



House of Commons
Business and Enterprise and
Culture, Media and Sport
Committees

**Pre-appointment
hearing with the
Chairman-elect of
Ofcom, Dr Colette
Bowe**

First Joint Report of Session 2008–09

Second Report from the Business and Enterprise Committee of Session 2008–09
First Report from the Culture, Media and Sport Committee of Session 2008–09

*Report, together with formal minutes and oral
evidence*

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The Business and Enterprise and the Culture, Media and Sport Committees

The Business and Enterprise and the Culture, Media and Sport Committees are appointed by the House of Commons to examine the expenditure, administration, and policies of the Department for Business, Enterprise and Regulatory Reform and the Department for Culture, Media and Sport and its associated public bodies.

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The current staff of the Culture, Media and Sport Committee are Tracey Garratty (Clerk), Martin Gaunt (Second Clerk), Elizabeth Bradshaw (Inquiry Manager), Anna Watkins/Lisa Wrobel (Senior Committee Assistants), Rowena Macdonald (Committee Assistant) and Laura Humble (Media Officer).

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Summary

On 13 January 2009, the Business and Enterprise Committee and the Culture, Media and Sport Committee held a joint pre-appointment hearing with the Chairman-elect of Ofcom, Dr Colette Bowe. On the basis of the evidence provided to the Committees, we have concluded that she is a suitable candidate for the post.

1 Introduction

1. The July 2007 Green Paper, *The Governance of Britain*, proposed the introduction of pre-appointment hearings for key public officials in which Parliament has a particularly strong interest. It stated that in each case, it should fall to the relevant Select Committee to conduct the hearing, which should cover “issues such as the candidate’s suitability for the role, his or her key priorities, and the process used in selection”.¹ Accordingly, the House of Commons Liaison Committee has published guidance for committees to ensure that hearings are conducted appropriately.² The outcome of the hearing is non-binding, though the Report from the Committee should inform Ministers’ decision-making on whether to proceed. The post of Chairman of Ofcom is one of the positions to which this procedure applies.

2. Lord Currie of Marylebone has been Chairman of Ofcom since its creation. The Secretaries of State for Business, Enterprise and Regulatory Reform (BERR) and Culture, Media and Sport (DCMS) are jointly responsible for appointing his successor, the process for which must be conducted in accordance with the *Code of Practice for Ministerial Appointments to Public Bodies*.³ The recruitment process was conducted by a company of consultants, Egon Zehnder International, who advertised the post between 14 September and 8 October 2008. Interviews were held in November by a selection panel independent from Ministers.

3. On 17 December 2008 the Government announced that Dr Colette Bowe had been chosen as Chairman-elect of Ofcom, the independent regulator and competition authority for the communications industries. If her appointment is confirmed, Dr Bowe will take over from Lord Currie following his retirement from Ofcom later in 2009. In accordance with the new process of scrutiny, the Government invited the Business and Enterprise Committee, and the Culture, Media and Sport Committee to hold a joint pre-appointment hearing. This took place on 13 January 2009. We are grateful to Dr Bowe for making herself available to give evidence to the Committees so promptly.

4. The next section looks briefly at the role of the Chairman of Ofcom. The section after considers the suitability of the candidate.

¹ Ministry of Justice, *The Governance of Britain*, July 2007

² House of Commons Liaison Committee, First Report of Session 2007–08, *Pre-appointment hearing by select committees*, HC 384, p 8–9

³ Commissioner for Public Appointments, *Code of Practice for Ministerial Appointments to Public Bodies*, August 2005

2 Ofcom and the role of the Chairman

5. Ofcom was established by the *Office of Communications Act 2002*, bringing together five separate regulatory bodies—the Independent Television Commission, the Radio Authority, Ofcom, the Broadcasting Standards Commission and the Radiocommunications Agency. The *Communications Act 2003* subsequently established Ofcom's role and duties. These fall into six areas:

- Ensuring the optimal use of the electro-magnetic spectrum;
- Ensuring that a wide range of electronic communications services—including high speed data services—is available throughout the UK;
- Ensuring a wide range of TV and radio services of high quality and wide appeal;
- Maintaining plurality in the provision of broadcasting;
- Applying adequate protection for audiences against offensive or harmful material; and
- Applying adequate protection for audiences against unfairness or the infringement of privacy.

6. To discharge its duties, the regulator has an operating budget for the current financial year (2008–09) of £133.7 million, and a staff of 850. The Chairman of Ofcom is expected to:⁴

- Provide leadership to the Board and Ofcom more widely;
- Be the most senior representative of Ofcom to its various stakeholders, including its licensees, other regulated entities, the United Kingdom Government and Parliament and the devolved National Governments of Wales, Scotland and Northern Ireland; and
- Provide assistance to Ofcom's international activities.

7. The appointment is for five years with the potential for a further period of service by mutual agreement and subject to performance. The job specification states that the appointee must commit to taking on the post as their primary role. In other words, it is anticipated that they would not hold a chairmanship or other demanding role elsewhere. The job requires a commitment of up to three days per week and carries a remuneration of circa £200,000 per annum.⁵ In addition to chairing meetings of the Board, the Chairman will be expected to serve on the Audit, Remuneration and Nominations Committees.

⁴ Egon Zehnder International, *Role Specification—Chair of Ofcom*, September 2008

⁵ Lord Currie's total remuneration in 2007–08 was £206,134.

3 The candidate: Dr Colette Bowe

Biographical information

8. Dr Bowe trained as an economist at the University of London (Queen Mary College and the London School of Economics). She began her career as an economist at the then Department of Trade and Industry. She has since held a variety of senior positions both in the private and public sectors, including Chief Executive of the Personal Investment Authority (1994–97) and Executive Chairman of Fleming Funds Management (1998–2001). Dr Bowe was also the founding Chairman of the Telecoms Ombudsman Council (2002–03) and chaired Ofcom’s Consumer Panel (2003–07). Her current roles include Board Member of Axa Framlington, Morgan Stanley Bank International, Electra Private Equity plc and London and Continental Railways. Dr Bowe is also Chairman of Council at Queen Mary College, London and is a Board Member of the National Institute for Economic and Social Research. A full curriculum vitae can be found in the Appendix on page 9.

Our evidence

9. In oral evidence we asked Dr Bowe about the following specific matters:

- The role of Ofcom and its Chairman;
- Whether the level of remuneration for the Chairman of Ofcom was too high;
- The time commitment required from the Chairman of Ofcom;
- Ofcom’s remit, including the proposal to add postal services to its responsibilities; and
- The cost of running the regulator.

10. The session also included discussion of various policy matters, which are priorities for the regulator in 2009–10, namely:

- Competition in pay TV, and its impact on money going into sport;
- The future of public service broadcasting, and, in particular, children’s television;
- The evolution of radio;
- Spectrum management, the digital dividend and digital switchover;
- The regulation of broadcast content;
- Ofcom’s role in the nations and regions;
- Regulation of and access to broadband and next generation networks; and
- Regulation of the Internet.

Conclusion

11. We note that Dr Bowe has a number of other non-executive roles, including the Chairmanship of the Audit Committee of Morgan Stanley Bank International. We were concerned about the amount of time Dr Bowe would have to carry out her Ofcom responsibilities, given the impressive range of other posts she holds. Dr Bowe assured us that she was “well able to give 60% of my time to Ofcom; and Ofcom will be my primary role”.⁶ We welcome this commitment, and intend to hold her to it. We believe the Secretaries of State should reassure themselves that the priority of Dr Bowe’s Ofcom role is understood by all concerned.

12. Having questioned Dr Colette Bowe we consider her a suitable candidate for the post, and look forward to working with her in the future.

⁶ Q 7

Appendix: Dr Colette Bowe's curriculum vitae

I have worked as a full-time executive at the most senior levels in the fund management business, City regulation and Whitehall. I now have a portfolio of public and private sector assignments and pro bono work, building on my wide-ranging experience. Non-executive career

Non-executive career

Current non-executive posts

Board Member, Axa Framlington (2003–); Board member, Axa Deutschland, (2008–)

Board Member, Morgan Stanley Bank International (2005–); Chairman of the audit committee (2008–)

Board Member, Electra Private Equity (2007–)

Board Member, Ofcom (2008–)

Board Member and chairman of the audit committee, London and Continental Railways Ltd (2008–)

Previous non-executive posts

Deputy Chairman, and Chairman of the Audit Committee, Thames Water; Member of the board (2001–06); Chairman of the Audit Committee (2001–06); and Deputy Chairman (2002–06).

(Founding) Chairman, Telecoms Ombudsman Service (2002–03)

Chairman, Ofcom Consumer Panel (2003–07)

Board Member, Yorkshire Building Society (2003–06)

Board Member and Chairman of the Audit Committee, Goldfish Bank (2007–08)

Member, Statistics Commission (2000–08)

Pro bono

Chairman of Council, Queen Mary College, University of London (2004–)

Governor and Member of the Council of Management, National Institute of Economic and Social Research (2002–)

Board Member, Camden Peoples' Theatre (2002–)

Trustee, the Wincott Foundation (2003–)

Previous pro bono posts

Chair of the Trustees, Alcohol Concern, a registered charity (2002–05)

Trustee, staff pension fund of the Reform Club (2002–05)

Executive career

City practitioner

April 1998–March 2001: Executive Chairman of Save and Prosper Group and of Fleming Funds (Luxembourg), the pan-European mutual fund businesses of Chase Fleming (now JPMorgan). The core business is to gather assets from retail and corporate investors across Europe for investment into the company's range of mutual funds.

As Executive Chairman of the European business, I reported direct to the global board of Chase Fleming Asset Management, of which I was a member, and was responsible for devising, securing acceptance of, and implementing the strategic plan for the business, and for delivering the bottom line.

City regulator

January 1994–December 1997: Chief Executive, Personal Investment Authority (PIA)

The PIA was responsible for regulating the marketing of life insurance and pensions. As the first Chief Executive, I was responsible for setting up the PIA, which ultimately had a staff of 800; establishing, and then implementing the regime for marketing investments to retail investors; developing and maintaining top level relationships with the insurance and pensions industry and with the City generally; and being the “public face” of the PIA with the media, Parliament and Whitehall.

January 1989–December 1993: Director of Retail Regulation, Securities and Investments Board (the forerunner of the Financial Services Authority). I was initially responsible for the team devising and supervising the regulatory regime for the UK unit trust industry and after two years was promoted to be responsible for all (pre PIA) retail investment regulation.

Broadcasting regulator

1987–88: Director of Public Affairs, Independent Broadcasting Authority (forerunner of the ITC). I was responsible for all media, parliamentary and government relationships on behalf of the (then) regulator of independent television.

Civil Servant

1975–87: Civil Service posts in the Department of Trade and Industry

I began my civil service career as a professional economist but moved on to become a policy generalist. Some key jobs:

1975–79: economic adviser

1981: part of the project team to bring Nissan to the UK

1982: seconded to the Merseyside Task Force, led by Michael Heseltine

1984: led a legislation team (shipbuilding privatisation)

1985–87: press secretary to the Secretary of State

Education

B.Sc, M.Sc and Ph.D in economics from the University of London (Queen Mary and LSE)

February/March 1998: Advanced Management Program, Wharton School, University of Pennsylvania

Formal Minutes

Tuesday 13 January 2009

Members present:

The Business and Enterprise and Culture, Media and Sport Committees met concurrently, pursuant to Standing Order No. 137A.

