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3 **COMPETITION AND MARKETS AUTHORITY**
4 **21ST CENTURY FOX / SKY MERGER INQUIRY**

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6 **Notes of a hearing with David Yelland**
7 **held at Competition and Markets Authority, Southampton Row, London**
8 **on Friday, 3 November 2017**
9

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11 *PRESENT:*

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13 **FOR THE COMPETITION AND MARKETS AUTHORITY**

14 Anne Lambert - Chairman
15 John Krumins - Member
16 Tim Tutton - Member
17

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19 **FOR THE STAFF**

20 Joel Bamford - Project Manager
21 David Du Parc Braham - Assistant Project Manager
22 Rafia Saif - Project Officer
23

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25 **FOR DAVID YELLAND**

26 David Yelland - Former Editor of The Sun
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1 THE CHAIR: First of all, thank you very much for coming in to see us. Let us start
2 with some introductions. On this side of the table you have a mix of the
3 Inquiry Group and Staff. I am Anne Lambert the Chair of the Inquiry Group.

4 Q. (Mr Tutton) Tim Tutton, also on the Group.

5 Q. (Mr Krumins) John Krumins, also on the Group.

6 THE CHAIR: And the Staff Team?

7 Q. (Mr Bamford) I am Joel Bamford. I am the Director leading the Staff Team.

8 Q. (Mr Du Parc Braham) I am David Du Parc Braham. I am the Assistant
9 Director.

10 THE CHAIR: And we have Rafia Saif. Let me start with a little bit of background to
11 this hearing. As you know the Fox's proposed acquisition of 100 per cent of
12 Sky has been referred to us on two public interest grounds, media plurality
13 and broadcasting standards. We have published a timetable, we have also
14 published an Issues Statement which sets out the areas we are looking into
15 and we have invited you to this Hearing as the former Editor of The Sun,
16 which is obviously part of News Corp and part-owned by the Murdoch Family
17 via the Murdoch Family Trust.

18 The aim of this hearing is to explore the issues that arise on this case and, in
19 particular, whether there will be a negative effect on media plurality and
20 whether the merged entity will have, and I quote legislation, "A genuine
21 commitment to broadcasting standards".

22 A few formalities, we have previously sent you information on our proceedings
23 at hearings and about our treatment of evidence. We are having a transcript
24 taken as you will see. In the spirit of openness we intend to publish a version
25 of the transcript on our website but we will, of course, send it to you

1 beforehand to check for accuracy.

2 I would ask that if you want to amend or add to your evidence you give today,
3 you do not amend the transcript but do it in a separate letter. I also have to
4 remind you, as I remind everyone, that it is a criminal offence under
5 Section 117 of the Enterprise Act 2002 to provide false or misleading
6 information to the CMA at any time including at this hearing.

7 We have a number of questions, led by the Staff Team, but Members of the
8 Group will probably intervene at appropriate stages. Is there anything you
9 would like to say before we start? Thank you very much.

10 Q. (Mr Bamford) As Anne said, we have asked you here as a Former Editor of
11 The Sun and we would like to hear from you a little bit about how you saw the
12 editorial process working at The Sun, when you were there, how stories were
13 chosen, how the views on particular events were decided upon and your role
14 in that. Would you be able to give us a brief explanation from your side?

15 A. (Mr Yelland) Yes, I was also Deputy Editor of the New York Post previous to
16 that role where I was a Business Editor of that paper before then, so my
17 period of direct contact, if you like, with Rupert Murdoch and the Senior Team
18 was longer than the five years at The Sun. It was more like seven. Clearly,
19 given what you are looking at, that was in the US so I think it is worth saying
20 that.

21 I do not quite know how to answer the question you have asked. I can either
22 talk for a minute or 24 hours, neither of which would be appropriate, so how
23 do I answer? It has been a few years now, of course, the one thing overall
24 which surprised me more than anything else is something which also
25 surprises friends and dinner party guests and so on -- and it is an honest

1 answer -- is actually the lack of political direction that I had. I had read what
2 everyone else had read before I got a very senior role and then the phone did
3 not ring. One of the reasons the phone did not ring is in the UK there were
4 then four newspapers and there was an Executive Chairman, Les Hinton. Les
5 would soak up a huge amount of Rupert Murdoch time when he was in the
6 building, whereas in New York Rupert was, and still is, either Editor-in-Chief --
7 I would need to check the facts but he is on the Masthead.

8 American Newspapers have a Masthead and it is a hierarchy. British
9 newspapers do not have that and he is on the Masthead. It is his paper and
10 there is no messing around. He is the Editor-in-Chief or was the
11 Editor-in-Chief so the contact with him is much more. I had much more
12 contact with him in New York than I ever did in London.

13 It is worth remembering that I was appointed in 1998 and Tony Blair was
14 elected in June 1997, I think. I was and I always have been left of the aisle or
15 liberal and that is probably one of the reasons I was given the role. This was
16 first term Tony Blair. I do not think there was much that I did that annoyed
17 anybody. I was editing the way that I had always -- they would have known
18 that that was the way I would edit. I did not need to be told anything. This is
19 what I believed.

20 THE CHAIR: Do you think that had a role in why you were appointed?

21 A. (Mr Yelland) Yes, I do.

22 Q. Because The Sun famously supported Blair in 1997.

23 A. (Mr Yelland) Yes. I also think that those were very different times then than
24 now. Because the commercial power of The Sun then was much, much more
25 potent than it is now. It was selling close to 3.8 million. It had 27 per cent

1 market share of the entire newspaper market including the heavy end and it
2 was a very important commercial part of the Company. It certainly is not the
3 case now.

