

WEDNESDAY 17 OCTOBER

Present

Bonham-Carter of Yarnbury, B
Corbett of Castle Vale, L (Chairman)
Eccles of Moulton, B
Hastings of Scarisbrick, L
Inglewood, L
King of Bridgwater
Manchester, Bp
Maxton, L
McIntosh of Hudnall, B

Memorandum submitted by the Newspaper Society

Examination of Witnesses

Witnesses: **Mr Russell Whitehair**, President and Chairman of NWN Media Ltd, **Mr David Newell**, Director, **Ms Santha Rasaiah**, Political, Editorial and Regulatory Affairs Director, **Ms Lynne Anderson**, Communications Director and **Mr Edmund Curran OBE**, Editor in Chief, Independent News and Media (Northern Ireland), the Newspaper Society, examined.

Chairman: Good morning to you Mr Newell and your colleagues; we are very pleased to see you. We are looking forward to what you have to say to us. As you know this is an inquiry into readership, ownership and news production. I suppose in a sentence it is about the role of news in an informed democracy and the need to write across all the different platforms to make sure this is both accessible to members of the public and also meets their needs for information alongside opinions. Before we start, Lord Inglewood would like to say something.

Lord Inglewood: I declare an interest in that I am the chairman of a newspaper group and I think we have two ex-presidents of the Newspaper Society on the board.

Q625 Chairman: I should also apologise for Lord Fowler. Although you may have heard him on the *Today* programme this morning, that was pre-recorded and he is out of the country I am afraid, which is why I am sitting here. Would you like to say a few words about how the ownership consolidation has affected your members and whether the number of regional and local titles are less widely dispersed in terms of ownership than they were ten or 20 years ago? What is the impact of this on readers?

Mr Whitehair: Over the last 30 years there has been considerable consolidation in the regional newspaper industry and this has meant that there have been some large companies who are now at the forefront of our industry, giving the industry a better resource, a better focus and I think a better capability to enable us to face the challenges that we all face in the local communities that we serve. The prime issue around consolidation and where the industry is at the moment does not really revolve around a company being big or small, it relates to the fact of whether it is reflecting the interests of its local community. The diversity of the industry is preserved, albeit we have had large consolidations. The larger companies that come into the industry are very focussed on the fact that local communities do need to be served as well as they were ten years ago, 50 years ago or even longer. I think that the impact of consolidation has not had an adverse affect on the industry, on the contrary it has strengthened the industry, given it more resource and the diversity has been preserved.

Q626 Chairman: What are the benefits of a newspaper being owned by a large media plc and how does that impact on the individual titles? I much take your point that one of the main strengths of the newspapers produced by your members is the locality of it, in touch with people where they are living and working. Does it help or hinder, being part of a bit group?

Mr Whitehair: I think with the right ethos and knowing all of the companies in the industry as I do, it does help in that it brings extra resource, it brings economies of scale but it does not detract from the focus that those companies will have in serving each local community. Even

though you will have a large company that may have businesses and newspapers stretching from Scotland down to Devon, they will still operate each of their local newspapers in a local context but also be able to bring in economies of scale in terms of backroom functions, production facilities, printing and all of those things that will enable a company to be better resourced, better financed and enable it to concentrate on what is important, which is reporting local news and providing the information that local communities want.

Q627 Chairman: The National Union of Journalists in its evidence to us cites the case of the *Walsall Observer*, for example. Twenty-five years ago it had a total of nine editorial staff including an editor. Now it has one senior and one trainee and the editor is shared among two other titles. I must confess, looking at that I would say that you run risks there of not being as closely in touch with the local community as perhaps you were a few years back.

Mr Whitehair: I can see the point they are making but I think the *Walsall Observer* is probably one example where things have been cut back to that extent but we do not know in Walsall whether there are other media in the local context that are offering local coverage of events and whatever else is going on in Walsall. Equally, on the other side of things – Ed might want to come in here from his editorial perspective in Belfast – across the board, as an industry, we are now employing more journalists as an industry than we were five years ago. Lynne will be able to give you the figures in detail if you want them. I think that you can always pick out one title somewhere that may have reduced its editorial facilities, but by and large as an industry as a trend we are employing more journalists than we were five or ten years ago.

Mr Curran: I have been in journalism for 40 years and I have worked for three large plc organisations, the Thomson Organisation which owned a huge amount of the regional press in the United Kingdom, Trinity Mirror and now Independent News and Media. I think each of them have brought to our organisation different kinds of attributes. In some instances with

Thomson Organisation and possibly with Trinity it was all the commercial expertise that the big newspaper group had that they could bring to an individual title. More lately, to come to the Independent News and Media and the question you asked about what a large plc can do for you, in an editorial sense we have access to all of the independent editorial resources not only the *Independent* newspaper (which I know you are going to hear from later on this morning) but also the *Independent* newspapers around the world. Instantly I, as an editor in Belfast, can avail myself of, for example, an article that appears in the *Cape Times* or the *Pretoria News* or the *Johannesburg Star* or the *New Zealand Herald*. This week, for example, there is the New Zealand rugby team going back with their tail between the legs and it is quite relevant to know what the New Zealand newspapers are saying in Ireland or in Britain. Also, in terms of the content of the *Independent* I do not think that any individual regional newspaper could afford to have that quality of editorial content. We cannot. We can pick the best of the writers et cetera and use them in our newspaper when we wish for articles. That is one aspect. A more general point about the changes that have taken place, I do think the Walsall example is the exception rather than the rule. In my estimation the evening and the daily newspaper market has diversified in the last 20 or 30 years. In the 1960s when I joined the *Belfast Telegraph* – I am sure the same will apply in Manchester or Birmingham – there was just one great monolithic newspaper and we all existed on that. Today whether it is Manchester or Belfast or wherever that company has diversified; we now have a Sunday newspaper in Northern Ireland and in other centres there are Sunday papers. We have morning editions that we did not have before for an evening paper. We have free newspapers that go through everybody's letterbox - community based newspapers - each week. I think 150,000 homes in the Belfast area get our free newspaper each week. So there is a huge diversification which has led in many instances to more journalists being required on the writing sense, the writing and reporting side of the newspaper. I would accept that we do not

need anything like the same resource on the production side of newspapers as we used to do when I first started in journalism.

Q628 Chairman: Forgive me, is that largely because of the technology?

Mr Curran: Yes, in principle. I think that it has given journalists their place in the sun. When I began as a journalist 40 years ago I think we were very much second class citizens. We were dominated by the print side of the business, the operational side of the business. The big unions of course in those days who had all the muscle were the print unions. Today I would argue that it is the journalists who are centre stage because they now control the newspaper in a way that they never controlled it in the past. They have their finger on the button every day of the publication of the newspapers.

Q629 Chairman: I wonder if your colleague could say something about the numbers because I want to try to tease this out.

Ms Anderson: In terms of numbers of journalists?

Q630 Chairman: Yes. Given that I think you are saying you are employing more journalists than before, what is it they are doing against the changes in the technology? I will give you this example as well because the NUJ argue that the *Walsall Observer* is not a one-off. They claim that Trinity Mirror is seeking to merge its *Liverpool Daily Post* and *Liverpool Echo* editorial production with that of the *Huddersfield Examiner*, its North Wales and Chester weekly papers to save money. This goes back to the point you were making earlier which I am well seized of about the central need for these newspapers to be rooted in communities. If you get them looking too far over the walls of that community, as it were, do you not lose that central link with the community?

Ms Anderson: In terms of pure numbers we know that there are over 3,000 more journalists employed in the regional press than there were ten years ago. Although the numbers of core newspapers have stayed largely stable - there were 1351 titles in 1997 and there are 1310 titles today - the reduction has been largely because of a decline in free weekly newspapers, dailies and Sundays have stayed quite stable. What those figures do not show is the huge growth in very intensely local community titles which my colleague Ed was talking about and which will all need editorial input. In recent years as well many regional newspaper publishers are of course integrating their print and their web publishing activities.

Q631 Chairman: The journalists writing stories for the print side of this would normally be expected also to feed the web.

Ms Anderson: Yes, and most of them welcome it. My evidence, from speaking to journalists and editors, is that there is a huge enthusiasm, especially for new recruits coming in. They are delighted that publishers are willing to train them up in all these multi-disciplines so they can edit video as well as go out and take video as well as working on the print side. It makes them a bit more multi-talented in their careers and it is more exciting I think for the journalists and it takes new skills now to think: are you going to publish this on the web first or in print? One nice unexpected coincidence is that we are finding that web publishing is actually driving newspaper sales in some instances as well as the newspaper if you are cross-promoting your web-site, driving traffic to the web-site. It works very well in instances like the recent flooding where people needed instant information on where to get the drinking supplies or they needed a minute by minute account. Journalists would be on the patch through the night holed up in a hotel making sure they got that information out to the readers and the technology is allowing them to do that. It is making it more vibrant as a result.