*Business and Enterprise
Committee*

Mr Adrian Bailey
Mr Brian Binley
Mr Lindsay Hoyle
Mr Peter Luff
Mr Mike Weir

*Culture, Media and Sport
Committee*

Janet Anderson
Mr Philip Davies
Mr Nigel Evans
Mr Adam Price
Mr Adrian Sanders
Helen Southworth
Mr John Whittingdale

Mr Peter Luff was called to the Chair, in accordance with the provisions of Standing Order No.137A (1).

1. Ofcom pre-appointment hearing

Dr Colette Bowe, Chairman-elect, Ofcom, gave oral evidence.

Mr John Whittingdale was called to the Chair, in accordance with the provisions of Standing Order No.137A (1).

Dr Colette Bowe, Chairman-elect, Ofcom, gave oral evidence.

2. Pre-appointment hearing with the Chairman-elect of Ofcom, Dr Colette Bowe

Draft Report (*Pre-appointment hearing with the Chairman-elect of Ofcom, Dr Colette Bowe*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be considered concurrently, in accordance with the provisions of Standing Order No. 137A (1).

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Dr Bowe's curriculum vitae was appended to the Report.

BUSINESS AND ENTERPRISE COMMITTEE

The Culture, Media and Sport Committee withdrew.

Mr Peter Luff, in the Chair.

Mr Adrian Bailey
Mr Lindsay Hoyle

Mr Mike Weir

Resolved, That the draft Report (*Pre-appointment hearing with Chairman-elect of Ofcom, Dr Colette Bowe*), prepared by the Business and Enterprise and Culture, Media and Sport Committees, be the Second Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Ordered, That the transcript of oral evidence taken by the Committee on 13 January be reported to the House.

[Adjourned till Wednesday 14 January at 9.15 am

CULTURE, MEDIA AND SPORT COMMITTEE

The Business and Enterprise Committee withdrew.

Mr John Whittingdale in the Chair

Janet Anderson
Mr Philip Davies
Mr Nigel Evans

Mr Adam Price
Helen Southworth

Resolved, That the draft Report (*Pre-appointment hearing with Chairman-elect of Ofcom, Dr Colette Bowe*), prepared by the Business and Enterprise and Culture, Media and Sport Committees, be the First Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Ordered, That the transcript of oral evidence taken by the Committee on 13 January be reported to the House.

[Adjourned till Tuesday 20 January at 10.15 am

Witness

Tuesday 13 January 2009

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Dr Colette Bowe, Chairman-elect of Ofcom

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List of Reports from the Committees during the current Parliament

BUSINESS AND ENTERPRISE COMMITTEE

Session 2007–08

First Report	The work of the Committee in 2007	HC 233
Second Report	Jobs for the Girls: Two Years On	HC 291
Third Report	Post Office Closure Programme	HC 292
Fourth Report	Funding the Nuclear Decommissioning Authority	HC 394
Fifth Report	Waking up to India: Developments in UK-India economic relations	HC 209
Sixth Report	After the Network Change Programme: the future of the post office network	HC 577
Seventh Report	Keeping the door wide open: Turkey and EU accession	HC 367
Eighth Report (First Joint Report of Committee's on Arms Export Controls)	Scrutiny of Arms Export Controls (2008): UK Strategic Export Controls Annual Report 2006, Quarterly Reports for 2007, licensing policy and review of export control legislation	HC 254
Ninth Report	Construction matters	HC 127
Tenth Report	Post Office finance: matters arising from evidence taken on 10 June 2008	HC 662
Eleventh Report	Energy prices, fuel poverty and Ofgem	HC 293
Twelfth Report	Post Office Card Account: successor arrangements	HC 1052
Thirteenth Report	Companies House	HC 456
Fourteenth Report	Departmental Annual Report and Scrutiny of the Department for Business, Enterprise and Regulatory Reform	HC 1116

Session 2008–09

First Report	Energy policy: future challenges	HC 32
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CULTURE, MEDIA AND SPORT COMMITTEE

Session 2005–06

First Special Report	Maritime Heritage and Historic Ships: Replies to the Committee's Fourth Report of Session 2004-05	HC 358
First Report	Broadcasting Rights for Cricket	HC 720
Second Report	Analogue Switch-off	HC 650 I, II
Third Report	Preserving and Protecting our Heritage	HC 912 I, II, III
Fourth Report	Women's Football	HC 1357

Second Special Report	Women's Football: Replies to the Committee's Fourth Report of Session 2005–06	HC 1646
Session 2006–07		
First Report	Work of the Committee in 2006	HC 234
Second Report	London 2012 Olympic Games and Paralympic Games: funding and legacy	HC 69 I, II
Third Report	Call TV quiz shows	HC 72
Fourth Report	Call TV quiz shows: Joint response from Ofcom and ICSTIS to the Committee's Third Report of Session 2006-07	HC 428
Fifth Report	New Media and the creative industries	HC 509 I, II
Sixth Report	Caring for our collections	HC 176 I, II
Seventh Report	Self-regulation of the press	HC 375
First Special Report	Self-regulation of the press: Replies to the Committee's Seventh Report of Session 2006–07	HC 1041
Session 2007–08		
First Report	Public service content	HC 36 I, II
First Special Report	Public service content: Response from Ofcom to the Committee's First Report of Session 2007–08	HC 275
Second Report	Ticket touting	HC 202
Third Report	Work of the Committee in 2007	HC 234
Fourth Report	BBC Annual Report and Accounts 2006–07	HC 235
Fifth Report	On-course horserace betting	HC 37
Second Special Report	On course horserace betting: Government Response to the Committee's Fifth Report 2007–08	HC 549
Sixth Report	London 2012 Games: the next lap	HC 104 I, II
Seventh Report	European Commission White Paper on Sport	HC 347
Third Special Report	European Commission White Paper on Sport: Government Response to the Committee's Seventh Report 2007–08	HC 1029
Eighth Report	Tourism	HC 133 I, II
Ninth Report	Draft Cultural Property (Armed Conflicts) Bill	HC 693
Tenth Report	Harmful Content on the Internet and in Video Games	HC 353 I, II
Eleventh Report	Draft Heritage Protection Bill	HC 821

Oral evidence

Taken before the Business & Enterprise Committee and Culture, Media and Sport Committee

on Tuesday 13 January 2009

Members present:

Janet Anderson
Mr Adrian Bailey
Mr Brian Binley
Philip Davies
Mr Nigel Evans
Mr Lindsay Hoyle

Peter Luff
Adam Price
Mr Adrian Sanders
Helen Southworth
Mr Mike Weir
Mr John Whittingdale

Peter Luff took the Chair

Witness: Dr Colette Bowe, Chair Elect of Ofcom, gave evidence.

Peter Luff: Dr Bowe, welcome to this the first ever joint pre-appointment scrutiny hearing by a select committee, or two select committees on this occasion because your potential organisation overlaps both our committees. I will be taking the chair on behalf of the Business & Enterprise Committee for the first half of the session, and I will hand over to my friend and colleague John Whittingdale for the second half of the session. Before I do anything else, John has something he wants to say.

Q1 Mr Whittingdale: I would just like to put on the record that I worked in the mid 1980s with Dr Bowe in the Department of Trade & Industry where I was the Special Adviser to the Secretary of State and she was a civil servant in the Department, and we have been friends ever since that time.

Dr Bowe: Indeed.

Q2 Mr Hoyle: Do you want to put anything on the record!

Dr Bowe: Seeing as you have said that, I have nothing further to add about my friendship with Mr Whittingdale!

Mr Hoyle: Oh well, I thought it was going to be interesting!

Q3 Peter Luff: As a matter of fact, Dr Bowe does want to say something to us before formal questions. Could I invite you to make a brief opening remark?

Dr Bowe: Chairman, thank you very much indeed. Given the nature of this hearing—given that it is this pre-appointment hearing—I would just like briefly to say a word or two about what my agenda as Ofcom Chairman would be. Ofcom, as you know, has a primary statutory duty to further the interests of citizens and consumers. I will be focusing very hard on my primary statutory duty. Against that backdrop, right at this moment, I will have three issues on my personal agenda, and they will be: broadband; keeping a close watch on the next phase of digital switchover; and whether, collectively, enough is being done to further the interests of

people with disabilities in their dealings with the communications media. That is my personal agenda, Chairman. Of course, as the Chairman of Ofcom I would be part of a Board and what we did would be a collective effort. That is where I start from. Thank you for the opportunity to say that.

Q4 Peter Luff: Thank you. Actually most of those issues we will be exploring a little later on during the session. We are structured in this way: first, I am going to ask you some questions about yourself, which I hope will not take very long; then we will ask you some more philosophical questions about Ofcom's role; and then we will get into some policy areas. It is when we get into policy areas that John will take the chair. Can I ask you the obvious interview question, which is: can you tell me how your experience to date qualifies you for the role you have been invited to take on?

Dr Bowe: My experience to date goes as follows, rather briefly: I trained as an economist, so that I bring to this job a knowledge of the substance of what Ofcom as a regulator does; I worked for 11 years as a civil servant, so do have a knowledge (although it was quite a long time ago) of the workings of Whitehall; I spent a period of time working for one of the long previous broadcasting regulators, the old Independent Broadcasting Authority, where I began to learn a great deal about public service broadcasting; I then worked in City regulation for nine years where, ultimately, I became the Chief Executive of a regulator which, although its scope was much narrower than Ofcom's scope, actually was a fairly large organisation, equivalent in scale to Ofcom as it is now—so I have had the experience of being the Chief Executive of this kind of regulator; I then worked as Executive Chairman of a fund management business in the City—so I, at that point, began to strengthen my commercial experience; I then became a non-Executive Director in various contexts; I currently sit on four boards, three of which are in the financial services sector, one of which is a transport company—it is the rail company that owns the British interest in Eurostar,

13 January 2009 Dr Colette Bowe

St Pancras Station and the high speed link to the coast—and, perhaps slightly unusually, I combined that commercial board experience with a lot of work for consumers in this sector; I was the founding Chairman of Otelo the Ombudsman service for Telecoms; and I was the founding Chairman of the Ofcom Consumer Panel. In summary, Chairman, I would say what I bring to this job is a mix of public sector, regulatory and commercial experience, combined with a strong track record in work for consumers in the communications sector.

Q5 Peter Luff: Do you feel there are any areas where you need to do more reading or research to keep up your understanding, or do you feel well equipped to deal with all the issues you are about to confront as Chairman?

Dr Bowe: I hope I am at this stage reasonably well equipped, but one always thinks there are things one could do better. The area of Ofcom's work that I have had least exposure to I would say is the area of spectrum management and allocation; massively important, it is going to be crucial to get all those decisions right. In the spirit of total frankness I think I should say that that is an area of Ofcom's work where I feel I will need to concentrate very hard.

Q6 Peter Luff: In the spirit of total frankness, I should tell you that is an area I find impossibly complex so I understand and sympathise! You refer to some of your other business commitments in your answer to our first question; what continued commitments do you have, and are there any you think are not appropriate and could drop when you become Chairman of Ofcom?

Dr Bowe: There are none that would be deemed inappropriate. In fact, that discussion has already taken place formally with the DCMS, who have told me that they see no conflict in terms of the substance of those posts with what I do. Perhaps your question goes as much to the issue of the time I have to do the job.

Q7 Peter Luff: That was the next question I would like to ask. Normally it is a three-day week appointment. Nobody does a three-day week public sector appointment, so they end up with four, five or six-day week appointments in practice, and you have got quite a portfolio on top of your responsibilities here; will you be taking anything else on; what time do you expect to give the role in practice?