4 I am not talking about me as an individual. The Editor of The Sun then was a
5 much more important job than it is now for all kinds of reasons.

6 Q. (Mr Bamford) Just to unpick a few things, you brought up the lack of political
7 direction there was put to you. What kind of interaction did you have with
8 Mr Murdoch while you were Editor of The Sun?

9 A. (Mr Yelland) Much less than people would think.

10 Q. (Mr Bamford) Does that mean people thought daily and you had once a
11 month?

12 A. (Mr Yelland) There was not a regular meeting. In New York his office was
13 then on the second or third floor, this is 1211 Sixth Avenue where the
14 Company is still based, and the New York Post on 9th and 10th floor, so you
15 would see him the whole time. Even junior staff would know him by name.
16 You have to remember the New York Post is a loss-making newspaper and
17 none of those people would be in employment if it was not for the fact that the
18 Company saved the newspaper. He had known a lot of those people for a
19 long time, the family and the children and so on. So there was much less
20 fear, if you like.

21 My experience of working for Rupert Murdoch is that the reality is very, very
22 different from what you think as you are coming up the Company. As the
23 Company has become larger the level of fear, if you like, of junior or middling
24 staff, as they come to the sort of level where they meet Rupert, has become an
25 issue which is very difficult to manage. As he, himself, would say and I

1 cannot speak for him but I was there for quite a long time, it is not totally
2 satisfactory for him to meet a group of young Sun or Times people or whoever
3 it might be, who are all very nervous, because they have not met him. So we
4 would try and manage that by doing lunches and dinners because people can
5 spend their whole careers -- it is the same at the Daily Mail and at The
6 Guardian, The FT -- in any walk of life, you can take the FTSE 100 -- the first
7 time you meet the CEO or the Chairman is a very big moment in your career
8 and good companies try and manage that. There is a point to what I am
9 saying because I believe, and I have observed over the years, is that one of
10 the biggest problems that News have had, over the years, is when people do
11 things that they think the boss is going to like and he has, often, no knowledge
12 whatsoever of them.

13 The example that always springs to mind is the alleged canning of the Chris
14 Patten book at Harper Collins, where the accusation in The New York Times
15 and The Guardian at the time was that the Company was trying to do
16 business in Hong Kong, or had been for many years, and in China, more to
17 the point -- and I think it was his autobiography that would have been quite
18 critical of China, was killed by Harper Collins.

19 I am almost certain in my own mind, because of what I saw with my own eyes,
20 that he did not know anything about that decision. I am not saying that
21 decision was taken at Harper Collins to please the boss but it probably was
22 and in terms of the structures -- part of the things that you are looking at is the
23 structures that might need to be put in and so on -- there are things that I think
24 can be done and have been done by the Company quite recently to try and
25 manage that situation.

1 If you have an extremely powerful single boss, which many companies do
2 have, and you have a reporting structure that -- if you were to an organigram
3 on a piece of paper everybody reports to the boss -- which there have been
4 times in the history of News Corp when that was true. I remember when I was
5 in the US there was a point at which News Corp was going to merge with a
6 very big telecoms company in Washington, I think it was TCI. One of those
7 companies that has since died a death and you can never remember who. I
8 had meetings with quite a few other Company people which were cultural
9 meetings, where we thought we were going to merge so we would meet and
10 we would discuss how the companies worked. I remember watching a
11 presentation of TCI's reporting structure and it was the normal family tree type
12 graphic and I stood up and I just said, "Well there is Rupert there and then
13 there is the rest of us and we all report to him". That was really the way that
14 he built the Company.

15 Every single senior person had a relationship to him, as indeed I did, which
16 was extraordinarily special and very exciting, because he is the most
17 remarkable human being. I am not saying there are not issues around Rupert
18 Murdoch, but as a human being and what he has achieved in his life and five
19 minutes in his company is an extraordinary experience, particularly for a
20 young journalist. It is almost like too much at first, because he knows
21 everybody, it is extremely exciting. Because of the way that he works or
22 worked -- I have not worked for him for a long time -- that almost would be the
23 structure.

24 Now that is not the case now, partly because of some of the things that have
25 happened in the last ten years. If you look at the quality of non-execs, if you

1 look at the structures and so on, lots of things have been put in place, but,
2 nevertheless, I just want to put on the table that in my experience of working
3 for the Company and having looked at it very very closely since, whenever
4 things happen they are pretty much usually things that he has not known
5 anything about or has asked for.

6 I was there in the building when Fox News was set up as a Business Editor of
7 the New York Post at the time. Roger Ailes, who, as you know, founded and
8 built Fox News was brought in. Nobody thought it would succeed amongst
9 the journalistic hierarchy at News Corp at the time. We all thought, "Not a
10 chance", and, of course, it succeeded beyond anybody's belief. From the
11 outside it can look as if this is a flawless, deeply planned Company where
12 there is a strategy to "take over the World". It really is not like that, it is
13 entrepreneurially-led. Lots of things that are invested in do not succeed at all,
14 but when things do succeed -- it is a Company that is built on ideas and built
15 on ideas and guts. I do not know how many of you have been to see Ink, the
16 play about the founding of The Sun. I did help the writer a little bit so I am
17 slightly biased but the First Act, particularly, is a very accurate description of a
18 paper that was built on ideas and enterprise and fun and understanding what
19 people wanted. That took a market from scratch within six years to be the
20 market leader, an extraordinary achievement. They have done that
21 repeatedly, around the World, in different markets to such a degree that you
22 have to say that there is something very special.

