



TYNWALD COURT OFFICIAL REPORT

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QUAIYL TINVAAL**

PROCEEDINGS

DAALTYN

(HANSARD)

SELECT COMMITTEE OF TYNWALD ON THE TELEVISION LICENCE FEE

**BING ER-LHEH TINVAAL MYCHIONE
LEAGH KIED-ÇHELLVEEISH**

Douglas, Wednesday, 24th March 2010

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**PP117/10
TTLF, No. 1**

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Members Present:

Chairman: Mr G D Cregeen, MHK
Mr D A Callister, MLC
Hon. P A Gawne, MHK

Clerk:

Mr J King, Deputy Clerk of Tynwald

BUSINESS TRANSACTED

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Mr Pugh was called at 11.38 a.m.

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Mr Earnshaw and Dr McLaughlin were called at 12.24 p.m.

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The Committee adjourned at 1.07 p.m.

Select Committee of Tynwald on the Television Licence Fee

*The Committee sat in public at 10.33 a.m.
in the Millennium Room,
Legislative Buildings, Douglas*

[MR CREGEEN *in the Chair*]

Procedural

The Chairman (Mr Cregeen): Good morning, and may I welcome you to the sitting of the Select Committee of Tynwald on the Television Licence.

5 Could I ask everyone if they could switch off their mobile phones, please, rather than just put them on silent, as it will interfere with the recording.

 The Committee was established by Tynwald on 18th November 2009. The motion establishing the Committee was:

10 ‘That Tynwald appoints a Committee of three Members with the powers to take written and oral evidence pursuant to sections 3 and 4 of the Tynwald Proceedings Act 1876, as amended, to investigate the feasibility and impact of withdrawal from or amendment of the agreement under which residents of the Isle of Man pay a television licence fee; and to report.’

15 I will introduce myself. I am Graham Cregeen MHK. With me I have the Hon. Phil Gawne MHK; David Callister MLC; Jonathan King, the Clerk; and Clive Alford, the *Hansard* clerk.

 Today we have witnesses from the BBC, Manx Radio and the Communications Commission. We have had written submissions from all three organisations, for which we are grateful.

20 We are dealing with a complex subject, complex because of the constitutional issues between the Isle of Man and the UK, and complex because of the possibilities and challenges of new technology. In our minds, however, there is one very simple question: does the licence fee represent value for money for the people of the Isle of Man?

EVIDENCE OF MR W WHITE AND MS L ELLIS

25 **Q1. The Chairman:** We start with the BBC. We have received a written submission from the Deputy Director General of the BBC, Mark Byford, and thank you for this. For the record, could I ask you your names and your positions, please?

Ms Ellis: I am Laura Ellis. I am the Head of New Media for BBC English Regions and Business Manager for BBC English Regions.

30 **Mr White:** I am Wilf White. I am Head of External Policy for the BBC as a whole.

Q2. The Chairman: Could I invite you to make an opening statement, if you have one?

35 **Mr White:** Yes, certainly. As I say, I am Wilf White. I am Head of External Policy for the BBC. My job is to be accountable for the parliaments of the British Isles and to other key external stakeholders. In that context, it is a great honour to be in front of the oldest parliament of the British Isles. I think I have spoken at some point to everyone apart from the States of Jersey and Guernsey, but I am hoping to do that in a few weeks’ time, so I am looking forward to doing that. The last time I was here was to address Members of the House of Keys on behalf of the
40 Switchover Help Scheme, for which I am the Director of Policy as well.

Laura Ellis is Head of New Media for the BBC's Nations and Regions Division. Coincidentally, both of us have strong affection for and connections with the Isle of Man. Laura's in-laws are in Andreas and I have friends in Foxdale, Union Mills and Douglas, and my mother went to Douglas High School for Girls when my grandparents used to live here, so we have a great deal of affection and interest for the Isle of Man and we are regular visitors here.

As you know, historically the people of the Isle of Man have had access to all the BBC's national services, but before switchover I think it would be fair to say that reception of television was pretty poor. Many people in the Island got their services from England, Scotland, Wales, Northern Ireland and to varying degrees of quality. I hope that, after switchover, we have addressed that and actually now that everyone gets their service from the Douglas transmitter, or almost everyone, they are and we are getting much better reception, and we are working on that all the time. Indeed, I was told this morning that there were people working on the Douglas transmitter overnight. Poor beggars – it can't have been fun!

We are very much dedicated to ensuring that the Isle of Man gets good reception of all our national services because that is where the vast majority of the licence fee goes. I think you may be aware that, in our Annual Report, we talked about the BBC spending per month, and last year, when the licence fee was £139.50 – and that worked out at £11.63 per month – over £11 of that £11.63 was on our national services, which everyone receives. About 45 pence goes on local services.

We have increasingly, in recent months and years, talked to Manx Radio about the fact that there is no BBC local radio service on the Island, and I know that is something that people feel sometimes rather sore about, that we should do more to support radio on the Isle of Man. I do not think there are many people who would now want us to open a BBC radio station here necessarily, given that you have three such good radio stations already on the Island, but I think we are looking at ways, with Anthony Pugh of Manx Radio and with our colleagues at 3 and Energy, of doing more to support radio on the Isle of Man.

We are also looking to do more in terms of the website, where I think we would acknowledge there is more that could be done to improve our local services.

We had hoped, as I think some people may know, to do more in terms of local television, but our proposals in that area were rejected by the BBC Trust, not only for the Isle of Man but for the whole UK, something which we, as the executive, regret, but that is unfortunately where we are. But we are looking at video sharing with websites and we are here very much today not simply to defend what we do, but to hear from you what we think more we can do to improve the value for money that people on the Island receive.

I hope that is helpful.

The Chairman: Yes.

Ms Ellis: I will just add a little bit on the purely local front, which is clearly the area that I represent and am very keen to promote.

I think my interest in this started in 2006, when we first began our memorandum of understanding with Manx Radio, as a way of really starting to improve our relationship with the Island. One of the things that we really wanted to do was to make sure we had a voice on Island rather than reporting Manx affairs from across, from 'North West Tonight', which was historically given the job of reporting the Isle of Man via sending somebody across, usually on a plane, and then having to ship material back and appearing on 'North West Tonight' that evening or the next day.

We now have a team of three based at Manx Radio. They very kindly host our team for us. That team has grown since 2006. We started off with two and a half people; we are now up to three on a permanent basis. Generally, that means that two of them work on the website. They also acquire audio and video for BBC outlets, other than BBC local outlets, which is tremendous. For example, we have had material appearing on Radio 4. We liaise closely with our other BBC colleagues when they come and do things like *The Culture Show* and when they come and spend time on the Island, we try to be welcoming and give them all the help that they require.

In terms of the website, we are investigating, as Wilf says, new ways of delivering a service to the Island, for example through some Manx pages that we are hoping to develop which we hope very much will be a strong resource for students of Manx. I met Adrian Cain a couple of weeks ago and we talked about what we could do in that field, and we would very much be interested in developing that further.

On the television side, we have just appointed our third person, who was a replacement for Paul Moulton who left recently, and Sarah Corker is now delivering on average – and obviously it

depends on the news agenda – three items a week to ‘North West Tonight’, and they might be fully voiced items or they might be out-of-vision bits of video. So we have a strong presence here which we now are able to... We are also able now to send things back via computers, rather than having to fly material back.

I think the one thing I would say is we are always keen to hear new ideas as to how we can improve the service, both obviously to the BBC outlets that we serve through our own staff and also to licence fee payers through other outlets, such as the work we have done with Manx Radio with exchange of material, offering training and building that relationship as the BBC is a public service broadcaster building relationship with the public service broadcaster on the Island.

So, we are always keen to hear new ways in which we can build that relationship. We are in constant dialogue with both Anthony Pugh.... As you say, 3 and Energy as well, representatives from them, and also with Carmel McLaughlin, to discuss ways in which we can push the relationship forward.

One final thing: we would be very, very keen to explore opportunities with the BBC Parliament channel to do some regular reports from Tynwald and some televising of Tynwald, if that is something which is agreeable to Members and which is something which you would like us to investigate. So that is another issue that is pending.

Q3. The Chairman: Thank you for that. Firstly, could I ask for an estimate on how much revenue the BBC gets from the Isle of Man?

Mr White: We do not break down licence fee revenue by area in precisely the way that you ask, but we can make an estimate. What we know is that there are just over 32,000 licensed premises on the Isle of Man, and on the assumption that they all pay a full licence fee, that would work out at around £4.5 million.

Q4. The Chairman: Would you consider that is value for money for the Isle of Man licence fee payer?

Mr White: Again, it is equally hard to estimate the value of the services that you get back again. One calculation that we have done, as you will see from our submission, reckons that the direct value of services – and that is not including the cost to the BBC of distribution and of general overheads for the BBC – is around £4.3 million, and actually, if you look in terms of the value per head of services that the Isle of Man receives, it is very comparable with that of those people in England, Scotland and Wales. It works out... Let me see, I have got the figures here.

The BBC spends £53.60 per head of population in England and the Crown dependencies. For the Isle of Man alone, that figure is £53.20, so it is a very similar figure. If you are looking at local spend, we estimate the average cost per head for England at around £2 and the average per head for the Isle of Man at around £2.35, so I think those figures are broadly comparable.

Q5. The Chairman: Does that take into account the properties that you own throughout the UK, the rates, electricity and the local spend that you have there, and is it comparable to the Isle of Man? As you have said, you have only got three staff here.

Ms Ellis: These costs are calculated using specific service costs plus an apportionment of overheads, yes, but not including distribution.

Q6. The Chairman: Could you inform us on the cost of the employees on the Isle of Man, as a total rather than individuals, for your three, because I think in the Channel Islands, you have got about 65 staff there.

Ms Ellis: Not quite that many. In the Channel Islands, we have 19 staff at BBC Radio Guernsey and 25 staff at BBC Radio Jersey, so that is our total staffing of the Channel Islands, which is –

Q7. The Chairman: And for the BBC television part of that?

Ms Ellis: The television staff are another three on top of that, as I understand it.

The Chairman: Thank you very much.
Mr Gawne.

Q8. Mr Gawne: I have a few questions here. We have received some information from Neil O'Brien from the Broadcasting Authority of Ireland in relation to BBC services transmitted or received in the Republic of Ireland. Obviously, they do not pay a BBC licence fee. What we did discover was, I think, 18% of viewers were able to access BBC without paying anything to anybody, but certainly Sky and the cable companies do pay royalties to the BBC, so the majority of viewers in Ireland do actually pay something through their subscriptions.

What is the set-up with regard to people who are covered by the BBC licence fee, but also access their television through Sky or cable? Do Sky and the cable companies pay a royalty or a fee of some kind to the BBC? How does that work?

Mr White: Ireland is a slightly unusual case. We do provide BBC services in Southern Ireland on a commercial basis, so Sky and cable pay us to carry our services and they in turn charge their customers as part of their subscriptions for those services. You are right that there is some overspill, so that some people close to the Northern Irish border do receive BBC services, but that is a minority of people in Ireland.

In return, it should be said that people in Northern Ireland do also receive some services from Southern Ireland, and actually both governments have actually tended to encourage this overspill, partly in the context of the Northern Ireland Agreement, which... the idea is that it encourages mutual understanding and cultural exchange, so it is something that the governments are quite keen to encourage, but generally speaking, BBC services are only provided outside licence fee paying areas on a commercial basis.

Q9. Mr Gawne: Roughly how much per head would that be? How much per viewer would you be charging for those services?

Mr White: I am afraid I do not know the answer to that question. Could I write to you? I do not actually know.

Q10. Mr Gawne: Yes, it would be very useful to our investigation.

I suppose I ought to ask the question, bearing in mind this is what we are here to discuss, the motion establishing this Select Committee basically asked what would be the impact of withdrawal from the TV licence fee, or indeed some sort of amendment of the current agreement. Can you answer that fairly basic question? What would happen if the Isle of Man decided to withdraw from paying the TV licence?

Mr White: I think the first thing I would say is that we would be extremely sorry to see that happen. At the moment, because you do pay the TV licence, we feel a very strong obligation to serve you with our services, and I think that not only do you receive our national services, but we are trying to improve what we do locally as well. There is a strong incentive on us to do so because, quite rightly, you can put pressure on us and say 'We pay you this money, can we have value for money from what we give you?'