Dr Bowe: How I always interpret these things when people say it is three days a week, or it is two days a week or whatever, is that what people are talking about is 60% of my time, and I am well able to give 60% of my time to Ofcom; and Ofcom will be my primary role. The other things that I do take, I estimate, currently about two days a week; that is my contractual commitment to my other responsibilities. I have had the benefit of observing my predecessor David Currie doing this job for a number of years now and I know that he has managed to combine his very successful leadership of Ofcom with a number of outside posts: but I

would like you, Chairman, and these committees all to be extremely clear that Ofcom is my prime focus and will continue to be so.

Q8 Peter Luff: How do you see the role of Chairman—you talk about being able to observe David Currie in action—as distinct from the Chief Executive, Ed?

Dr Bowe: I see it as being completely distinct. You are all, of course, very familiar with the roles of non-executive chairmen in various contexts. I think the key points are: the Chairman's job I think is to lead the Board including, of course, the Chief Executive to assist in the formation of strategies for the whole organisation; to lead the job of identifying risk and managing risk; and to be very focused on setting the overall priorities for the organisation. It is the job of the Chief Executive, and his executive team, to implement the broad strategic picture set by the Board. I see it as being two very distinct roles.

Q9 Mr Evans: Following on from what Peter has just asked about your other interests as well, would you accept that for a lot of people looking at the job you are being asked to do with Ofcom it should not be three days, it should be five days a week or, indeed, full-time; and a lot of people will think, "Good grief, she's earning £200,000 a year, shouldn't she be concentrating on this one job and nothing else"?

Dr Bowe: I think all I can say, Mr Evans, is I have looked carefully at what the time commitment for this job will be. As I said, I have had the benefit of seeing how Lord Currie has done it, which is on an entirely similar basis to the basis on which I have been invited to do it; I believe the job is do-able in that time commitment. As I have said, if I believed at any point that more time needed to be given to it then Ofcom would get more time. That is your first point. I think your second point was about the remuneration. The remuneration is of course set by ministers. I think the only point I would add there is, if you look back at Ofcom's annual report for last year you will see that for doing this job in the way that it has just been described Lord Currie was paid £206,000 per year. I would not regard it as appropriate to suggest that the remuneration should be less than my predecessor was getting for doing the same job.

Q10 Mr Evans: Yes, but I think a lot of people would say that the job was possibly overpaid anyway, particularly at the time of a credit crunch recession a public service appointment of three days for £200,000 I think a lot of people are hoping it is about time that somebody got a grip on these salaries. Do you not think £200,000 anyway, irrespective of what it was before, is high?

Dr Bowe: The rate for this job is a matter for ministers, Mr Evans. I think if you feel strongly about this you should raise this with ministers.

Q11 Mr Hoyle: I think that is an easy cop-out, is it not: blame the ministers. You do not have to take such a salary. I know you come from the City; I know that you may be used to big salaries but, even

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so, everybody is feeling the pinch; you are earning more than the Prime Minister; please, reconsider the amount of salary you are taking. In the end, it is only a part-time position. I think you ought to think long and hard and actually make sure that you can set a standard to other regulators by taking less. Nobody is forcing you to take that amount. In fact I think it would be a great gesture and set the standard right across the other regulators if you were to take less. By the look of it, you are not exactly struggling for money at the moment, so I think it would be something we could all rally behind and say, "There we are, that set the standard. What a great way to introduce you to this new position". The other thing I do worry about is: I agree with Mr Evans that it ought to be five days a week; I think it is a very important job; I think it is a major job; and I would have thought five days a week is what you ought to be giving. What guarantees have we that you will manage to fit three in with all the other work you have got?

Dr Bowe: I have just given you a guarantee that I will devote 60% of my time.

Q12 Mr Hoyle: Who checks it?

Dr Bowe: I think the main accountability point (for, is this job being done adequately) is actually you. What I would like to suggest is that when I come back to talk to you again, as I know I will be doing on many occasions, that we have this conversation: how much time in fact have I been giving it; is 60% of my time enough or should I be giving more: have I been giving more? I certainly will not be giving less.

Q13 Mr Hoyle: You will not be leaking either? You have got a good history.

Dr Bowe: Is that a question?

Mr Hoyle: You can answer, if you wish.

Peter Luff: I think that is so far in the past.

Q14 Philip Davies: Just following on from Nigel and Lindsay, you say you do not see that you should be paid less than your predecessor, but when we have had these sessions before with Lord Currie and with Ed Richards they tell us each time they come that the whole strategy of Ofcom is to be a light touch regulator, and to regulate less. If Ofcom is doing less and less regulating surely there is less and less to do and, therefore, people involved should be paid less and less. Does that not follow?

Dr Bowe: I think there are a couple of problems with that, Mr Davies. One is, I do not think that my predecessor or Ed Richards will ever have said to you in precisely those terms "Ofcom's aim is to regulate less and less". What Ofcom says—and I think going back to what I said at the beginning about the interests of consumers and citizens—is that it aims to regulate only where it needs to. That does not mean that it does not regulate. Quite honestly, I do not think that the people of this country, whom Ofcom is there to serve, would be particularly enthusiastic about a regulator that was cheerfully announcing that it was on a track that involved it withdrawing from regulation. As I am sure we are going to talk about later this morning,

there are many, many issues in this marketplace which are of deep concern to people in this country. I believe that many of those issues can only be addressed by regulation. I would, frankly, be rather concerned if this Committee had got the idea that Ofcom was on a track that was taking it away from regulation and the interests of consumers and citizens.

Peter Luff: Could I suggest, we are asking questions about Ofcom's role and if you are not satisfied we can come back to that at the end of that session.

Q15 Philip Davies: On this point, you make it clear that your salary is nothing to do with you, but as the Chairman the salaries of Ofcom as a whole are presumably very much to do with you. Given that Ofcom seems to have incredibly high average salaries, particularly given the current economic climate, would you see your role to try and reduce the cost of Ofcom in terms of salaries paid in total and on average, given the economic difficulties the country is finding itself in?

Dr Bowe: I think there are two points there, Mr Davies, one is there is a general value for money point there about Ofcom, and perhaps we can come on to more detail on that; but I am very committed to the idea that this regulator should continue to deliver the kind of value for money that it has.

Q16 Peter Luff: I think John Whittingdale is going to ask you monetary questions a little later on.

Dr Bowe: Fine. Can I just take the point about salaries now, because it is a very important point Mr Davies is on. I said in my opening remarks about my track record on this, that I had in an earlier incarnation worked for a long time in regulation. What I learnt there is that the quality of people who are doing the regulating is of the utmost importance. Ofcom has been very successful I think in the early part of its life, since 2003 in attracting and retaining good people to work for it; that is going to be something I will be aiming to continue. I do not think anybody is served if the people who are working in regulation are not people who can really perform to a very high standard.

Q17 Philip Davies: What I have learnt is that how much you pay people is never usually a direct correlation to how good they are.

Dr Bowe: My experience is different from yours.

Mr Hoyle: Expensive but different!

Q18 Peter Luff: Can you move on now to the role of Ofcom. One of my concerns about regulators in general, and Ofcom in particular, is that quite often the Government seems to delegate to them quite important public policy decisions, rather than taking the decisions themselves and asking the regulator to implement them. I notice now though that Lord Carter has been appointed as a Minister for Communications for Digital Britain; he is producing a White Paper quite soon. Does that mean the Government is reclaiming from Ofcom some of the public policy agendas Ofcom's predecessor was expected to set?

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Dr Bowe: I do not think so. Let me go back to the beginning of your question if I may, Chairman, about how the Government asks regulators to do things. I think ever since this model of regulation began in probably about the mid 90s we have developed this way of doing this in the UK, which is that you have a separate regulator publicly accountable, accountable through the committees like this, who focus on particular sectors of the economy. I think over that period we have seen different phases of how governments handle the fact of having sectoral regulators. Sometimes governments withdraw completely; sometimes governments decide that they wished the sectoral regulator to take on more public policy roles.

Q19 Peter Luff: When policy gets difficult and contentious it subcontracts it to avoid criticism!

Dr Bowe: You may think that; I could not possibly comment! I think what has been happening with Ofcom is that the statute, which of course you all know a lot about because many of you were involved in the work on it, gives Ofcom quite a range of powers. I think Stephen Carter talked to you about this when he came to see John Whittingdale's Committee a few weeks ago, and this is one of the things that has always to me been very impressive about Ofcom, Ofcom began its life by saying, "How we will do this is we will really get the evidence about how our markets work". Ofcom has been this famously prolific research- oriented regulator, which has obviously taken it into quite a lot of policy areas. Now we have the situation where Lord Carter is the Minister. Chairman, listening through your question, perhaps what you are sort of asking me is, as the Chairman of Ofcom would I see any tension inherent in that relationship. I think that is fundamentally what you are saying. All I can say is that Stephen Carter brings an enormous range and depth of knowledge to this job. Frankly, I think any regulator welcomes having somebody in a powerful ministerial post who has that range and depth of knowledge. For example, I am pretty confident that the people down at Canary Wharf who are regulating the financial services industry are very pleased with the arrival of Paul Myners into an analogous post as Minister for the City; it is an immense help for any regulator. I am afraid that is a very rambling way of saying, yes, Ofcom has done a lot of strategic work; Ofcom will continue to do a lot of strategic work; and we very much welcome the arrival of Stephen Carter in that post because, in the end, there are limits to what we can do; there are limits in the statute. I would like to say a bit more about that in a moment when we get on to the details, but I touched on the question of disability right at the beginning, which I know some people in this room are very interested in, and Ofcom has, in my view, inadequate powers in that area; the people who do have them are the Department for Business. I think Stephen Carter's arrival there and at DCMS gives a kind of firepower, if you like, to an agenda which is common between us.

Q20 Peter Luff: We will be exploring digital inclusion a little later on. What I worry about—apart from the fact Ofcom take quite difficult public policy decisions, the digital dividend is an example and issues arise which are not pure economic issues but issues of public policy—it also faces a lot of competing priorities in the public. A small row about Russell Brand or a vote-rigging scandal on *Strictly Come Dancing* consume enormous amounts of media space, enormous amounts of your time as Chairman when actually there are many, many much more important strategic issues your organisation faces. Keeping Ofcom focused on those issues—spectrum allocation which you said is an important issue, telephony, the whole public service broadcasting ethos and ethic—is a real challenge when often you are blown off course by tabloid journalists understandably interested in these short-term scandals.

Dr Bowe: I want to say two things about this. Of course the media often cover these problems that happen in broadcasting. You have touched on Ross and Brand—there are always these sorts of issues going on. The media is right to; I do not want to be dismissive about that. I do not want to say, "Oh, this is some media agenda". People care about this. People care about what they see on their screens and what they hear through their radios. I would never, ever want to be dismissive of the intense interest that those sorts of issues attract in the media. As a regulator, Chairman, you know this; I know this; everybody in the room knows this. You have to listen. It is maybe the most important quality that you have. If actually the national media, the regional media, are saying to you, "People are deeply concerned about these various issues that are happening in terms of broadcasting standards", then you listen. Now, does that mean that therefore you spend all your time as Chairman or, indeed, as Chief Executive working on those issues? It does not. The agenda of Ofcom is a big one; an awful lot of what we do, as you have said, is about spectrum, it is about public service broadcasting. Even as we sit here now there is an Ofcom Board meeting which I am not attending which is devoting itself to public service broadcasting; that is actually what the Board is discussing at this moment. I would never be dismissive of the interest that the media take in standards issues. Actually those of you who saw your newspapers last week and over the weekend will have seen that a completely different, hugely important issue, broadband speeds, got massive press coverage, and rightly, and I was delighted to see that. When Ofcom is doing things that are important for the people then it gets coverage, and broadband is a very good instance of that.

