

NEW STATESMAN



Digital Roundtable

In association with



New Statesman & BT Digital Roundtable

Is the UK digital Citizen-Consumer being well served?

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The Chairman: I am David Docherty; I will be moderating the discussion today on behalf of the New Statesman and BT.

It has been a turbulent year for you media people, as you all know, and you have become slightly airsick along the way. I am currently Managing Director of Broadband Content at Telewest, but I am also Chairman of a company called Living Health, which has just launched a major healthcare initiative in the Birmingham area on behalf of the Department of Health - 18,000 pages of healthcare information as an experiment which may end up going national. So I am very interested in many of the issues today around this question of what is called here "the UK digital citizen consumer", which sounds like a German compound noun to me.

There are three main issues in the context of this meeting. First, is the digital divide a red herring, and is it distracting from the bigger issue of how the application of interactive technology and media should operate in a modern society? Is the digital divide as a major policy issue getting in the way of the encouragement of broadband and digital?

Secondly, what are the key objectives for Government and local government, as well as for the media and technology industries, and where should that interface with Government be? How much should Government be promoting and spending in the area of broadband and digital, and how much should be left to the market on its own?

The third issue is, what are the obstacles to achieving digital or broadband Britain - whatever you call it? Those issues are obviously around economic but also social and cultural questions.

We are hoping for a very free-flow conversation.

We will kick off with Stuart Hill. Stuart tells me that he is the "vision part" of BT, so I look forward to his thoughts - particularly on where Government may go in this area.

Stuart Hill: I thought I would set the scene in a way that might get the right juices flowing for the debate. Two weeks after 11 September, I shared a centre platform with Tim Berners-Lee, who - to remind you - was the father of the Web, gave that patent away and now resides as a professor in America. There was much debate at the time about whether the Internet was used to create knowledge and give information to the suicide attackers who committed that atrocity - and whether crucial information was hidden in the depths of some pornography sites.

Tim Berners-Lee gave some credence to that during our

keynote address. It was only when we faced some journalists afterwards that Tim was asked, "But surely, you are the Frankenstein who created this monster which allows so much knowledge in the world that people could commit such an act under the radar of the public services and the FBI." He smiled, and replied, "If it wasn't the Internet, it would have been letters or some other form of correspondence."

Metaphorically, as individuals, we can now almost wrap our arms around the world we live in. If we want quickly to set up a lingerie company or find out how to make a cake, we can do it - we can do anything we want via the Internet. It is that easy, and we start to take it for granted. It is here to stay, but what form it takes - how we use it and how citizens interact with the public sector and Government - is up for much debate. That is what I look forward to today.

Immediately after the war, my father, like most of his generation, really enjoyed the paternalistic feel of Government and their ability to look after his needs as a citizen, economically and from a security and protection perspective. Yet, when we wind the clock forward to today, we see that the X and Y generations have become incredibly demanding, sophisticated and discerning as consumers. By using the Internet, they can go into a car showroom knowing more about a car than the salesperson, and they may know more than a politician about their pet subject.

They now have more money and create more competition among the existing channels than our parents would have understood; and more demands are made of them and pressure placed on them about their own times and how they engage with those times. In the private sector, Amazon, Dell and a number of the financial services institutions are having a very transactional and interactive debate with those people.

If you are buying CDs and books, it is a good feeling to interact on Internet sites and find what people have thought about those products. I recently bought a Dell computer, and I was thrilled that I designed it with my son, that it was delivered in seven days, and that it was perfect. I wanted someone to tell me what a wonderful computer I had bought, and how this £1,800 product was the best on the market. So I believe that the Internet has a place, but let's not get carried away. When you move into a value chain where you need human interaction, it will take that away for ever.

There are still challenges in the private sector. Browse to buy is only 2% at the moment. Abandoned calls total 67%. As I was saying to Richard over coffee, I am not sure that that is a bad thing. We go into shops, browse and walk out all the time. We are not necessarily going to transact. Because we are demanding as individuals, there

is also an element of wanting instant gratification. When we hit an Internet site, we expect an answer - with 24 hours, perhaps - but 65% of sites are not achieving that at the moment.

Customer loyalty now is about price and brand, and about convenience to them as individuals. We must face the fact that the corner shop feel of that type of commodity product is behind us now.

What about Government? I have only been in this sector for a year or so, but people who know more than I do tell me that its organisational structure has not changed much in the past 200 years. Then we ask the e-adviser to Government to come up with a joined-up world of e-citizenship that makes a difference. From a technological perspective, I know you fail when you try to replace existing manual services with an electronic interface, unless it is a simple commodity transaction.

Perhaps the focus needs to be more on what Government need to do in that space, rather than just expect Andrew Pinder, with a budget and a magic wand, to ensure that the Government have a transactional-based alignment with the citizen in the street. The question is, how does he want to have a relationship with you? In Sweden they have small Government offices - 280 independently run agencies - and there is a 70% interaction with Government. It might be an easier model, as Scotland may also be, with only 5 million people.

Australia has TIGERS, which stands for Trials Innovative Government Electronic Regional Services. They do things like recreational fishing, enrolling at school, issue of passports, change of address and so on. When I talk to anyone involved in e-enablement for the citizen, they usually say that another department needs to make that decision first. So we have a void, and today is about the transience of time, by means of which we will get closer and closer to putting pressure on these groups and departments to make that change.

My talk at The European with Tim Berners-Lee was about collaborative representation rather than representational democracy. Let me explain what I mean by that. We have always been very happy that a few people should be chosen on behalf of the many to make choices for everybody. There are 2.5 million Muslims in this country - are they aligned to a particular political party? I do not know, but in events such as Genoa and the fuel crisis we saw a recognition by cyber-communities that they have a real interest in coming together to make their voice heard.

I do not believe that we should have a total direct say in how the country is run - shock absorbers will always be necessary - but I believe that this demanding consumer is now coming together with their previous existence as a respectful citizen. The Government, working with people in the industry such as ourselves, really need to fast-track this - especially since Blair's mandate this term is all about delivery, delivery, delivery.

I believe that we are heading towards digital alter-egos. As

we sit here, we could be buying stock because we have set parameters on our computers. We might be voting on the street lighting outside our home or on entry to the euro, because we have set parameters in our lives which make us more effective. This is starting to happen. I do not know the pace of it and where it will stop, but these are the sort of things we need to come to grips with.

As a citizen, I would like to be able to interact with a local council that does not have 500 uncorrelated databases that know me as 500 different people. In Virginia, they had 300 forms, but 12 dealt with 95% of the issues. We have to work out all that business of government before we can use e-enablement to interact with the citizen. Thank you.

The Chairman: Thank you, Stuart - that was very thought-provoking.

I am sure that, with you people in this room, there will be a very free flow of ideas. I am going to begin by asking David Elstein two questions. First, is the idea of demanding citizenship in the end more important than digital switch-off, whatever that is? Secondly, you have lived with this a long time now: how would you see the agenda? What should the Government's and industry's agenda for digital and broadband be over the next couple of years?

David Elstein: I should say that digital switch-off is an ambition beyond even my range: I think analogue switch-off would do. [Laughter.]

I have virtually no stake in this discussion, but I might have a minor input as chairman of a company that is trying to design a low-cost set-top box - but that is a separate issue. If I slip out at 12.40, that is because I am doing a presentation to the BBC at 1 pm on this very subject, but I will be back as soon as it is over.

In many ways, Stuart's final remark is perhaps the most apposite to what Government do. The first thing that Government need to do is get their own house in order. Government tend to grab at this whole digital broadband issue, biting chunks out of it but never digesting them. It is probably in confidence, but for the sake of this meeting I should say that, after the last NS Roundtable, Michael Wills asked me to give his then Department, the DES, some informal advice, as part of a little work group, on the digital divide and what the Government could do about it.

The first thing I discovered was a sense of bewilderment among his then civil servants that that Department alone had issued a press release on digital issues and initiatives virtually every day since Labour came to office; and that, if you added to that everything else that the Government were doing, there were probably 15 different Government Departments all with their own toe in the digital water, or finger in the digital pie - any analogy you cared to use. These were all competing, conflicting and half thought through, and were just confusing the consumer. Ninety-five per cent of the information could have been well correlated with a bit of thought, but it was just all over the place.

So perhaps the first thing the Government need to do is set a good example of how to organise their Internet interface with the public. There is out there a lot of - I would not call it Luddism, but anxiety about all things electronic. If you add to that a real barrier in terms of management of communications coming from the organisation which is preaching "Get yourself connected", you have to ask yourself where the priorities are.

Even while I was doing this little study, initiatives were being launched for UK Online, an expensive advertising campaign was being run on the theme "Get yourself connected", and it was completely wasted. It was money straight down the drain for the purpose of appearing to be on message and trying to do things. So the first thing I would say is, get yourself a joined-up Government before you participate further in this debate.

This is accentuated by ministerial confusion across a number of issues, of which the digital divide is perhaps the most obvious. In the course of my study, I asked Michael Wills, "Well, what did we do about the telephone divide, about the refrigerator divide?" Mike Powell at the SEC in America is inclined to ask, "And what are we doing about the Mercedes divide?" [Laughter.] Did we ever have an anxiety about the Encyclopaedia Britannica divide? It is virtually impossible to have any new addition to society's knowledge assets without it being spread slowly. You cannot go from zero to 100 on any realistic timescale.

Therefore, you have to ask, what are your real policy objectives? What is the anxiety about a digital divide based on - that people will not get access to certain things? Well, think of another way of getting access. Great - let's have Internet cafés; let's have UK Online centres in libraries; let's find low-cost, low-tech ways of making available to people that which we believe they benefit from, including, as we discussed a year ago, training, particularly for providers of material and resources.

It is terribly easy to be confused between the ultimate policy objectives and the mechanism for getting there. There are still Ministers who believe that digital television is a good way of accessing the Internet, but it is a very inefficient way of accessing the Internet. Stephen Byers was on the record before the election, when he was at the DTI, as saying - I have a piece of paper with his soundbite on it - "Digital television is essential for getting citizens to access the Internet." It is just nonsense.