If we were no longer to receive the television licence fee, we would not have the obligation to seek to serve the Isle of Man and I think that would be a great shame.

Q11. Mr Gawne: But potentially we could, through a commercial set-up, pay to receive the services in that way, because I know that we have, I suppose, a split in terms of the population, and indeed in terms of individuals, I think. There are many people who very much respect and value the programmes the BBC produce on a general basis, but I think probably most of those would also argue that we do not really get an adequate service, certainly in terms of news coverage of what we do in the Isle of Man.

I can understand that may be rather over-optimistic on the part of people living in the Isle of Man, but quite frankly – and I suppose this is a question to you – living in the Isle of Man, what relevance would there be for me to watch 'North West Tonight' news programme? It is about big cities which have very little to do with what I do in the Isle of Man.

Ms Ellis: I think, if I could just answer that, 'North West Tonight' does actually cover the Isle of Man quite a lot now, to the extent that at the last performance review session we had with the 'North West Tonight' team they were saying to me, 'My goodness, we are getting so much material we wonder whether we are actually covering the Isle of Man disproportionately.'

I am sure it does not feel like that to you here, but I think we have moved on an awful lot, in terms of the coverage we have given to... There are several very big stories that we have had

225 recently and we have covered them in quite some detail, not only on 'North West Tonight' but on
 'The Politics Show' and on other BBC outlets we have been able to pass that material on and
 enhance the understanding of the Isle of Man with the rest of the BBC in terms of the coverage
 that we have been able to offer on that.

230 So I think we have made some big strides in that. Interestingly, the north west region also
 covers Cheshire, and we have similar discussions with Cheshire, which has a population of, I
 think, around half a million who do not have a local radio service either, and I think that in many
 ways the developments that we have made with the Isle of Man have given the Isle of Man a better
 service than some parts of England because we do have this focus. We do have three people here
 and those people know the Island, live in the Island, and are able to supply a wide range of good
 235 quality audio, video and web material to people living on the Island and those who are interested
 in the Island from the UK.

Q12. Mr Gawne: I can understand that from your point of view, from a large UK-based
 organisation, but from our point of view, we have our own Government, we have our own system
 of administration in the Island which is entirely separate – pretty much entirely separate, anyway,
 240 give or take a few deals here and there. Certainly from our perspective... You asked for feedback
 from us to a certain extent and I certainly value the general broadcasting of the BBC, but I find
 news coverage fairly irrelevant. If I am interested in news and politics in the Isle of Man, which I
 am obviously, why would I want to watch 'North West Tonight' on the offchance that there might
 be a story coming up, when I know that I can listen to the excellent services of Manx Radio,
 245 Energy FM, 3FM and get a more comprehensive news coverage? But maybe that is just me.

There was one other... Well, no, I have got several points, actually, but I am sure Mr Callister
 wants to come in shortly. In relation to Gaelic matters – this is a personal interest of mine – you
 have mentioned the possibility of Gaelic being on the website, Manx Gaelic. I used to be the Manx
 Language Development Officer, and you mentioned that to me eight years ago, when I was the
 250 Gaelic Officer, and you are still mentioning it as a possibility. Are you really serious about it being
 a possibility now? Were you really serious about it being a possibility then? And what is going to
 change to actually make it a reality?

Ms Ellis: I am not sure who mentioned that to you eight years ago. I do not think I was
 255 involved in those days.

Mr Gawne: No, well, you, the BBC.

Ms Ellis: Yes, it is serious. We have identified the pages and we are in the process of having
 260 them translated, so they will be appearing very shortly. So yes, we are serious, but that is just a
 start. We would clearly like to look at what else we can do. I attended my first Manx lesson when I
 came across, and thoroughly enjoyed it, and I would to see us be able to develop what we do more.
 I have a meeting in my diary for April with the BBC's new Head of Learning, and I do not know if
 you know, but the BBC's Learning Division does an awful lot of work with languages. I am going
 265 to try and interest Saul Nassé in working with me on any other potential developments we might
 be able to identify with Manx Gaelic. So, yes.

Mr White: Could I make an additional point, if I may? (**Mr Gawne:** Yes.) I think it is true to
 270 say that, years ago, the BBC's attitude towards providing services online was we either did it or
 we did not do it, and that meant we did it ourselves. Increasingly now, we realise that that meant
 that we were chilling the market for other people who were doing the job rather well and we were
 not doing enough to link our website with other providers of news and information.

So I think there is an enormous possibility now to do more for the Manx language, not only by
 producing some content of our own but also by linking to other sites. Learnmanx.com, I think you
 275 would agree, is a first-rate way of learning Manx and it would be daft of us to just produce our
 own learning Manx programme, but by linking to it and raising awareness of it for all those who
 use the BBC website, we might achieve the same aim without having any damaging commercial
 impact on our commercial rivals.

280 **Q13. Mr Gawne:** A final personal interest question on Gaelic matters. Personally speaking, I
 think the best thing the BBC has done in recent years is the introduction of the BBC Alba Scottish
 Gaelic channel. Again, we had been in discussions with the people involved in that channel. There
 was a possibility that we could have had something – either a five-minute news broadcast per day

285 in Manx Gaelic or possibly a half-hour programme per week, something like that. It was only the want of some funding that meant that we were not able to do that.

Is that still an area that potentially we could get involved with? I know the figures at the time... we were talking about £50,000, something like that, would have been sufficient to allow us to have our first ever dedicated Manx television broadcast, in Manx Gaelic – Manx news broadcast, but in Manx Gaelic – and it might have encouraged the few remaining monoglot English speakers on the Island to learn Manx, so that they could access their news through the BBC.

Mr White: I think that is a very interesting idea. I was responsible for getting the approval for BBC Alba, so I would agree with you that it is a very exciting possibility. As you know, it is a seven-hour-a-day channel at the moment. It is actually primarily funded not by the television licence fee but by the Scottish Parliament through MG Alba, which is the successor of the old Gallic Media Service. It is an interesting idea. I would certainly be happy to take it away with me and see what people say.

Q14. The Chairman: Can I just pick up on one point from my colleague there. When you were saying about in Southern Ireland, they pay a commercial rate, the UK press publish – I think it was *The Sun* – in Spain, and it has BBC TV listings in there. Do people in Spain pay a commercial rate for those services as well?

Mr White: They should be paying a Sky subscription. If I am honest, we are aware, and Sky are aware that there are some people who illegally take equipment from the UK to Spain and use it to listen to UK services, but they should not be receiving services without paying for them.

The Chairman: Thank you.
Mr Callister.

Q15. Mr Callister: Just on that point then, you would not be in a position to apply a charge on people in Spain in any case for the services, would you, as the BBC?

Mr White: Not directly, no, but through their platform provider.

Q16. Mr Callister: So you have got them in France, you have got them in various parts of Europe. Is there any estimate of how many people are getting these services without paying? Do we know?

Mr White: No, because they are not... Generally speaking, on the continent of Europe, people's satellite dishes point in a different way from the satellite dishes in the British Isles. So although theoretically there are quite a large number of people who ought to be able to receive BBC services on the continent of Europe, we think the number is generally quite small.

The only area where we know there is a lot of BBC watching is again done through a commercial deal with the cable operators in Belgium and Holland, where they do get, again, BBC services distributed in a similar way to Ireland. So although theoretically the overspill from the Astra 2 satellite would cover a reasonable portion of Europe, most people in Europe have their dishes pointing in a different direction to pick up their own services rather than ours, so we do not think the overspill is huge.

It is very difficult to calculate though. If you ask people, because they know they are not supposed to be watching our channels, they are not likely to say.

Q17. Mr Callister: Yes. A little earlier, you said that you thought not many people in the Isle of Man would want the BBC to run our local radio service. I wonder what you base that on?

Mr White: Well, I think my feeling is, from my Manx friends, that your existing radio services are services which are popular, successful and enjoyed by a large number of people. If we were to come in and start running the show, they would start to look different, they would lose the advertisements. People who run commercial businesses in the Island would not have the same opportunities to advertise that they currently do. I am not sure necessarily that that is what... Certainly it is a small sample, my friends here on the Island, but I do not think their general sense is that we should come here and set up a rival operation. (**Mr Callister:** Alright.) A small poll, I am afraid.

345 **Q18. Mr Callister:** Right. The commercial aspect of Manx Radio then must cause
embarrassment to the BBC in dealing with Manx Radio, does it? There is a hurdle there in it
somewhere, isn't there?

350 **Mr White:** I would not say that. We are increasingly doing partnerships with commercial
companies. I regularly talk to my colleagues in ITV, Channels 4 and 5 about what we can do in
partnership with them. I do not think we think that there is anything unsavoury about being a
commercial broadcaster. There is an issue for us in we do have a rule that nothing branded BBC in
the UK can carry advertisements because we think it is important that people understand that what
355 you get from the BBC is funded by the licence fee, but I do not think we have any embarrassment
in dealing with commercial operators.

Q19. Mr Callister: So the fact that there are advertisements then, does that actually prevent
BBC news services being relayed on Manx Radio, which is not happening at the moment because
360 it is a commercial service at the present time?

Mr White: Laura is probably closest to the current discussion we are having about that, but no,
it is not a complete bar to BBC news services being made available.

365 **Ms Ellis:** You put your finger on a very important point, which is whether we could find ways
of serving Manx licence fee payers with BBC content, not a having a radio voice ourselves on the
Island, and the answer is yes, we could. We have been talking for a long time now about
potentially serving Manx Radio, who are our public service partners, with what we call the GNS,
the General News Service, which is a service of audio material and some text to go alongside that.
We have had some very positive discussions with people in the BBC.

370 It is an enormous step for us, and I do not mean it to sound like we are being precious about
this, but this would be the first time we have ever done anything like this and it is something
which we need to look at very carefully. But we have had some very positive discussions with our
Fair Trading department on this and it is certainly not something that we are ruling out. It is
something that we have been looking at very seriously, really at the instigation of Manx Radio,
375 who are keen to do this because they, like us, believe that we could provide material that way to an
Isle of Man audience which would be of benefit to them.

Mr White: May I add something, Mr Callister, sorry? It is worth saying that, in talking to
Manx Radio, we also continue to talk to 3 and Energy because we are extremely conscious that
380 while we would like to support radio on the Island, we would like to support radio as a whole. We
certainly do not want to do anything that gives one broadcaster a great deal of advantage over
another and damages the broadcasting ecology. I think the Isle of Man benefits from three very
good radio stations and we would not want to do any harm to either of the other stations on the
Island.

385 **Q20. Mr Callister:** Could I refer you to the BBC Trust's document about local radio, which
lists here that the annual budget of BBC local radio is £107.5 million and we see and hear that
there are 38 local stations, if that is still the correct figure. If you divide that £107 million by the
38 stations, it means that an average of £2.82 million goes to a local radio station. It will change, it
390 will vary, according to size. Does that not mean, on the face of it, that Manx Radio, or the Isle of
Man at least, is disadvantaged by £2.82 million?

Ms Ellis: I think it is a perfectly fair point to make and I think to an extent we are a victim of
history here. The Isle of Man was incredibly forward looking in 1967 when it set up the first
395 commercial radio station. The BBC then set up five or six more stations that year, but you were
way ahead of us in terms of looking at this new emerging market for local and regional radio,
which meant that when we came to look at places like the Channel Islands several years later and
in those heady times in the 1980s, investing all over England, as we did, and in the Channel
Islands, in services, discussions, as I understand it, that we had at the time with the Isle of Man
400 suggested that the answer was, 'Well, no thanks, we've actually got a local radio station of our
own. There is no point in setting up what would have been a rival station.'

So that really set the scene for the level of investment that we currently see, which in many
ways I think is regrettable, but you also have out of it Manx Radio, which is, I think we will agree,
405 a fantastic service.

Mr Callister: Which we pay through our own Government, of course, taxes, yes.

Ms Ellis: Yes, but I do not think... Sorry.

410 **Q21. Mr Callister:** But essentially, if you look at those figures, you would say local radio in the UK is getting about £2.8 million, and we are not getting that.

Ms Ellis: Remember you are not alone, though. There are other places in the UK that are also at a disadvantage through not having a dedicated station. It is a fact that if you look at the Channel Islands, we do serve them in monetary terms with a considerably larger service, having all those people based in Jersey and Guernsey, and with the television service they have. As Wilf says, we would very much have liked to have provided a local TV service and we would be starting to ramp that up now, had it not been for the Trust decision against that.