Q21 Peter Luff: One personal question: do you watch much television? We do not. We are the worst people to comment on this.

Dr Bowe: I knew you were going to ask me this. I thought, "Shall I pretend that I'm always watching crucial dramas and hard-hitting documentaries".

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Q22 Peter Luff: You must watch *Strictly Come Dancing*? Surely we all watch that?

Dr Bowe: No, I am an *X Factor* person. Alexandra lives near me in north London. I was completely behind Alexandra on *X Factor*.

Q23 Mr Hoyle: Did you vote?

Dr Bowe: I did. I voted for Alexandra. I was contemplating giving you this *shtick* about what I watched and then I thought I had better tell the truth and confess which is, I watch an enormous amount of television and an awful lot of it is football; and I am a passionate fan of football. I am afraid I spend large parts of my weekends watching—

Q24 Mr Hoyle: A true Red!

Dr Bowe: Absolutely. I hope I am addressing a fellow supporter here?

Q25 Mr Hoyle: No, Bolton Wanderers! I have stuck with them all my life.

Dr Bowe: We might have to have a word about this next time.

Q26 Peter Luff: I should warn you, you have Chelsea in the chair so be very careful.

Dr Bowe: We will not intrude on private grief then! Nobody say “three-nil” it is cruel!

Mr Hoyle: I think it should be repeated!

Peter Luff: Actually Philip Davies unusually got something rather wrong in his question about Ofcom’s remit because it is going to grow, is it not?

Q27 Mr Weir: As you will be aware, the Hooper Review recommended that Ofcom take on the Post Office. Do you feel the Royal Mail services would fit within Ofcom’s remit?

Dr Bowe: Yes, I do. I suppose what I have got to say to you is that I knew before I accepted the invitation to do this job that that was a likely outcome. I guess you can take it that I think this is workable. I had read the Hooper Report and I saw Richard Hooper in the corridor as I came in.

Q28 Peter Luff: We have him before the Committee next week.

Dr Bowe: I do not want to spare his blushes too much but I think it is a darn good report actually, and I read it with immense interest. I knew the possibility that Ofcom would be asked to take on postal regulation would come up. Yes, I think in quite a lot of ways it fits with other things that Ofcom does, critically because it is founded on the idea of a universal service obligation; and that universal service obligation for post is something that all through my time working on consumer issues re Ofcom I have been very interested in in the context of broadband, and we can come back onto that. Long story short, yes, I think Ofcom can do this. Ofcom has quite a good track record, as you know, of managing regulatory integrations. So, yes, we can.

Q29 Mr Weir: You talked earlier in answer to Mr Davies about Ofcom being a “light touch regulator”. Given the importance and the controversy if you like of universal service obligation, how does that fit in with Ofcom’s general ethos in life towards regulation?

Dr Bowe: Just casting my mind back to the exchanges I had with Mr Davies, I do not think I was accepting the idea of Ofcom as a “light touch regulator”. I think that is a wrong conception of Ofcom actually. Ofcom has got quite a hard touch when it has to have, and there is no question but that the maintenance of the universal service obligation is a tough, tough regulatory intervention in a marketplace. I think Ofcom would have no problem. Ofcom’s regulatory mantra, if you like, is not light touch—it is the right touch. The right touch can be actually quite an interventionist one at times. Yes, the regulation in post can fit well within Ofcom’s ability to develop the appropriate regulation for different circumstances. Ofcom does not do “one size fits all” regulation; it does different things for different parts of the sector. I am very confident that it can handle postal regulation in the right way.

Q30 Mr Weir: Given the importance of a separate regulator up until now, and Ofcom has a wide range of responsibilities as we have heard, my concern would be: is it going to get sufficient care within that general range of responsibility given the huge importance to communities up and down this country that the universal service obligation is strong and enforced within the regulation, is it going to get that necessary work within a larger organisation like Ofcom?

Dr Bowe: The short answer is, yes, it will. I prefaced my whole conversation with you this morning by talking about Ofcom’s primary statutory duty to further the interests of citizens and of consumers. I can give you the most confident assurance that the important issues around postal regulation, as and when or if and when they arrive with Ofcom, will be treated with the utmost seriousness and all the care that they deserve and that the people of this country demand.

Q31 Helen Southworth: You have got very strong commitments to consumer protection issues and consumer issues generally within Ofcom, but do you think Ofcom reacted quickly enough to the very rapid changes in television which allowed for the growth of quiz television? How would you like to see Ofcom under your direction identifying issues like that in the future and responding?

Dr Bowe: The honest thing for me to say is that I do not know whether Ofcom reacted quickly enough; and I say that in a quite literal sense. I was not on the Ofcom Board at that time; I was not, as it were, party to what information Ofcom had, when it had it and how it processed it. I am afraid I have to give you a completely agnostic answer to the first part of your question. I think what we have now seen is that Ofcom is extremely alive to the risks around this kind of funding of television. Ofcom has shown itself to be very tough in the kind of penalties that has

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exacted from those who have abused people's trust in these kinds of shows. I think where Ofcom is now is actually in a pretty alert case from the standpoint of consumer protection in respect of these kinds of scandals and scams.

Q32 Helen Southworth: How would you expect Ofcom to relate to consumers? The main reason we picked up quiz television was because people told us about it and we went and had a look. What would you expect Ofcom to do in similar circumstances?

Dr Bowe: I would expect Ofcom to do exactly the same. That is why I am being slightly agnostic in what I am saying about: what did Ofcom do at the time, as I say, having not been there. I think as a regulator—and, by the way, as we go into this year this is something I would like Ofcom to be doing—you have to interrogate your sources of information. How does a regulator know things? It gets complaints; things come up in the media; it does research; and it does the kind of research where you are trying to look round the corner at what is happening next so you are not being too reactive. Does Ofcom do enough of all of those things? I hope the answer to that is, yes, but it is a question that I am going to be asking. The second sort of thing I think we need to have quite a careful stand-back look at this year is, okay, if we think we have got enough of various sorts of information—and, by the way, I should have mentioned a source of information to us is the Ombudsman Service, which I know is in your constituency, so I must not leave them out—having acquired that information, does the regulator act quickly enough on it? That is the kind of question you have to ask yourself all the time. Sure, we have processes; our processes are good; they are fashioned so that they are challengeable, as they have to be because we have a lot of draconian powers; but are our processes too elongated; do we take too much time over things; do we devote enough resources to them? These are all questions that I will be asking the organisation.

Q33 Mr Whittingdale: Can I come back to Philip Davies's area and the cost of Ofcom. Since it was set up Ofcom has had its budget reduced in real terms for four successive years. Do you envisage that that will continue, or do you think that we have reached the point where there are probably few more efficiency savings that can be found?

Dr Bowe: One thing we do know for sure is that going forward from now, because of the probable arrival of the postal regulation, Ofcom will need to have a larger budget than it had to carry out its previous work. Whether that can be accommodated by further in real terms cuts at this stage it would be premature for me to say. Ofcom's budget-setting process happens in the spring of each year, so I have yet to preside over one. I would be quite reluctant at this moment to give either of these committees any commitment that would lead you to think that there are cuts in Ofcom's expenditure that could be easily found. I think it would be highly imprudent of me to do that, and I am afraid I am not able to do that.

Q34 Mr Whittingdale: Could I then take you to an answer you gave to Philip Davies earlier about the degree of regulation by Ofcom. You said, I think, that the public would be surprised if Ofcom were to set out to do less regulation or indeed no regulation. I can recall when David Currie took up the job that he actually, as a statement of almost regulatory philosophy, said that the ultimate objective for regulating should be to create the conditions to put itself out of business so the competition actually could thrive as it would remove the need for a regulator. Do you share that objective, and in which areas do you think there is a possibility that we could achieve it?

Dr Bowe: I think what you have described David Currie as saying is a very elegant economist's way of looking at markets. Although I think I confessed right at the beginning of this session to having once been an economist, I am certainly not one in the league of Lord Currie; nor actually do I think that markets left to themselves get on and do the job, frankly. What I think the job of an Ofcom-type regulator is is to understand those markets and to understand where they can do the job—and I will come back to that point in a moment; but really importantly, I am sure Lord Currie if he were sitting next to me here today would acknowledge this wholeheartedly, markets can only work with what they have got. If the people who are participating in that market, the consumers, do not have full or adequate or readily get at-able information, that market will not work. Everybody here knows that markets do not always generate the kind of information that consumers need—it is a statement of the blindingly obvious. A really important job of a regulator is to understand those kinds of failures in markets where information is not readily available, or clearly available to consumers, and to take action to make sure that they are. Then consumers can make their choices. Then consumers can be free to say, "I'm going to do that or I'm going to do that". If you have not got the information, frankly, that is a very difficult call. If you think about a lot of what Ofcom had done in terms particularly of its relationship with various parts of the telecoms industry you can understand that in terms of mandating the provision of information into the marketplace. Places where I think the market has worked well hitherto, well there are lots and lots of parts of this sector where there is very lively, very vibrant competition. Do I think there is any part that could be completely immune from any regulatory intervention? I do not think I would want to say that actually, because markets change; new products come up; new services come up; new ways of dealing with people come up; people behave in different ways. John, if you are tempting me to say that there is some part of Ofcom's regulatory brief which will always be ring-fenced from regulation, I am afraid I am going to resist that temptation.

Q35 Mr Whittingdale: You will be aware, for instance, that Ofgem did actually withdraw from the regulation of domestic electricity supply on the basis that competition had been achieved. Surely

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competition in itself will ensure that consumers receive the information as to which is the most competitive product—that is a basic part of the market. Are there not going to be areas, maybe it is mobile telephony or some other area of telecom, where the equivalent position can be achieved and you can step back?

Dr Bowe: I think regulators have to think long and hard before they do that. What I am declining to do today is give you an assurance about an Ofgem-like approach to any particular sector of our market. That said, and I do not want you to get the wrong impression from what I am saying here, I am perfectly prepared to contemplate any such group, as is the rest of the Ofcom Board. This is not about me; this is about the Ofcom Board. Right at this moment I think it would be highly unwise to sort of say “Job done; all sorted. Consumers are well protected there—they can get all the information they need. There are price information sites; they are all working perfectly; everything’s fine”. That is a laudable aspiration and, I think going back to where we started this bit of the conversation, which is what David Currie initially said, yes, I think it is a highly laudable aspiration. Are we there yet—I do not think so.

Q36 Mr Whittingdale: One final point on this section before I take over from Peter. You also referred to the fact that Ofcom had become a byword for the quality of its research and consultations. If that is correct, it has not always necessarily been popular for doing so. If there has been one consistent complaint from various industries which Ofcom has regulated it is the number and volume of consultations which pour out of Ofcom occupying enormous amounts of time. Are you aware of that concern? Do you think it has some merit which you might be able to address?