The whole citizen consumer thing is another real problem. Citizens' interests and consumers' interests are not identical. All kinds of things will happen that consumers want, but not all consumers want them. Consumers are well able in this world to make judgements about all kinds of consumer goods out there without a Government telling them what to buy and what is good value.

We may agonise over the fact that only certain things are available in Fortnums or Harrods - or even in Marks and Spencer - and why cannot Walmart have those things? But it is a distraction to imagine that that which is possible is also universally desirable. We have to limit ourselves

and decide how much we want to manipulate the consumer in the interests, nominally, of the citizen. Lots of things are very useful for citizens, and it is very good that local government and national Government should think about using the Internet and broadband generally, and even, to a modest extent, TV. The Living Health proposition on Telewest is a perfectly legitimate thing to do. But to imagine that, without universal access to digital, we will somehow as a society miss out, is, for me, just too dirigiste.

I would finally mention the confusion between digital switch-over and analogue switch-off. It has got into ministerial heads that analogue switch-off is in itself desirable, because it releases spectrum that might be re-farmed and reallocated or sold - nobody knows how much it might be worth. The problem is that analogue switch-off is unbelievably difficult - far, far more difficult than any Minister or senior civil servant is willing to acknowledge. We have embarked upon immensely costly exercises with no cost-benefit analysis. Just think of the cost to the public of launching digital terrestrial television long-term. The probable cost to the public is £10 billion before we get to analogue switch-off. Nobody ever asks, should we do this? We just launched ourselves into it. We do not agonise over £10 million here or £20 million there.

There is a great deal of wishful thinking and confusion, and many misconceived policy objectives based on a desire to climb on board the digital bandwagon. Again, the Government could do themselves a favour by sorting out in their own mind what is important, what is relevant, what is achievable and desirable.

The Chairman: Thank you, David; that was absolutely brilliant. I seem to recall - some of the specialists here will remember it - that the definition of poverty in the 1980s included the concept that you had to have access to television. It was implicit in the benefits system that you had at some point to be either paying the licence fee or paying for a set. There was an implicit theoretical assumption that poverty can be defined by access to public goods - in this case, access to information via TV. Whether it should or should not be so, there is possibly a debate which says that, in this country, associating the Mercedes divide with the digital divide is not necessarily the right approach, because they are different kinds of goods - one is very much a necessity.

David Elstein: You can get a telly from the DSS; you cannot get a licence fee.

The Chairman: Yes - you just get sent to prison. We always used to pretend that the licence fee was implicit in the benefits system, but -

Victor Keegan: Although I agree with you almost entirely - indeed, the spread of the Internet is probably faster than that of previous technologies; certainly with text messaging - even so, the ultimate goal would have a disproportionate effect on people. If everybody had access to Google and nothing else, and they had access to whatever they wanted to do and all the knowledge they needed, there would be

an even bigger problem in changing their attitudes in doing it. But that is unique. If you did not have a telephone, you were not completely deprived, but if you have Google, everything is open to you.

Stuart Hill: I really enjoyed that bit about the divide. When you live in a moment, you do not see the recession you are in or the technological wonderment of where you are: you can only have a comment about the future. It took 30 years for the telephone to have 10 million subscribers, which is a phenomenal period. I wonder whether every generation talks about a divide, in one way or another.

Richard Allan: We have a tendency to look back to "golden ages". It is a psychological problem of humanity that, in any period, we always look back to a golden age and worry that where we are is not so good. The point about the divide is entirely correct. Within the parliamentary context, we are always talking about access to our information. We used to have a system whereby what we said in Parliament was distributed as a bound volume of Hansard that went out to central libraries very slowly. If anyone wanted to access them, only a very small number of the population could get to a library, understand the indexing system and get the information very late.

We now have it on the Internet, and people worry because 60% of people cannot access the online Hansard; but 40% of the population can now access what we say in Parliament from 8 o'clock in the morning the very next day. So the glass is definitely half full, not half empty. But we sometimes have this psychological barrier to seeing ourselves going forward; we always see ourselves as having gone downhill from where we used to be.

David Elstein: It is also important to note that "Yesterday in Parliament" was available to 100% of the population for decades, but only 2% took advantage of it. And they did not have to switch on their computer, if they had one - just their radio. So the assumption that it is compulsory to get that 40% up to 100% is just another way of missing the point. You are quite right - just get it out there and let people work it out for themselves.

Steve Gallagher: It is interesting to listen to David, because we are seeing things from a completely different perspective. According to which league table you read, the borough I work in is the third or sixth most deprived in the country. Three of our 22 wards are in the top 10 most deprived - among about 8,800 wards - 18 of those 22 wards are in the top 10% of most deprived wards, and all of them are in the top 20%. I say that because we are viewing this issue as a way of transforming the borough. We are thinking not of "the digital divide", but of the opportunities that this creates for us to change the borough in a radical way.

An example would be the education agenda. This is not bragging, but, although we are bottom of the GCSE league tables, we have got our primary education up to the national average, which is a hell of an achievement. We

have done that by seeing opportunities from using new technology to transform the education curriculum for giving people access to learning and knowledge who would otherwise not bother with the education system.

I was therefore a little uncomfortable with what I heard. I was not sure what David meant by saying, "Why worry about the digital divide?" I am not sure whether it is a radical free market approach - leave things as they are, and everything will be fine. We certainly would not see it that way. In our view, as one arm of government, we have to get in there and work for our citizens to try to make the most of the opportunities available.

My second point goes back to the beginning. I think you will wait one awful long time for central Government to get joined up. As David said, 200 years of working in one way does not change overnight. But the focus should be on local government, because that is where things will get joined up, and joined up very quickly. Central Government - this is being recorded, so I should be a bit careful - will join in with our approach. I do not think you will see a transformation of central Government per se; what you will see is central Government responding to a local government agenda, which is about a radically different way of interacting with citizens.

Lord McNally: I do not believe in trickle-down in technology, but I think we have far too much angst about the digital divide. As Stuart said, probably every generation has had a technology divide, but we are the first that seems to have had such angst about it. I suspect that it will work as a pincer movement - that the top layer of people will embrace new technologies because of personal wealth or education; but that Steve is right as well: the way in which the new technologies offer new ways of getting services to the most deprived will have an impact.

Somebody once said to me, "If you called a meeting to work out how to feed London every day, it would be overwhelmed by the size of the task. But Londoners do feed themselves every day by a million different decisions." My worry about the Government's approach, as in many others, is that they become obsessed by targetry, and then over-worry when their self-imposed targets are not met. Going back to what David was saying, I think it would be far better for the Government to get their own house in order in the things that they can deal with. Where Steve is wrong is a great deal is already going on in Whitehall to try to get the big Departments ready; that may have a bigger impact more quickly than any of us imagine.

But I think that it is going to happen not through some great digital bound, with lots of target dates being met - much though the Prime Minister loves targets - but by the various parts doing their own thing and getting on with it.

My other comment comes from previous experiences: do not expect the private sector to do more than is of interest to their shareholders. The idea of a socially munificent private sector is not realistic. They will do their bit, and

Government can encourage them, but in the end they will do what they see as in their commercial self-interest - which is why the Government cannot be entirely passive on these matters. Individual companies acting in shareholders' self-interest may be short-term and destructive of the overall process if left to their own devices.

Chad Wollen: I just wanted to say: divide? - what divide? If we are talking about technological divides, do we mean a divide in access, in which case access to what - digital television, mobile phones, PCs, video games, consoles, all these different ways of accessing? Or do we mean usage? Many homes have these technologies, but the usage might not be at the sort of level we all imagine for the demanding consumer or the responsible citizen.

Or do we mean a divide in knowledge - which is one of the oldest issues politicians have been discussing? One can go back to the debates about access to knowledge, the foundation of Birkbeck College 150 years ago, the diffusion of the school system, and so on. We have to be sure what we are talking about. I agree that access is not so much of the issue. If we are talking about technology, it is more about usage. And if we are talking about usage, we also have to stop talking about technology and start talking about benefits.

Going back to the analogy of refrigeration or central heating, the benefits of central heating were clearly articulated in public policy around better housing for you and your family. People could understand that and mobilise behind it. Refrigeration was a public health issue, helping to reduce the spread of disease, and making your money go further. Nobody talks about benefits for this technology in a way that people can understand. No wonder they are struggling with this and are confused at every level about what it is for: "How does this fit into my life? How does it benefit my life?"

To go back to the great questions of diffusion theory and how these technologies spread, what is the relative advantage? How does this thing improve my life? We need to talk about benefits that people can get their teeth into; we should talk less about access and more about how that drives usage. But we should also be sure that, in the end, it is a knowledge divide, which is one of the oldest questions, with which we are still grappling. We are still trying to get people to understand why education is a benefit. Lots of people still do not see that.

Steve Bowbrick: Although Chad has taken us in an interesting direction, the theme so far seems to have been that, if we are to bring about change or speed up change - whatever we are after doing - perhaps the centre is not the place to do it, but that it should be shared. Interestingly, that view has come from different perspectives. Fascinatingly, a scientist on the "Today" programme the other day said: "The NHS is a complex system on the edge of chaos" - which apparently is a technical term. It was a radical concept. His angle was that, to achieve large change in an organisation of that size and complexity is effectively impossible, that you need to think of something else.

Perhaps what we should be doing is thinking about action at the fringes - I do not mean the fringes in an hierarchical sense. I come from a network environment, from an email company - another dot.com. We are very much at the fringes of the network. Email is so powerful because it works in the narrowest of narrowband environments - you need hardly any band at all to email.

We facilitate the richest conceivable human-to-human interaction using this miraculous data compression technique called human language. We do all this at the fringes; we facilitate connection between individual human beings and organisations, going around the outside of the institutions we work for. In a sense, we are also economically at the fringes, because nobody has managed to make any money out of email so far, so we are struggling with that issue ourselves at the moment.

As for the divide, I wonder whether it is worth listening to the tech industries, and particularly the consumer technology industries, a bit more. For decades now, these industries have been wrestling with the issue of how you roll out technologies to resistant and often refusing communities of consumers. They do not call it the divide, do they? They call it the chasm, and there are books about the chasm and how you get technologies from the early adopter groups out through the laggards and the refusers. I wonder whether it is worth listening to them. They use techniques which are mostly about rolling cheap, depreciated, amortised technologies into communities of people like my Dad, who adopt these things very late.