420 On the radio side of things, we are doing everything we can in terms of working, in particular with Manx Radio because they happen to have been the partners that we have in this memorandum of understanding, but as Wilf says, talking as well to 3 and Energy, about how we can give best value to the licence fee payers on the Island in terms of radio, given the set of circumstances that we are faced with at the moment and the difficulty we have in terms of not having our own service we are trying to deal with it by trying to feed BBC content through via other means.

425

Q22. Mr Callister: Are you having discussions with Manx Radio at the present time to consider other possibilities of ways that it could be improved?

430 **Ms Ellis:** When we started the original memorandum of understanding in 2006, we had a little shopping list of things that we agreed that we would do. One of them was some training, so we sent over some BBC trainers, and have done on a number of occasions, most recently some sports training and some web training, which I understand went down very well. I was actually here that day so I was able to see first hand the thing that was being offered, and it was, I think, very much appreciated.

435 We are also in the business of content sharing, so we do share content already with Manx Radio. It goes two ways. It is fantastic, I think, for both sides of the operation. Wilf mentioned the video sharing that we hope to engage in with their website. So I think there are benefits on all levels. There are lots of benefits to the relationship that we have, benefits that go both ways. I am not for a moment suggesting that we give all the benefits and they receive. We are very pleased to be working with them. We are always keen to discuss ways in which those benefits can be added to, and in fact in the most recent memorandum of understanding we did add some additional elements in there at Manx Radio's request.

440

445 **Q23. The Chairman:** From those figures that Mr Callister... It equates probably to about £5 million-worth of investment in the Channel Islands for the two radio stations.

Ms Ellis: Not quite. It is £2.4 million overall.

450 **Q24. The Chairman:** Is that for both Guernsey and Jersey?

Ms Ellis: That is our total investment in the Channel Islands, including television.

455 **Q25. The Chairman:** You mentioned a rival station to the local stations. Has the BBC ever considered or been in discussions with Manx Radio that the BBC could lease radio from... it would be BBC Manx Radio? Have you ever considered that?

Ms Ellis: I do not believe we have.

460 **Mr White:** Not that I am aware, no. I do not think that has been proposed to us either.

Q26. The Chairman: You stated earlier that you were in discussions. Do you know who you were in discussions with regarding how the Isle of Man was going to move along?

465 **Ms Ellis:** No. When I started to research this back in 2006, I understood there were some papers in our BBC vaults in Caversham, where BBC monitoring comes from, but unfortunately, I was never able to track down memos with actual names on them which referred to the discussions

that had taken place. Talking to a range of people in the BBC and on the Isle of Man, my understanding was very much that discussions were held and that it was held at that point – and I know times change – to be an unwelcome idea that the BBC would set up a service, in that Manx Radio was already existing and it was felt that –

Q27. The Chairman: So it was only deemed as a competitor to Manx Radio, any other existing... It was not instead of or alongside?

Ms Ellis: I do not think it would be our place to really have made that suggestion.

Q28. The Chairman: When we were looking at the radio stations and you said about the digital, one of the very poor quality services that we do get is Radio 5. It is pretty abysmal over here. You are so lucky if you can pick it up. Is there anything that you are doing regarding the receiving of radio stations here?

Mr White: That is actually the first time I have heard about the Radio 5 issue. I will go back to the BBC and talk to them. As I mentioned earlier, the distribution team work closely with me, which is why I got a call this morning to say that work was done on the Douglas transmitter last night. I have not been aware of the Radio 5 problem. We will look into that. We certainly feel very strongly that those who pay for BBC services should be able to receive them, so if there are problems, we need to rectify them.

We are also looking over the next few years at rolling out digital audio broadcasting throughout the British Isles, the remaining areas where DAB does not currently cover. The Isle of Man, I think, has about 50% coverage for DAB, which is broadly similar to the level of DAB, I think, in the north west of England, but that is a very low figure. Obviously, if we are looking at some point in the future at even switching over digital radio, which the Government has said is a long-term ambition, we need to do a great deal better than that, not only in the Isle of Man but throughout the UK and we are looking at developing DAB throughout the British Isles over the next few years.

Q29. The Chairman: Is the analogue transmission due to be switched off totally, or is it just for certain services that the BBC use?

Mr White: The analogue radio transmission switchover is a lot more complicated than analogue television switchover, because you cannot switch off longwave, which remains of vital importance, for example, for... Most recently I was dealing with concerns from merchant shipping because, of course, the shipping forecast is broadcast on longwave and cannot be picked up on digital. We are not switching off longwave. We also will not be switching off FM in a number of areas. But medium wave probably will switch off in most areas, and it is a rather more complex picture than television switchover, where you really do just flip the switch from analogue to digital. This is still some years off; it is not an immediate thing that is going to happen in the next two or three years.

The Chairman: Thank you.

Q30. Mr Gawne: Just going back to something you said... I think it was Laura said that you invest £2.4 million in the Channel Islands. Mark Byford, was it, who wrote to us, estimated that you spend £4.283 million in the Isle of Man, and yet they have got two radio stations and a TV service. I suspect we are talking about slightly different things. I suspect that £4.283 million would actually be nearer to £200,000 or £300,000 together with however much your costs are for transmission, but I do not know.

Ms Ellis: No, I think what we are looking at is the difference between the provision of the whole of the BBC services, so the national BBC services and purely local provision. So in the Channel Islands, the £2.4 million is the purely local provision.

Q31. Mr Gawne: And how much would the equivalent be in the Isle of Man?

Ms Ellis: The equivalent in the Isle of Man would be... just trying to work out in terms of using the same basis for the calculation. It would be between £100,000 and £200,000, so yes.

Q32. Mr Gawne: So our competitors in Jersey and Guernsey are doing extremely well out of the BBC and the Isle of Man is not?

Ms Ellis: Well, actually, let me just slightly revise that, because actually what I had not taken into account was the television service that we provide through 'North West Tonight'. I think what we were roughly looking at, in terms of comparisons, if this helps you, is we think we spend around five times in Jersey and Guernsey what we spend on the Isle of Man, in terms of local services.

Mr White: I think it is worth saying though, that that also means five times in the Channel Islands what we spend in England, Scotland, Wales and Northern Ireland. The Channel Islands do get a particularly good service from us and significantly better than those in England, Wales, Scotland and Northern Ireland.

Q33. Mr Gawne: I know as well that you had actually compared us with a general UK figure and said we were doing, on average, pretty well, but your figures for Scotland, Northern Ireland and Wales show again an enhanced service and enhanced value for the licence fee payers because of the additional services that the Scottish nation, the Welsh nation and Northern Ireland get. So again you are comparing us with the UK average, which is perhaps not entirely fair because we do have our own separate country, our own separate parliament. Would you agree, acknowledge perhaps that?

Mr White: Yes. Actually, the figures in this... the figures when we looked, for example, at the top of page 3 of Mr Byford's letter, we are talking here about the cost per head for England and the Crown dependencies of £2, and the cost for the Isle of Man of £2.35. I think those are broadly comparable figures and those are not distorted by figures for investment in Scotland, Wales and Northern Ireland for the national radio services that are there.

Q34. Mr Gawne: So you would say that Scotland, Northern Ireland and Wales do not get an enhanced per-head spend from the BBC than the UK average, then?

Mr White: I have not got the numbers immediately. I think that is something we could write to you about, actually, rather than my –

Q35. Mr Gawne: I do not have the exact detail here, but I know I have read it in some of the papers that we have had somewhere, that it did appear that Scotland, Northern Ireland and Wales were getting enhanced per-head returns from the BBC and that would certainly give us an extra few pounds per head, based on what I have seen on some of the documentation. Apologies that I have not got that to hand.

Ms Ellis: We can certainly check that for you, but I think the point you make is a very valid one, which is whilst we might say we do not serve Cheshire with a radio station, the Isle of Man is a nation and what I am very keen to do is to make sure that, wherever possible we cover that and we do distinctive content which reflects the uniqueness. With 'North West Tonight', it has been a fascinating journey because I started to get a little bit tired of pieces which were, 'Oh, the Isle of Man, it's different, and let's have a look at the differences,' because I think there are also similarities and there are also things that we ought to be looking at, at the relationship and how we work together and the very important things that bind us together, as well as the things that differentiate us.

But when it comes to that separate sense of identity, the culture, all the things about the Island which are so important to us all – you live here, and we love it – I think the key thing for me is to make sure that we cover those in the best way we can, which is why I am so keen that we investigate this idea of doing a monthly round-up of Tynwald on our websites and on BBC Parliament, because I think that, coming under the umbrella of the Democracy Live service which the BBC has just launched, which is hugely important to us, I think it would be fantastic if we could include Isle of Man coverage, Tynwald coverage, in that offering, because I think it is so important.

Q36. Mr Gawne: I know I have been asked certainly by a constituent about this particular issue. You talk about Tynwald coverage. At the moment, my constituent is told, via Manx Radio, that the House of Keys Question Time can be put on Manx Radio's site as a listen-again feature,

590 but Tynwald, because it is two-and-a-half hours, cannot be. Is that the sort of thing that potentially
the BBC could do if Manx Radio are unable to run that service? I know Question Time is seen as
something that members of the public do actually want to listen to.

Ms Ellis: We are open to any ideas. The point of view that I came from on this was really I
595 would like to see a summary on our website and on BBC Parliament, which is available
throughout Europe, because I think it would be fascinating to have somebody do that summary of
what went on, and I think it would give a huge audience potentially to what are very important
affairs.

Q37. Mr Gawne: I think it would be useful for Tynwald Members.
600

Ms Ellis: Beyond that, very interested to look at all sorts of things. As you probably know,
with the States of Jersey and Guernsey there is an awful lot of material which is broadcast
specifically on the Channel Islands radio stations, in much the same way that Manx Radio
conducts its coverage for you.
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Q38. Mr Gawne: I think it is very unfortunate, from what you are saying, that it is not going
to be possible to have something akin to what the Channel Islands have by way of their TV
broadcast, where they have a separate, is it five-minute or 10-minute slot?

610 *Ms Ellis:* Yes, they do.

Q39. Mr Gawne: That is the sort of thing that might attract me, as a viewer, to actually watch
the BBC TV news coverage, but knowing that I could be watching... I don't know, it is a half-an-
hour programme, on the off-chance that there might be a two or three-minute story about the Isle
615 of Man, I have not got time to do that.

Mr White: We do regret that. It does not mean, however, that video content cannot be offered
on local websites in a more limited sense, so I think there is a chance to do more in terms of
making clips of video available through our website generally, even if not in the form of regular
620 local television service, but we share your disappointment in terms of local television.

Mr Gawne: It is not just my disappointment; it is the licence fee and taxpayer and the Isle of
Man's disappointment inasmuch as we are paying £1 million to our excellent Manx Radio service,
as well as paying a licence fee, so we are paying twice for the same service and that is a deep
625 concern for many people on the Island. I think we are all delighted with the services the BBC are
suggesting they might be about to provide to us, but as I said, perhaps I am a cynic, but I seem to
remember similar conversations eight years ago, and we are still suggesting that we might provide
these things. It would be wonderful if you could do that.

I think that is probably all of my points.
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Q40. The Chairman: It was brought to our attention that there is a gentleman out in Guernsey
who has not paid his TV licence for eight years and there is a big thing in the parliament about
Guernsey people saying that they do not want to pay this UK tax, because it was deemed a tax, not
a licence fee.
635

We get a number of people saying that the BBC sends threatening letters – even though they
have got a TV licence – that they are going to come and knock on their door. What actions have
you taken? One of the perceptions is that you are not pursuing the action in Guernsey, just in case
it is deemed as a tax.

640 *Mr White:* No, that is not true. Anyone who fails to pay a television licence, who is due to pay
one, will be prosecuted wherever they live and whoever they are. We have prosecuted in England
a number of quite high-profile people who have objected to paying a television licence. That is our
legal obligation to do so. Obviously, we would far rather that people voluntarily paid the licence
than our having to take them to court – it is very much a last resort – but we do pursue anyone
645 anywhere who ought to pay a TV licence and does not.

Q41. The Chairman: So it is not a case that you are not pursuing it because you are afraid that
there may be court ruling that it is deemed as a tax, because it is...

