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Leveson Inquiry
21 May 2012

1 (Pages 1 to 4)
| A. | Yes. So the consequences of that were to look at where we could deregulate without jeopardising the elements of British media that the public value most, but at a time when we wanted to see investment and the potential for growth in the sector, how we could create the circumstances where investors would seek to put their pounds into British broadcasting and British media. |
| Q. | And a feature of the Act was that it did bring about a good deal of deregulation, didn't it? |
| A. | Yes, proportionate deregulation consistent with protecting the public interest. |

| LORD JUSTICE LEVESON: | Can I just go back a moment? I'm thinking about one of your first answers if you don't mind. I'm sorry to interrupt. You said to the Prime Minister: "It's best if you don't see the parties", by which you meant more than just Rupert Murdoch. What were you seeking to guard against by giving him that advice? |
| A. | I was -- there is always a temptation, and I think there was always a temptation at that stage of our government -- if parties to policies didn't like the view that was being expressed by the relevant secretary of state, then they would try to go around the back door to Number 10, and I was basically trying to make sure that I was the secretary of state solely responsible for bringing forward changes to media regulation. Actually, with Patricia Hewitt, who was then the Secretary of State for the Department -- as it was known then, the Department of Trade and Industry -- she and I were working on this. She was the lead secretary of state on the Enterprise Act and I was the lead secretary of state on the Communications Act, as it became, and you'll be aware of the interchange between the two pieces of legislation. But I wanted to make sure that the meetings that I had, that the proposals I developed were not being undermined by representations being made directly to Number 10, and the Prime Minister understood entirely the risks of that. |

| LORD JUSTICE LEVESON: | That's what I'm really getting at. A. No. I realised -- I mean, I absolutely realised the combustible potential of these proposals, and my view with policy was always to proceed carefully, deliberately, to marshal all the facts and then make a decision, and in doing that you have to shut out a lot of the noise and just focus on the process of reaching the best conclusion. |
| LORD JUSTICE LEVESON: | I'm sure you don't intend to include the Prime Minister within the general definition of "noise". |
| A. | Certainly not. |

| LORD JUSTICE LEVESON: | So it's nothing particularly surrounding your concern of the media? |
| A. | No. |

| LORD JUSTICE LEVESON: | That's what I'm really getting at. A. No. I realised -- I mean, I absolutely realised the combustible potential of these proposals, and my view with policy was always to proceed carefully, deliberately, to marshal all the facts and then make a decision, and in doing that you have to shut out a lot of the noise and just focus on the process of reaching the best conclusion. |
| LORD JUSTICE LEVESON: | I'm sure you don't intend to include the Prime Minister within the general definition of "noise". |
| A. | Certainly not. |

| LORD JUSTICE LEVESON: | Right. |

| MR BARR: | Deregulation. The deregulatory element of the Act must have been music to the ears of some of the bigger media players; is that right? |
| A. | Well, the principal deregulation was the establishment of a single regulator in place of five predecessor regulators, to take account of the very rapid changes in technology and therefore the changes in the market convergence, and certainly at that stage it was very hard to imagine that within ten years we would be able to listen to music, read the newspapers, do emails, on the same piece of technology. But this, in a way, was the future that this legislation was seeking to equip the industry for. |

