

TUESDAY 29 NOVEMBER 2005

Present

Armstrong of Ilminster, L
Bonham-Carter of Yarnbury, B
Gibson of Market Rasen, B
Holme of Cheltenham, L
Howe of Idlicote, B (Chairman)
King of Bridgwater, L
Manchester, Bp
Maxton, L
O'Neill of Bengarve, B
Peston, L

Memorandum submitted by BBC World Service

Examination of Witnesses

Witnesses: **Mr Richard Sambrook**, Director, Global News Division and **Mr Nigel Chapman**, Director, BBC World Service, examined.

Q840 Chairman: First of all, greetings to you. You have of course given evidence before, but it might be helpful for everybody in the room if you just said who you were and what your role is.

Mr Sambrook: Certainly. I am Richard Sambrook, I am the Director of Global News for the BBC. My responsibilities are for the BBC's overall strategy for global news across television, radio and on-line. Nigel Chapman is the Director of World Service, with operational responsibility for the World Service.

Q841 Chairman: Thank you very much. As you know, Norman Fowler, our Chairman, sends his apologies, but I am afraid it is an unavoidable clash of responsibilities. We are, of course, particularly interested – though there will probably be a few wider questions than this

– in the area of what has happened since we last saw you, and you will have noticed no doubt that we in our first report did refer to this issue of the change in where the World Service was going to be concentrating some of its resources. I wonder whether we could just start off by you telling us what happened as a result of your recent review. What were the new priorities for the World Service that you decided upon and what was the role of the FCO in all that?

Mr Chapman: We announced the outcome of the review on 25 October, about a month ago, and it has four elements in terms of new investments. Essentially this is a £30 million investment plan that we are talking about here by the end of this period, so it is a significant amount with reprioritisation and spending review money being used for new purposes. The purposes are essentially to make sure that the World Service operates with the right media in the right countries so that it can have maximum impact, because it is facing really significant competition now in so many places. We came to the conclusion that definitely in the Middle East, to start with, it was no longer going to be viable for us to just to broadcast on radio and provide new media services, we needed also to produce a television service in Arabic, so a central plank of this investment strategy is a 12 hour television service in Arabic. But it is not just that, it is also about improving distribution for radio on FM across the world, it is about improving our new media services, and we have got some very good new media services in languages other than English, and English too, but there was a risk that they were getting out of date and out of touch with the market, they were not up to speed really, so we needed new investment there. We needed new investment in our overseas bureaux and, finally, we needed new investment in marketing because it is great having great services from the BBC World Service but if nobody knows anything about them in increasingly competitive marketplaces then obviously it is very difficult to get listeners' attention. That was, if you like, the new investment strategy. That had to be paid for out of all the funds that we had received in the spending review of 2002 and also in 2004. We had prudently kept some money back from the

2002 spending review to help us with part of that putting in new investment, we obviously had the new money from 2004, but we also needed to release funds from some of the things we already did in order to pay for all this, and that is where the reprioritisation of the language services portfolio came in, because it released something like £12 million by the time we finished that exercise towards what is a £30 million plus bill, so it is a significant proportion of the funds. That is the balance financially and it is a strategy which will take us up until 2007/08 in terms of finance and also sets a long term pathway, if you like, up to 2010, because what it is really saying to government and to our stakeholders is we increasingly need to be a tri-media operator. Operating just with radio and new media alone in many markets will not do the job; it is clearly most pressing in the Middle East but there are other parts of the world too which maybe you want to talk about – Iran would be another example – where I believe that, over time, the BBC will be broadcasting in the relevant languages on television as well as on radio and on the Web. That is the background to the review.

Lord Holme of Cheltenham: My Lord Chairman, I should declare an interest. I am chairman of a market research company which conducts the BBC world poll for the BBC, Globespan. I am really very curious about the candidates that have to be knocked out in order to provide a potential new service because, when you came to see us last, in your very interesting evidence you were giving us the criteria for measuring success and they certainly included the size of the audience. Under questioning from our Chairman you indicated that trust was a very important measurement and you arrived at a comparison with on-line audiences as well. Let me just take two examples which I know reasonably well, the Czech Republic and Brazil. If the argument is that they do not have the same strategic importance, the first part of the question is, is that an FCO judgment or is it a BBC World Service judgment that they do not have strategic importance? Anybody who looked at the state of the Czech Republic and of Poland and Hungary – all of which I think are going to lose their

native language services – you would have to say that first of all they have in the past been very dependent on and have much used the BBC World Service. In fact, I remember going to the Czech Republic immediately after the revolution and being told within a matter of a day by five or six people that the only thing that kept them sane was the BBC World Service during the communist years; yet it would be very facile to assume that the problems are all over and there are now well-established, functioning democracies working in every respect in those countries. In Poland, and in a different way in the Czech Republic, there are a lot of strains still about the settled future of those countries. Then if we could take Brazil, here is one of the most dynamic economies and societies in the world, a young country, where people do not on the whole have much English, unlike the countries of the former Soviet Union where now the young people are learning English, it is true. That is not largely the case in Brazil, however, it has an enormous population, a fast-growing economy with very considerable strains and stresses – in fact, the trust issue which you rate so highly, trust in all institutions in Brazil has fallen a lot. I guess what I am trying to press you on is in the process of advancing Arabic TV are we sure that we are not throwing out some quite important babies with the bathwater?

Q842 Chairman: If I could wrap up a little bit of that too, really what we are trying to find out is what were the criteria used in deciding which were of the highest relative strategic importance with reference to those two countries?

Mr Chapman: Let me explain the process by which we evaluated the 42 languages because I think that would make things pretty clear. There were three sets of criteria that we used when we reviewed the 42. First of all, there was what I call relative strategic importance, and you can do some of that by numerical indicators, you can make an amalgamation of population, GDP, strength of the economy, defence spend – there are indicators you could use in each of the country's cases to get a sense of where they sit relative to each other. On the issue of

media freedom, which is also another very important criterion, if the BBC withdrew from these places where we broadcast in Czech or Portuguese, what would there be left over? What would people turn to, what would be the strength of the media there – indigenous, national and regional media – but also how far are people already turning to the BBC in English, either through BBC World Service radio or through television? The third area of assessment, if you like, was what was the current audience size and what was the prognosis for the future, was the prognosis good – i.e. it would at least hold its own, perhaps even increase its audience – or would the sheer strength of the competition mean that the audience would ebb away, and what was the trend already in that respect? Obviously, while in every country we do not do audience research every year, we do do audience research pretty regularly in these places and you can see a trend start to emerge. The two cases you cited, on the issue of the Czech Republic the Czech Republic would have scored relatively modestly on strategic importance – against, say, some of the major world countries it would have done modestly well – it would have scored not particularly well in terms of audience and in terms of freedom of information, because if you look at all the indicators about press freedom, the Czech Republic scores on a level not unadjacent to the United Kingdom, so it is hard to make that case – and I have visited myself and seen at first hand. The lack of media opportunity and choice that would have existed in the Cold War years, that is just not the case now: there are many news channels, there are commercial channels, there are State-run channels across television and radio, so it is hard to make out a case that actually the Czech Republic is impoverished in terms of its media opportunities for people to consume independent information. The third area in the case of the Czech Republic would have been size of audience. Actually, the size of the audience for the Czech Republic is not particularly bad, it is okay, it is steady, and obviously FM distribution there has helped. The Czech Republic therefore scores in the middle against quite a lot of criteria, but all these issues are relative of