Dr Bowe: I indicated a few minutes ago that I was aware of this concern. I used a phrase like “Ofcom is a famously prolific regulator”. I think you could probably infer from that what my views are about this. When we talk about “regulatory burdens” as a regulator we have to be very alive to that kind of burden. There is another aspect to this actually which we do not hear so much about but which I am actually quite passionate about which is this: if regulated firms in this industry with all their resources find it difficult to cope with the volume that comes out of Ofcom, imagine how you would feel if you were the policy officer of Age Concern, for example, trying to cope with all of this. This has been, I am afraid, a bit of an issue of mine over the years and it is something I would really like to address as Chairman. I believe that there is more that this regulator could do, working with consumer stakeholders, to highlight to people that the voluntary sector is very, very, as you all know, really thinly stretched in the resources it can give to this kind of work. I would like to find better ways in which we can help people like the Policy Officer of Age Concern to address the huge volume of material that comes out of Ofcom, much of which is of crucial importance for the people they care about. I know

Ofcom has made big efforts on this, John, but I do not think it has impacted at all, and it is going back, as I keep doing, to my consumer and citizen agenda, that I think this is something we really have to make some progress on this year.

Peter Luff: I think that concludes our questioning on your personal background and the general questions about Ofcom as an organisation. In that case, I will hand over the Chair to John while we move to the individual policy areas.

Mr John Whittingdale took the Chair

Mr Whittingdale: Can we now turn to one or two of the specific challenges which Ofcom is currently considering, and I am going to invite Adrian Bailey to begin.

Q37 Mr Bailey: I want, first of all, to cover competition in pay-TV, and can I preface my questions by saying how much I welcome your passionate commitment to watching football on television. I have to say, as the Member of Parliament for West Bromwich West, as you might expect, I am a season-ticket-holder and lifelong supporter of Cheltenham Town in Division One, and I do have specific interests about the way that money is allocated to lower-league football clubs, but I do recognise—

Dr Bowe: Am I allowed to say “Hear! Hear!” at that point, Mr Bailey!

Q38 Mr Bailey: I do recognise that is beyond your remit, but obviously, with millions watching football every week, the issue of competition in pay-TV is a really big one and I would welcome your insight into this. Now, under the draft Annual Plan, I believe that Ofcom, in, if you like, co-ordination with the European Commission, is looking at, in effect, opening up the market so that Sky does not have the monopoly. I would be interested in your perspective on this and what the implications of that are in terms of the cost of pay-TV to, if you like, the rank-and-file supporter.

Dr Bowe: Where we are at the moment is that Ofcom is just coming to the end of a consultation on how a broadcasting organisation that owns the broadcasting rights to this kind of premium content, and it is not just football, by the way, it is first-run films as well, as you know, which is the other sort of driver of this, how such a broadcaster might be required to wholesale it to other broadcasters. We are just coming towards the end of that consultation, so I cannot sort of pre-empt the end of that, but I think your question was a sort of hypothetical one, was it not, which was: what would happen? I think what we are talking about is the possibility of more widely available premium content like that on paid-for channels which, depending on the terms of whatever commercial deals were struck, would obviously be in the interests of viewers, and I was going to say “supporters”, but it is viewers more generally, I suppose. It is an issue of deep concern to a lot of people that they feel cut off from being able to see such kind of premium content and, as I say, we are at the end of a consultation on that, the results of which will be coming out shortly. The reason we

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are doing it is because we are very, very much alive to the concerns of viewers who feel that their access is somewhat restricted, as things stand, but it would all depend of course on the commercial terms.

Q39 Mr Bailey: Interestingly, as far as football is concerned, it has been pointed out that, if Sky is obliged to wholesale certain, if you like, products to other television operators, then there is no incentive for them to bid against Sky for the rights anyway, and that of course could mean less money going into football. How do you see it working out?

Dr Bowe: I do not know how it would work out because you have just put your finger on a possible sort of evolution of what might happen. I do not know how it would work out. We would have to see how the commercial realities of that situation worked themselves out. I think I have probably said enough this morning for you to know that any outcome that led to less money going into the development of the game would be a source of personal sadness to me.

Q40 Mr Bailey: On the other hand, it could be cheaper for the consumer as you balance the interests.

Dr Bowe: Well, that is the point really, is it not, how you balance these things off? I am sort of drifting here into talking about football issues which are not my responsibility and I had probably better bring it back to the reality.

Q41 Mr Bailey: We could have another meeting to do all that.

Dr Bowe: I had better bring it back to the reality of the facts, that Ofcom's job here is purely to be concerned with competition issues. It is not our job to be concerned about the sort of public policy dimension of, for example, was it the England-Croatia game that so many people were upset about in the autumn?

Q42 Mr Bailey: Yes, that is right.

Dr Bowe: Sadly, that is not part of Ofcom's remit, that kind of public policy issue. Our job is competition issues, and I think I probably have to confine myself to that.

Q43 Mr Bailey: The bottom line is: do you think it will be cheaper to watch live football on pay-TV in the future?

Dr Bowe: I do not know the answer to that. I would hope that it was, and I say that both as a regulator and as a passionate fan.

Q44 Mr Hoyle: Can I just take that last point up. Will you class it as a failure if it is not cheaper for people to watch because presumably the remit is actually to help consumers?

Dr Bowe: Yes.

Q45 Mr Hoyle: Competition is wonderful, but there has to be a benefit from competition.

Dr Bowe: Yes.

Q46 Mr Hoyle: Surely, the benefit must be that it is cheaper for consumers, so will it be a failure if you do not get the product cheaper?

Dr Bowe: A good question. From the consumer's point of view, what would be the kind of outcome that you want? Do you want it cheaper? Do you want it available on more channels? Do you want a choice?

Q47 Mr Hoyle: Well, I think it is a bit like going to football, is it not, that only certain people can afford to go and the rest of the people cannot, so it is about encouraging and helping those who cannot watch TV at the moment to watch their passionate game cheaper.

Dr Bowe: I think I would regard a good result as people having more choice of where they could watch it actually.

Q48 Mr Hoyle: What does that mean?

Dr Bowe: A wider range of channels on which it was available.

Q49 Mr Hoyle: Right, but, if you cannot afford to watch it, is that a failure?

Dr Bowe: I think we are getting into a sort of hypothetical area.

Q50 Mr Hoyle: Do you believe it should be cheaper or not? Let us make it straightforward and simple, yes or no?

Dr Bowe: I do not think I can really give you an opinion on that because it depends on the commercial deals that have been struck.

Q51 Mr Hoyle: Excuse the pun, but you must have a goal and an objective and the goal must be surely to actually get the prices down because the idea is that competition is meant to make it cheaper for everybody.

Dr Bowe: You would predict that, if there were more competition in this marketplace, then the prices would fall, but I think the main objective of even raising this, and, by the way, this is just at the stage where we are consulting on this, I think the objective is to consider whether more competition could be introduced into this marketplace, and I would really like to emphasise that Ofcom has not concluded its consultation on this.

Q52 Mr Hoyle: Most people in this country actually find it obscene, the amount of money that is going into football, that it does not go into development, but it actually goes into the obscene wages, and the thing that they would like to see is the price coming down to allow more people to watch it.

Dr Bowe: Speaking personally, and sorry, Chairman, perhaps I am banging on too much about football, but I was just about to say something about the price of tickets to go to a live game, but I will shut up because I am in danger of getting away from Ofcom's remit here, but we will talk about that later.

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Mr Whittingdale: Now, let us move on to public service broadcasting.

Q53 Mr Evans: I would just like to make one request though on the football thing that Lindsay has brought up, which is that you want more people to have access to it and more cheaply and one area which I would love you to look at is the pricing of football on TV in pubs. For a lot of people who have got small pubs, they just cannot afford the subscriptions because it is done on old rateable values, and one great thing that Ofcom could do would be to allow the smaller pubs, not the mega-pubs, the smaller pubs which do not have many people, the opportunity for those pubs to be able to subscribe at a realistic level, so please can you look into that?

Dr Bowe: I will take it on board. I do not know how that market works, but can I take it away?

Q54 Mr Evans: Please. On public service television, what do you think the state of public service television in the UK is at the moment?

Dr Bowe: What do I think the state is? I think it is a very difficult moment for public service broadcasting. Before I get into the substance of this, Chairman, I wonder if I could say something general. You are all extremely aware that Ofcom is due to make a considered statement on its proposals on public service broadcasting quite shortly, and I mentioned a little while ago that there is an Ofcom Board meeting discussing the final version of that today. I am afraid this means that there is not a great deal by way of specifics that I can say to you, Mr Evans, and indeed other members of the Committee, and I would like earnestly to apologise for that. I know how deeply unsatisfactory it is for you for a witness to come along and speak in generalities about an issue of such importance, but, I am afraid, I cannot pre-empt that document and I particularly cannot talk about any issues that are market-sensitive, and I know you understand that. What I would like to say in order to make this slightly less of a disappointing moment is that, as soon as we can, I would very much like to come back and talk to you about our position, but, I am afraid, at this moment I cannot be at all precise about any of the issues, including some that were raised only yesterday by Michael Grade and Mark Thompson. I am really sorry, but, I am afraid, that is just sort of where we are.

Q55 Mr Evans: So that rules out anything about a Channel 4/Channel Five merger!

Dr Bowe: Shall we move swiftly on!

Mr Whittingdale: I can hear a dying fox somewhere!

Q56 Mr Evans: There is one other aspect of public service television which I think you can comment on. You say that sometimes Ofcom can have a hard touch, that it does not seem to have a quick touch, and I will go back to the—

Dr Bowe: It does not seem to have a quick touch?

Q57 Mr Evans: No, it does not. The investigation into the Jonathan Ross and Russell Brand affair, when can we expect that report to come out?

Dr Bowe: I do not know when that process is going to be concluded. The reason any of these processes takes a long time, and now I am not speaking specifically about that particular case, but this is sort of what happens, there is quite a heavy process around those kinds of complaints partly because the sanctions, the things that flow, are actually quite heavy, and I think you would expect, and in fact the legislation requires, us to be very, very meticulous in how we do this. The decisions can be appealed and Ofcom can be judicially reviewed for its handling of such cases, all of which means that you do not do them in five minutes. I know that is a deeply tedious, bureaucratic and quango-ish sort of response, but that is how the legislation was constructed. Leaving aside the inevitable sort of tedium of what I have just said, I think actually at the level of human rights it is probably the right way to do it, so, I am afraid, I cannot tell you when there is going to be a conclusion on that case and also, despite the slightly sardonic things I have just said, I feel very comfortable that Ofcom has a very good process around all of that and handles it with a sort of due deliberation.

Q58 Mr Evans: He is likely to be back on the air then before any announcement is made?

Dr Bowe: That is a matter for the BBC.

Q59 Mr Evans: Well, we know when he is coming back on the air, so it is actually a matter for Ofcom whether they get it out before then or not. On a technicality, with a fine, because you can impose a fine—

Dr Bowe: Yes.

Q60 Mr Evans:—the fine would go to the organisation, not to individuals or are you allowed to fine individuals?

Dr Bowe: I am afraid I do not know the answer to that question. I should do and I do not and I apologise. All the cases I know about have been about organisations being fined, but I am afraid I do not know about individuals.¹

Q61 Mr Evans: If the organisation is fined, could you tell me, where does the money end up?

¹ *Footnote by witness:* Ofcom has the power to impose sanctions on broadcasters (not individuals) under provisions contained in the Broadcasting Acts and the Communications Act 2003. “Broadcasters” includes “broadcasting bodies” regulated by Ofcom (the BBC and S4C) and licence holders providing an Ofcom licensed service (commercial TV and radio operators).

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Dr Bowe: It ends up in a sort of ring-fenced pot inside Ofcom and is taken into account in the setting of Ofcom's budget.²

Q62 Mr Evans: So basically it is a stealth tax on licence-payers?