Q632 Lord Maxton: I am not clear with local newspapers how you actually define such a journalist. If you take a local newspaper covering local sport it may be it is the local school teacher who is interested in rugby who goes and reports on the local team playing and he then sends a report in to the local paper on that. Presumably he gets some small payment for it. Is he counted among the journalists?

Ms Anderson: No, these are full time employees.

Q633 Chairman: You mentioned about the ethos of newsrooms. What effect does this consolidation of ownership have on that? I should have confessed that I started life as a journalist and I have worked on weekly papers as well. It is quite true that in the last century each of those newsrooms, because of the characters in them, really had a very strong ethos. If you are part of a much bigger group does that help that or change it?

Mr Whitehair: I think it is difficult to generalise across the board in terms of our industry because it is such a diverse industry. We will have larger companies, we will have the smaller companies like my own or the Carlisle Group who have a different policy towards these issues. It does not necessarily mean that one is right or one is wrong in how they operate. The larger companies will still have the ethos of running their local news centres to match the local requirements of local communities, whether they are based in Edinburgh or Canary Wharf or wherever they are. They would be shooting themselves in the foot if they detracted from that as being the central and core ethos that they stand by.

Mr Curran: I think there is a distinction to be drawn. There are two sets of journalists, there are the writing and reporting journalists who are at the heart of every community in society. I think generally speaking the people who own newspapers have preserved them and are preserving them. You referred to a comment about Trinity Mirror consolidating. I think the key word there was its “operational” or its “production” side. It is true to say that on the production side of journalism there has been rationalisation and consolidation; I do not think

that is a bad thing. If you have a big group and they can produce their newspapers more economically but still preserve the writing and reporting teams in each area that is a good thing. That is what has happened in a large number of the groups. If we were to go back 50 years and look at all the weekly newspapers in the United Kingdom and even our regional newspapers, you would see that they had large teams of people in the big regional newspapers and smaller numbers in each individual weekly newspaper who were making up pages, designing pages but not actually writing or reporting on the community. They were the production side of journalism and that is what has changed dramatically with technology in the past ten years. We can now actually produce our newspapers, still preserve the community content of them and you can produce them centrally. I do not think we would make apologies for that. I think it has actually been a good thing. It has meant that we can push our resources more towards the writers and the reporters on the paper and the content of the paper rather than spend so much money on simply making up the pages and designing them.

Q634 Bishop of Manchester: On a day when the BBC are announcing cutbacks in their news resources, do what extent do you see over the coming years the same kinds of cutbacks affecting regional and local newspapers? Have you got any examples of when a buy-out has occurred of there being a serious decline or rise in the number of staff employed?

Mr Whitehair: We are in a transitional stage as an industry just like most other media and we are facing up to the challenges of digital and the internet era. I think that as we are going through that transitional phase there will be a transfer of job roles towards incorporation of web news as well as print and media. We are all going through that change now whether we are small businesses in the local newspaper industry or the larger companies. Through that change there are bound to be jobs that have to be adjusted, there may be some lost through that but others will be created. I am sure that the BBC report today may mirror that to a

greater extent because they have not been evolving their approach to things but we have been evolving our approach over the last five to ten years to meet the challenges that we are all facing now in terms of the internet. That is a process that I think will be changing. So far as increasing journalists on newspapers, I think there has been a recent buy-out in the south of England where it is likely that on some of the newspapers that have been bought there will be an increased presence of journalists on certain titles in Essex or in the Thames Valley or wherever. There will be increases perhaps in journalists that are going to be applied to those papers. Again, we have such a diverse industry and as the Newspaper Society we are not really answerable for the policies in general or in specific terms for the companies who are members, but we can highlight the trends to you. I think that that transitional approach will carry on as we develop into the internet over the next five to ten years.

Mr Newell: In terms of the group that has come along from the Newspaper Society today, what we have tried to do through Russell - who is President of the Newspaper Society and represents an independent company in private ownership with a long historical tradition and an emphasis on both urban but also rural areas and reflects the importance also of weekly newspapers - and through Ed - someone who has an editorial background who has worked for three large corporations over the last few years – to give you a flavour of the industry in that way. I think the point that I would like to make is that the future of the regional press as it evolves across different media platforms and particularly in the internet era, we believe we can do the job that we do now – which only we do – provided that the competitive environment is a fair competitive environment. We have fears that that environment will not remain fair. The BBC is an example of where we have fears about the future. Mark Thompson has acknowledged publicly either to this Committee or in another place that the BBC does not reach the parts that the regional local newspaper industry does at the moment in terms of the deployment of journalists locally. The BBC simply cannot provide an ultra local

service as it is currently constituted. It has plans so to do out of tax payers' money, out of licence fee money. We have concerns that there is a danger that if the BBC enters the local market on the back of tax payers' money to a greater extent than it does at the moment, it will actually in practice make it harder for the regional press to evolve in the way it is doing, particularly in terms of its web presence. Ed comes from an example of a newspaper whose website has video clips on it, interviews on it and all the rest of it and that is the way in which the regional press is going. If, at the same time, other entrants come into the market that do not have to exist in the commercial environment, it will make it harder I think for the regional and local press to do the job that is done so successfully in a commercial environment without tax payers' money for over 150 years. That is a very real issue for us. Convergence is very important, it is happening and no-one will try to put the clock back on convergence but we are converging as well as other media are converging and the rules that govern that are terribly important, if what we think we do well can continue to be done well on different platforms. I think it is quite interesting that on issues such as trust where the BBC often feel they have a monopoly on trust, that all the independent survey evidence that we have done shows that local and regional newspapers are more trusted locally than the BBC is. It is very important that we are allowed to evolve in the way in which we have indicated in our evidence and is reflected in terms of what Ed and Russell have said so far.

Q635 Lord Hastings of Scarisbrick: You made the point very powerfully and you may well be right in doing so, but I wonder whether you could reflect independently on whether you think that if the BBC did do you as you suggested and you fear they might do, would they add anything to the supply of news or information that you currently do not have? Is there a deficit of existing provisions that the BBC could make up? Or is this purely treading on your lawn?

Mr Newell: I think if you analyse what Mark Thompson has said on this he, at the moment, would say that the BBC does not have the capability of providing the local news service at a genuinely local level that the regional and local press does, particularly through its paid-for weekly titles. Indeed he has suggested that if the BBC did go down the route of ultra local television it would only be able to provide that ultra local service if it could do so in terms of coming to cooperation agreements with regional and local newspapers. I think we are providing something at the moment that the BBC is not providing. If the BBC did enter the market the danger is that it would take away the commercial ability for us to provide what we think we currently provide and what we feel, if we are allowed to, we can evolve into doing, particularly in terms of our internet presence.

Q636 Lord Hastings of Scarisbrick: I can see your point but just to be more specific, is there a deficit of current local or regional news that you are not providing that the BBC says it will provide?

Mr Newell: In the experiment that the BBC did on ultra local television in the West Midlands – the so-called Midlands Experiment – the BBC shared with us examples of the programming that they put on in terms of ultra local television. I and, I think more importantly, member companies in the Newspaper Society in examining the output - you would say we were partial but genuinely trying to be objective about it - did not feel that that which was being produced out of tax payers' money was materially different to that which the regional press were doing.

Q637 Lord Maxton: You have used the term “ultra local” several times; could you define that because I am not quite clear what you mean by ultra local.

Mr Newell: Ultra local television is a term of art which the BBC coined. The BBC coined the term wanting to develop ultra local television by which they mean below regional and possibly reflecting the footprints of BBC local radio stations.

Mr Whitehair: Which in our terms is not ultra local at all.

Q638 Baroness Eccles of Moulton: I would like to pursue the difference between the public service broadcasting obligation that the BBC has and the viable commercial obligations that inevitably the commercial press has. Presumably, provided the quality aspect can be satisfied by the local commercial press then the public service aspect is also satisfied.

Mr Newell: That would be our argument.

Mr Curran: From an editor's point of view, I think we all have huge regard for the balance and impartiality of the BBC, no more so than the BBC in Northern Ireland over the past 30 years or so where it has been a tremendous advantage to have that kind of balance and impartiality. All we are asking for from a newspaper point of view is to have a level playing field. I have often felt that as a newspaper journalist it was not a level playing field so far as the BBC was concerned. Over the years I have many experiences of our journalists being pinched by the BBC at higher salaries. There did not even appear to me to be sufficient transparency in the way the BBC runs its books. In Northern Ireland, for example, there is some transparency in the fact that they do produce an annual report, for example, so you can find out how much is spent. I think it is somewhere between £60 and £70 million a year that the BBC spends in Northern Ireland for a population of 1.7 million people. That includes all their television and radio programmes. These budgets are vast in comparison to the budgets that normally people have to operate under in the general commercial media industry. When, for example, they were establishing their internet department, they simply went round the local newspapers in Belfast and pinched some of their best journalists, paid them more and put them in the internet department. If we operated like that we would probably go out of business, but that is what I mean by a level playing field. We want to work with the BBC but we do not want to be at a disadvantage to them.