course because if you have a sum of money to invest in international broadcasting you have to make difficult choices and you are making a judgment about it all the time as to whether, in the end, you want to spend £1.5 million in the Czech Republic or whether you want to spend £1.5 million somewhere else, because in a fixed budget that is the reality of the position that broadcasters have to face up to. In the case of Portuguese for Brazil we have not closed down all the services to it. The interesting thing about Portuguese for Brazil and the Brazilian media market is that (a) it is a very, very fertile and rich media market now and there is a lot of choice. Again, I have been there and seen first-hand for myself. Secondly, as a result of that, the World Service audience in Portuguese is very modest indeed now, it is less than one per cent of population. However, the audience consuming the BBC's services on the Web, which is Web news and information, is going rather well, so there the outcome was no, let us not close the whole service, let us withdraw from radio except for short news bulletins which are parts that we broadcast on the web and therefore enable us to get an audience, but let us put more money into the web operation and let us move our staff and give them a decent set of premises in Sao Paulo where they can operate from. That was, in the two examples you gave me, how we came to the conclusions we did.

Q843 Lord Holme of Cheltenham: If I may ask just one supplementary question on the strategic importance point, clearly by any reckoning Brazil is a country of major strategic importance, so the judgment was that if you can provide this on-line, that would meet the need.

Mr Chapman: We talk a lot about audience need but there has to be in the end consumption for there to be audience need really, in my eyes. The problem we had with the Brazilian service was that it was not that it made bad programmes, it made perfectly good programmes, but the market just did not need them any more, there was too much other choice, people were not going to listen, and this was despite really good distribution for radio, so it was not that

distribution was poor, it was just the fact that in the end the historical reasons that had driven people to listen to the BBC, at a time when there was far less choice and Brazil was going through periods of military rule and so on, those times are not there now, therefore people are not turning to it. In the end I cannot force them to turn to it, we have to be much more thoughtful about it and say in the end there is a better way of getting information to them, the web is the best way in this case. There audiences are going up so actually we are hitting the nail on the head if you like.

Q844 Lord Holme of Cheltenham: When you said that the Czech Republic was not of strategic importance, is that your judgment or the FCO judgment?

Mr Chapman: I think it is together because it is a relative thing. I am not saying that it does not have any strategic importance, what I am saying is that when you look across the world at the places where we broadcast in 42 languages it does not get anywhere near the top, it gets in the bottom seven or eight and therefore it starts to become vulnerable to a reprioritisation exercise, inevitably, if you have a limited amount of funds. In relation to the discussions with the FCO, what happened was we did all this work and actually we have, I think, really sophisticated thinking on this, which we then shared with them, and we said as a result of this we are going to propose to close a number of services, and under the Broadcast Agreement with the government, of any complexion, the Secretary of State has to give his or her permission for the opening and closing of services, and therefore Jack Straw had to either agree or not agree as the case may be, and he agreed that it was an appropriate thing to do, given the relevant needs of audiences around the world, given funding issues, given the need to start Arabic television. You are juggling a lot of different balls here and everything is relative here if you have a fixed budget.

Chairman: In practice it is quite difficult for us to get our minds around exactly what role the FCO plays – I was coming back to the point myself – because you have editorial independence and so on, so that little bit of explanation certainly helps.

Q845 Lord King of Bridgwater: Can I just clarify that point because in this case you said you took the initiative, you went to the Foreign Office and said “Do you mind if we do this?” On other occasions, for instance the decision to set up an Arabic television service, the Foreign Office are entitled to take the initiative, are they, and come to you and say we would like you to do it, and then you have to decide whether it is feasible for you.

Mr Sambrook: It tends to work the other way. We take a strategic view of where we believe our services will be most effective, and we have on-going discussions with the Foreign Office through quarterly meetings and ministerial ---

Q846 Lord King of Bridgwater: I understand that. I am really on the point is it always that way round or can it be the other way round?

Mr Sambrook: To my knowledge and in my experience it is always that way round because the thinking is primarily about broadcasting. I take the view we are best equipped to go to the FCO and say we understand the problems of the marketplace, right, and therefore we on balance think it is better to invest money here rather than here.

Q847 Lord King of Bridgwater: Can I just clarify a fairly simple point? When we are actually talking about changing to English language, to what extent are the news broadcasts in whatever language it is an identical translation of what goes out on the English service, or are they different broadcasts?

Mr Chapman: They are different, but given that our primary job is to explore an international news agenda, they definitely take guidance editorially from the World Service English

Newsroom, and the World Service English Newsroom is the heart of Bush House and has tremendously high quality standards. The language services therefore take guidance, but they have to be able to turn that material and obviously gather their own material to make the programmes relative to their audiences, so it is a mixture. Sometimes an individual service will do a story which is relevant to that country, but other people across the World Service may not cover it at all, but there will be other major international issues where everybody would be covering it.

Q848 Lord King of Bridgwater: Moving people to say we have an English service, more people are listening to that now, they will get different broadcasts.

Mr Chapman: They will get some different broadcasts, yes. The core agenda will be similar but there will be definitely some aspects of regional and national politics or issues which they would not get covered.

Q849 Chairman: Returning to the point about the FCO and their role in all this, are you really saying – as you have said pretty clearly – that they do not really play a major part, but presumably if they disapproved of what you were suggesting they might suggest a cut in the budget?

Mr Sambrook: The broadcast agreement between the BBC and the FCO clearly states that no service in the World Service can be opened or closed without the agreement and authority of the Foreign Secretary; therefore, any reprioritisation or any change in the range and scope of our services has to be formally approved by the Foreign Secretary.

Q850 Chairman: But not necessarily the details inside.

Mr Sambrook: No.

Mr Chapman: I characterise it like this: we have a conversation with them about the where and the how, i.e. the where in the world and the how, increasingly around now television, radio and new media. In the old days it would just have been a conversation about radio and that would have been it. The what, what is in the programmes, the editorial content, we have absolutely no conversations about that, that is about editorial independence, that is up to our journalists and editors to work out, particularly taking into account the needs of the audience. I would never have a conversation about an individual programme with the Foreign Office and say “Well, the Chinese service had better cover this story tomorrow”, that is not a conversation that would ever happen.

Chairman: Did you want to follow that up?

Q851 Bishop of Manchester: My Lord Chairman, thank you, can I just follow your point about China? There was a debate yesterday in the House on the situation of refugees on the Burmese border, and one of the points that was being made in a speech was the increasing significance of Chinese foreign policy, and somebody did say that there was an increasing need for the kind of impartial broadcasting from the West which the BBC World Service is so renowned for. I wondered if you could just say in respect of the conversations about priorities and the kind of countries to which the BBC might broadcast, how far China has been in those conversations, and as, presumably, the opportunities increase in the years ahead, where would the funding be likely to come from in the medium to long term in order to be able to finance the BBC World Service broadcasting to China?

