems are to some degree taboo subjects in the media. The view that this country has advanced and enlightened due to the increased secularisation—has never, as far as I'm aware, been considered in any BBC programme.

Summary

14. I recognise that some of the problems I have highlighted here relate to nuances of attitude and, even if you agree that the BBC should adopt a more balanced approach to ethics and moral systems, your Lordships may feel that it would be difficult to legislate to counter such subtle interaction. But some of the attitudes are not

covert but overt. The BBC establishment has consistently opposed the production of broadcasts dedicated to secular ideas and values. They have resisted the inclusion of secular speakers on *Thought for the Day* on Radio 4, and as I understand it they have refused to allow a programme about humanism to be made for television. If the new charter demands that the BBC should provide a given level of religious programming, in fairness it should also demand that some programming should be given over to promote and educate people about alternative, secular, value systems.

15. I wholly accept, and would defend, the right of anyone to chose their own beliefs, and I very much welcome the current trend among religious leaders to seek common ground between different faiths in a spirit of mutual respect for the views and religious sentiments of others. However, if religions are to retain a moral high ground they must surely encourage their followers to tolerate not only those of other faiths but also those of a non-faith persuasion. And, if the BBC is to retain its reputation for impartiality and fairness it must reflect this position.

16. I understand that the BBC, and the media in general, to some extent reflect the views of the nation, and some of the attitudes I have sought to oppose here are widespread in the community. But the fact is that a very large number of thoughtful people have decided that, for them, religion does not make sense. It is only fair that the BBC respect their decision and provide them with representation and support. Currently there is a political debate raging about how to engage the public in politics and the failure of political parties to reach out meaningfully to the public. The issue of how the BBC reaches out to the nation parallels this problem. There has been almost no attempt by the BBC or other broadcast media to discuss humanism, nor even to tell people what it is. To dismiss secularism, and to deny atheists a voice, is to disenfranchise, and undermine respect, for what is a large proportion of the British public. I hope your Lordships will consider making it explicit in the charter that the BBC provide fair representation for all faith and non-faith adherents.

18 September 2005

Letter from RJ Giles

The questions asked of the House of Lords Select Committee on the BBC Charter Review seem to me biased in themselves. "Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?" Surely a better phrasing would be, "Should different faiths figure in BBC programmes?" If the answer is "yes", how much?" "How should faiths be represented in BBC programmes, services and governance?"

As religion is a minority interest nowadays—check church attendance on normal Sundays, surely the BBC should take this into account. *Thought for the day* for instance never has a rationalist on it.

10 October 2005

Letter from D Gordon-Smith

1. I would like to comment on the role of religion within broadcasting as part of the Lords BBC Charter Review. I am a member of the British Humanist Association but the views expressed in this letter are my own.

2. The proportion of the population that do not consider themselves to be religious has grown rapidly in recent decades to around 30–40 per cent. In light of this, and given that most congregations in the country have seen a steady drop over recent decades, I would argue that religious broadcasting is given too great an emphasis by the BBC.

3. Ofcom's research shows that the promotion of the needs of different religions was only of a low level of importance to viewers, a finding that echoed the ITC's earlier research into *What Viewers Want*. Viewing of Religious programming has fallen with Ofcom's research showing that viewing of religious programmes per head fell by 28 per cent between 1998 and 2002 (down to just 3.8 hours per year). Audiences for the BBC show *Songs of Praise*, which is arguably the BBC's flagship religious programme, have fallen in recent years reflecting this trend. (Information taken from <http://www.ofcom.org.uk/consult/condocs/psb/psb/volume2/diversity/religious/>).

4. I would suggest that the requirement to provide programmes about religion is contrary to the demands of viewers and the overall trend in levels of belief in society as a whole. Although I can understand the arguments for the need to inform people about the World's religions to foster greater understanding of different cultures and attitudes, I do not feel that this should be a specific requirement of broadcasters.

5. I do not feel that there is a need, or demand from viewers, to broadcast religious services on the BBC. Broadcasting religious services would require the BBC to decide between faiths. If Christian services are to be televised then why not Jewish, Islamic, Sikh, Buddhist, Satanic, etc services? It would not be easy to feature all of these faiths within the broadcasting schedule and, therefore, I would argue that in the interest of equal treatment of all peoples then such services should not be shown.

6. I also strongly feel that other beliefs, such as humanism, should be featured and represented by the BBC as equally as religious beliefs. I would argue that this should apply to programming as well as in terms of other services and governance. I note that BBC Nottingham's website contains a special section on "faiths" but does not appear to contain any reference to non-religious beliefs.

7. In particular, I would like to draw your attention to the *Thought for the Day* slot in the middle of the Radio 4 *Today* programme. Personally, I do not think that it is appropriate to feature a reflective slot in the middle of a current affairs programme. However, if it is to be continued, I feel it is unacceptable to exclude speakers just because they are non-religious. Are there views and opinions less valid? I feel that the BBC is creating the impression that non-religious reflections on current moral issues are not worth a place on BBC radio's flagship current affairs programme. In our modern society, I feel it is inappropriate for the BBC to promote religion as the one source of ethics.

31 August 2005

Memorandum by J Gordon

The BBC charter was founded in the era of Lord Reith in the twenties.

Religion was then firmly in charge but the current BBC practices still seem to be set in that time warp.

Worse. With the need to seek a Charter renewal there seems now to be a desire to please the Blair faction in the Establishment with its misguided drive to make faith schools central to education. Yet the majority of those currently polled are against faith schools and, I venture to suggest, would also be against the deliberate extension of the marked religiosity of the current BBC programmes. In Nazi times no written orders had to be given since every official knew what Hitler wanted. The BBC policy makers seem to be acting on similar pressures from Mr Mark Thompson.

Little is produced for those who do not accept religion. Thanks to an inept Census question the latter are sadly under-estimated. 40 per cent is the NSS estimate, a figure which has been approved by statisticians.

It is my submission that faith materials should be excluded from BBC programmes with the same zeal that they are plugged nowadays.

This would serve us all better.

8 October 2005

Memorandum by W Guest

As an atheist, I believe that the BBC should not broadcast religious programmes at all.

Religion is an increasingly dividing force divisive force in the country. The BBC should have no part in propagating it, however innocently. The corporation has in any case has a pretty uneven record in the kind of programming it provides—mostly bland middle-of-the-road Anglicanism with a nod to a few others now and again, particularly in the tediously moralising (and inappropriate in a news programme) Thought For the Day on the Today programme on Radio 4—upon which incidentally secularism is never given a look-in.

In these days of digital broadcasting I would of course have no objection to churches funding their own radio and television channels. But it cannot be legitimate for licence-payers—of all religious persuasions and none—to fund religious broadcasting on the state broadcaster.

9 October 2005

Memorandum by J Harrison

I feel that those of us with no religious belief do not get sufficient air time. Whilst a majority in the Census enter them selves as "Christian" I believe this is really a cultural comment rather than a religious one. The vast majority of people in this country are secular rather than religious and this is not given sufficient recognition. The vociferous religious fringe get too much notice taken of them.

In my view religious faiths should not be represented in BBC programmes etc.

13 October 2005

Memorandum by M Henderson

Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?

I was surprised to see this question as I cannot remember the last time the “no faith belief” figured AT ALL in BBC programmes. Religion and morality are mistakenly deemed to be synonymous.

So:

1. When considering questions of morality perhaps as well as Bishops and church representatives, the British Humanist Association should be consulted.
2. Secular or Humanist representatives should be given as much representation as theists on opinion programmes such as *Question Time* and *Any Questions* and, when the topics justify it, *Beyond Belief*.
3. Secular voices should be given proportionate representation on *Thought for the Day* and similar slots.
4. If the theists continue to be given programmes devoted entirely to an expression of their beliefs (such as *Songs of Praise*, and *The Daily Service*.) then time should be set aside for the Humanist/Secular movements to communicate with their present and potential supporters.
5. Most Britons come from a generation which was force fed a biased view of Christianity from Church and Church schools. When broadcasting to adults, instead of discussing the basis for religious belief and religious books with an assumption that close inspection of the premise for these beliefs might offend certain groups, a thorough investigation of exactly what belief is (and how it fits in with opposing beliefs) should be undertaken. The rather shaky evidence for a historical Jesus, and the true origins of the Bible should be considered if the BBC intend to present a balanced and educational function.

How should faiths be represented in BBC programmes, services and governance?

1. They should be represented from the same perspective as, for instance, politicians. When they make a statement it should be subjected to rigorous scrutiny. If non-faith moral perspectives are questioned, then so should faith positions. Because their position is based on historical texts, this should not give them immunity from close examination. If religion were an optional device, perhaps it would be acceptable to ignore its more questionable *dogma*, but it is not. Non elected theologians have special status in the EU, and automatic entry to the House of Lords. Compulsory daily acts of worship exist in our schools, and evangelicals have been given the running “inperpetuity” of some of our Academies. For these reasons their contributions to BBC programming should be balanced by non-religious views and given the same scrutiny.

20 August 2005

Memorandum by P Henderson

As a humanist I am constantly sickened by the religious clap trap that *Thought for the day* presents. There does not seem to any counterbalance to the religious view point. Why is it that every conceivable religion is represented yet a straight forward humanist view is denied?

I am not particularly militant in my views but feel that as a British citizen and a regular listener to the BBC our message should be heard.

31 August 2005

Letter from Gerald Howarth MP, Shadow Defence Minister

I understand that your Committee is intending to conduct a short inquiry into specific areas of the BBC including religious broadcasting.

I should like to place on record my own view that it is extremely important for the BBC to continue to give the bulk of its coverage to the Christian faith, given that Britain remains overwhelmingly a Christian country and the Sovereign Supreme Governor of the Church of England. Furthermore, I hope that the Committee will consider whether in the light of the *Jerry Springer/The Opera* episode, the BBC is meeting its obligation not to offend against good taste.

Your Committee might like to consider the inscription in the entrance hall of the BBC's Headquarters at Broadcasting House. It is as follows:

“Almighty God, This shrine of the Arts, Music and Literature is dedicated by the first Governors in the year of Our Lord 1931, John Reith being the Director General. It is their prayer that good seed sown will produce a good harvest, “that everything offensive to decency and hostile to peace will be expelled and that the nation will incline its ear to those things which are lovely, pure and of good report and thus pursue the path of wisdom and virtue”.

11 August 2005

Memorandum by V Howe

As a keen BBC listener, I object to much of the policy on religious broadcasting. The question should not be whether different faiths figure sufficiently in BBC programmes and services, but why on earth they are given such prominence in our overwhelmingly secular society. For instance the dogma spouted on the Today programme's *Thought for the Day* slot is invariably irrelevant to my life, and thus irritating in the extreme. I have long since given up trying to find any meaning in the prattlings of Rabbis and Bishops. Where is the representation of more positive atheists like Humanists? The BBC singularly fails me in this important area. As for the question “how should faiths be represented in BBC programmes, services and governance?” My answer is a resounding not at all. If the BBC really want to connect to the licence fee payer they will do me a favour and jettison the religious cant. And if the BBC want to know how to better involve the public in its decision making processes they could stop assuming clerics represent us. In fact these reactionary patriarchs do not have the influence they claim and it is dangerous to encourage them. Instead the BBC should include atheists and humanists.

I despair of the journalistic hand wringing that seems to inform much current affairs broadcasting. Sometimes it seems as if the BBC is so desperate to avoid offending some people, in a misguided effort at showing respect to all, that all rational thinking has gone out of the window. The BBC should formulate a policy that embraces our proud traditions of tolerance without getting into such a muddle.

2 September 2005

Memorandum by D Keeling

Not only is there too much religion but undue deference is given to religious leaders who are not questioned critically enough. There are many atheists in this country whose voice is not heard. At least as much time should be given over to ethics, which is not the same as religion, for example a humanist view should counterbalance any religious view.

And please remove *thought for the day* in its current format from the otherwise excellent today programme.

31 August 2005

Memorandum by the Lawn Tennis Association (“LTA”)

INTRODUCTION

As the governing body for tennis in Great Britain, the LTA's aims are clear. We are determined to ensure that this country becomes a great tennis nation again. To do that we need a vibrant network of accessible, affordable clubs with juniors and performance at their heart, which is why everything that the LTA does now is focussed on three key areas—performance, kids and clubs.

The LTA currently works with the BBC in relation to its rights holding for two major international events:

- Home and away Davis Cup ties
- The Hastings Direct International Championships held in Eastbourne each June.

As joint arrangers of the Championships, Wimbledon, the LTA also has a relationship with the BBC through its shared rights ownership of the tournament. Similarly, as joint owners of the Stella Artois Championships the LTA has a further relationship with the BBC as the tournament's rights holders.

Finally, the LTA works very closely with many BBC departments including Sport, News, CBBC and marketing in its work to raise awareness and drive participation of tennis throughout Great Britain.

QUESTION AREAS

1. *Should the BBC have a duty to bid for certain sports events?*

It is the LTA's belief that as a public service broadcaster, funded by the licence fee the BBC has a very limited responsibility to bid for sports events in general. In our opinion any duty should be limited to the summer and winter Olympics and Paralympics and the Football World Cup. While there are events that clearly capture the imagination of the British public such as the Wimbledon Championships and the Grand National, it is our belief that legally insisting the BBC bid for these events essentially removes these events ability to operate in a free market. The LTA acknowledges that the relationship with the BBC as the host broadcaster of the Wimbledon Championships is excellent and has been mutually beneficial both to the BBC and the Championships.

In the case of the Olympics, it is our view that this event is an international celebration of sport. The Olympic ideal embraces nations and nation's ideals and as a movement the Olympics transcend sport itself. For the large majority of Olympic sports they represent the absolute pinnacle of sporting achievement. For this not to be available via the BBC would be to undermine the very ideals the Olympic movement is founded on. Finally, the Olympic Games have the ability to inspire children throughout the country to take up sport and this should be encouraged wherever possible.

In the case of the football World Cup, it is simply our view that as the nation's favourite sport and indeed as our national sport, the tournament finals should be available for all to watch. This does not include the qualifying rounds.

Other than these examples, we find it hard as a national governing body to reconcile the idea of the BBC being legally bound to bid for sporting events. It is our firm belief that sport and sporting rights should be negotiated and sold on the open market to ensure a fair price and therefore ensure maximum investment into our sports is achieved. It is difficult to see the current listing of events as anything other than "nationalisation without compensation". We believe that the rights holders who are also the governing bodies of the sport are in the best position to determine the distribution of any rights fees. The current argument about the showing of test cricket on terrestrial TV evidences the maxim that when we are successful, everyone wants to watch but when we lose it can be consigned to "pay per view". Governing Bodies of sport cannot work on this basis—they have long term business plans that require underwriting from their sources of income, of which TV revenues play the most significant part.

TV might inspire children to take up a sport but it can't keep them there. First class clubs, facilities, coaching and competition are the key to continued participation and they require ongoing funding.