650 **Mr White:** No, I think there has been some confusion about the tax thing. This was a statistical
redefinition by the Office for National Statistics. Actually, nothing has changed in terms of the
television licence. Its legal status is exactly the same as it ever was, resting on the 2003
Communications Act. It is simply counted as a form of tax from a statistical point of view. It does
not make any legal difference to the nature of the television licence.

655 **Q42. Mr Callister:** Is it a fact that George Elkington and a number of other people in
Guernsey have gone for a number of years not paying their television licence and no action taken?

660 **Mr White:** I am not aware of that particular individual's circumstances. I do not deal directly
with television licensing, but what I do know is that the general policy is not to ignore people who
evade the licence fee, but to prosecute them as soon as we become aware of that evasion. I cannot
speak for that individual case because I am not aware of it, but we are, throughout the UK and the
Channel Islands and the Isle of Man, prosecuting those who evade the licence fee.

665 **Q43. Mr Callister:** I have come to this Committee perfectly happy to have paid a television
licence all these years because I think the services from the BBC are exemplary and world famous
and better than anything else, but you must be aware, I think, Mr White, that there has been unrest
in the Isle of Man for quite a long time from the people and in political circles as well. Do you
think that is unjustified?

670 **Mr White:** Unjustified, I would not say that, no. I think it depends on... It is a rather classic
glass-half-full, glass-half-empty point of view, I think. If you look at the vast majority of our
expenditure, that goes on services which everyone on the Isle of Man can receive, which everyone
on the Isle of Man now, I think, thanks to our recent investment in the distribution network, can
receive better than they were able to receive in the past, and of that £11.63 I quoted earlier,
roughly £11.20 of value is coming back to the Isle of Man and you are getting just the same value
out of our national services as everyone else in the British Isles.

675 In terms of local services, I think you have a perfectly good case for saying we can and should
do more, and we are determined to do so. So I think if you look at the local picture, yes, you have
a case for asking more of us; if you look at the national picture, I think you are getting very good
value and very comparable value with that of people in England.

Mr Callister: Thank you.

685 **Q44. The Chairman:** How do you feel the announcement of reshaping the BBC will affect
what you can provide for the Isle of Man?

Mr White: Shall I address that?

690 **Ms Ellis:** Do, please, yes.

Mr White: I have been involved in strategy review. I think actually on the whole it will have a
positive effect because what reshaping the BBC talks about increasingly is the importance of the
BBC acting in partnership, so there is a strong pressure on the BBC, going back to what I was
saying earlier, not simply to assume if something needs doing you have got to do it yourself, but
there are times when there are people out there, excellent partners, commercial partners, public
service partners, with whom you can achieve things better than simply doing it yourselves.

695 So I think actually the mood of the strategy review that we have just been through is very much
in favour of the sort of partnerships with Manx Radio that we are currently exploring, and indeed
partnerships potentially with 3 and Energy and other bodies on the Island who are interested in
working with us.

700 **Q45. Mr Gawne:** One more question has just occurred to me. I did ask you before... The
remit of the Committee was to investigate the feasibility and impact of withdrawal from the
agreement under which we pay a licence fee, and you answered that question for me. What I did
not touch on, of course, was BBC iPlayer. If, for example, we chose to stop paying the TV licence
fee and we are paying royalties to Sky or a cable company, or whatever it may be, what would the
implication be for BBC iPlayer, because I know that people slightly younger than me, that is their
main method of accessing, browsing BBC programmes?

710

Mr White: In theory – well, in practice – we restrict access to the BBC iPlayer to those who pay the licence fee, so you cannot access the iPlayer from outside licence-paying areas, and that actually occasionally is a source of tension because people abroad want to... Licence payers at home, they are on holiday in France and they want to watch something on the iPlayer. I am afraid they cannot, because if you have got a .fr ISP you cannot access our services. So in theory that service could be withdrawn. Obviously, we very much would not want to do that.

I think there is one other issue that would concern me greatly. I know that in the Isle of Man there is quite a high penetration of Sky, but a lot of people still have free services, they do not pay a subscription for their television, and I think it would be an enormous shame if the only way of accessing the BBC was through a commercial arrangement so that only the better-off people who could afford a subscription would get our services. That is quite the antithesis of the whole philosophy of the BBC, that we are here for everyone, regardless of their needs, and I would hate to see us only available commercially in the Isle of Man.

You are not continental Europe, you are not foreign in the sense that they are foreign. We do not see you that way; we see you as very much part of the BBC and I would very much hope that we could continue to be available free-to-air and not simply commercially.

The Chairman: Thank you very much. I think that is all the questions.

Q46. The Clerk: Sorry, Mr Cregeen, may I just go back to one technical question. It is not to do with the Isle of Man at all, but to do with the relationship with Sky, which we have just come back to. Looking at it just from an English perspective, when I lived in England, had I had a Sky dish, I could have watched the BBC on it. Would the BBC have received any royalties from Sky in respect of that service?

Mr White: No, nothing at all. In fact, we pay Sky for some of the services they offer us. We do not pay them strictly for carriage, but we do make payments to them for some of the technical services they offer in order to make our programmes available. We receive no revenue whatsoever from Sky. I noticed actually somebody... I have been following the debate on this issue on the website, and somebody said, ‘Oh, Sky pays the BBC for its services.’ We do not. Actually, elsewhere in continental Europe there are platform providers who do pay public service broadcasters for their content, but the BBC does not receive payment.

Q47. The Chairman: Apart from Southern Ireland, which you said earlier.

Mr White: Oh, no. Yes, right. We are still talking about the Isle of Man and the UK. I took your question to refer to...

Q48. The Chairman: I was just trying to clarify.

Mr White: Outside the British Isles, we only make our services deliberately available commercially, and there we receive payment for them, but within the British Isles our services are provided to all platform operators without charge.

Q49. The Clerk: May I just ask one last question? The Committee has been advised that the Department for Culture, Media and Sport (DCMS) have proposed extra funding could be provided to other broadcasters from the licence fee as part of a contestable ring-fenced portion of the licence from 2013 – a contestable portion of the licence. How would that work in the Isle of Man?

Mr White: I think that is probably a question that is better addressed to the DCMS rather than to me, but let me try and explain what I think the Government’s intention is. The Government proposes some consortia, known as independently funded news consortia. They are trialling this proposition at the moment and they are looking for people to come and bid for cash. That cash would be taken from the licence fee, not given by the BBC but given by the Government, so the Government would take a slice of the licence fee that a person pays, hold on to it as Government funds, and distribute it probably through Ofcom in the UK to people who make bids for that money.

How would that operate in terms of the Isle of Man? I think the answer there is probably to approach the DCMS directly, but I think the intention would be that all areas of the British Isles that pay the licence fee would be eligible to bid for this money. As I say, at the moment, it is a rather tentative proposal. It may or may not happen, but there is a pilot that is currently being

looked at by the Government. I think that is probably a question though ultimately for the DCMS, rather than for me.

775 **Q50. The Chairman:** Right. Thank you very much and I would like to thank you for your attendance here today. Are there any closing comments you would like to make?

780 **Mr White:** No, only to say again how very grateful I am for the chance to come and meet you and talk to you. We will certainly take back to London or, in Laura's case, Birmingham, the points that you have made. We are determined to serve licence fee payers on the Island better than we do. We hope we do a good job already, but we can be better and we will.

The Chairman: Thank you very much.
We will just have a five minute comfort break.

Mr Pugh was called at 11.38 a.m.

EVIDENCE OF MR A PUGH

785 **Q51. The Chairman:** Thank you for your two written submissions.
Firstly, could you state for the record your name and the position that you hold.

Mr Pugh: I am Anthony Pugh and I am Managing Director of Manx Radio.

790 **Q52. The Chairman:** Would you like to make an opening statement before we start?

Mr Pugh: Yes, if I may, please. Some of this will have been touched upon in the BBC submission, but as always with these things, there are different perspectives to the same situations.

795 In 2006, we did sign with the BBC a memorandum of understanding. I do believe it has brought some significant benefits for Manx Radio and indeed for the licence fee payers on the Island. Certainly it has brought first-class training to the members of staff at Manx Radio and that really has had an impact as far as the services that we actually deliver. The content share is, I would say, in its embryonic stage. The framework is there to allow us to do so, but as the BBC staff have been finding their feet, and as there have been quite a few changes in members of staff
800 over the almost four years that they have been in situation, that really has not developed in the way that we would have hoped it would have, but I do believe it will improve as the months go by.

There is another advantage in that the BBC does take a feed of all of Manx Radio's news. This does mean that Manx news is more available to a wider audience than it has been simply through Manx Radio in the past and, in some ways, that is a hidden benefit of this memorandum of
805 understanding. The new agreement, as was touched upon, also includes the sharing of video content and we are looking to develop that and to have that available on the Manx Radio website before too long.

One of the other aspects of this agreement is that it has brought improved access to Manx Radio to the BBC and we have benefited from a lot of time and expertise to allow us to develop
810 various services and again that it is a hidden benefit of this agreement and yes, we have also benefited from some costs for putting the three members of staff up at Manx Radio and we do also share the costs of band width that Manx Radio pays so that both the BBC and Manx Radio can have access to the internet and transmit files to and from the BBC and Broadcasting House.

If we move on to the licence fee, this is really at the heart of the BBC's survival. Over the
815 years, a number of politicians, mainly opposition politicians in the UK, and businesses, mainly media businesses, have argued their case for a slice of the BBC's revenue. The BBC has fought this vigorously and to the best of my knowledge, the BBC has never given away any of its licence fee. It really is at the heart of its survival. On a personal note, I believe the £4.7 million or £4.5 million or thereabouts that is generated on the Island, if we did not pay this we could never deliver
820 the services of the same breadth and of the same standard that the BBC does, because obviously these costs are shared right across the British Isles and £4.7 million, even though it sounds like a lot of money, when you think that a period drama can often cost in excess of £100,000 per hour, you can quickly see that we could not replicate the BBC services here on the Island if we were to

abandon those. A lot has been mentioned about various figures today and perhaps I will add to the confusion by actually drawing your attention to some other figures.

In 2009, Ofcom's Communication Market Report showed the investment in Scotland, Wales and Northern Ireland at around £8 to £11 per head. Now this was for regional services. What I understood was mentioned by the BBC a few moments ago, that they were talking about national services and the figure that they said was coming back into the Isle of Man I would imagine is for the television and the radio national services that they provide. When you start looking at our subvention, that equates to just under £12 per head of population and yet the regional services of Scotland, Wales and Northern Ireland at £8 to £11 per head, show that the BBC is actually investing quite significantly into regional programming in those areas.

The BBC Trust itself published a document called 'The Efficiency of Radio Production' in 2009 and that document shows that the BBC spent £236 million on nations' radio and local radio. Now, if you equate that to the number of people living on the Isle of Man, you can begin to see that that is worth £225,000. So we have heard earlier that in Guernsey and Jersey they are spending £2.4 million on the local services. On a regional basis, when you equate it to the Isle of Man, that comes in at about a quarter of a million pounds. So when you look at the Ofcom figure and the BBC Trust figure, the Ofcom figure comes in at about £900,000 for the BBC and the Trust figure comes in about £225,000, but the Trust figure excludes infrastructure and things like that.

I think what comes out of all these figures is that it is easy to manipulate figures to say what you want them to say, but I think the overarching story that is coming out of this is that, as a region, if you consider us that, of the British Isles, then I think the Isle of Man should have more money spent on it by the BBC. I think that one of the reasons that money has not been spent is that I do believe that when the BBC looked at starting its local radio network, the Isle of Man said, 'We don't need that, thank you. We have Manx Radio'. I think that was a decision that was taken at the time.

However, what has not happened over the years is that the Government and the population of the Isle of Man have not strategically looked at where they want their broadcasting to go in the future and I believe it is very difficult for the BBC to look at offering us things unless we begin to point in their direction and let them know that there are things that we actually want from them. Certainly, in my submission, I said 'Can the BBC do more?' Yes, they certainly can do more and I put forward a number of virtually zero cost options and a number of things which would involve infrastructure and ongoing costs.

Q53. The Chairman: From the comments of the BBC earlier, they said that they did not want to set up a rival radio station in the Isle of Man. Do you think it would be detrimental if the BBC ran Manx Radio as part of their provision to the Isle of Man?