Mr Chapman: The World Service already broadcasts in Mandarin extensively to China, mainly on news and current affairs, and it also broadcasts to China in English. Both services are delivered by shortwave. The difficulty we have in China – and we are investing quite a lot of money in this area, it is a very important service and there are no plans to cut it back – is that the Chinese authorities have systematically blocked availability to a Mandarin service

on radio for many years and they also systematically block access to the BBC's pages of news coverage on the web, both in Mandarin and in English. I am in a position where we are making a rather good service, a very important one in every sense against the criteria we talked about earlier on – strategic importance, lack of free media access where China scores incredibly highly – but unfortunately the people there have a great deal of trouble in accessing it. We have raised this issue, ministers have raised this issue repeatedly with the Chinese authorities, but it is very, very difficult to make progress. They either deny there is a problem, or they say there is a technical problem, or they just do not do anything about it because there is a systematic blocking of these services going on.

Q852 Bishop of Manchester: But if that blocking were to be removed then you have sufficient resources to be able to broadcast effectively.

Mr Chapman: I have sufficient resources to broadcast effectively in radio and on the web in terms of a new media service of news and information, I have not got any resources to mount a service on television to the Chinese people. That would be a really significant investment, on a par with the Arabic investment, and if the Government wants us to do that sort of thing then they are going to have to pay for it because there is no way I can afford to pay for that.

Q853 Baroness Bonham-Carter of Yarnbury: In China you only broadcast in Mandarin.

Mr Chapman: Yes. We have one programme in Cantonese, for historical reasons, aimed at Hong Kong, but 95 per cent of the output is in Mandarin, yes.

Q854 Baroness O'Neill of Bengarve: When you make a decision to put less money into radio in regional languages and more into new media, you are presumably also gaining audience in a different age group because it would be people who are used to the new technology, possibly using it at a place of work and so on. Have you done surveys to see, as

it were, whom you have lost and whom you have gained in the audience as a result of that aspect of the shift?

Mr Chapman: Not in the precise detail you are talking about. In some societies where we have invested more money in new media and retained our radio services we tend, you are right, to attract a different sort of audience, which tends to be younger, tends to be more professional and tends to access the new media from work rather than home, but not exclusively so. Our minimum position about audience, is that we want to reach out to decision-makers and opinion-formers, people who are actually going to influence, if you like, the future of that society, so we are definitely getting to a younger group of these people by new media investment. Obviously, we have withdrawn some funds from radio to do it, as in the Brazilian service, and there is a risk that some older listeners to the BBC's Portuguese service will no longer be able to access it. There is definitely a down side to that, but in the end this is the sort of juggling act that one has to do in making our priorities.

Q855 Bishop of Manchester: Could we begin to focus now on the Arabic plans, and in your helpful letter of 25 October you talked quite a lot about that and referred to the audience research showing 80 to 90 per cent of those surveyed being likely to use BBC Arabic television. There are three areas that I would like to explore: first, the general objectives that you have in mind, and we have Al-Jazeera coming in tomorrow so it will be interesting to hear from them what they feel about it, and then I want to explore about the costs of the 12 hour and then look at what might be the possibilities over a 24 hour service. Could we begin, therefore, by just going a little bit more deeply into the objectives that you as BBC World Service have for a television service of the kind that you are anticipating? What are you really aiming to do?

Mr Chapman: We are aiming to do a number of things. First of all, it is clear to me that if we are going to have impact in the broadest sense of the word, in the Middle East, with a BBC-

funded, BBC-produced service, we need to be on the television; radio and new media alone will not do the job. Why? Because television has become the first medium of choice for news consumption in the Middle East, it is what people turn to first now, ahead of radio and everything else to get their news. So if we are not in it, overall and over time our impact is going to diminish relative to everybody else. It will diminish in a number of ways: it will diminish in the pure number of users, so our reach will go down, and if our reach goes down then our reputation will tend to follow behind it because if we have fewer people to listen it will be less salient, less important and people will give you less credit for it. In terms of the quality of the content, what people are telling us is that there may be more choice in the Middle East now – and Al-Jazeera is an example of that choice – but there is still a place for a television service which has the BBC values running through it, its accuracy, fairness, impartiality, covering a range of views, and there is a high ground, if you like, to be obtained and gained in this market. That is a very strong feeling that comes from the audience research, it is not just that people are likely to use it, they are likely to use it for those reasons, they see there is that gap and they want to use it, they want the BBC to do it. The reason why they want the BBC to do it is because the BBC has a long and distinguished history of broadcasting in Arabic, over 60 years, and they expect and have every right to expect that a television service would offer the same values, the same quality of content that they have grown up with on radio, and in new media in recent years. That is the background to the audience demand, if you like, for an Arabic television service and what we would expect to achieve from it.

Mr Sambrook: One of the other crucial differences between the proposed BBC Arabic service and Al-Jazeera in Arabic is that Al-Jazeera and Al Arabiya and some other Arabic services are regional, they are reporting the Middle East to the Middle East. The proposed

BBC service would be reporting the world to the Middle East, it will have that international perspective and international agenda, and I think that will differentiate it in that way.

Q856 Lord King of Bridgwater: Done from London by satellite?

Mr Sambrook: It is going to be partly done from London, but we will also be investing in our bureaux in the region as well, so there will be input from Cairo and other regions.

Q857 Lord King of Bridgwater: But by satellite.

Mr Sambrook: Yes.

Q858 Bishop of Manchester: Coming to the funding then, you have already in your letter and in some of the earlier replies today talked about how closing down various things may release some funding. In terms of 12-hour broadcasting do you feel that that re-jigging of existing funding will be sufficient, or will you require grant-in-aid from the Government? If the latter, is that going to be a good deal for the United Kingdom taxpayer?

Mr Chapman: To move from the 12 hour, which is what we are proposing at the moment, to be launched in 2007, to a full 24 hour service, would require an infusion of funds from the UK taxpayer. I think it would be a relatively modest amount of money in the overall scheme of things, we are talking about around £6 million extra to move from a 12 to 24 hour service because once you have got the infrastructure and you have got quite a lot of content already, it is not double the money, if you like, moving from 12 to 24 hours, you are doing a top-up in effect.

Q859 Bishop of Manchester: Can I just clarify that because last time you said that moving to 24 hours would cost about £25 million, so therefore 12 hours is going to cost just £6 million less than that.

Mr Chapman: Correct, 12 hours is costing £19 million and that is part of the £30 million investment plan, but to move from 12 to 24 hours needs extra investment from the Government, perhaps in a spending review settlement, perhaps outside it, but it would need that in order to move from 12 to 24 hours.

Q860 Bishop of Manchester: What kinds of conversations are going on at this moment with the Government on that?

Mr Chapman: There have been conversations about it, but the difficulty is that those conversations are taking place outside the spending review framework and the next spending review discussion formally will start in the early part of 2007 and be concluded in the summer of 2007. That will be the formal theatre in which these conversations will need to take place, but it will be a very, very high priority for us and I have made it clear in my conversations with the FCO that we have worked really hard in terms of reprioritisation, and taken some difficult decisions about the language services, in order to bring together a package of measures which I think puts the World Service on the right path for 2010, but if you Government want more than that, whether a 24 hour service instead of 12, whether you want new television services or extensions of anything else, I am sorry, but there is a limit to what the World Service can do without it taking money out of things that it really does need to keep going. That is a very frank conversation that I need to have with funders – it is a continually frank conversation – about how far we can go, and I think we have gone a long way here with reprioritisation and I think we have gone as far as we can go in that respect. If people want expensive new services, or even modestly expensive services from the BBC World Service, then the taxpayer has to pay for it because there is no other way, unless we close down more things which, against the criteria I talked about, you could not justify doing.