The arrival of digital TV for all suggests that policy makers should review the situation as it will be in 2020, not now. The ubiquity of the mobile phone is testament to the impact of technology on everyday life. At the moment there are 350 various TV channels available in the UK, there is an ever increasing trend to more choice not less.

2. *Is the BBC too aggressive in the way it bids for sports rights?*

The LTA can only speak from its own experience of dealing with and negotiating with the BBC on sports rights. At no point has the LTA felt the BBC to be too aggressive in the way it bids. The relationship has been built over many years and is one of mutual respect.

3. *Should there be an independent review of the way the BBC bids for sports rights?*

It is the LTA's view that the BBC currently has a suitable and appropriate level of governance. To add any additional layers would be unnecessary and bureaucratic, self-defeating and be to the detriment of sport as it would interrupt the market process.

More appropriate would be a consideration of whether the BBC should, after digital crossover in 2012, establish a digital sports channel to ensure more sporting coverage, particularly for sports outside of those currently catered for on the main BBC1 and 2 platforms. There is real competition within the BBC itself at present between the various forms of entertainment. As a public service broadcaster the BBC has a duty to make scheduling decisions on a far more varied list of criteria than simply ratings. Can the BBC legitimately claim that sport, particularly minority ones, should be removed from the schedules in place of old black and white 1930s Hollywood movies or repeated programming, solely because the latter gets better ratings?

Under the auspices of public service broadcasting, it might also be argued that the BBC has a duty to its audience and its audience's health; in helping to get them up from the sofa and adopting a healthy lifestyle. Sport and coverage of sport clearly could form a huge part of that "call to action".

The LTA would not support an independent review at this stage—there are many policy decisions required first.

October 2005

Memorandum by A McCaughtrie

- Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?
- How should faiths be represented in BBC programmes, services and governance?

My evidence to the above questions:

No, I believe that non-believers do not get sufficient exposure on the BBC. The glaringly obvious one is *Thought for the Day* on Radio 4. How can this be purely a religious segment? It should include non-religious philosophy in proportion to the number of believers to non-believers. If not, then have two separate segments where the distinction is clear.

All faiths, including those who have faith that there is NO god should be represented without bias. However, preaching should not be allowed.

1 September 2005

Letter from J Machling

I write to express my wish to have much less religious broadcasting on the BBC. I was confirmed in the Church of England, and went to church regularly until I was a young adult and realised that religion meant nothing to me, and never had. My children, now grown up, went to a Church of England school, the only school in the village where we lived at the time, and they too remained untouched by teachings about the supernatural. It is not that I have had no involvement with religion, it is simply that I do not believe in it.

I wonder why it still has such a hold in what is at heart a secular society such as the UK. When I listen to what I consider to be baseless opinions being put out on such slots as *Thought for the Day* I wonder at the BBC for continuing to broadcast them. To me "faiths" seem at worst divisive and at best private ideas which should be kept that way. I don't see why religions should command air-time, except perhaps as a cultural interest, and though I try to listen to and understand the ideas of religious people, I often switch off when the topic is "faith" and ideas are broadcast as if they were facts.

Could not more air-time be given to those who, without religious faith of any type, still try to work out the best way to live without doing too much damage to their fellow inhabitants of this planet? I believe that less harm is done by non-religious morality (which can at least be argued over without screams of "blasphemy!") than by the faiths which use their followers to see the world through their particular theological lenses. Why promulgate divisive religious views, whose appeals to a numinous, indemonstrable deity, or deities, seem to sit oddly within a rational service such as the BBC?

However, having heard various clerics squabbling, sometimes spitefully, on air, about topics ranging from homosexuality to the language used in prayer books, perhaps we need more religious broadcasting, so that people can see how petty many "faith" divisions are! In all seriousness, I object strongly to the role religion plays in areas of public life which I believe it ought not to be allowed to influence. If people need faith, religion, or whatever they want to call it, fine, but I don't want these people to influence the BBC and I don't want *Thoughts for the Day* that involve the supernatural. I'd welcome more non-religious thoughts about morality and other serious topics, though!

Good luck in your deliberations (though I don't seriously believe in luck either).

11 October 2005

Memorandum by Dr J Maxwell

This is to register my protest as an individual on the amount of time the BBC allows to religious programming and religious content of ostensibly non-religious programming. I consider myself a rational person, a scientist, someone who is not persuaded to live my life according to myths and superstition that have no verification in fact—only the delusions of what others long, long ago imagined they heard in their heads, and regard the BBC's continual broadcasting of such material as an offence and insult to my intellect. If the BBC wishes to

operate democratically as a provider of inclusive programming, then it ought to broadcast in equal measure programmes focused on those who live their lives amidst 21st century realities without the need to defer their decisions on morality or ethics to ancient texts or the pronouncements of a man in the sky.

12 August 2005

Memorandum by MIDAS

MIDAS is the inward investment agency for Greater Manchester and is part of the Manchester Enterprises Group, the Economic Development Agency for the sub-region. During 2004–05 MIDAS directly assisted in the creation of 2,199 new jobs and attracted new investment of £48.8 million. (1)

BROADCASTING IN THE NATIONS AND REGIONS

Does the BBC's proposed move to Manchester represent value for money for the licence payer? Should the BBC continue to decentralise?

The North West is the largest television production centre outside of London with Granada and the BBC located in Manchester and Mersey Television in Liverpool, producing 1,310 hours of network television (2002)—three times greater in volume than any other English region and more than the combined output from Scotland, Wales and Northern Ireland.⁹ The impact of regional activity within the sector was clearly demonstrated in the study *The Regional Impact of Granada TV*¹⁰ that showed that whilst Granada TV employs around 1,100 people directly in the region they also generate an additional 2,900 jobs and that the overall employment generates over £100 million for the region's economy. It is likely that the relocation of 1,800 BBC jobs to Manchester will produce a similar multiplier both in terms of employment and GVA across the North West. (2)

The Northern Way initiative, inspired by the desire of the Deputy Prime Minister, John Prescott, to capitalise on the assets of the North and speed up the rate of change in the regions is representative of the focus that the UK Government has given to economic development within the regions. The current £30 billion output gap between the North and South is evidence of the need to initiate investment within the regions to ensure that the UK economy is capitalising on its total asset base.¹¹ (3)

Distribution of the employment and wealth created by the BBC, a public sector body, is representative of the Government's desire to generate a less London-centric UK economy and stimulate regeneration, innovation and entrepreneurial activity across the regions. In terms of value for money for the licence payer, such employment and wealth distribution can only prove to produce benefits within the region that transcend any initial investment that may be required. (4)

The North West has a population of over 6.7 million people or 11.5 per cent of the population of the UK. The BBC relocation to Manchester will directly affect the economy of the North West region not just Greater Manchester. Increasingly, the North West is becoming recognised as a cultural and creative region as can be seen by Liverpool's Capital of Culture 2008 status. Creative industries represent 4.5 per cent of the regions GVA and employ in excess of 146,000 people across 13,474 businesses.¹² The BBC relocation to Manchester represents a significant opportunity for existing creative companies and will also generate new ventures across the region. (5)

Since the BBC relocation announcement North West Vision, the regional screen agency, has awarded regional attraction fund awards to three independent television producers that have established new operations in Manchester, Hat Trick North, Baby Cow and Channel K. Such private investment from independent producers is linked to the opportunity that BBC program commissioning in the region would represent. Each of these companies is employing local people and intends to produce their programmes within the North West region. Channel K have teamed with Karushi Management to focus on signing emerging comedy talent in the region. They are committed to ensuring the programmes they produce reflect the strengths and culture of the North West region. This approach will enable the region to be represented across the UK and internationally. (6)

Investment is being made within the region from the private sector to support the opportunities that the BBC relocation represents. Manchester's potential position as the UK's second largest film and television economy is already generating investment. A new venture to establish a production studio for retail television shopping

⁹ A snapshot of the Creative Industries in England's North West—Culture Northwest 2004.

¹⁰ Manchester Business School report 2002.

¹¹ *Moving Forward: the Northern Way* (2004).

¹² *Benchmarking Employment in the Cultural Industries—North West Bulletin* March 2003.

channels is being pioneered by a group of Manchester based entrepreneurs that recognise the increasing supply of talent that the BBC relocation will provide in the region. (7)

The BBC relocation to Manchester also represents the opportunity for the region to develop and retain much of its creative talent. London is currently viewed as the city of choice for most people within the film and television industry. BBC commissioned programs within the region will provide the opportunity for local talent to remain within the region and thus ensure that regional culture is represented within the programmes offered to the UK. (8)

Economic development and inward investment practise has, to some extent, been based on the theories developed by Michael Porter in his analysis of the effects that clusters have on competitive advantage. Porter states that “The competitive advantage of a location does not usually arise in isolated companies but in clusters of companies—in other words, in companies that are in the same industry or otherwise linked together through customers, suppliers or similar relationships”.¹³ Greater Manchester has developed a considerable creative industry cluster in the last 10 years. Indeed, employment in the sector has grown by 30 per cent during this period.¹⁴ Over 90 per cent of regional businesses within the sector employ less than 10 people¹⁵ and it is these micro businesses that stand to gain from the BBC relocation. Evidence exists to suggest that clustering and networking helps companies develop and that this is particularly acute for SMEs.¹⁶ The relocation of the BBC to Manchester is likely to increase the amount of private investment into the region as the cluster expands to take advantage of the opportunities the BBC will create. (9)

The convergence of content delivery and technology within the media and ICT¹⁷ sectors also represents a significant opportunity for the region. Where content delivery has previously been the territory of the main broadcasters this is increasingly being seen as the next market for businesses such as telecoms operators, portals and Internet service providers. Increasing the regional cluster via the BBC relocation will strengthen the ability of the area to be seen as a potential inward investment location for companies in these technology markets. The opportunity to create a cross-sector cluster in the North West region would also give the BBC access to innovation and market leading companies that can contribute to the direction of the BBC. Evidence of this dual approach to inward investment can be seen in the success of areas such as Kista in Stockholm and Nydalen in Norway.¹⁸ (10)

MIDAS has assisted several large organisations in their consideration and ultimately, choice of, Manchester as a key business location. In our experience organisations, such as the Bank of New York, have selected Manchester because it is able to provide all the required business services, skills, labour and infrastructure found in London at a lower operating cost. For example, the cost of office space in Manchester is considerably less than comparable offerings in London¹⁹ and salary levels are typically 25 per cent lower. In terms of value to the licence payer, relocating the BBC to Manchester represents a lower cost alternative to London. (11)

The relocation of the BBC to Manchester represents an opportunity to distribute the considerable benefits that the organisation brings to the wider UK community. Such an initiative will strengthen the regional economy and increase the representation of the regions within BBC programming. Value to the licence payers will be evident in terms of the impact that a wider BBC organisation will have on the regional and thus UK economy. (12)

7 October 2005

Letter from Dr P R Morris

I believe that all opinions should be taken into account, including those held by a substantial proportion of the public who do not profess to hold any religious faith. I would argue this on the grounds of equity, including the fact that everyone pays the broadcasting licence fee irrespective of religious belief and so should receive equal consideration.

Regretfully, I have formed the impression that the substantial body of opinion which does not subscribe to any religious belief has so far been disproportionately excluded from public broadcasting. For example, in being denied an occasional voice within important opinion-forming contributions such as *Thought for the Day*.

¹³ Michael Porter (1995) The Competitive Advantage of the Inner City, Harvard Business Review May–June.

¹⁴ Greater Manchester—Business Skills North West Sectoral Research—Creative Industries 2004.

¹⁵ Manchester Media Enterprise Zone—Feasibility Report, nmp April 2005.

¹⁶ Principles for Promoting Clusters and Networks of SMEs, UNIDO, October 1995.

¹⁷ Information Communication Technology.

¹⁸ Manchester Media Enterprise Zone—Feasibility Report, nmp April 2005.

¹⁹ King Sturge Rental Report Q2 2005. Comparable Grade A office space in Manchester costs £27.50 sq ft and in London, cost £45.00 sq ft.

It is for these reasons that I request your Committee take my views into account when deciding upon future broadcasting policy.

7 October 2005

Memorandum by H Murphy

I would like to say that Humanists etc should be allowed on *Thought for the Day* as long as they are saying something pleasant to the General Public. I think *Thought for the Day* is one of those slots which act as a rest from hard news and is a time signifier and can be a sort of “cup of tea” before one goes out to work or starts other things in one’s day.

3 September 2005

Letter from the Music Business Forum (MBF)

The Music Business Forum²⁰ welcomes the opportunity to respond to the Committee’s extended inquiry into the BBC Charter Review.

Given we have already responded to the broader terms of reference for this inquiry, our comments focus specifically on broadcasting in the Nations and Regions and the BBC’s role as a commissioner and broadcaster.

1. BROADCASTING IN THE NATIONS AND REGIONS

1.1 Generally, we support the general objective to substantially increase the BBC’s presence outside of London in terms of production, commissioning, and staff location. The BBC’s Out of London strategy rightly aims to spend the licence fee money more equitably across the UK to reflect the diversity of its audiences. The BBC’s response to the Green Paper recognition that “a balance must be achieved between maintaining the quality of output for licence fee payers and meeting the BBC’s ambitions for greater regional diversity in production”, is welcomed. However, the BBC needs to develop its strategy in terms of its effectiveness in other regional centres beyond Manchester.

1.2 It is crucial that wherever the BBC is based, it must be fully accessible to the creative community and local talent. Given that the DCMS has also indicated that there is an emerging body of evidence to suggest that culture is a key driver in the regeneration process which can help create sustainable communities,²¹ this places more importance on the BBC to be able to develop relationships with local and regional providers. The BBC should fulfil its duty to stimulate local creative economies and engage local partners and businesses to ensure that such relationships continue to develop in terms of creative clusters.

1.3 In terms of music provision specifically, from our perspective we want to see the BBC promoting local musical talent—composers, songwriters, performers across all music genres. With this in mind, we would like to see greater opportunities for people to access what could be classed as diverse or minority areas of creativity. This would make a major contribution to the need for new talent to gain exposure to be seen and heard, understood, appreciated, and shared. In the past there has been a tendency for the more popular areas of creativity to squeeze out the minority ones.

1.4 We therefore point to the BBC local radio schemes under the recently developed initiative “Raw Talent” banner that are currently running at BBC Humber, BBC Leeds, BBC North Yorkshire, BBC South Yorkshire, and BBC West Yorkshire, as excellent examples of best practice at a local level which can be further encouraged. We would like to see more examples of local radio stations working together in this way as well as exchanging and sharing material from station to station and providing more material for the national radio networks, and for the BBC to explore its relationship with the newly developing community radio stations across the country. The BBC should work in partnership with non-profit making organisations and play its role as venture capital for the creative economy throughout the UK.

1.5 This is especially relevant as regards the multi-cultural scene with there being large concentrations of different communities in specific geographical pockets. Therefore, we would like to see the BBC pursue opportunities to promote new and interesting (local) music in order for it to be shared with a wider audience. In these respects, we also would like to see the BBC actively promoting more “joined up thinking” between radio and TV in order to present further opportunities for local talent. To this end we would particularly welcome the strategic positioning of small and highly mobile TV film crews within the local radio environment.