Dr Bowe: Well, that is how it has to happen with regulators because, otherwise, they are incentivised in a very peculiar way.

Q63 Mr Evans: On the generality of the licence fee, because clearly you cannot talk about the review that is going to come out shortly, people have this poll tax on their telly which they are forced to pay and mostly of course for the BBC. When we have had Mark Thompson before us, I have asked the question about accountability and transparency of the money that is raised from, extorted from, the licence-payer—not a loaded question—but the one thing on transparency is that we have talked about your salary and everybody knows and people will make their own judgments about that, but, when the leak came out about how much one of the megastars in the BBC was getting paid out of public funds, which was £6 million a year, as you can imagine in your doughty fight for consumers, people were a little taken aback about those enormous salaries and that was only because it was leaked. Do you not believe that the licence-payer has a right to know how much is paid to some of these so-called superstars?

Dr Bowe: Well—

Q64 Mr Hoyle: I think that is a yes!

Dr Bowe: I am not sure that I do actually, and again I could be exceedingly tedious and say that is a matter for Mark Thompson and Sir Michael Lyons, but you are asking me more as somebody who is just interested in consumer issues. Do licence-fee-payers want to know all the details of what the talent is paid? I am not totally sure that they necessarily do. I think the issue that comes up, and now I am not talking about Jonathan Ross or indeed Russell Brand, is that people have a relationship of trust with organisations like the BBC and indeed the other broadcasters, and I think it is interesting that these issues about salaries only come up, or I think they only come up, when people feel somehow uncomfortable about that relationship. I am

rambling here a bit because I am trying to think my way through a sort of proper answer to your question. I am not sure that people actually would welcome having immense detail of the salaries of the talent. The BBC already produce an enormous amount of material and of course what they are very transparent about is the salaries of their management employees.

Q65 Mr Evans: We all know Mark Thompson earns over £800,000 a year and people are a little taken aback by that too, but, when somebody is being paid £6 million a year out of licence-payers' money, actually the people that I have spoken to genuinely want to know how much these people get paid. They want to know how much Jeremy Paxman earns out of public funds, and we do not care how much he earns from writing articles or books, but out of public funds and then they can make a judgment as to whether they are getting value for money from public service television.

Dr Bowe: If I were to sort of think about this point, and I am not supporting it, I am just trying to think how you would give effect to it, supposing you said, "Okay, there's a sort of raft of talent and people actually want to know how much these guys or these ladies are paid", what then? Who decides whether X is value for money or not? Who decides, if so-and-so is getting paid more than so-and-so, is that right? In the end, the management of the BBC or whatever broadcasting organisation it is has got to be free to make these decisions. I do not think you can have a kind of voting system whereby people decide who gets paid; management has got to be free to manage there.

Mr Evans: They can be free to manage and they can be free to pay what they like as well, but, when the public know how much, at least they can make a judgment as to whether they like it or not. I have been on the receiving end of letters from people who have said that actually they think Jonathan Ross is worth £6 million a year, not many.

Q66 Mr Whittingdale: This is a fascinating philosophical discussion, but unfortunately it is completely outside the remit of Ofcom. Some of us think that perhaps it should be within the remit of Ofcom, but it is not.

Dr Bowe: I think our Chairman is suggesting that we pursue this in a different way on some other occasion. I think it is interesting, Chairman, and I think there is an issue somewhere lurking in this about public trust, but we can talk about that maybe another time.

Q67 Philip Davies: Can I just draw you back to where we ended our previous discussion when you were indicating to me that I was wrong in the view that Ofcom was supposed to be reducing regulations. If I could invite you to look at the last two annual reports of Ofcom, in the Chief Executive's report in 2006-07, he wrote, "Ofcom is committed to reducing its regulatory burdens on its stakeholders. A desire to remove unnecessary and out-of-date regulation underpins all of our work",

² *Footnote by witness:* All financial penalties imposed by Ofcom are held in our account with the Office of HM Paymaster General (OPG) for the benefit of the Exchequer. Funds are transferred to the Bank of England account at agreed times for direct use by the Exchequer. Neither OPG nor Ofcom benefit from or have use of any monies made available to Ofcom.

OPG provides banking transaction services through various banks with balances held securely at the Bank of England for a range of public bodies and all central Government Departments. These balances are made available at the end of each working day to the National Loans Fund to help minimise the overall cost of Government borrowing.

OPG has been part of HM Revenue and Customs since April 2006, when ownership was transferred from HM Treasury. In May 2008, OPG became part of the Government Banking Service, which is the new banking service provider to the public sector.

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and in 2007-08, he wrote, “As well as being committed to reducing our financial burdens on our stakeholders, we are also committed to reducing our regulatory ones. We always seek to take opportunities to reduce, or simplify, regulation”. Do you understand why somebody might think that Ofcom, given that this is in the Chief Executive’s report, was actually committed to reducing the amount of regulation it served on people? Would I be wrong to take that from what the Chief Executive was saying in his report?

Dr Bowe: I think you would be putting an inference on it which is not borne out by Ofcom’s regulatory principles, and one of Ofcom’s key regulatory principles is to say that Ofcom has a bias against intervention, except when it is needed, at which point it will intervene promptly and proportionately.

Q68 Philip Davies: This is specifically talking about, directly and specifically talking about, reducing, so is this just sort of hubris? Is this sort of guff that we are being given or, under your chairmanship, can we expect these sentences to be removed from the Chief Executive’s annual report?

Dr Bowe: If you really were going to analyse very closely and textually those words of the Chief Executive, what he is talking about is reducing outmoded regulation and he is talking about reducing regulatory burdens. He is not saying, “and we’re going to stop doing regulation”. Frankly, any chief executive of an organisation that presides over major regulatory interventions, for example, the whole framework around public service broadcasting which we just touched on, of course is not going to assume that the organisation is going to simply fade away. I think what Ed Richards is saying there is something quite important which is that, as a regulator, you have to make sure that you do not just kind of accrete regulation and you do not just keep on doing something because that is what we have always done and you do not say, “Well, yes, we’ve got all those regulations there and let’s add some more over here”. You have to be constantly challenging yourself and saying, “Hang on, why are we doing that? Could we possibly deregulate? Could we have a look at this marketplace and see if there are places where we could withdraw?” That is what he is saying. He is not saying, and nor will I be saying, “By the way, we just stop regulating now, thank you, and we’re going to switch out the lights”.

Mr Whittingdale: I think we are going to have to move on because we are slightly going backwards.

Philip Davies: One thing which follows on from that, which is my favourite subject, is something which has affected commercial broadcasters and their ability perhaps to do public service broadcasting which is the nanny-state ban on so-called junk food advertising that Ofcom introduced. All the figures show, as was entirely predicted when we have had these committee meetings before, that there has been absolutely no reduction in the levels of childhood obesity as a result of this move, so will we, under

your chairmanship, see a sort of return to evidence-based regulation rather than there being what you might call a ‘government patsy and a gesture-politics regulator’?

Q69 Peter Luff: Chairman, can I just add to my earlier question, that this is not a classic example of policy decisions which should be made by ministers and not by Ofcom?

Dr Bowe: Can I just say on the junk food point, that there it is and there are no plans, as far as I am aware, to extend that. If you want my personal view, as you have indicated, it is very early to tell whether this is having actually any effect on the underlying problem and, as Stephen Carter said to your Committee, I think, a few weeks ago, he sees no impetus coming forward for any further action on that either.

Q70 Helen Southworth: Many people see a very uncertain future for the creation of children’s television programmes within the UK. Can you give us an outline of what your vision is for children’s television and how Ofcom is going to drive that?

Dr Bowe: Helen, I am afraid this takes us into that rather difficult area of public service broadcasting—

Q71 Helen Southworth: Well, as a general principle, the future of children’s television is a crucial issue.

Dr Bowe: If you do not mind my talking about it in general, I am very happy to do that. Good-quality children’s programming is absolutely crucial to what our television system has to be able to deliver and there is no question or debate on that. People value it, people value it rightly, and it is an absolutely fundamental part of what we all want to see delivered. I feel extremely interested in that. I have many domestic and family reasons to be passionately interested in children’s television and I very much want whatever system of funding emerges from the current debate on public service broadcasting to be one that can sustain really good-quality children’s television. I think it is at our peril that we let that excellent strand in British broadcasting be diminished.

Q72 Helen Southworth: So you have given us your personal opinion, but you believe that it is a fundamental responsibility of Ofcom to deliver that?

Dr Bowe: It is one of the many aspects of public service broadcasting on which Ofcom will be giving its views next week, but, as I have said, I am afraid I am constrained.

Q73 Helen Southworth: And you expect to see a robust future for children’s television? I am putting words in your mouth.

Dr Bowe: You are. I am afraid you are slightly putting words in my mouth.

Q74 Helen Southworth: Well, either you want to see a robust future or you do not. It is quite simple.

Dr Bowe: I hope my response to you has been as robust as you would expect it to be about the values that I espouse.

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Q75 Mr Hoyle: So *Blue Peter* will be on the BBC for ever and a day!

Dr Bowe: But rechristened *Red Peter*!

Q76 Adam Price: I understand that you do not want to say anything in detail about public service broadcasting, but just in general terms, one of the key themes that has emerged in the recent discussion has been this whole issue of 'Londoncentricity', particularly in the context of the concern about the regional news on ITV, but also the criticism of the BBC's news coverage, for example, and its failure to take into account the post-devolution reality of the UK today. If you do not mind my saying, it is a very impressive CV, but also quite London-centred in terms of your professional employment.

Dr Bowe: You know, that is a terrible thing to say to somebody from Liverpool!

Q77 Adam Price: Not in terms of your football allegiance, but in terms of your professional background it has been quite London-centred. Are you, nevertheless, alive to the very, very real concerns that the rest of the UK feels that it is being badly served at the moment both by the institutions and also by the content that they are producing?

Dr Bowe: I am very, very alive to that. Once I am appointed to this post and take it up, my first visits are going to be to Wales, Scotland and Northern Ireland to meet with people in those different communities to hear at first hand their concerns. These are massively important issues and they are top of my visit list. I think that is an answer to you. I think you are saying am I aware of it and I am saying I am going to get out there and make myself seen.

Q78 Adam Price: Just in terms of Ofcom itself, like the BBC, Ofcom does not have a dedicated member on the Board for each of the devolved nations. Do you think you do a better job than them at representing the diversity of the nations without dedicated people on the Board?

Dr Bowe: I cannot really speak for the quality of their job, but you will know, Adam, that for each of the nations we have an advisory committee which is led by a distinguished person from the local community and which has on it representatives from all the different kind of interests in that community. The advisory committees for Wales, Scotland, Northern Ireland and indeed England have a great deal of contact with Ofcom. The Ofcom Board goes and meets with those committees at least once a year, so there is a huge amount of contact, and that is the way that Ofcom, recognising the issue you are raising about 'Londonitis', chooses to do it, not with a single individual on the Board, but with an actual range of people who are the advisory committee for that place.

Q79 Adam Price: Well, are you going to meet them or would it be better for the chairs of those advisory committees to be at the top table on the Board itself?

Dr Bowe: I am not sure what you would gain additionally from that actually.

Q80 Adam Price: Representation.

Dr Bowe: There is a very, very strong and successful dialogue, I think, between Ofcom and those advisory committee chairs and, by the way, it gives the advisory committee chairs freedom to do something, and I used to chair Ofcom's Consumer Panel, ie, I was not in Ofcom, I was standing outside of it, looking in, it gives you the freedom to be critical actually, which is quite important. If I were to put your argument another way, I could flip this argument over to you and say that actually having people on the Board and, therefore, bound by all sorts of collective responsibility might not be the best way of having a lively and sometimes quite critical dialogue between the Ofcom Board and, say, the Advisory Committee for Wales.