| LORD JUSTICE LEVESON: | I understand, but I'm just interested in the fact that you were sufficiently concerned about the risk to raise it, and I wonder whether there was a particular reason for that. |
| A. | One of the other -- if I -- not in relation to the Communications Act, but one of the other policies that I became responsible for, which is a long way away from... |
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<td>Q. To come back to my question, can I take it as a yes that the bigger media players welcomed those moves?</td>
<td>economic area. It meant that investors beyond that were effectively locked out.</td>
<td>a high level of public support is because of its quality, and we were very concerned to avoid a situation where we lifted the restriction on foreign ownership of terrestrial television in a way that invited dumping of low quality content. So the decision on relaxing foreign ownership really moved alongside the development of our thinking on the content regulation role of Ofcom.</td>
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<td>A. Yes.</td>
<td>So the very important and balanced judgment that we had to make was the extent that we could open up the possibility of American investment, Japanese investment, Australian investment in our British media without prejudicing the quality and without jeopardising plurality.</td>
<td>Q. There are obviously a number of major international media groups to whom that relaxation would have been of interest. Take, for example, Disney or Viacom. But it's also right, isn't it, that someone who would have been very happy with that development would have been Mr Murdoch?</td>
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<td>Q. Last but not least in my list of strategic aims was to comply with various European Community requirements, wasn't it?</td>
<td>Q. So you're quite right to point out the subtleties. European law, of course, would never have allowed you to exclude European --</td>
<td>A. Well, the -- News International made very clear early on, as did a number of the other big media players, that they believed that competition law alone was sufficient to ensure plurality, guarantee quality, and basically to achieve most of all the objectives that we sought to achieve through the definition of Ofcom’s responsibility and retaining regulation.</td>
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<td>A. Yes. I believe so.</td>
<td>Q. So you're quite right to point out the subtleties. European law, of course, would never have allowed you to exclude European --</td>
<td>A. Exactly.</td>
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<td>Q. You've told us that you pick up the reins after the White Paper has gone out. So you're dealing with the responses to the White Paper, aren't you?</td>
<td>Q. -- ownership, but its starting position was that it was posited that rules might be retained excluding wider foreign ownership. When you take this Act under your wing, in the light of the consultation responses you've got, you were advised to -- and indeed you do -- decide, for some of the reasons you've explained, that in fact the way that you would like to go is to open up our television markets to wider foreign ownership?</td>
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<td>A. Yes, I am.</td>
<td>A. Yes.</td>
<td>A. Yes.</td>
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<td>Q. Another feature of this particular piece of legislation is there was a great deal of consultation, wasn't there?</td>
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<td>Q. And it had quite a lengthy gestation, didn't it?</td>
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<td>A. There was an enormous amount of consultation, and indeed throughout the process, not just the White Paper but beyond, I invited views, proposals. We had more than 230 responses to the consultation, and over the period of developing the legislation, I would have had, in -- I think it was 60 parliamentary weeks, in excess of 150 meetings.</td>
<td>A. Deliberately so. A Green Paper, followed by a White Paper, then with pre-legislative scrutiny of both Houses of Parliament -- an unusual intervention but one which I felt was important in order that we reach the best possible place. And then obviously the parliamentary stages, House of Commons and the House of Lords, and there were Select Committee reports as well.</td>
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<td>Q. Did that all reflect the fact that this was a very important piece of legislation for the future of our media?</td>
<td>A. Deliberately so. A Green Paper, followed by a White Paper, then with pre-legislative scrutiny of both Houses of Parliament -- an unusual intervention but one which I felt was important in order that we reach the best possible place. And then obviously the parliamentary stages, House of Commons and the House of Lords, and there were Select Committee reports as well.</td>
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<td>A. It did.</td>
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<td>Q. And that it also was politically sensitive?</td>
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<td>Q. I'd like to concentrate on some themes in the legislation. We won't look at every issue, but can I start with the question of foreign ownership of terrestrial television. When you took up the reins, the position was that had been consulted on and you were advised, weren't you, that in the light of the consultation, it would be sensible to think about allowing foreign ownership?</td>
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<td>A. That compresses what was actually a much longer process. The fact is the presumption in the White Paper was that the restriction on foreign ownership would be retained, and I think -- just to explain how that acted, it didn't preclude European -- a member of the European Union -- a member state owning or investing substantially in British terrestrial broadcasting or a member of the European -- a company that was located in the European economic area. It meant that investors beyond that were effectively locked out.</td>
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1 the easiest way of picking up the position is to go in
2 bundle 1 to page 426. This document is a briefing note
3 which was actually written a little later, written in
4 early 2002, a letter to the Prime Minister --
5 A. I'm so sorry, could you give me --
6 Q. Tab 38.
7 A. Oh, tab 38.
8 Q. At page 426. When you get to tab 38, you'll see it's
9 a letter to the Prime Minister about media ownership.
10 At 426, under the heading "Cross-media ownership", we
11 get the position in a nutshell.
12 A. Did you say tab 48?
13 Q. Tab 38.
14 A. Tab 38, page 426. Yes, okay.
15 Q. The proposal is under the subheading "Cross-media
16 ownership":
17 "The existing pattern of rules to be stripped down
18 to those rules we feel are essential: a rule preventing
19 those with more than 20 per cent of the national
20 newspaper market buying a significant stake in Channel 3
21 or Channel 5; a rule preventing joint ownership of
22 a regional ITV licence and more than 20 per cent of the
23 local regional newspaper market in the region."
24 If we focus on Channel 5, so far as Channel 5 is
25 concerned, anyone who owns more than 20 per cent of the

