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Witnesses: Sir Peter Bazalgette and Cerys Matthews MBE

Dr Roberto Suárez Candel

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The Chairman: You are leaving us with a question rather than my putting one to you but that is an extremely important one. Thank you very much for raising that and for coming before us today and sharing all kinds of very important insights. We are deeply grateful. Thank you both very much.

Examination of Witness

Dr Roberto Suárez Candel, Director of the Media Intelligence Service, European Broadcasting Union, Switzerland

Q47 The Chairman: Dr Suárez Candel, thank you very much for joining us. Where have you come from today to join us?

Dr Suárez Candel: Yes, from Geneva.

The Chairman: Direct from Geneva. We are extremely grateful to you for taking the time and the trouble to be with us.

Dr Suárez Candel: Thank you for inviting me.

The Chairman: We are televising this session and there will be a transcript, so it is all on the public record. We have declared interests already and the convention is that we do not do that again. I am going to ask you, if you would, to tell us a little bit about yourself and perhaps your organisation and where you are coming from—we know you are coming from Geneva but, as well as that, your background. Thank you.

Dr Suárez Candel: First of all, I would like to express the gratitude and appreciation of the European Broadcasting Union for this invitation. We appreciate very much that in dealing with such a national and internal issue, you invite this professional association to provide you with evidence and we do it with great pleasure. Since we received the invitation three weeks ago I can assure you that a big group of professionals in Geneva, including not only the team I have the pleasure to lead, but also our public affairs department and the legal department—all of them—have been working to provide me with all kinds of data and argument so I can sustain today my contribution here.

I joined the EBU in 2012 as head of the Media Intelligence Service. The EBU, as you might know, is the professional association of European public service radio and television. Just for you to have an idea of the dimensions, we have 73 members across 56 countries in Europe. Our members broadcast over 900 television channels, over 800 radio stations, in 96 languages and target a potential audience of more than 1 billion people. Every week 383 million European citizens watch public service channels or listen to them and the average share of

public service channels in Europe is 24%. With these numbers, the only thing I want is that you have a better idea that, today, I am here to offer you an international perspective that I hope is useful for your deliberations. In my case, personally, I come from the world of academia. For about 10 years I have been lecturing and researching in the field of public policy and communications, in Spain, Sweden and Germany and, as I said, in 2012 I joined the EBU.

The Chairman: Thank you very much.

Q48 Baroness Scotland of Asthal: Could you explain to us a little further—for all of the Committee—the role that the European Broadcasting Union and the Media Intelligence Service plays? How does it work, what is its function and why is it there?

Dr Suárez Candela: Yes, for sure. As a professional association, our main activity is to support the interests of our members. Basically, this can be summarised in saying that we work to make public service media indispensable across Europe, and to achieve that goal we carry out a wide diversity of activities. Of course, we carry out advocacy activities in Brussels, but we also support national Parliaments and our members when they have issues at national level. We facilitate the research and innovation of our members, bringing them together to work.

We also have a legal department and we have the public affairs and communications departments that hosts my unit in the Intelligence Service, which basically is the research unit of the EBU. Our role is providing all kinds of trustful data, trustworthy analysis and relevant arguments to our departments in Geneva, so they have evidence to make assessments about the issues that they are working with, and also to our members to support the daily operations but also their strategic thinking. To do this we collect all kinds of data, conduct international research and produce all kinds of reports that mostly are only available for our members.

Q49 Baroness Healy of Primrose Hill: What do you see as the main benefits of public service broadcasting? I believe you have used the term “social investment” to describe one of the benefits. Can you expand on what this means, as well as describing any other benefits?

Dr Suárez Candela: When you talk about public service media, a general mistake or problem, let us say, is that usually the debate is whether we should have it or not and why we should replace it with commercial media. I would say that this is an iteration that gets us nowhere because we are lucky to have this dual system, and both ways of producing media are complementary. In particular, public service media has certain advantages and, first of all—and this follows the work done by the EBU—the EBU has defined a series of values that define how our members work because, across Europe, we have all kinds of definitions of public service media in the national laws, all kinds of companies and all kinds of levels of

funding, so there is not one definition of public service. But if you talk about how our members work or aspire to work, it is about universality and it is about independence, quality, excellence, innovation and diversity. The positive effect that this has is not only making available to the citizens—not just as “consumers” but as “citizens”, with the implication that this word has—all kinds of media services but also upholding the standards for the commercial media operators. It is also about transparency and being accountable. It is about providing a service on a rolling basis, because the CEO of any private corporation could decide one morning, “I just want to change, so I am going to stop the service” and he would be entitled to do that. When you have public service media, this cannot just simply happen. This is about the how.