23 I do not sit here as someone that has never questioned anything about Rupert
24 Murdoch. I am very realistic about him but his ability to create Sky from
25 scratch, which again everybody said would never happen, Fox News, The

1 Australian, down in Australia which they said there would never be a national
2 newspaper in Australia. There are so many examples of this that we can be
3 here all day.

4 The reason I think that is directly relevant is I think there is a tendency
5 amongst the media that compete against Murdoch, some of whom I have
6 advised in the years since I have left, to characterise him as somebody that
7 buys his way or somehow attains market share by being a "bad person". It is
8 not that, he is better than the others. When he has gone, we will look back at
9 Rupert Murdoch as one of the really pivotal people over the last 100 years.
10 He is somebody who is exceptional. Sometimes that exceptional ability is
11 characterised by his competitors as things that he is not.

12 Q. (Mr Bamford) To come back to the original question and to pick up on some
13 of the points that you have raised, you talked about New York and being in
14 the same building and seeing Rupert coming around and talking and there
15 being interaction there. In News Corp, in the UK, at least, all the senior
16 people having a relationship with Rupert and understanding and talking to
17 him; how did that relationship manifest itself with yourself? Was it a case that
18 you would be having phone calls to discuss genuine news stories, how the
19 World was running, how The Sun was doing? How did that play out on a
20 day-to-day or week-by-week basis?

21 A. (Mr Yelland) There would be many weeks when he would not call. My main
22 point of contact was Les Hinton, who would walk down the corridor and talk to
23 me twice a day.

24 Q. (Mr Bamford) When you say your main point of contact, you talked earlier
25 about Les being somebody who would soak up Rupert's time.

1 A. (Mr Yelland) Yes.

2 Q. (Mr Bamford) Was Les relaying things from Rupert or was that a different
3 type of conversation?

4 A. (Mr Yelland) It was multi-faceted. He was my day-to-day boss, an extremely
5 useful boss particularly when you are young and inexperienced in that job.
6 He would say things like, "Do you really want to do that?" He was a very
7 important person for News International, a very wise person. When you are
8 given a very big job it is a life changing thing and he tends to pick people who
9 are young, sometimes very young, I was 35. I was 30 when I was editing The
10 New York Post, I had only been in New York for two years. I had never even
11 been to The Bronx. If that happens you do put your boss on a pedestal, even
12 more than you normally would.

13 Sometimes he would call, on average, once every two weeks, something like
14 that. Some of it would be personal. My then wife had cancer, she was ill, and
15 a lot of the first two minutes would be about that. He would be interested in
16 the politics, he was always interested in what was going on, some of which he
17 could not put in the paper, because you could not be sure. He was never
18 really interested in the news. I think if I had been editor of The Times it would
19 have been different but he is not really interested in Big Brother or the Spice
20 Girls. He has very little interest in sport, in actual games. Very interested in
21 how the paper was doing, so most of the conversation would be what do you
22 sell? What are you selling in Scotland? They were always very stressful
23 conversations for me because the sale of The Sun from the early 1980s has
24 pretty constantly been going down, so you would very rarely have the
25 conversation where you had great commercial news. Every now and again

1 there will be price cutting strategies, particularly in Scotland and other areas
2 which were very expensive for the Company, but I think I am going into areas
3 which are not relevant to this at all.

4 If you are asking me, "Did he ring up and say, 'write a leader about Gordon
5 Brown'", I can honestly say I was never asked by him to write anything.

6 Q. (Mr Tutton) Were you ever asked by Les Hinton to do something like that?

7 A. (Mr Yelland) No, it did not really work that way. I have to say that my honest
8 answer to that is if I had been asked to write anything by Rupert or Les
9 directly, I would not have regarded that as a big deal at the time at all,
10 because it is their paper. I would have conversations with Les the whole time.
11 What happens when you get a job like that is I am political person, I have
12 always enjoyed politics. So I suddenly had a job where all the political players
13 knew who I was, it was extremely exciting. You go to parties and people and
14 say, "Hello", and it was remarkably wonderful -- that was the part of the job
15 that I loved. Other parts I hated but I did love that part.

16 So I will talk to Les the whole time and there would be many times when I
17 would want to write a leader which he would not. I was, for a time, for
18 example, very impressed with William Hague, who was then leader of the
19 Conservative Party but he would not say to me, "You cannot write that leader
20 because you support Tony Blair". He would say, "You cannot write that
21 leader because it is completely inconsistent", and he would be right.. So a lot
22 of the conversations were about you had an older experienced hand pointing
23 out that just because you have had a nice lunch with somebody. A lot of
24 these, it was much gentler.

25 First term Tony Blair was an era of British politics which will never come again

1 and you have to pinch yourself to think what we were like then. The paper
2 was positive, upbeat, things could only get better and the whole Country was
3 in such a different state of mind and that was my time, that was my editing
4 time.

5 Q. (Mr Tutton) When you had conversations with Les Hinton, did he ever say,
6 "This is Rupert's view on this", "This is what Rupert would like", or was it
7 always insofar as he offered a view. Was it his view?