Q861 Chairman: But the 12 hours you can cope with.

Mr Chapman: Yes, we can and we will be.

Q862 Lord Maxton: Can I in a sense turn to Lord King's question about coverage. If you put out a radio broadcast and I tune my radio and it has shortwave and all the rest of it, I can get it. That is not quite so true of television, is it? I cannot tune my television to pick up television programmes from France or from Germany, someone has to provide it on a platform for me.

Mr Sambrook: Yes.

Q863 Lord Maxton: It is alright talking about the Arabic world as if somehow it is a unity but it is not, it is a whole variety of different nation states, each of them presumably with their own television services. What guarantees are you getting that you will be on their television platforms and therefore available to the people of each nation state?

Mr Chapman: What we will do is we will take space on three different satellite providers which will mean that provided you have a satellite dish – and remember that in some of the societies I am talking about, satellite usage is now 60 to 70 per cent, so 60 to 70 per cent of households have access to satellite television – provided you have got the satellite dish this service will be free-to-air to you, you will not have to pay for it, and the spread of distribution will cover right from Morocco, right across to Saudi Arabia ---

Q864 Lord King of Bridgwater: But in Saudi Arabia dishes are banned.

Mr Chapman: That is not correct.

Q865 Lord King of Bridgwater: Is that not right?

Mr Chapman: The penetration of satellite television in Saudi Arabia is something like 90 per cent of the country.

Lord King of Bridgwater: The brief I have here says dishes are banned in Saudi Arabia and they control through encrypting networks and programming ---

Q866 Lord Maxton: That is my problem, it is the control. It is who says that your satellite broadcast will actually be allowed into the individual homes of each satellite owner? As I say, I am a satellite owner but I cannot necessarily tune my satellite of my own accord into whatever free-to-air satellite programmes are floating around out there; I have to have someone to provide it for me. That is the question I want you to answer.

Mr Chapman: As I understand it the satellite distributors will enable that to happen. This is a free-to-air service and of course it is possible in theory that a company could turn round and say I want to try and block access, but that is not the position in Saudi at the moment. The position in Saudi at the moment as I understand it – and Richard might want to come in here – they have free access to BBC World in English, they have access to Al-Jazeera and Arabic TV channels. The authorities may not like people watching them very much, but they have free access to them and they use them at the moment, so there is not really a precedent at the moment of a country turning round and saying I am going to have systematic blocking of access to satellite television in the Arab world. They might not like the content, but they do not block it.

Q867 Lord King of Bridgwater: They put a delay on it, I am told, a five second delay.

Mr Chapman: That has not been our experience.

Mr Sambrook: There are some countries which put a delay on, although I do not think English language BBC World has any significant issues across the regions in which we distribute.

Q868 Lord King of Bridgwater: Have you had consultations with all the countries that you are proposing to broadcast to?

Mr Sambrook: We have had a number of discussions and negotiations going on and we have a high degree of confidence that we can get proper distribution, particularly, as Nigel says, as this is going to be available across a wide region by satellite on a free-to-air basis. We have good relationships with a number of distributors in the region, partly on the back of the distribution of BBC World in English, and indeed good relationships with a number of broadcasters based on broadcasting on radio and some FM distribution with some as well. So we have strong relationships there which we intend to use and we have – not every signature is in place at this stage given we have not yet begun to put the network together, but we have a high degree of confidence that we can get the distribution.

Mr Chapman: The three satellite distributors are Arabsat, Nilesat and Intelsat. Arabsat and Nilesat are already distributing the BBC World Service radio in Arabic, they are already doing that, and BBC World television and BBC World English radio sometimes. So there is already a proper relationship and this is a commercial relationship – you go and buy your space and you just pay for it. It is a very different situation from what happened in the Nineties when the BBC had a relationship with a company called Orbit which was a Saudi-backed company and it was a pay-per-view channel. It was a very different situation and the fact that channels like Al Arabiya and Al-Jazeera are so widely viewed across the Middle East gives you an indication that whilst governments sometimes have problems with individual parts of the editorial remit, there is no systematic prevention or obstruction going on to people's access to it.

Q869 Baroness Gibson of Market Rasen: Could I perhaps come in on this from a slightly different angle? You very kindly told us in your letter to us of October 25 about the changes the staff were facing and how you were attempting to support them. Would you like to just

run over that for us and bring us up to date on exactly what is happening, because obviously as you change languages you change the staff you need.

Mr Chapman: Indeed, and that has been one of the most difficult parts of this process because there are something like 230 members of the World Service staff working in the language services affected, where we have decided to have closures or partial closures, where they have done a very good job. I am determined that they should be given everything we possibly can in terms of redundancy payments and help to find jobs and find new opportunities. In that context, earlier this year the BBC, when we were discussing the changes on the licence fee side negotiated under the aegis of ACAS, an agreement with the trades unions, both with BECTU and NUJ, which gave a guaranteed minimum length of time that any member of staff could stay on the payroll if they were facing compulsory redundancy. Obviously, in reality, the staff in the language services are facing compulsory redundancy, unless we can find them alternative employment, and that could be very hard – half of them are not even based in London, they are based overseas so they would need to find alternative employment in Prague, or in Sofia, Zagreb or wherever, and that would be very difficult, obviously, because the BBC does not have alternative outlets in those places. We have agreed with the unions that we will honour the ACAS agreement in this respect, so (a) there will be a length of time, a year, from the time we tabled these proposals in October, and anybody facing compulsory redundancy will be on the BBC payroll and stay on the salary payroll until December 2006. In addition, they will then be entitled to the BBC standard redundancy settlement of one month for every year they have worked on the staff on full contract. We are working with them on retraining issues, re-skilling, looking about for new opportunities for them and a whole range of other issues too. At the moment our conversations with the trade unions are going reasonably well and I hope we will be able to come to a sensible settlement on this.

Q870 Lord Peston: I must say, I am very lost on your arguments. As I understand it, we are talking about TV in Arabic.

Mr Sambrook: Yes.

Q871 Lord Peston: Where you will provide an impartial, independent service, the implication being that they cannot get an impartial independent service in Arabic at the present time, is that right?

Mr Chapman: That is the way audiences perceive it. Audiences perceive that despite the range of choice they now have on television in Arabic, they do not feel that they get ---

Q872 Lord Peston: Their belief is that it is neither impartial nor independent.

Mr Chapman: They will get that from the BBC service.

Q873 Lord Peston: You are saying, therefore, it is the duty of the British taxpayer to spend £20-£25 million a year to fill that gap. That is the nature of your argument.

Mr Chapman: Yes. I am not sure I quite express it that way ---

Q874 Lord Peston: No, it is the way I am expressing it, but that must be the logic of what you are saying.

Mr Chapman: Yes, because one of the roles the World Service has had historically, ever since it was founded, is to provide people with a cornerstone of reliable news and information, and what this is an example of is keeping the same values but using a different medium in order to reach people.

