OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Affairs Committee

Thursday 8 November 2018

Session 5

The Scottish Parliament
Pàrlamaid na h-Alba

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CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE
28th Meeting 2018, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

Claire Baker (Mid Scotland and Fife) (Lab)

COMMITTEE MEMBERS

*Annabelle Ewing (Cowdenbeath) (SNP)
*Kenneth Gibson (Cunninghame North) (SNP)
*Jamie Greene (West Scotland) (Con)
*Ross Greer (West Scotland) (Green)
Stuart McMillan (Greenock and Inverclyde) (SNP)
*Tavish Scott (Shetland Islands) (LD)
*Alexander Stewart (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Anne Bulford (BBC)
Neil Findlay (Lothian) (Lab) (Committee Substitute)
Donalda MacKinnon (BBC Scotland)
Steve Morrison (BBC)
His Excellency Michael Zimmermann (Ambassador of the Republic of Austria to the United Kingdom of Great Britain and Northern Ireland)

CLERK TO THE COMMITTEE

Stephen Herbert

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Culture, Tourism, Europe and External Affairs Committee

Thursday 8 November 2018

[The Convener opened the meeting at 09:02]

Presidency of the Council of the European Union

The Convener (Joan McAlpine): Good morning and welcome to the 28th meeting in 2018 of the Culture, Tourism, Europe and External Affairs Committee. I remind members and the public to turn off mobile phones. Any members using electronic devices to access committee papers should please ensure that they are turned to silent.

Apologies have been received from Claire Baker MSP and Stuart McMillan MSP. Neil Findlay MSP is here as a substitute for Claire Baker. Neil, do you have any relevant interests to declare?

Neil Findlay (Lothian) (Lab): I have nothing to declare.

The Convener: Thank you.

Our first agenda item is an evidence session with the Ambassador of the Republic of Austria to the United Kingdom of Great Britain and Northern Ireland. Austria currently holds the presidency of the Council of the European Union. I welcome the ambassador, His Excellency Michael Zimmermann, and invite him to make an opening statement.

His Excellency Michael Zimmermann (Ambassador of the Republic of Austria to the United Kingdom of Great Britain and Northern Ireland): Thank you very much, convener. Distinguished members of the Scottish Parliament, ladies and gentlemen, it is a great honour and pleasure for me to be in this magnificent building for the first time. I have been to Edinburgh many times over the past decades, but it is of course a very special moment for me to be in the Scottish Parliament and to meet such a distinguished committee here.

The Austrian presidency comes at a very special moment for Austria, as 2018 is a year of anniversaries for us—good and bad anniversaries. In 1848, a revolution swept across Europe and started land reforms, legal reforms and constitutional reforms and opened Europe up to the society that we have now. At the same time, it was the beginning of defined nationalism. In 1918—100 years ago almost to the day—the Republic of Austria was founded from the German-speaking remains of the Austro-Hungarian monarchy. The interesting point to make about that here in the Scottish Parliament is that the Republic of Austria was founded by the Länder or regional states. It was not a top-down creation; the Länder came together on their own and decided to set up the Republic of Austria. That foundation based on regional identity, regional history and regional culture influences Austria to this day.

A darker moment came in 1938—80 years ago almost to the day—after Austria was annexed to the German Reich, unfortunately with the assistance of not a few Austrians. The resulting events and tragedies have been a major factor in our national consciousness to this day. We are aware of the responsibilities, and that has influenced our EU presidency.

In 1948, the United Nations Universal Declaration of Human Rights was adopted. In 1968, there was a revolution in Czechoslovakia. In 1998, Austria had its first EU presidency; today, we have our third. Twenty years after the first one, I am very happy to be here to talk about the third Austrian EU presidency.

Had events taken their normal course, I would not be here because, going by the list of EU presidencies, the UK would have slotted in in 2017. We were quite relaxed about preparing for our presidency, which was not due until next year, but, after Brexit, it was decided that the UK should not take up its scheduled EU presidency, and the other countries moved forward by six months. That is why I am here today, not next year.

We are very aware from the UK's referendum that, in many countries, the link to citizens has been lost over the past years or maybe even decades. It is necessary to make that link with people again, to listen to them and to put their concerns first.

The range of issues that can be decided by any EU presidency is not very wide. Most of the topics and projects have been going on for many years, and we are trying to further them and conclude them, but there is a certain leeway for bringing in our own priorities. With regard to the concerns of citizens, our first priority is to create a Europe that protects.

The migration crisis in 2015 was a watershed moment in the history of the EU. In many places, people have lost their confidence that the EU is willing and able to protect citizens, and we are trying to convince people that the EU is willing and able to do so.

Under the motto, "a Europe that protects", we have three priority areas. One is the fight against illegal migration, the second is the protection of

prosperity, standards of living and competitiveness through digitalisation, and the third, which is logical given our geographical location, is stability in the eastern part of Europe, particularly south-east Europe and the Balkans.

The European project is still unfinished. There are countries that could rightly belong to the European Union but, for a number of reasons, are not there yet. We are very interested in helping such countries join the European Union and in extending the sphere of stability and prosperity throughout south-east Europe.

As far as migration is concerned, we have been talking for a long time about the EU's external borders. However, in 2018, we are still unable to protect or control those borders. On the one hand, the sheer scale of migration since 2015 has caused concern; on the other hand, there is the feeling that the rule of law has been lost. If a border cannot be protected and citizens see that the authorities, be they national or European ones, are unable to enforce the rule of law, the loss of confidence hurts everyone. We therefore have the issues of the fight against illegal migration, the future of the protection of the external borders and the fight against illegal activities in connection with migration. People smuggling and other organised crime activities on the fringes around illegal migration are among our main concerns.

In the future, we should see the strengthening of Frontex, the European Border and Coast Guard Agency, but it is vastly understaffed for protecting the borders, especially the sea borders in southern Europe, whose protection is a huge task. However, we have to start somewhere and we have to get somewhere.

Europe will need to keep up with the development of new technologies. The economic future of the European Union will very much depend on competitiveness, especially with Asian countries. We have to provide the basis for the efficient use of technologies, but we are also very much aware of the pitfalls of new technologies and the problems that they can create for citizens in terms of cybercrime, copyright and data protection. One of our aims is to find the right balance between advancements in technologies and the protection of citizens' rights. There is also the question, which is much discussed in the EU, of the taxation of the internet giants.

All those topics will be very important for our citizens in the future, and we will try to keep Europe at the forefront of competitiveness. Having a level playing field in the digital economy is of great importance. Europe is characterised by small and medium-sized enterprises, so we have to find ways to preserve their competitiveness when faced with the international giants.

With regard to the stability of our neighbourhood, we must be aware that tensions are never far away. Progress has been made over the past 20 years, after the dissolution of Yugoslavia, but not enough. There are still underlying animosities and a lack of economic and civic progress because of ethnic and political differences. We will continue to work hard on that topic. It is an area where Austria has a lot of know-how and competence, which is why we focus on that part of Europe.

Given that huge number of questions, we have to ask ourselves where we can or should start. Our chancellor's motto is that the EU should tackle the large topics and leave the smaller things where they belong, at the local, regional and national levels. The topic of subsidiarity is important for us—not least, as I mentioned before, because we live in a country where decisions are made from the bottom up. We will have a conference in Austria on 15 and 16 November, trying to further the principle of subsidiarity within the European Union.

09:15

Austria tries to act as an honest broker in the presidency. The topics we choose are not for our national advancement—we try to work for the betterment of Europe. The broker role is, to a certain extent, what we can also bring to the Brexit debate. The structure of the negotiations and procedures does not allow a lot of activities at the national or presidency level, but our Prime Minister has been active in advancing the negotiations or convincing the parties to find solutions. At the beginning of the presidency, he was in London, and on Thursday or Monday had a telephone conversation with the UK Prime Minister. We are doing what we can, although our scope for activity is limited.

The Salzburg summit, which became an important event for Brexit, was not meant to discuss Brexit at all. Our Prime Minister opened the summit with a discussion of Brexit. Originally, the summit was planned to cover only migration and security. We tried to take the opportunity of the heads of state or Government being in Salzburg to talk about Brexit as well. Those are little things that we can bring to the Brexit debate.

So far, a number of ministerial events have taken place, mainly in a constructive atmosphere. The pace will continue. We will have a high-level forum between leaders from Europe and Africa in Vienna in December, where we will try to tackle the migration question in co-operation with the countries of transit and origin and work out solutions with them.

I want to point out that we have the presidency for the 28 members. It is not the EU against the UK. We are trying to work for Europe for all 28 members, as long as we are 28. We have pointed that out to the UK Government. I do not see us as being in different camps. We are in one camp, at least until 29 March 2019.

The Convener: Thank you, your excellency. That was fascinating, but I know that a number of members have questions that they wish to ask, so if it all right with you, I will stop you there and move on to questions.

Michael Zimmermann: That was my final sentence, anyway.

The Convener: You talked about your Prime Minister's visit to London. I understand that Prime Minister Theresa May has visited Austria, as well as the Foreign Secretary and other ministers. That has been seen as an attempt by the UK Government to lobby Austria, both as an individual member state and as the member state that currently has the presidency, to influence the course of the Brexit negotiations. How successful has that been for the UK Government?

Michael Zimmermann: We do not interpret the motives of the UK Government when it visits Austria and talks to us. We are happy about the meetings. We gain a lot of important information.

The structure is very clear. Michel Barnier is negotiating and he has a clear mandate, as adapted from the European Council's article 50. There has been no change in that and there are no bilateral tracks.

The Convener: This committee met Michel Barnier about a year ago and he was very clear then—as now—that the four freedoms of the single market could not be tampered with. Do you agree with that point?

Michael Zimmermann: Yes—that is the Austrian Government's position as well.

Annabelle Ewing (Cowdenbeath) (SNP): Good morning, ambassador, and thank you for your interesting opening statement. We do indeed live in interesting times. At this stage, there are so many unknowns, to coin a phrase, that it is difficult to have a rational discussion.