8 A. (Mr Yelland) Yes, he would say that. We all would. If I wanted to get
9 something done on the Paper that I knew people would not do and I thought I
10 had weak authority for whatever reason, if I said, "Rupert thinks we should all
11 wear black shoes", then people would wear black shoes. In fact, that is a true
12 story. Everyone in News International wore black lace up shoes, because the
13 word was that Rupert had once said that that is what he liked. I remember
14 asking him at one point and he never said it. That is an example of people
15 doing things because they think that is what the boss wants when the boss
16 has not asked. I do not know whether I have explained myself properly but I
17 do think that that has been an issue. How do you get Rupert's attention if you
18 are coming up the Company if you think that he is extremely pro-Brexit then
19 write a column that is really pro-Brexit. He has not told you to write that
20 column.

21 That phenomenon is even more true of Associated Newspapers and the Daily
22 Mail at the moment than it is of news. It would be a career-limiting strategy for
23 any journalist on that paper, the Daily Mail, to write a pro-Remain column. It
24 would not be at News UK, if you look at The Times. I am not saying that
25 because I am here to represent Rupert Murdoch because I am certainly not. I

1 am just saying it because it is true. If you look at The Times and even
2 elements of The Sun they are lining up to be pro-Remain, so there is a
3 tolerance within the newspaper group, at News International, which is very
4 different from other British newspapers. That is true in Australia; it is true of
5 The Wall Street Journal. My own view is that as time has gone on the
6 newspaper and the UK have become less important to the overall Company.

7 I checked this the other day, when I was there, the UK was 18.5 per cent of
8 the business. It is much less than that now, even including Sky. What
9 happens here is of less interest to Rupert.

10 Q. (Mr Tutton) It has been in the news over the last few days that The Wall
11 Street Journal, New York Post, Fox News have all had this unified line on the
12 Special Prosecutor, for instance. Is the implication of what you are saying is
13 that might happen in the States but at the moment -- as the phrase goes,
14 more internal plurality within the UK operation than maybe there is in the
15 American operation.

16 A. (Mr Yelland) I have seen some of those reports, because I knew I was
17 coming here. I had not seen the story about the three of them being aligned,
18 which would be unusual. It is not unusual for Fox and the Post to be aligned,
19 but it is unusual for The Wall Street Journal. The Wall Street Journal is in the
20 great American tradition an unmanageable newspaper and so it should be.
21 By which I mean there are very big beasts within that newspaper, as there are
22 at The Times, who are not manageable, particularly in a digital world where
23 they are their own brands. I should say, before we go any further, because of
24 what we are here to talk about, and I have sat down and thought about this
25 very carefully. If you look at Sky News, Sky News is not, and never has

1 been -- I cannot think of a single example of any political agenda of any kind
2 being allowed within Sky, for all kinds of reasons which we can talk about,
3 which needs to continue.

4 Q. (Mr Bamford) I just wanted to pick up on you talk about Fox News and the
5 New York Post as being aligned and Rupert is currently acting CEO of Fox
6 News and you talk about New York Post as being close and going up and
7 talking to the staff. Do you think their alignment is therefore driven by Rupert
8 himself?

9 A. (Mr Yelland) I am not in New York all the time, so I could not say they are
10 always aligned so I have to be careful what I am saying there. To answer
11 your question, it is more to do with their market and the personnel.

12 It is very interesting to see the difference in the coverage of Donald Trump in
13 the New York Post to Fox. There is a reason for that; it is always about the
14 market. The New York Post is a little bit like the Daily Mail in the sense that it
15 is secondary. Everybody reads The Times in New York. The Post is a
16 Manhattan newspaper; it is not in the outer Boroughs, unlike the Daily News.
17 It has an elite readership who have it as a second read for fun, so it is about
18 page 6 with the gossip column, business coverage, the sport and the
19 columnists, not so much the news. New Yorkers did not vote for Donald
20 Trump and they know Trump from decades of experience. He is not popular
21 in New York and never has been. I had a lot of experience of dealing with him
22 when I was at the Post. So the New York Post is not out campaigning for
23 Donald Trump because it just would not work in New York. The issue of the
24 Special Prosecutor may be; I do not know what the specifics are. Certainly
25 that is how I would answer that question.

1 The other answer to that question is would you go and work for the New York
2 Post or Fox News if you did not have certain political views? If you were a
3 card carrying registered Democrat who was East Coast Ivy League educated,
4 always been a Liberal. Not so sure that you would go and work for Fox News.
5 That probably explains why The Wall Street Journal is a different kettle of fish.
6 I am always very struck when I am at the Journal that it is a very wide church
7 indeed.

8 Q. (Mr Bamford) To draw that through to the UK, a couple of points to maybe
9 draw the thinking together. Rupert has famously said, "If you want to know
10 my views read The Sun", and as I understand it you have previously said that
11 all Murdoch editors, however they do it, end up looking at the World through
12 Rupert's eyes, you know what Rupert's view is. In terms of you have said
13 there have been no instances of direct, "You should say this", "This is what
14 the leader should be", or, "This is what the view should be", how does that, "If
15 you want to know my views read The Sun", how do the Murdoch editors end
16 up seeing the World through Rupert's eyes. How do those two statements
17 come together?