Q875 Lord Peston: You are also arguing that since they can already get this reliable independent and impartial information in English, there is a net gain from letting them have it in Arabic.

Mr Sambrook: Yes.

Q876 Lord Peston: Can you tell me why that is so? That does not make any sense to me at all.

Mr Sambrook: Less than ten per cent of the audience are fluent English speakers; therefore an Arabic television service is aimed at a very different group, and we do not believe that there will be a substantial overlap between viewers to BBC World and viewers to BBC Arabic.

Q877 Lord Peston: To extend it, what you are saying is that the British taxpayer has to find £25 million per annum for non English-speaking, Arabic-speaking people to get this kind of information. Can you then tell me – and you probably did answer this and I was not paying enough attention – how many Arabic-speaking people are we talking about?

Mr Chapman: Arabic-speaking people in the Middle East, you are talking about 250 million people.

Q878 Lord Peston: I know that, but how many of them are going to be watching this?

Mr Chapman: It is very, very hard to give precise numbers at this stage, but we believe that we would at least double the reach of the BBC's Arabic services. The BBC Arabic radio service has 12 million listeners at the moment, so at the very least you would expect to double it and I think we would be looking to get a reach with television and radio in Arabic into the 30 million mark, so it is a significant audience and one that is much bigger potentially than for radio, which is going to face a lot of pressures and in some markets will actually decline.

Q879 Lord Peston: If we take it as 25 million, what does the 25 million mean? That 25 million some time during the year will watch the service?

Mr Chapman: No, we would get 25 million users every week. It may not be the same 25 million ---

Q880 Lord Peston: You are saying it is 25 million every week.

Mr Chapman: Every week, weekly reach, yes.

Q881 Lord Peston: That is very helpful, thank you. My last question takes us back to Lord King's question, are you absolutely certain that there will be no problem about impartiality or independence on this? Let us say that the major news item one week is Islamic terrorists and that should be your item, if that is the major news item. You as news people say that has got to be what we cover; are you absolutely certain that you are not going to have any problems over that sort of thing?

Mr Sambrook: We do not believe so. We have a history based on Arabic radio and on Arabic on-line services to build upon and they are respected and acknowledged to be independent, and I do not think we are going to have any difficulties there.

Q882 Lord Peston: You have had no pressure from any of them at all – which is what you said to Lord King. None of the governments have said to you that you must not be attacking Islamic terrorists in your news bulletins or comments?

Mr Chapman: No.

Q883 Lord Peston: None whatsoever.

Mr Chapman: No. We have extended the Arabic radio service in the last three years from being a 12 hours a day service to 24 hours and we have put more investment into it, particularly since 9/11, and we are not getting complaints or comments of that kind. I think what that tells me is that those governments understand and expect a certain sort of service from the BBC and they expect the BBC to follow those values, whether they are on television,

radio or new medium – it does not matter what the medium is, that is what the BBC does. If we do that properly, which I think we will, recruit the right people to do it, then we will defend that coverage to the hilt as we defend our other coverage.

Q884 Chairman: Just before I bring in Lord Holme, you were describing problems with China which make it a less good strategic place to be at the moment. Such things could happen with other countries.

Mr Chapman: They could do, but they have not, and I would have thought there had been plenty of opportunity in the last four or five years. If an Arab country wanted to systematically block access to satellite television in Arabic because it did not like editorial content, I can think of plenty of opportunities and examples that they could have used to do that, particularly in relation to some of the new Arabic satellite channels, but they have not done that, so I have to take some comfort from that fact, therefore why would they do it to the BBC when the BBC has got a reputation for impartiality and fairness far higher than these other channels. I think the odds are that it is highly unlikely they would do so.

Q885 Chairman: I just want to confirm what you said originally, that Al-Jazeera was not bringing, as it were, the world to the Arab world.

Mr Chapman: I think what Richard says is absolutely fair.

Q886 Chairman: Would they agree with that?

Mr Chapman: I am not sure they would agree with that, but what is more interesting is the perception of the audiences, and they see Al-Jazeera as a regionally made Arabic channel which focuses very heavily on activities in the Middle East and also comes with a certain perspective which audiences spot, and that perspective is to be a champion of the Arab cause, at least definitely not a kind of pure, neutral, impartial force, that is something that audiences

are telling us. What is interesting about audiences in the Middle East is that they use a portfolio of services, they do not just use Al-Jazeera and nothing else and they would not just use the BBC and nothing else. They are extremely astute and they hop around if you like, in television terms and cross-comparisons are done all the time about the nuances of coverage. One of the reasons why people would use the BBC is because they would see it as a standard-setter, the gold standard if you like, of certain sorts of coverage, against which they would judge both satellite television services and their own national state television, and they would compare and contrast and come to certain views about what they really believed and what they did not believe as a result of that exercise.

Q887 Chairman: They are doing this to a considerable extent and the on-line services are not using as much at this stage?

Mr Chapman: They are using a reasonably diverse portfolio of television services, that is happening already, and we can be part of that rich and diverse portfolio. In terms of new media, the Arabic on-line site, BBCArabic.com has built up a very good reputation for the range and breadth of its news coverage, but a new medium is a new medium in this world and it has one million users across the world who listen to Arabic.com's service. To give you some sense of context, it would have to put its audience up by ten times to begin to get into the league of usage that we were talking about in relation to television and radio.

Chairman: I was just wondering about the comparative speed.

Q888 Lord Holme of Cheltenham: I am worried about a slightly facile assumption that these Olympian values of impartiality and balance are going to be easily achieved by even the BBC in the Middle East. I mean, you have enough trouble with the pussycats of British political parties here; if one thinks of an area of the world where everything is contested and where there is a religious, political and culture maelstrom, how would you have dealt with the

Iraq war, how would you have dealt with the death of the princess, how would you have dealt with the person you have just apologised for, one of your reporters, for weeping at the death of Yasser Arafat? How would you deal with those sorts of issues in this way? Your stock-in-trade is trust, but is it not possible that there is a level of mistrust in Anglo-American institutions and culture so that the response, instead of the welcome you anticipate, at last a trustworthy body – might you not have mistrust carried back to contaminate your main reputation and brand?

Mr Sambrook: I would say two things. Firstly, of course, we do have over 60 years experience of broadcasting to the region in Arabic on the radio, and of course all those tensions – we were broadcasting in Arabic on the radio and on on-line during the Iraq war and during all of the other kinds of incidents you mention, so we do have experience of that. As Nigel indicated earlier, the language services, including the Arabic service and the new Arabic television service are tied into the editorial processes and ethos of the World Service and the leadership of the World Service which has been proved over many years, and we have therefore confidence that we can extend that to this new service as well. In terms of how it is perceived, our audience research generally shows that they believe the BBC is trusted as a broadcaster in the region and that they will see it as a valuable addition to the array of services that are already local to them. It may be, of course, that some parts of the audience in some countries and some viewers do not receive us in quite as positive a light as we would wish, and that is inevitable, but I think across the piece, again, based on some pretty thorough research, we believe we can get a decent audience and will actually be welcomed as a service in the region as an addition to the variety of services they already have.

Q889 Lord King of Bridgwater: Did not the accusation of bias against the BBC actually come on World Service, and it came not from Arabs but from the British Government. Did the Prime Minister not say that there was anti-war bias in the BBC World Service?