I am glad you mentioned the issue of social investment. We tend, at least in the public debate, to usually talk about the cost—how much the BBC costs and how much any other broadcaster in Europe costs. It is not cost; it is an investment. You put money into that, and you get benefits. This is a project we have the pleasure to lead in the European Broadcasting Union. We are conducting a project about the contribution of public service media to society and, similar to what has been said before, we are trying to analyse: what is the economic impact in terms of GDP, in terms of creation of jobs but also in terms of dynamising the market? Public service media broadcasters are well known for taking risks and investing in technology, opening the market, creating a critical mass audience so commercial broadcasters can join. It is about the impact on training and the impact from having well-informed citizens, the impact in arts, promoting the arts, so that artists that have no promotional capacity are exposed. Eventually, this democratic, this cultural, this training impact will also have an economic impact because it will enable activities.

Baroness Healy of Primrose Hill: I noticed in your slides, which you kindly gave the Committee, that there is a reduction in some of the countries in how much they are spending on PSBs. Do you think that is as a result of austerity? I notice that Spain and Portugal, particularly, have been dropping and Britain not so much yet but maybe we are all waiting to see what happens here. Are you concerned about that?

Dr Suárez Candel: Yes. What we see and we are very much concerned about is that, in several countries across Europe, Governments have targeted public service media—as they are in the public sector, of course—within their austerity plans and they are cutting the budget. From some perspectives, of course, that can be understood and I will be the first to say that, of course, public service media need to find out how to be more efficient and save costs if necessary, but most of the time it is not about efficiency. Most of the time these cuts

are just a political decision and, as we have been discussing before, this has very negative consequences for these organisations and a direct impact on the value that they can provide to society.

It is not only about cuts. We have some data where we see that, for the last five years, the absolute value that about 53 public service media organisations in Europe collect has increased—the total amount of money—by 2.2% or something like that, but if you take into account inflation, for example, the result is that they have lost 8.7% of capacity. Also, in some countries they say, “We need to cut or we need to freeze the income of public service because they are distorting the market”. I am going to provide you with a number, with some figures that for sure invalidates this argument.

We have these 53 public service media organisations and if you see the evolution of their funding and you compare that with the top 12—53 versus 12 European media conglomerates—these 12 conglomerates have today 41% more revenue than those 53 members of our organisation, and this gap has been increasing year after year. These numbers show that public service media are not necessarily distortive. Pay TV income across Europe, despite the crisis, has increased, if I am not wrong, from 2012-13 by 16%. There are plenty of figures that demonstrate that. The distortion is not an issue.

Q50 Baroness Benjamin: In a recent debate here in the House of Lords on the future of the BBC, it was said that the BBC is perhaps the most important cultural organisation in this country and is our overseas calling card. From your vast experience of public service broadcasting in Europe, how is the BBC regarded by the rest of Europe?

Dr Suárez Candel: I must say that is an easy question and you probably know the answer. The BBC sets the standards in many fields. It is regarded by most of our members, together with other broadcasters, like the Germans, the French or the Scandinavians, as setters of trends and setters of best practice. I am personally surprised when here in the United Kingdom there is such a hard criticism about the BBC, because it is like, “You do not know what you have”. It is great. Many citizens across the world listen or they watch the international services of the BBC. In many countries, not only Europe but all over the world, one of the most important ways to be aware of what is happening across the world is the BBC services. It is a fantastic tool your nation has for promoting your culture, your values, your political system and your arts—everything. Not only that, together with the BBC you also have probably the most dynamic and biggest audio-visual market in Europe. Honestly, from an outsider and non-British perspective, many people will say, “Where is the problem?”

Baroness Benjamin: From an outsider, then, tell me what comparison can be drawn with other public service broadcasting organisations in Europe? Do they offer the same or similar benefits as the BBC?

Dr Suárez Candel: Comparing public service media across Europe is a very difficult task because public service media is very much affected by, or depends very much on, national conditions. You cannot expect all broadcasters in other countries—with different political systems, different sizes and different levels of funding—to provide the same as the BBC. As I said before, the BBC in this case is a reference for most of the European broadcasters and not only for broadcasters. I have been teaching across Europe and I can see how the students always ask about the BBC and not only the BBC—you also have ITV, Channel 4, S4C. In general, you have a fantastic public service media constellation in this country that is providing so much richness for citizens that, of course, everybody wants to learn from that.