18 A. (Mr Yelland) Can you remind me of the first part of that question again?

19 Q. (Mr Bamford) I was trying to draw across that you have talked about the New
20 York Post views and then I am trying to draw it back to the UK and through to
21 your previous statement about no direct, "This is the story that should be run",
22 "This is the view that should be had". But also your statement, which has
23 been previously made, that, "All editors view the World through Murdoch's
24 eyes at the end of the day".

25 A. (Mr Yelland) Yes, the first thing I should say since this is a formal setting is

1 that I have read that quote that Rupert said. I do not know whether he said it
2 and there is a danger with Rupert Murdoch that those sorts of things can
3 happen. I am not disagreeing with it. His view of the World, answering that
4 part of the question, is now so global that actually if you look at The Sun
5 leaders on a day-to-day basis they are actually things that he probably does
6 not even know about or care about. That has not been the case for a long
7 time.

8 In terms of looking through Rupert's eyes or whatever the phrase was, I think
9 that is true. I can only speak for my own experience and my own experience
10 is that I was working for a pretty extraordinary human being who had a
11 knowledge of the World and of the people in it that was only rivalled really by -
12 and this is going to sound slightly ridiculous but it is just my view - by the
13 Queen. I have seen so many movies about the Queen that her perspective
14 on life is just extraordinary. Rupert is the only other human being that has
15 worked with and known and often helped a great deal prime ministers and
16 presidents around the World for a long time now. So if you are a young
17 journalist or young editor and you are talking to him on a reasonably regular
18 basis, of course, you look at the World through his eyes because you had
19 never met anybody quite like him before and very few people have. You do
20 not necessarily just print what he thinks or what he says.

21 The complexity of this argument is actually really interesting because it is
22 those editors and those young journalists who think for themselves and are
23 brave that attract his attention. It is not always those journalists that are just
24 doing what he can see. For example you talk about Peter Stothard at The
25 Times, you can talk about James Harding at The Times, certainly me at The

1 Sun; I had political views that he did not agree with. As I got more into the job
2 I often would print those views. That must be true because if you look at the
3 three papers in the UK at the moment they do not agree with each other on
4 lots of things. So if it was the case that every newspaper editor looked at the
5 World entirely through Rupert's eyes then that would not be the case, they
6 would all be aligned on everything at all times.

7 Again from my own experience you do think to yourself, "What would Rupert
8 think about this?" That is true. I think that is inevitable and I also think it is
9 one of the things that people do not quite understand if they have not worked
10 really closely with Rupert Murdoch is that he has lots of different views about
11 lots of different things that would surprise people so he is extremely socially
12 liberal on some areas. Sometimes changes view as well. The views are not
13 always consistent, they change, he is open to debate. As I was saying earlier
14 although I did not finish what I was saying, the last time I had a long
15 conversation with him was when I interviewed him for something called the
16 Brunswick Review. I was working for a firm called Brunswick and it was a
17 verbatim Q&A which he approved which is rare. So there is no opinion in that
18 interview. From memory I asked him what was going to happen at the
19 Election, I think Gordon Brown was PM then I think, and he did not have a
20 view. I was really quite surprised. His exact response was, "Talk to
21 Rebekah", meaning Rebekah Brooks. This was not a man who had an
22 obsession with what was going to happen in the UK. It was a man who had
23 lots of other things to do, frankly.

24 I guess the core accusation by those people that are very critical of Rupert is
25 that he uses his media to influence politics in markets to affect his business;

1 that must be the core. I do not think it makes a blind bit of difference what the
2 politics are in the UK anymore. It did not used to. In the early days of The
3 Sun that was a different era, in 1979 when Thatcher was elected that was --
4 Wapping could not have happened without out and the Company could not
5 have succeeded in a way that it did without Wapping although nobody could
6 ever have known that was going to happen. Nevertheless, you could make
7 an argument there. I genuinely do not think you could make an argument
8 now.

9 The newspaper market has dwindled. Any suggestion that he is profiteering
10 out of the newspaper business is just not the case. He is, in many cases,
11 supporting newspapers which would not survive in the way that they do
12 without his support and there are a lot of very nervous journalists within the
13 Company, particularly the New York Post and in other areas as well, that
14 know that his -- I use the word advisedly -- "love and affection" for journalism
15 is paying their bills.

16 In terms of Sky News, I think the only other relevant thing there which I did
17 want to mention is the idea that there is a single culture within the News Corp
18 world is not true. There are areas where the culture is extremely different and
19 the people do not really get on which is probably a very good thing, just like in
20 the Wall Street Journal, The New York Times or The Financial Times often
21 the editorial page teams really do not get on with the news reporting teams.

22 There were times during the Clinton investigations, when Clinton was
23 President, where The Wall Street Journal pre-News, when it was still owned
24 by its previous owners, the editorial part of it employed its own journalists to
25 cover White Watergate, whatever it was called, down in Arkansas --

1 suggestions that Hilary Clinton had done things and Bill had done stuff when
2 they were coming up that they should not have done and suspicions of fraud
3 and sexual impropriety and all that stuff. There were times when The Wall
4 Street Journal employed its own news journalists on the editorial page against
5 its journalists on the news section because they disagreed so violently. That
6 sort of thing happens in the news world.

7 The culture at Sky News is completely different from the culture at what was
8 News International which is completely different from the culture at Fox News,
9 utterly different.