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1 national newspaper market would be precluded from buying
2 a significant stake in Channel 5; that's right, isn't
3 it?
4 A. They would.
5 Q. Was that the thinking at the time that you took the
6 portfolio?
7 A. It was -- yes, it was the view that I inherited.
8 Q. If we marry up the effect of the foreign ownership
9 thinking with the position as it was then on
10 Channel 5 -- and I'd like to take you, to see that, to
11 tab 24, please, which is a media ownership briefing pack
12 prepared for you, dated 20 February 2002. If you turn
13 to page 164, there's a heading at the top of the page,
14 "Scraping foreign ownership rules", and it says:
15 "We believe the case for scraping the rules is
16 strong. Why should Bertelsmann, Kirch, Vivendi or
17 Berlusconi be able to be active here when AOL/Time
18 Warner, Viacom, Disney and News Corporation are
19 constrained. We will be accused of giving in to
20 Murdoch, but in fact there will still be major controls
21 on his activity because his dominant position in
22 national newspapers will trigger the competition
23 authorities, and because we are keeping significant
24 controls preventing owners of the newspapers from buying
25 terrestrial TV."
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1. A. I did.
2. Q. When did you first meet Mr Hinton?
3. A. From memory, and having reviewed the documents but not confirmed by my ministerial diary, my first meeting with him, having -- I having been appointed in June, was in November.
4. Q. And then it's right that you met him --
6. Q. Then you met him again in January 2002, didn't you?
7. A. I'm sure I did.
8. Q. There's also a reference in the documents to you meeting him on 1 August 2002 and to a cancelled meeting in the middle of April 2003.
9. A. I don't recall the August meeting but these would have been recorded, obviously, in my departmental diary.
10. Q. The document reference is volume 2, page 870, but I don't think we need to turn it up.
11. A. Can you help us with this: when you met Mr Hinton, the submissions that News Corporation had made were quite straightforward. They didn't want, as you've said earlier, any regulation above and beyond competition law, so no foreign ownership rules, no special cross-media ownership rules at all; simply competition?
12. A. That's right.
13. Q. In your meetings with Mr Hinton, did he ever signal to you in any way that News Corporation would be content with a lesser position, whatever they said in their formal submissions?
14. A. No, because it wasn't a negotiation in that sense. They came to see me in order to tell me what their view was, as did scores of other media interests.
15. Q. In terms of the volume of contact with News Corporation -- and I'm not thinking just Les Hinton, but generally speaking -- did your department have more or less lobbying from News International than other media groups?
16. A. I don't think there was more lobbying from News International than other media groups. I certainly talked a lot to the BBC throughout this time because there would be policy following almost immediately after the Communications Act of impact on the BBC. There are certainly a significant number of documents in the bundles which refer to meetings with News International, and I haven't been able to establish whether that's simply because that was the -- that is the thrust of the Inquiry's principal interests, but I certainly had meetings with all the major media interests.
17. Q. The bundle, of course, is largely the documents that your department has provided to us rather than -- it's only in volume 4 the documents that the Inquiry has selected.
18. Q. Can we return to the selection of the rules for Channel 5 and the Prime Minister's involvement? You might need file 2 for this. Start at page 517, tab 40.
19. A. It refers in the first paragraph to a forthcoming meeting on March 18 and it sets out your proposals in relation to the media policy and media ownership rules.
20. Q. Can we turn to 518, please, and look at paragraph 5, where we see what's written about cross-media ownership. It says:
21. "Cross-media ownership. Removing most media-specific rules leaving it to competition rules to prevent undue dominance, maintaining restrictions on significant cross-ownership of newspaper and TV assets, relying on the floor of three commercial radio operators to prevent on local paper dominating any local radio market."
22. "Modernising cross-media rules. As you can see from annex 3, our proposals would make it possible for large cross-media companies to consolidate rapidly. It would mean, for example, that in many towns and cities the Daily Mail and General Trust could own a high-selling national daily, a significant local newspaper, a local commercial radio station, one or more national radio stations, own digital 26 and radio channels (possibly Channel 5) ..."
23. A. In your way that News Corporation would be content with a lesser position, whatever they said in their formal submissions?
24. A. ITN being the nominated news provider.
25. A. Yes, I did.
26. Q. We don't have any record of the meeting itself, but there is a reference at page 537, tab 43 --
27. A. I don't think I have page 537.
28. Q. "... and have minority interests in ITN and the regional ITV licenses."
29. A. Less than 20 per cent, exactly.
30. Q. "... and have minority interests in ITN and the regional ITV licenses."
31. A. ITN being the nominated news provider.
32. Q. "It could mean that News International and Sky (not one company but linked in most people's minds) could also expand, perhaps into local press and into local commercial, national and local radio."
33. A. Yes, I did.
34. Q. We don't have any record of the meeting itself, but there is a reference at page 537, tab 43 --
35. A. I don't think I have page 537.
36. Q. "... and have minority interests in ITN and the regional ITV licenses."
37. A. Yes, I did.
38. Q. We don't have any record of the meeting itself, but there is a reference at page 537, tab 43 --
MR BARR: It's addressed to the Prime Minister and it's referring back to the meeting. It's dated 25 March, again and signed by yourself and Patricia Hewitt. It says, under the heading "Cross-media ownership": "At our meeting this week, you asked for some further discussion of the merits and defects of the different approaches we could take to the rule preventing anyone owning 20 per cent of both the national newspaper market and a Channel 3 or Channel 5 service."

The document goes on to set out various options but before we look at that, could I ask you to cast your mind back to that first meeting you had with the Prime Minister and tell us what it was that he said that led him questioning the wisdom of the 20 per cent remuneration?

A. I have no detailed recollection of the conversation at that meeting ten years ago, save to say that the Prime Minister's instincts in relation to this were, I think, more deregulatory than mine. He pushed me further than I might have gone myself on exploring deregulatory options, but that was a constructive part of the process.

Q. Was this a meeting at which civil servants were present?

A. Oh yes, yes.

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Q. Are you able to help us with whether or not at special adviser level there was any discussion about how this issue might affect your party's relationship with Mr Murdoch?

A. No. There was no discussion of that.

Q. Did you have any conversations or meetings privately around this time to discuss the political -- party political ramifications of what was being considered?

A. I don't recall any bilateral meetings, only between me and him at this time. No doubt -- well, I'm sure that my special adviser would have been talking to the special advisers and policy advisers on media at Number 10, but no, the meetings were run in the normal way between Number 10 and our department.

Q. Are you able to help us with whether or not at special adviser level there was any discussion about how this issue might affect your party's relationship with Mr Murdoch?

A. No. There was no discussion of that.

Q. Come back to page 537 and we see the background is set out at the bottom of the page. It sets out that News Corporation to be lobbying for, wasn't it? (2) was: remove the rule and instead create a different rule insisting on separate ownership of Channel 3 and Channel 5 services, and then (3), remove the rule as it applies to Channel 5 but keep a restriction on ITV ownership. Those options are then each discussed in the document, aren't they?

