

1  
2  
3 **COMPETITION AND MARKETS AUTHORITY**  
4 **21ST CENTURY FOX / SKY MERGER INQUIRY**  
5  
6

7 **Notes of a hearing with Andrew Neil**  
8 **held at Competition and Markets Authority, Southampton Row, London**  
9 **on Wednesday, 18 October 2017**  
10

11  
12 *PRESENT:*  
13

14 **FOR THE COMPETITION AND MARKETS AUTHORITY**

15 Anne Lambert - Inquiry Group Chair  
16 Sarah Chambers - Panel Member  
17 Tim Tutton - Panel Member  
18

19  
20 **FOR THE STAFF**

21 Joel Bamford - Project Director  
22 Sabrina Basran - Project Manager  
23 Tim Capel - Legal Director  
24 David du Parc Braham - Assistant Project Director  
25 James Jamieson - Economic Adviser  
26 Timothy Ker - Legal Adviser  
27 Steve Pantling - Finance and Business Adviser  
28 Bill Roberts - Assistant Director, Remedies, Business and  
29 Financial Adviser  
30 Senthuran Rudran - Remedies, Business and Financial Adviser  
31

32  
33 **FOR ANDREW NEIL**

34 Andrew Neil - Former Editor of The Sunday Times, Former  
35 Chairman of Sky TV  
36  
37  
38  
39  
40  
41  
42  
43

44 Digital Transcription by WordWave International Ltd trading as DTI  
45 8<sup>th</sup> Floor 165 Fleet Street London EC4A 2DY  
46 Tel No: 0207 404 1400 4043 Fax No: 0207 404 1424  
47 Email: ukclient@dtiglobal.eu  
48

1 THE CHAIR: Firstly, welcome and thank you very much for coming in and making  
2 yourself available to us today.

3 I am going to introduce our rather large team here. You have before you a  
4 mixture. There are three of us who are actually from the inquiry group and the  
5 rest of the staff team who are supporting us. Today, primarily, you will find the  
6 staff will be asking the questions and we will probably come in with a few  
7 questions.

8 I am Anne Lambert and the Chair of the inquiry group. I am going to get  
9 everybody to introduce themselves from this side.

10 Q. (Ms Basran) Sabrina Basran, Project Manager.

11 Q. (Mr Ker) I am Tim Ker. I am a lawyer on the inquiry.

12 Q. (Mr Bamford) Joel Bamford. I lead the staff team on the inquiry.

13 Q. (Mr du Parc Braham) David Du Parc Braham, the Assistant Project Director.

14 Q. (Ms Chambers) Sarah Chambers. I am one of the inquiry group members.

15 Q. (Mr Tutton) I am Tim Tutton. I am also one of the inquiry group.

16 Q. (Mr Jamieson) James Jamieson, Economic Adviser.

17 Q. (Mr Roberts) Bill Roberts, Business Adviser.

18 THE CHAIR: Other members of the team are behind and just observing.

19 Let me just say a few words about the context for this. We have published a  
20 timetable which set out the timetable, fairly obviously. We have also  
21 published an issues statement which set out the main issues we are looking  
22 at.

23 The aim of this hearing is to explore the two public interest considerations that  
24 we have been asked to look at, the media plurality and, as the law says, a  
25 genuine commitment to broadcasting standards. Those are the two main foci

1 of our investigation. We asked you to attend this hearing because of your role  
2 as former Editor of the Sunday Times and former Chairman of Sky TV.

3 I am now going to go through some rather formal bits but I have to do it. We  
4 have previously sent you information on our procedures at hearings and about  
5 our treatment of evidence. If you would like to add to or amend the evidence  
6 you provide today please do so in a separate letter. We will, as you can see,  
7 be taking a transcript of what is said and we will send this to you so you have  
8 a copy to check for accuracy. If there is something you want to add or you  
9 cannot answer a question today, please feel free to do so in writing.

10 We are conducting the inquiry transparently and so we will publish a redacted  
11 version of the transcript of today on our website.

12 A. (Mr Neil) Why redacted?

13 Q. It is for you, to offer you an opportunity to take anything you want out.

14 A. (Mr Neil) Very well. So, it will be unredacted!

15 Q. Perfect! Finally, I have to remind you, as I remind everyone, that it is a  
16 criminal offence under section 117 of the Enterprise Act 2002 to provide false  
17 or misleading information to the CMA at any time including at this hearing.

18 A. (Mr Neil) Very well. I will try not to do that!

19 Q. Do you have any questions on the process?

20 A. (Mr Neil) No, that is fine.

21 Q. Right, I will now hand over to Joel who is the Project Director.

22 Q. (Mr Bamford) Good afternoon, Andrew. To start with, we were just going to  
23 ask you for some introductory thoughts on Sky News today as it stands, given  
24 your role in the medium more generally, firstly, what your view was on the  
25 quality of the news and current affairs programming from Sky.

1 A. (Mr Neil) I started Sky News, so I may be regarded as biased, but I should  
2 say as full disclosure. I was very proud to launch Britain's first 24-hour news  
3 channel, only the second in the world after CNN in America at a time when  
4 most people thought 24-hour news channels would have no future. I have no  
5 pecuniary interest; I have no shares in Sky. So, to that extent, I am not  
6 biased. Indeed, I have no shares in any media companies.  
7 I regard Sky News as a world-class media organisation. I think it is up there  
8 with the global leaders in 24-hour news. The quality of its journalism is  
9 generally excellent. I think it has a dynamism about its coverage which some  
10 other news channels often lack. I think it is reliable. I think it is well done and  
11 it is often my default news channel to watch.

12 Q. (Mr Bamford) In terms of quality of the journalism, have you seen any  
13 standards change over time for better or worse?

14 A. (Mr Neil) No, the standards were set very high from the start and I think they  
15 have kept these standards; indeed, they have enhanced them as they have  
16 got more confidence. I think the individual journalists, the correspondents at  
17 Sky, are of the highest quality, often higher than their competitors. They often  
18 remind me of the old days of ITN; when ITN did not have the resources of the  
19 BBC but its individual correspondents were generally of a higher calibre.  
20 Like all major news organisations, Sky has moved a little bit away from the  
21 centre ground that I insisted it inhabit at its launch<sup>1</sup>. It has a slightly more  
22 liberal, centre-left bias to its coverage now; but that only means that it is par  
23 for the course. Every major news organisation in television news, other than  
24 Fox News in the USA, has that built-in kind of view of the world. I think it has

---

<sup>1</sup> Clarification added by Mr Neil following review of the draft transcript.

1 got a bit more prevalent in Sky recently. You can see that in its coverage of  
2 Brexit. You can see that in its coverage of the economy, especially on tax  
3 and spend. It is not huge. I would not make a song and dance about it. It is  
4 no different, for example, from the coverage you would see in CBS or NBC or  
5 ABC in the United States. People often say that the broadcasters have a  
6 centre-left bias because they are public-service broadcasters in this country,  
7 particularly the BBC, but actually the same is true of what you might call the  
8 "private" or commercially-owned broadcasters in the United States overall. It  
9 is a small quibble. It is not that important. By and large, I would trust Sky  
10 News as much as I would trust any other mainstream news organisation.

11 Q. (Mr Bamford) How important would you say the Sky News brand was to the  
12 overall Sky brand?

13 A. (Mr Neil) Very important. First of all, it is a commitment to the United  
14 Kingdom. When we launched Sky, most of our budget went on buying in  
15 programmes, particularly Hollywood films, from the United States. There was  
16 a huge competition at the time with BSB. Older viewers may remember BSB;  
17 not many others do. It spent £3 billion to sell 96,000 Squarials. I think one is  
18 probably in the British Museum; certainly no one else has one. But at the time  
19 the Sky/BSB competition for Hollywood movies – seen at the time as essential  
20 dish or squarial drivers meant the cost of buying movies<sup>2</sup> went through the  
21 roof. Launching Sky News was a commitment to spending money in Britain  
22 and providing a news channel with British values and British views, perhaps  
23 even a British view of the world or at least a view from the world based from  
24 here. I think it has, therefore, been important to the overall brand. As Sky

---

<sup>2</sup> Clarification added by Mr Neil following review of the draft transcript

1 has grown and made more money, it now spends a lot of money on British  
2 programming too, but I think that commitment still to spend on British news  
3 has been important to the overall Sky brand.