²⁰ The MBF is an informal group of music business organisations that, since its inception in the spring of 2002, has gained a reputation as an effective representation of the interests of the music business in its widest sense to Government.

²¹ DCMS consultation document: *Culture at the Heart of Regeneration*.

1.6 In terms of the BBC developing its ultra local services, we acknowledge the potential role the BBC might have to play here, as a conduit and platform for local talent, but the BBC must ensure that it recognises the potential impact on existing local service provision.

2. THE BBC AS COMMISSIONER VERSUS BROADCASTER

2.1 The MBF recognises that the BBC must continue to play important roles as both a producer/commissioner, as well as a broadcaster.

2.2 The role of the BBC as a “broadcaster” should be in the widest possible context of the word. Hitherto, the BBC has been at the vanguard of the digital revolution and will continue to adjust to the new paradigm in which content and the services attached to it connect and interact with audiences in new ways. Creative services should be continually employed by the BBC to ensure reach and access and thus guarantee the long term viability of the corporation. Against the background of more and more niche programming or “narrowcasting”, the BBC has a vital role to play in ensuring that viewers and listeners are skilfully encouraged to broaden their interests. This will require sophisticated signposting in all areas of the BBC’s output.

2.3 In this new era and the increased use of content produced by third parties, the BBC’s role as a commissioner and broadcaster will become as important as its role as a creative producer. It is therefore vital that the BBC acts upon its obligation as a beacon of good practice in terms of promoting the respect for the rights of creators and contributors. This means clearing the rights of creators, paying market rates and accounting properly—these principles should apply both to in-house productions and to those commissioned from independent producers.

2.4 As the MBF noted in its initial response to the Committee in May this year, the BBC’s role as a commissioner of music is extremely important to the UK’s communal, economic and cultural life given the key responsibility in the public service broadcasting ecology to foster and promote new talent. As an example, the role of the BBC as a commissioner of music is vital, particularly with respect to Radio 3/the world’s biggest commissioner of new classical music.

2.5 Making programmes is a key element of the BBC’s role and a strong in-house production base must be retained for the sake of creative risk and experimentation, particularly given that the licence fee has been correctly perceived as “the venture capital for creativity”.

2.6 We agree with the BBC that the success of the organisation in terms of range of programming is very much based on the achievement of “critical mass” in terms of the BBC’s infrastructure. We therefore believe it to be vital that this “critical mass” should not be overly challenged by allowing any in-house facility to dwindle to cover only those programmes that no independent company finds itself commercially viable to produce. In this respect we do not welcome the BBC’s new Window of Creative Competition (WOCC). We believe that there is a serious risk that the BBC’s in-house percentage share of production may well fall to as little as 60 per cent or even less of overall production which we consider to be exceptionally dangerous in terms of preserving the “critical mass” referred to above. We share also the concerns expressed in a Work Foundation report earlier this year that: “once the independent production sector is larger than the BBC in-house production, with a capacity to produce every genre and out producing it in some, the BBC will reach a tipping point at which it will find it very difficult to justify in-house production capacity even on its reduced relative scale”. With a reduced scale, the capacity of the BBC to sustain high infrastructure costs of maintaining many diverse genres may well be threatened in the long term.

2.7 The potential long term dangers to the wider broadcasting ecology by reforming a BBC commissioning structure should also be recognised so far as this “risks a serious hollowing-out as a creative organisation by a rapidly growing and newly empowered independent sector who will be obliged to poach its talent because of the paucity of its own training, while driving a hard bargain over both programme provision and re-use of content in service provision—and the more the independent sector grows, the greater this impact will be.”²²

2.8 Again, we recognise the value of the BBC’s commitment to training, diversity and the broad development of opportunities in comparison to some of the independent producers.

We very much hope that the comments we have raised in our submission will also be useful considerations for the Committee members.

For further information, please do not hesitate to get in contact with the MBF.

²² The Tipping Point: How much is broadcast creativity at risk? The Work Foundation, July 2005.
Tipping Point: How much is broadcast creativity at risk? The Work Foundation, July 2005.

Memorandum by the National Secular Society

O. CONCLUSIONS AND RECOMMENDATIONS

[References to other parts of this Submission are in parentheses.]

A. *Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?*

We conclude that:

1. on radio there is more than sufficient (indeed, we consider, excessive) programming allocated to religious groups, given the proportion of active religious adherents in the population, which is quite low. (Appendix B)
2. on television the existing programmes are too often of “dumbed down” and are lacking in scepticism in the objective sense of that word; (2.1.08, 2.1.09)
3. on both radio and television religious groups are privileged and receive too much deference even during “secular” programmes such as Today; (2.2.5, 2.2.6)
4. on both radio and television the non-faith or secular humanist viewpoint is ignored, misunderstood, neglected or misrepresented in a negative way; (2.1 as a whole) particularly given they form a significant proportion of the population -at least three times as much as the total adherents of minority faiths. (Appendix B)
5. Nearly all programmes about religious beliefs or lifestyles are allocated to a theist perspective while practically none are allocated to a non-theist viewpoint, and of the few that are they treat a non-theist perspective as almost pathological, requiring some better qualified, inevitably religious, person to speak for them or explain their behaviour. (2.3.2)

B. *How should faiths (including no faith beliefs) be represented in BBC programmes, services and governance?*

We accept that:

1. programmes that are religious rituals/services have a place in BBC schedules since worshippers are also licence payers;
2. there is a need for informative and educational programmes about religions; (2.1.13)

but we recommend that:

1. programming that tends towards proselytising should be removed from the schedules, except a bare minimum of broadcasting time being devoted to worship until digital channels become available to make it practical for the existing public service broadcasting requirements for religious programmes to be cancelled; (1.1)
2. given the continuing increase in the number of people with no religious belief, the number of religious programmes especially on Radio 4 should be reduced; (app. B)
3. programmes dealing with the role of different faiths in the community and the world should be made without deference or excessive sensitivity, should be objective and not automatically exclude non-theist views; (1.4)
4. similar programmes²³ should be made showing how humanists live their lives without religion, or how non-theists approach moral problems of our time without invoking the divine;
5. the BBC should commission programmes for the general viewer and broadcast on mainstream channels at popular times (rather than be relegated to BBC4) that dispassionately examine the history and claims of religions even though it may cause discomfort to some faith groups;

C. *What more can the BBC do the better to involve the public in its decision-making?*

We recommend that:

- The equality of religion and other belief systems has been accepted by the government in several strands of legislation, and the population as a whole is little influenced by religious leaders or concepts. Rather than pay lip-service to the foregoing, the BBC should accept this wholeheartedly and reflect this balance in the way they treat the non-religious and make programmes. (2.2 as a whole)

²³ presented by secularists and humanists, so that they can make their own case, instead of having their philosophy filtered through someone who either doesn't understand it or wants to deliberately misrepresent it.

- The special interest lobby group known as the Central Religious Advisory Committee should be abolished, or at the very least, reorganised to take account of non-theist viewpoints in a way that broadly reflects the proportion of the population. (2.2.1)
- The BBC reviews (again) the way in which it deals with complaints. (2.3)
- That we should no longer keep referring clumsily to “belief and non-belief” when discussing these matters, which simply underlines the differences, but use the more egalitarian *Weltanschauung*.

D. *The brief—two concerns relating to the consultation itself*

1. We note that the question asks “Do different faiths (including no faith beliefs) figure sufficiently . . .?”. We are disturbed that the question itself seems to be biased in that it does not seek to find out whether anyone considers different faiths (including no faith beliefs) to figure excessively.

2. We note in passing that we find the description “no faith beliefs” to be less than appropriate. Most if not all of those without religious beliefs—particularly Atheists—would not consider that their position was a belief of any description.

1. The purpose of religious broadcasting

1.0 Recently the BBC has been approached by the churches for more time to be allocated to “religious broadcasting”. On the face of it, not an unreasonable request, until one asks the question, “What is the purpose of religious broadcasting?” Is it one or more of the following:

- (a) to bring the word of God to a wider audience;
- (b) to boost the commitment and understanding of the faithful;
- (c) to bring the church to the housebound;
- (d) to comment on current events and social attitudes from a religious perspective;
- (e) to educate the public in the beliefs, traditions and history of world religions ;
- (f) to subject the history and beliefs of the religion to a professionally competent and objective examination for the education of the public, particularly including the faithful.

1.1 Bearing in mind that the BBC is publicly funded, then from a secular (see 2.01 below and) viewpoint purposes (a) and (b) are entirely inappropriate, since it is not legitimate for the state or its institutions to promote a religion, since this would lend legitimacy to one set of beliefs rather than another, beliefs which are only a matter of opinion with no basis in fact. The state and its institutions’ obligation under Human Rights legislation to guarantee freedom of worship does not extend to require the financing of or other support for the churches. Existing BBC guidelines already warn against open proselytising. In any case, given the number of sects and denominations, each convinced of its own supremacy and certainties, the entire output of the BBC would probably not be enough to accommodate all of them to their satisfaction. And, having agreed to include some religions, it is not clear on what democratic basis other more extreme religions, sects or cults are to be excluded. If there were no religious broadcasts on the BBC, such questions would not arise.

1.2 Some measure of the deliberate and entirely incorrect overstatement of the importance religion is contained in the Governors’ report of a seminar the BBC instituted Taking Belief Seriously which took place on 13 May 2005, but to which no secular or humanist group was invited to send a representative, despite a request by at least one to do so. The Report, a Summary of The BBC Governors’ Seminar On Religion²⁴ contained the following, we consider to be partial, passages:

“4 IN 5 PEOPLE IN THE UK AND WORLDWIDE CLAIM A RELIGIOUS IDENTITY

“Only 1.1 billion of the world’s 6 billion inhabitants describe themselves as non-believers. And a surprising 77 per cent of people in the 2001 UK census identified themselves with a faith-group (23 per cent didn’t answer or said they had no religion).

“So though active involvement in religion is still declining in Britain, a strong sense of religious identity persists.

(our emphasis) “And levels of participation mustn’t be underestimated . . . ”

²⁴ <http://www.bbcgovernors.co.uk/docs/reviews/taking—belief—seriously.html> 1B

This seems to overlook the fact that, according to a Home Office Survey church attendance has been in decline in each of the last six decades, and according to a Home Office survey²⁵ religion is only regarded as ninth in importance to self identity, although the ranking is higher among those from minority ethnic backgrounds. It is curious that, having embarked on such an exercise, neither the Governors or their staff were aware of these facts, because had they been so they would have presumably alluded to them in the interests of balance.

1.3 As for (c)—services for housebound worshippers, we do not object to this kind of programme until alternative digital or satellite services become widely available at a reasonable cost, but this is probably just a few years away. Under d)—comment on current affairs—we should expect any such programmes to include a salutary and substantial contribution from freethinkers as well as from faith groups.

1.4 Purpose (e)—educating the audience about different faiths—is entirely legitimate as long as the presentation is objective and cultural rather than confessional. Programmes where this is being done in excessive detail or at great length and/or being frequently repeated will suggest they should be categorised under (a) or (b) as proselytising. In the case of (f)—objective examination of a faith—we doubt that any programme, on TV or radio, that subjected a religion to close scrutiny would go without challenge or even riots. The very few programmes that have done no more than dip toes in this water caused consternation in some quarters. Yet this purpose is entirely legitimate, too.

1.5 If the above is accepted, then the type of programme that would be broadcast under secular rules need not be assigned the special category of “religious” at all, but be part of the mainstream documentary and current affairs. A temporary exception, pending technological developments, would be programmes for housebound worshippers.

2. Justification of our conclusions

2.0 Introduction—misconceptions in the BBC that religious observance is the norm in our society

Whether it is Remembrance Day or commemoration of a great disaster, the public event, attended by the great and the good on behalf of all of us, almost invariably takes the form of a Christian service, thus automatically excluding non-Christians and unbelievers. A recent example was the funeral of Robin Cook, which took place in St Giles' Cathedral. Despite the fact he was an atheist, the Today programme called it “defiantly secular”.

2.1 Some typical programmes: how the BBC neglects or misrepresents the non-theist viewpoint

First, radio—mostly R4.

2.1.01 Melvin Bragg's In our time, a discussion programme involving three experts (usually) about ideas in history which are important today, does not seem to be aware of such freethinkers as Voltaire, Diderot or Bradlaugh. Discussions of Enlightenment figures are confined to scientists and their scientific achievements, or in the case of Newton, attention may be drawn to his deep religiosity. A letter from one of our members to the producer commenting on this fact and suggesting the inclusion of big names in freethought was ignored. Indeed, when the discussion tends towards being critical of religion, obviously moving away from Bragg's script, he can almost be heard squirming as he steers the discussion towards safer ground.

2.1.02 Programmes such as Beyond Belief, which examines religious belief today, sometimes include a Humanist or atheist, but the presenter is an ordained minister and the token freethinker is never allowed a free run at the subject.²⁶ The former head of religious broadcasting Rev. Ernest Rhea presented an edition of the programme on 29 August 2005 in which the BBC website billed, somewhat tendentiously, we feel, as follows:

“Beyond Belief this week steps into the secular world when Ernie Rea explores the nature of non-belief and uncovers the aims and intentions of those who clamour for a society without religion. Non-believers see their tolerance as the only possible way of managing a community which is troubled by religious fundamentalism. But can't those very secular beliefs themselves be the source of dispute and disagreement? And how do believers exercise their rights if their faith has been relegated to the private sphere?”

2.1.03 During the programme the word “secularist” was misused by the two believers several times as a synonym for “atheist” or “irreligious”, despite the fact that the two secularists (one identified as an atheist, the other undetermined) were at pains to define secularism (as defined above 2.01 and

²⁵ <http://www.homeoffice.gov.uk/rds/pdfs04/hors274.pdf>

²⁶ In discussion programmes of this type or magazine programmes such as Sunday, it is surprising how little is said in a five-minute interview, as those of us who have typed transcripts of them are very much aware.

see glossary) more than once. Furthermore, Rhea as chairman of the discussion showed none of the impartiality expected of such a position, and was shamelessly partisan. He, and others of similar outlook, would do well to follow the advice from the BBC seminar *Taking Religion Seriously* (May 2005), which recommended (our emphasis):

1K USE OF LANGUAGE

All broadcasters should try to be precise in their use of religious language. Words like “fundamentalism”, “conservatism”, “secular” and “evangelical” need expert handling. Particular risks surround phrases (like “Islamic terrorist”) linking religion with violent action. As impartial broadcasters the BBC should continue to be aware that language is often used as a weapon in religious conflicts.