Mr Pugh: I do not know if 'detrimental' is the right word. It would certainly be different. In a recent submission to the Communications Commission on their proposals for licensing for the future, Manx Radio certainly argued that three broadcasters on the Isle of Man is unsustainable. If you took one broadcaster, for example Manx Radio, or one of the other broadcasters, out of the mix, who is to say that the money that is generated in advertising would continue to be generated in advertising? There is a history of listening to Manx Radio on the Island. Over 50% of the population do listen to Manx Radio. If Manx Radio was run by the BBC, those people would not be subject to advertisers. So we would take away from those advertisers a route to that particular market. Who knows if that money, that £1 million or so that is spent on Manx Radio, would actually then be spent on Energy and 3FM? That is a question that none of us can answer. So, would it be detrimental? No, it would change the landscape. Yes, it would change the landscape.

Q54. Mr Callister: Mr Pugh, have there been any discussions that you are aware of, either through yourself or predecessors, where this subject was even discussed about whether the BBC should perhaps take, as it were, Manx Radio without its commercials and have a station here?

Mr Pugh: Not to my knowledge. Certainly I have not discussed that and I am not aware that any of my predecessors have actually had that discussion.

Q55. Mr Callister: The service that we get from the BBC certainly is – even with the basic news – short of news clips, clips from their bought-ins that could have been simply transferred and used as part of our bulletin: is that going to be possible? In other words, you are hearing the Prime Minister of the UK on Manx Radio, probably pretty soon after it has been broadcast or it is part of another programme or something.

885 **Mr Pugh:** When we make specific approaches for content, we are likely to get it, but if you want quick news contents then the process is not fast and fleet of foot to cater for that. We have argued right since... We have had a better relationship with the BBC since 2005 when we started the memorandum of understanding negotiations. There were two things we felt were absolute key. One was that we should have access to the BBC's General News Service (GNS) because we felt it was an appropriate form of news for Manx Radio's audience. It had a breadth and a scale that was not available in the commercial marketplace for us and we have certainly been pushing very hard to get that.

890 The other area that we have been pushing is in terms of access to the Commonwealth and Olympic Games. Because the BBC acquires the rights to those Games, it means that Manx Radio cannot get any reporters to the competitors whilst they are within the arenas of the Games. The only place they can get them is outside and that does not for us give us the sort of coverage that I know the Manx people want.

I think when I referred earlier in my opening statement to some 'no cost' things that the BBC could deliver, the GNS is virtually a 'no cost' option and I believe that that would benefit not only Manx Radio's listeners but also the licence fee payers on the Island. I think that that is a no brainer. I am also aware that the BBC has been criticised in the past about the number of people who have covered the Olympic Games for example. At the same time you cannot cover events of that nature without significant numbers of people. They broadcast many, many hours per day and you cannot do that with a handful of staff, so they are very keen to try and keep the numbers down but at the same time, of course, we then do not get the coverage that we want here of our local athletes.

Q56. Mr Callister: So is that still under discussion or not?

910 **Mr Pugh:** It is still under discussion –

Q57. Mr Callister: You do not sound very hopeful.

915 **Mr Pugh:** I am more optimistic that the General News Service is on the horizon. The sporting things I do not believe... Again, I hark back to what I said at the outset. Manx Radio is a significant broadcaster on the Isle of Man. It is a small broadcaster within the British landscape. We do not have a very loud voice. It is important that these things are supported by the Manx Government as a strategy of things that the Manx people want, because otherwise we do not carry a huge amount of weight in our negotiations.

920 **Q58. Mr Callister:** Any discussions between Manx Radio and the BBC about DAB, as to whether we could in any way use their transmission systems for a Manx Radio DAB?

925 **Mr Pugh:** We have had a lot of advice from the BBC on DAB. About two and a half years ago, Manx Radio looked at the possibility of acquiring a DAB multiplex licence on the Island and of setting up a single transmitter. The cost at the time would have been about £1½ million for the transmitter and about £¼ million per year in running costs. The way that we thought that we might be able to make this work was to look at getting UK partners to pay for capacity on the multiplex. We took it for granted that we would have to find a vehicle that not only Manx Radio but Energy and 3FM were also on that multiplex. We went to see all the major players and not one commercial operator felt that the size of the Manx market was worth the investment as far as they were concerned and this was two and a half years ago before the financial climate changed. The BBC were positive in terms of they suggested that they would be happy to put BBC Merseyside on that multiplex for the Island.

935 In recent years, we have pushed very hard to try and stimulate debate about DAB on the Island. It is interesting, before I came here this morning, I walked into one of the large department stores in Douglas. They had 37 different types of radio for sale. All bar three were DAB/FM. Only three had AM. So our political coverage, our TT, our motorsport coverage will become more difficult for people to listen to as time goes by because those AM sets are not as easy to access. We also know that whereas in the UK 33% of households now own DAB radio sets, here on the Island the percentage is over 40% and when you consider that the first DAB transmitter only was opened in December 2007, you can see that people have adopted DAB receivers, DAB/FM receivers, very quickly on the Island.

945 Lord Carter's Digital Britain Report, which came out last year, is quite specific in terms of how the BBC should be supporting areas where, commercially, it is not commercially viable to have

DAB, but I think we have to look at the overall picture here. Lord Carter's Report suggested that as early as 2015, FM frequencies could be switched off, FM broadcasts could be switched off and DAB taking over. The Island needs to have a DAB strategy. I believe the BBC could be looking at supporting that strategy. We have asked the BBC if could we be part of their current transmissions and that is technically impossible because there is only one BBC multiplex that covers the whole country, so if there was space for Manx Radio then Manx Radio would be broadcast everywhere in the British Isles and obviously the BBC does not want to do that, it already fills its multiplex up with the 11 BBC services.

Q59. Mr Callister: If there is only 33% take-up after all these years on DAB in the UK, it is a failure, is it not?

Mr Pugh: Well, you can call it a failure. I do not believe it is a failure. I think as long as the services have been in existence, as long as there has been no commercial decision to move forward, then what is the driver for people to move to DAB? You could have said a few months ago that digital television was a failure. Well, people have bought Sky because there was more choice but now on the Island you can only get your television via digital means and there has not been a huge outcry from the public. Yes, we have heard of some people who say the signal is not good but things have moved forward and you have to –

Q60. Mr Callister: Can I just ask then, you still have faith in DAB for the Isle of Man at some stage, when the money is available?

Mr Pugh: Well, I think DAB for the Isle of Man is a very suitable solution and not just for the reasons that the UK want it. You have to look at the services that the Island offers. Currently there are three broadcasters. There is no Manx language service on the Island. As an individual who was brought up on Anglesey during the 1960s, I was brought up at a time when the Welsh Language Society was at its most vociferous and most active. It campaigned for three things: it campaigned for bilingual road signs; it campaigned that all official proceedings should take place bilingually; and whilst it already had a Welsh language radio network, it campaigned for a Welsh television channel. Now, 40 years on, was that campaign a success? Well, certainly there are more people who speak Welsh in Wales today than they did in the 1960s and if you want to be a primary school teacher in Wales, unless you are fluent in Welsh, you are unlikely even to be shortlisted. So there has been a huge change in what those three actions have done within the country over the last 40 years.

It seems crazy to me, when you have a Manx school, that Manx Radio does not have an hour of Manx broadcast in the morning and, say, an hour to two hours in the evening so that people can tune in for it, and that, to me, is exactly the sort of services that, if the Manx Government either does not want to pay for or cannot pay for, the BBC should be providing for the Island, and DAB gives us an infrastructure where we can put all these extra channels there.

There was mention of political broadcasting. We know that currently we only broadcast Tynwald. There are calls from some people for more than Question Time broadcasts from the House of Keys and there have also been debates in Tynwald about the merit of Select Committees being broadcast. DAB is a vehicle which you can open up and allow these things to happen. So DAB begins to be a real solution for the Isle of Man, irrespective of what is happening elsewhere, because it offers expansion for the future without further costs in the infrastructure.

Motorsport channels: we cannot broadcast the Southern 100 because – and I cannot remember if it was the Keys or Tynwald sits on the same day... Tynwald. This is a crazy state of affairs, when we call ourselves the motor racing capital of the world, where we cannot broadcast the event! Energy is licensed as a youth network, but its website claims that it is not a youth network any more; it is a family network. Well, I do not believe that there is sufficient youth on the Island for a continuous youth broadcasting service. They are not available whilst they are in school, but certainly the youth of the Island deserve targeted broadcasting. DAB offers a solution for these things, because it allows you to open the capacity for the times you want it.

So is DAB a solution for the Island? I think it certainly is.

Q61. The Chairman: On your DAB, do you not consider that DAB has been overtaken by the internet radio because there are more services now being put out on the internet through Apple, iPods and things like that rather than DAB? If I can take you back to your letter of 19th December, are you still happy with your comment that Manx Radio is committed to continue with the Independent Radio News (IRN) subscription, because it provides significant programme benefits?

1010 **Mr Pugh:** Yes, shall I deal with the second point first? Even if the BBC was to turn around tomorrow and say, 'Yes, you can have access to the General News Service,' we run Saturday Sport which is virtually... A great deal of that is dependent on the sports coverage that we get through IRN. Again, if we got BBC news, would it not be wonderful not only to have one view, the BBC's view of events but also another news provider's view of events? Using the two of those, we could actually offer a far better quality of service and breadth of service than we have been able to offer in the past. So certainly yes, we would be committed to IRN.

1015 In terms of whether or not DAB has been overtaken by the internet, statistically the number of people listening via the internet is significantly lower than those who listen to DAB in the United Kingdom. Also, there is a big difference in the two sorts of broadcast media. DAB, FM, AM, longwave are all broadcast media. You have a single transmitter broadcasting out. There is never too much demand. The system does not crumble under excessive demand. So if there are storms, if there is information that people want to listen to on the radio, an unlimited number of people can tune into that. Internet radio depends on individuals subscribing to broadband to access the internet and the capacity is such that it would not allow, in times of a crisis or in times of general interest, for huge demand spikes to be put on the broadcasts. So you need broadcasting. You cannot just rely on the internet.

1025 **Q62. Mr Gawne:** I think I would agree to a certain extent with what you are saying about DAB but certainly with regard to youth services, my little youth accesses everything via the internet, and I do not think he would know what a radio was, an actual radio set. So I suspect you might be right in terms of the overwhelming majority of the population as a whole, but when it comes to younger persons I think the internet is probably what they are most interested in. I do not know what you... Would that be fair?

Mr Pugh: Well, we do not... Nobody provides the service for them, so I would expect them to look elsewhere for that service.

1035 **Q63. Mr Gawne:** Okay. There were a few other points in your letter of 16th December which I think the Committee would like further explanation. You mention that the agreement with the BBC, the memorandum of understanding, allows for a 50:50 sharing of internet connectivity costs. What does that mean in money terms?

1040 **Mr Pugh:** It is about £6,000 a year.

Q64. Mr Gawne: Each?

1045 **Mr Pugh:** Yes, I cannot remember the exact figure. I cannot remember if it is £12,000 or £17,000, but that is what our bill for internet connectivity is, and we share the price.

1050 **Q65. Mr Gawne:** Then we are talking about broadcasting web content being shared between both organisations as appropriate. What is 'appropriate'? How does this actually work? I think from what you were saying at the start, it has, perhaps, not been clear exactly how you do this and what it is you are looking to share from the BBC and vice versa. I just wonder what has been the situation, where are we up to now and where would we like to be in terms of that word, 'appropriate'?

1055 **Mr Pugh:** The end game is that the BBC journalist will attend the Manx Radio editorial meeting in the mornings. They will both know what each other is setting out to do for the day and we will not be sending people to the same place to duplicate the coverage, we will be sharing the coverage. That is the end game, but we have not quite got there as yet.

1060 **Q66. Mr Gawne:** In terms of sharing, I think there is some suggestion – I think it was in the memorandum of understanding – that you would share 'North West Tonight' type coverage and I could not for the life of me understand what it would be at Manx Radio that you would want to broadcast from 'North West Tonight'.

1065 **Mr Pugh:** We know from the Darwin Report that there is a demand on the Island for coverage about the Island, video coverage about the Island. The BBC local concept, which was touched on earlier, would have provided the Island with some first-rate coverage. Off the top of my head, I think they were looking at about nine stories a day being available on the internet and something

1070 in the region of £3 million being spent just on the Isle of Man in providing that. Manx Radio does not have the financial resources to have people dedicated to providing video coverage. It is more expensive than just doing audio and so it is our hope that we will be able to use some of the long form interviews that are done with people on the Island and to have those on our website in the future.