4 For a long time, it was public policy in this country to find a third news provider  
5 in broadcasting to supplement BBC and ITN. Under government guidance,  
6 there were several failed attempts to do this, TV-am being one of them –  
7 broadcasters licensed by government Sky News did it without government  
8 guidance, purely under market forces. I think it has been an excellent addition  
9 to the British broadcasting firmament and very important to the Sky brand in  
10 this country.

11 Q. (Mr Bamford) How influential would you say that Sky News was compared to  
12 those other brands, whether in broadcasting, as you have mentioned, or more  
13 widely?

14 A. (Mr Neil) Sad to say, I do not think very much. The blunt truth is that not  
15 many people watch Sky News. It does not have huge audiences. You will  
16 have more access to the figures than I but I suspect that the Sky audience  
17 would probably peak at about 100,000 on a normal day, if that. Social media  
18 allows it to get a greater reach because you can slice and dice what is done  
19 and stick it out on Twitter or on Facebook or whatever. Of course, it is  
20 watched by other journalists. It is like a newsroom for other journalists. For  
21 me, that was important when we launched it; when almost nobody at all  
22 watched it we knew that journalists were watching it. We knew politicians  
23 were watching it too. Politicians love to appear on television and Sky News  
24 gave them the opportunity to do that.

25 It does punch above its weight, I think there is no doubt about that, both in

1 terms of its budget and its reach, but I think its influence is pretty limited.  
2 Except for my little quibble that it has moved a little to the centre-left from the  
3 centre which is where I tried to position it, it is a pretty straight-shooter news  
4 organisation. It is pretty up and down. It does not have opinions. So, I think  
5 its influence is pretty minimal. It is simply something that people turn to, to  
6 find out what has happened. Insofar as telling you what has happened gives  
7 you influence it has influence; but it does not tell you how to think or what to  
8 view or what should be your view on a particular policy. So, in terms of  
9 influence in the way that a newspaper may have influence or the way that the  
10 more ideological news channels in the United States do have influence,  
11 whether it is MSNBC on the left or Fox on the right, no, Sky does not have  
12 that kind of influence at all.

13 Q. (Mr Bamford) In terms of driving that lack of opinion or that kind of quality of  
14 independent journalism what do you think is the main driver? Is it the hiring of  
15 the journalists, the appropriate budget, the professional pride?

16 A. (Mr Neil) When we launched Sky, we were seen as outside buccaneers.  
17 BSB had the official British satellite licence. I was very keen that Sky News  
18 should be not an outside buccaneer; that it should be part of the British  
19 broadcasting tradition. Now, we would like to do things differently; we would  
20 hope to do things better. Certainly, doing 24-hour news was both different  
21 and better than what had been provided. I did not want it to seem a left-field  
22 or right-field organisation. I wanted it to fit into the mainstream. I think it has  
23 done that ever since. It has realised that is the way to have authority and  
24 respect in Britain. This is a country with very strong and proud broadcasting  
25 traditions and Sky News has fitted into that.

1 It has also fitted in because Sky, for the moment, is a PLC. It is a  
2 British-based, British-run company quoted on the London Stock Exchange.  
3 That has helped it continue to be part of how we do things in Britain. I think  
4 that explains why it is the way it is. It has not rocked the boat. It has forced  
5 the BBC to do its own news channel. It is a rival to the BBC. It now  
6 overshadows ITN because ITN does not have a 24-hour news channel. The  
7 lesson from around the world is you cannot really now be big in broadcast  
8 news unless you have a 24-hour news channel. You can have other news  
9 outlets but you need a 24-hour news channel. That is why NBC is now in the  
10 process of buying Euronews, because NBC does not have a global news  
11 channel. It resents the fact that CNN is the American global news channel.

12 I think, being part of a British PLC run largely by people from Britain, steeped  
13 in British cultural broadcasting traditions, has kept it, if you like, on the straight  
14 and narrow.

15 Q. (Mr Bamford) Has that been the aim of the board or the shareholders that you  
16 have seen?

17 A. (Mr Neil) That I do not know. I was long gone by the time Sky News had a  
18 board or had become a PLC. I suspect, knowing some of the people on the  
19 board and the quality of the Chief Executive and the quality of the senior  
20 executives at Sky News, that that is very much their view, yes; but I only  
21 divine that from knowing who they are and not from hearing them say that  
22 themselves.

23 Q. (Mr Bamford) I am going to turn to one of my colleagues who will ask about  
24 your actual experience while you worked at Sky and The Sunday Times and  
25 The Scotsman.



1 Q. (Mr Roberts) I have a few questions on proprietorial influence, going back in  
2 time a bit. If we could just start with Sky, whether the influence of Rupert  
3 Murdoch was felt while you were Chairman of Sky in terms of influence over  
4 news output; were you conscious of that at all?

5 A. (Mr Neil) No, I was not -- which, in a way, surprised me. I was not.  
6 Mr Murdoch is famous for influencing some of his news outlets. I had had  
7 some experience of that at The Sunday Times; but at no time did I ever have  
8 a conversation with him or did he have a conversation with me on the content  
9 of Sky News.

10 He, like me, believed that there was a role for 24-hour news. In a sense, in  
11 the early days, simply achieving that was important enough for him. I think he  
12 also felt that broadcasting was different. When I was there, he had not yet  
13 launched Fox News. He may have thought a Fox News-style operation not  
14 appropriate for Britain anyway; but he had not come to the view that there was  
15 a gap in the market on the right for a broadcaster of news, which is the view  
16 he came to in America by the mid-1990s. I am talking of 1989, 1990 and  
17 1991. He was anxious to try to keep the costs down because we were losing  
18 a lot of money at the time. At no time did he ever try to interfere in what the  
19 content of Sky News should be. I did because I regarded myself as the  
20 overall editor-in-chief,; but not Rupert Murdoch.

21 Q. (Mr Roberts) In that period - in 1989 I think it was - he made that MacTaggart  
22 lecture at the RTS where he was speaking in favour of a less tight regulatory  
23 approach and perhaps a more opinionated news programme.

24 A. (Mr Neil) He was not, actually. I wrote that lecture. So, I can tell you he did  
25 not say that at all. What he did talk about was more to do with drama, which

1 was to try to break out of the straightjacket of the costume dramas which  
2 obsessed British broadcasters and depicted a Britain of the past. He did talk  
3 about less regulation but that was in the context of what was happening at the  
4 time. We were trying to break the BBC-ITV duopoly. All the regulations at the  
5 time protected that duopoly. We were trying to change British television to  
6 include a market element in it.

7 The history of American TV is of market-driven TV with public service grafted  
8 on to it. The history of British TV is public service TV with the market grafted  
9 on to it. We were arguing for a loosening up of the regulations, not to destroy  
10 the public service broadcasters; indeed, I specifically wrote into that speech  
11 that there would always be a role for public service broadcasting in a market  
12 economy of choice, particularly in a country of Britain's size. But we did need  
13 things to be deregulated to allow us to introduce our market element.

14 For example, when we launched Sky News, one of the things that we were  
15 very keen to do was to provide live coverage of breaking events. Under the  
16 regulations, we were not given access to the airwaves that allowed you to  
17 send something from a van on location to the broadcast centre. We had to  
18 break these regulations. They were, in fact, controlled by the BBC and ITV  
19 and, surprisingly, they would not let us have access.

20 So, that is what we were talking about then.

21 Q. (Mr Roberts) If Mr Murdoch did not intervene, his presence was not  
22 particularly felt at Sky, was that a different experience you had compared with  
23 The Sunday Times?

24 A. (Mr Neil) Yes.

25 Q. (Mr Roberts) Was his presence felt there?

1 A. (Mr Neil) It was different from The Sunday Times; not hugely different. It was  
2 very different from his attitude to the tabloids where he regarded himself as  
3 editor-in-chief. His influence with the broadsheets, The Times and  
4 The Sunday Times, was much more subtle in that he would always let you  
5 know what he thought as opposed to what you should do but you always got  
6 the impression that, if you steered away too much from what he thought, then  
7 your leasehold on the newspaper may not be for a long while. I managed to  
8 survive 11 years in that environment doing my own thing so it was not a  
9 draconian regime; but you did know where his sympathies lay and, although it  
10 was never explicit, what would please him if the paper covered something or  
11 took a particular line.