However, I want to pick up on a factual point. I appreciate that from your perspective as ambassador you might not know the detail of this, but something has been adopted during the Austrian presidency that I was previously not aware of: a new European travel information and authorisation system—the ETIAS. The system is to apply to visa-exempt third-country nationals, who will need to obtain travel authorisation before their trip via an online application. For each application, the applicant will be required to pay a travel authorisation fee of €7. I do not think that that information is widely known by potential travellers from the UK. Obviously, at this point in the year, they might be looking to book holidays next year and so forth. I seek clarification of whether, if Brexit takes place, that system is intended to impact on UK nationals during the Brexit transition period, whatever it might be, and beyond. It would be helpful if you could give us your thoughts on that.

Michael Zimmermann: The system is a major building block of European security. The regulation was signed by the Austrian presidency and the European Parliament, having been through the whole process of the European Parliament. It will allow for much better control of who enters the EU. The basic fee will not change a lot, particularly for countries whose citizens need a visa to enter the EU, because they have to pay for that anyway. The €7 fee will not make much difference in that regard.

I do not have any concrete information about the application of the system during the transition period, but I am pretty sure that it would not be used against UK citizens in relation to movement between the UK and the continent.

Annabelle Ewing: Okay, but obviously we would wish for some clarification because it is another important practical consideration among many. On the broader intention behind the system, you mentioned security, which is very important. I take it that implicit in the system of authorisation, albeit that it falls short of a visa system, is the possibility that in certain circumstances, authorisation will not be granted. I guess that we have to get more information about the practicalities of applying for the authorisation in terms of the lead-in time, the time taken for authorisation to come through and so forth, because for many systems that is not exactly instantaneous, for obvious reasons. This is therefore yet another area of concern for individuals in Scotland resulting from the whole Brexit boorach, as they say in certain parts of Scotland.

Michael Zimmermann: As far as entering data is concerned, when I fly to the UK, I have to check in with my personal data: my passport data.

Annabelle Ewing: Yes, absolutely, but my point is that an authorisation system, simply by the nature of the word "authorisation", presupposes that in certain circumstances, authorisation might not be granted. I think that we need to get to the bottom of what that would look like. However, I thank you for your response, because I appreciate that that question put you on the spot a bit.

Tavish Scott (Shetland Islands) (LD): Thank you for your opening remarks. Some of us met

your colleague Franz Fischler many years ago on fisheries matters. I do not know what Herr Fischler is doing these days, but he was certainly a robust character when it came to fisheries policy some years back—

Michael Zimmermann: He still is.

Tavish Scott: —while you are very diplomatic, if I may say so.

With Austria convening the presidency of the EU, what is your perspective on how far the transitional period will extend? What time period do you guess it will be? We are told that the current thinking is 18 months. Do you foresee circumstances in which that could be extended, given the complexity of what may have to be discussed and arranged from March 2019 onwards?

Michael Zimmermann: It is far beyond my level even to give a personal assessment. It will be a crucial point in the final negotiations.

Tavish Scott: That is kind of the point. Do you think that that detail will be decided in the final negotiations?

Michael Zimmermann: I could imagine it as one of the points that constitute the final agreement.

Tavish Scott: As you said to the convener, individual member states—and, in your case, the presidency—leave that matter to Michel Barnier in terms of the detail.

Michael Zimmermann: We would go a long way to support a solution to the question.

Tavish Scott: My apologies for asking an unfair question.

Neil Findlay: The governing coalition in Austria has members of the far right in powerful positions. You mentioned the fight against migration as being a priority. What impact are the far-right partners in the coalition having on Austrian politics and the presidency?

Michael Zimmermann: Our chancellor Sebastian Kurz was foreign minister for four years during the migration crisis. He started his work in the Government as a state secretary for integration matters. He has been involved in the topic for six or seven years. He has the experience, outlook and know-how to tackle the questions.

Sebastian Kurz is also the minister with overall responsibility. In a coalition Government, the views of all partners come in but decisions are taken anonymously by the Council of Ministers, so that there is one Government position. The question of migration does not only concern the parties in Government but all the other parties. Any decision taken by the Government reflects the result of the elections and the will of the electorate.

We can look into any concrete questions, but in general there is one Government policy.

Neil Findlay: In relation to the issues around migration, every year we see thousands of migrants, many drowning in the Mediterranean. Is it the view of the Austrian Government and the presidency that, come what may, that is just a consequence of having a secure EU border? Is there no acknowledgement that there is a failure to deal with the whole issue around migration, when we see thousands of poor people drowning in the Mediterranean?

Michael Zimmermann: It is clear that the measures that were taken in past years were not sufficient to prevent such tragedies.

As far as those tragedies in the Mediterranean are concerned, we are looking hard at the criminal networks and businesses that cause them. There is a criminal component to those tragedies. If we are to tackle the problem as a whole, we must also tackle that problem.

09:30

Neil Findlay: Does the Austrian Government support freedom of movement within the EU?

Michael Zimmermann: Absolutely.

Neil Findlay: But not freedom of movement one inch outside the EU.

Michael Zimmermann: No, that is definitely not our position. There is movement and there is illegal movement. A wide range of regulations allows and extends legal movement, but there is also a point at which that movement becomes illegal movement. If illegal movement, as defined by laws, takes place, Governments have a duty to stop it.

Jamie Greene (West Scotland) (Con): Good morning, ambassador. Thank you for coming.

I will continue that thread of questioning. In your opening statement, you said that one of the three priorities of the Austrian presidency is migration on the European continent. I appreciate your role, and I am not asking you to comment on domestic political matters—that is for domestic politicians to do—but the issue is important, because the domestic politics of the country that holds the presidency can influence its neighbouring countries. I say that because, as you will be aware, Austria—alongside some of its neighbouring countries, including Hungary, the Czech Republic and, from what I read this week in the news, possibly Croatia and Poland—has decided not to sign up to the United Nations global compact for migration. That cluster of regional

countries has a certain view on the accord, and that view seems to be a theme.

The Austrian vice-chancellor said:

"Migration is not and cannot become a human right."

Will you elaborate on what he meant by that?

Michael Zimmermann: There is a regional context to the matter: the countries that you mentioned were all hit by the migration crisis. There is no bilateral consultation about that; the decisions are taken by individual Governments, and not as a group, or in an organised way. In addition, there are other countries, such as the United States of America, that will not sign the compact.

In the light of the events in recent years, our people looked very hard at every detail of the compact. We consider that, in its current form, the compact includes a number of concrete points that do not reflect our Government's expectations of it. These are not general questions—there are 15 or 20 single areas in which we do not feel that the compact gives a satisfying answer or makes clear enough the difference between legal and illegal migration.

Jamie Greene: Has that decision been influenced by the make-up of your domestic Government? If so, has that affected your country's stance on the accord? On the one hand, the narrative of your presidency is about tackling migration and helping migrants; on the other hand, at the sovereign state level, Austria is not signing up to some of the schemes that may do just that. There seems to be a conflict of views.

Michael Zimmermann: A lesson from recent years is that abstract political declarations should not float away from real life, or the opinion of the population.

In a way, it would be dangerous to enshrine something that we know might not be kept or which we might not be able to implement. The view of our Government is that, if we are not fully convinced of something, such as the compact, and if we do not fully agree with the provisions, it is probably better to wait for the right moment rather than to regret doing something a few years later.

Jamie Greene: If the convener will allow it, I will move away from migration and on to another one of your priorities: the stabilisation of eastern Europe, the Balkans and—perhaps to some extent, given their proximity to Russia—the Baltic states. What are the Austrian presidency's views on how robust the EU should be with Russia? I ask that question because many European countries rely on Russia for large amounts of energy, particularly gas. For example, I know that Austria imports from Russia huge amounts of gas—more than 9 billion m^3 in 2017, which was a 50 per cent increase—and the imports so far in 2018 have already surpassed that amount. Given that reliance on Russia, how confident are you that the Austrian presidency will be robust with Russia?

Michael Zimmermann: We fully support the EU sanctions and policy on Russia. As far as energy imports are concerned, the numbers that you mentioned are correct, but we are far less dependent than some of our neighbouring countries. Increases and decreases reflect changes in prices, depending on the market.

Some south-eastern and eastern European countries depend dramatically on Russian energy. That means that such countries need to be stable and prosperous enough not to be intimidated; that is why we want to take those countries into the EU. We are looking very closely at reverse-flow gas pipeline systems in order for countries, including Hungary and Serbia, to be able to decrease their dependency on Russia gas.

Energy dependence and Russian influence is only one of the problems in south-east Europe, and it is a fairly recent problem. The ethnic and religious tensions in south-east Europe go back 600 or 700 years, which is a long time, even by UK standards. We need to create civic coherence and a feeling of there being one society in such countries, in parallel with addressing practical questions on energy dependence, for example. Energy dependence is an important factor, but the real problems lie deeper. Russian politics and influence is only one aspect of the stabilisation of south-eastern Europe.

Jamie Greene: Do you think that Turkey should, or will, ever join the European Union?

Michael Zimmermann: As far as we judge it, the answer is no.

Ross Greer (West Scotland) (Green): Very conveniently, my questions follow on from Jamie Greene's final question. During Austria's presidency, your relationship with Turkey has become increasingly strained. That strain did not start with Austria's presidency; it has been happening for a number of years. Turkey jails more journalists than any other country on earth. Its Government has continuously and consistently attacked its own democratic opposition, and many MPs are in jail. There is a widely held perception that Turkey has held back effective European Union action against the country on the basis of the agreement that was reached to push back refugees who are trying to reach Europe through Turkey.

What action is your presidency taking to ensure that the European values of free and open democratic societies are being respected when it comes to our relationship with Turkey?