Q639 Bishop of Manchester: I want to go back and ask two specific questions and I would be very grateful if they could be answered specifically. The first takes me back to when I began my original question and it concerns the impact of buy-outs. My question is this: do you have actual figures on the impact of buy-outs on the number of journalists employed and the general number of staff within those newspapers?

Ms Anderson: Not specifically on the buy-outs but we know that most of the consolidation has happened in the regional press over the last ten years and in general terms the number of editorial staff has gone up. The proportion of editorial staff to the total workforce has also gone up.

Q640 Bishop of Manchester: Would you be able to provide specific figures for us?

Ms Anderson: We could. We could look back on mergers and acquisitions within the industry to see if we can relate those to those specific years when there has been more activity and come back to you.

Q641 Bishop of Manchester: I think we would find that very helpful, thank you. The second question is again specific. We have been talking a lot about news and journalism, do you have any figures for investment in the editorial context and has the pattern of investment in how much is put into editorial comment and opinion gone up or down?

Ms Anderson: We do not have figures on that I am afraid. We have figures on investment in printing presses and technology and systems which could incorporate editorial systems, but it would be very hard to quantify an investment in editorial.

Mr Curran: I can only argue in a general sense. In a general sense, to come back to a point I made earlier, my experience is that newspaper proprietors are using some of the funds they have managed to save in other aspects of the newspaper to improve the editorial content of the newspaper. People say to me, for example, as a kind of veteran editor, "Your newspaper isn't

what it used to be” and I say to them, “You’re absolutely right, it is not what it used to be, it is about ten times better than it used to be”. I am not saying that now as an editor because I have moved on from being the editor, but the current editor of the newspaper that I edited is doing an infinitely better job than I was and in fact his predecessors. The classic example of that is the fact that on the wall of our board room are some of our historic back pages and front pages. I was looking at one one evening and it is of Dame Mary Peters on the day that she won her gold medal at Munich in September 1972. I happened to be re-reading it and my eye caught the number on the back page of the *Belfast Telegraph* on that evening. There were 14 pages in that paper, the whole newspaper, including classified ads. That would not have been unusual for a big regional evening newspaper in those days. There was another back page from ten years later from a world heavyweight title fight or something and it was on page 20. This week we will produce on a Thursday evening a newspaper with probably the equivalent of 180 to 200 equivalent tabloid pages. That is how far we have moved. I think the same applies to a huge number of other regional newspapers. What has happened in the past 30 years is that we are actually delivering far more to our readers than we ever delivered before. We are doing it more economically. We are using the resource that was wasted in terms of the huge money that went into the production of newspapers, first of all the print unions in the old days and then more lately having huge armies of sub-editors and people designing pages in every corner of the newspaper empire. That has been rationalised and is being focussed now on the people who are actually producing the content of the newspapers. That is a general point I am making; I do not have any specific figures.

Q642 Lord Inglewood: I would like to move onto editorial independence. In your written evidence you stated that the regional and local newspaper industry upholds the principle of editorial independence. You go on to say that local and regional newspaper proprietors do not – and indeed in practice could not – dictate editorial and news content. For example, to

personalise it, if in breach of our board policy I, as chairman, tried to do that, what do you think in practice would stop me?

Mr Whitehair: I think first of all a general business sense would stop you interfering. Whether it is a large company or a small company editors are responsible for the content of their newspaper title and they will be responsible for ensuring that the circulation of that title is maintained to the highest possible level, that the readership is increasing. Those decisions are best left to the editor. I do not think that there is one instance that I can recall as an industry where we feel that there are companies that are interfering in the editorial integrity of their newspaper title. Each newspaper company will have a different ethos but by and large they will have the ethos of not interfering in the decisions of locally based editors.

Mr Curran: I think I was probably in a unique position in that regard, to be the editor of a newspaper in Belfast where you come under quite considerable political pressure from one side or the other and you might well assume that a proprietor of a newspaper would also take a keen interest and want to ensure that his editor was towing a particular line. I have to say, hand on heart, that none of the three major proprietors – Lord Thomson followed by Trinity Mirror (which is Philip Graf who was the Chief Executive) and now Sir Anthony O'Reilly (who is my boss) – has ever picked up the phone and attempted to interfere in the editorial side of the *Belfast Telegraph*. I think it was in that instance, for example, a tremendous advantage to have a large organisation in control of a regional newspaper in those circumstances whereby perhaps an individual proprietor, living in the community, might have come under considerable pressure from one side or the other to try to tow a particular line. I think that was a terrific advantage. Personally I think that the large plcs have brought that attribute to wherever they produce newspapers. In the case of Independent News and Media we produce newspapers in South Africa – *Johannesburg Star* - and in New Zealand. I have

spoken to the editors on those papers and visited them and exactly the same pertains as pertains with me.

Q643 Lord Inglewood: Would it be fair to summarise what you said, that the key underpinning of editorial independence is the fact that it would be commercially foolish for proprietors to get involved.

Mr Whitehair: In the long run I think that is the case. There is nothing to stop a proprietor in Carlisle or anywhere else from saying to an editor: “Don’t run that, run that” or “Have than angle on it” or whatever they want to do, but in general terms that would be commercial suicide in the longer term because the paper, particularly if it has a long history, will be founded on the trust that it has within its local community and most local newspapers, whether they are big or small, will recognise that as being the controlling feature of interfering in editorial issues at their peril.

Q644 Lord Inglewood: You would argue that the proof of that is the fact that you do not get editorial involvement of the kind I was suggesting.

Mr Whitehair: I do not think there is any evidence to suggest in local newspapers that there is significant interference. I do not think there is any significant interference.

Mr Newell: Could I just add to that that as most of you will know the law in relation to newspaper transfers has been a complicated area of law and the Competition Commission when it has examined newspaper takeovers – I am talking about regional and local newspaper takeovers – has in particular always looked at the antecedents of the company that is going to acquire another company. I cannot recall any Competition Commission report indicating that there had been editorial interference by a regional and local newspaper publisher with his or her editor. Part of the ethos of the industry, as underlined by the Competition Commission, is a very, very important part of the culture of the regional and local newspaper sector and it is

precisely because of that that I believe that regional and local newspapers do have that trust factor that we referred to earlier.

Q645 Lord Inglewood: Could I leave the question of proprietors and move onto advertisers. Is there any evidence that advertisers manage to affect editorial matters?

Mr Whitehair: I think the same principle applies. There may be some short term decisions by some advertising staff or editorial staff to say, “We won’t take that advertiser” or “We will take it on” or “We’ll be under pressure from that advertiser because he wants to run some editorial alongside his advertising” but in the longer term publishers will recognise that they cannot be put under pressure by advertisers in that sense because it would be commercial suicide in the longer term to misplace the trust that they have in their local communities which is the predominant factor.

Q646 Lord Inglewood: There is no evidence that you know of of advertisers exercising any kind of control or direction over editorial matters.

Mr Whitehair: No, I do not think there is. I think you will have evidence from a larger publisher in our sector later next month that will bring specific examples of where they will not be held to ransom by advertisers in that context.

Q647 Baroness Eccles of Moulton: The next question has mainly been answered in your opening remarks, which is the evidence that consolidation of ownership has affected the local nature of news provided. I do not know if there is anything you want to add to that before we move onto the next point.

Mr Whitehair: I would just reiterate the point I think. Consolidation brings great advantages to our industry but it does not detract from the localness of what we are all about and it is not

a question of big or small, it is a question of retaining your coverage of the local community and retaining trust within that local community. If that dies then the newspaper dies.

Q648 Baroness Eccles of Moulton: The next question really goes back to the emphasis on the need to remain commercially interesting to your readership as against maintaining high standards of the news that you are producing and whether it is commercial pressures that would tend to mean that you were emphasising soft news at the expense of the harder more serious news. We have found that in other spheres.

Mr Whitehair: I think there is a huge diversification between what happens in London on large urban titles as to what might happen on a small weekly newspaper title say, for example, in Congleton. So you have large urban titles in Birmingham and Manchester, you will have large titles in London, but you will have the small community newspapers in Congleton or wherever else there may be and they will have a balanced view in terms of their output of news. They will have a different view in terms of how they are reaching across the board to a broad family readership that they are trying to attract. In the larger urban centres they may become a little bit more sensationalised, they might become a little bit more celebrity orientated but there will be a huge range of approaches across our industry from very small communities who are very locally based, who are very balanced in terms of their viewpoints, in terms of reaching family audiences, but in other areas you may find that there is a requirement from the local community to become a little more sensationalist, a little bit more celebrity based. Again they are reflecting each community that they are serving so each newspaper will be reflecting a different community.

Q649 Baroness Eccles of Moulton: That raises another very interesting point, the extent to which you are reactive to what you think the reader wants and in a way more didactic in publishing material that you think the reader needs to have.