A. They are.

Q. Ultimately it was the third option that was chosen, wasn't it?

A. Yes.

Q. I'd just like to explore how that came about. If we look at tab 44, please. This is a document dated 2 April 2002, under the subject "Cross-media follow-up letter". It refers in the first line to a meeting the previous week. It says: "Following the cross-media meeting last week, the SoS has asked for a follow-up letter to the PM."

If you look halfway down the page, under the subheading "SoS requested that the letter", the first bullet point says: "Confirm the CMO package in the light of the discussion with the PM."

That refers back to the top half of the document.

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Q. Can we take it from this letter that there was a second meeting with the Prime Minister at which the three options that we've just looked at were discussed?

A. I can't recall exactly the programme of meetings, but normally with policy like this there would be probably one or two substantive meetings and then a third tidying-up meeting to sign the policy off, and I think that's to what this refers, just in terms of the process.

Q. So can I ask about who made the decision to remove the 20 per cent rule from Channel 5?

A. It was a decision reached in the course of the discussion with the Prime Minister. As I have made very clear at the outset, I was the Secretary of State responsible for taking the decisions about this, but you will see from the exhibit that you've just referred to at tab 45 that what I was concerned to ensure that if we listed the 20 per cent restriction and opened up the possibility of a new owner who already had substantial newspaper interests in Channel 5, that we could not get to the point that's referred to in other of the documents, where, supposing it had been Rupert Murdoch -- and I want to make absolutely clear, he nor Les Hinton or any of those representing the News International view on this had expressed, to my