I guess that my point is that perhaps we should be focused on action at the edges, the fringes of the network. Secondly, should we listen to the experiences of consumer technology in getting adoption out there? How were the last 20% of television viewers persuaded to adopt television, for instance?

Lord McNally: I was looking at this report that mobile phone penetration in the UK is now 73%. That has happened in just over a decade. But in the early 1990s, nobody was sitting down working out mobile phone penetration and targets. That also answers the question, how did the last 20% convert to television? Certain technologies are must-have technologies. People did not switch to colour television because of a Government campaign or Government leaflets - they wanted colour television.

There are technologies like this out there. It is not always easy to spot them, which is why there are successes and failures, but the must-have technologies sell themselves. It is ridiculous to waste too much angst on it. Those consumers will demand them.

There is one other point on the Government side. The record of Parliament in legislating for technology is appalling - we are always legislating for the previous decade. Yet, if you have enabling, broad-brush Bills, which leave it all to secondary legislation, that puts enormous power back into the hands of Government and away from Parliament. I do not know how we manage this revolution legislatively, but that will be a big challenge as well.

Gerry Bastable: I think that Chad's point about the benefits of technology was a good one. I am unclear about Government policy, but there is clearly a policy aspect within all this information and knowledge. If all that the Internet does is additional to getting something, then perhaps it is not such an issue. Once it becomes substitutional, or if access is time-critical, it becomes more of an issue. I am not sure how one can be sure which technologies do this, and in what way. I think we are all still slightly feeling our way through it. Even in the private sector, we are still trying to work which technology does what best., and we do not have the answer.

The reason why people think that TV is the answer is that everyone has a TV; but different TVs do different things, and not everyone has a digital television.

David Elstein: There is this magic bullet proposition - that you find the way through, and that is why people sign up for it. Tom asked how colour television took off. It took off because it added 50% to your viewing choice - you got BBC2 alongside BBC1 and ITV - so it was quite an easy proposition to sell to people. The licence fee cost an extra £5 on top of the original £5, and that funded the creation of BBC2. So you injected a kind of consumer mechanism: those who wanted colour and BBC2 paid for it, and eventually everyone wanted it and the economics worked itself out.

I respect what Steve has said about local government initiatives, but what worries me about the way in which central Government work is that there is no serious attempt at cost-benefit analysis - in other words, loads of initiatives were launched without any sense of which was more worthwhile than any other, and why and how. I saw an example of that at the DHSS. Gordon Brown, for whatever reason, had allocated £200 million to things connected with "e". Therefore, the whole civil service rushed around thinking of projects that would qualify for that money - good projects, worthwhile projects, cost-effective projects, better than anything that other Departments might be doing.

So you had projects saying, "Digital connection is good for employment." Actually, the people in most need of employment were people who needed either low-cost local transport to get to a job, or a crèche so that they could be free to get to a job. What they did not need was a computer in a town hall that they could access to find a job that they could never take anyway because they either could not get to it or could not leave their child behind.

The opportunity to distort in the absence of cost-benefit analysis was therefore very great. I am sure that Steve would have thought through how we are going to achieve certain educational objectives. Do we hire 2,000 teachers? Do we buy 2,000 computers and make them accessible? That is great, but it does not happen at a national level.

Adrian Northover-Smith: Perhaps I could just fill people in on where we are coming from a manufacturer's perspective. I am the Digital TV Product Manager for Sony, and before that I worked on product planning. I

have been working with digital TV since it was thought of, in 1996-97. I just wanted to give you an idea about where we were coming from - which is to support completely the horizontal marketplace.

When we introduced a digital TV, it was a free-to-air television. There were a couple of reasons for wanting to do that. First of all, we did not want to be paying IPR fees to a third party who was writing the software that would be controlling our TV set. Secondly, when we wanted to develop that TV set in terms of the home network and so on, we wanted to retain control of our television. Therefore, it was based on the open standards, which have been adopted in digital terrestrial.

But we should remember that the digital TV in this country has been driven very strongly by the pay-TV operators. There are fantastic reasons why the consumer should buy into those things, but let us not forget that it is free anyway. These people are prepared to subscribe to pay-TV in the analogue domain, and they have been given an additional piece of equipment that will give them more services and is absolutely free. So it should be a no-brainer.

In terms of free-to air digital TV, Sony's integrated TV sales as a proportion of its wide-screen sales were about 25% in October. That represents about 8% of the total wide-screen market and about 2% or 3% of the total TV market. So we are much more successful at the moment in putting analogue products into the market than we are with digital products; and the consumers are very happy to buy them. Thus, as we approach the so-called analogue switch-off, every month that we sell analogue televisions we are making the situation worse for ourselves. So we have certainly not turned any corners yet.

The Chairman: So what is the answer to that? I would not buy a digital TV set at the moment, because the box has to be constantly upgraded. So why would I buy -

Adrian Northover-Smith: We are not suggesting to people that they should go out and buy a new TV set because digital TV is available. We are simply saying, "If you are in the market to buy a new TV set, you have a choice between an analogue one and a digital one - and these are all the advantages of buying a digital one."

The Chairman: Peter, didn't you go to buy a new TV set in John Lewis, and find that it was packed with wide-screen sets which were called "television", and a little bunch of 4:3 sets in the corner called "ordinary television"? You guys are marketing wide-screen incredibly successfully, but no one can market digital. "Digital" does not convey benefits.

Adrian Northover-Smith: Frankly, Sony has done. We now represent 75% of the market by quantity; so we have been enormously successful. But we led the market, and the other manufacturers have dropped out of the marketplace. It is not as if we do not have competitive products from Toshiba, Panasonic, Philips and so on: they are all out there; they are just not being sold.

The Chairman: Do you put an analogue tuner in your DTVs?

Adrian Northover-Smith: Yes.

Can I come back to the analogy about people wanting to make that switch from black and white to colour, because there were tangible benefits and reasons why the consumer should want to do that. Frankly, in digital TV and the free-to-air proposition, there are some very tangible reasons why the consumer should make that jump. But the consumer is not aware that BBC News 24 and BBC Choice are being paid for by his licence fee. The BBC are not doing enough to promote this in a cohesive way and explain it to the non-pay-TV customers - and we should remember that most people do not want to take up pay-TV, anyway. Then, of course, we have the legacy sets around the household. Perhaps somebody wants pay-TV on their main set, but what about No 2 and No 3?

Referring to David's earlier comment, nobody can get the Internet on my digital TV today, and even if they could, is it something that people want to do?

At the moment, this thing is being driven by vertical operators. We have always considered that terrestrial broadcasting was the backbone of broadcasting in this country, and that we would move from an analogue broadcasting spectrum to a digital broadcasting spectrum, but that that open-standard marketplace would remain, and anybody could make a programme and play it on my TV set. As the market has developed, it seems now to be controlled and dominated more by vertical marketplace operators, who are providing a better service because they can control their decisions by themselves, whereas we have to rely on everybody in this room and in the industry working together to make it happen for the consumer.

Richard Allan: Just as an aside on digital TV, I think we are going to have a lot of political fun with this, because, as Steve said, it is a much tougher job. I am the kind of person who regularly goes into Dixon's and Curry's and says, "I have a nice TV set at home, and I would like a set-top box to get free-to-air." They hum and hah, and tell me that I need to contact the vendors directly. Unless and until you have got a £99 box into Dixon's, Curry's and Comet for free-to-air digital TV, I do not think we will get anywhere near a digital switch-off.

David Elstein: Thirty-nine.

Richard Allan: Yes, £39 would be even better!

I wanted to pick up the points about why Government are doing what they are doing. I think that Government have looked at IT investment for three main reasons. One is to save money - we have seen wonderful projects like the Passport Agency conversion and the National Insurance records system. It has been a driver: "We must save costs in this department; we have to meet our target for reducing admin costs. Therefore we will invest, lay off a load of staff, then re-employ them later when we find it

hasn't quite worked."

The second reason is democratic demand - not consumer demand in the normal sense of consumers of services, but consumers as consumers of political rhetoric. That is David's point about people saying, "We must get on to this e-agenda." You are selling to your market as voters rather than as the consumers of the actual services themselves.

The third primary reason, but the one that has been least looked at, is that you should be driven by offering better services. That is where Steve came in when he described what local government was looking at. That is the area where we should be focusing on. Government should be thinking not, "How do we win votes or save some cash in next year's budget?", but, "How do we offer services over the long term?" That has not happened, because Government are different from business and have failed to think in the way that business thinks. Government are not competitive in the normal sense, and the Internet market has depended on competition to drive innovation. If the UK Passport Agency fails, I cannot go to Europe and ask for my UK passport to be issued by the French or the German Government. Normally, you can go to only one point, so if Government services are not good enough, they do not go out of business but keep delivering a lousy service.

Another thing that is very difficult for Government is the fact that the Internet is non-geographical, whereas most Government service delivery has been very geographically focused. It is very hard for the Government to adjust to working in a non-geographical domain. It is not just that you do not access in that way: people are now accessing their other services non-geographically when they go on the Internet, and they are thinking that way. So there is a clash between how people work in every other aspect of their lives and how they are expected to interact with Government.

Another element is user empowerment. A lot of it is about DIY stuff, and you notice in the banking sector, for example, a completely different shift. What Government are doing is a bit like where the banks started - "Let's have NatWest on line and Halifax on line," and so on. The banks have now set up Cahoot and Smile and IF, which are not online versions of the old products but a completely new one. They are all about DIY, about user empowerment. There is no tradition in Government services of people doing it for themselves.

I will just give two examples of where I think this is not working but could work. One is NHS Direct. You can go to the website and ring a phone number, but if you actually want the service, they direct you to the traditional service in the shape of your GP or the accident and emergency department. So we have an Internet face on an old-fashioned service - they have not challenged the service itself. At the end of the NHS Direct consultation, you should have the opportunity to get the drugs directly from your pharmacist. If you do not get it from NHS Direct, you will be going to drugs-r-us.com and trying to work it out that way anyway.