Mr Curran: Every editor starts from the premise that his newspaper is to some extent a reflection of the society which he serves. In the case of the big regionals I think they go a bit further than simply saying it is a reflection, they also like to provide some kind of leadership and guidance. That is where opinion and comment come in. To take Russell's point, the vast number of small weekly newspapers would simply wish to provide an information service to their readers in a fairly impartial and balanced format. It may look a bit boring but it is extremely attractive in terms of the circulation of those newspapers. In my case, in the big regional newspaper sense, your newspaper is continually evolving. When, for example, Northern Ireland was at war our newspaper was full of stories about conflict and now there is peace it is about a new, different society. It is the trick of the editor to try and not stand still, to constantly be moving the newspaper forward. I think the same applies in all our other large centres in the UK. Our interests are constantly changing. People today, for example, have a great deal more interest in lifestyle and pastimes et cetera and want a lot more information from their newspaper in all of those things so feature sections of newspapers have grown. If you looked at the newspapers in the 1960s many of our large newspapers did not have any features in them at all. That has now become one of the central points. They need guidance on finance, on business, on leisure pursuits, on entertainment. All of those sections have grown immeasurably in the past ten to 15 years in our newspapers and that is why editors are trying to widen interest in the newspaper away from just the daily news. Of course comment and opinion in the large regional newspapers has come into it. Some people might argue where do you draw the line between comment and reporting. I think it is important to do that but we get the opinion that our readers do want more than simply straightforward reporting today; they also want to be guided, they want good writers and they want people to give them opinions.

Q650 Baroness McIntosh of Hudnall: Mr Curran, I was very struck by what you said about the difference in size between the newspaper in 1971 and the newspaper in 2007. I think you said that in 1971 it was 14 pages and in 2007 it was 280 which is a conveniently easy multiple which suggests that the newspaper is actually 20 times better now than it was in 1971. I cannot quite believe that that is what you meant but it does lead me to the question that I want to ask which is that actually in the end the size of the newspaper cannot really be any guarantee of its quality surely. The content is what makes it a good newspaper and you, as an editor, would subscribe to that view. You were touching on this question about the difference between comment and news and there is certainly a view abroad, promulgated to us by the Institute of Journalists, that newspapers increasingly are more interested in promoting comment than news as such. Do you think that is a trend that is inevitable? Do you think it is particularly visible in local journalism? In answering that, can you reflect a little bit more on the notion of newspapers as leaders of opinion rather than followers?

Mr Curran: I think in terms of the weekly newspaper market, I am sure if you examine the hundreds of weekly newspapers, many of them still do not carry any editorial whatsoever. They do not see that as their role and they are very much simply providing information for the local community. When you get to the larger regional newspaper groups for example the *Belfast Telegraph* or the *Manchester Evening News* or any of these larger newspapers then there certainly is more comment and more opinion in those newspapers today than there was before. I do think that it is still kept well apart from the actual general reporting of events. I would not say the same thing about the national media. In the national media I know that if I read the *Daily Mail* or I read the *Independent* or whatever those newspapers kind of blur the edges between comment and reporting and they make no apology for doing so, but you have a choice of national newspapers and you can decide whether or not to buy one. In the regional press I do not think we are in that position. I do not think, for example, we are trying to ply

one particular line of fire. We are certainly more campaigning than we were in the past. Sometimes our campaigns are popular with our readers and every now and again we have a campaign that is possibly unpopular. If I go back to the Northern Ireland situation – which I do not want to harp on about – our campaign for 30 years was to be in the middle. That was the newspaper's ethos, to actually be in a position where the voters in Northern Ireland were not. You could argue that every night we were actually saying something that the vast majority of people in Northern Ireland disagreed with. We were on the side of the aliens, as it were. We make no apology; that was our position. Many people would have said to us over the years, "If you go down one line you will get more favour with one side or the other" but we did not. I am sure that applies in the case of many of the campaigns that are run in Britain by many of our regional newspaper editors. I agree entirely with you that size of newspaper is no valuation of its quality, but I would say that if you look at the newspapers 25 or 30 years ago they were providing no guidance to people on business and finance, hardly any guidance to people in terms of property owning or their leisure pursuits. They were simply reporting and that is why they were quite small. The sports pages, for example, in 1972 amounted to a full page of racing plus about a page and a half covering all the sports. Nowadays we have supplements. There are more pages on a Monday night on sport in the *Belfast Telegraph* than there were in the whole newspaper in 1972 when Mary Peters won her gold medal. That is how far we have moved. I do think that that is a service that the regional newspaper market is providing that it did not provide before and it is one that is deeply valued by the readership and by advertisers too.

Mr Newell: On the news provision I think one must emphasise the role that regional and local newspaper websites are playing and will continue to play and develop. There are over a thousand regional and local newspaper websites now and of course from a weekly newspaper's point of view it now means that when there is breaking news or there is a

particular issue – whether it is a flood or foot and mouth – the regional and local newspaper can actually be an information provider 24 hours a day which it was not able to do when it was just a weekly newspaper. In that sense the web has meant that weekly newspapers can become news breakers for the first time for a very considerable period of time.

Q651 Lord Maxton: Could I just say that coming from Scotland I am not quite sure what the definition of a regional newspaper is. I am quite certain neither the *Herald* nor the *Scotsman* consider themselves to be regional newspapers, but their sister evening papers presumably are and then there are local papers below that. What about your circulation figures overall? Is it a trend downwards, or is it some down and some up?

Mr Whitehair: Across the industry – and we are a very diverse industry – you will find that there is pressure on daily circulation. Regional dailies and regional evenings are suffering more than the weeklies that are actually holding onto their circulation. In the last ABC round the weeklies are actually showing marginal increases in their circulation. Again Lynne has the more detailed figures on that.

Ms Anderson: I think you are right. In common with all main stream media the regional press has been affected by the explosion in media choice, competition and pressure on people's time and over the last ten years there has been a gradual decline in paid-for circulation, mainly among the dailies I would say, they have been more affected. The weeklies as well are fighting to maintain their circulation levels. I would say that publishers are more focussed now on increasing their total audiences rather than just purely on the print circulation level. They are layering their markets with all the niche publications and supplements that have been talked about; they have their websites as well and they are growing audiences like that. They are also adopting in some cases part paid/part free distribution models. The rise of the *Metros* has in some instances found new readers that were not reading a traditional national or regional newspaper and so some newspapers like the

Manchester Evening News, quite a large regional evening, have become part paid/part free and they would say that they have grown their overall audience as a result of that which in turn the advertisers like, that means they can hold on and grow their advertising revenues which in turn funds the local journalism.

Q652 Lord Maxton: What are the major factors which led to the decrease? Is it the internet? Is it ethnicity? Walsall is an example where a fairly major change in the ethnic make up of the community would have changed the nature of the local paper presumably.

Mr Whitehair: I think there are huge changes in people's life styles and people's expectations in terms of what they are consuming in terms of national media, local media. At weekly level their expectations will be different in a small community as opposed to a large urban area and life styles are changing to have more instant news, more accessible news and generally people will not want to be paying for news. If they can get it on the internet free they will access it free on the internet. There will be huge pressure on local newspapers to match that. David was saying, quite rightly, there are over a thousand websites locally so we are matching that expectation. There will be the *Metros* that have been launched not only in London but Liverpool and Manchester and these other larger urban areas where people are getting free news to a certain extent matching their local community but not as in depth as the *Manchester Evening News* would be. There is a huge pressure on the larger titles to match the expectation of the readers for free local and regional news. That, I think, is probably the largest impact as well as the fact that people do not have quite as much time and they are not prepared to read as long an article or as in depth an article as they were probably five to ten years ago. They really just want a snippet of news, they want to have a highlighted piece of news and then they will want to move on. There are huge impacts on that area of the business.

Q653 Lord Maxton: Classified advertising is very important both in terms presumably of your revenue and in terms of circulation. The fact that increasingly if I want to sell something I am more likely to do it on e-bay than I am to put an ad in the local newspaper, has that been a significant factor?

Mr Whitehair: It has and I think if you look at the American market you have Craig's list and you have other huge internet sites that are severely affecting the ability of local newspapers to maintain their revenues through classified advertising. We are a different market place in the UK and I think the depth of penetration of the internet in the UK in certain areas, particularly some rural areas, is not quite as high as it is in America at the moment. However, there is going to be more pressure on local newspapers to justify why people should be using not only print medium but their web offering. As Lynne said, as an industry we are promoting the fact that we have over 20 million unique users as an industry on our internet sites over each month and we are now entering that area rather than saying that we just have paid-for circulation, paid-for readership, we are now offering a portfolio of readership across a whole spectrum of publications.

Q654 Lord Maxton: You have raised the perceived problem with the BBC. It seems to me the real threat comes from what I would term generally local internet which will come and will be available not just on your computer but will be available through your computer onto your television set.