12 I have gone into this in great depth both in my book, Full Disclosure, and in  
13 my evidence to the Leveson Commission. It is ancient history now and the  
14 heart sinks at the thought of having to rehearse all that. It certainly did not  
15 happen at Sky News in the time I was there. I do not, to the best of my  
16 knowledge, believe it has happened since. One of the things that has  
17 surprised me has been how Mr Murdoch has been, basically, prepared to let  
18 Sky News go its own way and do what it wants.

19 Q. (Mr Roberts) Just sticking with The Times newspapers for a minute, to what  
20 extent do you think he might have been constrained by the agreement or the  
21 role of the national directors after the papers were acquired from Thomson?

22 A. (Mr Neil) In terms of public presentation, he always felt constrained; in reality,  
23 he has never felt constrained by that. It was a typical British establishment  
24 figment to put around the arrangement. He arranged a similar one for the  
25 Wall Street Journal when he took over that. These can be put in place by

1 regulators to allow things to happen. They do not last for too long. I was  
2 quite grateful, actually, that he did not often listen to them, because there  
3 were several times when the independent directors tried to fire me and he  
4 actually stopped the directors from doing that. So, it worked both ways.  
5 These things may suit regulators like yourselves. They may suit politicians  
6 who want to get things done. At the time, they thought - I think wrongly,  
7 historically - that The Times and The Sunday Times would go bust if he did  
8 not get them. In reality, they have had very little constraint on how he has  
9 operated.

10 Q. (Mr Roberts) Just for completeness, was the extent of proprietorial influence  
11 completely different when you were with the Barclay brothers?

12 A. (Mr Neil) Yes. Proprietors do not own papers as a charity or out the  
13 goodness of their heart; they own them because they can be profitable  
14 businesses and they own them because they give you influence in society, in  
15 politics and even in business. If you were to look at a spectrum of  
16 proprietorial influence and "interference", if you want to use that word, in my  
17 experience, Mr Murdoch would be at one end of the more proactive  
18 interventionist kind of proprietor, when it suited him, and the Barclay brothers  
19 would be at the other end.

20 Q. (Mr Roberts) Finally, in terms of the regulatory framework, at that time there  
21 was relatively little regulation around newspapers compared with the Ofcom  
22 Broadcasting Code. Was the Code a constraint in terms of influence at Sky?  
23 Was that an important differentiating factor?

24 A. (Mr Neil) Not really. At the time when Sky was launched, the newspapers  
25 had a code but, as we all know, it was a pretty milk-and-water code and did

1 not really put fear into editors' hearts. Even when they transgressed it, the  
2 price of doing so was de minimis. Editors were always much more frightened  
3 of the libel courts than of any code of conduct because of the huge sums  
4 involved. The Sun went down, famously, for £1 million I think in the late  
5 1980s over Elton John.

6 At Sky, when it was launched, and I think it has continued ever since -- we  
7 regarded ourselves as subject to the general code of broadcasting that other  
8 broadcasters were subject to. Obviously, the BBC had far more onerous  
9 codes of conduct because of it being a pure public service broadcaster. ITN  
10 was subject to some of that but was a commercial broadcaster; a little less.  
11 We had probably less than ITN and, obviously, a lot less than the BBC. In  
12 terms of a general commitment to impartiality, to truth, to balance, to providing  
13 all sides of an issue and opinion – all of the above was Sky's modus operandi.  
14 That is why I say we regarded ourselves as being in the mainstream of British  
15 broadcasting, because we thought it was right to adhere to that.

16 There were times, as I understand it, when I left and it was changed, I think  
17 when Kelvin MacKenzie was in charge for a while - and I think that must have  
18 been a Murdoch appointment - that it began to take on a much more tabloid  
19 air and to begin to perhaps become more opinionated as well in ways, but it  
20 quickly ended.

21 Q. (Mr Roberts) Thank you.

22 Q. (Mr Bamford) Just to take that point around the broadcasting code and, as  
23 you said, the feeling within Sky that you were adhering to the general  
24 broadcasting code, what would you say is required by a broadcaster who has  
25 this genuine commitment to broadcast standards in the UK today?

1 A. (Mr Neil) What do you mean what is required? What is required is what I  
2 said; to be impartial and truthful and honest and to reflect all manner of  
3 opinion that reflects the great public debate that goes on in this country about  
4 a multiplicity of issues.

5 Q. (Mr Bamford) In that case, would there be no possibility that Sky News could  
6 become more partisan whilst still, essentially, meeting the requirement of due  
7 impartiality?

8 A. (Mr Neil) That would be up to two things. One would be a commercial  
9 judgement: is there an audience and money to be made out of providing that  
10 kind of service. It turns out, in America, there was a lot of money to be made  
11 out of that. Fox News, in the last year, made \$1 billion in profit. So, there was  
12 money for moving into that space. Whether there is in Britain is another  
13 matter; whether that is the kind of thing that would work in Britain is doubtful;  
14 I would conclude that the Murdoch family does not believe so because they  
15 have not tried to do so.

16 The other consideration would be the regulations; how robust are your  
17 regulations to stop that from happening? Are the regulators up to making  
18 sure that the general rules of impartiality and honesty that govern the other  
19 broadcasters apply to Sky News or any newcomer? This is not easy for  
20 regulators. In this country they already tolerate RT (Russia Today). They  
21 have tolerated Press TV from Iran. They seem to be perfectly comfortable  
22 that Channel 4 News on many nights is a leftish version of Fox in its general  
23 attitudes. So, they have to be careful that what is sauce for the goose is not  
24 sauce for the gander and to make sure that, if, as a nation, we have decided  
25 we want our broadcast news to be broadly impartial, broadly honest and

1 broadly reflecting the various views that exist in this country, then that should  
2 not just be true for Sky; it should be true for all the people who broadcast in  
3 this country, no matter who owns them.

4 Q. (Mr Bamford) Do you think there is a different standard between news  
5 coverage, ie something that is on a news channel and is set as news  
6 coverage, versus commentary or an opinion show?

7 A. (Mr Neil) Obviously, commentary is opinion or, at the very least, analysis. I  
8 accept that news channels cannot just exist on a diet of news. Broadcasters  
9 do have to comment or to carry comments that have opinions. But the  
10 question is: what is the balance? Are all opinions or at least all mainstream  
11 opinions, and even every now and then opinions outside the mainstream,  
12 reflected in that commentary; or is the commentary coming from only  
13 one place? If it is coming, broadly, from only one place then I think that  
14 breaches our general approach to broadcasting. But I do not think the  
15 broadcasters should be confined to simply a straight recitation of the news as  
16 if it was the 1950s. You have to reflect the debate going on in this country.  
17 That is the key; it is reflecting the debate. It is giving a forum for people to get  
18 their views out, not giving a vehicle for some somebody with a monopoly to  
19 push a particular line.

20 Q. (Mr Bamford) With respect to the shows that you currently work on, Daily  
21 Politics, Sunday Politics, how do you tread that line of impartiality on more a  
22 commentary basis or opinion-based show?

23 A. (Mr Neil) We do not really do commentary. I suppose on This Week we do  
24 some commentary, but I think the Daily and the Sunday Politics do not. This  
25 Week is a hybrid show anyway. It is an independent production company. It

1 is not done by BBC News. We do have some commentary. We balance it  
2 with left and right and so on. The Daily and the Sunday Politics do not. There  
3 can be times when you might think this show seems to have more people  
4 from the left than the right or, at other times, it seems to have more people  
5 from the right than the left, but I think a broadcaster cannot be judged on any  
6 individual show. Broadcasters have to be judged on the range of their output.  
7 Over a period of time we have an obligation to make sure that what we do is  
8 balanced and that is what we try to do.

9 Q. (Mr Bamford) With respect to that range of output, would you consider that to  
10 be across a particular channel or across the complete output? If we take the  
11 BBC, for example, obviously, there are certain channels that are broadcast;  
12 there are digital channels but there is also online content as well.