- 2.1.04 The highly contentious *Thought for the Day* slot in the *Today* programme is restricted to speakers who are believers. If it is thought sensible to devote two or three minutes to a spiritual (whatever that means) contemplation of an event in the news, then this should not be the opportunity for proselytising or religio-political soap-boxing, as it sometimes is. For example, Rev. X was blatantly political in July 2004 when he demanded “explicitly Christian” legislation on prostitution. Furthermore, the contributors sometimes deliver themselves of opinions which we suspect most of the population would regard as smug or deluded, such as Ms Y on the tsunami disaster last December, or Rev. Z on the devastation caused by hurricane Katrina (names provided on request). While these opinions may be crass or ill-prepared, the BBC is careful to ensure that the speakers do not come from the full range of religious opinion, some of which may be too shocking. Why there should be an objection to a freethinker speaker is not at all clear, when—albeit very occasionally—the speaker makes no mention of God or religion and gives a view of which no freethinker would disapprove. The TftD of 3 August 2005 by Dr. Jeevan Singh Deol is an example. When we tell members of the general public that this ban still remains, most are astonished and the continuance of the ban—despite so much protest—reinforces our contention that non-believers are the last group, after homosexuals, who it is acceptable for public bodies to discriminate against, in a way that would be unthinkable for minority religious groups.
- 2.1.05 BBC Radio4’s *Sunday* programme is broadcast every Sunday morning between 0710 and 0755, devoted to religious news of all kinds and other news on which religious opinions are expressed. Often the topics cry out for a secular viewpoint or a contrasting view to the religious one which is expressed, and indeed up to around three years ago secular or humanist perspectives were heard with reasonable regularity, even if only in letters that used to be read out. Now, revealingly, there are no letters and non-religious dissention is only very occasionally, broadcast, and even then mostly in a tokenistic way.
- 2.1.06 The Radio 4 programme *The Westminster Hour—The Sunday Supplement* on 2 January 2005 featured material which amounted to an attack on secularism; the programme allowed no access to secularists and misrepresented our viewpoint. Although this was an opinion piece, it was so biased that Dr Evan Harris MP was moved to make an official complaint.
- 2.1.07 It is also noteworthy that Radio 3 finds it necessary to follow the church calendar throughout the year. Most atheist music lovers will freely admit that much great music has been composed for church use, and do not object to its presence on R3, but there are days in the year when R3 is wall-to-wall religious music and musical worship.

Next, television

- 2.1.08 Those of our members who have sampled BBC1’s *The Heaven and Earth Show* on occasion have not been impressed. The treatment of the topic is shallow, with too many people asking questions which there is not enough time to answer in any sensible way. In one programme watched by a member the token Humanist was allowed to say two sentences, more or less, while other contributors made longer statements of dubious validity. At the time of writing the programme is billed to have a studio audience asking a vicar and a sitcom star questions about the paranormal.
- 2.1.09 Last year the BBC made a TV programme about the state of religious belief in this country, which from previous experience we expected would be fragmentary, shallow and uninformative. It was worse than expected, since one of the speakers, Dr Jonathan Miller, stormed out of the studio in protest at the moronic level of the programme. Later, Dr Miller was seen on BBC4—n.b. not BBC 1 or BBC2—presenting a series on the history of atheism, which contained little in the way of commentary on religious doctrine, let alone close examination. This sop to Cerberus has yet to be seen on either of the BBC’s main channels, an example of the quarantining atheists, who seem

to be regarded by the BBC as people apart, to the BBC's least watched channel, and at a late hour, is demonstrably blatant discrimination.

2.1.10 News reporting especially is supposed to be impartial, so it was unpleasant for one of our members to hear a report from News 24 on Christmas Day about Christian missionaries here and in Africa during which the commentator spoke about the "disease" of secularism, which was a "threat".

2.1.11 Another of our members noticed this example (his words quoted) aimed at children, and it is not the only one:

This afternoon (24 October 2001, BBC1, 17:00) there was a disturbing example of religious proselytising on the BBC children's programme *Blue Peter*. The show was a special on the subject of ancient Rome and included an account of a story where St Peter met Jesus on the highway who persuaded him to return to the city to be crucified. The presenter told this story as though it were historically true, whilst we were shown film of an actor portraying a Christ-like figure appearing in the haze. No attempt was made to separate this from other parts of the programme which presented real historical facts about the Romans. I find it particularly disturbing that religious mythology is being presented this way in a programme aimed at children.

2.1.12 The BBC seminar on Taking religion seriously (May 2005) opined that:

There may be wariness in British television about commissioning and scheduling dramas which are overtly religious, and contain characters who have religious motives. This contrasts with a much more accepting attitude to strong political beliefs.

and suggested making dramas with more overtly religious themes. The BBC is even more wary about making dramas with overtly atheist or humanist themes. A small but significant pointer is the nature of the funeral when a character dies: although humanist funerals are becoming more and more popular, the scene is automatically a Christian service, usually including the bizarre phrase "in sure and certain hope of the resurrection".

2.1.13 The same seminar concluded

Basic knowledge of religion is very poor in Britain.²⁷ With the expertise of its Religion and Ethics department, the BBC can help to provide much-needed basic education about the nature and history of religion.

but made no mention of objectivity.

2.2 Other examples of the BBC's bias towards religion:

2.2.1 The BBC website has a page devoted to the Central Religious Advisory Council, which is an independent body advising the BBC on matters pertaining to religion. The list of its members does not include their religious affiliations, except through such titles as bishop or rabbi. There is in fact no secular or humanist representative on this body, although the government in several strands of legislation has established the equality of belief and non-belief.

2.2.2 In May this year (2005) the BBC Governors held a meeting about religious broadcasting, the purpose of which was apparently "to find new ways to engage the audience with religion". It is surely not in the remit of the BBC to help faith groups with their proselytising.²⁸ It does not, it seems, occur to the BBC that since the BBC's audience is clearly not interested, they should, as in any other field, make fewer programmes not more. See also Appendix B on this point.

2.2.3 In the listing of the panel assembled to discuss "Taking belief seriously" there is no mention of the religious affiliation of the members, except where it may be inferred from titles such as bishop. It appears that no member of the panel was, for example, a humanist or freethinker. We should not expect, for example, the following conclusion being admitted to the report on the seminar without protest from a humanist:

²⁷ Not least among the BBC's own staff!

²⁸ It seems, according to the DG, that "The seminar was never intended to encourage or assist the BBC in "proselytising for religions"", but governors turning up to the meeting with that phrase in their heads would find it difficult to engage with non-belief.

1e RELIGION: MORE A MORAL AESTHETIC THAN A SYSTEM OF BELIEF?

It may help to think of religion as an art-form which helps us to avoid despair and see the world in a spirit of wonder and awe. From this perspective the language of “myth” is not the same as “untruth”.

Nor is religion necessarily about the supernatural. Most religious experience is less about believing in a creed than behaving in ways that change and transform, and help us see the sacred in other people.

- 2.2.4 In an age when “old-time religion” has lost much of its hold, it seems that with ideas such as the above the BBC is willing to join with the churches in annexing ordinary decent human impulses and the emotions generated by good art and the natural world.
- 2.2.5 A Religion and Ethics newsletter this year listed a variety of religious festivals, Christian, and non-Christian, with URLs for explanatory web pages. It seems that the BBC sees itself more and more as an agency for promoting religious bodies.
- 2.2.6 A BBC report looking at impartiality in representing religions (*Impartiality Review* July 2004) mentioned atheists once in a statistics section and humanists once in a quote from an evangelical. While it may be argued that the report was about religion, that misses the point—why isn't the BBC considering its partiality/impartiality across the whole range of belief systems? In other words, *Weltanschauung*,²⁹ rather than belief, non-belief, faith, atheism etc.

2.3 The BBC's handling of complaints about religious programmes

- 2.3.1 Complaints about misrepresentation of the secular viewpoint are ignored or fobbed off with a form letter, or if there is a reply, it frequently misrepresents the nature of the complaint. We are told that since most of the output of Radio 4, for example, is “secular”, we have no reason to complain (see 2.3.4 below). This interpretation of the word “secular” in this context is, of course, disingenuous and self-serving.
- 2.3.2 Sometimes the BBC reminds us of *The Moral Maze*,³⁰ a discussion programme in which four panellists interview “witnesses” on the topic of the day. Two of the panellists are usually freethinkers or atheists. Leaving aside the main problem of this programme, the fact that at least two panellists usually have entrenched black and white views and never change their opinions as a result of the discussion, This is just one programme to set against many others where the faith position goes unchallenged. When one of our members wrote to the Religion and Ethics department asking them to name one single programme in which humanists, freethinkers and atheists could put forward their points of view in like manner uninterrupted, he received no reply—for there is no such programme. Even less likely on present form is the prospect of programmes made by freethinkers themselves.³¹
- 2.3.3 Another case in point is the reception given to complaints about the restriction of *Thought for the Day* to believers. The obdurate refusal of the BBC last year to give proper consideration to the complaints of secularists on this matter should be a cause for shame, particularly since the BBC misrepresented the steps it had taken in dealing with the complaint.³² Alan Bookbinder, the Head of Religion and Ethics, and reportedly an agnostic, had earlier—it seems—expressed the attitude of the BBC management when he wrote in a letter to *Daily Telegraph*, 23 July 2003 (our emphasis—and a further example of an attitude which would be unthinkable if directed by employees of a publicly funded corporation towards any other minority as our previous objections have to it have resulted in neither apology nor retraction):

Contributors are not dropped from *Thought for the Day* for being “too religious”, but for failing to meet the slot's exacting standards. And our recent success fighting off the atheist lobby demonstrates that it is still very much a religious slot.

²⁹ Approximately “world outlook”; no English equivalent, as in the case of *Schadenfreude*, another German word in common use

³⁰ Invented by Rev. Ernest Rhea, then Head of Religious Broadcasting.

³¹ The exception, Dr Jonathan Miller's series of programmes, noted elsewhere.

³² In a letter date 17 August 2004 to the DG, we wrote “The high profile (100+ signatories reading like an extract from Who's Who) formal complaint was rejected on air the morning after it was sent, before it could possibly have been considered in an impartial way. One of our Honorary Associates, Polly Toynbee, was later misled by a senior executive at BH claiming that the Governors had seen and rejected our complaint. She was so affronted by the episode, she wrote about it in the *Guardian*.”

- 2.3.4 An example of the way in which the BBC simply does not understand (wilfully?) complaints from secularists is the answer from a Religion and Ethics producer in reply to a complaint the *Pause for Thought* (R2) contained only religious viewpoints (our emphasis):

“The answer to your query is that because *Pause For Thought* and *Thought For The Day* are part of the BBC's religious output, it would not be appropriate to give a platform in these slots to anti-religious views. There are, of course, plenty of opportunities for the secular perspective to be expressed across the BBC's non-religious output.”

This output includes, we contend, a substantial and increasing proportion of religious proselytisation, (which we consider to be verging on subversive). What is not mentioned in the above answer is that such uncontested slots are used to voice anti-secular views.

Of course, humanists and atheists allowed access to these slots would not put forward anti-religious views, and that is not what was being requested. The DG himself is content to replicate similar excuses (21 September 2004):

The non-religious approach to life has been regularly featured on *Belief* on Radio 3, *The Heaven and Earth Show* on BBC One, and *Sunday, Beyond Belief* and *The Moral Maze* on Radio 4.

—without, of course acknowledging that the freethinkers in these programmes are all carefully corralled by believers. It is worth repeating that there are no programmes on the BBC (radio and main TV channels) which humanists and atheists have entirely to themselves: this is not the case for the religious.

- 2.3.5 Many of the BBC's staff also acknowledge that the Corporation favours religion excessively. Evidence of this is shown in Appendix A.

10 October 2005

Appendix A

THE BBC STAFF'S ATTITUDE TO THE CORPORATION'S STANCE ON RELIGION

BBC's own staff oppose discrimination against atheists exclusion from TftD in their own house magazine, *Ariel*:

EXTRACTS FROM ARIEL

28/1/03, P11—*Second Thought*

Within the BBC values framework, it states that we, as an organisation, should “make sure our output tests all points of view, and gives voice to a wide range of opinions”.

How does this sit with Radio 4's *Thought For The Day*? The programme continues to disallow atheists from expressing their beliefs. Will the programme makers be changing their policy in light of the newly published values?

Gavin Lennon, Hutchison 3G project

4/2/03, P10—*Why we must keep faith with format*

I do not think the BBC is failing atheists by excluding them from *Thought for the Day* (January 28). This item is of a religious nature and atheism is an anti-religious viewpoint. I do not recall seeing members of the Flat Earth Society on *The Sky at Night*, pro-hunting positions on wildlife programmes, or those who wish to ban boxing on the BBC's sports output, so why should those who are opposed to God expect space in programmes expressing spiritual values?

If this argument seems less than compelling to atheists, they can console themselves in the knowledge that the rest of the BBC's message is generally anti-Christian, atheists getting the last word, the best questions, and the most heroic positions. God is usually left with only the halt, the lame, the mentally confused and the inadequate to speak for him.

As a parting note, I'm left wondering exactly what kind of thought for the day atheism has to offer. I can't see despair or defeatism or self-pity going down too well at that hour in the morning.

John Davis, senior archives researcher

P10 Thought-Provoking

John Davis' sour and mean-minded attack on atheists is another great argument for our inclusion in *Thought for the Day* (4 February). Not that we needed one.

TftD is not a religious item. In practice it is a daily piece about ethics and morality. Restricting it to the religious maintains the fiction that one must have religion to have morality.

Where's the 'despair' in knowing you have just one life and living it to the full? Where's the defeatism in working to improve your world for those around you and those who follow you? Where's the self-pity in realising that, without someone to wipe your slate clean, you alone can take responsibility for your actions?

Recently there was much talk about making TftD less trite'. May I humbly suggest that this could be achieved by inviting contributors who have to think hard about their morals, rather than those who have them dictated by a very old book.

Colin Hazelden, BBC North Yorkshire

May I reassure John Davis that I suffer no anguish whatever in finding no need for a supernatural explanation of the world? Nature is just as astonishing, beautiful and fascinating whether we believe that it's part of an unfathomable plan, or that it just blunders along on its own. Tragedy and suffering are neither explained nor lessened by the proposition that they serve a greater being's hidden purpose.

Martin Young, studio and location group

Atheism is an empowering philosophy which values reason over ignorance, enquiry over acceptance. That's why theists have always striven to devalue and censor it. How sad that people like John Davis and the producers of *Thought for the Day* are still fighting the battles of the Middle Ages.

Richard Crompton, BBC Four news

John Davis asks why those opposed to God should expect space in programmes expressing spiritual values? This is the *Today* programme you're talking about, right? And since when are atheists opposed to God, I thought that was Satanists.

As an incredible parting shot he says he can't see 'despair, defeatism or self-pity going down too well' in the slot. There's a guy who stands at Oxford Circus every day with a megaphone who says pretty much the same thing, judging people he knows nothing about.

Andrew Badley, Henry Wood House

John Davis says that he doesn't understand why those 'opposed to God' should expect airtime in a 'spiritual programme'. As I understand it, atheism does not exclude spirituality—individual spirituality is truly an indefinable quantity and not the preserve of organised religions.