You should be getting that through NHS Direct, and that means changing the process so that the pharmacists can do the prescribing, which the current rules do not allow them to do. Perhaps we could eventually reach the point where we self-diagnose, on the caveat emptor principle - in which case you do go and buy your own drugs. That model would save the NHS a lot of money and result in a better service for those who will still need to go into the walk-in centres and use the traditional route.

The second example is something like the housing benefit system, which is grinding to a halt. This is where people in poor areas want a good service, but have to wait weeks while paper shuffles backwards and forwards. Why not a model in which a council officer goes out with a laptop, and fill in the forms then and there? After all, the main thing they have to do is check that the housing benefit recipient actually lives at that address. That is a completely different model of service delivery from going to a council office and sending in paper.

I think that the thing that is holding this back is the concept of ending postcode lotteries. There is a concept in Government that, unless everybody can have a service, nobody can have it - and I think it has grown under the present Government. That means that we all move at the pace of the slowest. Generating this competition could create three or four routes into a service for different people to take. As long as they are all good, there would be benefits - some people could do it themselves, while Government focus resources on helping those who still need the traditional service. That is like the old NatWest branch on the corner, because the others are dealing with it themselves. But that means a conceptual change, to saying, "We are prepared to roll out services that only a proportion of the population will access in the first place." That is a conceptual barrier that exists in Government.

The Chairman: Steve, do you want to respond?

Steve Gallagher: I am trying to work out where to start with some of this stuff. I feel a little as if this debate is going on up here and I am down there, to be honest. As you would expect, I suppose, I am very much grounded in what is happening down there and the people down there. We are doing some of the things that Richard was talking about - for instance, how you manage housing benefit processes to benefit people by bringing times down, and so on.

To balance my earlier comments, I should say that a significant group of people in central Government are working very hard to try to change the way things work - particularly in the modernisation team in the DETR. I am sorry that Anne Stewart is not here today, because she could have talked about that.

There are all sorts of issues around the claim that we are moving at the pace of the slowest, for example. I do not think that that is happening. A national strategy for e-government is coming out at the end of January, and that will still clearly contain an expectation that there will be, for want of a better word, either pioneers or pathfinders

who will be funded to move the service agenda forward and create opportunities and better services that are more joined up, to use the cliché.

We have been part of a pathfinder programme which has been doing exactly that. It has been based partly around life events, which means that you do not provide services by departments. If somebody has a new child or a bereavement - one or other end of the spectrum - they will be able to access the whole range of services through one portal, for example - or through one telephone call. This is not just about the Internet. Most of our people want to contact us by telephone or face to face. So it is about using technology to improve services at that end. It is not just about the Internet.

I am jumping about a bit, because there is a huge amount of stuff here, which is all very relevant to what we are trying to do. I am interested in the television thing from a different point of view. We have had our web pages available on digital television - through your services - for some time now. It costs a huge amount of money to re-purpose web material for digital television, so along with central Government, who have supported us in this, we have invested hugely in this.

It is getting more and more difficult to deliver something that will make a difference to people's lives. Part of that is the issue of the market again. We have worked with you, and we now have 6,000 homes receiving your service - Telewest - in Knowsley and 7,000 homes receiving Sky services. Of course, all the work we have done with you is absolutely useless for those people: we have got to re-purpose the whole lot again to communicate with our target audience. So from my point of view there are some issues there about markets and market failures in terms of our communities.

However, as we sit here, I hope that - now or very shortly - payments and bookings, transactional services, will be available via digital television in Knowsley. I do not know whether that is a first, but we will be able to test increasingly whether this will be something big. We believe that it will be a way of giving access to services for people differently, but we do not actually know that. We still do not really know whether this will be something big. I find the damn thing infuriating; I find it very difficult to use the interactive digital TV services.

Adrian Northover-Smith: What penetration do you have? What proportion of households will be able to use the service in the near future?

Steve Gallagher: There are about 60,000 households in our borough; at the moment, about 13,000 are receiving digital services - 6,000 subscribing to Telewest and 7,000 to Sky. About 85% of the borough is cabled up, so the potential is there to reach most homes via that service.

Andy Smith: Richard mentioned the number of drivers for Government initiatives - you start with saving money, with better services and with democratic renewal. One of the big problems with serving a need in the early stages is with

the "e" in e-government. It is good news on the one hand that you say that you have targets for e-government, and that helps to raise the profile and get people to focus on it. Equally, that makes it something different, so that normal government goes on over here and e-government is something else over there; it is something adrift, which has been passed to the IT director.

This is particularly so in the case of local authorities, which are delivering different services to any number of targets. National spending by local government is £65 billion to £75 billion and you are only spending £2 billion on IT. Why should a chief executive suddenly start focusing on the "e" in the agenda?

From the point of view of a technology company, we are delighted to work with you and sell you technology and applications, which are clearly important in enabling delivery of some improved services. But it is about much more than "e" - it is about fundamental business change and joining up services in the way that Richard described. It is about turning services around and putting the citizen first so that you are focusing on what it is that the citizen wants to pull out. When you are talking about what is going to make people use services, you have to turn around and look at it from their point of view, not from the point of view of the providers: "We think we are providing something great on digital TV - why aren't they using it?"

One of the other big dangers around the target, particularly around 2005, is that the easiest way for the public sector - local and national Government - to meet the targets would be to enable all the services they are doing now. The result would be great - ticks in boxes all the way down the line - but would you have joined-up government? Would you hell. That is a complete reversal, because you would just have reinforced silos.

There is a sense in which, because of their size and scale, it takes a long time to move some central Government juggernauts around. If you were trying to achieve e-government, you would not start from here - but, sadly, they have. I heard somebody say the other day that God created the world in seven days, but he did not have to put up with legacy systems.

One of the current differences between local and central Government arises in the processes they have gone through - local government in implementing electronic government statements and central Government in their e-business strategies. I do not know whether you would agree with me on this, but my sense is that local government is much more successful at getting the e-government agenda properly out of the IT director's box and more into the remit of chief executives and senior officers, and getting them to focus properly on it. Then they say, "Let's look at methods of delivering services in a different way. Let's look at ways of making things join up."

Richard gave the example of housing benefit. One of the classic issues across local authorities is that part of the authority can be busy spending the resources on taking

people to court for rent arrears while, over in the other part of the authority, there are significant delays in processing housing benefit and resources are being put into that. Real benefits in terms of joined-up government could come from pulling some of these different services together, and that is starting to be thought through.

That is a big struggle for local government that no private sector company has to think of. We have a relatively small line of businesses, and we can choose our customers. We can quickly decide that something is not profitable and that we will drop it. Local authorities, by statute, are delivering this vast array of services, and they have to keep delivering them all - and they have to do so through a multitude of channels. With Oracle, we push everyone down to dealing with us over the web. In Government terms, you may push web transactions, but it has to be done on the basis that only a small percentage of the population will want to use it. It is fine for the AB literate people who want to pay their council tax in the middle of the night, but the evidence is that the bulk of the people will want to continue to have the services delivered to them either face to face or over the phone.

The trick for local authorities is to gear up to still delivering that range of services but making sure that they can find different ways of saving money. There is not a lot of extra money available. Those people who are happy to be dealt with over the Internet you do as cheaply as possible, but then you are freeing up staff as much as possible to deliver the face-to-face services. All the more important, then, that you are re-engineering the business, right through to the back end, so that you get over the issues that the dot.coms have - a terrific front-end services but nothing behind the scenes.

We have heard some examples of local authorities putting in callcentres which provide an excellent one-stop service from the customer's perception, but the callcentre operator, instead of being able to complete the whole transaction, has to send emails or make phone calls here, there and everywhere. That actually increases costs internally, and that situation cannot go on. Systems are crucial.

Mike Bracken: I have a foot in two camps. For a long time I was a journalist writing about this stuff; for the last three years, I have been trying to build products and services for interactive TV and digital, as well as Internet services. It has been interesting to listen to the diversity of this debate and the variation of subject matter.

A constant feature of meetings like this is how people try to hold on to analogies from early in the last century about the birth and launch of technology to try to explain what just happened. I do not think we can, because what happened in the last seven or eight years is in many ways unique. Governments, not just in this country but all over the world, almost completely unwittingly spawned a whole new industry and culture around the Internet. That was taken over by people who were crossing the chasm in 1992, straight out of business school, which brought the huge dot.com boom, and we are now back in a hangover

period, in which everyone is saying, "What was all that about - what happened?"

We sit in meetings like this and talk about interactive TV - will it work? The answer is, not until we have standards. We talk about e-government, local government and central Government. It seems to me that what we have not done - I know that the dust has not settled on this yet - is look around and say, "What just happened, and what can we learn from it?"

Seven or eight years ago, I sat in a sub-office with Steve trying to set up a company - I quickly found out the meaning of credit control, and had to go and get a job. I did quite well. We have got to learn on a short model, and we have been trying to learn from the whole process. I think that the Government, at different levels, are coming to this.

The one overriding lesson that I see when I talk to people, especially in Government, is that most success happens when the Government follow and do not lead. UK Online is an exercise in trying to predict where we are going to be in three or four years and meet those targets. Somebody said, "We will meet these targets." I have no idea how anyone knows that, because the lesson of the last seven or eight years is that no one is driving this thing. We have no idea where it is going. The only people who know where it is going - unwittingly, they are the ones who will define it - are the users, the people who pay my wages and David's and who use our services and products.

I am constantly surprised by the fact that, when we set all these targets, one target we do not look at is what users do with Government services. Say that, in three years, we want to launch a product or feature: how do we know whether it is going to be successful? Let us have some useability studies and find out what users want from Government services. One thing we should not do is expect to predict what users want.

This is where I come back to talking to people like Richard in the past. One thing that Government are not very good at doing is leading and taking an initiative: "We are set up to lead, and this is the target we are going to lead to." The problem is that we do not know where we are going, so how can they lead us there? What Government are better at doing - even in the last few years we have seen local examples especially - is enabling the people to go where they want to go, not trying to lead them. The commercial world has shown that those few companies that stuck their necks out and tried to lead a market have come a cropper - usually spectacularly - in the last five or six years. I do not think that the Government are set up structurally to lead, in this respect anyway.