13 A. (Mr Neil) I think it is narrower than channels; it has to be across individual  
14 shows. I think, if you are a public service broadcaster producing a show for a  
15 public service, that show itself can be thought by viewers, "That is a bit  
16 opinionated" or at least it is a bit of commentary from a particular point of  
17 view. Within that run of the show it has to be balanced by commentary or a  
18 point of view different from the one that I have just talked about. I do not think  
19 it is enough for broadcasters to say, "Overall, in our output we are balanced",  
20 because, frankly, I do not know how you measure that. Each show during its  
21 run over a period of weeks, when you take it in its totality, has to be broadly  
22 balanced. Otherwise, if you try to insist on that on every programme, you end  
23 up with a very bland kind of television which people will not watch. You do  
24 need an edge. You need an attitude and a character for programming to work  
25 these days. It is too competitive otherwise. The days when we only had



1 three channels and that is all you could watch are long gone. You have to  
2 fight for audience now.

3 Q. (Mr Bamford) You mentioned that in the context - I am not sure whether you  
4 specifically meant to - of a public broadcast. For a commercial broadcast,  
5 would you say it is the same?

6 A. (Mr Neil) If it is governed by the same rules or a version of the same rules  
7 then it should be subject to the same. As a country, public policy has to  
8 decide whether it wishes to continue with, broadly, the regulatory and cultural  
9 approach we have had to news or whether it wants to go down the American  
10 route where you can be almost as opinionated now in broadcast as you can  
11 be in newspapers. The Reagan administration ended the Fairness Doctrine,  
12 which was, basically, an American version of our impartiality rules or rules of  
13 balance, and that allowed the rise of channels from a particular point of view.  
14 That is a matter of public policy.

15 My own view is that we would lose a lot if we allowed our main broadcasters  
16 to depart from what has been our tradition. As someone who spends a lot of  
17 time in the United States and has huge admiration for the United States, one  
18 of the great dangers and, indeed, one of the routes it has gone down is that,  
19 by allowing so much more opinionated broadcasting, people are only now  
20 talking to themselves. So, if you are a supporter of Mr Trump or the right of  
21 the Republican party, you, basically, just watch Fox News now. If you are a  
22 liberal Democrat, a supporter of Bernie Sanders or whoever will come up next  
23 time, your default viewing is MSNBC. There is nothing wrong with that.  
24 People buy The Sun or the Guardian or the Telegraph or The Times for their  
25 point of view, but I think, in broadcasting which is so powerful in our political

1 system, if we end up with citizens who only hear what they believe or only  
2 have reinforced what they believe, we lose something. After all, in the digital  
3 world, you can find plenty of websites or bloggers that will reinforce that you  
4 are right and that what you have thought has always been right. I think there  
5 is something to be said for at least some broadcasters to be bound by the  
6 rules that we have always had; modernised, updated, maybe even loosened  
7 in places for a multichannel, digital world.

8 Take CNN in the United States, I know the right regards CNN as actually  
9 pretty liberal. It is not how it regards itself. CNN has tried to position itself as  
10 a kind of non-MSNBC, not Fox; as a kind of straight-shooting, come to us  
11 when there are big breaking news stories because our job is really to break  
12 news. That is what we do better than anything else and we have the  
13 resources. It has proved there has been a market for that. I mentioned that  
14 Fox News makes \$1 billion. CNN now makes \$1 billion as well just on  
15 reporting the news. So, there is a market for it and, therefore, a public  
16 appetite for it.

17 We, in this country are rather good at it. I think people turn to Britain and  
18 British broadcasters when they want reliability, when they want to know what  
19 is going on. I spend some lot of time in The Gulf and the reputation of  
20 BBC News, and Sky News which broadcasts there now, is very high. I go into  
21 offices of Arab companies in Dubai or Abu Dhabi and they have Sky News on.  
22 They trust it. They have the BBC on. They trust it. Why would you want to  
23 lose that?

24 THE CHAIR: Before we go on to newspapers, you said earlier that you were  
25 surprised that Mr Murdoch has let Sky News do its own thing. Why were you

1 surprised?

2 A. (Mr Neil) Because of what he did with Fox in America.

3 Q. I thought that was after ...

4 A. (Mr Neil) Yes. I was not so surprised in the early days of Sky because it was  
5 such a struggle to make Sky work and, for a time, we were haemorrhaging  
6 money - over £2 million a week - that simply surviving was more important to  
7 Mr Murdoch than having somebody on the 8.00 News that he agreed with.  
8 Once Sky became much more established and became a great financial  
9 success, it has always surprised me somewhat that he has not attempted to  
10 do in Britain what has, clearly, made him so much money in the United States.  
11 He is nothing if not shrewd and it may be he has concluded that what works in  
12 America would not necessarily work here.

13 I also think that, as Sky has developed and become an independent PLC in its  
14 own right with an independent chief executive and senior management who  
15 are wealthy people in their own right, even if Mr Murdoch had wanted to do it,  
16 with his 30-odd per cent shareholding as it is at the moment, he would not  
17 have the power to do that. It would have created a huge row if he had tried to  
18 do it. The kind of people that were put in charge, including the outgoing  
19 Chief Executive, Mr Darroch, who I do not know personally -- as Sky has  
20 developed and become an established broadcaster it is being run by people  
21 who will not be pushed around

22 Q. The issue we are looking at is if Fox -- it goes from 39 per cent to  
23 100 per cent, is that likely to change? Do you have any view on that?

24 A. (Mr Neil) I doubt it now. He is getting on. It does not matter to him so much  
25 now. He has other things to worry about. He was at his most interventionist

1 when he had his two great heroes, Margaret Thatcher and Ronald Reagan, in  
2 power. After that, it did not matter so much to him, even in the newspapers.  
3 You look at The Times today; it is pretty much an anti-Brexit newspaper,  
4 anti-Brexit in its coverage. That does not reflect Rupert Murdoch's views at  
5 all. So, I think the days when these things really mattered to him have gone.  
6 You may like to consider the issue of whether his two sons, particularly James  
7 who is more liberal in his politics than his father, may want to create an  
8 MSNBC in Britain. That comes down to the regulations, whether they would  
9 allow them to do so or not. That is up to the regulators, tasked by the  
10 politicians, to create the environment. As I say, it is a matter of public policy  
11 whether we would like to let that happen or not. In my view, we should not. I  
12 do not rule it out for other outlets. I do not rule it out for other means of  
13 broadcasting, of course not; but I think there is always a role, as I have said,  
14 for two, three, four major channels which are bound by the general rules that  
15 we have always had.

16 Q. (Ms Chambers) Can I just follow up on that? You said before something  
17 about how you think it would be a pity if the main broadcasters were allowed  
18 to depart from the traditional approach to impartiality. What do you mean by  
19 the main broadcasters?

20 A. (Mr Neil) If you and I could go and raise the money and wanted to start a  
21 digital news channel which was purely digital, then I think we would  
22 probably --

23 Q. (Ms Chambers) You also mentioned before that what is sauce for the goose  
24 has to be sauce for the gander.

25 A. (Mr Neil) Yes. I think the regulators have to be very careful. If we are

1 insisting that we want to maintain the broad standards of broadcast news that  
2 we have enjoyed in this country, basically, since the 1960s onwards, maybe  
3 even the late 1950s, then I think the regulators need to look carefully at some  
4 of the people who are currently broadcasting in this country -- do it.

5 Q. (Ms Chambers) Do you think that exactly the same standards apply to the  
6 ones with big audiences and the ones with very small audiences?

7 A. (Mr Neil) Yes, I do not think the audience matters.

8 Q. (Ms Chambers) So, when you said "main broadcasters" you perhaps just  
9 mean broadcasting on traditional media?

10 A. (Mr Neil) Correct, on traditional platforms.

11 Q. (Mr Tutton) I think it is probably in this already, in the answers so far but, just  
12 from the outside, the motivation for going from 39 per cent to 100 per cent you  
13 see as, basically, a commercial motivation; something which they wanted to  
14 do before; they have got a profitable operation, and why not? Is that the  
15 be-all and end-all, do you think, of the motivation?

16 A. (Mr Neil) It is overwhelmingly a commercial decision. There is nostalgia, a  
17 legacy, in it, too. Mr Murdoch bet the company on Sky at a time when all of  
18 polite British opinion said it would not succeed and he would lose his shirt. He  
19 almost did. But he did not.