Mr Whitehair: Absolutely. Since the Second World War the local newspaper market has been threatened by television, by radio, by the rise of free newspapers, by other publications coming in and trying to attract classified advertising in particular in the local market place. We are a very flexible and forward-thinking industry in that we are able to offer I think as good as anyone can, a local offering based on all the things we talked about earlier which is 300 years of trust, 300 years of people believing in the local newspapers and we are now

transferring that through our local website offerings and people will be transferring that trust through to our websites.

Q655 Lord Maxton: What I am suggesting, however, is that the local organisations whom you at present report on are already using websites to put their news out, whether it be a local sports club or whatever it might be. If I am interested in the local rugby team, which I am, then I will go to their website where I will read the fuller report than I will get in the local newspaper and where, not yet but within the foreseeable future, I will probably be able to watch the video highlights of the last game.

Mr Whitehair: There are one or two things there. The local website for the local council or the local rugby team will be putting out its own perspective and it will be putting its own angle on whatever it is that it is doing. The local newspaper, from its perspective, will be publishing an independent view and a trusted view across the board in terms of where the local council is coming from, where the local rugby club is coming from if you like and views on whoever they are, so you will be getting an independent viewpoint from the local newspaper that I think people do buy into and the research shows that we have the trust of the local communities to give that independent view. If you want to go onto the local rugby club website you will get their perspective and their point of view, and it will be their point of view only.

Lord Maxton: I have to say that if I go to that website I get a page and a half of the report; if I go to the local newspaper I get an edited version of that, in other words the version in the local newspaper has been supplied by the local rugby club.

Q656 Chairman: You have been such excellent witnesses and we have been very ambitious in the ground we want to cover. We have about five minutes left and I was going to suggest

that we leave out questions 18, 22 and 23. There are two or three important issues here that we would like to get onto in the last few minutes that we have.

Mr Newell: Could I just make one brief point? In terms of advertising and the questions asked, there is a concern that we do have and that is that if you look at regional and local newspapers both their print versions and their website versions clearly our development is dependent on being funded by advertising revenue, 50, 60, 70, 80 per cent. A lot of that advertising revenue comes from the public sector in terms of jobs and public information. There is a trend within the public sector to remove that advertising from regional and local newspapers to put it directly on local authority websites and public sector websites. In fact we have to make our case to public authorities that we are the best place to advertise in; we accept that. However, if that trend does continue and is not looked at as a public policy issue, the funding pattern of regional and local newspapers and the blend of information that they give to the communities will become distorted. We hope that the message about the value of regional and local newspapers is understood by local authorities and the public sector. We have to market those advantages but if we do not succeed in marketing those advantages it will undoubtedly have an impact on the sector.

Q657 Baroness Eccles of Moulton: I think it would be very interesting for us to know what proportion of revenue the local newspapers is, advertising versus sales and I think you said that 50 to 80 per cent came from advertising so presumably the remaining revenue comes mostly from sales. Do you have any other income?

Mr Whitehair: There will be leaflet income, so you will be having inserts that you will be putting in a newspaper title. As a business you will have contract print that you might be providing to external suppliers on your press. There may be other income from special supplements and publications you may be producing. By and large it would be 75 per cent advertising, the balance would be by and large newspaper sales.

Q658 Baroness Eccles of Moulton: We have been to the States where the regional and local newspapers have been hit very, very hard. What we have heard from you this morning is that there is a lot of buoyancy and optimism in your outlook with regards to the regional and local newspapers and you have emphasised a lot the trust that your readers have for this part of the industry. On the other side, it does seem that the website, the migration of public sector classified advertising, may be the inroads that the BBC might make to your local output. Let us hope it is not a very serious threat, but is it right for you to be as optimistic as you are when other parts of the world have found it has been very, very serious?

Mr Whitehair: I think the optimism is cautious optimism and I think there is a huge challenge for the industry to mount the very steep incline that we now have to face. As I say, I think that all of the evidence shows – and we have had research analysts who have suggested this – that the regional newspaper and the weekly newspaper is probably the best place to withstand, if that is the right word, the encroachments of the internet in the future. We have the local trust of the local communities, we are a flexible industry, we are an industry that is prepared to adapt and change and we are an industry that I think has built itself on the trust it has in local communities to ensure that we retain that trust through local websites offerings. It is not going to be easy and we are preparing ourselves and gearing ourselves to meet that challenge, but I think that the country is going to be best served by a very strong weekly and local newspaper industry. I think that all of the encouragement and support we can get from government to enable that to happen would be welcome.

Q659 Lord Hastings of Scarisbrick: You have talked about the extensive increase in the number of journalists that you now have. Are equivalent journalistic budgets as opposed to operational budgets equally substantial in relation to the increased number of journalists you have? Could you comment also on the suggestion that journalists, whether national or local

or regional, increasingly spend time ploughing around the internet or looking at press releases rather than real journalism out there talking to, connecting with and understanding stories?

Mr Curran: I think that journalism today is served well by the internet and I think that our reporters, for example, are able to obtain information that is relevant to the reports they are writing and the columns they are writing much quicker than they ever were in my day when I started as a reporter. I even think, for example, in terms of simply going to the library, the physical act of a reporter going to his newspaper library and going through all the old manila folders to find a little bit of information about somebody you are writing about. Now, wherever I am – I do not even have to be in the office – I can instantaneously get virtually everything there is on the individual concerned from the library without moving. I think I can write much more efficiently and reporters can work much more efficiently. I do take the point that you make about getting out and about and I do think that is a criticism of many journalists, that they are rather desk bound. Mind you, I have heard that criticism for as long as I have actually been a journalist and I have also come to the conclusion over the years that the best journalists who worked for me over the years were the ones who did get out and about but not all of them did.

Q660 Lord Maxton: Do you have any way of tracking your journalists' time out?

Mr Curran: The fastest way to know whether your journalists are out and about is to walk out into your newsroom and see how many of them are actually sitting at their desks. I do think that that is one of the great changes that has taken place in the past ten years, that I would have walked out into the newsroom of any of the major regional newspapers and I would have seen a great army of people sitting there moving paper back and forwards, designing pages, putting headings on stories et cetera. To answer the first part of your question, I am not suggesting for a moment that editorial budgets have suddenly soared. What has happened is that the editorial budget has moved from paying for this great army of people who have

actually been designing and putting headlines on stories towards people who are actually writing and the content of the newspaper. Then newspapers are being produced more efficiently. I am not suggesting for a moment that they have suddenly vastly increased their budgets.

Q661 Baroness Bonham-Carter of Yarnbury: I want to ask about the training of journalists. Traditionally journalists have cut their teeth on local papers and indeed in my generation and above I think all successful journalists started off at local level. Is that still the case? Is there still the opportunity for journalists to start off being trained on local papers? Do you have training schemes? What kind of investment are you putting into the training of journalists?

Mr Curran: I think the nature of the hiring of journalists has changed dramatically since I began. For example, I was saying earlier to one of my colleagues that in the 1960s I think I was one of about two three graduates on the *Belfast Telegraph* starting as a graduate trainee. That would probably have been a reflection of the rest of the newspaper industry. Today virtually all or a good number of the people that are hired certainly by the larger regional newspaper groups are graduates. Secondly, most of them will have done some kind of post-graduate year in journalism. I have visited the University of Lancaster recently where I think they have 700 people in the media department in Preston. Obviously over the years the Thomson Organisation had a great reputation for the training of the journalists which has now passed onto the Press Association. So there are still major journalist training centres but in most parts of the UK as far as I can see there are, as some people would argue, almost too many media courses now and far too many people are attracted to do these and there not enough jobs to actually go round once they have their degrees and diplomas.

Q662 Baroness Bonham-Carter of Yarnbury: Are you saying that you now only take on graduates? I am thinking of the late great Frank Johnson for instance.

Mr Curran: I do think there has been a change from the days when people were employed in journalism at *Belfast Telegraph* or *Manchester Evening News* level from the University of Life. A number of our journalists over the years started off as message boys in the newspaper. I do not think that that exists to any great extent now, but most of the people who are employed certainly in the large newspaper groups have some kind of diploma or training before they even reach the newspaper.

Q663 Baroness Bonham-Carter of Yarnbury: Going back to my last question, do you actually invest in training schemes?

Mr Curran: Independent News and Media does not have large training schemes but of the organisations that I did work with Trinity Mirror certainly have and I think some of the other large groups do.

Mr Whitehair: There are several levels of entry. Companies will have their own training schemes; Trinity Mirror has its own training centre. By and large we have now consolidated as an industry into one training system under the NCTJ who are administering the standards of journalism throughout the local press industry. The investment in it is probably through that going to be increasing. Again I do not have the actual figures but we can supply you with the figures as we have them.

Chairman: Thank you very much indeed for what you have said to us; you have given us a lot to think about. If there are any areas that we have not covered that you wish to say something about, do please feel free to write to us. Thank you very much again; we really are most grateful to you for the time you have given us.

Witnesses: **Mr Simon Kelner**, Editor-in-Chief and **Ms Imogen Haddon**, Managing Editor, the *Independent* and *Independent on Sunday*, examined.