10 THE CHAIR: Can you explain how they differ, these cultures?

11 A. (Mr Yelland) Look at the personnel, where they come from. The majority of
12 people, during my time editing -- a chap called Nick Pollard was running Sky
13 News. I am not an expert on his career, but they would come from ITV, most
14 of the BBC, and then they would go back. So they are broadcast journalists
15 who are not, as was the case in the early days at News Corp, Murdoch
16 people. People that had come up from one bit and were transferred to
17 another bit, so their entire loyalty and entire world view was the boss. That is
18 not true at all at Sky and increasingly is not true at the senior level of the
19 Company. There are areas where that is still the case, of course, but it is a
20 long time since I have been anywhere near Fox News, but what I would say
21 under Roger Ailes, is that it was a world within itself that was clearly out of
22 control. You can see how the Company are trying to desperately, both Rupert
23 Murdoch and James and Lachlan, to get the thing under control.

24 Q. Why do you think they let it get out of control?

25 A. (Mr Yelland) Roger Ailes is a very difficult person to manage and he made a

1 great deal of money for the Company and himself, but that is irrelevant. I
2 think there have been times in the history of the company where The Sun is
3 an example. It is very clear to us in the Second Act of Ink. You create
4 something and, I do not want to use the word "out of control" but it
5 mushrooms in a way that you could not possibly have foreseen. It is easy for
6 people in any room to say, "The Sun will succeed because it was downmarket
7 and page 3". It was not like that, anybody could have done that. It was a
8 much more complex thing. The same applies to Fox News.

9 When I said earlier to you that we all thought Fox would fail, there was a
10 reason I said that which is to this point, which is that I am not sure that Rupert
11 Murdoch's thought it would be the success that it was, either.

12 Q. Do you think it could succeed here?

13 A. (Mr Yelland) Fox News? No. It would not be allowed to but, no, I do not think
14 so. That is a very interesting question. When I was growing up I remember
15 somebody I really respected, someone like Michael Palin, said on television
16 once that Hitler would not have succeeded in Britain because we would have
17 laughed at him. I hope that is true but it may be testing in the current era, but
18 I think there is an element of that.

19 Why did Fox News succeed? That is perhaps a better way of putting it. Fox
20 News succeeded because there was a whole area of the US, massive area
21 both geographically and economically in terms of social class and politically,
22 that was not being served by the mainstream media. And that is not the case
23 in the UK. If anything, the UK is overserved.

24 Q. (Mr Tutton) Even within broadcast news?

25 A. (Mr Yelland) Yes, I would not want to say it is overserved but it is certainly

1 saturated and that is even before we start to talk about digital.

2 There must have been many, many meetings, none of which I would ever
3 have been privy to, mostly because I have left since. If Fox News would have
4 succeeded it would have been here. How many planning meetings and off
5 sites and strategic meetings must there have been where doing something
6 like that must have been on the -- clearly, not just by News Corp but by lots of
7 people. And there is something in this Country called the BBC, which I am an
8 immense fan of and for disclosure my wife has a senior job at the BBC
9 Worldwide, so I am slightly biased here. If the BBC existed in the US there
10 could be no Fox News. You cannot have Fox News in a market where there
11 is a state broadcaster which has anywhere near the market share the BBC
12 has. There is not enough advertising money. Apart from anything else there
13 is not enough advertising money.

14 There are also issues around this which is if you look at those areas of the
15 media where this has been tried in broadcast, there are some areas - one is
16 radio - it does not really work because the market just is not there. There are
17 journalists in radio who are quite controversial such as Nick Ferrari at LBC
18 and certain others, but they fall well within the boundaries of professional
19 journalists who -- although you might suspect that they were politically one
20 way also reflect other opinions.

21 Q. (Mr Krumins) I would just like to come back to this point about the culture and
22 to use the specific example of the book cancellation and your hypothesis that
23 Rupert was not aware of that. It has been put to us that that is not so much
24 the issue. The issue is then his response to something like that and that
25 potentially if he deems it was done in his interest then he would protect and

1 aplaud that. It is these situations where it is an almost paternalistic or very
2 supportive fashion -- that if you are part of his team he will accept or ignore
3 that kind of behaviour because you are one of his people.

4 A. (Mr Yelland) I think that is a good question and I suppose part of the
5 operation was what could he have said about that. I suppose it is possible
6 that he could have issued a statement saying, "I did not want this. I did not
7 order this and we are going to publish the book".

8 Q. (Mr Krumins) He could have issued a statement, he could have fired the
9 person, he could have published the book.

10 A. (Mr Yelland) Things have changed massively since then. I feel as if I am
11 defending the Company, at the moment, which is not why I am here and not
12 what I want to do but I am just dealing with the facts. There has been a
13 growing up, the Company has grown up, it has had to grow up. Things
14 happened which should not have happened so, for example, the firing of
15 Kelvin MacKenzie is a very, very important thing, a moment that people
16 outside the Company do not really fully understand. For Rupert to sanction
17 that was a very big moment. Les Hinton going, that was an extremely big
18 moment. Les Hinton was one of the closest people to Rupert for many, many
19 years. He is one of his earliest employees in Australia. He joined the
20 Company as a tea boy at late 16 or so, and he has actually just written a book
21 which will be published soon about that. Ran part of the Fox Television
22 network in the US which was the owned and operated companies, not Fox
23 News, and then ran News International when I was there and had to go at the
24 back end of the hacking situation.