20 Q. (Mr Tutton) I remember BSB's headquarters on the South Bank.

21 A. (Mr Neil) Yes. He started it but for reasons over the years he had to dilute his  
22 ownership of it. Having it all back I can understand. Given, as I have said,  
23 not many people watch Sky News the amount of influence you get with it, if  
24 that was the main motivation, would be de minimis compared to owning a  
25 major national newspaper. You do not have political influence by

1 broadcasting Sky Atlantic. You do not have political influence by broadcasting  
2 Sky One or Sky Movies. Indeed, if you look at the programmes that they  
3 produce. Take Modern Family on Sky One. Modern Family - and the key is  
4 in the word Modern - is about a family that is not the traditional two-parent  
5 man/woman family. In a sense it flies in the face of what Rupert Murdoch's  
6 world view of socially conservative family life should be; but that is a major hit  
7 on Fox. So I do not think you have any great influence by broadcasting these  
8 channels at all.

9 For the Murdoch family acquiring all of Sky is overwhelmingly a business  
10 move. At the moment by owning the 33 per cent (I think that is what Fox owns  
11 in Sky) it is a revenue stream. If he owns it outright it goes on the Fox  
12 balance sheet and it is a massive asset on the balance sheet, which you can  
13 borrow against 'til kingdom come to advance elsewhere in the world. Having  
14 something on your balance sheet which at the moment has a market cap of  
15 what, 114-15 billion or so and not a lot of debt, when you have expansion  
16 plans elsewhere, to have that on your balance sheet is worth a lot more than  
17 a stream of revenue on which, in the United States, you end up paying tax.  
18 You strengthen Fox enormously by changing it from a simple stream of  
19 revenue in to a balance sheet item worth billions. What would you value Sky  
20 on in the balance sheet? It would be a lot, perhaps even more than the  
21 current market cap, and it brings very little debt with it. To a company that  
22 has quite a lot of debt. It is brilliant business. Putting aside the public policy  
23 issues it is a brilliant commercial move and the most important acquisition he  
24 would ever have made. The most important commercial move Fox has ever  
25 made.

1 Q. (Mr du Parc Braham) The next set of questions are mainly going to be on your  
2 views on media influence and taking your statement to Leveson as a starting  
3 point. You said in your statement to Leveson that newspapers and their  
4 proprietors have an inordinate influence on our politics because politicians  
5 choose to confer it to them, despite increasing evidence it is not merited. Why  
6 do you think this is? Why do politicians think newspapers provide this  
7 influence?

8 A. (Mr Neil) It all goes back to Tony Blair. Mr Blair very quickly took the view  
9 that Neil Kinnock had no chance of winning because the press were so hostile  
10 to Mr Kinnock's Labour Party. Mr Blair vowed he would not to let that happen  
11 to his bid for power; so he cosied up to Rupert Murdoch and even to the Daily  
12 Mail at one stage, too. It thought it worked because he won the 1997 election  
13 by a landslide. The papers stuck with him. Indeed they stuck with Labour all  
14 the way through to Gordon Brown.

15 My own view is that Mr Blair was going to win by a landslide no matter what  
16 The Sun said, in 1997. To me that was as clear as night follows day. And  
17 that he would get re-elected by a landslide in 2001 no matter what The Sun  
18 said. That was not the view that he or Alastair Campbell took. So they  
19 conferred great power and influence to a print media that was already  
20 beginning to lose its influence because of the growth of television channels  
21 and the internet. It is a clear rule of thumb that wherever television channels  
22 multiply tabloid newspapers decline. Because the great strength of the  
23 tabloids in this country during the Age of the Broadcasting Duopoly was that  
24 they did things that the duopoly did not, or could not, do. So page 3 girls,  
25 gossip, masses of sport. All of which the public service broadcasters did not

1 really do. Tabloids did. The moment you move to 1,000 channels, which is  
2 full of page 3 girls and much more, full of gossip on the many channels and  
3 wall to wall sport, the tabloids decline.

4 I think they were already declining but by courting them so assiduously  
5 Mr Blair gave them a new lease of political life, as did Gordon Brown, who  
6 conferred great influence on them too. I remember one time in Downing  
7 Street when they both almost came to blows (I exaggerate) over who would  
8 get to see Mr Murdoch first when he walked in. Both of them were like little  
9 puppies. They could not wait to see him. I think that enhanced the power of  
10 these proprietors for longer than their actual power merited. Today, in political  
11 terms, that power is much diminished.

12 You look at the last (2017) election we have just had where The Telegraph,  
13 The Sun, the Mail, the Star, various others, were all campaigning so hard for  
14 Mrs May. What good did it do her? I think their influence is much in decline in  
15 the digital age and in the age of 1,000 TV channels and people do not read  
16 newspapers in the same way. But politicians, which is always true of  
17 politicians, are always about a generation behind in cultural nuance and  
18 developments. They are always behind the curve.

19 But it is changing. For his own reasons Mr Corbyn is not cosyng up to  
20 proprietors of the left or the right. I detect in Mrs May, and before her even to  
21 some extent in David Cameron, less of a desire to confer and defer than  
22 before. I think it is clearly now diminishing.

23 Q. (Mr du Parc Braham) Do you think newspapers can do anything to turn this  
24 around?

25 A. (Mr Neil) No. No.



1 Q. (Mr du Parc Braham) In terms of different sources of that influence now  
2 basically you think TV is the most influential channel?

3 A. (Mr Neil) I think in politics broadcasting is the most influential. That may be a  
4 reason for continuing broadly with the kind of regulatory and cultural regime  
5 that we have had. I emphasise nothing should stay the same. Regulations  
6 have to reflect changes and market conditions and culture and institutions.  
7 But broadly it seems to have served us well. If it is now more important than  
8 ever, then I would have thought you may want to keep it that way.

9 People read their newspapers or they read their websites or their favourite  
10 bloggers and they get lots of opinions and attitudes and told what to think. It  
11 is only when they turn to the BBC or Sky or ITV, when it does the debates,  
12 that they get to see the politicians unfiltered and in debate without any  
13 journalist telling them what to think. That seems, to me, to be something  
14 valuable that we have in this country.

15 Q. (Mr du Parc Braham) In relation to that this is a quote from Leveson himself,  
16 not you, but he talked about the press being considered the voice of authority  
17 in society and there is a sort of authoritative quality in the press. You are  
18 saying that authority has just leeches away?

19 A. (Mr Neil) I think leeches away is too strong a word and there are some  
20 newspapers that still have authority among those who read them. But there is  
21 no question it is diminished. The days when you will see a headline, "The  
22 Sun wot won it" I think is over. That is a historic event. That was then. This  
23 is now. As I said, the last election showed that to me outright. What the  
24 papers say, when it comes to how we vote now, does not really matter.

25 Now they have a lingering influence in the sense that broadcasters can still be

1 quite influenced by what is in the papers that morning, or now that we can see  
2 them long before they ever appear on the news stand, what they see the night  
3 before. I think there is a certain element in that. So, in a way, newspapers  
4 still have a wholesale influence with other providers of news. "Oh the  
5 Guardian's done that story. We'd better do something on it, too." "Oh the  
6 Daily Mail splashed on this. We should do an item on that, too." That is a  
7 different influence from having a direct bearing on how people vote. I think  
8 that has pretty much gone.

9 Q. (Mr du Parc Braham) In this experience that you have in the TV world are  
10 there any particular newspapers that news broadcasters pay particular  
11 attention to when it comes to seeing what they have said the night before?

12 A. (Mr Neil) Well they look at them all because like all good broadcasters they  
13 are on the look out for stories. Diminished in resources as they are,  
14 newspapers still get stories. Newspapers do legwork. They have good  
15 reporters. They have investigative reporters. They do strong legwork and  
16 they get stories that broadcasters often do not get. So broadcasters look at  
17 them all.

18 They give more weight to papers that create the political weather. That can  
19 be The Guardian on the left or the Mail on the right. They create the political  
20 weather. In a sense it is a bit reinforcing because if you regard them as  
21 creating the political weather they say, "Oh we'd better do a broadcast item on  
22 it" then, by definition, they create the political weather. They give more  
23 credence to papers making the weather and less to the papers like the  
24 Express, and Independent which do not, so much. They do not create the  
25 political weather. The Express seems largely just to report the weather!