Q664 Chairman: Mr Kelner, you are very welcome; thank you for making the time to help us with this inquiry. You know that it is about ownership and the news production. I suppose more shortly put it is the role and importance of news in an informed democracy. It is quite a wide canvas. I should also apologise for the absence of our usual Chairman, Lord Fowler, who is out of the country. Although you may have heard him on the *Today* programme this morning that was pre-recorded. Thank you again and to your colleague. Can I just start off about ownership structures, Mr Kelner? How does your relationship with Mr O'Reilly work, or is it not Mr O'Reilly? Who do you report to?

Mr Kelner: Sir Anthony O'Reilly. I call him Sir.

Q665 Chairman: We should as well, yes. Do you report to him?

Mr Kelner: I suppose in the sense that he is my ultimate boss as the Chief Executive of Independent News and Media yes I do. However, the structure is such that I am Editor-in-Chief of the *Independent* and the *Independent on Sunday*. We have a managing director and a chief executive who I report to on a day to day basis.

Q666 Chairman: To the managing editor and the chief executive.

Mr Kelner: The managing director, yes, and chief executive.

Q667 Chairman: Sorry, is that two people or one?

Mr Kelner: It is two people. I am solely in charge of the editorial direction of the paper and they are responsible for the management. Of course there are various points during the day when both things collide, maybe not collide, but the interests of one are served by the interests of the other.

Q668 Chairman: How is the editorial line of the paper decided? Is this done with you and your senior colleagues on the paper? Would there be occasions when you want to do something that is fairly radical that has not been done before where you feel you would feel happier discussing it with the managing director or the chief executive? How does that area work?

Mr Kelner: With the *Independent* the clue is in the title. What you see in the paper is entirely as a result of our journalism. We do not have proprietorial interference and we do not have allegiance to any political party. Everything that is in the paper is decided upon by the journalists. The paper is the product of journalism, untainted by any sort of commercial influence or political influence. My colleagues might tell you a different story but I think I am quite consensual and I like to ask the opinions of lots of different people and if the managing director is wandering past my office at six o'clock when we are doing the front page I might say to him, "What do you think of this?" Of course I am at liberty not to take a blind bit of notice of what he says, which I do most of the time. If we were doing something radical or if the idea was to do something radical which would have an impact on the profitability of the paper of course I would consult and take advice from my managing director and my chief executive.

Q669 Chairman: You do not get an early morning phone call from an irate Sir Anthony O'Reilly when he has seen your front page.

Mr Kelner: Only if Ireland has been beaten in the rugby. I could tell you a hundred stories about the independence of the *Independent* and the fortunate position I am in vis-à-vis our ownership structure. All I need to say is that we are owned by a company whose chief executive owns 27 per cent of that company and is effectively the proprietor. We are owned by someone who is broadly Euro-sceptic, supported the Iraq war and is a sort of reserved admirer of George Bush. For anyone who reads the *Independent* you will be able to

understand that this is not our editorial/direction. He is fiercely proud of that fact. In early 2003 Alastair Campbell came to lunch before we had gone to war and sitting round the table were myself, my deputy and some of our senior journalists, Alastair Campbell, Tony O'Reilly, Lady O'Reilly, the chief executive of the paper and the managing director. The talk was all about the war and we all gave our views. At that time we were pretty well a lone voice in opposing the war, we had gone out on a limb about that. We had a big discussion with Alastair Campbell which was quite robust. At the end of the discussion he said, "Right, we have all had our say, who is against this war?" I put my hand up and I am proud to say that all the senior editorial people put their hands up. Then he said, "Who's for the war?" Tony O'Reilly, Lady O'Reilly, the chief executive and the managing director all put their hands up. I saw Alastair Campbell about a week later and he said if ever the independence of the *Independent* is under question you should relate that story because the only people who were against the editorial mind were the proprietor, the proprietor's wife and the senior management.

Q670 Lord Inglewood: What benefits do you think come to you by being part of a large media plc?

Mr Kelner: The trite answer is a very important answer. The plurality and the diversity of the British press are in a sense underpinned by this large organisation that makes profits in many different countries. Editorially there are many benefits. There are many benefits for our papers around the world in being able to use the journalism that is in the *Independent*. It is not just a one-way street; we quite often use reports from our papers in a remote part of South Africa, for instance, or a political piece from Ireland or Australia. It is a two-way street in that respect. We have close contact with our colleagues elsewhere in the world, whether it be in Belfast or in South Africa.

Q671 Lord Inglewood: You explained how there was a complete juxtaposition between the views of the proprietor and the views of the newsroom. I do not imagine that is always the case. Is there any kind of direct relationship between the ownership structure generally and the newsroom or are you genuinely at arm's length and operating separately?

Mr Kelner: I cannot remember the last time I had a discussion with Tony O'Reilly about the sort of wider political matters. I would not be able to characterise what his politics are, for instance; they are quite complex for a start. Editors are of a different character these days. The days when an editor would come in to do morning conference, dictate the editorial line, go to have lunch at the Garrick until half past three and then come back, sign off the leaders and head off for dinner with a High Court judge are over. Editors these days are very commercially minded and marketing minded. I would regard part of what I do as a marketing function. The front page of our paper is a form of marketing, it is where journalism and marketing collide. My discussions with Tony O'Reilly would be about more commercial things.

Q672 Lord Inglewood: Does that spill over into what you are going to carry? Clearly he does not encourage you to lose money and I gather you are heading towards being profitable and presumably he is pleased about that. Is there a sort of general thrust that you must try to make sure you do not run up the costs and the losses and so on?

Mr Kelner: Yes, of course. If we were making £50 million a year we would still be under pressure to keep our costs down. People who run huge businesses like Tony O'Reilly are not known for their wastefulness, that is why they are very successful. Costs are kept under very tight control and I would always argue for more money and he would always try to argue me out of it. That is the nature of our relationship. He would never say, "If you took this line you would sell more copies of the newspaper" or "If you supported the war you would sell more copies of the newspaper". I could not imagine a set of circumstances where that could

take place. I wake up every morning and regard myself extremely fortunate that I do not have to work in that environment.

Q673 Lord Hastings of Scarisbrick: I would like to comment on your front page today, which is an interesting piece of views reporting rather than news reporting. What were you intending to do by this particular story where the assertion would be offensive to some although the news story that lies behind it and the presence of a geneticist is a decent explanation if you follow through on page two. Does this take the example very clearly that you have become much more directly a viewspaper, you are interested in thought rather than fact?

Mr Kelner: No, because behind the thought is a fact and the fact is that James Watson said this.

Q674 Lord Hastings of Scarisbrick: He did not say Africans and Westerners; he said blacks and whites.

Mr Kelner: He was referring to Africans.

Q675 Lord Hastings of Scarisbrick: There are white Africans.

Mr Kelner: Any headline on any story is a summation in five or six words of what could be quite a complex story. You have to allow for that. The fact was that he made these comments which are very controversial and which I would regard as offensive - and I am sure quite a lot of people would regard as offensive - comments in an article that was published in the *Sunday Times* in their magazine. The *Sunday Times*, whether they were asleep at the wheel or whatever, did not even spot what I think is a very good story in their own newspaper so we made it into a story. James Watson is not Jo Soap, he is someone whose views are taken seriously and he has form in this particular regard.

Q676 Lord Hastings of Scarisbrick: Set against the other news priorities which are evident in the wider world, what is the point of that?

Mr Kelner: I think you will find it has been followed up by every single newspaper and every broadcast media. There was a phone-in for 40 minutes on the subject this morning.

Q677 Lord Hastings of Scarisbrick: It is creating news.

Mr Kelner: Yes, which is a news story. I think it is a news story. I think when someone who is so eminent in his field as James Watson and has the background that he has says something like that, I think it is news.

Q678 Lord Hastings of Scarisbrick: How do you determine the difference between that, for example, and the issues that are facing the Chinese Communist Party which could affect a vast number of people?

Mr Kelner: We have to make these decisions every day.

Q679 Lord Hastings of Scarisbrick: On what basis do you make that decision?

Mr Kelner: What I think will be interesting to our readers. That is inevitably a subjective judgement. It is a judgement that is based on the priorities of the day, ie what is a cracking good story one day may not be such a good story on the day the Gordon Brown resigns for instance. What you may think is a boring, run of the mill story, come seven o'clock it may be the most exciting story you have ever seen because you have nothing else to put in the paper. We are making those judgements every day. Sometimes we get them right, sometimes we get them wrong.

Q680 Chairman: Can you just be a bit clearer about this, the question that Lord Hastings put to you about viewspaper against newspaper? There is a case to be argued for what you often

do with a front page, you use it as a poster as it were and I see that as part of the marketing strategy. I know you reacted very violently when Tony Blair suggested this.

Mr Kelner: No, I did not react very violently; it was the best bit of marketing we had had for a long time. I would be grateful if you could explain to me exactly what Tony Blair was saying, what the core of his point was.