Q51 Lord Hart of Chilton: This is a rather lengthy question, I am afraid, because it involves two quotes from your website. The first quote is, “Public service media ... comes in a variety of shapes. The traditional radio or television has developed to include digital platforms that meet the changing needs of how audiences consume media today”. The question on that quote is: could you elaborate for us on the work you have done on the changing definition from public service broadcasting to public service media?

Dr Suárez Candel: We live in a context of technological transition that is having a very strong impact on the way media is produced, distributed and consumed and, of course, this necessarily needs an adaptation of the concept of public service. But that adaptation does not necessarily need to be a radical change of the fundamental values I was talking about before. It has implications, of course, for the production and distribution ways of the BBC or any other broadcaster, because you will need to be updated, the professionals need to be trained and that will have a cost, just as when a new surgery technique is discovered and you want to bring it to the population you need to adapt your hospitals.

Basically, what we tell our members all over Europe is that, in order to be relevant, in order to be indispensable, in order to continue to bring value to all citizens, you need to be where the audience is. As it has been said by the previous speakers, there is no sense in questioning whether we have to go online. Society is online, so if you work within society you need to be online. I must say that, of course, this will have an impact on the market, but it is up to citizens, it is up to you, it is up to the Government to decide in which parts of the market we want to have an intervention if that brings a benefit for citizens.

On the concept of universality, we cannot talk about universality if we say broadcasting only means radio and television as they have been for the last 80 years. Citizens are migrating to the digital sphere. Not only that, for teenagers, for certain age groups, online comes first. That is the platform where they go. There they will find information and then they will go to TV and radio to expand, to get more data and more information about some headline they found online. But the fundamental change that we are asking our members to do is about that. It is about going from the broadcasting business and to all kinds of platforms; otherwise, public service media will become irrelevant for society and, of course, there will be no point in having them if they are irrelevant.

Lord Hart of Chilton: In a way you have answered the supplementary question that I was putting to you, but just say that you might have something more to add, what are the implications of what you have said for the industry as a whole and for the BBC in particular?

Dr Suárez Candell: For the BBC, as for any other broadcasters, as I said, there needs to be a plan. I know the BBC has plans and is proactively working on that. At the EBU the BBC is one of the main contributors in bringing ideas that many other members benefit from. It is about reorganising your production structures. It is about reorganising your distribution—should we go mobile or digital first? Should we maintain our news programmes late in the evening? There are plenty of changes that need to be faced. It is about training. Nowadays the issue of rights is very important, because it is a market that is becoming much more competitive, much more complicated. Of course, we see that in some cases the citizens or the political establishment are going to question maybe the money that is invested in certain rights. But all these responses are necessary to maintain a BBC or any other public broadcaster alive and relevant.

On the implications for the market, all the commercial operators have to face the same challenges. The discussion here should not be whether it is the BBC or commercial. How can we make this dual system work well so it becomes a dynamic market, a market that creates positive skills, that creates growth? Because the challenge is not a fight between commercial and public; the challenge is the globalisation and internalisation of the media market, when global companies—most of them placed in the States and benefiting from the huge size of that national market—come to Europe and step by step start to colonise our media markets. For example, I do not know if you are aware that in Europe Netflix is not making a cent in benefits in any of the markets where it is operating. How is it they can be operational? Because they live from the benefits made in their domestic market but, by being here, even if

they do not receive any benefit, they become competitors and they diminish the capacity and the success of having audiences and incomes for other broadcasters.

Again, it is about going one step further and not just looking at your national market and saying, “This or that”. No, it is about: how can we use both parts of this puzzle so that the British national market is competitive worldwide?

Lord Hart of Chilton: Let me put to you the second quote from your website, which says: “Our Members believe in a transparent world of communication for the common good, creating content that freely informs, educates and entertains the public, and continue striving to perform to the highest standards with moral integrity and maximum efficiency. They realise that trust is at the centre of the relationship with the audiences to ensure their place as the most credible, diverse and creative national media broadcaster”. In that context, how do you think the BBC performs?

Dr Suárez Candel: Allow me to say that the role of the EBU is not monitoring and being the police of the members and saying, “You are doing well, you are doing bad and you are now punished because you are not performing well in this indicator”. We do not monitor the activity of our members to that stage. What we do is promote values and help members to perform well in those values. As you can imagine, across the European spectrum of members we have, we have all kinds of members and some of them are performing better than others. I must say that the BBC—most of the time, if not always—is in the top group and, as I said before, setting the standard for the others to follow.