If the combined weight of God knows how many MBA skills and the finest level of commercial leadership can only come up with the enormous waste of money that was the dot.com boom, how are the Government going to get it better, anyway? When we have debates like this, we talk about the Government leading and hitting targets, but

across the board in commercial areas there are one or two salient lessons we can learn: set standards; join up departments; get as much scale as you can for as little investment as possible; listen to your users; and act upon what your users do. Those five tenets could work across local government, central Government, commerce and on a European scale. We are getting too far from those tenets in setting unrealistic targets and goals, which are a recipe for disaster.

Peter Bazalgette: I apologise for missing the first 45 minutes of the debate. I just wanted to add to what Mike was saying. My business is television content. I am sure that there is a role for Government in enabling and organising markets and competition in television - David, of course, you are one of the villains here.

We may end up with only two platforms for delivering digital content, and the economic issues around that are very, very small. The Government have super-duper targets to make them look exciting and turned on to new technology, but there is an argument in my field, in television, for abolishing the analogue switch-off target of 2006-10, because it has completely contorted the television debate. The ITV digital investors are almost carrying out Government social policy now. They are concentrating entirely on technology, and what gets my goat is that they are not focusing on content.

David, you spend a lot of your professional life on content. When the Government launched radio in the 1920s, they did not concentrate on radio sets: they made sure that the content was bloody good by setting up the BBC. Content in the end is what will get people to use these services. And by the way, it does not have to be good for you: cod liver oil is good for you, but you do not want to drink it. They want to immediately enjoy it, and a lot of that is to do with entertainment rather than learning how to claim disability allowance, although that would also be a service.

The general debate is a lot to do with technology and sweet FA to do with content. Content is only paid the odd lip service in Tessa Jowell's speeches, when what they are really trying to do is broker deals with Granada, Carlton and Telewest and whoever else you care to mention. The whole thing is skewed, and it comes to a focus for me on that 2006-10 switch-off. So I say, abolish the switch-off, let the organic growth take over, and follow your market.

Victor Keegan: Only one person has mentioned mobile phones, yet they are the medium that everybody has throughout the industrialised world. Since our last meeting, they have gone on and on: phones coming out now have MP3 players and radio built in. Nobody wants to carry a second radio around - when it is all in there at no extra cost and at virtually the same weight, they will want to use it. Soon they will have television and barcodes built in, and you will order what you want on the Internet. At the same time, screens are getting bigger and WAP access is getting better. This is something that everybody has wherever they go: they do not have to interrupt "Coronation Street" to access the web.

I think that we underestimate this delivery mechanism. Products are coming out now that are really interesting for consumers. There are price comparators which allow you to dial a five-digit telephone number in Dixon's and find five cheaper products elsewhere. Then you can say to Dixon's, "Do you want to come down or not?" This is a really interesting development, and it is only beginning. Text messaging is going to get people to vote, and there may be applications in local government as well. I thought I would mention that again, because people tend to overlook it.

Chad Wollen: We are expecting all these technologies to do everything and be good at everything, and perhaps that is a problem that results from all the talk about convergence - everything being the same and operating in the same space. When you talk to users and consumers - this is why I was happy to hear what Mike said - they see these technologies as performing very specific tasks and fitting into their lives in very specific ways. You would not use the Internet, they think, to do things for which a branch is better suited - those are two totally different channels, which perform very different functions in their lives.

That is why this multi-channel world is so important in understanding the e-world and the non-e-world. We recently did some work with a financial services company, and we found that one of the most numerous users of their branches were people with online banking; these are not substitutional in quite the way we expect, because they are performing very different tasks and functions in people's lives.

That also gets me thinking that this is all very expensive. This new world does not really save costs, because it is about having to do everything and cater for everyone's needs across multiple channels. So I think we should park much of the initial promise about this technology saving us money.

It is more expensive also for another reason. It is about moving Government away from a model which has been about talking effectively and projecting things out into the world. They are just starting to understand how to listen, but the sets of structures and institutional arrangements which allow them to converse with the public are completely different. The skills of conversing are immensely labour-intensive and involve not technology but people. So a whole set of new issues is opening up.

On the point about not looking backwards, Raymond Williams, in his book on television, said that it was a technology invented without any idea of what would happen to it. They came up with this technology, and then struggled to find content. Histories of the golden age of television are fascinating, because they show that people had no idea what was going to work on this new medium - they were talking about stamp collecting programmes or bridge programmes in which you looked at people's cards.

It may seem funny to say this at a roundtable devoted to technology, but we have to stop talking about technology and understand that so much of what we are talking about

is cultural and political values and visions in our society. One reason why Finland and Scandinavia are so good at technology is that they do not have such preconceptions about who should be using the technology and who should not.

When I am sitting around with our colleagues in the technology sector, I am amazed at their attitudes to the elderly - that their only use of a mobile phone is to call the ambulance, and things like that. I do not believe that Scandinavia has the view that we have of the elderly population, so that it starts to feed into assumptions about the market and where things should go.

Stuart Hill: David, thank you for orchestrating this morning and keeping me quiet for over half an hour.

The Chairman: It was like sitting to Krakatoa, it must be said.

Stuart Hill: Steve, you and David touched on something that has prised out these concluding comments from me. First, I apologise to you, Mike Bracken, for referring back to a gentler age - not because the last seven years have not been wonderful. Great leaders of our time in terms of disruptive innovation - people like Clay Christiansen or John Cotter - tell a lovely story.

In 1833, Frederick Tudor moved 300 tons of ice from Boston to Charlestown, and 180 days later arrived in Calcutta - and the world had discovered ice. That was magic. Can you imagine it: the fisheries, the hospitals? He lost his shirt, the clipper almost sank, and there was only about 10 tons of ice at the end of the journey. But by 1856, he and 20 other people were multi-millionaires, the Boston Bay area had warehouse after warehouse, and they were shipping over 1 million tons a year. He spoke to a Senate Committee in 1856 and said that there was no reason at all to doubt that the industry was still in its infancy.

They were great managers, those people. After 15 years, they had worked out how to flood the ice every evening so that they could get around the transient temperature problems and have clear ice every day. Then somebody started an ice factory in the centre of the country, and the existing cost base was all wrong - \$256 a ton, when these new guys had got it down to \$33. They just pooh-poohed it. In 1905, somebody invented the fridge, and by 1910 there were no warehouses in the Boston Bay area.

That is your seven years. Not one of the ice barons invested in the ice factories, and not one of the ice factories invested in the fridge, because the cost base was too high and it was not part of their business model. The whole point is that successful management can kill a company - and that is what you are on about. You are on about that fringe attack.

While we wait for Government to lead this agenda, perhaps it is the responsibility of people in this room to help deliver it. But there is one big danger. Mike talked about the 70% penetration of mobile phones across the UK. If people are using the Internet from such a vast

base, and their knowledge is so high - to come back to Chad's point - they will form cyber-communities to get around what they feel the Government are doing wrong. By this I mean not tax returns or state benefit, but environmental or political issues. Perhaps 10 million or even 50 million people could become involved in such a pressure group.

Where we now have local pressure groups campaigning about the town hall, there will be pressure groups at national and world level. That is why I think that the Government have to get these e-envoy activities driving change, because otherwise there will not be a marriage with the citizen in the ways that count. The deferential citizen will become an unbelievably demanding and incisive effect on our industry and our lives in this country. That is why I think it is important.

I apologise for the little story, but you remember the dates. It is wonderful when you hear a great man like Cotter tell it. Thank you.

The Chairman: Thank you, Stuart.

Break for lunch.

The Chairman: This morning was fascinating, because it was such a wide-ranging debate - which just shows how much is on people's minds about digital and broadband. There is no simple set of criteria to bring to bear here, which makes me, along with others in the room, worried about how the Government might create legislation for this. It makes me even more worried about Ofcom and the whole idea that a single regulator can encompass all this and understand how these various processes are moving forward simultaneously.

One of the themes this morning was a lack of confidence in central Government's understanding of this area. Another was the feeling that one way forward might be local, in devolved, small companies, but that the Government can help by being committed to best practice - changing their processes and putting the citizen first. That is such a fundamental idea. Each of us in this room is held on hundreds of Government databases, let alone commercial ones, and there is no joined-up moment when they know us as people, so they cannot serve us consistently.

In this Living Health project that we are doing, we are focusing very hard on the idea of digital for the patient as one of the ways into all this.

There is also a sense that the digital divide, though not a red herring, should not be a absolute fulcrum of Government policy - that there are other sets of issues around the role of digital on which the Government can have a view, but that the so-called digital divide is not the central one. However, I picked up a very strong sense that people would like that balanced with some form of public welfare provision - whether outreach centres or web centres, or using relatively obsolete technology to go into seriously deprived areas. I am terribly worried about that,

because giving people a bunch of duff boxes does not add any benefit.

Similarly, if the Government fund a whole bunch of computers inside a school and do not link them up to a broadband connection, what is the point of that? The same applies to just putting a local area network inside a school. There are joined-up technology problems there that have to be dealt with.

I jotted down the phrase "regulating the revolution" - Mike's feeling was that we do not even know what happened, let alone what we are getting into, and others thought that the Government and the regulators were not on top of it.

Finally, people asked, what is the next era of content and services that will drive take-up, and not jump the chasm but build bricks inside the chasm so that people can walk across - if that is not too complicated a metaphor. I think that we want to spend the next hour on the new generation of content and services. What will the market provide? What should the public sector provide? And perhaps we can focus on where they lead into each other - where businesses such as Telewest can do public sector businesses like Living Health. I am going to ask Baz to lead off, as one of our leading interactive entertainment practitioners, by dealing with some of those issues, and then lead into a general conversation.

Peter Bazalgette: I will give you a series of random and probably useless thoughts. I speak as the producer of "Big Brother" in the UK - this unique cultural event which all of you will have subscribed to as raising the general tone of the nation, and for which you will be eternally grateful to me. [Laughter.] It was extremely informative for our company, and for our partner, Channel 4. Gerry here is in charge of all the digital channels on Channel 4, E4 being one of them, and is very much our partner in the project.