Q681 Chairman: I think the core of what he was saying was that there is a blurring across the press generally - and you are a good example of this – between news and comment.

Mr Kelner: We will come onto the newspaper/views paper thing because there are interesting issues and I am quite happy to go there. I just want to stick to the issue of our front page today.

Q682 Chairman: I think you took Tony Blair's comment as a criticism and what I am saying to you is that it was not necessarily a criticism.

Mr Kelner: I do not regard it as a criticism but he meant it as a criticism. I think to say that he did not mean it as a criticism is wrong. He singled us out and he used the “feral beast” phrase and then said that the newspaper which most shows this up is the *Independent* because he was scared to take on Associated Newspapers and he was too busy going on holiday with Rupert Murdoch.

Q683 Chairman: Just sticking to this point of newspaper/viewspaper, are you saying you do not accept that description?

Mr Kelner: We have to be clear what that means. It comes from an interview that I did some time ago – a couple of years ago – when we were talking about the future of newspapers. My belief is that newspapers still do have a future role to play in a modern democracy. The idea that a newspaper is the notice board of what happened the previous day is so outdated and is

signing our own death warrant. Therefore the newspaper has to fulfil a completely different function in our lives, given that so much information is freely and instantly available. There is so much media that comes at us from all different directions – screens, televisions, radios, free newspapers, this thing and that thing, everything is coming towards us – I think the role for a newspaper is to make sense of that, to make sense of this great weight of information which is not necessarily helpful to us. A newspaper's role would be to interpret, to analyse, to comment on but, if you like, to provide the views beneath the news. We know what the news headlines are; what we want to know is what X thinks of it or what is the real issue behind that or what are the unanswered questions here, what do I need to know; I have seen the headlines and I have seen the sound bytes on TV news I want to know a bit more about this. A newspaper has an authority, has a tradition, has a history, has a trust and a bond with its readers that makes it uniquely qualified to fulfil that role. I am convinced that if we had not heard of newspapers and the only way of getting all our information was from the internet and someone walked into our office and said, "I've just had a fantastic idea. You know all these millions and millions of pages out there on the internet I will get together a group of really clever people and we'll go through it and get all the really important pieces and we will get really clever people to comment on them. Then what we'll do is we'll print them in a really portable, digestible way and we'll deliver it to your house in the morning before you leave for work." They would think you were a genius.

Q684 Lord Maxton: The fact is that for every person who bought the *Independent* this morning and actually read that story, there are ten who walked past a news stand and the only thing they saw was that front page. They walk away with the idea, rightly or wrongly - wrongly as it so happens if you read the story - that the *Independent* is basically saying that Africans are less intelligent than Westerners because that is the bit they read, it is the

headline. A lot of people who are racist will think the *Independent* is supporting their view. Most people do not read your newspaper, they see your headline.

Mr Kelner: I can only wish that more people would buy our newspaper.

Q685 Lord Maxton: That may be, but they do not.

Mr Kelner: I cannot force them to buy the paper unfortunately.

Chairman: I think we will move on. Lady Eccles?

Q686 Baroness Eccles of Moulton: Your circulation figures over the last ten years, have they gone up and down or steadily down?

Mr Kelner: Our circulation this month in 1997 - our ABC audited circulation of this month in 1997 – was 253,000. Our circulation this month is 251,000. Within that it has gone up and down and we pioneered the move to compact newspapers in 2003 and we had an enormous spike then which we are still seeing the benefit of. Our circulation has not nosedived in those ten years but there have been periods when it has been going down. Of course the trend is downwards.

Q687 Baroness Eccles of Moulton: To what extent are you really concentrating on producing an absolutely first class website which could support your theory that one of the strengths of your newspaper is in its analysis and getting behind the sound byte stories? It has been said that this is actually going to be one of the great strengths of the website where you get the website and then you can drill down and down and down and get further and further into the details of something you are really interested in. Are you concentrating on that?

Mr Kelner: Yes. We are in the process of remodelling our website. We have made a huge investment this year in personnel and in the technological support. We are going to soft

launch it soon. We are very happy with, if you like, the brand extension of the paper that will be available on the website and we see them very much working together.

Q688 Baroness Eccles of Moulton: What percentage of your revenue comes from advertising and what percentage from sales?

Mr Kelner: It varies.

Q689 Baroness Eccles of Moulton: Roughly, on average.

Mr Kelner: It is about fifty fifty.

Q690 Baroness Eccles of Moulton: Do you see your advertising revenue actually declining as the advertisers are turning more and more to the website where you simply do not get the same revenue?

Mr Kelner: No, we have had a good year this year in advertising.

Q691 Baroness Bonham-Carter of Yarnbury: Some of the newspapers we have spoken to are multi-skilling their journalists, in other words those who work on the print edition do so on the internet. You have just said you have invested a lot and employed a lot of new staff, are you going down that route or are they separate?

Ms Haddon: I think we are going to look at having an integrated process between the paper and the website so multi-skilling is something we are looking at but I do not think we have definitely decided the way yet. We will see how it goes.

Mr Kelner: We are not rushing headlong into podcasts, vodcasts, multi-media and all that. We are doing podcasts and we are doing some vodcasts, but we are not going full tilt at that yet because we want to see how the future pans out.

Q692 Baroness Eccles of Moulton: I am seeking an indication that you are hoping that the newspaper will grow which of course depends very much on your appeal to readership and websiteship in general, but I have not quite detected it. I just get the sense that growth is not really a deep-seated part of your philosophy.

Mr Kelner: I am sorry if I gave that impression; it is very much part of it. Because I am an advocate for newspapers – it is not just self-interest – I believe that newspapers do have a future and I would say I am more quizzical than sceptical about some of the investments that other people have made on-line. I am characterised as some sort of Luddite. I think there is a huge horrible phrase multi-platform future waiting out there for us, but I think that for the foreseeable future the newspaper, as guardian of the brand – brand is going to be very, very important, particularly as far as advertising is concerned on the internet – will still be central to that whole offering that a journalistic organisation can give.

Q693 Baroness McIntosh of Hudnall: Can I just go a bit further on that because what you are saying actually in the end is directed towards who your readership is. Linking it back to the question of your front pages and the kind of way that you sell your newspaper by using often a campaigning or certainly on this occasion controversial poster-like front page, who are you addressing and is it your view that those kinds of stories actually boost your circulation or are you simply speaking to the readership you know you have and whom you believe respond to that kind of story?

Mr Kelner: That is an interesting question. We have such an eclectic readership. One of the great strengths of the *Daily Mail* and one of the great strengths of Paul Dacre's editorship is that Paul has such a clear finely tuned, well-honed view of who his reader is - where they live, what sort of house they have, what their concerns are about their future and their children's future, where they buy their furniture, which TV personalities they like, which celebrities they hate – and that is brilliant in many ways. I have a far looser view of who our reader is

because we have quite a big student readership but we also have retired school teachers, retired civil servants, we have a huge age range and the only thing that unifies them is their intelligence. I am pitching for anyone who might buy our newspaper.

Q694 Baroness McIntosh of Hudnall: Anyone who might buy your newspaper on any given day or anyone who might buy your newspaper today and go on buying it tomorrow and for the rest of their lives?

Mr Kelner: That is the dream. The great issue, beyond all the other issues, that all newspapers have is the gathering in frequency of purchase. I meet people who will say, “I love your paper” (not many of them, obviously), “I think your stand on pro-immigration or anti-war or whatever is brilliant, I am a passionate fan of your newspapers” and I say, “How often do you buy it?” They say, “Once a week, maybe once a fortnight”. They will not buy anything else and if you ask them what newspaper they read they will say the *Independent*. The same is true for the *Guardian* but less so for the *Telegraph* because they have this base of subscriptions. It is a very pertinent question that you ask because if I could convert the people who buy our paper from once a week to twice a week it would be great all round.

Q695 Baroness McIntosh of Hudnall: So what strategies are you employing to try to create that kind of loyalty and consistency in your readership?

Mr Kelner: We have a promotional tool for that which is in the paper this morning which is a series that runs over two weeks, rather like the *Guardian* does with their posters and we pioneered the promotion posters; by producing journalism that is so excellent that people will want to come back the next day for another superb instalment. It is not any more complicated than that. I go into work at nine o'clock in the morning with the sole aim of producing a newspaper that people will find attractive, that is what I am paid for.

Q696 Baroness McIntosh of Hudnall: I think it would be fair to say, Mr Kelner, that most of your colleagues do the same.

Mr Kelner: Yes, of course.

Q697 Baroness McIntosh of Hudnall: Or they believe themselves to be doing the same.

Mr Kelner: Of course.

Baroness McIntosh of Hudnall: The pitch the *Independent* makes is that it is distinctive and different from everybody else and I was just trying to get at where that leaves you in terms of who your readership is, but I think you have answered the question.