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<td>A. No, subject to safeguards. And this is how policy develops. Policy develops organically and in the light of careful consideration of different aspects -- you know, aspects of a developing proposition. So there was not, if you like, a kind of cliff edge moment where, on the one hand, we were saying, &quot;We're going to keep the 20 per cent rule and we're going to continue to apply that&quot; -- and then suddenly, you know, all the restrictions were abandoned. What you will see is that we -- for the 20 per cent rule, which was one protection over-concentration, we then made absolutely clear that if Channel 5 became a significant player in the market, bearing in mind that News International had not expressed any specific interest in the acquisition of Channel 5, but if they did acquire Channel 5, then a number of safeguards would then be put in place. Q. I'm not for a moment suggesting that this wasn't a considered decision and that these things can happen as policy and legislation develops, but my question was: was it the influence of the Prime Minister's thinking that set you on a course of thinking that led to you changing your mind? A. Well, of course it did, because he's the Prime Minister, and, you know, when you develop -- you're a Secretary of State and you're developing policy and the</td>
<td>Prime Minister has a slightly different view from the one that you're advancing, you take that seriously. Q. You told us about safeguards. I'm looking now at tab 45. This is a draft of a letter to the Prime Minister that's being sent to you, and at page 545, under the heading &quot;Media ownership final package&quot;, we see the position set out: &quot;We have met twice to discuss the reform of media ownership rules. This letter summarises the decisions we have taken. Our approach will be deregulatory wherever possible, but we will retain a set of simple rules to prevent too great a concentration of ownership and political influence. Where we propose to remove rules -- for example, to allow sizeable newspaper companies to own Channel 5 -- content regulation will be able to maintain the quality, impartiality and diversity of programming and competition law will tend to encourage a dispersed ownership and new entry. Where we suggest the retention of rules, this is because competition law will not guarantee the plurality of ownership that democracy demands. The three cross-media ownership rules will maintain the vibrancy of democratic debate in three important ways.&quot; Then we see the rules set out under the bullet points.</td>
<td>It seems from there that the thinking was that it would be sufficient to rely upon content regulation in the event that a major player, such as Mr Murdoch, took over Channel 5. Is that fair? A. That is correct, and the status of content regulation within Ofcom was enhanced during the passage of the bill, and, for instance, the deputy chairman of Ofcom also chaired the content panel. Q. We've reached a position here, haven't we, where the door is now open for News Corporation -- amongst others, but for News Corporation to be able to bid, should it come up for sale, for Channel 5? A. That is right. Well, when the Act received royal assent in July of 2002. 2003, I'm sorry. Q. That in itself is a politically controversial development, isn't it? A. Well, there are those who would have strong views on either side of the desirability of that, yes. Q. If we go to tab 47, page 552. This is a document from someone whose name has been redacted, so I'm assuming it's from a civil servant below grade 5? A. A more junior official, yes. Q. To you and to Patricia Hewitt, 24 April 2002: &quot;Collective agreement of meeting ownership policy.&quot; It says:</td>
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<td>Q.</td>
<td>A.</td>
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<td>Is that referring to collective Cabinet agreement?</td>
<td>Yes. It would be a proxy for collective Cabinet agreement.</td>
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<td>Q.</td>
<td>A.</td>
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<td>“Their suggestion is that the letter you send to colleagues should include a summary of most policy decisions, without referring to the most sensitive issues.” What were the most sensitive issues?</td>
<td>The most sensitive issues relating to cross-media ownership because of the degree of market sensitivity.</td>
<td></td>
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<td>Q.</td>
<td>A.</td>
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<td>Was the idea that you'd consult these very senior members of the government in order to ensure that they were content with the direction this legislation was taking?</td>
<td>Of course, because that's the purpose of reaching collective agreement.</td>
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<td>Q.</td>
<td>A.</td>
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<td>And although you obviously are being asked to remember meetings a decade ago now, would those conversations have essentially included political considerations?</td>
<td>Party political considerations?</td>
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<td>Q.</td>
<td>A.</td>
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<td>Accused of opening the door to Mr Murdoch? Is that right?</td>
<td>That was certainly reflected in a lot of the media noise. The process of policy-making, I have to say, tends to be rather lower in volume and more rational than a lot of the media coverage, and so I would have had these conversations with these four senior colleagues and taken them through all the proposals — and the proposals were more than just lifting the restriction on Channel 5 — and so I would have described the proposals in the round as a set of proposals combining, as you have asked me about earlier, deregulation with checks and balances to maintain plurality and ensure content quality.</td>
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<td>Q.</td>
<td>A.</td>
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<td>The preparations that were made to deal with these developments, if we turn to tab 55, there's a document containing proposed lines for you to take.</td>
<td>In terms of the preparations that were made to deal with these developments, it's dated 14 May 2002.</td>
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<td>Q.</td>
<td>A.</td>
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<td>The Prime Minister would brief the Deputy Prime Minister. Did you speak confidentially to Gordon Brown about this?</td>
<td>I'm afraid I can't remember and there isn't a note of the conversation, but if the agreement was that I would speak to him, then I'm sure that through my private office those calls would have been arranged.</td>
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<td>Q.</td>
<td>A.</td>
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<td>And similarly did you speak to the other ministers --</td>
<td>It's dated 14 May 2002.</td>
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<td>Q.</td>
<td>A.</td>
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<td>You said in your answer a moment ago that there were commercial sensitivities but this is also an intensely political sensitive matter, isn't it?</td>
<td>Yes.</td>
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<td>Q.</td>
<td>A.</td>
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<td>We had to see this as intensely politically sensitive, yes. But if I, just for a moment, explain that. I think in a way the noise is more politically energising than the substance of the proposals, and so I would have understood the substance of the proposals, the checks and the safeguards.</td>
<td>No, it's not. Our proposals are proprietor neutral and provide more certainty and consistency for business than the existing regulations. Our approach has been to deregulate wherever possible whilst keeping a simple set of rules that can prevent too great a concentration of ownership and political influence. We will remove all rules on the ownership of Channel 5, which is a relatively new channel that does not reach the whole UK population, has a small audience share and few public service requirements. This will allow increased investment from a range of possible sources. Any TV company, any newspaper company or any foreign media company would now be able to buy into Channel 5. The result should be a better service for viewers.”</td>
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<td>Q.</td>
<td>A.</td>
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<td>And although you obviously are being asked to remember meetings a decade ago now, would those conversations have essentially included political considerations?</td>
<td>So that was the briefing. Was that a briefing that you were content with?</td>
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<td>Q.</td>
<td>A.</td>
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<td>In terms of being proprietor neutral, that rather misses conversations at the time, and it would not have been proper to have, in that context, a conversation that was purely concerned with any party political interest or detriment.</td>
<td>Yes, absolutely.</td>
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<td>Q.</td>
<td>A.</td>
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<td>Accused of opening the door to Mr Murdoch? Is that right?</td>
<td>That was certainly reflected in a lot of the media noise. The process of policy-making, I have to say, tends to be rather lower in volume and more rational than a lot of the media coverage, and so I would have had these conversations with these four senior colleagues and taken them through all the proposals — and the proposals were more than just lifting the restriction on Channel 5 — and so I would have described the proposals in the round as a set of proposals combining, as you have asked me about earlier, deregulation with checks and balances to maintain plurality and ensure content quality.</td>
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<td>Q.</td>
<td>A.</td>
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<td>The third bullet point: &quot;Their suggestion is that the letter you send to colleagues should include a summary of most policy decisions, without referring to the most sensitive issues.&quot;</td>
<td>It's dated 14 May 2002.</td>
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<td>Q.</td>
<td>A.</td>
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<td>The Prime Minister would brief the Deputy Prime Minister. Did you speak confidentially to Gordon Brown about this?</td>
<td>I'm afraid I can't remember and there isn't a note of the conversation, but if the agreement was that I would speak to him, then I'm sure that through my private office those calls would have been arranged.</td>
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1 the point that this was quite a big development that
2 opened the door in terms of cross-media ownership to, on
3 the face of the information available at the time, two
4 large proprietors of newspapers to bid if the
5 opportunity arose for Channel 5, didn't it?
6 A. I don't accept that. I don't accept that it was a big
7 development.
8 Q. Well --
9 A. The big development would have been to lift the
10 20 per cent restriction on Channel 5.
11 Q. That --
12 A. Lifting the 20 per cent restriction on Channel 5 was not
13 a big development.
14 Q. We can argue about the adjectives but we can certainly
15 agree that it would have been an even bigger development
16 if it had covered Channel 3. But looking at the
17 briefing -- it's underlined at the bottom:
18 "Any TV company, any newspaper company or any
19 foreign media company would now be able to buy into
20 Channel 5."
21 That rather suggests that the person drafting the
22 briefing did think that that development was a big deal.
23 A. No. What the person drafting the briefing would have
24 been aware of was the -- if you like, the kind of very
25 narrow range of headlines that the media were likely to