"Big Brother" is a piece of compelling content - a single piece of IP, a single idea, loosely speaking an entertainment idea - that works across about seven or eight media simultaneously. It exploits each of those media for what they do best. I have always thought that the word "convergence" was a misnomer. I think that what we are talking about is "parallel" - there are these things that happen at the same time in parallel and offer the consumer, the user, the viewer, a different bite. So, with "Big Brother", there was a half-hour traditional documentary on telly of an evening which was cut from the rushes by a director in the traditional way, manipulating material in order to tell a narrative. That is how television has worked for decades.

But on Gerry's E4 channel, the video material was streamed live, or almost live, and there were chances to see archive from two hours before. There the viewer was able to get a completely different experience, of virtually seeing the raw material, and mentally moulding it in the way they wanted rather than the way the director did.

On the web, as well as that same material streamed, there was fanzine material and lots of interactivity and micro-sites where you could bet, and all sorts of other things. SMS allowed messages to alert you to news and interesting things that were about to happen. That interaction would have been brilliant, if it had not been run by BT. Oh, he's gone - what a pity. It is on tape, anyway, so Stuart, thanks very much.

Also, of course, 35 million people over two series voted on the telephone. There was a radio element. All these things were different. It enabled one idea, but people who were interested in that idea - emotionally connected to it, if you like - to access it throughout the day in a different way. There could be six different pieces of access in a day, each one different, but with one idea, one concept, one piece of IP driving it.

That has to be the philosopher's stone, doesn't it - how you drive take-up of so-called new media, how you wed new media to old? And the interconnection among them is very interesting. We all know - you know, Steve - that you can stick anything on the web, but nobody will ever find it. We know why many of the web companies went bust - because nobody knew they were there, and they did not have the money to market it. They spent 70% of the capital they raised on marketing, which has never been done before and will never be done again, but they still could not be heard. But when you link that to a traditional medium called "broad"-casting, which is a marketing medium of its own, it is a very powerful proposition.

There is so much creative work to be done in coming up with new ideas for all this panoply of media and software to drive the take-up of media; but at the end of the day, I am not in the business of getting people to take up your hardware. I am actually in the business of entertaining people and making an emotional connection with them, and I will do it via any piece of gear that seems appropriate. I accept the point made earlier about the gear being invented first and the software coming along second, but that is my job - making sense of the hardware.

That has been quite an inspiration for Channel 4 and for my production company over the last year or two. But then you ask, where do the Government come in? In a sense, Government did not come into "Big Brother" at all, except that they legislated for Channel 4 to be funded by commercial revenue but with a public service remit. Channel 4 took the risk of putting it on because it was told take risks.

Gerry Bastable: It is no accident that all the big enhanced TV projects have been done by public service broadcasters - the BBC and Channel 4.

Peter Bazalgette: Partly because of the risk. But then, Government involvement is both a good thing and a bad thing. Let us take the BBC. The BBC accounts for over 40% of the original television production in this country. You might say that that is bloody marvellous, but can you really believe that, in the 21st century, a compulsory tax is

funding it? It sounds even more Stalinist than the National Health Service. That tax is funding over 40% of the original production in this country.

In our fantastically sophisticated market economy, where are the multifarious channels of money coming in to invest in compelling content? The answer is, via routes we invented decades ago, because we have a very immature content economy, in which most of the money coming in is either via a compulsory tax or via quasi-monopolies that the Government allowed people to set up by giving them use of spectrum.

In America in the early 1970s, they brought in something called the "Sin Fin" rules, which said that the three companies that had the three main networks were in such a powerful position that they were not allowed to make their own programmes - along with Channel 4, as it happens. Apart from sport and news, they had to be made by outsiders. As a result, a more mature content grew up in the US, where there were various sources of funding - studios, syndication and venture capital.

Yes, those companies grew very big and powerful. They grew more powerful than the broadcasters, and they bought the broadcasters. Disney bought ABC, for example. Yes, in a sense it is less competitive again now, but having taken the economic antibiotics, in America they created a content industry not only compelling for its own country but universally compelling across the world. And, yes, they had the advantage of a much bigger market as well.

You cannot re-invent or disinvent the way we make content in this country, I suspect, but I do question the whole issue - which came up this morning in a different context - of how the Government, as you rightly say, set targets, are in charge of everything and set policy. That is not really how it works. Just as the Government cannot entirely predict who is going to break their leg on a Thursday afternoon in your constituency in Sheffield, so they cannot entirely predict what people are going to like or dislike as we experiment with content in the future.

I would like to see policy from the Government not just on hardware and technicals and turning off signals; I would like to see policy from the Government about content that does not say, "People will watch cartoons," which is what they are doing now. They are saying, "People will have digital boxes in their houses." They are prescribing. I would like to see policy on content that said, "Let a thousand flowers bloom." Let's have a really productive marketplace. Let's have more sources of investment in a more competitive marketplace, which we do not see at the moment. That is enough from me, David.

The Chairman: That was very good.

Gerry Bastable: I sometimes feel that we are in the 19th century, building lots of railway lines. There is a sense in which we are all doing the same thing in digital technology. Coming back to Mike's point, we need some common standards, and that is not something that any one

commercial broadcaster is going to be able to do, unless they become so dominant that, de facto, their standards become the industry standards - which may happen. That is certainly an area in which some Government initiative would help; otherwise, we are all wasting money doing the same things.

The Chairman: How do the Government do that? We are joining up with NTL now to set a common standard across cable. That is a voluntary decision by two commercial companies. Sky will do whatever the hell it wants to, because it can. How do the Government -

Gerry Bastable: We face the same issue that Steve mentioned. He has 6,000 customers with one system and 7,000 with another, and it is total madness.

The Chairman: How do you suggest Government should intervene on that?

Mike Bracken: It is hard to give specific examples, but if we take Sky as an example, they say that open access is very complicated; but it is not complicated at all - it is about how it delivers stuff. Basically it is a game in which they say, "If you want open on an Astra satellite, it is going to cost you £500k." So when the BBC want to do something, they buy the space and do it themselves. If you are going to sink money into this - if you are going to write 16 million lines of Oracle code for your back end, which they did - you need quite a sharp regulatory body that understands some of the complexities of the system.

I am not sure that that is really the job of Government right now. I think that what the Government could do is tell these various bodies, "You are all debt mountains. You are restricting your content economy. Regulate yourselves; get yourselves sorted out." The content providers would love that, because they can come and see me or see you. We run what I think is Europe's largest cable network - we do not operate in the UK - in 11 countries, with enormous complexity of both standards and regionalisation. We get very big media organisations coming through to say, "Look, we have this thing," and we say, "Because of the lack of standards and because of the balkanisation of the entire industry, it does not matter how compelling the argument, we just cannot make money on it." The costs I have to take to get it in front of a small group of users are fantastically high. So I have to say, "The only way I can do this is a marketing exercise, if my marketing department can give me their entire annual budget for this one event."

The Chairman: That is a purely commercial problem. You are not looking to the EU to plan a common standard across the EC.

Mike Bracken: Not across the EC, no, but I would look to the EU to get distribution houses, software houses and the owners of pipes - whether satellite or the actual pipes - in a room and say, "Can you sort out your standards for distributing stuff, whatever that stuff may be, to end users?" Frankly, at the moment we are all led this merry dance in which we are all debt leveraging each other. The

people who are suffering are the content houses and the end users, because they are getting services like ours which are less than optimum because the stuff on them just is not that compelling as a result of this dilemma.

Steve Gallagher: I hope that, in the not too distant future, we will be tackling that issue with yourselves and others, and the Government are interested in that issue and interested in funding us to work to try to solve it. It is a mega-barrier not just for us but for Government services generally.

Mike Bracken: Whenever big companies meet, the debate always seems to get into, what are the Government going to invest? It is like we are missing the point entirely. There is a lot of money in this industry - it is just not flowing properly. It is the Government's job not to invest in it but to get it moving so that the services get to the end user.

Lord McNally: Part of the request is for Government to be hands-off, yet the last few minutes have shown why the Government cannot be hands-off. They have got to create a framework for genuine access and genuine competition. The big problem, as I said at the very beginning, is that that is the name of the game for the individual companies. They want the walled gardens and the captured audiences.

To name names, Mr Murdoch is not interested in 100% of the audience: he wants as large a slice as possible of a very profitable audience - and quite right. He is paid to get money for his shareholders, not to produce a communications policy for the United Kingdom. But the Government are. What worries me as we go into this Communications Bill is that, first, we have created, as you say, a super-regulator to regulate we know not what, with powers whose limits we do not know. Two Departments are looking after it - the DTI and the DCMS, the latter of which is the traditional weak sister of Whitehall. It is extremely difficult to see how you are going to solve that Rubik cube properly with different delivery systems developing at different speeds and take-up and of a whole range of complexities, without anybody driving it at a political level. That is going to be very worrying.

As for Peter's reference to "Big Brother", it is ironic that they chose as a title the ultimate control nightmare of the big state. But politicians have to be in some awe of the fact that more 25 to 35-year-olds voted in "Big Brother" than voted in the general election.

The Chairman: If you put Blair and Brown in the same room together for 24 days, they would probably vote for them as well.

Peter Bazalgette: And for Vanessa Feltz.

Chad Wollen: You also let them vote 10, 12, 13, 14 times.

The Chairman: That is true.

Lord McNally: Where I diverge from Peter's position is that I want as open an access and as much creativity as

possible, but I still believe that there is a need and a role for public service broadcasting as a benchmark and a guarantee of our culture, as a contribution to our democracy. Therefore, you are not going to get from the politicians quite the open market. I had already written the words down before Peter said it, so I agree with him: I would much rather see a thousand flowers bloom than David Elstein's cost-benefit analysis. Things are so fluid that the Government are right to allow lots of experimentation and see what works. But you are not going to get the politicians out of it: your best hope is to try to make them as informed as possible about it, which is the next best thing to having them off your backs.

Peter Bazalgette: For the record, Tom, may I say that I was not arguing against public service broadcasting: I think I was arguing against it dominating the marketplace, as opposed to enabling certain aspects of the marketplace. I would not make any argument against it as a general principle.

Lord McNally: No, and I agree. I do not want to see Greg Dyke competing with Sky One or ITV1. I am not impressed with a BBC that simply replicates the commercial marketplace. I want the public service broadcaster to do other things, but I do want them there.