Q698 Bishop of Manchester: Unfortunately a lot of people, as you yourself have said, pick up an *Independent* are not coming back the next day to buy it, so in what sense can you say that your paper in financial terms is profitable? Is it?

Mr Kelner: No, it is not profitable.

Q699 Bishop of Manchester: Is there any chance that it will ever become profitable?

Mr Kelner: That is our aim. For a paper such as ours – for any paper really – the only safe harbour is to break even, to not lose money. All our efforts are directed to that.

Q700 Bishop of Manchester: How near are you to coming into that harbour?

Mr Kelner: We have had moments when we could see the little lighthouse at the end of the harbour walls but the shipping forecast has not been too good recently.

Q701 Bishop of Manchester: Let us get the figures if we can. In terms of the income that you get, what is the proportion that you get from advertising? What proportion do you get from sales?

Mr Kelner: As I said in answer to a previous question, it varies from time to time. The advertising industry is very changeable in terms of whether the market is good or bad. It is roughly fifty fifty.

Q702 Bishop of Manchester: Are you not really describing a picture where you are actually being fairly uncertain about whether you ever will make a profit or even, I suspect, break even? Really it is the case that newspapers have had it and the *Independent* will not last for too much longer. That seems to be the kind of message that people in your own industry are giving.

Mr Kelner: On 8 October 1986, the day after the *Independent* was launched, Max Hastings (who was then editor of the *Telegraph*) sent a wreath round to the offices. People have been predicting the demise of the *Independent* - it is almost refreshing to hear because I have not heard it for a few years now- ever since day one. One of our great strengths is that we are owned by someone who passionately believes in the journalism that we do and we are part of a very big organisation that makes quite a lot of profit and we are immensely valuable to that organisation in terms of the fact that we are a flagship and the fact that we share copy with our papers worldwide. It is a daily struggle to get to a point where we break even, but that is the aim.

Q703 Lord King of Bridgwater: You are the flagship, can you just remind this Committee what is the profit level of Independent News and Media? What is the profit overall as a group?

Mr Kelner: I do not have those figures.

Q704 Lord King of Bridgwater: In other words you are being carried by the group which is a very profitable group. It is a question of what proportion of that profit they are prepared to

put in. Would you see yourself as the flagship of that group or would Tony O'Reilly see you as the flagship of that group?

Mr Kelner: He would find that a compromising question as I do really because I am partisan. He would find it a compromising question because it would deride the efforts of those in South Africa or Belfast who are producing huge profits for the proprietor to turn round and say, "Well, actually the flagship is this paper in London that loses money". I do not think he would answer it in such simple terms as that but he would say it is a paper that he feels very proud of.

Q705 Lord Inglewood: I would like to ask a brief question about circulation. You said your circulation is about 250,000; you also said you had difficulty picking up regular readers, you had more sporadic readers. In, say, a week do you know what your readership might be?

Mr Kelner: The last NRS figures we had a daily readership of 710,000 I think.

Q706 Lord Inglewood: Sorry, I phrased my question wrongly. Over that week how many sales are there?

Mr Kelner: The only figures you can go on are the readership figures which are 700,000.

Q707 Lord Inglewood: Those are the only figures you know. I am not criticising you I am just trying to see what the figures are.

Mr Kelner: And I am not being defensive. All I am saying is that there is no way of knowing, other than actually going round and interviewing them all individually and there are 50,000 newsagents out there.

Q708 Lord Inglewood: I appreciate that but you must have a bit of an idea.

Mr Kelner: The statistics that are the currency of our industry are the National Readership Survey which says that we have 700,000 readers. These are people who might buy it once a week, five times a week, no times a week but they say they are readers.

Q709 Lord Inglewood: My question was prompted by the thought that if one of the things you have to do is to try and sell a copy to everybody who reads it every day, you must have an idea about where you think you would get to if you did that.

Mr Kelner: There is no accurate way of doing that.

Lord Inglewood: I do not want to take that any further, I was just interested to know.

Q710 Lord Maxton: I was very interested to hear you say that you would be doing some podcasts. In March you said, “I have never met anyone who ever listens to podcasts, I am not convinced they are the future”. Can I take it you have changed your mind?

Mr Kelner: That was a quote in the *Guardian*. I knew when I was saying that that it would be twisted and turned, particularly by our most hated rival. It was a rather flippant quote at the time. I was actually making a lot more sophisticated point which was that I think podcasts that are produced by professional broadcasters which enable a listener to listen to something at their convenience in a portable way is really valuable. I think if, in future, newspapers can get to a point where they would produce professional podcasts of a similar standard that would be a very valuable outlet for our journalism. That is not a terribly original thought, but my statement at the time was a reaction to a lot of comment and interviews from other people in the industry saying that this was a new toy, it was going to be the greatest thing, it was going to be the saving grace of all of us. I would not even say I am sceptical about the on-line world as far as it relates here but I am slightly quizzical, probably more quizzical than most.

Q711 Lord Maxton: Can we come back to what you said this morning about if there were no newspapers and just the internet somebody would come along with the bright idea to get all these clever people together and deliver it to your house and all the rest of it. To be honest the BBC website already does that. If I am in London the first thing in the morning I go to the BBC website on my laptop in my flat and I can not only look up what is the news and read the news, I can also look at what is happening in Scotland where I live and come from and look at their website. If, in fact, you had a major story then probably that story will be somewhere on the BBC internet site and I can look at it and read it there. It is already existing and you do not have to have some poor boy of 13 or 14 delivering the newspaper to your house in the morning, you can get it on your internet and you will be able to get it within a very short period of time in my view on your television set.

Mr Kelner: You are possibly right but have you ever tried doing a crossword on the internet?

Q712 Lord Maxton: Yes.

Mr Kelner: Do you find it as satisfying?

Q713 Lord Maxton: No, but I do not do the crossword.

Mr Kelner: If you have a horse running today at the 3.15 at Newbury and it is tomorrow morning and you do not know whether your horse has won or not, I bet I could find the result in a newspaper quicker than you can find it on the internet.

Lord Maxton: I would be tempted to take that challenge up because I know exactly where to go.

Q714 Bishop of Manchester: I think I have covered this partly, but can I just explore a point you made to the *Guardian* where you said that part of every newspaper's marketing budgets should go on marketing newspapers generically. Do you feel in looking at the other

newspapers that they are doing that sufficiently and do you regard yourself as a kind of market leader in that way?

Mr Kelner: No, I certainly do not regard myself as a market leader in that. I think that was an answer or a comment to the point that there have been a lot of turkeys voting for Christmas around the newspaper world and we have talked ourselves down as an industry quite substantially over the last few years. I think we should get into a position where, as an industry we can promote the value of our industry. I think it is difficult given that there are so many vested interests in it, particularly in Britain it is such a competitive industry that to try to get the proprietors of all our leading newspapers to agree to put money behind the campaign that promotes the value of newspapers generically would be quite difficult. However, I think it should be done and I do feel a little bit like a lone voice.

Q715 Baroness Bonham-Carter of Yarnbury: According to our brief your parent company thinks you are going to go into profit this year.

Mr Kelner: That is very good news.

Q716 Baroness Bonham-Carter of Yarnbury: Is one of the reasons, if that were to be true, to do with the fact that you have recently conducted some quite severe cuts across your journalist base and does this cause you concern? Could you tell us more specifically how many journalists and specialist correspondents you employ now in contrast with ten years ago?

Mr Kelner: I would not have the comparative figures for ten years ago. I would think we probably employ more people than we did ten years ago. I joined in 1998 after a period when the *Independent* was pretty well down on its uppers and had fired a lot of people. Independent News and Media took the paper over and appointed me as editor. The editorial budget went up in the first year by 23 per cent so I think in terms of 1997 and now we have

probably got the same if not more journalists and we are producing a lot more output. This year we have to go through a period of retrenchment and I think the way we handled the cuts in the editorial budget was done very sensitively and consensually. We had a voluntary redundancy scheme; not a single person was made compulsorily redundant. A lot of people took advantage of what were terrific terms and what has happened is that we lost some very good people, but also people who had been there for 20 years and probably needed to move on. We actually let go more people than we wanted to let go so it enabled us to employ some younger people in their stead. What we have done over the course of the year is to re-engineer the newsroom and we have a very young, dynamic newsroom now. I think we have come out of this process stronger rather than weaker.

Q717 Baroness Bonham-Carter of Yarnbury: Have you lost special correspondents, foreign correspondents?

Mr Kelner: The only correspondent that we lost is that we went down from a full time staff of two to one in Washington. Instead of having four people covering America on a staff basis we have three and a half, plus a business correspondent.

Q718 Baroness Bonham-Carter of Yarnbury: What were the reasons behind that?

Mr Kelner: The constant struggle to break even.

Chairman: Mr Kelner and your colleague, thank you very much indeed. You have given us some excellent thoughts to chew upon as we continue this inquiry. It is very kind of you to make the time to be with us and to be so frank with us as well. Thank you very much indeed.