Mr Sambrook: I do not think he said it about the BBC World Service, no, I think that was about the UK service.

Q890 Lord King of Bridgwater: In reporting on the war, and that was carried on the World Service.

Mr Sambrook: It was not the same programmes, obviously, the World Service has different programmes to those carried in Britain.

Lord King of Bridgwater: Can we clear up one factual point?

Chairman: Very quickly, because Lady Bonham-Carter has a question.

Q891 Lord King of Bridgwater: Our brief unfortunately contradicts what you have said to us, and I think we ought to have, perhaps, a further letter or something on this because actually what our brief says is that there is censorship of television in Syria, Jordan and Saudi Arabia, and the indication is that you would be subject to that as well. This is to do with what is called the multi-channel, multi-point distribution service which takes down the satellite signal and distributes it locally. You do not think that applies but I would be interested to know.

Mr Sambrook: It is the first I have heard of it, but we will look into that.

Chairman: Could you look into it, please? Lady Bonham-Carter.

Q892 Baroness Bonham-Carter of Yarnbury: Picking up on what Lord Holme was saying, I am not going to insult radio but there is something about television that is more potent and has greater possibility to cause problems, it seems to me. I know last time we met Mr Sambrook said that international journalism tends to be more reflective; I wonder if that is not going to be a slight problem when you are filling 12 hours of television. Hence my main question is what are you going to put in that 12 hours of television?

Mr Sambrook: It will be a schedule that is a mixture of on-the-day news and breaking news, but with discussion and debate as well, and some documentary and current affairs programmes. It will be very largely original programming, there may be some dubbed and sub-titled programming, but our intention is to make as much original programming as we can. I do think that international journalism does tend to be more reflective, it has a slightly different pace to it, but I absolutely recognise what you say, that television is a very powerful medium, and that is the reason we want to launch this service in the first place. We believe actually that if the World Service is to extend its vision in terms of being a trusted voice in international broadcasting throughout the world and in this most important region at the moment, then we need to extend it to television to maintain that impact. But you are right, television can be very powerful and I am quite sure it will raise some difficulties and some issues of the kind that clearly concern yourself and would concern the Committee. I do believe we have a good track record in managing those and in understanding exactly how to position the service in a way that, I think, can stay true to the World Service values and extend them to this new service.

Q893 Baroness Bonham Carter of Yarnbury: You are in a good position to manage this.

Mr Chapman: I hope so.

Q894 Baroness Bonham Carter of Yarnbury: Can I ask what you are doing to recruit Arab journalists? What proportion of these programmes is actually going to be made by Arab journalists?

Mr Chapman: An extremely large proportion would be made and we have not started the process of recruitment yet. That will be a major task in 2006. I think there are a number of issues here. First of all, it is going to be vitally important to get a range of geographically based journalists – ie, not just people from Egypt or from the Lebanon or some of the other

places where satellite television has already established itself, and where you obviously have people who have television skills already. It is going to be very important to reflect the wider Middle East, if you like, in the workforce, whether they are based in London or overseas. Most will be based in London.

Q895 Baroness Bonham Carter of Yarnbury: Most will be based in London?

Mr Chapman: That is where the main production is going to take place. The gathering of news footage and news interviews will obviously take place all over the world, not just in the Middle East but in Washington and Russia, and we are going to have Arabic television people working in lots of different parts of the world. The second issue is the training of those people when they come to work in London. It is going to be, again, critically important that whatever baggage they bring from their past about making television or radio, whatever it is, or if they have worked in newspapers, that we train them in the proper way to understand what the BBC wants and believes in. I do accept the tenor of your questions, which is that there is a risk here; there is a risk in going to a new medium which has a higher public profile than radio, on the whole, tends to have. That is something we have got to mitigate and one of the ways we mitigate it is by being very clear with people about what we expect, definitely in terms of balance, fairness, impartiality and diversity of view. Actually, the audience also expects that. It would do us no favours at all if I were to produce an Arabic television service which some people saw as highly partisan and favoured, if you like, their point of view because you would alienate just as many people and it would actually undermine the value system which has been part of the World Service for over 70 years. It would undermine the Crown Jewels, if you like, which would be the wrong thing to do, and so we will not do it.

Q896 Baroness Bonham Carter of Yarnbury: As you know, making television is a much more intrusive process than radio. That is the other side, is it not?

Mr Chapman: It is and as somebody who worked in it for 20 years before I moved to the World Service I am very aware of some of the just sheer production sort of struggles sometimes that producing television can bring compared to the simplicity of radio. So I am very aware that it is a tough challenge.

Q897 Baroness Bonham Carter of Yarnbury: A final question: will you be using independent companies or will this be all ----

Mr Chapman: No, I would expect the vast, vast bulk of the output will be produced in-house by the core team. This is a news and current affairs service, it is not like BBC2 with lots of individual, kind of bespoke, programmes; this is going to be much more a news and current affairs channel round-the-clock – ie 24 hours – where when you tune in, within a very short space of time, you are going to get the main, top stories of the day analysed in depth. That would be one of the key things it would do for the market which we presently are not doing.

Mr Sambrook: Perhaps I could just briefly add to that point. The BBC is doubling its investment in journalist training over the next two to three years with the launch of its own college of journalism within the BBC for its own staff, and certainly the staff of this channel would benefit from that investment as well. The emphasis there is on the BBC's editorial values and on journalistic ethics and policy.

Q898 Baroness O'Neill of Bengarve: Would you take special measures to secure the integrity of the journalism by monitoring conflicts of interest or would you rely on your current measures?

Mr Sambrook: We do already have some measures in place, clearly, for managing those kinds of conflicts across editorial areas and particular measures in place for managing such things within language services, but I certainly think we will need to extend those for this new

service, for all the reasons we have already touched on. We are very aware that is an issue which will have to be managed.

Q899 Lord Peston: I am mostly going to ask you about the Orbit relationship, but I think you have covered most of the ground anyway, have you not? Essentially, your view was that you approached it by one funding model and it just did not work. I am not very clear what there was about that funding model that made it not work.

Mr Chapman: Very briefly, there were two fundamental differences from the proposal that we have now for Arabic television. First of all, the Orbit Company was paying for both the content creation, the programmes, and the distribution, and the BBC was making them. That relationship worked reasonably well, I think, for up to two years and then there was a major argument about editorial matters, including coverage of Saudi Arabia, which was a irreconcilable split because the BBC's editorial judgments were going one way and the views of the funders were going the other way. As a result of that the whole project collapsed. The second fundamental difference is that this was a pay-for-view service – ie, people had to pay money in the Middle East to watch it; you had to pay a premium, it was not a free-to-air service. I think we have learnt from that that when you have so many already free-to-air services, such as Al Arabiya, Al-Jazeera et al, it would be narrowing the potential audience hugely if you ask people to pay a premium or supplement for it. So I think we learnt two things from that experience, and we are not going to repeat the experience again.

Q900 Lord Peston: Just to reiterate what you have said, which I fully understand, you are going to have an independent platform where no one can mess you around from now on, as I understand it?

Mr Chapman: Indeed.

Q901 Lord Peston: That was your answer to Lord King and Lord Maxton: that you have this platform and that is for you; there is no way someone will be able to say to you: “You are on our platform and you are really not going to show this or that sort of thing“

Mr Sambrook: There will not be the same control over the content.