As you mentioned, if we think about transparency, trust, the relationship with the audience, again, if you look from a non-British perspective sometimes there is only surprise. Do you not realise what you have here because it is really good and it is working? Of course, like in any other markets, we might have situations that are surprising, and I guess later we will talk about the licence fee agreement and other issues. The British system is not a perfect system. It is not a system that can be applied in every other country because each country is different. But I must say, considering the broad spectrum of our membership, the BBC has always been one of the members that has been looked up to by the others as an example of inspiration.

Lord Hart of Chilton: You say for the most part it is in the top cohort, but you indicated that perhaps sometimes it fell short. In what respects might that be?

Dr Suárez Candel: When I was saying “the most” I knew you might ask me that. I must admit that I said “the most” rather than to say “always” because then maybe you will consider that an exaggeration. As I said, we do not monitor or track all of this performance. I am sorry. I am afraid I cannot tell you now or provide evidence on that.

Lord Hart of Chilton: Thank you very much.

Q52 Lord Sherbourne of Didsbury: You mentioned just now the licence fee and I would like to focus on that. I have also read some of the things you have said and, if I can remind you, on this particular point you wrote: “Public service budget definition and control need to be detached from politics to ensure independence”. As you know, we have just had a behind-closed-doors deal done between the BBC and the Government over the licence fee. My question is: if you devolve that decision about the licence fee to an independent body, for them to decide how much it should be and for them to decide the criteria by which the BBC should operate to make sure the deal is done by them as a quid pro quo—here is the money and here is what we expect of you—if that is done by a non-Government body when there is a compulsory tax on every television owner, which you cannot get out of, will that work and where is the accountability?

Dr Suárez Candel: As Dr Damian Tambini mentioned, sitting here, this agreement was a big surprise. From Geneva, we were following and monitoring the review of the charter. We were aware that the Green Paper would appear. There have been reports out of the House of Commons. Now you have this commission. There was the report on the efficiency of the BBC, the report on the decriminalisation of the non-payment of the licence fee and, all of a sudden, this agreement appears out of nowhere. I recall Dr Tambini said, “For me now it is very difficult to go abroad and explain or advise other Governments about how things should be done”.

Lord Hart of Chilton: I understand that it would be much better to have transparency over the deal, but you are proposing some body other than the Government should do that and my question is: if it is a separate body, where is the accountability?

Dr Suárez Candel: What we see from many examples in other European countries—and, again, we need to be careful in how we would like to import that to the UK because the constitutional order and the legislation is different—is that, in many cases, for these committees the members are partly appointed by Parliament, partly appointed by a professional association and partly are representative of citizens. That is the case in Austria and also in Germany, where you have each Land or regional Government appointing an expert. What this committee of experts ensures is that the process of defining the licence fee is driven by professional standards and motivations and that there is no influence by a political, let us say, agenda. Of course, this committee then can be subject to all kinds of controls and eventually it will be the Parliament or the Government approving the recommendation of that body.

What happens, for example, in the German case is that, quite rightly, if the Government decides to change the recommendation by that committee, it needs to justify why. That brings accountability but also a buffer between the political agenda and what is decided.

I must say also that a very interesting step that is happening in Germany, but also in countries like Norway or Denmark, is that the initial proposal comes from the broadcaster because the broadcaster that receives the remit then elaborates a budget and says, “If you want me to fulfil my remit—”. In many cases it is, “Look how I spent the money last year. Look at my plan of activities and this is my plan or these are my needs”. This goes to maybe a professional committee that provides assessment and questions, requires more material, makes an assessment and then brings up that decision to any political process going through the Parliament or going through the committees. That way, I personally think, is the most transparent because you also have the opportunity to make a public consultation but it is also the most efficient or the one with the highest warranty from a professional perspective that you are going to achieve. Because, in the end, what we want is that the budget or the level of the licence fee that is approved actually delivers what it is supposed to deliver.

Q53 The Chairman: A final question: what do you see as the main challenges that now certainly face the BBC and that our Committee should be concentrating on in this charter renewal process?

Dr Suárez Candel: For sure, the issue of funding. Like anywhere else in Europe, it is an issue and one of the questions I might have is: there has now been this agreement but we are still in the process of the charter renewal, the Green Paper and the results of this Committee, so will all those have an impact on this agreement that has been achieved now? That is why it is surprisingly out of any scheduling or logical process that this has happened. This is a challenge. Of course, like in many other cases, the challenge for the BBC is to continue to maintain the value it delivers to citizens, despite the international competition, despite the increasing competition in the market of rights and knowing that it has to do many more things, do more activities on more platforms, delivering more precise content for different target groups, with the same revenue resources.