25 The point that you are making gets to the core of these issues and that the

1 Company is very aware of that, particularly I think the newer generation and
2 that putting structures and levers into a corporate regulatory or command or
3 control or whatever you want to call it that takes care of those issues is quite
4 important. I think it can be an issue and it is an issue that can be managed
5 and that they have made strides to manage. I have never spoken to anybody
6 there about this but I think they realise it can be a competitive disadvantage.
7 There are many competitive advantages to being Rupert Murdoch and being
8 that company, fleet of foot, being able to move fast, being better than the
9 opposition which they so often are.

10 What they have done with sport around the World, they have revolutionised
11 sport because Rupert saw that opportunity.

12 Q. (Mr Krumins) You are articulating the very concerns being expressed to us
13 which is that compliance and regulation only becomes relevant when it
14 becomes a competitive advantage and it is not being done because it is the
15 right thing to do.

16 A. (Mr Yelland) I could not answer that because I am not at the Company. It is a
17 long time since I worked at the Company. It is undeniable that things
18 happened in recent history at the Company which should not have happened,
19 so it is inevitable that the Company would look at why it happened and trying
20 to manage going forward that those things do not happen.

21 Q. (Mr Krumins) How would you help us to think about this? We have multiple
22 representations to the effect that a leopard does not change his spots. And
23 they point to the reappointment of Rebekah Brooks, they point to the
24 reappointment of Bill O'Reilly as being much more recent examples
25 apparently when all the new governance regimes and considerations were

1 being taken over image and messaging and perceptions about the
2 organisation was saying to the outside world, this whole air of genuine
3 commitment to standards. And we had representations saying you have to
4 separate the words from the actions, and the actions speak for themselves.
5 How would you help us to think through that?

6 A. (Mr Yelland) It is interesting because trying to be objective as possible
7 because I realise this is the crux of the issue. Funnily enough, oddly, or just a
8 fact of the matter, the one area where none of this has ever been an issue is
9 Sky News. Sky News, to me, is a hugely valuable part of the media in the UK
10 and so if you are asking me what can be done I think anything that can be
11 done to secure -- that that continues would be welcomed by everybody
12 including people that work for Sky News. I do not know anyone at Sky News
13 that thinks that they will "interfered with" either now or at any time in the
14 future. There are lots of reasons for that, part of them is the Ofcom
15 regulation, part of them is the culture, the people that are employed there. It
16 is just not going to happen and that is even before you factor in the fact that
17 there is a great deal at stake here for the Company, so they clearly would not
18 want to do that anyway. But even if Rupert Murdoch were to wake up
19 tomorrow and decide that he wanted Sky News to reflect his political views, I
20 am not sure that those levers would work. I am 100 per cent certain that he
21 would not want to pull those levers but even if he did they would not be linked.
22 I remember once hearing Tony Blair say, "The problem with being Prime
23 Minister is you pull the levers and they are not connected". You want to do
24 something and actually it is not working down on the shop floor. That would
25 happen with Sky. So does a leopard ever change his spots? A real leopard

1 obviously does not change his spots. I think the answer to that question, in
2 the specific instance that we are talking about here and that you are looking
3 into, that actually does not apply. If we were talking about other areas of the
4 Company I might have a different response to that. What I would also say is I
5 am somebody that is extremely passionate about the role the BBC plays in
6 this Country and about freedom of the Press generally and about democracy
7 which is threatened from so many fronts at the moment.

8 If there are things that can be done to ensure the continued independence of
9 Sky News then I think those are things that would be welcomed but I do not
10 know what they may be because it is just not my area of expertise. I am not
11 saying that you necessarily need to recommend things that need to be done.
12 I am just saying overall, you asked me a question and the answer is Britain
13 without Sky News would be a sadder and less democratic place to quite a
14 marked degree.

15 Q. (Mr Krumins) But to expand on that concern that you have expressed and
16 many others have expressed that, that Sky News is very important. It is a
17 critical piece of our plurality of discussion and news landscape and that is very
18 quickly followed by, "We cannot take the risk". While it may be the case that
19 Sky News has never been the scene of any of those issues, you can change
20 the editor, John Reilly, very easily, and then what happens after that? Why
21 could you be so confident that Sky News will stay the same under any kind of
22 ownership change?

23 A. (Mr Yelland) That is my view based on 20 - 30 years of knowing all those
24 people and knowing successive editors, knowing the journalists and the
25 presenters. That is just my view. I do not want to misquote you but I think the

1 words you used were, "How can we be sure?" Presumably that means how
2 can you be sure that if the deal closes that suddenly, or at any time, that Sky
3 suddenly becomes ...

4 THE CHAIR: Can I put it another way? Not whether we could be sure but could it
5 be different if Sky becomes 100 per cent owned by Fox, run out of New York
6 as a subsidiary rather than a UK listed company here with its own separate
7 identity. Do you think the constraints would be different?

8 A. (Mr Yelland) If that was ever going to happen in our newspaper business or
9 in the broadcast business it would have happened by now. That just would
10 not work; it would not make any sense. I think the elephant in the room here
11 is that frankly given the size and importance of this deal is that they are
12 protecting the independence of Sky News. Sky News as a commercial piece
13 of this picture is and always has been an extremely tiny part. The idea that
14 the Company would suddenly mess around with Sky post the deal is just so
15 far off their agenda. It just would never happen. It would not work. It would
16 not work commercially. It has never worked in the UK. Even existing
17 regulations make it impossible is a very important thing to say. It actually
18 could not happen, although it is often very easy to think about the UK market
19 and the US market being together and you asked the question about whether
20 the UK market could be owned from the US. They are entirely different
21 markets in every single sense. Quite clearly on size but also in terms of the
22 traditions of US broadcasting and the traditions of British broadcasting. What
23 British people expect, what they will accept, what advertisers will accept.