Q902 Lord Peston: My point is not “the same control”, the point is one requires the BBC not to have any control. The moment I hear there is any control I do not trust any of it.

Mr Sambrook: As Lord Maxton has indicated, of course there will be some third parties involved in distribution.

Q903 Lord Peston: But they will not control.

Mr Chapman: They are not paying for content. The content is being funded in a completely different way. We are going to make the programmes, the programmes are going to go out.

Q904 Lord Peston: So no question can arise of your saying: “We are showing this” and them saying: “Not on our platform you are not”.

Mr Sambrook: No. I do not see how that can happen. Theoretically it is possible, if they decide they do not like our service, to withdraw distribution. That could happen in any country in the world. Obviously, the sensitivities in this region are acute in some circumstances but, again, we are not the only Western network broadcasting in this area, this is not the only BBC Arabic service going into that region, and I am not aware of any issues of that kind.

Lord Peston: Fine. I just wanted to make sure we had it on record precisely what your position was.

Q905 Lord Maxton: So, basically, you are buying space on three satellites. Those three satellites are independent commercial companies, there are not any links with any of the Arabic countries that you are then going to be broadcasting to in any way.

Mr Chapman: Let me be absolutely precise about this: two of them do have shareholders from different countries in the Arabic world. You would expect that because ----

Q906 Lord Maxton: But they are commercial shareholders; they are not national or government shareholders.

Mr Chapman: Indeed, that is the critical difference. With Orbit, remember, they were not only paying for the content creation they were also paying for the distribution. This is a case where the BBC is going to pay for the distribution. So that is a fundamental difference. In a commercial climate, with commercial companies who are not state-owned or state-funded, it is a very different set of circumstances.

Q907 Lord Maxton: Is there any capital cost involved in any of this from your point of view?

Mr Chapman: Yes, in addition to the £19 million I talked about earlier in relation to a 12 hour service, there is going to be a capital cost which we can afford to fund from our capital expenditure in the World Service of about £5-6 million to set up the appropriate studios and facilities to make the television programmes.

Q908 Lord Maxton: What is the breakdown in the £19 million annual cost between the production of programmes and the buying of the space on the satellites and maintaining your studios etc?

Mr Chapman: The vast proportion of that £19 million will be spent on what we call production costs – ie, people, producers, news-gathering, editing and the preparation of

programmes. I would have to, maybe, write to you with the precise figures, but the rough proportion was about £1-1.5 million for distribution in a £19 million budget.

Q909 Lord Maxton: In terms of the online service, will it be basically the same service available online as is available on the television platform?

Mr Chapman: Yes. What we are anticipating there is that we are looking into streaming, if you like, the BBC Arabic television service on the web. So if you have reasonable access to the web (preferably broadband) you would be able to watch it, and you will not just be able to watch it in the Middle East, of course, but will be able to watch it anywhere in the world, which will obviously be a great advantage.

Q910 Lord Maxton: I think you are under-estimating. As most people round this table would expect, my view is that if you look at the way broadband has expanded in the Western world in the last five years, then you have to take a much bigger account of that happening in the Arabic world and the rest of the world as well. Have you built the fact that increasingly it will be broadband you will be watched on rather than television into your ----

Mr Sambrook: We have significant investment into broadband services and into the web, and indeed mobile ‘phones. I think in the Middle East, as in Africa and parts of Asia, it may well be mobile ‘phones rather than computers that become the wireless mobile device.

Q911 Lord Maxton: You can do both because, presumably, once you can bring it down to your ‘phone you can then put it down to your computer as well.

Mr Sambrook: That is true if you have a computer, but it is a region where many people would choose to have a ‘phone rather than a computer.

Q912 Lord Holme of Cheltenham: The flip side of the FCO thinking this is a matter of strategic importance is that they are intensely interested in it. So when they say to you: “Let’s

do it” and you say: “There is a market demand” and they think it is strategically important, it occurs to me that the potential danger of government interference in your editorial output in this area of the world, given how significant it is to British foreign policy and security policy (and, indeed, now to energy policy), must be quite significant, and that you will find yourself being leaned on or – even worse than being leaned on – going in for self-censorship to avoid being leaned on. I am just wondering how you reconcile the things you are valued for – independence, impartiality and so on – with the fact that this is very salient for any British Government and will be for the next 20 years. Have you had any assurances – I know you are arguing about the funding but there is no disagreement on the principle – that the Government is going to let you get on with it?

Mr Sambrook: In a sense, that assurance is encapsulated in writing in the broadcast agreement between the Foreign Office and the BBC which will also sit across this new Arabic television service as well. It is very clear that the BBC’s editorial processes and editorial decisions are entirely independent of the FCO. I think in practice as well (and we did touch on this the last time we met), whilst accepting that television is, of course, potentially a more interesting medium, perhaps, than radio in some cases, nevertheless in practice, in the way we are structured and the way that we operate, there is a separation and a Chinese wall between the daily editorial decisions and those people having the debates and discussions and regular meetings with the Foreign Office. I think that is something that has existed across the BBC for many years and is a rather effective insulation, if you like, against the kind of pressure that you are talking about.

Q913 Lord Holme of Cheltenham: You, of all people, know that when the Government has a rush of blood to the head pieces of paper tend not to be worth as much as they seemed at the time, and I do urge on you the necessity, if you are going to do this service, as you are, to try and get a very clear understanding of what are the parameters and the protection you have

against something which is so important from a policy point of view to any British Government.

Mr Sambrook: I appreciate your concern about that.

Q914 Baroness Bonham Carter of Yarnbury: Just a very quick question: whether television is more interesting or not, it is certainly more visual, as we were discussing earlier. Have you thought of the implications – I am sure you have – of how you will use women as a consequence of certain attitudes?

Mr Sambrook: Yes, obviously it is a very difficult issue because we have to be culturally sensitive whilst, at the same time, in terms of an employer and so on, we have a number of cultural sensitivities which we have to bridge, but again, in my view, we have some of our most experienced people overseeing this service and, indeed, overseeing the current Arabic service as well and we have a very strong editorial team who are attuned, if you like, to that bi-polarity, if I can put it that way. So I am reasonably confident that we can manage those, although you are absolutely right there will be cultural sensitivities of that kind that we will have to deal with.

Mr Chapman: One of the interesting things, if you watch Arabic television now, is how far you could argue that it pushes the boat out, if you like, in terms of the portrayal of women. In some of the most popular services that have most recently come onto the market, the way women are dressed on the screen, the way they present programmes and the way they take part in that, some people have argued that that has pushed the boundaries of women's role in the Arab world further than would otherwise have happened before. So, actually, some would argue it is an opportunity, if you like, to reflect the diversity of the Arabic world in a much more complete way than, perhaps, was possible in the past.

Q915 Lord King of Bridgwater: Is this an Arabic service or is it a Middle East service? In this connection, what is the footprint of these satellites?