The Chairman: There is a whole bunch of areas round education, health, local provision. Steve, would you like a situation in which you commission Peter to come and do your local health or education provision?

Steve Gallagher: Absolutely -

Peter Bazalgette: Put a lot of people in a room and let them vote each other out.

Steve Gallagher: To some extent, the debate almost feels a little sterile, because some of that is happening now. I could not name all the partners we are working with on this agenda, just in one local authority. Moving out into the north-west as a whole, there is a huge private sector audience that we are in there working with. So that is happening now.

There was a question at the beginning about where the public sector and the Government come in, and my view is that we come in where markets fail, and that failure frustrates the policy objectives. My policy objectives might be slightly different from those of central Government in some areas, but we have them and we have to work with them. That is exactly how we try to think about where we should put what money we have as a local authority. We are in the business of rationing: we do not have enough money to do everything we want to do. That is a given in government, so we do have to have some rationale for what we do and don't do.

Some of it is about letting a thousand flowers bloom, but some of it is also about cost-benefit analysis, because it is considered risk-taking in this area, as we do not know exactly where it is going to take us. We do not know exactly what people are going to want a year or two or

three down the line, but we have to try to anticipate. So there is risk-taking in those areas, with the people around this table and others. We have a perspective to bring to them.

So I do not think it is just about letting a thousand flowers bloom, because I do not know where, as part of the public sector, that can take me: I cannot put money here, there and everywhere into all sorts of things which will not deliver any benefits to people at the end of the day. We have to take some considered, qualified risks in this area. I absolutely agree that we cannot be driven just by some sort of cost-benefit analysis - that is a fantasy.

The Chairman: I wish he was here to hear you say that. [Laughter.]

Chad Wollen: I would like to echo that. What are we trying to do? We are trying to deliver better services and applications, or even discover new services and applications. Quite clearly, one way to drive innovation and creativity is to let a thousand flowers bloom and allow experimentation. On the other hand - this is probably more about what the public sector can do and how we deliver public services - I disagree that we cannot know what people want. In fact, I think it is amazing that we do not spend more time trying to understand people's needs and what they want. We just say that we cannot do it, but you can start by talking to people, listening to them, getting involved in what makes their lives work, and start to get to their needs.

One of the key things that came out of this morning's session was a desire for a more consumer or citizen-centred response from Government, reaching out to understand how you actually deliver value to citizens or consumers. That really means starting to understand how we meet their needs - even answering the question, what are their needs? - and then, how does the technology help us to deliver for those needs?

So, in a considered and objective approach, the Government can start to ask the people they are meant to be accountable to, "What is it you need, and how do we deliver policies that start to fit those needs?" That is not in opposition to letting a thousand flowers bloom; in fact, those two parts can happen happily together. So we are getting into a false dichotomy: those two things should happen, but it is about understanding where they are appropriate, not just saying that it is one or the other.

The Chairman: To be honest, it is about understanding where the money is coming from.

Steve Bowbrick: Is there something in the yawning gulf that apparently exists between universal service and public service and what public service might mean in this new environment? These are some disconnected thoughts. The first issue seems to be that, in a broadband or network environment, public service will not just be content - nor will it just be broadcast or information. It will be much richer. It will be applications in addition to all these other things.

Given that we are all very interested in letting a thousand flowers bloom, we should perhaps look at the Internet, where many of these flowers are already blooming, and some might already deliver some of the public service requirements we badly need. Perhaps part of the new public service framework should be about mandating the platform owners to permit access to those platforms - or these flowers, so many of which are already blooming, might be stifled. I know that that is the case in my own business, where we have to own and operate our own infrastructure. We have to reach down into the network, and two thirds of my staff are techies, employed just on stoking the thing. We should be developing compelling applications, content and concepts, and just market them out on to these platforms in an interesting way.

Peter Bazalgette: Because the costs of investing in technical digital delivery platforms is so high, we shall have very few players. There are already few players, and their number is diminishing. We shall have one cable player -

The Chairman: Do you know something I don't?

Peter Bazalgette: No, David, I was going to say that you do not have to comment. I do not know whether we will have one other digital television platform only, or possibly three, of which one is a telecom generator - not necessarily in this country, but a telecom-funded one. Access to those platforms for providers of content is a completely crucial issue - economically and for competition, but culturally as well. We have not really begun to work out how to do that - in a way that enhances the platform owners' business. Since these vertically integrated people have been allowed - unlike in America - to be broadcasters, advertisers, producers, sellers, distributors and so on, it is against the culture of those involved in it: they expect bigger favours than they need. This is a big issue for us to face, and we have not really got a structure or the right ideas for the access issue yet.

Richard Allan: Immediately following that point, I do not think that the culture problem is just in the conditions of service: it is also among the general public. We have a "something for nothing" culture. The perfect model is one within which you pay the costs of your access mechanism up front, you identify them, and then you pay the costs of your content. That is an honest model. But everything is moving in the opposite direction. We talked about the Playstation II: it is sold cheap, then money is made on the games. The mobile phones that are so prevalent are sold cheap or at no cost, and cross-subsidisation goes on constantly. Hardware is classically that. Anyone who is investing in hardware and raising money to do so can only make a model stack up if they are allowed exclusive access - and open access is totally contrary to the model they are using.

I am not sure that that is just the company being evil, if you like; it is about what the public are expecting, as well. If Government tried to take that on, saying, "Okay, we are going to open all this up," and the infrastructure companies say, "All right - we will charge the full cost," I am not sure that the Government would win that battle. There is a big role in unpicking that, and it will mean a

long educational process, because most of us do not understand what we are paying for until we are paying it. In our telephone calls, our pay-TV calls, our mobile phone calls, we do not understand any of that, and there will have to be a long lead-in period when we start telling people where their money is going and how things are cross-subsidising one another, before we are able to say, "Now we want to unpick it."

Adrian Northover-Smith: Could I answer that? I totally understand the argument about the Playstation and similar models. Actually, the Playstation is quite interesting in itself. When Sony developed that standard, they made it an open standard. Up till then, all the games by all the manufacturers had always been made by the company. When the Playstation came along, they decided to make it open, so that anybody could make games -

Steve Bowbrick: That is a very special definition of "open", isn't it - a very narrow definition?

Adrian Northover-Smith: Pay-TV operators have a revenue stream as well. For the Playstation, there is another revenue stream in the shape of the games; for the mobile phone it is the phone calls.

For my digital television, I do not have another revenue stream at all. I have to rely, as was said earlier, on justifying that premium to the customer: I have to get them to spend more just for the digital television. That comes back to the content being there in the first place in order to justify that premium, because I do not have that luxury.

Therefore, it is so much more difficult to get everybody in the market to understand what the proposition is when so many different companies - essentially, my potential customers - are pulling in all sorts of different directions. Confusion is rife, frankly.

Mike Bracken: You are quite right, but we should not wonder why all the disparate elements of these products are not bundled in a lot of these markets. First, it would be incredibly clever. Secondly, you would end up confusing the user. What would happen, especially in cable, is that they would lump it all in with the big products and say, "I'll have that one and that one. I'll have all the channels." We could explain the price, but it is confusing. What we need to do is start explaining value, because we cannot get over that obstacle of installation, which is a real problem for most of these services.

We have a chicken and egg situation. They cannot get started explaining the value of the service until we get the installation in, and vice versa. There has to be some rigging of that system to get those services up and running. I do not know whether Government can provide that. They can do something: in this country - for instance, they could try explaining to consumers what they pay for a telephone bill. That would change people's perceptions. That is going to happen only after generations, and my worry is that, if we do not start doing something a little more radical a little more quickly, one or two players will

have walked away with the game.

The Chairman: What radical things would you like done?

Mike Bracken: I would like Government, at that level in Europe, to create - artificially, probably - a landscape that would in the short term give some very bad messages to some large media owners and distribution companies. The idea of breaking up Deutsche Telekom arises, but I had better declare an interest. They should say, "You are allowed to break this thing into four segments in terms of four distribution companies." The idea that you then have to spend 12 years building it all back together before you can get a compelling "Big Brother" service on the front of German television is an absolute joke. Government should say, "We don't understand technology - HMP has shown that - but we can quite clearly see when somebody is stifling a market over a generation just to get an advantage." It is that sort of radical intervention that I would like to see at local and European Government level.

Richard Allan: But the person who is investing in the infrastructure still has to overcome that barrier. Consider the argument with Bt over broadband at the moment. BT are saying, "If you just leave us to it, we will invest the money in broadband and roll it out. If you create uncertainty, it will be slower." I do not subscribe to that argument, but I do not see how it is that different from, say, the cable companies' argument: "The only reason you have a cable network is that we were allowed exclusive access."

Even if we can define the public good of open access, we still have a problem of what we say to those who raised the money and put it into this stuff. There are examples like gas and electricity where this has worked, but that is historic infrastructure that does not require huge sums of capital investment now. All the stuff we are talking about is likely to require massive capital investment as the technology changes. The difficulty is how you say to people in that market - which I would love to be able to do - "You have got to have open access." They will say, "In that case, my proposition will not stand, and it will slow things down."

Peter Bazalgette: In some cases it is a positive benefit. Open access to content, unlike gas and electricity, which can arouse an emotional response in the user, can be of positive benefit to a platform. It is good for a platform to have lots of different things on it. Which digital platform would not like the BBC's two channels, which between them command more than 30% of the viewing audience? You must not see it as entirely negative - it can be positive.

The Chairman: But in terms of positive content, the Government extracted the best part of £30 billion for mobile licences, yet they are putting up back ends asking for content. Is there not an argument - this is partly to do with joined-up citizenship - which says that, in education and health in particular, money should be put into local provision, and that at least £100 million should flow back to let a thousand flowers bloom, and the BBC should not be allowed into that marketplace?

Richard Allan: To be fair to them, I think that the Government are now talking along those lines. Their response to broadband stakeholders and all that was about developing precisely theories of that kind. I have some concerns about the way in which that will happen - whether it will spill over - because the ideal way to develop it is to be quite flexible about your accounting, and to work with what works. "Big Brother" works - I have a 13-year-old daughter who is obsessed, so I know what will appeal to her.

Peter Bazalgette: I accept your thanks now.

Richard Allan: Yes, I am most grateful. It kept her quiet longer than anything else.