Eventually, what can happen if you cut the resources of the BBC, like any other broadcaster, is that initially there are going to be cuts in the programmatic side because, of course, you do not want to fire anybody but there are limitations on that. Then there will be a point when the working conditions will be affected and you will have poorer working conditions or you will have fewer staff, which means that the others have to do more or, eventually, you reduce the level of quality you are delivering and, therefore, you create a negative spiral where citizens

are not happy with the service, they start to question and, of course, that diminishes the purpose and the legitimisation of—

The Chairman: Has that happened anywhere else in Europe? Have citizens reacted against cuts to public service broadcasting?

Dr Suárez Candel: I can provide two examples. I can provide an example of the public reacting against decisions against public service media. For example, in Germany, during the process of carrying out the public value test, there was a process that has been called “Depublizieren” or de-publication, where the broadcaster started to eliminate many websites that had content that was press-like and that will be problematic. Citizens were very angry because they said, “It is okay if you cannot continue to produce this kind of content, if that is what the law says, but what is not okay is that, what you have produced with our money, now you delete it”. What happened is that many people started to backup and then to publish again these pages that the broadcasters were deleting themselves.

Let me give another example of how the reduction in funding or the worsening in working conditions has a very bad effect. I come from Spain, so I can tell you that if you see the change in the funding model from what was implemented in Spain in 2010, you can see that the consequences have been dramatic, because there is total uncertainty about the money that the broadcaster will receive. Also, the economic crisis has resulted in cuts in the contribution by the state and altogether this has resulted, of course, unfortunately in a fall in the audience and the support of the public. This is a situation that we are trying to help to reverse and I can tell you, as a Spanish citizen, that many citizens are very upset with that situation.

Baroness Kidron: Can I just ask a very quick question because I know we are running late?

The Chairman: Yes.

Q54 Baroness Kidron: What I was curious about was that you have so many members and they construct themselves in all these different ways but what you came up with was a series of values.

Dr Suárez Candel: Yes.

Baroness Kidron: Yes. I am interested, because we are looking at the public purposes, whether you see that the BBC might describe itself better because you have been very eloquent about the fact we do not know how wonderful what we have is but you see—and in fact all your European counterparts see—that we have something. Do you think we would be better to describe the BBC as a series of values, or do you think that the public purposes is a good model?

Dr Suárez Candel: Maybe none of these options because they might be too complicated for the average citizen. That is also something we are working on in the EBU and these contributions that the project wants to achieve. We are telling our members, “You need to make your message understandable by any person”. There is the example of the Austrian broadcaster ORF: they have a wonderful campaign where they produce a magazine where they explain what they do and provide all kinds of data but in the central page, the double page, they have the daily cost, €0.51, and they have the accounts there. They put all the offer around these accounts, all the offer, all the services that ORF is providing citizens. That is the language that citizens understand: how much we will pay per day for this, and then you can compare how much a coffee costs, how much for a newspaper, how much for tickets to the cinema and what the value is.

So there are different levels of communication and then the messages need to be different. When we target citizens we need to make it simple and understandable. That does not mean stupid. We are not addressing stupid people, but we need to elaborate on these complex concepts and we need to get over messages that are easy to understand. We see what happens if you do that. For the Swedish campaign to increase the amount of people paying the licence fee, what do you think they did? Did they say, “You have to pay the licence fee”? No, they made a campaign saying, “Thank you because you paid the licence fee”. If you go online and you look for “Hero (Tack)”—that is “Thank you” in Swedish—you will see the campaign that was a viral campaign online. It was like an advertisement, where they were saying, “How can we be sure that what we see on the screen is true?”

Baroness Kidron: That is about monetary value. That is not about the values that you described in your very interesting long list, many of which are not in the public purposes of the BBC, some of which are.

Dr Suárez Candel: Yes, we need communication campaigns. This is a message we are telling our members: “You need to talk more”. In many cases sometimes our members, because of the political environment of the situation, hesitate to communicate more. We are telling them, “You need to communicate more. You need to field more messages. What you are doing is good. What is the point in promoting that?” But, of course, each market is different. Sometimes the reactions are very, very strong.

The Chairman: Thank you very much indeed. I hope that we have not kept you too long and you have not missed your flight back to Geneva.

Dr Suárez Candel: No, I have time. I can stay longer if you want.

The Chairman: Thank you so much for being with us.

Dr Suárez Candel: Again, thank you for the invitation. For me, personally, it is a wonderful experience—as an academic and now as a member of the EBU—to be here. Again, the EBU very much appreciates that you take our opinion into account and, last thing, also having the BBC and the BBC being a member of the EBU enables that we can come here and this is paid by the licence fee, so thank you very much.

The Chairman: Thank you very much.