Greg Boraman, Digital radio development

Appendix B

SOME STATISTICS ON RELIGION

The BBC's recent published opinions on religious broadcasting seem to indicate that their audience ought to be interested in religious programmes and would be if only the programme makers could come up with a winning formula, perhaps using a charismatic presenter or packaging the material so that it appears less didactic, or boring. They talk to established representatives of religions, who will naturally put on the best face, but they don't seem to draw appropriate conclusions from any research done with ordinary people. But is the BBC likely to spark interest in religion in an audience that thinks it doesn't matter? While the churches would like to enlist the BBC in their efforts to reverse these trends, that, surely, is not what the BBC is for.

The following extracts from surveys taken in the last few years indicate the increasing rejection of religion in this country.

1. DfES Report no. 546 (2004) on social attitudes among young people 12–18:

A third of young people described themselves as belonging to a religion, with the majority, just over a quarter, belonging to a Christian religion. Two thirds did not regard themselves as belonging to any religion, an increase of ten percentage points in as many years (from 55 per cent in 1994 to 65 per cent in 2003).

As the next table shows, young people were markedly more likely than adults not to see themselves as belonging to a religion. It should be noted that the overall figure for adults disguises considerable age related differences; among 18 to 24 year olds, 60 per cent said they did not belong to a religion (as did 56 per cent of 25 to 34 year olds).

Table 2.2
RELIGION

	1994 per cent	1998 per cent	12–19 year olds 2003 per cent	18+ 2003 per cent
None	55	64	65	43
Christian	36	30	27	50
Islam/Muslim	3	1	5	3
Hindu	1	1	1	1
Jewish	—	—	1	1
Sikh	1	—	1	1
Base	580	474	663	4,432

2. The Church of England is fond of quoting the 2001 census figures to the effect that more than 70 per cent of people in England and Wales consider themselves to be Christian. It would be unwise to rely on this figure for two reasons:

- (i) As the Scottish version of the census showed, different results are obtained if you ask first about religion of upbringing, then about religion currently practised. As we noted in our consultation response to the Office of National Statistics in August 2005:

In the 2001 Census the Scottish questions came the nearest to being comprehensive and accurate by acknowledging the statistically significant distinction (both qualitatively and quantitatively) between the subjects' religion of upbringing and their religion at the time of the Census, and asking about both. This double question has enabled research to be undertaken which has given a much better understanding of religious belief and adherence in Scotland, such as that carried out by Prof Steve Bruce and Tony Glendinning at the University of Aberdeen.

- (ii) The framers of the question assumed that the respondents would know what was meant by Christianity (or Islam, or . . .). A Reader's Digest Survey in March 2005 showed that only 48 per cent of those questioned knew what Christians are remembering at Easter, the most important Christian festival. It would be interesting to do a survey to find out what those who labelled themselves Christian really know about Christianity.

Other surveys seem to yield answers at odds with the census:

3. Mori poll, May 2005 (The Tablet 20/5/05) shows low levels of religious belief 24 per cent of electors define themselves as having no religion.
4. National Centre for Social Research Research³³ 65 per cent of 12–19 year olds define themselves as having no religion
5. Welsh Omnibus Survey—June 2004³⁴ for C4C 59 per cent never or very occasionally attend a place of worship
6. Yougov poll 2005 Is C of E important?

In a large-scale of over 3,500 people, the C of E came 32nd out of 37 in a list of what people think defines Britishness. Only 17 per cent of respondents thought that the Church of England was “very important” in contributing to a sense of Britishness, while 23 per cent thought it was “not important at all”.

³³ Report No 564 publ 2004 Young People in Britain: The Attitudes and Experiences of 12–19 Year Olds.

³⁴ Beaufort Research Limited, 2004 <http://www.beaufortresearch.co.uk>

Memorandum by The Newspaper Society

1. Thank you for inviting the Newspaper Society to make a further submission to the extended inquiry of the House of Lords Select Committee on the BBC Charter Review.

2. The Newspaper Society represents the regional newspaper industry and has a particular interest in your request for comment relating to *Broadcasting in the Nations and Regions*: “Should the BBC move towards ultra-local services? If so, what form should said services take? Should the BBC provide stand-alone local services or work in partnership with other non-profit distributing organisations?”

3. The Newspaper Society’s members publish around 1,300 newspaper titles, serving regions, cities, towns, villages and neighbourhoods throughout the United Kingdom. The regional press is the most read media, most trusted by its readers, who number around 85 per cent of the adult population. It has a long tradition of providing essential news and information, leading campaigns, stimulating opinion, debate and action and enabling businesses to reach their customers in the local community. The regional press has a long heritage of building substantial public value in the communities in which it is based, independently of state support and public funding.

4. Regional newspaper companies face fierce competition for those readers and advertisers. They are investing and innovating to complement their traditional portfolio of print, text and pictures with broadcast, audio, video and interactivity online. The underlying migration from printed page alone to print alongside TV, PC, mobile phone or other screen is a fundamental trend for the local press and vital for its long term future. This is threatened by the freedom that the Government’s Green Paper would continue to permit the BBC to enjoy and the adverse impact upon its commercial competitors that the Government apparently intends to encourage the BBC to exploit.

5. The regional newspaper industry’s ability to sustain its crucial role in its communities is at risk from the BBC’s planned expansion in the local and regional media. The BBC wants to use the freedoms given by its existing Charter to expand its existing services, claiming justification through its nations and regions remit for its plans for ultra local television, expansion of its *Where I Live* and local websites. Far from remedying an instance of market failure, this expansion is likely to precipitate one, condoned and encouraged by Government through the Charter Review Green Paper. Commercial competitors could be pushed out by a licence fee funded BBC, unrestrained by the commercial demands of the market, taking advantage of cross-promotion, branding, scale economies and privileged distribution. At a stage when local online or TV services are starting to become commercially viable, a large scale BBC roll out could undermine the business case for commercial innovation and distort investment. In the long term, local digital media could effectively be restricted to effective monopoly provision by the BBC.

6. There is even uncertainty as to the form of the regulatory regime for the BBC’s West Midland ultra-local television pilot service through which the BBC intends to “expand links between the BBC’s *Where I Live* websites, local radio and television” and hopes will lead to 60 similar services across the UK:

- it is uncertain whether the pilot will be reviewed under the new or existing Charter, given the BBC’s timing of its launch and its evaluation;
- if it is to be reviewed under the existing Charter, that raises questions about the appropriateness of the BBC undertaking its own review so close to January 2007 and what the role if any the Secretary of State will have;
- we have no assurances that the review will examine the interaction between the pilot service and other local BBC services and publications that the BBC envisages of such significance;
- we do not know whether the public value and market impact tests under the new Charter will be applied to the proposed 60 separate local services on an individual basis. We consider that this is very important as public value and market impact considerations will vary from area to area;
- we do not know whether the services’ operation will be subject to review and whether revision or withdrawal could result.

7. The industry is very concerned about the proposed supremacy of the BBC Trust under the new regime and in particular its ability to override OFCOM’s market impact assessments. The proposals would allow the BBC Trust to authorise new BBC services on public value grounds, despite the independent assessment that they will have adverse market impact. As the BBC Trust is specifically to be given this power, it is clear that improved transparency and accountability in the way that the BBC functions are not expected to preclude any such situation arising. Improvements in BBC openness are not sufficient to address the industry’s objection to the BBC Trust override.

8. Under the Green Paper proposals, the BBC Charter remains as broad as ever; the BBC's existing services remain unchecked and free for development, in any way across any media that the BBC chooses; new commercial services will be freed from any prior consent requirements; fair trading commitments will be opaque; and the BBC Trust, not the Government, will be able to decide whether new licence fee funded services should be authorised, even if OFCOM has independently decided that they have an adverse market impact.

9. The Newspaper Society has produced a full report examining the impact of the BBC's regional activities permitted under the Green Paper proposals upon the regional press. As a result, the Newspaper Society considers that the Government should revise its proposals and:

- reject the BBC's proposed model of large-scale rollout of "ultra-local" TV/ broadband internet to 50–60 cities at this stage of the market's development;
- deny additional licence-fee funding for either "ultra-local" TV or for further development of the BBC's *Where I Live* sites;
- ensure greater transparency in the BBC's investments in local services through publication of detailed accounts for these services;
- deploy public funding to research/pilot programmes of local commercial media services on digital platforms—and publish the findings in the public domain;
- where publicly-funded pilot programmes are conducted by the BBC—such as the Midlands local TV trials—ensure that the BBC both involves local media groups in the design and execution of the pilot, and publishes all findings in the public domain;
- ensure that any future decisions on extending local BBC services be contingent not only on a public value/market impact test, but also on the completion of OFCOM's review of local TV post-switchover and on a public consultation of the role for commercial media in light of its findings;
- confirm that public value/market impact tests be undertaken by OFCOM and not the BBC Trust, and that the process for conducting these assessments be open to public consultation;
- reframe the BBC's eventual remit in local communities as a cautious and selective intervention in certain areas—be they specific localities, types of service or audience segments—where there is clear evidence that commercial models will not be sustainable;
- define a clear "exit plan" for any new BBC services that are approved—namely a set of measurable and transparent criteria under which the original justification for BBC intervention ceases to be valid, and at which point the BBC is compelled to withdraw from the provision of these services;
- define specific areas where the BBC should offer assistance to local commercial media in their migration from traditional to digital media platforms. This might include facilitating distribution, providing access to the BBC's output and archive on favourable commercial terms, or promoting emerging commercial ventures.

10. Furthermore, contrary to the Green Paper's suggestions, the industry contends that:

- the BBC Charter should no longer allow the BBC to pursue any public service or commercial activity, by means of any technology available, by reference to widely defined core public purposes;
- the proposed scope and regulation of the BBC's publicly funded services and commercial services, the proposed roles of the BBC Trust, OFCOM and Secretary of State and proposals for transparency will not provide adequate safeguards for the commercial sector;
- existing services, new services and changes or proposals for extensions to any service should all be subject to consent and licence, with the decision made by an assessor wholly independent of the BBC. The consent and licence procedures should require strict definition of the scope of the services licensed, consultation of commercial competitors, an independent assessment of the impact of the service or the proposed change upon commercial competitors, refusal of consent if there is an adverse market impact, continuous review of the operation of the services, assisted by financial transparency, and mechanisms to enable swift changes to service licences, including withdrawal of licences. There should also be appropriate procedures for independent review of the services in operation; effective enforcement procedures to ensure compliance with the terms of any licence; appeal of decisions and remedies including confirmation, variation or revocation of consent and licences. Third parties, including commercial competitors, should be able to initiate and be party to review, enforcement and appeal procedures.

11. The regional press also considers that the Government must consult on the proposed review of the BBC's licence fee funding and in the course of any review of public funding for a wider system of public service broadcasting.

12. The Newspaper Society would be very happy to provide further detailed comment upon the important issues at stake for the regional press, if this would be helpful.

7 October 2005

Memorandum by The Non-Subscribing Presbyterian Church of Ireland

RESPONSE TO THE PAPER ON CHARTER REVIEW

The NSPCI welcomes the broadly-based nature of the Government's consultations on Charter Review and the meetings and research which have taken place in Northern Ireland as part of this work. It is encouraged by the Green Paper's commitment to the BBC's continuing role as a large-scale broadcaster focussed exclusively on the public interest and its independence from political, commercial and sectional considerations. We recognise the important role played by the BBC at local level and its contribution to the social, cultural and economic life of our region. It will be essential to maintain the breadth and effectiveness of this activity over the next Charter period and for the BBC to reflect the diversity of life in Northern Ireland in both its local and Network programming. We believe that our region should be more fully reflected in the BBC's UK-wide television and radio schedules and welcome assurances that the volume of such material will increase considerably as part of the new Charter settlement. In all of this, it will be important to maintain the distinctiveness and quality of the BBC's output and for its activities to be clearly aligned with the public purposes and characteristics outlined in the Green Paper and also for the Corporation's performance against these criteria to be monitored in a consistently rigorous, robust and transparent manner.

Ensuring that the BBC fulfils its public purposes and potential and developing its accountability to licence payers will be key responsibilities for the BBC Trust. The latter's credibility and effectiveness will depend on the skills and diversity of its members and their understanding of the needs, circumstances and characteristics of the BBC's audiences across the UK. In this respect we believe that it will be critically important for the next Charter to include provision for full and mandatory Northern Ireland representation on the BBC Trust (consistent with arrangements in place since 1952 for the appointment of a BBC National Governor for Northern Ireland). We are concerned about the ambiguity of the Green Paper's commitments in respect of nations' representation on the BBC Trust and believe that this is a fundamental issue for the new Charter. It will also be important to make adequate provision for Accountability structures at more local level and for the powers and responsibilities of the Broadcasting Council to be enhanced, to include the development of its advisory role in respect of BBC Network programming and other aspects of the Corporation's work.

We agree with the Green Paper's statement that the BBC should reflect all aspects of the UK's diversity in both its mainstream and specialist programmes and welcome Government's view that the BBC should "*provide a range of programming reflecting different religions*" and that such output should include acts of worship alongside current affairs, drama and other programmes which explore issues of religion and ethics from different perspectives and for a range of different audiences. Maintaining the quality, volume and prominence of such output and developing its appeal for a generalist audience should be key priorities for the BBC over the coming period. We believe that such output should adequately reflect the traditions, activities and beliefs of smaller Christian denominations and faith communities and that the BBC should be more pro-active in its engagement with these communities as part of its work to respond to the diverse and changing nature of local and wider UK society.

We note the increasing availability and use of digital television and radio and believe that audiences in Northern Ireland should have full and equitable access to BBC services across the full range of existing/developing delivery platforms and suggest that Government should give careful consideration to the needs of disadvantaged and vulnerable groups in the implementation of its plans for digital switchover. We note that Northern Ireland may be the last UK national region to become "*fully digital*" and will wish to understand the criteria that will guide phasing of this process and to seek assurances that local communities will not be disadvantaged by the schedule for analogue switch-off.

In summary, we broadly welcome the Green Paper's proposals for the future of the BBC and its emphasis on the need for the BBC to remain "*a cultural institution of real size and scope*" with clearly defined public purposes/characteristics and a commitment to reflecting the diversity of the UK in its structure, programme-making activity and output. We believe that it will be important for new BBC Accountability arrangements to safeguard and build upon the best elements of existing practice and for this to include full Northern Ireland representation on the BBC Trust (and all/any other UK-wide bodies established to represent licence payers interests) and an enhanced role for the local Broadcasting Council. Appointments to the latter should be publicly advertised and independently audited, consistent with OCPA guidelines and practice, and should seek to ensure that the composition of the Council remains broadly reflective of Northern Ireland society.

We look forward to receiving the Department's views on these issues and hope that our concerns and recommendations will inform its work in developing the White Paper and new Charter document.