But in terms of education, that is how it will work. The Government started to understand that, and said, "We want broadband content that will develop peer power and spread broadband via millions of small children telling their parents that they must have it at home." They are only going to say that they must have it at home if the educational content looks and feels like "Big Brother" - not literally, but it has to be relevant and related to the stuff they do like, not be done in a complete box. That will demand a level of flexibility which I am not sure the Government possess.

The talking is good, saying that it is investors' money; I suspect that the reality will be to try and keep things in a very sober box that does not allow any spillover, and that it will not develop value added. When they put broadband into a school, they will put in a switch that just deals with that school - they will not allow the kids who live near the school to get through the switch, because that would be an abuse of Government money. If they are flexible, therefore, they may get somewhere.

Chad Wollen: Are we already stifling a few flowers? When we talk about broadband content, are we assuming that it is video? The TV model is sneaking around the table, when there are all sorts of things that broadband can be about. Just to return to the point I keep making, we are talking about broadband - a way of shoving bits down a pipe. That is not the way to go about making it sound exciting to everyone in the country. In the same way, in Japan they developed and put out there a brand in the shape of i-mode, which was about fitting in with people's lives, aspirations and needs. We talked about WAP, a protocol. You still hear people talk about i-mode "technology", when it was not a technology at all - it was a brand, and a set of services and applications of which people could immediately see the value and the benefit.

Steve Bowbrick: And a commercial model.

Chad Wollen: And a commercial model. It was condensed HTML, not - but it would not have done quite so well if they had done that same condensed HTML - if you are saying that what we need to do is front to the consumer with the strange acronyms that engineers and technologists come up with, I do not think that is right. BT are not

here, but they are advertising "The Internet on your phone", which is technology-centred and not understanding what the user needs, and it destroyed the market. I just wanted to say that we need to think about the content - the applications - and not just TV. Broadband content means TV, because that is the only thing that we can think of at the moment that is going to fill the space. The interactive aspect does not get nearly enough attention and thought.

Richard Allan: The biggest driver for broadband in the States is online gaming.

The Chairman: Anyone who works in broadband thinks about gaming.

Chad Wollen: But those are existing things.

Steve Gallagher: One of the things we are trying to do is capture, for want of a better phrase, the power of the Playstation in terms of learning materials for young people - people who are not receiving an education. We are working with people to create games that are, first of all, collaborative - people have to work together - secondly constructive, and thirdly about a learning process. That has an amazing attraction for kids when you capture it in ways that can deliver something more than just entertainment.

Chad Wollen: DVD as an interactive technology is another thing that people are not thinking about in terms of an interactive technology delivering a broadband content package into people's home. There are all sorts of possibilities there, but again we are forced into the network avenue. There are enormous possibilities around packaged interactivity. DVD is a brilliant example of that.

Spencer Neal: One thing that links to those comments is cross-media ownership. Everyone is looking at models and ways of thinking that will allow broadband or interactive technology to engage the consumer. I am just wondering whether anybody has some ideas about whether cross-media ownership issues are causing some potential blooms to wither before they blossom. Does cross-media ownership mean that certain players cannot get engaged, and that, as publishers or whatever, they have a way of engaging the consumer that might be useful - or is that just another red herring?

Lord McNally: Does it mean that Rupert Murdoch cannot buy the New Statesman? I think that cross-media ownership can be addressed if competition law, at both UK and European level, is really made to bite in the industry. What is holding up our beloved Communications Bill is the fact that the Government are afraid of putting in the cross-media ownership rules that will annoy Mr Murdoch.

Just to get it on the record, whether it be about cross-media ownership or all the other issues, one concession that the Government made during the passage of the Ofcom Bill is that the communications legislation - which will be your bite at it this decade - will have a pre-

legislative Committee that will take evidence from outside bodies. If all the people who attend seminars and have strong views do not grab that opportunity, they have only themselves to blame. It is a relatively little-used way of legislating, but it at least provides an opportunity for people with experience and expertise to feed into the legislative process, and it must be taken up by the industry if the Bill is to be got right.

If you want the Guardian conspiracy theory about cross-media ownership - it was twice left out of White Papers - it is that it will not be covered until they get a deal with Rupie on the single currency.

Peter Bazalgette: That sounds like joined-up thinking.

Lord McNally: So watch this space. When The Sun says, "We love the euro," you can expect Rupie to buy Channel 4. This is going to be a real scoop of a report.

The Chairman: When does the pre-legislative process begin?

Lord McNally: When they get a Bill, and that will be when they write in their cross-media ownership bit. But they have said it will be the spring, haven't they?

Richard Allan: It is a Special Standing Committee. There will be consultation by way of submissions. I did a Special Standing Committee on the Immigration and Asylum Bill. It is a Committee of the people who will be looking at the Bill, who invite submissions from the public at large; then they select a number to call as witnesses. There are a few sessions before they start the Bill which people attend as if they were coming before a Select Committee, with questions and answers tossed backwards and forwards. I have found that, on a complex Bill, it means that, when the Committee Members come to look at the Bill, most of them have some understanding of what it is about. The alternative is that they would be going in there cold, so they do not say anything for the whole five or six weeks because they do not understand it. This is very helpful, if that is the way they are going to run it.

Lord McNally: And it is going to be a joint Committee of both Houses. The great thing is that, if there is a real howler in the Bill, there is a chance, because you are not chasing the game, that you can get at it before the Government Whips come in.

Richard Allan: You cannot avoid it, because you have someone in front of you saying, "This is not going to work, and I am the head of Channel 4 and I am telling you why it will not work." Then you can ask questions and elaborate on that. Otherwise, that would never happen - in a regular Standing Committee, you as an Opposition Member say it is not likely to work, the Minister says it will, and the moment has gone, because there is no real expert there. That is the great advantage of the Special Standing Committee procedure.

Steve Bowbrick: Why aren't they all done like that?

Richard Allan: We would like to.

Steve Bowbrick: That would be democracy.

The Chairman: We do not have any answer to the Government's role in content, either, do we? Well, we have a bunch of answers, but not very clear ones - regulate in favour of standards, for example. I personally feel that a lot of money should be poured into new forms of digital content services and other content providers, of which there are many created by the industry. That would be a way of stimulating broadband content - a thousand flowers, 100 flowers, 200 flowers, however you want to do it. That is an unclear discussion at the moment, because the BBC, as ever, go fishing without anybody realising it. They have £30 million or £40 million allocated to their budget for the education curriculum. It strikes me that there are perfectly good market people, whether Pearson's or anyone else, who could do it - we would do it willingly - through the market mechanism, yet the whole argument at the WBC, where I work, is to enter into spaces that the commercial sector could occupy. That is a strong argument in that area.

Spencer Neal: Adrian's Playstation seems to be a good example of ownership going down the line, which would not be allowed in typical borough council situations.

Adrian Northover-Smith: Sorry?

Spencer Neal: You own the technology and the distribution network, you are in charge of marketing, and you have, as I understand it, the ownership of the intellectual property content that is being used.

Adrian Northover-Smith: Yes.

Spencer Neal: The BBC started off in a similar way, with the licence fee, ensuring that they were responsible for technology, distribution, content, reaching a guaranteed source of income. The drivers in that model do not exist, or cannot take part, in the current problems that this discussion has addressed. The Government should, or might, be able to create a programme that was fun about taking up primary healthcare at certain vulnerable stages of life - whether on teenage pregnancies . . .

Lord McNally: I think the problem is that they are too much fun!

Spencer Neal: If you imagined an "EastEnders" that was created by a Government Department but remained entertaining and fun and stopped people from thinking about asking their GP instantly about birth control -

Chad Wollen: Doesn't "EastEnders" do that already?

Spencer Neal: But you cannot engage with it, because there is a separation. You cannot actually get an answer from your doctor.

The Chairman: We would end up with a version of East German TV.

Steve Gallagher: It is perhaps the next stage on from that, but just after the break I was writing down why I and the Government are in this. One of the reasons, for me - I don't like the word, but I cannot think of a better one - is empowerment, about giving people more control over their own lives. Part of what we do, and part of what we need to do more of - and perhaps part of the role of Government - is getting people to develop more of their own content.

For example, we got people with learning disabilities to create a life skills CD which helps them with their daily living tasks. That was a challenge for us; it was certainly a challenge for those who produced content for us, who were not used to working on these things. We have done a lot of that. We have created a website with older people for older people. It might not look as we think it should, but it is what they said they liked.

So some of the Government role is about getting communities in on this act, so that communities are creating their own content. Again, that might not be what Peter and others think is good, but it is giving them the means and opportunities to act for themselves. That is where some of the money needs to be invested. I have to defend the BBC, because they are working with us on some of their learning journeys, and are hopefully going to spend some of their money - I think it is actually £160 million - with us.

The Chairman: I was talking about the yearly sum.

That is for me one of the most interesting things that has come out of this - the work that is being done at local government level. One of the most exciting parts of this revolution could be the way in which things at local government level can really dig deeply. We talk about the underclass and how we get to the underclass. Much of what Steve said seemed to me to show how the new technologies can be used to do just that. It is very exciting.

Richard Allan: An exciting project in which Government have a role is with the money to license "EastEnders" characters so that they can be used by the community groups - perhaps using Playstation technology. It is that sort of coalition of partners that would develop the interesting product which can then be distributed, rather than the Government, as you say, just contracting with the BBC as they always have done, or trying to change "EastEnders" as a programme. But the community group on their own will never do it - they do not have that kind of clout, have they, to talk to these big players? It is that combination that I think the Government could oil with small amounts of money - huge amounts would not be necessary.

Spencer Neal: And events like this?

The Chairman: If they bother to turn up.

I think this has been a fantastically wide-ranging and interesting conversation. I went to the "Broadband

Britain" thing, which also discussed these issues, and believe me, it did not scrape the surface compared with the way you guys have covered it. I am taking an immense amount away, and I hope you are.

Spencer Neal: On behalf of the New Statesman, I would like to thank you all for being here and joining in. Just listening, I feel drained. Peter was asking whether the UK lacks a content economy. Well, not in this room - we have had great content. Thank you very much.

Adrian Northover-Smith: We just have no economy.

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