1075 **Q67. Mr Gawne:** But that has not happened so far?

Mr Pugh: No, because the person who is doing that was only put in post about three or four weeks ago. They need to get their feet on to the ground, they need to sort out a few little hiccups, and thereafter we are looking to, possibly, provide that service.

1080 **Q68. Mr Gawne:** Some of the other things that the BBC are generously sharing with Manx Radio include access to the studios in the UK for Manx Radio outside broadcasts. How could you possibly use that service?

1085 *Mr Pugh:* A number of Sunday Opinions have come live from studios in the UK. Roger Watterson has been able to get some relevant interviewees into their local studios and we have been able to broadcast programmes from there and also when we have needed to get individuals in they have been willing to go to their local BBC studio, as opposed to travelling to the Isle of Man. It is not something we use that often... two, three or four times a year.

1090 **Q69. Mr Callister:** Is there a cost involved?

Mr Pugh: No.

1095 **Q70. Mr Gawne:** In terms of the training sessions provided to Manx Radio journalists, are we again talking two or three days a year or at what level?

1100 *Mr Pugh:* They fall into two categories. One is where they have brought one or more specialists over to the Island for a two- or three-day period and they have borne all the costs associated with that. The other thing that has been available to us is access to the BBC... I cannot remember exactly what it is – ‘Nations’ something... Nations and Regions training and we have been able to send individuals to the courses in Bristol. We have borne the travel costs; they have borne the cost of the course but it has been an opportunity for our staff to spend a day or two days with other BBC journalists in that environment so they have all come away feeling that has been a great benefit for them.

1105 **Q71. Mr Gawne:** You mentioned earlier about the idea of trying to get Manx Radio journalists into the Olympics or Commonwealth Games to interview Manx athletes and you seemed a little doubtful as to whether that was going to happen. What I cannot quite understand is why the BBC would reasonably refuse something like that. They must have some reasons for doing so.

1110 *Mr Pugh:* Well, in many ways, I guess it is the BBC who really need to answer that. My impression is that they are very conscious of public opinion about the BBC being profligate in terms of the number of staff who actually attend events and are keen to have the perception that they are working the minimum number of staff. They are also very conscious of fair trading issues. The newspapers, in particular, have been very vociferous about them. It was the newspapers who probably had the biggest campaign against BBC Local because they felt it was treading on their patch and felt that all the investment that they had made in websites would have been wasted if the BBC went into BBC Local. Well, who knows who is right, but it was a loud lobby and it was a lobby that succeeded.

1120 I think they are very cautious about how they operate with commercial partners. They are very cautious about how they operate with one commercial partner where there are other commercial partners in the environment. We have argued against that. We say, ‘Well look, surely you must... You are a public service broadcaster.’ Manx Radio is a public service broadcaster. It is different to other broadcasters because it has a subvention or a grant from the Government. When you start to look at how various broadcasters are funded, there are very few who fall into that sort of category, but they are just being very cautious.

1125

1130 **Q72. The Chairman:** When you were saying there about getting Manx Radio people to go off to these events, have you considered approaching the BBC and asking them to ask the relevant questions to the Manx athletes – when they are there, ask those – which would save your finances of sending people out there? Have you approached them on that subject?

1135 **Mr Pugh:** Yes, we have discussed that and I think that is their preferred option, but the situation is that, at Manx Radio, we have a small team of journalists and they know the sportsmen; they deal with them throughout the year. The sort of reaction, the sort of interview that we will get will, I believe, be far more relevant to our listeners than the sort of interview that you just described.

1140 **Q73. The Chairman:** If you had a shopping list of what you would like from the BBC as part of the commitment to the Isle of Man, what would you put on that shopping list?

1145 **Mr Pugh:** A general news service, access to the sporting events that we have just talked about, financial commitment to the infrastructure of DAB and to the ongoing running costs. Thereafter, additional services to allow niche programming for the Island such as the Manx language programming because certainly that is not something that we can currently... If we were to do that, we would have to stop doing something else, so it would be, certainly, a way forward.

The Chairman: Mr Callister.

1150 **Mr Pugh:** Sorry, there is one other thing. Again, I do believe in terms of a video news service for the Island, that should be very high on the list as well.

Q74. The Chairman: You were saying earlier about the news feed distributed through to the BBC. How is that distributed across the BBC and what benefits do we get from that?

1155 **Mr Pugh:** They take it from our website, so there are no costs to the distribution but what it means is that when they write a story they will listen to the audio that is attached to the story and they will use the quotes. The BBC will never write a story from secondhand information. They need it to be authenticated and this allows them to authenticate it at a very low cost.

1160 **Q75. Mr Gawne:** Just giving you the opportunity... It is not directly related to this, but I did mention to the BBC about the – sorry, my voice is about to go – Tynwald Questions being available on the Listen Again feature. Just an opportunity for you to correct me if I was wrong, or explain if I was right.

1165 **Mr Pugh:** No, you were wrong. Your constituent... I did respond to him recently. Manx Radio can do anything. What we do not have are the resources to do everything.

1170 **Q76. Mr Gawne:** How long would it take to edit a two-and-a-half-hour Question Time? Surely it would be a very difficult process.

1175 **Mr Pugh:** Probably not very long, but one has to bear in mind that over the last four years, if you look in our annual report, we have our moving annual target, which shows how our income has fared over the last five years or so. You can see exactly what happened when Energy came along and how our income dropped. You can see exactly what happened following the Tynwald debate, when it was decided as to whether or not the Athol Radio application should be allowed to continue. You can see exactly what happened when 3FM started broadcasting. We also know that over recent years, Manx Radio has had to absorb all the costs of the pension and that has added an extra £80,000 to the costs of Manx Radio. Our subvention will be going down the next year because of that sharing agreement. Manx Radio cannot carry on doing all these things when income is not there, and so for the services that we set up in 2003-04, it is unlikely that those will all be able to be continued.

1180 It is difficult economic times. Last year our annual report showed a profit of £3,000. It is impossible to say what the year end figures will be but we are going to be at a similar sort of state and our income has dropped this year, just as we know the newspapers' income has dropped because we see the advertisers that are not there any longer. It is a difficult time and as Manx Radio... Well, I used to say that 55% of our revenue came from commercial activities; it is now closer to 50%.

1190 **Q77. Mr Gawne:** Potentially that is something that the BBC could be assisting with, certainly if whoever – I forget the name of the lady... if what she is suggesting does actually transpire and the BBC do start doing more by way of a review of Tynwald or what have you. They could, potentially, do a quick edit of Tynwald Question Time to allow for that to appear on either their website or your website.

1195 **Mr Pugh:** They could do, but I think you have to give some very careful thought to what your long-term strategy is about where Tynwald is to be broadcast. Certainly, at the moment, Tynwald is broadcast on AM. AM will progressively become more difficult for people to access. In my visit to the store, to show, there were 30 sets, only three had AM. So certainly, in terms of renewing, replacing your AM set, it will be more difficult.

1200 You also need to say who should be controlling all your broadcasts. Should it be the Tynwald website that has all of the assets of Tynwald or should elements be there, some on Manx Radio and others on the BBC? You also have to ask yourself where listeners currently go to access this information. Well, they currently come to Manx Radio. So if you have some bits on Manx Radio, some bits on the BBC, it becomes confusing. So I think it is wonderful to hear that people are willing to put more resources into it, but I think we have to carefully ask ourselves where is the most effective way this money should be spent, so that the Island gets the greatest publicity for its Tynwald asset, if you want to call it that.

1210 **Q78. The Chairman:** Do you consider you get the necessary support from the Communications Commission as you need?

1215 **Mr Pugh:** I think the answer is yes. The only exception there would be in that the Communications Commission do not have a policy for digital and that has meant that our plans have just not gone forward because the Communications Commission have not got a view on it. I just think we cannot keep putting our head in the sand, when 44% of the population have DAB radio sets.

1220 **Q79. The Chairman:** I would like to thank you for your attendance here today. Do you have any final statement you would like to make?

Mr Pugh: No. I would just like to thank you for the opportunity to put those views forward and really look forward to hearing what the Committee's conclusion is.

The Chairman: Thank you very much.

Mr Earnshaw and Dr McLaughlin were called at 12.24 p.m.

**EVIDENCE OF HON. A J EARNSHAW
AND DR C MCLAUGHLIN**

1225 **Q80. The Chairman:** Good afternoon. Firstly, thank you for your submissions earlier on and, for the record, could you state your names and the positions you hold, please.

1230 **Mr Earnshaw:** I am Adrian Earnshaw and I am attending here as the Chairman of the Communications Commission.

Dr McLaughlin: Good afternoon. I am Carmel McLaughlin, Director of the Communications Commission.

1235 **Q81. The Chairman:** Would you like to make an opening statement?

Mr Earnshaw: I would like to do that, if I may, Chairman.

I would like to say that we welcome the opportunity to present in front of you today. We had a useful debate in Tynwald a little while ago about this when the Standing Committee was formed. So it is good that we welcome the fact that this is going to be reviewed. I think, fundamentally, we

1240 are fairly comfortable with the status quo at the moment, but that is not to say that we do not see that there is room for improvement. We have already, prior to this Select Committee being put in place, been taking steps to improve the partnership that we have with the BBC, improve the relationship, and to seek better value for money and the Director, Dr McLaughlin will cover that point, I am sure, along with a lot of others, in due course.

1245 I think it is interesting to reflect, particularly with radio in the Isle of Man, and a member of your Committee will be very interested in what I am going to say now, because the Isle of Man were very much pioneers, radio-wise, in terms of commercial radio. The BBC, I think in the 1960s, without wishing to be unkind to them, were probably still in a bit of a war-time mode. I do not think things had changed dramatically with the BBC's presentation of things in the 1950s and early 1250 1960s. Manx Radio came on the scene in, I think, 1964, closely followed by Radio Caroline, which dropped anchor in Ramsey Bay round about the same time, just a little bit after Manx Radio. So the Isle of Man was very much at the forefront of commercial radio and I think this set the pattern really, of the pathway that we have developed along, which led the way for others. I think it was 1967 or 1968 that the first commercial radio appeared in the UK. It might have been 1255 Radio London, was it? (**Dr McLaughlin:** Leicester.) Was it Radio Leicester? I knew it was something starting with an L. So, it was Radio Leicester and that was in the late 1960s. Jersey: BBC radio in Jersey did not get going until the 1980s. So, the Isle of Man was well ahead of the game. I just wanted to state those points. I think in the Isle of Man, speaking as a Manxman, I am rightly proud of the fact that we have got three indigenous radio stations on the Isle of Man. So, I 1260 just wanted to put that bit of background in.

I just want to read the next little bit before I pass over to the Director of the Commission because I just want to reiterate a couple of the points I made in the Tynwald sitting last November.

1265 Firstly, the arrangement under which we pay the TV licence is not an agreement, but rather it is a requirement of the Communications (Isle of Man) Order 2003 for Island residents to pay the TV licence. Quite simply, it is the law. The Order can only be amended or revoked with the agreement of both the Isle of Man and the United Kingdom.

The second point I would like to make, Chairman, is that the Communications Commission would not recommend withdrawing from or amending the arrangements under which residents of the Isle of Man pay a TV licence without considering very carefully all of the implications. This is, 1270 however, not to say that we should not review the existing relationship with the BBC to ensure we receive the best possible value for money from the TV licence.

I have already stated our position and our aims regarding the relationship. So, with your permission, I would now like to hand over the Director, Dr McLaughlin.

1275 **Dr McLaughlin:** Thank you, Chairman and thank you, Chairman.

As the Chairman says, yes, I think there is no harm in making sure that we are getting value for money from the BBC on our contribution to their funding. I think it is also very timely because the current licence fee settlement, that was agreed between the UK Government and the BBC, 1280 terminates at the end of March 2013 and so I think it is very good that we gather together our thoughts on how it should look going forward.

I think as stated in our submission, which we are more than happy for you to publish in entirety, people have attitudes and strong attitudes about the licence fee. Lots of people do not like paying money if they do not have to. However, I think, as we have seen from the discussions across the media, both on radio, online and in the newspapers, there are people who actually 1285 consider it to be extremely good value for money in terms of what you get for the equivalent of 40 pence a day, in terms of radio, TV services and online services. I appreciate you have benefited from the evidence of the BBC and I am sure it is founded on the value of the services. However, I think one also has to be careful that while people do not necessarily like paying for the licence fee, they may, really, get quite upset if the services that they use and become accustomed to, no longer appear. 1290

In 2008, Ofcom found that around 80% of people were willing to pay the licence fee and in 2009 the BBC Trust found that over, I think, 57% of people found the licence fee to be good value for money. So, therefore, I would just like to say, one has to be cautious in terms of the services and the possible reaction, if we ceased paying the TV licence fee. I think there would be a reaction 1295 from people if they found that they could not access BBC services in the car, on their radios, transmitters, scattered across the house and on Freeview.