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write this story up under. It was either pro-Murdoch or
2 anti-Murdoch, and that tended to mean that the detail of
3 what we were proposing -- and, I think, the very strong
4 and good argument that drove this policy -- would be --
5 would not be reported. And, you know, there was, if you
6 like, a kind of ambient assumption that any media policy
7 decision was either pro-BBC or anti-Murdoch -- or
8 pro-Murdoch.
9 Q. And that was a perception that you were going to have to
10 deal with?
11 A. You have to deal with it all the time. Absolutely.
12 Q. You mentioned in the --
13 A. But the perception is less important than good policy.
14 Q. You mentioned, in an answer a little while ago, that in
15 your meetings with News Corporation they never expressed
16 any hint of interest in buying Channel 5. There was,
17 though, media speculation that there might be interest
18 and Mr Ball, who was the chief executive of BSkyB -- not
19 News Corporation but BSkyB -- had admitted that
20 a takeover of Channel 5 could be interesting if the
21 price was right. I'm reading from a newspaper extract
22 in the bundle.
23 Would you agree with me that if News Corporation had
24 any interest in Channel 5, they would not have needed to
25 and it wouldn't have about in their interests to mention

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it to you in their meetings with you?
1 A. I don't think they were that sophisticated.
2 Q. Surely they're a very large media company?
3 A. Yes, I --
4 Q. They're not going to tell you, are they --
5 A. It was perfectly obvious that if we lifted the
6 20 per cent restriction on ownership of Channel 5, they
7 could be one of the purchasers, but so, too, as my be
8 excellent briefing from my excellent press office makes
9 clear, so could a whole range of other potential owners,
10 and in a way that's what Channel 5 needed. Channel 5
11 needed access to investment in order to enable it to
12 grow, as well as the alteration in the technology to
13 create universal coverage.
14 Q. There was one respect in which News Corporation differed
15 from any of the other potential contenders, because it
16 was the only large media concern which had both
17 television interests and a very large stake in domestic
18 national newspapers?
19 A. That is true.
20 Q. And although Channel 5 at the time had a rather small
21 audience share, it was precisely the type of company
22 which, given a great deal of investment, could have been
23 transformed into a much bigger terrestrial player?
24 A. With bigger investment, it could have been, yes.

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Q. At that stage, you meet and discuss with Lord Puttnam the proposals and he explains that a plurality test would resolve his concerns. At that stage, you're still minded against it but you agree to look at his ideas and discuss them with your lawyers.

A. He had two proposals, one of which was the proposal for the plurality test. The second related to the hierarchy of duties for Ofcom.

Q. You presumably go away and think about it and take some legal advice, but then what happens is that you and Patricia Hewitt write to the Prime Minister to consult him. I'm looking now at tab 95. This document to the Prime Minister sets out thinking which had, by that, stage changed. The document is dated 20 June. By then, you say, the public interest test, of which a plurality test would form part. And the -- again, in order to understand how this argument developed, you need, I think, to see the development of our thinking on foreign ownership alongside the development of our response to the proposal for a plurality test.

The argument that was -- shall I go on? Will it help you?

Q. We can take it a step at a time, I think. I'm asking about when it first emerged, and the question was: you were against it initially, weren't you?

A. Because I was advised that (a) it wasn't necessary, that we had sufficient safeguards for plurality, and (b) at a time when we wanted to create more certainty to increase the likelihood of investment, it was likely to deter investment by creating uncertainty.

Q. Let's, against that background, follow what happened next. You met Lord Puttnam in June 2003. If you want to look up the note, it's at page 1066 of bundle 3.