Michael Zimmermann: Over the past year, our bilateral relations with Turkey have improved—they had been worse. Our Government doubts the wisdom of Turkey joining the European Union and also its ability to do so. We see Turkey as a very important factor in European politics and for Europe's future, but the previous concept of Turkey marching towards full EU membership does not, at the moment, seem to us to be the right way.

Turkey, through its size, geographical position and membership of the North Atlantic Treaty Organization, has a lot of leverage in Europe. The 2015 migration crisis brought that to light. We have to work with Turkey, step by step, on various questions, but the development of the domestic situation in Turkey is of concern to the Austrian Government and to the Austrian presidency. A number of Austrians are jailed in Turkey. Turkey is definitely one of the big European questions.

Ross Greer: You mentioned Turkey's NATO membership, which is increasingly becoming the key issue in geopolitical relations around issues such as the Syrian civil war. Other than Turkey's NATO membership and the refugee pushback deal, are there any other reasons for the EU's considerably constrained criticism of its actions, in comparison with its response to Russia's incredibly similar actions?

Michael Zimmermann: Geopolitics is a factor. Turkey is a convenient car drive away from Austria and Germany. There are big Turkish communities in Austria, Germany and Switzerland. Business and trade are important. Turkey cannot be ignored or cut off. It has to be a question of continuous dialogue, which the Turkish Government is not really facilitating. We have to work with Turkey, and we do work with Turkey. Hopefully, the situation will improve at some stage.

Ross Greer: I have a final question on what levels of co-operation are appropriate. Should the EU respect arrest warrants from Turkey that are issued on the basis of what we would consider to be purely political motivations? There have been arrest warrants for internal democratic opposition and for Kurdish activists who are not Turkish citizens. The arrest warrants issued by Turkey for a number of Kurdish political activists from Syria who travel around Europe advocating for their cause—the democratic revolution in the north of Syria—on the whole, have not been respected by European nations. Should the EU respect Turkey's politically motivated arrest warrants?

Michael Zimmermann: That is a question for the courts. This is very much a judicial decision; it does not fall within the remit of the EU presidency.

Kenneth Gibson (Cunninghame North) (SNP): My questions are also on the issue of human rights. How concerned is Austria about the situations in Hungary and Poland, where authoritarianism seems to be growing?

Michael Zimmermann: That is simple to respond to. Austria supports article 7 procedures in the Treaty on European Union—no ifs or buts.

09:45

Kenneth Gibson: Thank you for the clarification. It is important to have that on the record.

One of the Brexit issues is that the loss of the UK's net financial contribution to the European Union will mean that there will be a hole in the budget. Does the Austrian Government think that nations such as Austria, which is a net contributor, should increase their contributions, or does it think that there should be a reduction in the payments that go to the seven neighbours that we have just mentioned, including those in the western Balkans? What would the impact of that latter option be on relations within the European Union between richer nations such as Austria and less prosperous ones such as Bulgaria and Croatia?

Michael Zimmermann: One of the big technical topics that I could not mention in my opening statement was the multiannual financial framework. Our Government is well aware of Austria being a net contributor. How the shortfall from the lack of the UK contribution will be made up will be a major topic for the European Parliament elections.

We do not yet know what the shortfall will be, or when and to what extent it will influence the EU budget. It is an open issue at the moment and is still at a technical rather than political level.

Kenneth Gibson: Do you feel that it might be an issue in next year's European elections, with populist parties arguing that the budget contributions should not be increased and others arguing that, in the interests of continued EU solidarity with poorer states, they should?

Michael Zimmermann: That is definitely one scenario. We will see how our Governments decide to look into the issue.

Kenneth Gibson: On another point, you are probably aware of Sonja Puntscher-Riekmann from the University of Salzburg, who has contributed to a publication called "Negotiating Brexit: Where Now?", which is published by the UK in a changing Europe initiative. In it, she points out that one of the issues that Austria wished to address during the presidency was a restart of the EU debate about what policies should be for the EU and what ones should be for domestic Governments. She says that, although a task force on subsidiarity was set up by Jean-Claude

Juncker, it has produced few results. Is that causing some frustration for Austria? How do you feel that the issue should be addressed?

Michael Zimmermann: It is not yet at the level of frustration, because we have not got that far. Productive discussions are still going on. The conference in Bregenz next week will be a major step forward.

Our chancellor is aware of the importance of subsidiarity and the task force has, I think, produced a report. It is going step by step. The question is a fundamental one, and it is treated differently in each country. We are comfortable with subsidiarity, because of our history, but other countries are less so. We expect that next week's conference will take us a step forward.

Kenneth Gibson: Lastly, does the Austrian Government feel that there should be greater subsidiarity or that there should be a deepening of relationships within the European Union, with more powers going to the centre? Should more be devolved, or is the balance just about right?

Michael Zimmermann: It depends on the task. Sebastian Kurz has said that the big tasks such as security for Europe should be at the European level and smaller tasks should be at the appropriate level

Kenneth Gibson: Are we at the appropriate level, or is it tilting too far one way or the other? What is the Austrian Government's view?

Michael Zimmermann: It is hard to say, because there is also the question of the level playing field and the competitiveness of small and medium-sized enterprises. There are complex questions at the level of individual companies and businesses, and at the consumer level, because consumers deserve protection, regardless of where they live. That has to be looked into.

We must take a matter-by-matter approach, but our Government would rather have the EU not occupying itself too much with detailed questions that can be solved at a local level, and would prefer it to concentrate on the big questions.

Alexander Stewart (Mid Scotland and Fife) (Con): Ahead of your presidency, there was a real expectation that Austria would be a major player in some of the Brexit negotiations. That has not really transpired—you have been a minor player in that process during your presidency—but what impact on your work during your presidency has the issue of the UK leaving of the EU had?

Michael Zimmermann: I think that it is only natural and appropriate that we have been a minor player in that regard. It is important for the presidency not to try to put itself too much into the foreground. We have respected that during our two previous presidencies.

It is still a matter of whether you wait to be called or whether you call somebody, and I think that we are ready to make those calls. Our ministers, our Prime Minister and our chancellor are ready to make those calls to try to restart things, but within the formal European framework.

Alexander Stewart: During the presidency, you are discussing the renegotiation of some of the funding processes in the period from 2020 to 2027. Can you explain the impact of what is happening with regard to the common agricultural policy, horizon Europe and the structural funds?

Michael Zimmermann: Within the competitiveness topic, we are doing work on the single digital market. The clean energy package is important to us, and environmental questions are close to our hearts. The banking union and capital markets union initiatives will continue to position Europe as a financial player as well. There have been minor successes with such things as fishing quotas in the Baltic sea, and there is the whole question of the trade-off between ecology, agriculture and consumer protection. Those are topics on which we try to advance political topics at a detailed level.

The Convener: Thank you very much, your excellency, for coming to answer our questions today and for your opening statement.

09:53

Meeting suspended.

09:58

On resuming—

BBC (Annual Report and Accounts)

The Convener: Our second item of business is an evidence session with the BBC. I welcome the witnesses: Anne Bulford, deputy director general of the BBC; Donalda MacKinnon, the director of BBC Scotland; and Steve Morrison, the member for Scotland on the BBC board. I invite Steve Morrison to make a short opening statement.

Steve Morrison (BBC): Good morning. Thank you for inviting us here today, convener. I hardly need to make introductions, but for those of you who have not met us I will do so. I am Steve Morrison and I am the member for Scotland on the BBC board. I have worked in television for 45 years, predominantly at Granada, where I was the chief executive. I went on to found All3Media, which became the largest independent group of television production companies in the UK and currently has 20 companies around the world.

I am joined by colleagues who have appeared before the committee on previous occasions. Anne Bulford is the deputy director general of the BBC and is responsible for finance, human resources, operations, design and engineering, marketing and audiences, and much more. You all know Donalda MacKinnon, who is the director of BBC Scotland and is responsible for its strategic direction and the programmes and services produced in Scotland.

The role of the Scottish member on the BBC board is to ensure that the views of the Scottish population are represented and reflected in the BBC's output and to engage with stakeholders and licence fee payers in Scotland to ensure that the BBC assesses and meets the needs of our diverse community. As a member of the board, I am also involved in discussion and decision making on the global issues facing the BBC. Anne Bulford also sits on the main BBC board.

I chair the Scotland committee, which oversees and monitors BBC Scotland's strategy and output. I also see it as part of my role to help BBC Scotland wherever I can and to encourage it to be bold and ambitious in growing its output, both in Scotland and the UK and in the wider world.

Before I was appointed, the BBC director general, Tony Hall, announced plans for significant growth in the BBC's output in Scotland, including a new BBC channel that is launching in February 2019 and will create 900 hours of original content a year, and an enhanced BBC Alba, with new weekend news and an ambition to create an additional 100 hours of original programmes. After February, Scotland will be the only nation in the UK with two of its own dedicated BBC channels.

That growth will bring significant new jobs: 80 extra roles in journalism, 50 of which have already been appointed; 88 new jobs in digital and engineering by the end of March 2019; and additional posts to support the new channel and growth in other parts of the organisation. That will take us to around 270 new posts by the end of March 2019, including 10 trainee journalists and 10 apprentices. That also includes the BBC funding of 21 local democracy reporters, who work on local newspapers around Scotland.

When I was appointed, I was struck by the new charter responsibility for the BBC to help grow the creative industries in the nations and regions. Consequently, I have played a part in engaging with Creative Scotland and encouraging it to strengthen its television and screen content strategy and to form a successful partnership with the BBC. A new memorandum of understanding between the BBC and Creative Scotland is nearly ready to be introduced. I was pleased to see the Scottish Government put an extra £10 million into Creative Scotland's budget to help drive that new strategy.

As the committee will know, at the same time, Channel 4 is setting up a new hub in Glasgow, and the National Film and Television School Scotland has been set up in Pacific Quay, with help from the BBC and the Scottish Government. Speaking as the National Film and Television School's first graduate, I am delighted about that new development, which you will hear more about from Donalda MacKinnon.