Mr Chapman: It is a service in the Arabic language, it is going to cover events in the Middle East but not just in the Middle East; as Richard said earlier on, it is going to cover an international news agenda so it is going to have strong international news coverage as well as coverage of the Middle East. The footprint will take you from Morocco right across to Iraq and, actually, a little bit further than that - from my research, I suspect as far as Pakistan and the Stans. It would be available but obviously people there would struggle to understand it because they would not have the Arabic language. Some would but the great majority would not. It is a case of a comprehensive footprint; it covers the whole of the Middle East.

Q916 Lord King of Bridgwater: Afghanistan?

Mr Chapman: I think it would be on the fringes. Afghanistan is certainly not targeted, it is not the centre of its footprint.

Q917 Baroness O'Neill of Bengarve: Going back to the audiences that may prefer radio or audiences that may prefer new media, what does your research show about those audiences in the Arab-speaking world? Is there one shrinking and the other growing, as in Brazil or do you have different issues?

Mr Sambrook: The Arabic radio audience is much stronger than the Portuguese for Brazil audience but it is in decline, and it is, I think it would be fair to say, an ageing audience, whereas the audience for online is a younger and more professional audience. So the broad pattern that we spoke about before holds true in Arabic as it holds true in a number of languages, but what has happened in the Middle East over the last five, six or seven years, really, is the explosion of television as a medium of mass interest. That is obviously partly driven by Al-Jazeera and Al Arabiya but, also, multi-channel television which, as Nigel was

saying, now has a very high level of penetration across the region. So I would say within the last ten years television has established itself as the pre-eminent mass medium over any other.

Mr Chapman: There are some countries where radio is still going to be very, very important, particularly in somewhere like the Sudan, for instance, where you have got low take-up of television and definitely a low take-up of satellite television. BBC Arabic radio is going to retain a strong audience. BBC Arabic radio has a strong audience in somewhere like Iraq, at the moment; a very high percentage of the population tune in, partly because of the improved distribution on FM for Arabic radio by the BBC. What television brings you is access to markets where FM distribution is extremely difficult, and there are many countries in the Middle East which will not allow the BBC to broadcast on FM from their main conurbations. Saudi Arabia is an example. And the BBC does not have a single FM transmitter or serious partnership to re-broadcast on FM from Morocco to Egypt, as we speak. We are working hard on that but there are regulatory reasons and governmental reasons why those societies do not want to grant the BBC that sort of access at the moment, and therefore what this free-to-air television service will bring you is access to people who have got satellite dishes – high percentages in many countries – where we cannot, at the moment, deliver our radio. So it is complementary. That is why it is part of the rounded picture, if you like, of the sort of service the BBC needs to do.

Q918 Baroness Howe of Idlicote: There is a thought crossing my mind. If we were taking evidence, as we have, from the commercial side, and so on, during the first part of our investigation, there are a number of areas where we would be told that you were operating in a world which meant that they were, in fact, not having the commercial opportunities they should have. Does any of that apply at all in what you are doing, or might it in the future apply? Might you be taking away potential commercial advantage from more local services?

Mr Chapman: That has not been their response so far - let me put it like that. What has been really interesting is that once we announced this Arabic television service was going to happen in 2007 both companies like Al-Jazeera, in their kind of editorial on the way they responded to the story, and, also, if you look across the newspapers and magazines in the Arab world, almost without exception have welcomed it. There is a sense that they expect the BBC to be in this sort of market doing this – it is part of the plurality. They do not feel threatened by it they just kind of expect it to happen; it is part of the way the world should be. So I do not think it is a similar situation you would get in the UK, where you have commercial channels coming to give evidence saying: “The BBC is crowding us out in a particular part of the marketplace” or “They are doing operations that, effectively, use public subsidy and lower costs which damage market penetration”. Those are not the sorts of conversations which have been emerging so far.

Q919 Baroness Howe of Idlicote: Looking at it from the other side, too, could it be that you can make some money which would reduce the amount that the licence fee payer would have to put into it?¹

Mr Sambrook: I think it is difficult to see how, for two reasons. One is, for the reasons that the Orbit experience taught us before, that there are some difficulties and sensitivities in entering into commercial arrangements for channels of this kind. Secondly, we know from the experience of the BBC world, that international television channels require a long period of investment before they can reach break-even or even profit. There is no indication, as far as we can tell, that Al-Jazeera, for example, is profit-making even though it is commercial and taking advertising. I think it would be a very long investment period before you could hope to break even in a service of this kind, which is why our view is that if the BBC is going to do it and extend its reach in this way it needs to do it on a public service basis.

¹ The Arab TV channel will be funded Grant-in-aid, not the licence fee.

Q920 Lord Bishop of Manchester: If we can go back to the question of staffing changes which will arise from the kind of cuts that you were talking about earlier on, we know that 230 posts will close, up to 130 of them in the United Kingdom. You said that nobody will be made redundant until early December. We are a few days away from early December ----

Mr Chapman: December 2006.

Q921 Lord Bishop of Manchester: Right. How many, do you know, at this stage, are likely to be made redundant?

Mr Chapman: It would be too early to say because we are still in discussions with staff here in the United Kingdom about alternative opportunities. However, I have to be a realist; this is in a climate where in terms of the BBC's overall position there are significant job losses going on in the BBC; some of those are related to journalism and so the possibility that you can create 120 new suitable jobs for staff in some of those European services and they can transfer across to do that, I think, would be unrealistic. In addition, quite a lot will want to take the opportunity to leave because the provisions in terms of redundancy pay and other parts of the settlement are, in fact, very generous by industry standards, so they may well want to use that opportunity and that money to do other businesses and go into other things. So it would not be sensible, in some cases, to even project that you would be able to find jobs for all those people.

Q922 Lord Bishop of Manchester: The purpose of my question was really to inquire about the morale of the World Service in the light of all these changes.

Mr Chapman: I will be frank with you; it is a mixed story. I think staff are relieved, after a long period of waiting, that there is a clear strategy; they see a journey to 2010, they see some pretty expensive and important new investments around not just television but, also, new media, better studios for radio and improved marketing. So, if you like, those that are staying

behind, which is the vast majority of the staff (remember, there are still going to be 32 language services left after these changes) are feeling: “Well, we have got the story now; we know what the Director wants to do, we know what he can afford to fund, and we are going on a journey which is quite an exciting journey.” For some of them there is new investment coming. Obviously, for those where the services are facing closure, and they will realistically close their broadcasting in the next few weeks and months, that is a very sad time – I accept that. It is a sad time, it is a difficult time but we are doing everything we can to mitigate that, and I think the mood is more sadness than anger, if I can put it like that. I think people understand the rationale for it; it has been talked about. Closing some of these services has been on the World Service agenda, on and off, for some 10 years. It is not new in that respect. Some of them, I think, have had that possibility hanging over them for that period of time and in some cases there is a sense of relief, actually, that “at least we now know what is happening to us, we know what you want to do and we know you will compensate us properly for the loss of the job, loss of office and loss of opportunity”. The BBC World Service will abide by the agreements the BBC has made, if you like, nationally with the unions through the changes that Mark Thompson announced earlier last year. So I think that is the context, but I accept it is not an easy situation.

Q923 Baroness Howe of Idlicote: Thank you very much. Are there any other questions that Members of the panel would like to ask? I think we can say thank you very much. You have given up a lot of your time and we are very grateful for that. If we have any further queries, if we may, we will write to you about those. Thank you very much indeed.

Mr Chapman: Thank you.