1 Q. (Mr du Parc Braham) I think you might have answered this already but in  
2 terms of TV in the UK, what are the most influential providers for news, what  
3 would that be?

4 A. (Mr Neil) Well the BBC still overwhelmingly. As I made clear I am a huge fan  
5 of Sky News and at times it is the best of our news providers. Not always, but  
6 at times. But the BBC's reach is still huge, not just its news channel but all  
7 the news programmes it does. It has been one of my great regrets, given that  
8 Alastair Burnet was my mentor and my editor at The Economist, that for many  
9 years ITV withdrew from regarding itself as a news competitor with the BBC  
10 and withdrew from doing current affairs programmes and could not even  
11 make up its mind when it wanted to run the network news. Some of you here  
12 are too young to realise that there was a time when News at Ten on ITV was  
13 far more important than the 9 o'clock news on the BBC and was a world class  
14 provider of news with proper journalists like Alastair Burnet and Sandy Gall  
15 doing the news at a time when the BBC paid actors to do it. I think it is a  
16 great regret that ITV took the view that news was not to be an important part  
17 of its brief.

18 We should be very grateful that Sky News existed because if Sky had not  
19 existed the BBC would have been close to a monopoly in broadcast news.  
20 One of the encouraging signs recently has been ITV getting back in to at least  
21 the current affairs business with the Peston Show on a Sunday morning and  
22 Agenda. ITV used to do Weekend World. It did Sunday morning shows when  
23 the BBC did not.

24 Q. (Mr du Parc Braham) Why do you think they are now starting back?

25 A. (Mr Neil) Because I think they realise that is where there is an ABC1

1 audience. That ITV can deliver mass audiences but they are lacking on the  
2 ABC1 side. If you provide good news and current affairs then you get an  
3 ABC1 audience, which advertisers want. The American networks never forgot  
4 this. The American networks never stopped doing their Sunday morning  
5 shows. They did not stop doing their main network news in prime time. They  
6 developed current affairs magazine programmes. CBS's 60 minutes is still  
7 going. Among the highest rated shows in America. It is a news magazine  
8 show on a Sunday night.

9 ITV forgot that and I think that was detrimental to our public debate and our  
10 sense of having broadcasting that reflects what we do. We lost out on that  
11 because ITV reached parts that the BBC did not. I am delighted to see it is  
12 now coming back a bit. It should still be doing a lot more.

13 During the Falklands war if you wanted to get the news delivered with  
14 authority by Alastair Burnet, you tuned in to News at Ten. Because 9 o'clock  
15 was just a bit too early anyway to get all the stuff coming in. 10 o'clock was  
16 better. At 10 o'clock they extended the news for 15 minutes every night.  
17 They paid for it after the war by adding a minute to the advertising break. The  
18 IBA (then ITV's regulator) agreed this was the best way to pay for it. That is  
19 creative regulation for you. Today, if it is an important event, we turn to the  
20 BBC, which is now dominant. But such was ITN's reputation in 1982, people  
21 turned to ITN during the Falklands war.

22 Q. (Mr Tutton) I was intrigued. Do you think it was ITV's rather federal structure  
23 at the time which was partly underlining that?

24 A. (Mr Neil) No. ITV undermined it.

25 Q. (Mr Tutton) That is what I mean. Partly the lack of a central ownership of ITV

1 led to them not recognising the value of ITN.

2 A. (Mr Neil) All the major ITV companies were against ITN. They regarded it as  
3 a pain in the neck. Particularly London Weekend, which took control of the  
4 network at the weekends, from Friday night. On the Sunday night of Reagan  
5 meeting Gorbachov in Reykjavik, ITN naturally went live. This is the days  
6 before 24 hour news. The BBC was going live. It was an historic event  
7 because Mr Reagan had offered to scrap all nuclear weapons. But the  
8 network controller at LWT – maybe it was Greg Dyke?! -- was shouting at  
9 LWT, "Get this news off, I've got an entertainment programme to run". That  
10 was the mood.

11 The ITV companies all opposed News at Ten going to half an hour. They  
12 were all against it. It was forced on them by the IBA. It was the first half hour  
13 news programme. It was copied on the Huntley-Brinkley news on NBC News  
14 because of all the footage coming in from the Vietnam war and had been a  
15 success. ITN wanted to do it. The IBA mandated it for 13 weeks. It was  
16 meant to be an experiment that failed. It got such a huge audience and such  
17 a big ABC1 audience the ITV companies said, "It was our idea all along".

18 Q. (Mr Tutton) Whereas now you have got a more centralised ITV and  
19 potentially a new one?

20 A. (Mr Neil) Yes it is certainly more centralized and perhaps will rediscover the  
21 merits of news.

22 Q. (Mr Tutton) Sorry. Go on, David.

23 Q. (Mr du Parc Braham) How do you see the development of online media  
24 affecting all this then?

25 A. (Mr Neil) How long have you got!

1 Q. (Mr du Parc Braham) How much influence they bring and faking stories?

2 A. (Mr Neil) I think online media is huge now. That is going to grow and grow.  
3 But we are all in to online media now. In the old days if you got a scoop you  
4 covered it up until you got the paper out that morning. Nowadays you get a  
5 scoop it is online in 30 seconds. By the way it is only a scoop for another 30  
6 seconds because everybody else has it by now. No one can do without  
7 online. We are all online now. The Spectator magazine has over 3 million  
8 unique users. We were founded in 1828. The first edition was written by quill  
9 pens! 85% of people who subscribe to us now are digital subscribers.  
10 Everybody is online. There is no division now in that.

11 Q. (Mr du Parc Braham) The Spectator is quite an established organisation.  
12 What about the new online providers? You have got BuzzFeed or  
13 Press Wing(?), The Canary, Breitbart. Things like that. Can they produce the  
14 new stories that have the same sort of influence as newspapers?

15 A. (Mr Neil) They can produce scoops if they get them and they can do  
16 whatever they want. They are not regulated. I would not argue for them to be  
17 regulated either. But if you have a proliferation of digital players like Breitbart  
18 or The Canary, to take one on the right and another on the left, then I still  
19 think you need mainstream broadcasting to mediate. Because they are  
20 inclined to push a line. That is what they do. You need broadcasters still who  
21 have not got a line to push. Whose job is to find out what is going on.

22 The more digital news outlets the merrier. I think the business models of  
23 many of them will come unstuck. Where the money is coming from is a bit of  
24 a mystery to me because we know that there are only digital pennies around  
25 these days; but, hey, it is not my money, it is not your money, it is a free

1 country, let them do it, if that is how they want to spend their money, do it.

2 Q. (Mr du Parc Braham) In your witness statement you noted that there was an  
3 issue about the fact that News International, unlike most of its rivals, is part of  
4 a media conglomerate which has businesses across newspapers and satellite  
5 TV. Why is that important? Do you think that controlling both newspapers  
6 and broadcasting and potentially online will give a media owner a greater  
7 degree of influence?

8 A. (Mr Neil) Yes. It was certainly a huge help when Sky was launched that  
9 Rupert Murdoch had four newspapers in this country. No question about that  
10 -- both to argue the case for multi-channel TV and to carry stories or  
11 advertising about getting Sky.

12 There comes a time when you just wonder how much media power any one  
13 organisation should have. The BBC probably has more power than any other  
14 media organisation in this country. There are a number of academic studies  
15 that show that. But the BBC is highly regulated as a public service  
16 broadcaster funded on a compulsory poll tax. Has to be. That is inevitable. It  
17 is a great way of being funded but huge obligations come with it.

18 At the BBC we have a lot of weight but we have a lot of control on what we  
19 can do. If you own four papers, probably now three, and you are in charge of  
20 a big broadcasting organisation, that is something that does not feel right in a  
21 way. I am from an economic background. I can apply all sorts of economic  
22 tests, market share and all the rest of it. Maybe sometimes too much is just  
23 too much.

24 I think it is less important now in a way because the newspapers do not matter  
25 so much. If this was 1985 and we were having this it would seem to me,

1 under any kind of competition or diversity laws, it would be inconceivable that  
2 you would let him (Mr Murdoch) take over Sky.

3 THE CHAIR: Can I unpick a bit. This is a nexus of newspapers' influence on voters  
4 and on politicians. You said newspapers do not influence voters at all.