27 April 2005

Memorandum by K Partington

There is too much religious broadcasting on the BBC and not enough attention paid to the MAJORITY of British people who have NO religion at all. The fairest system would be to allow NO religious broadcasting, and allow the BBC to concentrate its vast resources and income on broadcasting material interesting to the general population—most of whom are non-religious.

9 October 2005

Memorandum by S Perry

Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?

There is an over-emphasis on the positive aspects of faith, with very little focus on the negative aspects. Atheism or non-faith is essentially ignored, presumably to avoid offending those of religion.

Atheism is essentially the belief that religion has got it wrong. The phrase “you’re wrong” might offend religious leaders, but this offence should not be allowed to suppress the alternative view. Anything that encourages people to debate and think about religion must surely be a good thing.

How should faiths be represented in BBC programmes, services and governance?

Objectively.

Politically, the BBC must take an objective approach. This objective policy must be extended to religion if the BBC is going to be seen as truly independent.

Currently, BBC programming is surprisingly pro-religion. How many Atheists or believers without an organised religion have so far spoken on Radio 2's *Thought for the Day*?

If the BBC is to continue its religious programming, it needs to be objective. When addressing a religious belief or idea, perhaps it would be better if the following points were addressed:

- What arguments/evidence exists from the religious leaders to show this is right or truthful?
- What arguments/evidence exists from scientists or ethics experts that this is wrong or unethical? The BBC should not be afraid to give the impression of “this didn’t happen” in the case of overwhelming scientific evidence (eg the Adam and Eve story).
- Does the view being given contradict what is written in the written text of the religion itself?

When discussing religious topics in the first place, currently the majority of subjects seem to be defined by the religious leaders themselves. They almost always focus on aspects of the religion that coincide with the public majorities' moral beliefs, so that people see only the positive side of religion. This isn't an objective approach. Rarely do we see a program investigating beliefs about homosexuality, non-virgin brides or other religions as they are taught according to the word of the Bible, Koran or other religious text. You need to show both sides to be objective.

8 October 2005

Memorandum by Professor Phil Redmond CBE

THE BROADCASTING OF SPORT

Q1: *Should the BBC have a duty to bid for certain sports events?*

The BBC should only have a duty to bid for coverage of sporting occasions that pass a cultural imperative test. ie: are they of interest to the nation as a whole and/or the occasion is/will not be adequately covered elsewhere; are they minority sports receiving no commercial exposure; are they developing sports that needs promoting and encouraging? This should be a wider test than the “protected events” criteria.

However, if and when the BBC does decide to bid for such events, to reduce high prices paid for access (which must come from the Licence Fee); there is also no need for the BBC to have exclusive rights to such occasions. They should be free to explore the partnership possibilities in sharing resources with commercial broadcasters and, as a consequence, also receive either free access to such events or share in sponsorship revenue for exposure on the PSB platforms. This is not the same as competing for rights.

Q2: *Is the BBC too aggressive in the way it bids for sports rights?*

The BBC is probably as aggressive as the market demands.

Q3: *Should there be an independent review of the way the BBC bids for sports rights?*

There should be an independent enquiry taking on board the comments made in Q1 above.

BROADCASTING IN THE NATIONS AND REGIONS

Q1: *Does the BBC's proposed move to Manchester represent value for money for the licence payer?*

The proposed move to Manchester is probably not value for money as it mainly involves relocating people from one centre to another with all the concomitant costs and difficulties that will entail. It would be far better to change policy and allow the staff at the existing regional centres to change their focus so that they can supply programming from the regions to the centre. This would not require huge upheaval and relocation costs.

Q2: *Should the BBC continue to decentralise?*

The BBC should continue to decentralise but the definition of the term needs close scrutiny. Decentralisation is not relocating existing structures to newer buildings.

Q3: *Should the BBC move towards "ultra-local" services?*

The BBC should not move to ultra-local services as this would require resources far beyond what would be politically acceptable, for both government and Licence Fee payers. The BBC should retain its role as national public service broadcaster but should look to using that position as a collator and disseminator of cultural agendas.

Q4: *If so, what form should such services take?*

The BBC should not supply ultra-local services as it will never have sufficiently strong roots in local communities to make them efficient and relevant.

Q5: *Should the BBC provide stand-alone local services or work in partnership with other non-profit distributing organisations?*

The BBC should not provide stand alone services but should work in partnership with local community groups. In areas such as training and media aggregator.

THE BBC WORLD SERVICE

[No response submitted]

RELIGIOUS BROADCASTING

[No response submitted]

THE BBC AS COMMISSIONER VERSUS BROADCASTER

Q1: *In the context of the digital revolution is the future of the BBC principally as a producer and commissioner of high quality programming or as a broadcaster?*

In a future digital world the term broadcaster will become redundant as consumers will migrate to whatever digital medium they feel most with whether that be radio, television, PDA, phone etc. The role for the BBC will be to act as content aggregator and provide a safe and trusted portal for consumers to use. This tends to suggest that the future will be as commissioner. It will be forced by technological change with only the rate of change slowed by political moderation.

The digital switchover, in terms of consumers using digital platforms has probably already happened in most homes, with the challenge being to ensure universal social inclusion to online services rather than the form that broadcast television takes.

CONNECTING TO THE LICENCE FEE PAYER

Q1: *What more can the BBC do better involve the public in its decision making processes?*

The BBC can connect better in three ways:

- by looking to digital technology to develop new methods of interactive monitoring of output, or future output, in the form of computer analysis of digital responses through websites etc, in much the same way that major retailers monitor customer preferences through loyalty cards;
- by including an annual questionnaire with each Licence Fee renewal demand/notice; and
- by regionalising its governance by setting up devolved boards/trusts to represent the BBC in each region as well as monitor output in each nation and region—with the Chairs of those boards coming together to form the national governors or Trustees. That way the nations and regions would better support the BBC's national role.

10 October 2005

Memorandum by D Reynolds

“How should faiths be represented in BBC programmes, services and governance?”

If ignorance breeds fear, fear hatred and hatred violence, then education has the opposite effect. To this extent, then, it is desirable for the BBC to help each section of its audience become more aware of the others. Therefore, the BBC should not target programmes at particular religions. Just as faith-based schools lead communities to grow apart (Barry Sheerman, chairman of the Commons education select committee),³⁵ so faith-based programming coalesces audiences around separate religions. Instead, the BBC should ensure that programmes generally reflect the balance of views amongst the wider population.

That population today is more secular and non-theistic than ever. The 2001 census presents a misleading picture,³⁶ because by asking the question, “What is your religion?” respondents were encouraged to select a religion even if they were not religious. Despite this, the second largest group, at 15.5 per cent (9.1 million), were those stating they had no religion. This group was almost six times larger than the next religious group. The trend is towards people believing what they can test for themselves in preference to trusting ancient texts. Internationally the half as many people self-identify as non-religious compared with Christian.³⁷

Discussing education in schools, Ian Gibson, chair of the Commons science and technology committee, said, “Education has to be based on scientific facts.”³⁸ Surely this requirement must extend to any remit provided to the BBC. Programmes must not misrepresent fictitious or speculative content as factual. The BBC must not proselytise. There must be no place on the BBC for programming dedicated to religious worship.

All governors of the BBC—or their proposed replacements—should be required openly to declare their religious views, and any group with responsibility for overseeing religious balance should have a make-up that reflects society as a whole.

28 August 2005

Letter from J Rodell

It would be appreciated if you could draw the attention of the House of Lords BBC Charter Review Committee to the following comments in response to their inquiry. I offer these on an individual basis, although I am aware that they are largely shared by fellow humanists and others who hold views on ethics and morality independent of religious belief.

³⁵ <http://education.guardian.co.uk/faithschools/story/0,,1554593,00.html>

³⁶ <http://www.statistics.gov.uk/cci/nugget.asp?id=293>

³⁷ <http://www.adherents.com/Religions—By—Adherents.html>

³⁸ <http://education.guardian.co.uk/newschools/story/0,14729,1544829,00.html>

1. STATUS OF THE BBC

Firstly I would like to make clear my strong support for the continued status of the BBC as an independent broadcaster largely financed from the license fee. Having travelled to many other parts of the world, I think it is fair to say that much of the BBC's output, notably Radio 4, is unrivalled in breadth, depth, quality and freedom from government and commercial influence. The license fee, along with the appropriate governance arrangements, seems to be the best guarantee that this will continue.

2. RELIGIOUS BROADCASTING—THE ISSUE

2.1 However, I believe it is time to review the BBC's remit in respect of religious broadcasting. The current position is exemplified by the *Thought for the Day* slot on the Radio 4 *Today* programme.

2.2 According to the 2001 Census, "people with no religion" form the second largest group in the country after Christians—at 15pct nearly three times the size of all non-Christian religions added together. Yet the BBC Religious Broadcasting unit refuses to include humanist or other non-religious speakers among the *Thought for the Day* contributors, while continuing to include at least one speaker who uses the slot as a platform to evangelise Christian beliefs.

2.3 The implication of omitting non-religious speakers is that the Religious Broadcasting unit considers that only those with a belief in the supernatural can claim legitimate views on moral issues. This is both untrue and rather insulting. (Indeed, as an atheist I believe that all codes of morality are/have been of human origin, often produced by gifted thinkers and leaders, but in most cases informed by one of a variety of erroneous supernatural beliefs.)

2.4 *The Thought for the Day* issue is, I believe, symptomatic of an underlying lack of clarity on the role of the BBC in the religious sphere.

3. RELIGIOUS BROADCASTING—SOLUTION FOR CONSIDERATION

3.1 Religious belief is, of course, a sensitive issue, especially following recent events. The future role of the BBC's religious output needs to be considered in the wider context of the debate on multiculturalism, and bearing in mind the BBC's role in the "British Establishment" and hence in the elusive concept of "Britishness". Clearly it needs to maintain wide appeal and adapt to changing times.

3.2 It could be argued that, as 70 per cent of the population is Christian, and the Church of England is formally established, the BBC should be a bastion of CoE Christianity. But this would alienate the 30 per cent of the population who are not Christian, along with the significant proportion of non-CoE Christians.

3.3 A more realistic and "future proof" approach would be for the BBC's remit to be clearly secular and even-handed. That would not mean an absence of broadcasting on religious topics, just as political neutrality does not imply an absence of broadcasting on political topics: *Thought for the Day* would continue—albeit with an even-handed approach—as would many of the excellent programmes exploring religions, religious history and thinking, morality and so on. Nor would it prevent formal occasions that take place under the auspices of the established church, such as State weddings and funerals, from being broadcast. But it would mean a responsibility fairly to reflect the views in the country in everyday output.

3.4 One type of output would not, however, be compatible with a strict interpretation of "secular and even-handed" and that is the broadcasting of Christian services for their own sake, such as in *Songs of Praise*. In these cases the BBC is effectively using license-payers money to provide a service to Christianity—neither secular nor even-handed. I can see that this would be a problem given the popularity of these programmes, their traditional status and the fact that they are often watched and listened to by the elderly or otherwise housebound. A possible solution could be a transitional arrangement leading to the establishment of a separate digital channel for such output, perhaps funded commercially or by donation but outside the BBC umbrella.

4. SUMMARY

My primary purpose in writing is therefore to urge a change in the BBC's Charter. Bring religion into line with politics by making the BBC responsible for maintaining a secular and even-handed approach to this important and sensitive topic.

9 October 2005

Memorandum by A Rogers

The first questions to ask are:

Should any mass-broadcasting time be devoted to religious broadcasting?

If so, for what purpose and with what justification are such broadcasts made?

The adherent of any religion, unless totally house-bound or living in an area without the provision of an appropriate place of worship, may attend his or her place of worship for the purpose of religious indoctrination or practice. A case might be made for those two categories of people to be provided with broadcasts to meet their specific needs. Before these are provided some attempt should be made to measure or estimate the number of people in this situation in each religion and the incompatible divisions of such religions (presumably Catholics would not want to receive Baptist broadcasts and *vice-versa*).

My guess, based upon no information at all, is that the numbers would be very small overall and would necessarily comprise even smaller numbers in the separate divisions. Some form of delivery other than mass-broadcasting would therefore be more appropriate. Radio broadcasting by religious organisations on their own channels (as an example the Roman Catholic Köln Cathedral *domradio*) seems the most appropriate. Technical help and encouragement might be provided by the BBC, although this should be at no cost to the general license payer. The religious body should fully fund and staff such broadcasting from its own resources.

I can see no justification for using broadcast time on the five terrestrial TV channels and the mass audience radio channels for “pure” religious broadcasting given that the audience is multi-cultural and largely non-religious. However, debate about moral, philosophical and scientific issues which are in conflict with religion or intellectual debate between theists and atheists are, in my view, entirely appropriate and in keeping with the BBC’s responsibility to inform, educate and entertain. I remember with some affection the BBC *Brains Trust* broadcasts. If only the BBC would aspire to those standards once again.

The mass broadcasting of religious indoctrination without intellectual challenge is as unacceptable as political indoctrination without intellectual challenge, particularly since senior religious figures frequently attempt to interfere in the process of law making by democratic government.

August 2005

Memorandum by S Ryder

1. The BBC, while it has a responsibility to represent the interests of minority groups, clearly has a bias towards selecting the interests of religious groups above those of rational-minded non-religious thinkers.
2. The BBC, like many other institutions, seems to have a streak of cowardice in that it happily allows reactionary bigots from the religions who shout the loudest in society to have regular platforms to air their drivel, tiptoeing around issues of faith so as not to risk offending anybody who will cause a fuss. On any given day, there are rabid evangelists for Christianity and Islam using the licence-payers’ money to spread their beliefs. It is clear that representatives of less reactionary and more humble religions are given less of a platform.
3. That said, there is no reason why these special interest groups should be given *any* special treatment. How can the BBC justify giving a platform to one religion and not another? If I invented yet another patently false religion today, would *I* be given the opportunity to try to corrupt the minds of the young via the BBC?
4. Most importantly, there is absolutely *no* justification for denying the validity of sensible, rational thought while essentially promoting the lies of the religious minority, which is exactly what happens on a daily basis. As an obvious example, Radio 4’s *Thought for the Day* supposedly speaks to the people of the nation about matters of morality and how we live in the world; yet, for no valid reason whatsoever, only representatives of several seemingly randomly picked religions are chosen as the spokespeople for our inner lives. This is not to do with “thought” in any sense of the word, still less to do with fairly representing how we deal with issues of morality and the inner life in this country. Whichever religion is being spoken for on any given morning, *the majority of people listening do not believe in that god*—whether they believe in another god or, like the majority of people, have no god, whichever religious group is being given airtime that morning does not speak for the majority. The majority of people in the UK in 2005 are decent, thoughtful and moral—they do not get this from the Koram or the Bible but from thought, both rational and instinctive. God and other fairy tales have no place in creating a civil, morally upright society.
5. It is not just *Thought for the Day* which shows the BBC pandering to the needs of religious groups to spread their word. The majority of news programmes contain at least one issue on which it is thought proper to have comment from leaders of a couple of the (noisier) faiths. What valid reason is there that representatives of secular groups are not given equal platform? We are the majority after all. If an issue is important enough in

its social resonance that it seems reasonable to invite someone to comment on its effect on the fabric of society, why does the BBC instinctively go for a Muslim cleric and a Church of England Bishop? The prime purpose for these people is to spread their religions; that is their *raison d'être*—and indeed the *raison d'être* of all religion is to propagate itself. It seems only sensible—only *fair* to my mind—that non-religious people are chosen instead from now on to comment on societal events of import and to host *Thought for the Day*; to present programmes on morality based on *morality*, not on religion. There is no shortage of these commentators—the philosophers, scientists, sociologists, writers and thinkers who make up our intellectual world are the people who have valid opinions, based on thought and reason, not blind faith in fairytales.