Overall, I am very proud to be the board member for Scotland at the point of the BBC's biggest investment in programmes and services for Scotland in a generation.

The Convener: Thank you for that comprehensive opening statement. I welcome you to your position on the board.

As you will be aware, the committee has raised the issue of the amount of the BBC licence fee that is spent in Scotland. We raised it in our recent report on the screen sector in Scotland and said that it is too low, and we have raised it when the BBC comes before us annually to talk about its accounts.

This year, the percentage amount of the licence fee spent in Scotland has actually fallen compared to last year and remains way behind the percentage of the fee spent in Wales and Northern Ireland. Just over 68 per cent of the fee is spent in Scotland, compared to 92.3 per cent in Wales and 88 per cent in Northern Ireland. Given that the issue comes up repeatedly when the BBC comes

before this committee, why is the situation not improving?

Steve Morrison: In fact, the situation is improving. In 2015-16, the percentage of the licence fee spent in Scotland was 65.9 per cent; in 2017-18, it will be 68.8 per cent; and in the year that we are in, 2018-19, it will be 76.7 per cent. By the time that the new BBC channel has transmitted for a year, the percentage will be nudging towards 80 per cent.

The reason for a network drop in television spend in 2017-18 is largely because of delayed transmissions of two programmes: "Ordeal by Innocence", which you will remember was due to go out at Christmas, was delayed due to recasting and was transmitted at Easter; and "Still Game", because we did not have as many episodes in the calendar year as were scheduled. However, our calculation is that over the three years that the DG promised till April 2019, the BBC will have spent an annual average of £20 million in Scotland by the end of March 2019. It might be useful to hand over to Donalda MacKinnon to give you an illustration of the kind of programmes that we are making.

The Convener: That might be useful, but I would rather stay on this point, if you do not mind, because the difference between Scotland, Wales and Northern Ireland is very striking. Just to repeat: the percentage figure for Scotland is 68.8 per cent and that for Wales is 92.3 per cent.

Steve Morrison: I can answer that point very clearly. There is no real comparison between Scotland, Wales and Northern Ireland. Wales has been chosen by the BBC as a federal centre for drama, so you will know that programmes such as "Casualty", "Doctor Who" and "Sherlock" are now all produced out of Cardiff. Those programmes are not portrayal programmes about Wales; they are regular programmes and standards that the BBC has made for many years. The BBC chose to establish a major drama production centre in Cardiff; previously, those programmes were made elsewhere. That is why Wales has a disproportionate amount of spend.

Northern Ireland is totally different. It has a much smaller area than Scotland but is still obliged to make local news and current affairs programmes, which cost roughly the same to make whatever the size of the population. It is therefore quite natural that the percentage of spend would be higher in a smaller area.

May I give my personal opinion on this? I do not believe that the BBC should end up trying to invest or put on the screen 100 per cent of the licence fee in a form of quota. I believe that we are progressing towards a percentage in Scotland that will probably be around 80 per cent, but I think that people in Scotland appreciate big national and international services and programmes such as the BBC World Service, the Commonwealth games, the European athletics championships and "Blue Planet"; none of those programmes count in the funny way in which programme hours are calculated, even if, as in the case of the European athletics championships, half of the programmes were actually produced in Scotland. We have to allow for certain major programmes to be funded throughout the UK, which includes Scottish participation. This is a creative business, and I think that it is important to give the commissioners some headroom, so that they can commission the best ideas, the best drama and the best comedies, from wherever they come.

Having said that, I think that we are all pleased to develop the percentage and increase the investment in Scotland, as I said in my opening remarks, because in the end what we all want is a larger, sustainable, indigenous creative industry of television production in Scotland. I think that later in this interchange we should come back to that aim and the ways in which we achieve it, because we are all really working in the same direction.

The Convener: I was really surprised when you said that the reason for the high spend in Wales is returning network dramas. This committee, the screen sector leadership group and just about every major commentator in Scotland has commented on the lack of returning high-quality drama, which is pushing spend down in Scotland, so I was surprised that you used that issue as a justification for the figures. The figures in Scotland are poor because we do not have those kinds of production here, and we should have them.

Steve Morrison: I am all in favour of our having more returnable dramas in Scotland. The point that I was making was that if we take three bankers—"Casualty", "Sherlock" and "Doctor Who"—and put them in one place, we will get high numbers. Those dramas could be made anywhere, because they are not particularly local to Wales.

It should be our objective to find dramas that are returning, as Northern Ireland did with "Line of Duty". "Shetland" is about to go into its fifth series. It should be—and I am sure that it is—our drama commissioner's objective to find long-running returning series. That is the gold dust of all television commissioning.

The Convener: In our inquiry into the screen sector, we found that returnable dramas create many jobs in the creative economy. You now have an obligation in your charter to develop the creative economies of the nations.

The figures for BBC head count as a share of total population of each nation are interesting. In

Scotland the head count is exactly the same as it is in Wales, but it is lower as a percentage of the population, so the BBC employs a much lower proportion of the population in Scotland than is the case in Wales.

Steve Morrison: As I said in my introductory remarks, the BBC in Scotland is adding 270 new posts. That is a very large percentage of the existing head count and will increase it dramatically.

As I explained, the reason why Wales has a disproportionate number is that it has a very large UK drama centre, which requires a lot of people to work on those programmes.

I am perfectly happy to share with you the objective of finding long-running, successful dramas and comedies for Scotland and from Scotland for the UK network—that is what we are all keen to do. In fact, there has been a growth in drama coming out of BBC Scotland over the past three or four years.

The Convener: I would have thought that your job on the BBC board would be to keep pushing for more spend in Scotland, rather than justify the disparity, as you are doing.

Steve Morrison: As you can imagine, I am quite a pushy person.

The overall context is very challenging. As you know, the UK Government has transferred to the BBC the responsibility for the over-75s' free licences, and if that concession continued it would take up 20 per cent of the BBC's licence fee. I cannot really comment on that, because we are going to go into a public consultation on the matter and the board will then discuss it. However, in that overall context, the fact is that over the past three years Scotland has received an extra £40 million a year, when other nations and regions have had to cut their resources.

10:15

The Convener: But our percentage of the licence fee spend has gone down, and we raise considerably more licence fee than they do in Wales—

Steve Morrison: No. As I have explained, it has gone down only as a result of timing issues in 2017-18. It went up from 65.9 per cent in 2015-16 to 72.4 per cent in 2016-17. In 2017-18, the figure is 68.8 per cent; in 2018-19, it is forecast to be 76.7 per cent.

The Convener: We will be able to talk to you about that next year.

Steve Morrison: When we meet next year.

The Convener: Yes.

Ross Greer: I will initially focus on BBC news and current affairs output and on a couple of instances that indicate a wider issue. Earlier this year, "Newsnight" ran a package from the Institute of Economic Affairs, where a member of its staff advocated the privatisation of the national health service. The IEA is one of the least transparent think tanks in Europe. It is registered as an education charity, but there is deep scepticism about that. We know that the institute is funded by big tobacco companies, for example, which advocate against public health measures and clearly have a vested interest in policies related to healthcare. We know that the head of the IEA gave £32,000 to the now Secretary of State for Health and Social Care in the UK Government. Its head of health policy claimed:

> "All doctors are communists".

It was allowed to run a package, through the BBC, advocating the privatisation of the NHS. Given that the IEA has no donor transparency, why was the BBC giving it a platform to do that?

Steve Morrison: I did not see that item. If you wish, I could examine it and write back to you about the circumstances.

Ross Greer: That would be helpful, but I want to stick with this issue now, because it is indicative of a wider issue. I would like you to explain to me—perhaps Anne Bulford can explain it—why the BBC offers platforms to organisations that have no donor transparency when, as is the case here, there is clear suspicion that private healthcare companies that have a vested interest in what the package advocated are funding the organisation that was given the platform. What are the BBC's rules on those that it has on—either as guests or, in this case, as advocates—when there is no transparency in who funds them?

Steve Morrison: As I said, I have not seen the item, so I cannot really comment on it. In general, the BBC has very long-standing, robust processes for ensuring impartiality and balance, particularly in news and current affairs. We have a rigorous system if anything comes up that goes outside those rules—

Ross Greer: I am asking you to explain why organisations that have no transparency in their financial arrangements are allowed on to the BBC to comment on issues of public policy that are clearly related to the organisations that are widely believed to be funding them.

Steve Morrison: Ross, I did not see the item; I have no idea—

Ross Greer: We are not talking about the specific item anymore.

Steve Morrison: No. I do not want to comment on the general issue, because I have not seen that particular item.

Ross Greer: In that case, I ask Anne Bulford to comment on the general issue.

Anne Bulford (BBC): The editorial guidelines on the selection of guests is an area that we can deal with in more detail, but I am not able to comment on the specific. Bringing organisations on and challenging their views is an important part of what we do. I do not agree that we invite organisations on to our news programmes to give them a platform; they are brought on to our programmes for their views to be challenged, for them to be interviewed and to bring out what they are advocating. If the context of those views is felt not to be sufficiently clear or is not made clear to our audience, and if the challenge seems to be inappropriate in some way, we have channels to enable people to raise complaints about that, and we would consider such complaints properly.

Ross Greer: What about before it gets to the complaints process? What I am asking, again, is why the BBC, as a general rule, allows organisations that have no transparency in their financial arrangements, such as the IEA and the TaxPayers Alliance—that is not a membership organisation that represents tax payers; it is just a company owned by two guys—to comment on issues of public policy that are clearly related to those who are widely believed to be funding them?

Anne Bulford: Our job is to enable a range of views to be put forward and for those views to be challenged through our journalism. We can look at the very specific point that you raise and reply on that. It is not an issue that has been raised with me before. My clear understanding of what we seek to do in our journalism is to challenge, not to provide a platform.

Ross Greer: I do not regard that as a satisfactory answer, but I do not think that we are going to get any further.