5 A. (Mr Neil) No, what I said was they do not have the same influence that they  
6 have and it has diminished substantially.

7 Q. Right. Then you went on to say that broadcasters do take their cue from what  
8 newspapers have said earlier in the morning and broadcasters do have  
9 influence. Is that sort of connection the reason really why politicians still pay a  
10 lot of attention to newspapers?

11 A. (Mr Neil) It is. I think it is why they do. Even though the reach of newspapers  
12 in a way has diminished. In print. Of course in some ways their reach is  
13 bigger than ever.

14 Curiously, for reasons I cannot really explain, I sometimes feel the impact of  
15 digital is less than that glaring headline on the front page that tells you. I  
16 could not explain it. It is irrational. But I think there is some feeling that it has  
17 much more influence if it is there. Maybe it is because I am an old newspaper  
18 man! It has much more influence as a page 1 than it does as a digital story  
19 along with many others.

20 I think today though the British media market is so sophisticated that the  
21 broadcasters feeding off the newspapers is now replicated by the newspapers  
22 feeding off the broadcasters. I know that from the shows I do that journalists  
23 watch them because they are looking for stories. I interviewed Liz Truss last  
24 week on why the helpline calls on universal credit were 55 pence a minute.

25 Q. Went today.



- 1 A. (Mr Neil) They went today. There is the influence of the media. Actually the  
2 influence of Jeremy Corbyn; he was the one that brought it up. But we came  
3 off the back of Jeremy Corbyn, we had the chief secretary to the treasury  
4 there, why are you charging 55 pence to people who are struggling to pay the  
5 rent? Why is money being made out of this? That was immediately gobbled  
6 up by the newspapers. Not just in the next day but on all their websites.  
7 It is more of a circle now, and there is nothing unusual about that. We all feed  
8 off each other. Media in every country, in every democracy in the world, feed  
9 off each other. I think ours is just rather more developed and sophisticated  
10 than almost any other than the United States.
- 11 Q. (Mr du Parc Braham) Some more specific questions now. When you were  
12 editor of the Sunday Times or any roles on other newspapers did you ever  
13 meet with any ministers or senior officials as a result of any instruction from  
14 the Murdochs?
- 15 A. (Mr Neil) From Rupert Murdoch?
- 16 Q. (Mr du Parc Braham) Yes.
- 17 A. (Mr Neil) No, not in Britain. Not in Britain. I mean I knew them as well as he  
18 did. I joined The Economist in 1973. I did not need Rupert Murdoch to  
19 introduce me to the Prime Minister.
- 20 Q. (Mr du Parc Braham) But did you meet with them?
- 21 A. (Mr Neil) I always met with them. It is like asking if night follows day. I am a  
22 journalist. My job is to meet ministers, shadow ministers, civil servants, even  
23 regulators. Sometimes it falls on me to have to meet them.  
24 During the Reagan years he got me an interview with Reagan.
- 25 THE CHAIR: The question was not about whether he helped to make the

1 introduction, which you had no need of at all, but whether he actually  
2 instructed you to meet them?

3 A. (Mr Neil) Oh instructed me? No. Never.

4 Q. (Mr du Parc Braham) You set out a number of instances where you felt that  
5 Mr Murdoch managed to get some influence over various aspects of the  
6 political agenda?

7 A. (Mr Neil) Yes. I have not read this evidence since I wrote it! One area he  
8 was hugely influential on was whether the Labour government was going to  
9 join the Euro or not.

10 Q. (Mr du Parc Braham) How far was that influence linked to the fact that there  
11 was already an existing desire to go down that particular policy route? Was  
12 he pushing at an open door?

13 A. (Mr Neil) No, not at all, Mr Blair wanted to join the Euro.

14 Q. (Mr du Parc Braham) But Mr Brown ...?

15 A. (Mr Neil) But Mr Brown did not. There are two things that gave Mr Murdoch  
16 some leverage there. One was the willingness of Mr Blair to listen to the  
17 newspapers that Mr Murdoch owned on the issue of the Euro. The other  
18 being the fact that Mr Brown was not nearly so keen; so there was a wedge  
19 you could put in-between them, which gave the papers influence as well.  
20 There is no question in my mind that Mr Murdoch's newspapers played a  
21 huge role in positioning the Labour government.

22 I remember Mr Blair wrote an article in The Sun saying the pound will be safe  
23 in my hands and yet we know now that he did want to join the Euro and it was  
24 Gordon Brown that stopped him. Even the promise that there would have to  
25 be a referendum -- my memory is a little vague there but as I talk about it, it

1 will come back. This was not just Rupert Murdoch, this was Les Hinton and  
2 senior executives, senior editors' words, "Let us ring fence the Euro issue  
3 because we are never going to support you on that. We want to continue to  
4 support you on getting elected and re-elected so let us agree to have a  
5 referendum on the Euro. That way we take it out of the General Election."  
6 That was the influence that the Murdoch press had.

7 Q. (Mr du Parc Braham) Do you think they would have been successful in that if  
8 Gordon Brown had wanted to join the Euro?

9 A. (Mr Neil) I think it would have been much more difficult. It would have been  
10 much more difficult because Mr Brown then invented his five conditions which  
11 were pretty much impossible to meet.

12 I should add that was then. That is a long while ago. It is really not relevant  
13 to the environment that we are in today.

14 Q. (Mr du Parc Braham) If this merger was to go ahead - as you say it was a  
15 long time ago - would you expect any kind of change to the influence?

16 A. (Mr Neil) If you will afford me the time I think there is a very strong reason  
17 why this merger should not go ahead, or takeover should not go ahead, but it  
18 is nothing to do with what you are talking about.

19 THE CHAIR: I would very much like to hear that.

20 A. (Mr Neil) I think your remit is mistaken. I think the government has given you  
21 the wrong remit.

22 Q. We cannot change it though.

23 A. (Mr Neil) I understand that but I will have my say anyway. This takeover is  
24 fundamentally an issue of industrial policy. It is not an issue of concentration  
25 of power because as I have explained in an age of declining newspaper

1 importance and the rise of digital alternatives their concentration does not  
2 matter nearly so much. It is not an issue of diversity because that is up to the  
3 regulator to make sure that Sky continues to follow the norms. Actually, if  
4 anything, no matter who owns Sky, it adds hugely to the diversity of British  
5 broadcasting.

6 It is an issue of industrial policy. As I have mentioned several times before  
7 Sky is a British company. It is a British public company. It is of substantial  
8 size with a market cap that can vary between 13 billion and 15 billion. It is the  
9 only global scale broadcaster we have. It owns all of Sky Italia and all of Sky  
10 Deutschland as well, which gives it a European reach, too.

11 I take the view that as Britain makes its way in the 21st century one of the  
12 industries in which we will make our way is broadcasting, because we are  
13 good at it and the rest of the world likes what we do. But you need to look at  
14 where British broadcasting is. Besides the creative bit. Creative is fine. Last  
15 year there were more Hollywood movies made in Britain than in Hollywood.  
16 Our actors are used the world over. Game of Thrones is an American  
17 programme; but it is a job creation scheme for the British thespian classes.

18 If you look at this industry that we are so good at, look at the structure of it.  
19 Channel 5 is already foreign-owned. Channel 4 is too small to be relevant.  
20 Channel 3, ITV, could be owned by America's Liberty before this decade is  
21 out. The BBC is a world famous brand and does wonderful programmes but  
22 the environment is changing for the BBC; it has now got Netflix and Amazon  
23 Prime to compete with. When Netflix can spend £10 million per episode on  
24 the Crown, the BBC has a problem. It has a problem because of the way it is  
25 funded. It is a wonderful way that gives it guaranteed resources. But today it

1 gets £3.5 billion from the licence fee, in a world in which Netflix is now  
2 spending US\$7 billion a year on programming alone That's a real problem in  
3 the years ahead for the BBC in maintaining its position.

4 So what does that leave? The one broadcaster of size, of scale, of  
5 commercial acumen, of technological innovation - and, believe me, Sky has  
6 done a lot of technological innovation - even an ability to cannibalise itself, --  
7 when it sees the threat of streaming it launches its own streaming service --  
8 Sky is all of that. It is the one broadcaster we have, along with the BBC, of  
9 global scale and reputation. Which means Britain currently *owns* two powerful  
10 broadcasters. But the BBC's future prospects are undermined because never  
11 again will the politicians agree to a real increase in the licence fee. That will  
12 constrain the BBC.