Q81 Adam Price: You can have both surely. You can have representation and—

Dr Bowe: But you do have to be bound by collective responsibility. When I was doing the Consumer Panel, one of the things I did, and had freedom to do, was stand up and say, "I don't like that and I think Ofcom are getting it wrong". That is quite a powerful thing to be able to do which you cannot really do if you are sitting on the Board.

Q82 Adam Price: Ofcom has, what is it, about 800 staff?

Dr Bowe: No, just a bit more than that.

Q83 Adam Price: Roughly, what proportion of them are based in London, the South East?

Dr Bowe: Can I give you a rough answer and, if it turns out be significantly out of order, I will write to you?

Q84 Adam Price: Yes.

Dr Bowe: I believe about somewhere between 10% and 15% of Ofcom's staff are not based in London, but I have to bend my mind to the correct answer to that.³ The answer to the question you are really asking me is yes, the huge majority of Ofcom's staff are based in London.

Q85 Adam Price: Should that proportion not be reversed? I can understand why you might need a sort of core office based in London, but why can you not take a leaf out of the BBC's book in moving much of its production into Salford or moving the vast majority of staff out into the nations and regions because being there actually frames your mindset, does it not?

Dr Bowe: Well, I think there are two things to say about that, Adam. One is that of course we do have substantial staff and, as you know, we have an office in Cardiff and we have a substantial number of staff there. The problem, I would think, with trying to devolve the Ofcom staff from London is that it is quite a kind of interconnected organisation, that the people doing work on, say, competition need to be very closely in touch with the people who are doing market analysis, et cetera, et cetera. It is not as if

³ Footnote by witness: The exact figure is 11%.

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there is a chunk of Ofcom that is self-contained and you could break it off and say, "Well, those people can go and relocate somewhere else" because they need—

Q86 Adam Price: Well, move the lot to Liverpool!

Dr Bowe: Do not tempt me! There needs to be quite a lot of personal interaction between them. To be honest, a long story short, I think that is quite an impractical idea, but I am listening to your fundamental point which is about Londonitis and I have got it and, I reiterate, I am not a Londoner.

Adam Price: You are a Liverpool girl.

Q87 Mr Hoyle: Of course I welcome that you are going to visit the small nations, but what about visiting the colonies with such populations as seven million in the North West when we have already seen Ofcom capitulate completely on Granada and other regional TV? My worry is that I need you to get out to the regions just in the same way as you are going to visit the small nations and recognise that, when you make agreements, you stand by them and you do not capitulate the first time that ITV come to complain to you.

Dr Bowe: I would be delighted. I was always rather sorry that Ofcom did not get up to Liverpool last year during the Capital of Culture year actually, but, by the time I arrived on the Ofcom Board, it was too late to manage that.

Mr Hoyle: So we look forward to changes.

Q88 Mr Whittingdale: Can I move on. Peter Luff, in his questions, referred to the fact that a lot of the publicity surrounding Ofcom's activities has focused on your role as arbitrating on complaints about content, and Nigel mentioned the delay in the Ross/Brand finding. It is the case that tier-one responsibility for all broadcasters in terms of harmful content is a responsibility lying within Ofcom. The Russell Brand/Jonathan Ross episode has highlighted the extent to which there is now quite a lot of concern about offensive language going out long after the watershed, admittedly, but nevertheless it gave rise to a number of comments by broadcasters about the general issue of the degree to which offensive language is now being gratuitously thrown about on television. Do you think that there has been a change in public sensitivity? Do you think that Ofcom's attitude to dealing with complaints about this also needs to reflect that?

Dr Bowe: Just to be clear about your question, John, are you asking if I think people have different expectations?

Q89 Mr Whittingdale: No, do you think that the public attitude towards, for instance, the gratuitous use of offensive language has changed and that actually people are becoming more sensitive to this than perhaps they were or maybe that they are responding to the fact that broadcasters seem less sensitive to it?

Dr Bowe: The honest answer is that I do not know. It is one of those difficult areas, this, is it not, because, looking around this room and thinking about the

conversations we have had this morning, I suspect different people in this room are probably coming from slightly different places on this. It is quite hard to say, "This is the acceptable standard" because people have different views. I think what I am hearing you saying is that somebody like Ofcom, who is operating a code of standards, has to be extremely sensitive to changes in public views about what is acceptable and I think the key to that is context actually. You will probably all be aware that there is this thing called the 'Broadcasting Code' which Ofcom operates and core to the discussion of standards in there is context. What that says is that, in thinking about whether something is actually offensive to people, what you have, as a regulator, to take into account are things like what the audience's expectations are when you are, for example, watching or listening to a certain kind of show, what time of day it is, what is the likely kind of people who are going to be watching and listening. In other words, it is a somewhat judgmental thing and I suppose what I am working round to saying is that I do not think, and I do not think you are suggesting this actually, that there is such a thing as a sort of objective set of standards, that this is always gratuitous, that it is okay after nine pm. It is not like that. I think that, in interpreting the Code and, in particular, in understanding context, the people who are making those judgments have got to be extremely sensitive to how people's views might be changing, and we know they change. If you think of a lot of the television and radio that we all watch and listen to, quite a lot of what is said on it, older people, our parents' generation, their hair would have been standing on end, so we know that people's standards sort of change over time. I think what you are giving me is a rather cautionary remark which is that, in implementing our responsibilities for the Broadcasting Code, will we please be very sensitive to whether people's views and expectations are actually changing and not to assume that where we are is the right place to be. I think that is what you are saying.

Q90 Mr Whittingdale: That is certainly part of what I am saying. I also would just like you to consider that this is an area where Ofcom have complete power. This is not something laid down by ministers, but we have given, Parliament has given, Ofcom responsibility for adjudicating in this area. Now, the broadcasters will argue that they are reflecting the behaviour of young people, that young people now use four-letter words scattered throughout their language. There are those who would say that perhaps one of the reasons they do is because they keep hearing it on television and they find it acceptable, therefore, because it is so commonplace on television. Do you think you also have to reflect the public expectations, particularly of parents, about what their children, particularly teenagers, are exposed to? This is going to be post-watershed, but the idea that 14- and 15-year-olds are not watching television after nine o'clock is absurd.

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Dr Bowe: John, I am totally agreeing with you actually and I am not accepting the proposition that these young people somehow are defining standards for the rest of us. In talking about context in the Broadcasting Code, I was hoping to draw your attention to the fact that those judgments have to be made in terms of what is the likely age profile. I forget quite how the Code puts it, but it says something like the “likely composition of the audience” or some such thing. In other words, the Code that we operate does not say, “Oh, and, by the way, everything’s fine as long as the kids think it’s fine”. It is emphatically not saying that actually and I would strongly reject any suggestion that that is a sort of acceptable way of defining standards in broadcast content.

Q91 Mr Weir: I am somewhat disturbed about what you are saying about context because, as I understand the whole Jonathan Ross/Russell Brand thing, it was broadcast at a time to an audience who might have expected them to act in a somewhat outrageous way, but there were very few complaints when it was broadcast and the complaints only arose after publicity was given to what had happened on this show at a later date. Now, using that as an example, and I now know you perhaps do not want to particularly comment on that example, is this not a case where, in the context in which a broadcast is made, the audience may not find it particularly offensive, but those of us who pay our TV licence to the BBC may find it extremely offensive that such things are being done using our taxpayers’ money? Now, how do you balance these two, given what you were saying about the context of broadcasting?

Dr Bowe: I think you are taking me into an area that is actually not my remit because what you are asking me about is whether there is some special overlay over everything that we do on standards which comes into play if programmes are on the BBC.

Q92 Mr Weir: No, that is not the point that I am making at all.

Dr Bowe: Sorry, I have misunderstood your point then.

Q93 Mr Weir: The point I am making is that I am a bit concerned that you seem to be suggesting the context is the type of programme that may be broadcast. Whether it is on the BBC, ITV or commercial radio does not really matter. You seem to be suggesting that the audience at which it is aimed may be the defining factor, but the rest of us may find something offensive irrespective of the fact that we may not have heard it at the time.

Dr Bowe: I am sorry, I misunderstood your question. I think I have probably also oversimplified my account of what ‘context’ means in the Broadcasting Code. Context, yes, does have to take into account the demographic but it also says things like it has to take into account, if I am getting this right, people’s expectations of what they are likely to see or hear on particular channels. I think that sort of goes to your point, does it not, that it is not just

the people who happen to be listening or watching at that moment; it is what people are expecting to encounter.

Q94 Mr Weir: So do you expect to encounter that on Radio Two?

Dr Bowe: I am afraid that is a specific question about one particular case which is under investigation at the moment. I can see that you feel rather dissatisfied with this answer. I would be very happy when we are not up against the clock to talk to you a lot more about this because it is one of our most important responsibilities.

Q95 Mr Evans: You would agree though that the public would expect to watch, say, a cooking programme with celebrities without the F-word being used?

Dr Bowe: I suppose on that I would have to say it depends rather on how the programme is billed and what people’s expectations are of certain individuals who have a very high profile who are performing in those programmes. It comes back to the question of what are the audience’s expectations, and I think given especially some of the titling of those programmes, perhaps the fact that they include strong language is not to be surprised at. What is very important—and I keep coming back to this—is that people know what they are going to get, that if any strong language is going to be used then people understand that and that they can make choices.

Q96 Mr Evans: This sounds like a charter for profanity, quite frankly, and because you expect to hear it that is exactly what you are going to get. Do you not have an involvement in saying to the BBC and other broadcasting organisations, “Come on, raise your standards, raise the game”?

Dr Bowe: I am sorry if you think that this sounds like a charter for profanity. I am emphatically not saying that. What I am saying is that people need to know what they are going to encounter. People are entitled not to be taken horribly by surprise by what they encounter in a programme. At the same time, I think all of us would accept that for different kinds of programme on different kinds of channel one has different expectations. If I can give you a radio example of two things I was listening to at the weekend. If you are listening to, say, *The Archers* you do not think that you are going to hear what you might hear if you are listening to a late-night show by Eddie Izzard doing a stand-up on BBC Seven. That is partly because these different channels have different things and you know something about the programme format. I do not think any of us would want to say that there should be a uniform standard of approach between these rather different kinds of programme because otherwise we have lost something about plurality.

Q97 Mr Evans: I think there would be a lot of parents who would be concerned about that but would you not also agree that the iPlayer and ITV’s

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version of it mean that the watershed is effectively dead? People can watch *Shameless* at 11 in the morning just by downloading it.

Dr Bowe: That is a really good point, yes.

Mr Whittingdale: There are two or three more issues which we would like to cover but we are going to skip through them fairly quickly. Mike Weir?

Q98 Mr Weir: Another aspect of radio, the Digital Radio Working Group recently produced its final report and made recommendations to Ofcom and Government. I recognise that there is a problem with the current economic situation for radio, but what challenges do you see the radio industry facing in the current economic situation and is there anything that Ofcom can do in the coming year to alleviate these pressures?

Dr Bowe: Mike, I think everybody around this room knows that commercial radio is facing really severe challenges for all the obvious reasons: advertising revenue; there is long-term things going on; there is the present situation; lots of challenges from other media. Ofcom will shortly be having a good look at how it regulates radio in this country to see if there are ways in which the burden of regulation, to go back to a point that we were discussing a bit earlier, can be re-shaped in order to give the sector more commercial possibilities. We are very, very concerned about the situation of commercial radio.