On a related but non-financing issue, you will be aware of the controversy around the invitation of the white nationalist Steve Bannon to a BBC European Broadcasting Union event that the First Minister has withdrawn from.

At what point do you have to balance what you would regard as the public interest in challenging views—arguments which have been rehearsed and which I would accept—with the issue of views that are beyond the pale of acceptable public debate, no matter how wide you try to have the spectrum for that.

The First Minister said that the BBC's response to her described Mr Bannon as a "powerful and influential figure . . . promoting an anti-elite movement".

He promotes a pro-white movement. He is a white nationalist. At what point is someone beyond the pale? The BBC would not have someone on who advocates Holocaust denial. Steve Bannon has associated with Holocaust deniers. Where does the line get drawn?

Donalda MacKinnon (BBC Scotland): First, we respect the First Minister's decision not to participate in the News Exchange conference. It was reported in the press that BBC Scotland had invited Steve Bannon. That is not the case. The conference, as Mr Greer rightly pointed out, is an EBU conference, and the BBC is a member. A News Exchange committee extends invitations to a variety of speakers and panellists.

It was decided that it was important in a conference about journalism that we go to the heart of our journalistic practice, which is about holding people to account, interrogating and scrutiny. The committee felt that, as Steve Bannon was an adviser to the President of the United States, it was right to invite him. That is why he will be there.

Ross Greer: Do you recognise the concern about this, based not just on Mr Bannon's history as a white nationalist but the long history of the platforming of those who hold extreme far-right views under the guise of challenging them on those views, which has resulted in the opposite. We have a solid century's worth of evidence of that being the case.

Donalda MacKinnon: I recognise the concern. It is not the BBC's intention to offer platforms to people who have particularly extreme views. It is about holding them to account, interrogating, scrutinising and explaining to others what they are about.

Ross Greer: That is not the game that they play, and I think that in this case you are being played.

Kenneth Gibson: Might I ask a supplementary on that point?

The Convener: It will have to be very quick.

Kenneth Gibson: Is it not the case that Nick Griffin's appearance on "Question Time" ultimately led to the effective destruction of his political party by exposing his ludicrous views to the rest of the United Kingdom, who were perhaps not directly aware of them? The party went into a precipitous decline as a result.

Tavish Scott: Hear, hear.

Ross Greer: It did not.

The Convener: I am not sure that that was a question. We will move on.

Annabelle Ewing: Mr Morrison referred to BBC Alba in his introduction and said that there were plans for a new weekend news programme and an additional 100 hours of programming, although I do not know over what period or whether it will be a one-off.

In the report before us, we can see that during the past year, there has been an overall decrease of 8.6 per cent in genres such as drama, comedy, entertainment, music and art. There has also been a reduction of 8.7 per cent in children's programmes. Why is that? Are the plans that Mr Morrison referred to just bringing us back to where we were? That seems a considerable drop in those genres.

Steve Morrison: Donalda MacKinnon can talk in more detail about BBC Alba.

During the past three years, we have increased our investment in BBC Alba from £5.5 million a year to £7.9 million last year, and we will spend £9.1 million this year. I know that the committee's current brief is concerned with last year's figures, not this year's.

I recognise that you have referred to the weekend news and the extra hours of programming, particularly for children. I ask Donalda MacKinnon to elaborate on that.

Donalda MacKinnon: In any given year, there will be fluctuations in the numbers of repeats of programmes that are transmitted on BBC Alba in the genres that Annabelle Ewing has identified. As Steve Morrison said, we have continued to increase our investment in BBC Alba. We introduced weekend news on television and Radio nan Gàidheal, to coincide with BBC Alba's 10th anniversary in September. As I said when I appeared before the committee more than a year ago, I am delighted that we are working very hard and doing everything in our power to ensure that there is read-across from the new investment in BBC Alba in the shape that I intended, which is another 100 hours. Margaret Mary Murray, who heads up—

Annabelle Ewing: I am sorry to interrupt. We are talking about 100 hours but what does that mean in practice?

Kenneth Gibson: Two hours a week.

Annabelle Ewing: I do not know. Could Donalda MacKinnon explain what 100 hours means? Are we talking about a week, a month or a year?

Donalda MacKinnon: Broadly speaking, there might be more hours in one week than in another.

Annabelle Ewing: But over what period?

Donalda MacKinnon: Over a year.

Annabelle Ewing: One hundred hours over a year. That means four days and a bit over a year. Have I got my arithmetic right?

Donalda MacKinnon: It is two hours a week of original programmes.

Annabelle Ewing: Okay. I just wanted to put that in some context. Please continue.

Donalda MacKinnon: We are significantly increasing the amount of origination on BBC Alba, which has been a worry and a cause of concern for the Gaelic-speaking audience who want more originated programmes rather than repeats.

We have also been working hard with others across the BBC to extend the value of what we do elsewhere. For example, our children's department, which is based in Salford, has introduced new children's programmes and originations—again, to coincide with the 10th anniversary of BBC Alba—which will come up in next year's figures. We are looking at roughly 60 hours a year of additional children's originations. Over and above that, there will be some reversioning in that area. One of BBC Alba's strategic ambitions is to concentrate on children and young people, given the growth in the number of Gaelic speakers in that age group.

Annabelle Ewing: We have not seen the figures, but Steve Morrison referred to the overall budget increase of £2 million or so over the past year. I imagine that that increase represents a couple of years' salary for some of the BBC's highest-paid presenters and executives. Be that as it may, I am concerned about the potential impacts on the screen sector in Scotland and on all the excellent technicians and production teams. What analysis does the BBC in Scotland carry out before making decisions about output and so forth? In this instance, we are talking about BBC Alba. What analysis is done on the potential impacts of such decisions on the screen sector in Scotland?

Donalda MacKinnon: We are working with about 75 different companies on BBC Alba and the new Scotland channel. That will ensure a lot of job creation in the market, over and above the job creation that comes from what we do in the BBC, which Steve Morrison mentioned. BBC Alba commissions about 75 per cent—sometimes more than that—of its output from independent production companies. Aside from the spend on the programmes, there is the multiplier effect—every £1 that is spent translates into at least £2 of value. The investment is significant.

We have lots of training schemes, so we are encouraging people to learn skills. Aside from the National Film and Television School, which Steve

Morrison mentioned, we also have apprentices and journalism trainees. We have recruited for about 51 of the 80 new journalism positions that are needed for the new nine o'clock news programme.

10:30

Steve Morrison: One of the first things that I was fortunate to do when I was appointed involved being taken by Margaret Mary Murray to Inverness and Skye. They were making the Gaelic drama "Bannan" in the Gaelic-speaking further education college in Skye. It has been very successful and was, for the size of that channel, a very significant undertaking and much more expensive than you would expect.

Annabelle Ewing: We hear what you are saying today, but obviously the proof will be in the pudding. Again, we look forward to seeing where we will be next year.

Donalda MacKinnon: I would also like to say—

The Convener: We will have to move on, Ms MacKinnon, because a lot of members wish to come in.

Alexander Stewart: The witnesses have talked about being ambitious and bold. However, we have heard on a number of occasions that there seems to have been a decrease in some areas, particularly in local content. Why have things been prioritised in that way?

Steve Morrison: The local spend for this year is £0.9 million down from that in 2016-17 and 2017-18. In 2016-17, the figures benefited from two series of "Two Doors Down" being transmitted in that financial year, compared to one series being transmitted in 2017-18. The cost of comedy is such that not having a series of comedy would easily take up such a sum of money. In addition, the transmission of series 8 of "Still Game" crossed the two financial years, with two episodes transmitting in financial year 2018-19. That is not the year that you are referring to, but it was just an accident of timing. The availability of talent just pushed two episodes out of one financial year into another. There is therefore no intent to reduce the local spend—in fact, quite the opposite.

Alexander Stewart: You talk about the availability of talent. One of the biggest issues that the BBC has faced of late is the gender pay gap, which has rocked the BBC, shocked the community at large and damaged the BBC's reputation. How is BBC Scotland tackling that issue to ensure that we here in Scotland are seen as managing the crisis that the BBC now faces?

Steve Morrison: I ask Anne Bulford and Donalda MacKinnon to respond to that, because they have strong responsibilities in that area.

Anne Bulford: In the financial year that we are looking at, we reported a reduction in the gender pay gap across the whole BBC from 9.3 to 7.6 per cent. That is still not where we want to be and we are working to drive it down further, but it represents some good progress in the year.

The gender pay gap in Scotland was a bit lower when we reported in the previous year. We do not collect, audit and take the gender pay gap figures right down to every part of the organisation because it is a statutory reporting mechanism that reports at a point in time. However, the gender pay gap in Scotland was a bit lower than that of the overall BBC, based on our internal estimates, and it has similarly come down over the years. That is therefore the position on the gender pay gap.

As in many organisations, the majority of the gender pay gap is a result of structural issues. There are two big drivers of that, one of which is that there is still an imbalance in the number of women who are in senior leadership roles. Overall, the representation of women at the BBC is at about 48 per cent, but the figure for women in senior leadership groups is lower at about 42 or 43 per cent.

The second structural issue is that there are not enough women in some of the higher-paid jobs, particularly in science, technology, engineering and mathematics-based technology jobs. We have that challenge, along with everybody else.

One of the things that I think is very encouraging is the new jobs in Scotland that Steve Morrison referred to at the start of this evidence session. Approximately 90 of those jobs are in technology, which is great, because new technologies and digital technologies at BBC are growing. About 40 per cent of the roles that have been recruited for so far have been given to women, which is a really good improvement.

The BBC is therefore working hard on all issues that drive the gender pay gap. The structural issue regarding what we need to do to encourage women to progress through the organisation into more senior roles and into areas of the BBC in which they are underrepresented—in some cases, where they are higher paid—was at the heart of the career progression study that Donalda MacKinnon led from Scotland on behalf of the whole BBC.

