

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.

Memorandum submitted by England and Wales Cricket Board

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

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?

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 B Sky B, 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 B Sky B.

Q1554 Lord Maxton: B Sky B 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 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.

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 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 ten 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 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 ten 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?

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 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?

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 B Sky B 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 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.

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 BSkyB. 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 BSkyB.

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.