24 Q. Everybody we have seen agrees Sky News is important to the UK media
25 landscape. Is it that important to the overall Group? It makes a significant

1 financial loss. It has been put to us there was a concern that once it is in a
2 larger group, and as you said is very small, actually is it that valuable why
3 should we go on supporting it.

4 A. (Mr Yelland) I cannot answer that question. My instinct would suggest that
5 the future of Sky News would be much more in peril if the deal did not close
6 than if it did, to be honest with you. I think the idea that a ring fenced Sky
7 News post the closure of this deal could ever be under any serious threat is
8 just a -- I think it is important to put Sky in a little bit of historical context. I
9 was not there at the time because I had not got to a particularly senior level at
10 that point but this is a company that was -- if you read Andrew Neil's book. I
11 do not know whether Andrew Neil has given evidence here or not but that
12 company was literally put on a rocket in the sense of a satellite and fired up
13 into the atmosphere. If the rocket had crashed the company would have
14 crashed so the amount of risk and vision that Rupert put into Sky, to set the
15 thing up in the first place is not to be underestimated. And its success, since
16 then, all things have flown from that. Nearly all of which have been very
17 positive, including effect on sports and the Premiership and so on.

18 It follows from that that the importance to the family of this deal is extremely
19 high. It is the coming together of the things that they have created. So the
20 idea that if one of the costs of that is that Sky is ring fenced in any way that
21 you or others choose to do so, that that would ever be threatened is just not
22 anywhere near. I do not work for the Company but that is such a small price
23 to pay for bringing together these two sides of the Company which have been
24 built by Rupert Murdoch.

25 I know we are not here to look at the World from Rupert Murdoch's point of

1 view but since he is not here if you look at it from his point of view these are
2 things which would not exist without him. So the idea of not being able to do
3 this deal is just slightly ridiculous. So if the cost of that includes the
4 preservation or independence of a small Sky News operation which loses a bit
5 of money, it is a small cost.

6 Q. (Mr Krumins) If you put aside any discussion about whether Sky News
7 editorial will change or not, does the sheer concentration of media assets
8 bringing these groups together fully owned, does that cause any concerns for
9 the UK media landscape in terms of broader implications of having tabloid,
10 broadsheet, Sky, Sky News, radio all under the one sphere of influence?

11 A. (Mr Yelland) I do not honestly think so now. I think given where the World is
12 in terms of the digital revolution, what we see Tony Hall at the BBC saying
13 about Netflix, what has happened just this week. The risk for news, by which I
14 mean the whole Company is that they are shuffling the deck chairs on the
15 Titanic and that the digital revolution will take all the things that we think as
16 being very powerful away. I am not saying that is going to happen
17 immediately but if you look at market share, if you look at the new players on
18 the block, certainly the newspaper industry which is what I know best, we are
19 talking about a dwindling industry. I always thought when I first read about
20 this deal, it does not really change anything.

21 Q. (Mr Krumins) Even if that combined group would be head and shoulders
22 above any other commercial operator in the UK. Put the BBC to one side,
23 there is no other commercial operator would have anything like the reach and
24 scope.

25 A. (Mr Yelland) I do not have the figures here to disprove that and I am not here

1 as a representative or spokesman for the Company but I do think that there
2 will always be a market leader, there always has to be a market leader. I
3 think there are very very powerful counterbalances to that, the BBC being an
4 extremely good one as I said earlier. These things it depends how you
5 measure them.

6 The other thing I would say and I am sort of repeating myself is that I do not
7 think it changes -- these are companies and assets which were created by
8 and have been managed and run and owned by this Company for a long time.
9 This is not an acquisition of an existing asset that is owned by somebody else,
10 so there is not power shifting from the second in the market to the first in the
11 market. In terms of the consumer of news in this Country, it is a cosmetic
12 change, which is why there is no wide discussion or feeling about this in the
13 Country. There would be if it was the acquisition of ITV or Daily Mail or
14 whatever. That is what I would say to that.

15 As I saying that there is a danger that I appear to be representing their views.
16 I am not certainly not doing, it is just my view.

17 Q. (Mr Krumins) You use the analogy or the parallel between Rupert Murdoch
18 and the Queen in terms of length of tenure and statesmanlike and knowledge
19 and experience but on the Royal Family side we are now beginning to see
20 and contemplate a generational shift. The Queen is handing over some of her
21 duties and the children are coming through. Through our discussion we have
22 had you have only just referred to Rupert but not the influence or the role of
23 the younger Murdochs.

24 A. (Mr Yelland) I have but I speak from my own experience and you have to
25 remember I left the Company in 2002. Although I did know and work with

1 James quite a lot, particularly in New York, it was at a time when he was very
2 young. I know Lachlan but I do not know him very well. I can read the
3 papers, I think exactly the same thing is happening at News Corp as is
4 happening in Buckingham Palace. Because no matter how powerful we may
5 think Rupert Murdoch is, there are certain things that he has no power over
6 and there clearly has to be a generational shift. It is obvious that that has to
7 happen.

8 THE CHAIR: Thank you very much indeed for your insights, it was most helpful.

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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?