A. Let me get bundle 3.

Q. It's tab 88.

A. Yes.
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| Q. If we go over the page to paragraph 5, it reads: | Q. The Secretary of State asked for clarification that if we introduced a plurality test he would withdraw his opposition to our proposals on Channel 5 ownership. He agreed that if we can reach a common position on plurality he will not push the Channel 5 amendment -- he would take his name off it and would encourage Lord McIntosh and Lord Crickhowell to do the same. He will repeat this offer, making clear its condition nature at report. On foreign ownership he said he would support the government.” So we see he's setting out his position -- | that your understanding of being at least part of his motivation? A. I think that that -- at this point, obviously the negotiations were quite tense, because of the pressure of time and so forth. So I think that, you know, positions were becoming hardened and I think that this is probably -- I think this is probably a fair account of what he said at the time. Q. It's also, I think, fair, as he made clear in the House of Lords, that he had other concerns too. I think he described what had happened in Italy as a videocracy and was scathing about Mr Burulsoni and he didn't want something like that happening in this country. A. Nor would anybody. I, as Secretary of State, wouldn't want a videocracy in this country. Q. What then happened is at the third reading Lord Puttnam proposed his amendment but then the government agreed in principle but proposed different wording to deal with unexpected and unintended consequences of the wording that he proposed and in response to that -- A. What actually happened was that at the report stage the then government minister, Lord McIntosh, set out the technical objections that we had to Lord Puttnam's amendment as it was drafted, because of the risk of unintended consequences is, as you rightly say, and | agreed that we would come back -- that we would concede the plurality test and that we would come back at report stage with a suitably drafted amendment, which Lord Puttnam accepted, and we did. Q. And in that way the differences between you were resolved? A. Yes, and I do just want to say this in addition, because -- and this is much more a point about the policy: that we were concerned about consolidation, too many too powerful media companies reducing choice. At the same time, under Sir Bob Phillis, I instituted a review of rights and the independent sector, which probably, more than anything else over time, has guaranteed plurality, because what use to happen was that independent producers would make programmes and the BBC would retain the rights, so the value was minimal. Now, because we changed the rules, the rights are held by the independent production company, which is why independent production in this country has increased from being worth a few million back in 2001 to being a multi-billion-pound industry, but the consequence of that has been to increase plurality in addition to the provisions of the regulations. Q. Can I ask you now about the operation of the amendment as it was finally enacted. It operated so it wouldn't necessarily be a bar to News Corporation buying Channel 5. The 20 per cent rule had gone and any attempt to take over Channel 5 would simply have been subject to the public interest test, wouldn't it? A. That's right. Q. The last question I have -- A. Or anybody else. Not just News Corp but any other major media company. Q. Of course, of course. Indeed, on that vein, I perhaps ought to point out that you received lobbying from the Daily Mail and General Trust, didn't you? A. We did. Q. A final question on the 2003 Act. At tab 127 is a newspaper report that I think it's only fair I give you an opportunity to respond to. Volume 4. A. I'm so sorry. Q. I should have made that clear. A. Yes, I have it. This is the Independent interview with -- Q. Yes. It's an article by the Independent in 2005, headline: "Lord Puttnam: ‘I should have been smarter.” In the article -- I'm looking at the bottom holepunch -- there's a quotation: "I was persuaded to back off because I was
persuaded that there had been no discussions whatsoever
with any national newspaper group,' says the man who
produced Chariots of Fire."

In another quotation:

"Because I now know that actually wasn't true,
I will always whether I was naive and being manipulated.
It pisses me off that I allowed myself to be manipulated
into believing things that I ought to have been smart
enough not to believe."

So the allegation there is that he was misled about
negotiations and manipulated.

A. I don't believe that that was the case. I certainly
don't believe that that was the case. I mean, I was
puzzled when I first read this press cutting. I read in
some detail the account of the report stage. I think
the only explanation of this is not in Lord Puttnam but
in the way Lord Puttnam's comments have been recorded,
a rather muddled report of the consequences of the
amendment as drafted on the newspaper industry, but
certainly I wasn't party to any conversation with
Lord Puttnam where I did or would I have said anything
to him that was untrue.

MR BARR: Sir, I've finished that topic and I'm about to
move on. It's a little early, I know, but might I --
LORD JUSTICE LEVESON: To what topic are you now moving?

MR BARR: I'm going to move on next to the response to
Operation Motorman.

LORD JUSTICE LEVESON: Do you intend to deal with the PCC in
that regard?

MR BARR: In relation to both Motorman and the response to
Caryatid, yes.

LORD JUSTICE LEVESON: Because at some stage -- and I'm
happy to fit it in as and when you wish -- I'd like to
ask about the response to the consultation on payments
to witnesses and the part played by the PCC in that.

There are only a couple of questions, but only where
it's appropriate. I don't want to take you out of your
turn or throw Mrs Jowell away from the order that you're
dealing with events.

MR BARR: Sir, perhaps a convenient time would be when I'm
dealing with Motorman.

LORD JUSTICE LEVESON: Thank you very much. We'll have just
five minutes. Thank you.

(11.19 am) (A short break)

(11.25 am)

MR BARR: Can we move now to Operation Motorman and to the
Information Commissioner's reports, "What price
privacy?" and "What price privacy now?", which were both
published in 2006? Those reports, with which the
inquiry is very familiar, published in the most public
way the Information Commissioner's concerns about
a culture of illegal dealings between, amongst others,
journalists and private investigators who were obtaining
material, sometimes illegally and very often in ways
which were at least prima facie illegal. There were
hundreds of journalists implicated as having dealt with
these investigators and thousands of requests.

Can I ask you: when you saw those reports as
minister with responsibility, amongst other things, for
the media, what was your reaction?

A. I did not see either the "What price privacy?" or
subsequently the "What price privacy now?" reports at
the time that they came out. I mean, I was aware of
press reporting. They were handled in government by the
Department for Constitutional Affairs, but of course the
catalogue -- I think there's an appendix in the first
report which shows the extent of the use of private
investigators across almost all media groups, with one
or two exceptions -- is alarming.

Q. Can I ask about the reason why the report went to the
DCA to action? Was that because the recommendation was
an amendment to the Data Protection Act?

A. Exactly.

LORD JUSTICE LEVESON: And the Information Commissioner
falls under the remit of the DCA, does it?

A. It's the sponsoring department. Yes, exactly right, sir.

MR BARR: In fairness to you, it's absolutely right there
was no specific recommendation that there should be any
change for the regulatory frame wok for the media, but
might it not be said that the concerns raised in the
reports were such that they ought to have been high on
the radar at DCMS?