1 September 2005

Memorandum by D Spencer

Religion, belief, is up to individual, should not be promoted by the state. The church should be completely separate from the state. It should receive no tax payers money in any form. If it cannot survive through its own merits, it should perish. Surely this is the ethos of the capitalist system we live under. And evolution will not stop, human society included.

Belief in an all powerful being which “made” the world, is primitive, backward, and ok for those who need such a crutch to deal with the injustices, cruelty, poverty, etc, rampant all over the planet. Most of this mayhem is being caused by the likes of Bush and Blair, who's military adventurism is justified as a moral issue via religious beliefs. God is on our side! It is just a device to hide behind when trying to grab the oil, or whatever other imperial objective is being pursued. Of course, the other lot claim Allah is on the their side.

To encourage this superstitious nonsense by any means is to prolong the death throes of something which should have gone into the dustbin of history long since.

It seems to me that religious content of the BBC's output has risen considerably over the past few years, with very little balanced programming of no faith material.

I suspect the influence of Blair and his pious gang have a lot to do with this. Since the Hutton affair, the BBC seems to have become supine, no zest for confronting ministers with hard questions. If the governors of the BBC have been tamed its independence is threatened, the population will turn even further away from the establishment, and the divisions in society will deepen. We see already a general cynicism and feeling of disconnection from the Westminster village. No one believes, or treats with suspicion, what ministers and government officials say. Where are the leaders of integrity and vision?

How can faith based schools encourage integration? The opposite, a fractured, divided society will be the outcome. Dumb the proles down, especially the children, and religion is a great way to achieve this. Feed them junk food, fill their minds with superstition, (RE), and low expectations. Blair says we must compete in the global market place. Does this mean lots of low pay jobs like in China and India? Not much for the young to look forward to, a dollar a day standard of living.

Is this really the England my fathers generation gave their all for in the last “war to end wars”?

It is essential that your committee understand the damage to society that allowing religious interests to have influence in broadcasting and government can and does do, and act accordingly.

10 October 2005

Letter and memorandum from Trinity Mirror PLC

I enclose Trinity Mirror Plc's submission to the extended Lords' Select Committee inquiry into the BBC with a specific reference to broadcasting in the Nations and Regions and “ultra-local” services.

In essence, we believe that the launch of the BBC's pilot projects into ultra-local news provision has not been properly thought through. The proximity of the conclusion of the pilots and the adoption of a new Charter with its accompanying new regulatory regime, leave any Market Impact Assessment of these new services in a regulatory no-man's land.

1. INTRODUCTION

1.1 The Lords BBC Charter Review Committee has extended its review into the BBC and will now hold a short inquiry to consider specific aspects of BBC activity including decentralisation and “ultra-local” services. The Committee has invited interested parties to submit evidence to assist it in its inquiry.

1.2 This submission has been prepared on behalf of Trinity Mirror Plc, the largest regional newspaper publisher in the United Kingdom with a regional presence of 250 titles including the Newcastle Evening Chronicle, The Journal, Liverpool Echo, Liverpool Daily Post, Western Mail, South Wales Echo, Birmingham Post, Birmingham Mail and the Coventry Evening Telegraph. Through its subsidiaries, Trinity Mirror also publishes the Daily Mirror, Sunday Mirror and The People and the Daily Record and Sunday Mail in Scotland. This submission is structured in accordance with the suggestions contained within the Committee’s announcement of 2 August 2005.

2. DISTORTION OF THE MARKET

2.1 The Government’s central communications policy is to ensure a plurality of media voices in any market place. Trinity Mirror has long held the view that plurality ensures strong competition and a diverse market. If the BBC uses public funds to create a new ultra-local news content service using new technologies and delivery mechanisms it will ultimately stifle investment from commercial investors and inevitably lead to a reduction in pluralism.

2.2 Local newspaper companies invest in providing ultra-local content. Our audiences demand ultra-local content. As those audiences adapt to new technologies they will want their trusted newspaper content, segmented or otherwise, to be available to them on platforms of their choice.

2.3 If the BBC has already colonised those new platforms what incentive is there for commercial operators to compete? Even if they wanted to compete, would they be able to do so?

2.4 The BBC is not subject to the financial or revenue constraints of a commercial business. It could support a financially unsuccessful project in the name of the public’s interest. Trinity Mirror argues that if a revenue-blind model is allowed to lay claim to new delivery platforms in an infant market, it will distort that market.

2.5 The commercial development of local news online relies upon investment rewarded by advertising revenue generated from site users. The BBC, entering early with rich content and no need for commercial returns, will take a significant share of the audience for local news. In doing so it will reduce the returns available to the private sector and hence its level of investment in local news services.

2.6 We agree with Philip Graf, who conducted a market impact assessment of BBC online, when he concluded that the presence of the BBC in the online market might: “Lessen competition by deterring investment by commercial operators that could have led to new forms of competition”. (Graf Report Page 58).

2.7 Competition is served best when investment, risk and innovation lead to many new projects being launched in the market. In a burgeoning low-audience digital market these projects are currently defined by higher than average levels of investment with higher levels of risk exposure and much lower returns, at least in the short term.

2.8 When innovative decisions are considered in this environment, the presence of a licence-fee supported BBC service will act as a deterrent to investment decisions. Even a commitment by the BBC for a service expansion into a new or extended digital market will bounce commercial innovation away. This isn’t a matter of the BBC addressing market failure. It is rather that early ownership of a new platform, backed by public funds, might leave the BBC acting as a monopolistic incumbent.

2.9 As the market fragments, it will be essential for traditional paper-based media to expand onto alternative platforms to retain readers and advertisers. If those new platforms are effectively closed off because they have already been occupied by subsidised services from the BBC, the long-term future of the core paper product may well be placed in jeopardy, with a consequential threat to plurality.

2.10. Licence fee-backed experimentation on new delivery platforms constitutes, in our mind, unfair competition against commercial parties who need shareholder approval to proceed with new investments.

3. MARKET IMPACT ASSESSMENTS AND PUBLIC VALUE TESTS

3.1 The Government’s Green Paper says: “There should be sufficient flexibility in the system for the BBC to add and remove services in response to changing technologies and market conditions. Any significant change should be subject to a public value test that incorporates a market impact assessment (MIA). Only where the public value of a change outweighs any adverse market impact should it be allowed”. (Page 14 “Review of the BBC’s Royal Charter”).

3.2 Trinity Mirror asks the Committee to consider whether the public's interest is served by the extension of BBC content into ultra-local markets. If the public's interest is served at all by such an extension, does that public value outweigh any adverse market impact? How can such a market impact be measured given that the effects on competition of a new or extended BBC service must include the likely effect of the BBC hindering competition in the medium to long term?

3.3 "Market impact assessments of BBC services also play an important role. Significant investment by the BBC in new services would—if not properly directed—have a chilling effect on private sector investment. Uncertainty about the BBC's plans could deter commercial operators, especially in niche markets" (Para 3.19 Ofcom Response to Green Paper).

3.4 Trinity Mirror supports Ofcom in seeking to carry out impact assessments of BBC services. We also support the Ofcom view that: "significant changes or repeated changes to existing services are not different in nature to new services, as to their impact on the market(s), competition, and on predictability/certainty in the market. Ofcom believes they should not be treated differently. In fact, if they are treated differently, there is a risk that the objectives of the market impact assessment regime could be circumvented by simply reclassifying new service as a change to an existing one" (Para 3.21 Ofcom response to Green Paper).

3.5 We fully support Ofcom when it says: "Our view is that these are new services or are at least significant changes to existing services, and that there could be reasonable grounds for believing that they may have a significant impact on the market. They should therefore be subject to an independent assessment by Ofcom" (Para 3.26 Ofcom response to Green Paper).

3.6 If current proposals for the new Charter are adopted, after Ofcom carries out an impact assessment, the BBC Trust will have the final decision on the continuation of that service based on the overall public value of that service and whether it outweighs any potentially adverse market impact.

3.7 Trinity Mirror has concerns about the status of the proposed BBC Trust and the public value test, as outlined by the BBC's Building Public Value document. We support the OFT when it says that all activities of the BBC must be appropriately regulated within a framework of legal accountability.

3.8 In a letter to the BBC Charter Review consultation Becket McGrath from the OFT said that the BBC: "can also produce outcomes that are uniquely damaging to effective competition and to commercially funded innovation on media markets due to the BBC's unique scale, scope, status and ambition. As a result, the systems by which the BBC is governed and generally held accountable must be able to provide sufficient safeguards for those whose legitimate interests may be harmed by the BBC's activities." (Page 2, OFT letter to DCMS June 2 2005).

3.9 The new BBC Trust will have power to agree BBC services based on a public value test. The Trust could approve a service that, in Ofcom's assessment, might have a negative market impact. The discretion of the Trust to override Ofcom's advice when deciding on a new service must be matched by a structure to allow those parties who feel damaged by such a decision to have course for redress. "In our view, it is important that this accountability is clear, to enable aggrieved parties to seek redress, and that it includes, in appropriate cases, accountability in law" (Page 4, OFT letter to DCMS 2 June 2005).

3.10 Unfortunately for Trinity Mirror, the first ultra-local pilot project is in the Midlands, one of our core publishing markets, and it is launching in December 2005. The reassuring regulatory tones from both Government and the BBC for the new Charter seem a bit flat as these new BBC services are to be launched without any of the checks and balances described and debated above in place. This is deeply un-reassuring to those with doubts like ours about the potential adverse market impact of BBC expansion onto new platforms.

4. CONCLUSION

4.1 We agree with Ofcom when it says: "In one sense, by its very existence, the BBC impacts on competition in the market-place" (para 3.14 Ofcom response to the Government Green Paper on Review of the BBC's Royal Charter).

4.2 The BBC is a powerful force that will affect decisions made by media investors. In emerging digital markets, new and extended BBC services must be rigorously scrutinised to prove there is no short or long term threat to current, near or future investment and ultimately plurality. The BBC must be forced to adopt what the Graf Report described as a "deliberately precautionary approach". Their behaviour this year, in extending and launching digital services, seems more expansionary than cautionary.

4.3 Ultimately, the responsibility falls to Government to ensure the BBC shows restraint. But structures that regulate BBC activities—Ofcom, BBC Trust—must offer transparent, independent and inclusive review procedures for new and extended service and must offer genuine routes to redress.

4.4 Ofcom must be allowed to review the BBC's new ultra-local news services, including the pilot launched in the Midlands in our core publishing market. This review must allow for withdrawal of the services, and the elimination of the widely publicised rollout plan, if they are not deemed to add value to what the commercial market would provide now, or more importantly, in the future as digital content delivery matures.

4.5 Commercial operators must know what expansionist services are planned by the BBC to enable them to take educated commercial investment decisions. The extension of existing services onto new digital platforms must be treated, from a regulatory framework, as the provision of a new service. Changes to those services—platform delivery or availability—must be monitored closely by Ofcom through its own research and via concerns from commercial operators. The changing reach and remit of an existing service cannot be allowed to go ahead without an impact assessment on what the possible effects on the future health of the market into which those services are expanding will be.

4.6 Procedure and process aside, Trinity Mirror believes that wider issues of competition must be addressed. The BBC has the potential to distort the market. In doing so, it will harm plurality by adversely affecting future investment. Moves into ultra-local content provision could pose a very real threat to the local press.

10 October 2005

Memorandum by the Vivekananda Centre London and the Hindu Council (UK)

1. HINDUISM AND THE BBC

(a) Response to the first question:

Do different faiths figure sufficiently?

Response: Hinduism does not figure sufficiently

(b) Response to the second question:

How should faiths be presented in BBC programmes, services and governance?

Detailed analyses of the aspects of Hinduism that are absent and detailed evidence of aspects of Hinduism portrayed that are seriously flawed are presented. Suggestions for a way forward are presented in the conclusion.

2. THE BBC'S FAILURE TO PORTRAY THE KEY FEATURES OF HINDUISM

The key themes of Hinduism that the BBC (to our knowledge) has never explored in depth are:

- (a) Religious Pluralism, which accepts and celebrates many pathways for making spiritual progress incorporating theistic as well as non-theistic approaches. It is religious pluralism that allows many religions to co-exist on a rational format. It is religious pluralism that allows religions to co-exist with full dignity and without compromise. It is this feature of Hinduism that holds the answer to how people of different faiths can co-exist peacefully in a multi-faith society. Despite the serious need to invoke this theme in its programming to diffuse the issue of strife in the name of religion post 9/11, the BBC production teams have failed to do so.
- (b) The Divinity of mankind is the conclusion of the Hindu religion. This teaching offers the highest dignity to mankind. It transfers reverence reserved for an invisible being in an invisible plane to reverence for all living things here and now. It defines the worship of God as service to mankind. The most potent aspect of this teaching is that it displaces materialistic humanism with spiritual humanism. It gives the best reason for being altruistic. It teaches that the reason why we should value life is not because we are all made from the same sophisticated lumps of carbon but because we are all expressions of the spirit. The BBC has not explored the Hindu version of humanism, called Spiritual humanism.
- (c) Reconciling the truth claims of Science and Religion is a theme Hindu teachings are well geared to explore, but no such programme has ever been commissioned. Hindu teachings are in broad agreement with the theory of evolution, the big bang, quantum mechanics and the life sciences. Such exploration can make religious teachings interesting and exciting and may even lead the way for modern sciences to take conceptual leaps towards unifying science with spirituality.

3. THE BBC'S POOR AND INACCURATE PORTRAYAL OF HINDUISM

Our experience with the BBC Religion and Ethics programme makers clearly suggests that these team members have very poor knowledge or grasp of Hinduism. They are not familiar with any of the key teachings of Hinduism outlined above. Most of them think that Hinduism is not a religion in a real sense but is just a way of life; a social phenomenon incorporating Hereditary Caste, Polytheism, Holy Cow, Sati, Kali etc. This is why a very idiosyncratic version of Hinduism gets portrayed. We offer two prime examples of such poor and inaccurate portrayal of Hinduism, one focused on caste and the other on Kali.