Q82. Mr Gawne: Those statistics, are they UK statistics or were they based on the Isle of Man? 1300

Dr McLaughlin: These are UK studies which could well have included a sample of residents on the Isle of Man and Channel Islands. I would need to confirm that.

1305 **Q83. The Chairman:** Do you think the Isle of Man gets less for its licence fee compared to the Channel Islands and what do you think we should be doing about it?

1310 **Dr McLaughlin:** I think, undoubtedly, we do get less in terms of the Channel Islands, which have got a dedicated BBC radio service in Guernsey and Jersey. They also have opt-out coverage in the local TV news. I think, as the Chairman said, the Isle of Man got there first with our own radio service in 1964 and, from my understanding of the history, there was not a great desire on Island for the BBC to provide a radio service which could challenge our own existing national public service broadcaster. So I think there is probably a quirk of fate that the Channel Islands does have BBC radio services whereas we do not.

1315 I think, also, it is an interesting question why the BBC does provide that extent of service to the Channel Islands, because while the BBC has a number of regional and local services across England, as far as I am aware, there is really BBC Radio Scotland, a BBC Gaelic service and I think that is the extent of the local list of their Scottish activity. So I think the Channel Islands has done remarkably well and may be disproportionate.

1320 **Mr Earnshaw:** Yes, I just wanted to chip in. It is really just a matter of perspective, I think. Rather than looking at it that we get less, I think they get more. So it has just been in the corner a little bit. I think on a comparative basis with other areas in the UK, on the Isle of Man there is a greater expense by the BBC in the Isle of Man, but there is even more in the Channel Islands. So I am just looking from a different perspective.

1325

Q84. The Chairman: Are these from the Commission's findings or is this from the BBC's submissions to you that they provide a better value?

1330 **Dr McLaughlin:** It is from both. It is observing what the BBC does provide elsewhere, as well as statistics provided by the BBC.

Q85. The Chairman: We have heard earlier on today that there have been discussions with the Isle of Man regarding a possible BBC. Do you know who these discussions were with, whether it was the BBC should provide a service here? Do you know who was involved in those discussions?

1335

Dr McLaughlin: Sorry, Mr Chairman, a BBC radio service?

1340 **Q86. The Chairman:** This is whether the BBC should provide a radio service. You mentioned it earlier yourself about the BBC providing a dedicated radio service to the Isle of Man. Do you know who these discussions were with?

1345 **Dr McLaughlin:** I would imagine, and I would have to check as well through our files, that there would have been discussions probably involving the Commission. I am sure the issue has been debated or discussed in Tynwald over the years.

Q87. The Chairman: Could you?

1350 **Dr McLaughlin:** Certainly.

Q88. Mr Callister: Yes. First of all, for the Chairman of the Commission, you referred to the Communications (Isle of Man) Order 2003 which is, as you say, law, and can only be revoked by agreement on both sides. Do you regard it as irrevocable?

1355 **Mr Earnshaw:** I think there must be some means of quitting if you wanted to get out of it, because we have seen that with other agreements with the UK, but I think you have got to be very careful that you do not cut off your nose to spite your face in these situations. So I am very mindful of that and very mindful of the benefits that we do get at the moment. So I will have to defer to the Director on that for her technical knowledge on that particular issue.

1360

Q89. Mr Callister: Would you personally bring this to Tynwald for a revocation?

1365 **Mr Earnshaw:** I would not want to do that, but I will be looking to see what the findings are of this Select Committee in due course. I think, when I spoke in Tynwald last November and you listened to what I had to say, that it was with some reluctance that we wanted to support this Select Committee but there seemed to be a wish amongst Members that we follow this pathway. So, with that in mind, we went down the pathway to form the Committee. We supported that to see if we can do things better, but certainly from a personal point of view, I would have no wish to seek to revoke that.

1370 **Q90. Mr Callister:** Thank you. Did you want to follow?

1375 **Dr McLaughlin:** Yes. Could I just add, I think before going through any sort of process like that, I would hope that we were making sure that we had the support of the Manx population and that is what they wanted to see happen.

Q91. Mr Callister: Yes. Alright.

Dr McLaughlin, the other thing is then, given the agreement that the Channel Islands are getting a better value than the Isle of Man, can you put that into monetary terms?

1380 **Dr McLaughlin:** I would rather come back to you on the exact figures, rather than misquoting.

Q92. Mr Callister: But would we be talking in £1 million or £2 million, in that sort of area?

1385 **Dr McLaughlin:** I think it would be of that order.

Mr Earnshaw: I think there are 20 people employed in the Channel Islands. Is that right?

Dr McLaughlin: We have had various reports.

1390 **Mr Earnshaw:** Fifty by the BBC.

The Chairman: Forty-two.

1395 **Mr Earnshaw:** Forty-two. Oh well, they might be reviewing that.

Q93. Mr Gawne: I had mentioned, when we were just talking to the BBC, that I am sure I had seen some figures and, of course, it was in Anthony's letter where I had got these figures from in relation to spend per head. Now, this was an Ofcom... Quoting directly from Anthony's letter, Anthony Pugh, Manx Radio:

1400 *'In August 2009, Ofcom, UK regulator, published the Communications Market Report which compared a number of factors within, amongst other sectors, the radio sector. I have particular interest that the following comparables to which I have added the Isle of Man's subvention figure, which equates to £11.94 per head of population using the 2006 census figures...'*

1405 Basically what this table which Anthony has provided to us shows is that Wales and Northern Ireland spend £11 per head on... the BBC spends £11 per head in Wales and Northern Ireland on investment in national local radio programming. That drops to about just under £8 in Scotland and for England it is £2.40 to £2.50. So that is the sort of slightly different message to the one you gave where you felt that we were on the whole getting possibly even a better service than Scotland, Northern Ireland and Wales.

1415 **Dr McLaughlin:** Right sorry, by that I meant in terms of the localisation of the services and in BBC Northern Ireland, I think they have got two separate services covering the six counties, and in Scotland, it is one main service, as I understand, or it was when I was in Scotland last, as opposed to England that has got maybe 40 localised services.

1420 **Q94. Mr Gawne:** Also we read in your submission, the names of the BBC Trustee for England and the Isle of Man, I think it is north-west England and the Isle of Man, Alison Hastings, and of course Helen Corlett is the Isle of Man BBC North West Advisory Council representative. I just wonder whether you could explain to us a little bit about what their roles are, how often do you have the opportunity to talk to them and do they actually have any significant influence over the way in which the BBC provides services to the Isle of Man?

1425 **Dr McLaughlin:** The BBC Trust are the self-regulators of the BBC. Some of their activities obviously are regulated elsewhere and Alison is the representative for England, the Channel Islands and the Isle of Man, as I understand.

The Trust set up Advisory Groups across the UK and they are made up basically of people who are meant to represent the public to give direct information on their feelings about the input, about the BBC broadcasts and services. Boards such as that tend to complement audience research and surveys and various other intelligence-gathering mechanisms. Helen and myself either meet face to face or discuss in between meetings issues and concerns that we have as a Commission or that we have heard from members of the public directly and ask her to put those forward to the Advisory Group that she sits on. I think that is fairly effective.

1435 We have criticised, for example, BBC news coverage and said that the introduction of Granada into the Island, I think, raised the bar and set new challenges for the BBC. We also commented and gave examples of where we thought Granada's coverage was better and maybe the BBC had not covered the story and for the last couple of... Well, I did not see the news last night, but the night before, there were at least two items of Manx news on five-minute late evening news slots, which, given our size of population, is a fairly healthy proportion.

1440 But that relationship and that feeding in information about our reactions and comments on the BBC service to the Advisory Group and therefore the Trust is complemented by our more day-to-day operational discussions with BBC colleagues, whether it is about transmission issues, the licence fee collection and other day-to-day issues that we may have with content.

1445 **Q95. Mr Gawne:** So when you say day-to-day you would say, certainly... Would you suggest or would you tell us, is it a weekly, monthly, daily contact with people from the BBC?

1450 **Dr McLaughlin:** It varies according to what is going on. So for example during digital switchover it could have been on a daily and sometimes hourly basis according to what was going on and if there were certain issues, for example on transmission, then there would be quite regular frequent contact to find out updates, what is happening. We probably touch base more formally three to four times a year and meet at least probably twice a year.

1455 **Q96. Mr Gawne:** We have heard from Anthony Pugh in the earlier part of the hearing that whilst Manx Radio does get the opportunity to discuss things with the BBC, ultimately 'Manx Radio – this big; BBC – that big'. Manx Radio perhaps feels that it does not have the opportunity to influence the BBC's decision-making as well as perhaps the Isle of Man Government might. I do not know, in your experience do you find the BBC pays lip service to the Isle of Man or do you get a reasonable hearing when you make the points you make?

1460 **Dr McLaughlin:** The BBC could probably comment that I tend to be slightly irritating, if they do not listen to us on certain issues. I will persevere, but I think there is a problem and I think there is a recommendation that I would like to make to the BBC, that awareness of the Isle of Man and our status should be raised across the BBC and with the BBC Trust. I think quite often people from across use shorthand when they talk about the UK. They forget that we have got a separate identity. Colleagues in Ireland forget that as well, they are not sure of our identity and our status, and I think it can only be for all our benefit that we all raise awareness of ourselves and make sure that that is then reflected in the coverage and output.

1470 **Q97. Mr Gawne:** We touched in our remit, we are talking about reviewing the agreement – the Chairman has identified it is not an agreement, it is the law – but it is possible to change the law and that is effectively what we are elected to do as politicians. Our reviewing of the legislation indicates that, I think it is, the Secretary of State has the ability to introduce a reduction in the fee if a reasonable case can be argued and such a reasonable case could be, 'Well the Isle of Man Government, out of taxpayers' money, is paying £1 million to support Manx Radio, therefore it is not unreasonable of us to ask for £1 million worth of licence fee that we currently pay to the BBC, not to be paid to the BBC'. Is that the kind of thing that the Communications Commission would be prepared to discuss with whoever it would be, the Secretary of State – ?

1480 **Mr Earnshaw:** They would perhaps counter that because they may say, 'Well, rather than you running Manx Radio, forget the rebate' – they might say, 'We'll run it for you' – and then we are faced with the question, do we want Manx Radio, a local based radio station or do we want BBC radio on the Island? So you can turn it around and look at it from different ways.

1485 **Q98. Mr Gawne:** You could do and no doubt we will consider all these different options as we go through our discussion, but I think the specific question was, is that the kind of thing that the Communications Commission could actually do? Again, we are not entirely clear what circumstances such as renegotiations, under what circumstances –

1490 **Mr Earnshaw:** Well, the Director might like to outline to you in a moment some of the benefits that the BBC are already providing to Manx Radio because there are financial –

Mr Gawne: We are aware.

1495 **Mr Earnshaw:** But you are aware of those, are you, the financial benefits that they provide to us?

Q99. Mr Gawne: Sorry, we have been through all that, but I suppose what we have been specifically tasked with looking at is what would happen if we broke the agreement, or in effect repealed the legislation, or indeed amended the legislation. What I am trying to get at is what sort of circumstances could you envisage we might wish to amend or indeed sever – we are specifically looking at amending in this case – but it would be helpful to know from your side, or indeed have you ever considered that issue?

1505 **Dr McLaughlin:** I think from a procedural point of view it would be through the Manx Government negotiating with the UK Government as opposed to the Commission negotiating with Ofcom, for example, although we would expect to contribute to the negotiations and discussion papers.

1510 I think there has been an example, sort of related to this, quite recently. The BBC was allocated £800 million to spend on digital switchover. That involved the campaign which a lot of our broadcasters benefited from the advertising from digital switchover as well as the help scheme, the help given to people to convert to digital. From that switchover scheme, it is projected that there is going to be a £200 million surplus. The UK Government has had various proposals about how that surplus should be spent, one of which – and how, maybe, part of the BBC licence fee in future should be spent – was to look at addressing shortfall in ITV advertising revenue and supporting ITV regional news.