13 Which leaves Sky. At the moment it is a PLC. A British PLC. I assure you  
14 there will be a world of difference if it becomes a wholly-owned subsidiary of  
15 an American company. I am not just a journalist; I am in business, too. I  
16 know how these things work. At the moment Sky can take the decisions on  
17 technology, programming, allocation of capital, foreign acquisitions. That is  
18 done in a boardroom in west London. It is regulated by the British Stock  
19 Exchange. It has to answer to the regulators and to its investors mainly  
20 whom, other than the Murdoch chunk, are British.

21 You turn that in to a company that will be wholly owned and controlled out of a  
22 boardroom in New York, you have changed the nature of that company.  
23 Decisions will be taken but they will be decisions in the overall interest of the  
24 company based in New York, not this British broadcaster, which has done so  
25 well based here in Britain.

1 We are in danger of ending up in the situation where nearly all our commercial  
2 broadcasters will be foreign-owned. Our smallest public service broadcasters  
3 too small to be of much importance; Channel 4. Our biggest one constrained  
4 for the reasons I have given you. We will have given away the crown jewels.  
5 We will be like a reverse Wimbledon. We have always said that Wimbledon is  
6 where we provide the infrastructure and the rest of the world provides all the  
7 stars. Mr Murray has helped change that a little bit. In broadcasting, we will  
8 be providing the stars, the talent; but the infrastructure will be foreign owned.  
9 Will be owned by companies not based in this country, not on the British  
10 Stock Exchange.

11 I am not saying Fox will treat Sky badly. Why would you? It is a huge money-  
12 spinner. But when it comes to investment decisions, when it comes to  
13 allocation of capital, when it comes to what SKY should take over or expand  
14 in to, even when it comes to programming, there's a persistent danger that  
15 Fox will say, "Well, why do we not just do it here?" We have better  
16 investment opportunities here. We want [for example] to buy another ten local  
17 stations in America. Why would we bother buying another chunk of Sky  
18 Wherever in Europe?

19 I think it changes the nature of the beast. It is a matter of industrial policy and  
20 it is something that politicians on the left and the right or, dare I say it, the  
21 regulators, have not understood. It would not be good news for British  
22 broadcasting. Not for reasons of Mr Murdoch being the devil incarnate. Or if  
23 he gets to control all he will be calling up to say what is going to lead the  
24 10 o'clock news on Sky. That is all the stuff of Guardian fantasy. It is a  
25 matter of keeping ownership of what will Britain be good at in the 21<sup>st</sup> century.

1 Would any other country allow all its crown jewels to be sold to a foreign  
2 company in an area where it is a world leader and on which its future  
3 prosperity will increasingly depend. [✂]. If you allow Britain to cease to have  
4 this independent PLC in broadcasting then you are throwing away something  
5 that Britain is good at.

6 If the French can designate Danone, essentially a maker of yoghurt, to be a  
7 business of national importance and, indeed, security then why you would  
8 allow Sky to be bought up by an American company? To me it beggars belief.  
9 As I say, it is a matter, for me, of industrial policy. Not Rupert Murdoch or  
10 James or Lachlan or diversity or any of the other issues that I know you have  
11 been asked to look in to. Any country that had a proper industrial policy, in  
12 my view, would not allow this to happen for these reasons.

13 Q. Thank you. That was actually very clear indeed.

14 Q. (Mr Jamieson) I will go for one question. That was a really interesting  
15 response. The question at the heart of our inquiry is what the risks are on the  
16 media plurality side from this merger or are there any risks?

17 A. (Mr Neil) I do not really think there are that many risks at all now. Sky carries  
18 PBS from America. It is the most left-wing channel in America. Sky carries it.  
19 It is inconceivable to me that it would stop carrying it just because Murdoch  
20 owns it. He does not care about these things. It is part of the overall offering.  
21 As I say, if this was 20 years ago I think media plurality would be a much  
22 bigger game.

23 You do get a sense of maybe it is just too much. I cannot really articulate that  
24 in a mathematical, market-share way. It just seems too much. But I think it  
25 would make, in terms of that, very little difference in plurality for the reasons

1 that I have given. I think Sky would pretty much stay the same. I am not  
2 worried about Sky tomorrow. I am worried about Sky in five years' time. Will  
3 it get the investment? Will it get the direction that is required?

4 Can I also add, if you are chief executive of Sky, as a quoted British company,  
5 a PLC, with a whole range of other institutional investors and a strong deputy  
6 chairman like Martin Gilbert from Aberdeen Asset, you are in an entirely  
7 different position from being chief executive of a wholly-owned subsidiary.

8 Q. (Ms Chambers) Relevant to that. Do you think there could be any risk that if  
9 this company were to be owned by this completely foreign owned company so  
10 it was ruled from the States, not from here, that there could be a decision  
11 sometime in the future that Sky News was not making a profit and therefore  
12 they were going to ditch it?

13 A. (Mr Neil) Yes.

14 Q. (Ms Chambers) That could be of interest to media plurality. You have said  
15 right at the beginning that Sky was a very important part of our broadcast  
16 landscape.

17 A. (Mr Neil) Trees could grow to the sky but they don't. It is impossible for  
18 regulators to predict. We do not know. Mr Murdoch is now what, 80  
19 something --

20 Q. (Ms Chambers) It is not really a Murdoch question; it is what you were talking  
21 about --

22 A. (Mr Neil) But it is in a way because we do not know. What we do know is that  
23 when Mr Murdoch goes to the great newsroom in the sky it is a moot point  
24 whether James or Lachlan will hold on to the newspapers here. They do not  
25 really care. Indeed, James was so seared by his experience over hacking



1 that it would not surprise me if they were quickly sold.

2 Q. (Ms Chambers) Could they do the same with Sky?

3 A. (Mr Neil) So that could happen. Then your diversity issue has gone because  
4 he does not even own the newspapers any more.

5 Q. (Ms Chambers) No. It still could be ...

6 A. (Mr Neil) So they could do that but they could also take the view, because  
7 neither are news people and Murdoch, for all his faults and flaws - and I have  
8 seen them as close up as anybody - there is ink in his veins. There is a  
9 desire for news. He loves news. He is never happier than when he is  
10 spending time with journalists. That is when I have seen him most relaxed.  
11 That is not true of James or Lachlan who are fundamentally - it plays to your  
12 point - in the entertainment business. In the media business.

13 Sky News has continued because Rupert Murdoch had a great faith in 24  
14 hour news which, as it became a PLC, the people running the PLC took a  
15 view that as the broad proposition this was a good thing for Sky to do. Even if  
16 it cost them money overall it had an intangible benefit. It is perfectly possible  
17 in the years to come that that would not be the case.

18 I think that is a decision more likely to be taken in a New York boardroom than  
19 a boardroom in West London where the people taking that decision had to go  
20 home and their neighbours say, "Why are you closing Sky News? I am  
21 always watching it. We need Sky. Why are you doing that?" That is not  
22 going to happen if you go home to Beverley Hills.

23 THE CHAIR: We need to pause there.

24 A. (Mr Neil) You have had more than enough from me!

25 Q. No, no. We have thoroughly enjoyed it and found it extremely useful so thank

- 1 | you very much indeed.
- 2 | A. (Mr Neil) No, thank you.
- 3 | Q. And it gives you time to get your train.
- 4 | A. (Mr Neil) It does indeed. St Pancras. It is not too far away. Thank you for
- 5 | listening to me. Good luck in your endeavours.
- 6 |
- 7 |
- 8 |

### Key to punctuation used in transcript

--	Double dashes are used at the end of a line to indicate that the person's speech was cut off by someone else speaking
...	Ellipsis is used at the end of a line to indicate that the person tailed off their speech and didn't finish the sentence.
- xx xx xx -	A pair of single dashes are used to separate strong interruptions from the rest of the sentence e.g. An honest politician – if such a creature exists – would never agree to such a plan. These are unlike commas, which only separate off a weak interruption.
-	Single dashes are used when the strong interruption comes at the end of the sentence, e.g. There was no other way – or was there?