Q99 Mr Weir: In particular in commercial and local radio there is an analogous situation perhaps with television news where many stations are local in name only. They are owned by large conglomerates which are gradually amalgamating many of their processes. Are you committed to ensuring that local radio remains at least to some extent a local station and not just a name on various badgings of a national station?

Dr Bowe: I think what our research shows is that what people value is localness. That is not a weasely way of describing your question. I think what people like is local content. They like to know what is happening in my area, what is the news, what is the traffic, what are the issues in my area. Quite what the best method of delivering that is going to be is going to be a mix of having the right regulatory structure but also the right commercial structures because there is no point in trying to mandate something that then actually cannot be delivered. I think you can take it that there is a strong commitment to localness. Quite how that could or should be delivered remains to be worked out through the present very, very difficult juncture for local radio.

Q100 Mr Whittingdale: Similar pressures on radio are also affecting the newspaper industry and we are seeing newspapers go out of business almost every day now. Ofcom does have a role in this, particularly if part of the solution is to relax the competition rules governing regional newspapers. Is that something that you are looking at?

Dr Bowe: It is indeed. Our role, as you acknowledge Chairman, is a limited one, but in the context of all that we are doing, and following Mike's point, to

look at markets for the delivery of local news in particular, it would be extremely foolish of us to ignore the situation of regional newspapers so, acknowledging that our powers are limited in this area, you can take it that this is an area that Ofcom is looking at from the standpoint of what it might be able to do to be helpful to that extremely important part of our communications industry. That is very much where we are coming from on that.

Q101 Mr Whittingdale: In both radio and newspapers if you do seek to be helpful you may require a change in the law to do so. Would you be looking to put the case to the Government for a new Communications Bill?

Dr Bowe: I think at this stage of my tenure it would be rather presumptuous of me to walk in and say that we are looking for a new Communications Bill, but it is undoubtedly the case that there are a number of issues where, partly because of the way the industry has developed but to be honest partly because of things that I do not think were quite right the first time around, where you might want some change to the legislation, but I am not walking through the door of Ofcom saying, "Right, the next priority is a new piece of legislation, please." I think we have got to be quite careful. We have got to have that dialogue with you about what are the issues, is legislation the right way to address them, or can we manage it. There are one or two points. One that I would just like to get on the table because I have not had a chance to this morning, is there is an aspect of the penalties that Ofcom can levy which is quite deficient, in my view. The penalties Ofcom can levy for the abuse known as silent calling are limited to £50,000. I do not think that is enough. If I could put that on the table as well, I would very much like to. That is a serious abuse which causes untold concern to older people who are very, very disturbed by silent calls, and it is an unacceptable face of the industry and we need stronger powers to tackle it, please.

Q102 Mr Whittingdale: It is pretty annoying to not so old people as well.

Dr Bowe: The thing for older people is that it is frightening. It is not just annoying; to pick up the phone and there is nobody there is frightening.

Q103 Mr Hoyle: You just mentioned regional newspapers and this is an absolutely critical area where people have a real alternative. Why we are worried is it is not just the dailies, it is the weeklies that we see going, and it seems to me (and I do not know who the competition is) that previously you would have had a free sheet and a paid weekly and in some areas one will go and in another area it is the other newspaper that will go. There seems to be a trade-off of titles between each of the two groups and what I am concerned about is that there is no real competition left in towns where in the end one newspaper will be left with all the business and they will decide what they want to put in. I just wonder what you can do to try and ensure that there will be some competition not only in dailies but in the weekly titles that we seem to be losing. We come

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back to the problem about radio. If they all keep merging and keep merging so it becomes one radio station with one set of news and after a certain time there is no local news, there is just the national news, I think there is a great danger that we are failing in this and we are going to see newspapers going the same way.

Dr Bowe: If I could just say, Lindsay, that our powers in respect of newspapers are very limited.

Q104 Mr Hoyle: It comes back to the Chairman's point that you need more power.

Dr Bowe: What I want to indicate here is simply that I do not think you can think about local journalism (because we are talking about local news here basically) and you cannot talk about radio in a separate box from local newspapers because people want all of them.

Q105 Mr Hoyle: Absolutely.

Dr Bowe: Our remit is primarily about the broadcasting side but I think it would be foolish of us to try and think about that in a sort of silo where we are not thinking about local papers as well.

Q106 Peter Luff: Can I just change the subject briefly and take you back to something you began with, the digital dividend and spectrum allocation. In the early days, I was concerned particularly about the future of radio microphone technology that because of the combination of an extraordinary technological optimism at Ofcom about what could happen to make new things possible and an economic determinism that only the market will decide that radio microphone technology was under serious threat in the UK, which would have meant an end to outside news broadcasts, an end to referees having wireless microphones at football matches, an end to music tours, an end to theatre; it was a devastating situation. To Ofcom's great credit and to Ed Richard's great credit, they did take the concerns that I expressed very seriously and there is a very constructive dialogue going on, including with the mobile telephone sector where the competition is actually with them for spectrum allocation. Can I urge you in your work on the digital dividend and spectrum allocation to look particularly carefully at this issue because it is crunch time now for this issue?

Dr Bowe: Will do, yes.

Peter Luff: Thank you.

Mr Whittingdale: Adrian Sanders?

Q107 Mr Sanders: Long questions get short answers; I like that! In terms of what you said at the beginning when you mentioned digital switchover, which is becoming a live issue for many, many people, there is an issue here of access to the range of services for people who receive their signal from a relay transmitter. What is your view and should Ofcom not have a view on this in trying to ensure that everybody receives the same range of services?

Dr Bowe: That is quite a tricky one because, as you know of course, terrain becomes very important in this. What I meant by indicating right at the

beginning my interest in the digital switchover was I have been concerned right since the outset of digital switchover not, to be honest, about the kind of engineering issue that you are raising, but about the ability of vulnerable people to cope with the consequences of this switchover. What I mean by vulnerable people is people who are older and maybe living on their own who have not got anyone to help them and people who might have, for example, learning difficulties and who might find this difficult to cope with. There is a help scheme. Early indications from the first switchover areas are that this has gone reasonably well, but this year we are moving into a year when Wales and the West Country and the North West of England and the rest of the Borders are going to be completed. This is going to pose a significant challenge, and what I meant by indicating my earlier interest in digital switchover was that I will want Ofcom, along with Digital UK, to be keeping an extremely close eye on the working through of that. It is a very, very difficult-to-implement project and there are a lot of people who may well be disadvantaged by it if we are not extremely careful.

Q108 Mr Sanders: But there is some superb work being done by Age Concern and other voluntary organisations who have been roped into this, and my area is due to switch over very shortly, but the only complaints that I receive are from those areas that are not going to get the full range of services once analogue is switched off. It is almost like there is a two-class switchover. If you get your signal from the main transmitter you are in division one but if you get it from a relay station you are going to get a secondary service. That is wrong given that people pay the same level of licence fee irrespective of which transmitter they receive their pictures from.

Dr Bowe: I completely take your point. Can I ask you just to take it from me that all the aspects of digital switchover will be high on my agenda this year and you are speaking to a highly receptive person on that.

Mr Sanders: One final thing, to get back to the sporting question, there has been a lot of concentration on football but a lot of people would love to have Test cricket back on terrestrial TV.

Mr Whittingdale: That is entirely outside the remit of Ofcom!

Q109 Mr Sanders: I would like a personal view given that we have talked a lot about football teams.

Dr Bowe: Cricket is now on the record, okay; I am sure others will be listening to this.

Q110 Mr Weir: It is interesting that at the outset you mentioned broadband as being one of your main concerns. As a matter of public policy objective, do you think the UK should concentrate on increasing speeds to areas that already have access to broadband, given that there has been much in the news lately about the speeds being promised not being delivered, or on using alternative technology

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to extend basic coverage and reducing the number of so-called “not spots”, and I have many of them in my constituency?

Dr Bowe: I bet. Mike, if you want my personal view on this, we have not got a universal service obligation for broadband in the United Kingdom; I believe we should have.

Q111 Mr Weir: Do you have any powers at the moment? To be fair to the Government they pushed broadband and they got it into all the exchanges, the problem is from the exchanges to the houses, and many in my area are still on copper cable and speeds are non-existent, it is little better than dial-up. Do you have any powers to do anything about that present situation?

Dr Bowe: No. I hope you saw the research that we did last week which illustrated extremely well how the last bit that it travels from the exchange to you can be where the difference between the headline speed that you signed up for and what you actually get can actually go wrong. We do not have powers to mandate on that, but I come back to saying that I think that we should be taking forward a universal service obligation for broadband. It is an absolute essential part of being connected. Everybody needs it and we should now set about getting it.

Q112 Mr Weir: Do you think that a universal service should be on the fibre optics or do you think that there should be a mixture?

Dr Bowe: Frankly, I have not got a view about the technology. What I want is the stuff in people’s houses and in their businesses. There are a lot of people I know who are trying to run small businesses in rural communities who are having a heck of a job.

Q113 Mr Weir: I will introduce you to some more if you want.

Dr Bowe: Bring them on because this is what we need to hear.

Q114 Mr Whittingdale: Can I finally just ask you a question about what they do with it when it arrives in their homes. When Ofcom was set up I remember that we had considerable debates about the fact that the internet was outside the scope of Ofcom’s regulation. We have since then had the Audiovisual Media Services Directive which has begun to extend the regulatory framework on the internet, but the Secretary of State has recently made some comments where he seems to envisage a much more intrusive regulatory regime, even the possibility of age ratings on websites. Is that something that you think Ofcom may well find itself being asked to do?

Dr Bowe: It is something that we need to have a good dialogue with the Secretary of State about. I can see exactly where he is coming from on that. It is kind of what a lot of people want. As a parent it is very much what one wants actually.

Q115 Mr Whittingdale: They may want it but can it actually be done?

Dr Bowe: We have got to have a dialogue about the practicality of that but I think where he is coming from is a very good place.

Mr Whittingdale: In which case I do not think the Committee has any more questions. Oh, sorry, Peter.

Peter Luff: I think we ought to ask the last question. If you were to make yourself available for reappointment at the end of your term, what criteria should we use to assess your individual record as Chairman of Ofcom?

Q116 Mr Hoyle: A reduced salary!

Dr Bowe: Peter, I think you have just heard the answer!

Q117 Peter Luff: You will want to make a difference as an organisation.

Dr Bowe: Yes. If this were to happen, ask me: “Okay, what have you achieved for citizens and consumers compared to where people were in January 2009?” Hold me to account for that. Could I say one final thing, Chairman?

Q118 Mr Whittingdale: Of course.

Dr Bowe: It is an issue that has come up throughout this morning’s hearing but I would like to just reiterate it. I believe that the ability of the public to trust the communications media, and particularly the broadcasters, is an absolute pillar of a free, democratic society like ours, and, going back to Peter Luff’s question just now, what I would like you to ask me about if I were to come in front of you in five years’ time is what have I done to promote and defend public trust in the media. Thank you.

Q119 Mr Whittingdale: Thank you. The Committee is now going to continue in private briefly to discuss the evidence that we have received, but can I first of all thank Dr Bowe very much for giving up her time and, without wishing to pre-empt the conclusions of my colleagues, can I wish you every success in your new role.

Dr Bowe: Thank you very much, John. I have very much enjoyed this morning and look forward to talking to you again in many different ways in the years to come. Thank you.