- (a) Radio 4 "Sunday programme" on 26 September 2004. One of the issues examined in this programme was to see if caste discrimination is operating in the UK. The programme makers were informed that just as the English Class system operating in Christian England cannot be said to be Christianity; the hereditary caste operating in India is not Hinduism. Hereditary caste does not have sanction within the scriptures of authority of Hinduism, so the programme should make this clear. The programme did no such thing. When we were interviewed and asked where in the UK the hereditary caste system is being practised, the BBC was told: "The royal family is the best example of the hereditary caste system being practised with full pomp and glory in the UK." All such comments were edited out of the programme presumably to continue to propagate the idea that hereditary caste system is Hinduism. The BBC presenter Martin Stott had a wonderful opportunity of correcting this serious misconception parading as Hinduism but chose to perpetuate this biased image of Hinduism. Another speaker on the programme, Dr Eleanor Nesbitt from Warwick University was also shocked by the final version of the programme that ignored her serious reservations that "the caste issue should not be presented as a criticism specifically directed at Hindus." One week before the programme was broadcast we had written at length to Jennifer Daniel, the BBC researcher, pointing out to her that saying that the hereditary caste is Hinduism, is equal to suggesting that the crusades are Christianity. The hereditary caste system is an atrocity perpetuated in the name of Hinduism but is certainly not Hinduism. Yet none of our comments were taken into consideration. The programme also interviewed a lady complaining about another elderly lady not prepared to touch her or that some boys were wearing T-shirts with "Jat" written on it. This is the best the Sunday programme could come up with to show that the hereditary caste system of the Hindus being practised in the United Kingdom! Yet the programme had done its work of undermining Hinduism by suggesting that Hinduism promotes a hereditary caste system. Appendix (a) enclosed contains most of the email exchanges relating to this programme.
- (b) Radio 4 documentary broadcast on 15 September 2003 titled *Sisters of Kali* The BBC Radio 4 team examined the life of an Irish lady called Margaret Noble who became a disciple of Vivekananda and followed him to India to dedicate her life for the welfare of the sick and needy in Kolkata. She chose to work within the framework and integrity of Hinduism. The programme did not focus on the spiritual force that took her to India but chose instead to present her as an "Irish Terrorist" and went so far as to link her with the recent Sri Lankan suicide bombers, even though Margaret Nobel lived in India about 100 years earlier! To demean Margaret Noble the programme was conveniently titled "Sisters of Kali". Contrast this with the BBC's presentation of Mother Teresa who also went to Kolkata to work for the needy; she did not operate within the integrity of Hinduism but was there as a Christian missionary. She is portrayed as a saintly figure compared to this Irish lady who is presumed to be a terrorist, even though not the slightest bit of evidence was offered to prove any such activity. Today the whole Hindu nation calls Margaret Noble "Sister Nivedita" or the "dedicated one"; one who dedicated her life for the Hindu cause. William James the famous Harvard academic said of Margaret Noble that she was a person of extraordinarily fine character, a very deliberate and balanced individual but the BBC presenter Mike Thompson equated her to a suicide bomber!

4. THE BBC AND HINDUISM

The above examples 4(a) and 4(b) are used in our textbook *Hinduism for Schools*—Appendix (c) as classic examples students can use to explore media bias against religious teachings at GCSE level.

5. CONCLUSION

The BBC has not only failed to produce or promote programmes focusing on any of the key teachings of Hinduism listed earlier, it has produced some very biased programmes denigrating Hinduism. Such programmes reflect a very limited and poor grasp of Hinduism by many of its producers, presenters and researchers. Such poor portrayals of Hinduism undermine the validity of this religion and obstruct it from playing an important role in reviving and refreshing the message of spirituality for a modern multi-faith society.

6. THE POOR PRESENTATION OF HINDUISM BY THE BBC CAN BE INTERPRETED AS INSTITUTIONAL ANTI-HINDU BIAS PREVALENT AT THE BBC

The reasons for supporting this assumption are:

- (a) For many years now we have been offering suggestions to the BBC for making programmes that contain the crucial and dynamic themes of Hinduism like Religious Pluralism or Science and Spirituality, but we have received no encouragement. Appendix (b) contains a series of emails sent to various BBC departments.
- (b) Whenever we have complained or tried to correct serious errors in the presentation of Hinduism we have received a very cold and negative response from “all” concerned. The very uniform negative attitude we detect from all BBC departments makes us suspect institutional anti-Hindu bias at play.
- (c) We know of no Hindu who has told us that the BBC does a good job of presenting Hinduism. In fact every Hindu we have spoken to on this issue has told us that overall the BBC does a very poor job of presenting Hinduism and most of them think that it is strongly anti-Hindu. Even if this opinion may be questionable, this is how the Hindus perceive the BBC.
- (d) Anything that may show Hinduism in a poor light is immediately picked up by the BBC programme makers, while anything that may show Hinduism in a glorious light remains ignored by the BBC. (Eg producing documentaries on controversial figureheads of Hinduism rather than the more acceptable ones).

7. THE WAY FORWARD

On 29 September 2005 we had a very fruitful meeting with Mr Bookbinder, the head of Religion and Ethics at the BBC, with some of his executives. The openness Mr Bookbinder has shown to our concerns makes us feel that we have at long last found someone within the BBC who is able to appreciate our frustration. Our case is simple: we wish to displace the serious misconceptions that are allowed to parade as Hinduism so that the real, dynamic aspects of Hinduism that have the power to make religious programmes interesting, exciting and relevant in a modern multi-faith society are given an opportunity to be commissioned and broadcast.

8. SUGGESTIONS

- (a) Promote commissioning programmes discussed in 3(a) 3(b) and 3(c)
- (b) Need to “educate” the BBC staff on the correct version of Hinduism rather than what they perceive as Hinduism.
- (c) As a safety measure, there is a need to involve a Hindu consultant to oversee commissioning, production and editing process on programmes dealing with Hinduism

10 October 2005

Letter from the Hindu Council (UK)

The Hindu Council UK has asked me to write to you to affirm that the views presented in the Vivekananda Centre London written evidence have the full backing and support from the apex Hindu body in the United Kingdom, the Hindu Council (UK).

Kindly attach this confirmation to the written evidence from the Vivekananda Centre London as it lends greater weight to the material presented by the Vivekananda Centre London.

25 October 2005

Memorandum by N Vokes

THE BROADCASTING OF SPORT

- The BBC is the most widely available and highly respected medium through which sporting events of national interest should be the highest priority.

BROADCASTING IN THE NATIONS AND REGIONS

- The present weight of broadcasting seems to have reached a sensible level—any further dissipation is bound to reduce quality.

THE BBC WORLD SERVICE

- The BBC offers the world an unequalled, and unbiased (I hope) view of the world's events and must be a source of encouragement and strength to oppressed people all around the world—I would only hope that this can be extended to cover all such people.
- It is also a great ambassador for our country building incalculable good will from free thinking people.

RELIGIOUS BROADCASTING

- There is far too much religious broadcasting, taking up a disproportionate amount of airtime. The BBC should not support or promote any religion, and religious broadcasting should definitely not be paid for by the licence payer (the vast majority of which are atheist) It should be left to religions to develop their own channels of communication.

THE BBC AS COMMISSIONER VERSUS BROADCASTER

- It is good that the BBC has taken the lead in digital broadcasting.

CONNECTING TO THE LICENCE FEE PAYER

- Why does the BBC need to involve the public in its decision making processes?—as long as it carries out research to determine views and trends there is no need. We don't want vast committees developing TV programs which would be massive compromises appealing to no-one!

17 August 2005

Memorandum by M Ward

1. I write as an individual citizen; though I am a member of the British Humanist Association and an officer of the Secondary Heads Association these views are entirely my own.
2. The Church of England, and religion more generally, has a privileged position in our society. Part of that privilege is the special place that religious broadcasting has in the BBC charter.
3. To the extent that the public has an interest in religion, a desire to reflect upon it and to understand it better, this would surely be reflected in BBC programming without such a special place? The protection given to religious broadcasting raises the suspicion that it is intended not to inform but to persuade, that it is an attempt to (mis-)use religion as an instrument of social control.
4. As a teacher, as a college principal, and in my current role, I have been and remain a supporter of religious education. Religion is a significant part of the lives of many of our citizens, and it is important for all its forms to be widely and well understood. Such an educative role sits well with the founding principles of the BBC.
5. But it is imperative that religious education, in the BBC as well as in schools and colleges, be education about religion and not education in religion. It must be even-handed as to the truths and merits of the different great religions, and as to the truth and merits of religion as such when set against non-religious world views.
6. The present rules on religious broadcasting are not helpful as they give a special place to, and create a bias in favour of, a religious and specifically Christian world view.
7. Time is set aside specifically for worship and for programmes effectively arguing for this world view. There is a tendency for it to be seen as the norm, even when alternatives are presented alongside it.
8. Particularly offensive to many non-believers is the not infrequent confusion of morality with religion. Religions set out moral principles, many of them admirable, which can be the basis of the moral lives of their adherents. Non-believers derive their moral principles from other sources, and seem to lead lives about as good and fulfilling as their religious neighbours. This last point is insufficiently reflected both within and outside religious broadcasting *per se*.
9. There is, to be fair, an expectation of some degree of balance. Many BBC religious programmes do try to reflect a wide variety of world views by, for example, inviting their proponents onto discussion programmes.
10. However, this is often partial and revealing of the bias referred to above. A panel discussing women bishops in the Church of England might quite reasonably be composed of members of that church. A panel discussing a more general issue (society's attitude to abortion or homosexuality for example) should not be composed only of religious people, and still less of adherents of only one religion.

11. A particular issue, symptomatic of this general bias, is the Radio Four *Thought for the Day*. Presenters are selected according to a blatantly discriminatory criterion; they must be members of a recognised religious group. Virtually any religion will do, but they must believe in something metaphysical. The result is poor quality radio: a lot of people must hit the button when it comes on, as I often do. More important is that it is also highly and indefensibly partisan in a way that should have no place at the BBC.

12. It is clear that efforts have been made to make religious broadcasting more even-handed as between different religions and denominations, though with only partial success. The need to be even-handed between religious and non-religious world views has yet to be properly acknowledged and addressed, at least within religious broadcasting.

13. The BBC charter should be amended to remove a specific requirement for religious broadcasting, which can be encompassed in the BBC's general intention to educate and inform.

14. Failing that, it should be a requirement that programming be even-handed on matters that are controversial in our society. This should apply not only between different religions and denominations, but also between religious and non-religious philosophies of life.

4 October 2005

Memorandum by A Whitehouse

The following submission is made on an individual basis by a listener to Radio 4 who does not have a television; comments are therefore restricted to BBC Radio 4 broadcasts. The writer does not have and has never had any connection with the BBC, direct or indirect, and is a freelance Medical Editor.

1. "Do different faiths (including no faith beliefs) figure sufficiently in BBC programmes and services?"

(a) Different religious faiths, all of them, figure far too prominently in the BBC's broadcasting on Radio 4:

- (i) Too much time overall is devoted to religion-related programming, whether this be religious news programmes, broadcasts of religious services, *Thought for the Day*, or programming about or based on discussion of faiths and faith beliefs.
- (ii) It is my perception and that of friends that the time devoted and prominence given to discussions of religious faiths has increased in recent years; this is inappropriate when all the evidence is points to active participation in religion has been decreasing, as shown by recent census data.
- (iii) In current affairs programming, too much weight is given to the opinions of clerics of all religions. These frequently fact-free opinions should be demoted to a position well below any speakers who have a handle on factual information relating to the issue under discussion.
- (iv) There are too many times in the week when no alternative to religious broadcasting is offered, in particular 7.00-8.45 am on Sundays. To the non-religious, this slot is as unlistenable as would be an hour of discussion of news from the world of racism, followed by a live broadcast of a BNP rally consisting of sermons based on readings from *Mein Kampf* and singing of the *Horst Weissen* song, along the lines of the criminal rubbish served up by Goebbels on German radio in 1939-45. Because there is no other quality speech radio station, BBC or otherwise, in the London area at such times of day, there is no genuine alternative for the listener who is not interested in medieval belief systems and their devotees.

(b) The question is disingenuous in bracketing faith beliefs with what it chooses to call "no faith beliefs", ie in grouping programming related to flat earthers and their like in the same category as programming related to the products of logical thought and scientific enquiry. The subject of broadcasting related to the evidence-based discoveries of Darwin, Newton, Copernicus, Galileo, Einstein, etc—and the understanding of our lives and environment, and the almost uncountable improvements to the human condition that have sprung from these—cannot be discussed under the same umbrella as broadcasting related to the unfounded belief in, say, fairies at the bottom of the garden.

2. "How should faiths be represented in BBC programmes, services and governance?"

(a) Short answer to all three: not at all.

(b) Programmes:

- (i) It is understandable that the BBC, being a public service, seeks to represent the interests of the public; however, if it is to broadcast on the multitudinous minority beliefs that comprise "religion" it should remember that it also has a mission to educate and inform, and therefore it should prefix all broadcasts relating to religion with a moral, ethical, intellectual and physical health message "This

belief system has discriminated against women and other groups, subjecting them to [lives of misery/of illness/of physical degradation/of powerlessness/as outcasts—*delete as applicable*], for centuries and continues to do some/all of these [*delete as applicable*]. But there is an alternative: you don't have to believe any of it because no-one has ever been able to find any evidence for it".

- (ii) If the wide divergence in beliefs between different Christian denominations is fully acknowledged, it has to be concluded that there is no majority religious faith in the UK and that any religion constitutes a minority smaller than the audience for cricket. Broadcasts of all religious services should be moved to long wave and an alternative should be provided on FM for the majority who aren't signed up to that particular faith, and for the rest of us of course.
- (c) Services: see point 2b.
- (d) Governance: religious faiths should not have any representation in BBC governance:
 - (i) The BBC is the broadcaster to the nation but census data for the nation do not accurately count how many people currently practise each of the many religious faiths and so, until such data are available, any representation cannot be proportionate and therefore cannot be fair representation of the beliefs of that part of the population that practises one or other religious faith.
 - (ii) Religions are collections of unfounded opinions based on lack of fact and, often, denial of fact, especially on socioeconomic issues; no religious tract and its followers has any more validity than *Mein Kampf* and its followers. Just as religious faiths should have no special influence on or connection with the State, they should have no special voice in BBC governance.
- (e) Where is the parallel question relating to "no faith beliefs"? There is insufficient broadcasting on science and scientific thought, without the products of which most of us would not be alive.

I thank the Committee for providing an opportunity to comment on these issues.

10 October 2005

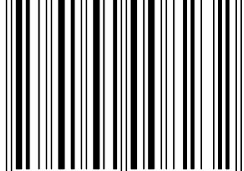
Memorandum by S Whitfield

My concern about the BBC's output relates to religious broadcasting. There is far too much of it, especially on Radio 4. Conversely, there is little programming for those of us who have worked out a life stance free of religious belief (ie up to 20 per cent of the population, compared with, say, the 3 per cent who are Muslims). There is also too much deference given to religion on the BBC—it should be subject to more criticism—not abuse, but intellectual challenging of its notions.

Also, please, please get rid of *TFTD*, unless you give the non-religious equal time.

16 August 2005

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