That was one of five studies that we did with our staff, through which we consulted widely on barriers to progress. We have completed similar studies in other areas. This week, we published our review of disabilities, which is a project that I led on. We carried out a review of social inclusion, which was led by my colleague Alan Davey, who runs Radio 3; we did a review of black, Asian and minority ethnic people, which was led by Tim

Davie, who is responsible for BBC Studios, and who sits on the main board with me; and we did a review of lesbian, gay, bisexual and transgender.

The most important work, which is pertinent to your question, was that which was undertaken successfully by Donalda MacKinnon. Perhaps she could talk about that and about some of the local initiatives on progression in Scotland.

Donalda MacKinnon: As Anne Bulford said, I undertook that piece of work on behalf of the BBC. I consulted widely across the BBC, and not just in this country but around the world. We came up with 33 recommendations, which loosely fall under three themes. One theme is how we support career progression. When we were working out how we do that, we first had to identify why there is such attrition at particular levels or times in people's careers. Usually that happens around the time when women are having children and leaving for maternity leave and either not returning or, indeed, not applying for senior leadership positions. We have recommended that leadership and management training are offered at every level.

Another theme is flexible working. We want to offer flexible working not just to women but to men, so that we make it the default position across the BBC.

Another theme is recruitment. We have a particular opportunity in Scotland to experiment and pilot how we go about recruiting. With colleagues elsewhere in the BBC who were also looking at the issue, we have undertaken to increase our targets for all the protected characteristics to which Anne Bulford referred, particularly in respect of gender balance, in relation to all the new positions. In our news recruitment so far, 52 per cent of the roles have gone to women. Someone recently asked me whether we are in danger of harming quality or whether we are recruiting the right people by making such interventions. Our approach adheres to all kinds of equality legislation; furthermore, we are sourcing excellent women, who will be brilliant in the jobs to which they have been appointed.

Alexander Stewart: You have identified that you are tackling the issue. You have been late to the table in some respects, and in comparison with other organisations. You are learning from other organisations about what you can achieve and how you can progress. How will that work eventually be audited and scrutinised, so that you can measure whether your actions last and are not just a blip in the system or an attempt to support a mechanism to enhance the position for a short time?

Donalda MacKinnon: We have already set our targets for 2020.

Anne Bulford: There are a few levels. The statutory pay gap is published annually, and it is audited. That is a hard measure. We disclose the people who are paid the most from the licence fee, and that measure is also monitored. We can speak more about that, if that would be helpful.

The executive board also has recommendations for each of the studies and a consolidated view of them, so that we can regularly monitor progress against those actions. The BBC board can take additional assurance on that as needs be. Ultimately, the measure will be that our targets for representation are achieved.

Annabelle Ewing: We are all curious to know how many women at BBC Scotland are paid less than their male counterparts across the BBC as a whole for doing effectively the same job? What is the scale of the problem? What is the pay gap at BBC Scotland?

Anne Bulford: The gender pay gap in BBC Scotland is around 7.4 per cent.

Annabelle Ewing: Yes, but we are talking about individual people's salaries. How many women are affected?

Anne Bulford: The position in terms of looking at pay and questions of equal pay, which is of course different from the gender pay gap issue that is at the heart of your question as I understand it, is that we have undertaken fundamental reform of the way in which we manage pay in the BBC.

Annabelle Ewing: I have listened to what you have said about that, and it is all positive, although it should be speeded up, but I am asking another question. Do you not know how many women are affected at BBC Scotland?

Anne Bulford: I can tell you how many women have outstanding questions with us about their pay that we have not yet worked through. At the moment, 12 women at BBC Scotland have asked us to look at their pay in the way that we are seeking to do. Our mechanism is to audit and check, and if we find issues, we correct them. That is at the heart of the reform of our pay and conditions that we have undertaken.

In addition, anybody across the BBC—men or women—can raise questions about their pay, name comparators and ask us to look at those. Many queries have come up across the whole of the BBC about that. The vast majority are very straightforward—"Please check my pay"—but some involve much more serious questions about equal pay that date back over many years, as everyone will be aware. We deal with those questions as they come up and seek to resolve them.

I look at the progress on cases every week in an effort to progress and speed them up because I want those cases to be dealt with as quickly as possible, just as everyone does. When I looked at the figures at the end of last week, 12 people in Scotland—I believe that they are all women—have asked us to look at their pay through the informal resolution stage. I do not know whether some of those will result in pay increases, either forwards or backwards, until that work is complete. Four women in Scotland have asked us to move on to the more formal grievance stage, in which an independent person sits alongside a BBC case manager from outside of the division looking at the case.

That does not answer your question, because I do not know the outcome of those cases. However, those are the cases where the question is being raised right now.

Annabelle Ewing: We will wait and see what happens. Obviously, it is a shame that the BBC has taken so long to deal with the muddle that has been created.

The Convener: Can you clarify that there are 16 cases at the moment?

Anne Bulford: Yes. There are 16 cases under review at the moment.

The Convener: Thank you.

Anne Bulford: They are at different stages. I know that you want to move through the agenda, convener, but I want to be clear that when we speak about informal resolution, we are not talking about something that lacks rigour; it is a serious piece of work with HR professionals and legal advice is taken when necessary to consider the issues carefully, however the question is framed. When the case moves on to the formal stage, it goes under the BBC's internal formal grievance policy and an independent person is brought in to look at the questions that have been raised.

The Convener: Thank you.

Jamie Greene: Good morning, panel. I think that the value for money that UK audiences get from the licence fee is tremendous. That is not said enough. I subscribe to all manner of commercial content providers—Netflix, Sky, Virgin, and so on—and I think that £150 for the breadth of content that we get is excellent value.

That said, however, Ofcom and others have criticised the BBC for its inability to reach out to new and younger audiences. In fact, one in eight young people in the UK accesses no BBC content whatsoever, although they are, I presume, still liable for their share of the licence fee. I appreciate that there have been developments for BBC 3 and that there is a targeted push with new technical developments such as the BBC Sounds app, but those will not on their own address the fundamental—or existential—problem that the BBC has of younger audiences shifting to commercial content providers. What are you doing to address that?

Steve Morrison: The main board was the first part of the organisation, because we get monthly audience reports, to begin to examine that situation. We announced in our annual report that that shift is, as Jamie Greene said, one of the biggest issues that we are considering and working out how to correct. We agree that the dropping off of young viewers is a very important challenge for the future of the BBC. That said, the BBC is actually first among media organisations in that young viewers spend most time watching it. We are losing viewers, but we are also still retaining viewers.

10:45

Last week, we took the Scotland committee to Dundee. After the committee meeting, we had an audience engagement session with about 25 18 to 34-year-olds, whom we asked why they are not watching the BBC. It turned out that they had watched BBC programmes that they had forgotten about, or had absorbed and liked but had not watched on a BBC screen—they had watched them on Netflix or a social media screen. There is a question about attribution, because some people do not know that they—

Jamie Greene: I presume that those programmes would be BBC Worldwide content that had been sold on a commercial basis, so they would not really be part of the public sector delivery of—

Steve Morrison: No. They are public service programmes that had been transmitted by the BBC and then transmitted on another screen.

We need to take a bold view. The board has discussed the options that are available to us to capture more younger viewers. Basically, two categories of programmes are affected: mass popular programmes that attract a large quotient of young people and which tend to be on BBC One, and targeted programmes that are designed for young people and which get through to that age group, but have smaller audiences and are largely seen online.

We need to examine the relationship between our television service and our online service, in order to make programmes more famous so that they are caught by younger viewers. For example, when "Killing Eve", which was a BBC Three programme, premiered on BBC One on a Saturday night it created a degree of fame such that there was a huge response from people who wanted to watch it on the BBC iPlayer. We have

tasked our executive, including our marketing, content and audience management to come up with options on how we could address the problem in order to garner more young viewers.

Anne Bulford: Jamie Greene has raised a question that we consider all the time and on which we have a relentless focus. It is important to set the issue in the overall context: 75 per cent of young people to whom we speak support the BBC's mission, and 70 per cent of them believe that we do that job effectively. There is still a great deal of support for the BBC among younger audiences.

As Steve Morrison said, we are the largest media provider for young adults. For example, 16 to 34-year-olds still watch eight hours of BBC programmes a week, which is well ahead of the next provider, and nine in 10 young people visit BBC Online in any month.

The other thing that is interesting—we pick this up through qualitative discussions such as the session to which Steve Morrison referred—is that, when something happens, young people still come to the BBC for their news because they feel confident about it. Trust scores for the BBC among young people are well above 50 per cent, whereas for Facebook, for example, the figure is in the low single digits.

Our view is that there is not a single answer to the problem; we need to work on everything. We need to think about casting, tone of voice, how we manage the schedule breaks and how we reach out to young people through the tone of our programming. At the heart of the issue is using BBC Online services, the sign-in mechanism and the opportunity to personalise and direct, in a very focused way, material from the whole BBC catalogue that we think will be right for audiences. We now have 33.5 million signed-in users, of whom very many are young people. "Market" is not a word that we use a lot, but we have an opportunity to market our services, to show young people the BBC's breadth and range of programmes and to encourage them to come to us.

Alongside all that, another area into which we have redirected resources is children's programming. We have increased our focus on it and balanced our investment in linear and digital services in order to encourage children to come to the BBC so that they will know us and love us in the way that previous generations have done.

Steve Morrison: Overall, Jamie—if I may address you that way—we are with you on this. We are looking very hard at providing more space and at making that space more visible and more famous for young people.

Jamie Greene: I appreciate your warm words and the actions that you are taking. I wish you the best of luck, because that audience is a competitive environment in which to operate.

I think that one of my colleagues will ask about the new channel, but I will open up that discussion by asking a short technical question. Why has the BBC taken the decision not to broadcast the channel fully in high definition on digital terrestrial, and chosen to deliver it only in an evening slot? I presume that that is to do with capacity on the transponder and the multiplexes. However, is it because there is simply no capacity available or have you taken the financial decision that it is too expensive?