1515 The Commission responded to a consultation by the UK Government saying if there is any digital switchover surplus, then we would expect the UK to talk to the Isle of Man about either handing that surplus back or giving it to us to see how it is spent, rather than the UK deciding.

1520 There have been developments in the UK and I think the UK Government has now more or less dropped the idea of using that surplus to fund news and I understand – and we are in discussion with UK officials – that if there is a surplus, it will be apportioned back to the Isle of Man. So I think that is one example how we can influence, by observing what is going on, and with colleagues and Government try and action and do something about it.

1525 I think in terms of the licence fee settlement, the next scheme on this is going to be very interesting. We are going to see a different Government in the UK of some sort. All the political parties are looking at the BBC and looking at the licence fee and, as I said, the present agreement on the licence fee terminates in March 2013, so it is very timely for us to try and think about what is best for the Island and how we can influence that and make sure we can get as much value for money as possible. But I think the BBC and the licence fee structure that we see now, that could very well change very quickly. Time will tell.

1530 **Q100. Mr Gawne:** The final question from me was in relation to the other national broadcaster on the other side of the Irish Sea. I know we have raised that issue with you and you had some fairly robust reasons why we should not look in that direction. In theory, if we chose to go in that direction and we chose to end our existing relationship with the UK with regard to the licence fee, there is no reason why we could not ask RTE presumably to run services for the Isle of Man instead of the BBC?

1540 **Dr McLaughlin:** I think it is very interesting and I think where we may have been or tried to be robust was the question that RTE should be a substitute for the BBC, that is a big issue and as I have said right at the beginning of our session, the public – I think I would like the public to be on side with that view – and while personally I love watching RTE1, maybe not everyone on the Island would. However, that is not to say we could not have discussions with RTE, and I am sure RTE would be interested and come up with various suggestions.

1550 However, I think if we were to switch supplier, obviously there would be costs and RTE would expect those costs to be met. That could be more expensive than what it costs us at the moment via the licence fee here. There are also a huge number of other issues, as I have said: copyright is one. For example RTE only has the rights to show programmes in Ireland. They would either have to blank the pictures that we received here if it was for example a Hollywood film or 'Eastenders' which is on RTE or renegotiate those rights. There are advertising issues which are fairly complex and there is the whole transmission side and spectrum rights.

1555 That is not to say that there are other options. For example, there was a memorandum of understanding signed in February, I think, this year between the UK Government and Dublin, saying that Irish channels should be available on Freeview in Northern Ireland free of charge to viewers. I understand TG4, the Irish language channel, the costs for transmission in Northern Ireland have always been paid by the UK Government and that will continue to do so, as part of the Belfast and Good Friday Agreement, and RTE is going to have to figure out how they are going to pay the transmission costs. The Irish Government hopes there is going to be reciprocal arrangement with UK and BBC services; however, they would not be free.

1560 So I think there are options outside of the licence agreement debate to try and see if we could come to an agreement with RTE to have some of their services available here as a complement. However, there are a number of technical issues, as I have said, in terms of copyright issues and advertising issues.

1565 **Q101. The Chairman:** Do you not think that when you are in negotiations with the BBC that we should be at a stronger point as a nation, rather than seen as comparing it with how they are doing Radio Merseyside or Cumbria, that our nation status should give us more of a weighted position than Merseyside, as an example.

1570 **Mr Earnshaw:** I would like to contribute here if I may here, Chairman, because I think it does and the path, the route that we have been trying to pursue with the BBC – and others – since the arrival of Dr McLaughlin as Director, is to encourage them to take more interest in the Isle of Man and increase the exposure that we get via television, because it goes out to a wide audience. So it is really to raise the profile of the Isle of Man, improve the branded image that we have got.

1575 This is something that does not cost them an awful lot in cash terms, and we can do that because the Isle of Man is certainly an interesting place, because it is an independent nation sitting right in the middle of the British Islands. It is certainly a go-ahead place, so there is lots of news, we have got good stories to tell and that is the line we have been working along with our – I like to think it is a partnership with the BBC and other TV providers. That is what we would like them to do more, to give us more TV time.

1580 **Q102. The Chairman:** Do you not consider the viewpoint to put to the BBC that we have a dedicated time slot for Isle of Man news, so if it was at 6.15 that people from the Isle of Man would know at 6.15 Manx news is going to be on, rather than any time within where it fits in their order of priorities?

1590 **Mr Earnshaw:** Well, I can see – and I am going to ask Carmel to contribute on that, as well – the point that you are making, but some days we have got some interesting news, some days we have got quite a bit of interesting news, other days we have not. So I think you have just got to... To have a predetermined slot could backfire a little bit on you, but I think if there are good stories to tell, let us make sure we have got the channels to put them down.

Do you want to answer that, Carmel?

1595 **Dr McLaughlin:** Yes, I think I agree with the Chairman that we just have to repeat and repeat and repeat that we are a nation, we have a different status, we are not part of England, we are not part of the UK and to get that message right at the forefront of the BBC Trust and senior management.

1600 I think I would not necessarily go down the argument that because we are a nation, you should respect us more or give us more time than the people of Merseyside. That politically would alienate ourselves with the people of Merseyside and also I think from an editorial perspective, especially with the news, the integrity of the news has got to be justified by what is news. I think once one starts going down a slot that it is five minutes that we have to give for Isle of Man, it is five minutes we have got to give now for Lockerbie and unless you are just giving a general round up, you are losing the editorial balance and the integrity of the news journalists. I think they would resist that at all costs.

Q103. Mr Callister: Going back to this £800 million digital switchover money and the £200 million surplus. Does that still sit with the BBC?

1610 **Dr McLaughlin:** There have been discussions between the BBC and the UK Government. Now where it is at the moment – because digital switchover obviously has not completed in the UK – but the discussions are that it should go, as I understand, from the BBC back to the UK Government for them then to disperse.

1615 **Q104. Mr Callister:** Oh, I see, so if it was sitting with the BBC, there would be a case to claim that we might be able to use some of that or a substantial amount towards DAB, which apparently you do not have a policy on?

1620 **Dr McLaughlin:** Well, two things. As I said – and the BBC will hopefully correct me, if I am wrong with my figures – but the £800 million was to cover switchover up to... well, it does not complete in the UK till 2012, so whether there is any payment of surplus back before 2012, I am not sure, at this stage. If there is a surplus, given that we are about 0.1% in population terms, I do not think the money we would get back would pay for DAB. It would be a fairly –

1625 **Q105. Mr Callister:** Wilf White, giving his evidence earlier said, ‘Tell us what you want, we want to know what you want.’

1630 **Dr McLaughlin:** It would be lovely if the BBC helped us with DAB. In terms of the policy for digital, as you know, the Communications Commission published a consultation document just before Christmas with a report and we will be publishing a follow-up statement shortly. What we said about digital is that we acknowledge the importance of digital and indeed the digital economy, and that it is important that the Isle of Man keeps at the forefront and up to date in developments.

1635 However, in the case of radio, we thought it was probably prudent, to use another person’s favourite word, to look carefully at the options for digital radio. As you know, we already have digital radio via the internet, via TV, via DAB on parts of the Island. There is a debate across Europe about the future of digital terrestrial radio. DAB is only one technology. The UK was at the forefront of DAB, I think the BBC launched the first DAB radio in 1995, and 15 years later there are only 10 million DAB sets in the UK. So it has not been an overnight, runaway success and the quality of DAB can be variable.

1640 However, given that, the UK has said that they are committed to coming up with a switchover date. Dates have been mentioned, but there is no committed date. Secondly, what they have said in the UK is that they will switch off national FM and large regional FM services. There is no plan to switch off small, local or regional services and I think Ofcom was defining regional services as those covering a population of less than 300,000.

1645 So I think, unlike television, where there was a pressing global demand to actually switch off analogue transmissions and release the spectrum, there is not the same consensus about radio at present and indeed I think Sweden is re-launching digital services but the last I heard, Germany was still... the debate was out as to which technology and what they would do. So I think at this stage in time, it is probably best to look at all our options and watch carefully what is happening, before committing down a DAB path.

Q106. The Chairman: You mentioned earlier, Ofcom. Are you aware who finances Ofcom?

1655 **Dr McLaughlin:** Ofcom is principally funded by licence – sorry, I have to use ‘licence’ in a different term there – by the operators that they license. So that is all the UK broadcasters pay an Ofcom licence fee. The Telecom operators pay a percentage of their revenue and there is also funding via Spectrum which goes to the UK Government and then is apportioned back to the devolved governments including ourselves, and Ofcom has also had Government grants.

1660

Q107. The Chairman: So you get payment from... part of that money comes back to the Communications Commission, does it?

1665 **Dr McLaughlin:** For Spectrum.

Q108. The Chairman: So part of the TV licence pays for Ofcom?

Dr McLaughlin: Sorry, I am talking about two different sorts of licences now –

1670 **Q109. The Chairman:** So a licence, BBC will pay a licence fee for the radio, yes?

1675 **Dr McLaughlin:** Sorry, it gets a bit complicated. On the broadcasting side, when I was referring to licences, I was referring to ITV, for example, has a licence from Ofcom and they pay for that. The BBC, some of its services are under Royal Charter and Act of Parliament, so BBC1, for example, does not require an Ofcom licence, unlike Sky or ITV, and the licence fee is not used in that way then to fund Ofcom. Where the BBC does have services, for example they own a multiplex and they have a Spectrum licence, a part of that fee goes to Ofcom, but it is part of their distribution costs, as opposed to direct costs of a licence fee.

1680 **Q110. The Chairman:** Have you ever made any representations to the BBC regarding poor radio services from, for instance, BBC Radio 5?

1685 **Dr McLaughlin:** In terms of transmission coverage? We have been in discussion, and I think it is probably true of the Commission prior to my appointment about transmission coverage, yes.

Q111. The Chairman: So I am finding. You were saying about money left over from the digital switchover. Have there been any moves for the money left over to be put into upgrading the mast, so that the Isle of Man receives again ITV3 and ITV4 as part of that switchover?

1690 **Dr McLaughlin:** We have been active, saying if there is a surplus we would like discussions with the Isle of Man about how... The Isle of Man should be consulted and have a say in how it is spent. We have not got to the stage yet where they have said, 'Here's the surplus', or 'You will get it in two years' time'. In terms of ITV3 and ITV4, I think it should be and hopefully it is clear to this Committee that that was a completely separate issue from the licence fee. ITV3 and 4 are not funded from the BBC licence fee. They fund themselves.

Q112. The Chairman: It is just when you mentioned about the switchover.

1700 **Dr McLaughlin:** Sure. In terms of getting another multiplex, for example, on Island, the commercial broadcasters Arqiva, ITV, etc, have said they are not prepared to pay, themselves, for transmission, because the size of our market is too small for them to see an adequate return in the investment. If we were to decide, ourselves, that we wanted to use a multiplex to carry ITV3, ITV4 or RTE1 and RTE2, the transmission costs would be far in excess of what we would get in the digital surplus. We are talking minimum six figure.

1705 **Q113. The Chairman:** Thank you. Well, I would like to thank you for your attendance; if there are any further points?

1710 **Mr Earnshaw:** I would just like to say that I think we should adopt a cautious approach. It is my nature to do that, I think. If you are thinking of changing anything, I think we have got to look carefully at what we have. We have a solid partnership at the moment. I think we are making some progress. I would like to think we have made some good progress since the new Director took over. So, I think we should proceed with care.

1715 We have very much got a quality operator in the Isle of Man with the BBC and I am very mindful of that. I do not want to sound too corny, but I am proud of the fact that we are served by the BBC in the Isle of Man. It is a little bit like, I was rueing the fact that British Airways no longer served Ronaldsway. I think it is a good flagship to have on the apron at Ronaldsway when people arrive, when you see British Airways parked there. British Airways might not be the best example to pick at the moment, but I think you know what I mean. *(Laughter)* I think you know what I mean. They are an international carrier and having somebody like that, the branded image of the Isle of Man is certainly helped.

1720 So it is a partnership that I value at the moment and I certainly would not want it to be radically changed. I hope your report at the end of the day may reflect something along those lines.

1725 **The Chairman:** Thank you very much. I would like to thank everybody for their attendance and this now ends the public sitting of the Committee.

The Committee adjourned at 1.07 p.m.