I will park that question for the moment, because I have a second question, which is perhaps for Mr Morrison—or Steve, if I may. You have an interesting background, in that you have worked in the commercial production sector. Do you genuinely think that the introduction of a new BBC Scotland channel will create real opportunities in the independent production sector? If so, can you quantify them?

Steve Morrison: Should we start with the technical question?

Jamie Greene: Yes.

Donalda MacKinnon: You are right to identify that the spectrum is very expensive. I believe that to have purchased it would not have been particularly good value for money, given that the BBC will ultimately want to migrate to internet protocol transmissions. What we have secured is HD on all the platforms, except Freeview between midday and 7 o'clock, but it will transmit in HD in the evenings. CBBC forfeited some of its HD spectrum to allow us to do that, for which we are very grateful.

Jamie Greene: With the greatest of respect, I ask whether that means that daytime audiences are forced to watch programmes in standard definition, while evening audiences—the people who are working during the day—can enjoy them in HD? In the modern day and age, when you are trying to compete with commercial operators, as we have just discussed, do you really think that people are content with SD broadcasts on big screens?

Anne Bulford: There is a balance to be struck. The answer also depends on the nature of the programming. Striking a balance between investment in distribution across multiple platforms, which is very expensive, and investment in content is one of the judgments that we have had to make in setting up the new channel. Our view was that we wanted HD but wanted to balance affordability, the audience—given what we are putting on—and investment in

content. I think that the balance that we struck is pretty good. Of course, HD is available through IP during the day, as well.

Jamie Greene: I hope that you do not think that nobody will watch during the day so it does not matter.

Anne Bulford: No, I do not think that at all.

Donalda MacKinnon: To be clear, the hours of the channel are 7 o'clock to midnight, so it is mainly an evening service, other than when we wish to schedule First Minister's question time, for example, or sporting events.

Anne Bulford: Or something special.

Steve Morrison: Going back to your—

The Convener: Excuse me, but we have three other members who need to ask questions and our time is quite limited.

Steve Morrison: I am sorry, but if Neil will allow me, can I just answer Jamie's bigger question?

The Convener: Very quickly, please.

Steve Morrison: Jamie is right that I have launched four channels myself over the years. Launching a channel is very difficult because we have to get the public to be aware that it has been launched—we should not assume that they are aware—and to know the channel's button or spot on the electronic programme guide on whichever system they are watching television on; then they have to feel that it is a channel for them. Those are all big issues when we are launching a new proposition.

However, the progress so far suggests that the independent production community in Scotland, which Jamie mentioned, has responded very well to the new channel. Steve Carson, who is in charge of the overall commissioning team, has explained to us that they have engaged in programme commissions with 75 independent production companies and have published programme tariffs. There was a lot of debate at the beginning about whether the programme tariffs would be high enough, but the production community has responded very well to the commissioning briefs.

Secondly, they are trying to include higher-cost genres—which they will not be able to do all the time—including drama and comedy. For that, partnerships and co-commissioning between the channel and other parts of the BBC or other co-producers will be very helpful. We cannot produce a drama now without co-production.

With regard to the question, we are on it, and the guy who runs the channel is very confident about it. He has presented to the Scotland committee twice and we have seen the schedule develop. I have great hopes for it, but we should not underestimate the difficulty of launching a completely new channel into the ether. We should not imagine that a mass audience will suddenly turn up; we will have to give it time to build. All the signs are good—

The Convener: I am sorry, Mr Morrison. We need to move on.

Neil Findlay: Feel free to call me whatever you like. [*Laughter*.] I answer to many things, occasionally even my name.

Will the new channel broadcast five hours a day, from 7 until 12?

Steve Morrison: Yes. After—

Neil Findlay: Our information is that 50 per cent of the shows will be repeats or archive programmes. How long will the nine o' clock news programme run for?

Steve Morrison: It will run for one hour.

Neil Findlay: Okay—so two and a half hours a day will be unique new programming, because 50 per cent will be repeats, and an hour of that will be the main news programme. There will be shorter news bulletins throughout the day, so we could take maybe another half hour out of that. Therefore, we are paying £32 million for one hour of new production a day.

Steve Morrison: In the first phase of commissioning, 77 per cent of the programmes will be new. The rate will not necessarily be the same throughout the year. We are learning as we go. We have discovered—

Neil Findlay: Over the piece, 50 per cent will be archive or repeated programmes. Am I correct in my analysis that, over the longer term, there will be one hour of new production a day?

Steve Morrison: No.

Neil Findlay: If the channel broadcasts for five hours a day, and half of the schedule is repeats—

Steve Morrison: That was the rule, or term, that was laid down by Ofcom. In the beginning, through various means we have found that we are commissioning more than 50 per cent of originated hours. It may turn out that we end up with considerably more than 50 per cent—I do not want to say what the number will be; we do not know. We will have to see how the money and programmes bed down.

Neil Findlay: According to the contract—

Steve Morrison: What you are describing is the minimum.

Neil Findlay: Yes; right. So let us go on the basis—

Donalda MacKinnon: The £31 million also funds the news hour, so the news hour has to come out of that. There will be 900 hours of new content a year on the new service.

Neil Findlay: According to our information, there would be one hour a day. If you put the archive and repeated programmes on your online service, would that not free up money for more original material?

Steve Morrison: The question is how much you can reasonably spend on the new channel. Do not forget that Scotland is the only country that has two national channels; in no other part of the UK does the BBC do that. We are exploring as we go. We have archive programmes on the iPlayer, but there would be little point in taking all the archive programmes off the channel—a lot of people want to see them—if that meant that we could not afford to pay the programme tariffs for original programmes and just ended up with more quantity and less quality.

When a new channel is launched, it is quite normal to have a balance such as you described. On some of the smaller channels in the digital sphere, there is an hour of new original programming at nine o' clock and around those peak programmes are other programmes including acquisitions or programmes that people will have seen before. The new channel is better set up financially than virtually any digital channel in the rest of the UK. The balance between original and acquired or archive programming will be monitored very closely; at the moment, the original-programme rate is much higher than 50 per cent.

11:00

Neil Findlay: The issue will come down to the quality of what we see and the lessons that are learned from STV2. At times, nobody was watching its programmes, which were repeats of repeats of repeats, to be frank. We do not want the channel to become like the channel Dave, on which we can watch "Top Gear" 24 hours a day if we are so minded. We do not want to watch "The Singing Kettle" 24 hours a day.

Steve Morrison: From what I have seen of the schedule—

Neil Findlay: —good though "The Singing Kettle" is.

Steve Morrison: Exactly: a lot of people watch it. From what I have seen of the schedule, it will not be a repeats channel; it will be an originated channel. The question is how to use the £32 million wisely to get an audience and to show them original material alongside material that they already like.

Donalda MacKinnon: We have an opportunity to do things that we have never done before, including experimenting in the nether regions of the schedule. We are trying to target a younger audience, but not in the earlier hours, so there will be a lot of new, innovative and possibly risky stuff at that end of the schedule. I am confident that it will offer something for everybody.

Neil Findlay: I do not watch those types of programme.

Jamie Greene: He watches "The Singing Kettle".

The Convener: Given that young people are watching less television, it seems to be quite a gamble. We want the channel to succeed. As I said, we have been conducting a long-running inquiry into the screen sector in Scotland. Everybody in the industry to whom we have spoken has said that not enough money is going into the channel. The responses Neil Findlay's questions from Mr Morrison seemed to suggest that. The programmes that will be made include no high-end drama, which is clearly for financial reasons. What have you done to argue for more money for the channel, in your position representing Scotland on the BBC board?

Steve Morrison: First, we have argued with our executive—of which one of the most important members is sitting on my right—that the channel should have adequate funds for a good launch. I am happy to say that it has.

The Convener: So do you—

Steve Morrison: Excuse me; let me finish the point. You asked me about what I was doing. The BBC's network, financially and in collaboration on programmes—some of which will be co-commissioned by the channel and the network—is being extremely supportive in helping us to get programmes that the channel could not otherwise afford on its own. I cannot say what those are. I hope that they will be a pleasant surprise to viewers; they have not yet been announced. However, I can tell you that there will be drama on the channel, which you said there would not be.

The Convener: I did not say that there would not be drama; I said that there would not be high-end drama.

Steve Morrison: There will be high-end drama on the channel.

The Convener: Will it be original drama?

Steve Morrison: It will be original drama.

The Convener: Where will it fall in the tariffs for drama? The BBC—

Steve Morrison: It will be much more expensive than the normal tariff, and we will have to find partners, because this is very complex—

The Convener: Has the drama been commissioned?

Steve Morrison: I do not want to go into too much detail.

The Convener: I just ask for yes or no; has it been commissioned?

Steve Morrison: No. Just let me answer the question. We have persuaded our network colleagues to help us financially and to help us in co-commissioning programmes in order to give the channel the best possible lift-off. All the time, we are persuading colleagues on the board and the executive to regard it as a priority to support the channel—which they are all doing.

The Convener: However, there is not more money. I will move on to Kenneth Gibson.

Kenneth Gibson: No doubt; that is why it has been delayed a few months.

The public are concerned about the colossal salaries that are paid to people in the BBC, from football pundits to Radio 2 presenters. One way by which the BBC is reducing the average male salary, and therefore the gender gap, is by replacing people like Chris Evans with females who earn a lot less money, such as Zoe Ball.

The Ofcom report that was published on 25 October concluded that viewers in Scotland watch 13 per cent more BBC TV than the UK average but only 52 per cent of people in Scotland have a favourable overall impression of the BBC, compared with 64 per cent of all UK adults. Why is there that significant difference? Will the new channel close that gap?

Steve Morrison: Can I divide the answer into two?

Kenneth Gibson: Yes.

Steve Morrison: The first question was about pay, so I will ask Anne Bulford to speak about pay policy in the BBC. Your second question was about how we can deal with portrayal and representation, to encourage more viewers to watch the BBC and to feel good about it.

Kenneth Gibson: People in Scotland are watching 13 per cent more of the BBC, but they have a lower opinion of it. How are you trying to close that gap?

Donalda MacKinnon: There is a combination of diagnoses around that issue. I hope that the new channel will go some way to address it, as that was an underpinning reason for creating it. I think that an hour-long news bulletin at the heart of the schedule for audiences in Scotland will improve those general impression figures. The case has long been made by many people that an hour-long news bulletin is wanted and required. It is also about portrayal, representation and relevance among audiences in Scotland, which is a big and diverse country with a sizeable population.

We have an opportunity to address that geographic and cultural diversity in a way that we have not hitherto been able to do. It is about working very closely with network colleagues to ensure that BBC One and BBC Two in Scotland are as strong as they possibly can be. The new channel cannot replicate what they do, but the drama that has been commissioned of late that has come through Scotland, some of which has yet to appear on our screens, is heartening, and some of it is produced by brilliant indigenous companies. I agree whole-heartedly with the convener that a returning drama would be fantastic. It could be argued that “Shetland” is that, but we want to see something that is on more frequently.

We now have the wherewithal to address the perception that exists and that Kenneth Gibson rightly points out. We have just transmitted “The Cry”, a co-production that was made by the Scottish company Synchronicity Films, and we have a six by 45-minute drama called “Clique”, which is aimed at younger audiences. “Shetland” series 5 is coming up, and a sixth series is in development. We have “Trust Me” series 2, which is a four by 60-minute drama shot in Scotland, and we recently announced another commission, “The Nest”, which is six hours. Those will all make a difference with regard to people feeling that they are seeing familiar surroundings and hearing accents that reflect their reality. It is important to have that critical mass, not just on the new channel but on the other channels, too.

Steve Morrison: The journalists who are recruited for the new news hour at 9 will go all over Scotland. We want to position reporters and other journalists in different parts, so that everybody will be focused on what has just been described: how we make a channel that reflects modern Scotland and attracts viewers from all over Scotland because they see themselves, or people like them, on it.

Anne Bulford: Convener, I know that you are short of time. Would you like to me answer briefly on top pay?

The Convener: Very briefly.

Anne Bulford: When we survey, we find that viewers and listeners expect us to have top talent on BBC programmes and they understand that we have to pay market rates for some of those people. It is helpful that we employ 25,000 to

30,000 on-air presenters over a year. The top talent list that is published, which is about people who are paid more than £150,000 from the licence fee, represents 0.2 per cent of those individuals and 1.4 per cent of our overall spend. The programmes that they present or appear on make up 40 per cent of our overall viewing across radio and TV. That gives a sense of the job that they do.

In recent years, we have had a rigorous programme of managing down the overall talent bill and the proportion of our talent that is paid at the highest level, by bringing on more people, looking for more of a mix and, in many cases, managing down the cost of talent over time—that is in the annual report in the talent pay section.

Kenneth Gibson: Mr Morrison said earlier that there is a "disproportionate" amount of spend by the BBC in Wales, although it is actually 92.3 per cent of what is raised from the licence fee there, whereas your figures show that 350 per cent of what is raised from the licence fee in London is spent there, and that that is 48 per cent of the total. Do you agree that more programmes should continue to be made in other parts of the UK? For example, is there any reason why Scotland cannot become the kind of drama hub that produces "Dr Who", "Sherlock" and "Casualty", such as you have in Cardiff?

Steve Morrison: You might have noticed that the BBC has an out-of-London policy, and that is going to gather pace. We now commission more programmes from out of London and we are establishing bases in different parts of the UK. In Scotland, we established a factual base, as it happened. The next step for the Scottish industry, in my opinion, is to work out a way to build a sustainable scripted base.

As Donalda MacKinnon said, we have renowned drama companies in Scotland, but only a small number. Therefore, in partnership with organisations such as Creative Scotland, the task is to build up the indigenous scripted company base in Scotland. Because of the size of the projects, that would increase the size of the TV production industry dramatically.

Kenneth Gibson: Scotland's share of BBC spend went down from 10.3 to 9.1 per cent over the past year, whereas London's share only went from 49.4 to 48.9 per cent. Clearly, we are still in a—

Steve Morrison: Having started such a policy, it takes literally years to establish a serious amount of production in out-of-London bases. Salford took some years to build up, as did Cardiff. Now that Creative Scotland is changing its strategy from an arts council independent-talent strategy towards a more creative-industries strategy and more money has come in from the Scottish Government, there is an opportunity to build up our scripted base together with Creative Scotland and other partners, which would genuinely allow Scotland to get more serious drama contributions on to the screen.

As Donalda MacKinnon says, the number of drama series has gone up over the years, but there is still a lot of mileage to go. I tend to agree with you, but it will not happen by tomorrow; it will take two or three years to build that up. However, as I said right at the beginning, this year, 76.7 per cent of the licence fee in Scotland will be spent here and, next year, when the channel will run throughout the year, the figure will nudge towards 80 per cent—it is growing all the time. In the end, the quota system is not the answer; the answer is attracting the right kind of talented companies to work in Scotland and to present ideas that the network commissioners want, so that we end up with more things on merit and not just by quota.

Kenneth Gibson: No one who I know of is calling for a quota.

The Convener: It is actually 68.8 per cent of the licence fee in Scotland that you are spending here. Many people would be surprised that we have been talking about the lack of scripted drama from Scotland for a long time in this committee and predecessor committees. This committee has been clear in its reports that the responsibility lies with the commissioners, notwithstanding the pressure that we put on Creative Scotland. The commissioners are responsible for the decisions that they make.

Tavish Scott: I first want to emphasise the point that Mr Morrison made at the beginning about programmes such as "The Blue Planet". The BBC should push what it is doing in Scotland a little more, because a lot of the questions that you have heard today indicate an inability to get your point across. Frankly, all of you need to do a bit more to say what the benefits of "The Blue Planet" are across Scotland. I would pay the licence fee for that alone. If you did not put "Match of the Day" on in Shetland, there would be outrage in our household, never mind anywhere else. All the arguments that you made at the start about spend and the importance of UK productions right across the UK are really important. You should do a controller live slot now and again and take viewers' questions.

Steve Morrison: Meet the controller.

Tavish Scott: Yes, exactly—meet the controller. It would be like that piece on the news channel recently when a senior BBC executive said why Farage had appeared on a package about 700,000 people walking through London a few weeks ago. I thought that you were wrong about that, but that does not matter; at least a

BBC executive had to answer the question. If I may say so, you need to push your agenda so that the questions about numbers are balanced by the fact that you produce programmes that we all want to watch. I wanted to get that off my chest, because I get fed up of listening to that argument every time.

11:15

My question is about impartiality, about which Mr Morrison and Donalda MacKinnon have made the same point. BBC Scotland produced a documentary called "The Dark Side of Dairy"—I do not know whether you saw it—in which three things were wrong. First, it did not explain the rigorous inspection that protects calves in transport; secondly, it was not explained that Scottish Government vets inspect and monitor the system; and it used footage from another part of the world and implied that what was happening was going on in Scotland. That documentary failed the test of impartiality. Have you had a look at it? Will BBC Scotland hold up its hands and say, "We did not quite get that right"?

Steve Morrison: I will give that question to Donalda MacKinnon, because she knows a great deal about the programme.

Tavish Scott: Bad luck.

Donalda MacKinnon: Not at all; I know that we have had correspondence on that programme, in which I have defended quite robustly its journalism. You probably know that a formal complaint has been lodged with our executive complaints unit. As that process is on-going, I would rather say nothing more until it deliberates.

Tavish Scott: I assume that its determination will be published at some stage.

Donalda MacKinnon: If that is not satisfactory, there will be an option to take it to Ofcom.

Tavish Scott: How many formal complaints does BBC Scotland get in an average year? I believe that it is not that many. We all complain, but there is a difference between a formal complaint and just moaning, which we have heard this morning.

Donalda MacKinnon: It is fair to say that we get very few, which again says something about the robustness of our journalism.

Tavish Scott: Quite.

The Convener: Before we wind up, I ask Donalda MacKinnon to pick up on the points about the high-end scripted drama that has not yet been commissioned for the new channel but that we have been told will be commissioned at some point. What will the tariff rate be for that?

Donalda MacKinnon: I cannot tell you that because, as you rightly identified, to achieve a commission would need a cocktail of funding. I know of on-going discussions about one commission, which I would absolutely regard as high end.

The Convener: Does that mean that the tariff would be between £650k and £1,000k an hour?

Donalda MacKinnon: It will be around that.

The Convener: When will you announce that commission?

Donalda MacKinnon: We do not intend to have that for the channel launch. It will possibly have an autumn launch.

The Convener: Finally, to go back to Neil Findlay's point about original content, there will be an hour of news at 9 o'clock, but Mr Morrison made the point that most channels put commissioned new content at 9 o'clock. Everyone who I have spoken to in the industry says that news at 9 o'clock is a big mistake, because you will not attract viewers with news at the peak time. Is there any possibility of that decision being changed?

Donalda MacKinnon: No. We have undertaken qualitative focus group research and there is a body of opinion out there that says that a news hour at 9 o'clock would be valued as an alternative to what is on elsewhere, particularly among women and parents with young children. It is true that we do not want to compete directly with dramas that are on offer elsewhere, and people will have the opportunity to consume the dramas via catch up or on demand. Obviously, everything that we plan for the new channel has an element of risk. We do not know how it will work. You have asked whether we would ever revise the decision; we might have to, but at this stage we do not intend to do so.

Steve Morrison: The look of the news, from what I have seen, will be quite different from a normal news bulletin. It will be more like a programme than a bulletin.

The Convener: It is an hour, so it is hardly a bulletin.

Thank you very much for coming to give evidence.

11:19

Meeting continued in private until 11:26.

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