A. No. They were acted on -- and I think in a way that was
recognised by the Information Commissioner -- initially
by two secretaries of state. As soon as the first
report was published, "What price privacy?",
a consultation was carried out by the Ministry of
Justice -- it was the Department for Constitutional
Affairs at that stage, I'm story -- the Department for
Constitutional Affairs on the case for increasing
criminal sanctions.

That -- and by the time the second report was
published in December of 2006, that consultation had
taken place in 2007 there was a change of Secretary of
State. Jack Straw then became Secretary of State and
I think that he dealt quite fully in his evidence to you
of the steps that he took to place in legislation the
proposals from the Information Commissioner's report.
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<td>1. There were then proposals for particularly altering the PCC code in order to increase -- or the Editors' Code to increase the responsibility for editors in the activities that might be undertaken in their paper's name by private investigators, and those discussions were undertaken bilaterally, from my reading of the report, between the Information Commissioner and the PCC. I am not aware of any occasion when the Information Commissioner sought to meet with me to discuss what my department should do in relation to this, because our relationship with the PCC is rather -- my relationship then with the PCC was a rather ambiguous one because it is an independent body.</td>
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<td>Q. Were you aware at the time of the negotiations about the amendment to the Editors' Code? A. I wasn't aware, no.</td>
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<td>Q. Do you -- A. I wasn't aware in the sense that I was not involved in that negotiation. I would not have expected to be.</td>
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<td>Q. I'm sensing that because the reports didn't specifically ask anything of your department and because the Information Commissioner didn't seek to meet with you, it's simply an issue that didn't really register on your radar at the time; is that fair? A. That is correct.</td>
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<td>Q. Do you -- A. And that's confirmed by my subsequent questions to the department about -- they have searched for documents, correspondence, and there is none.</td>
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<td>Q. If that was a reactive approach to matters of ethical concerns so far as media behaviour is concerned, I'm wondering whether you think, with the benefit of hindsight, it would have been better if there had been more proactive arrangements in place within your department for monitoring media behaviour? A. I have thought a lot about that question in a slightly different form. I think it -- it wouldn't have been appropriate for my department to have such capability because we have a very clear system of self-regulation by the media, and, as I say, my department was not formally a sponsoring department. It had -- inasmuch as any department was required to have any responsibility, any relationship with the PCC, it would have been my department, but that's all, because the Press Complaints Commission is independently funded and is a regulatory -- self-regulatory entity, which is, by definition, independent of government. So had my department at that time established a unit, a group of staff who were concerned with</td>
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<td>1. overseeing the behaviour of the press, that would immediately -- and, I think, fairly -- be seen as a step towards press regulation.</td>
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<td>Q. I think probably worded my question rather clumsily. I'm thinking more in terms of monitoring the effectiveness of regulation, because here we have wrongdoing on such a scale that it calls into question whether the self-regulatory regime was functioning sufficiently well. Did you have any mechanisms to monitor that? A. I think that that question, in a way, was in the background. It was a background question throughout certainly the whole of my 13 years as a minister in government, and it's only at moments of crisis that that general ambient question becomes the focal attention of policy, as is the case, obviously, with the circumstances leading up to this Inquiry.</td>
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<td>Q. Hence we're all here. A. Why we're all here, yes.</td>
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<td>Q. But taking us back now to my original question, do you think with the benefit of hindsight it would have been better if there had been a small unit within your department which was monitoring the effectiveness of self-regulation? A. I don't think that on a day-by-day basis that really</td>
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1. would have added anything, and it would immediately have been seen as an intention to undermine self-regulation. And I think that in something -- in relation to an entity like the media, both because they are highly reactive and the public reaction is highly reactive, there's no half -- there's no halfway house in this. Either the media are regulated on a statutory basis or they're self-regulated. |

13 (Pages 49 to 52)

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A. I was certainly aware of that and I was certainly aware of the volume of PCC time that was devoted to complaints -- about 5,000 a year. I think is the number now -- and that their role was, if you like, not as a statutory regulator exercising statutory powers but regulating the good and decent conduct of the media by common consent.

LORD JUSTICE LEVESON: But they weren't regulating anything, according to what you say.

A. No. So regulator may be the wrong term in the absence after statutory basis; but they were overseeing the conduct of the media. That was their -- that was their purpose, as well as providing redress -- non-statutory, non-legal redress for individuals who felt that they had been badly treated.

LORD JUSTICE LEVESON: But they weren't doing that either, were they? Because unless somebody complained, they wouldn't do anything.

A. No, and that is -- I think they might well argue, sir, that had they the resources to exercise initiative, then they would have done more of that, but as I understand it, all their -- I'm not an apologist for the PCC, but --

LORD JUSTICE LEVESON: No, no, no, we'll come to that, doubtless.

A. -- but their resources are overwhelmingly devoted to, as you rightly say, following up individual complaints.

LORD JUSTICE LEVESON: You see, what concerns me is whether there was anybody who actually settled down to decide whether the PCC did the job that it said on the tin or did the job of overseeing the conduct of the press or whether it did something very different.

A. I don't think -- I think I would have to say that had anybody exercised that function, colleagues in government would have expected that to be the Secretary of State for Culture, Media and Sport, but it was not a core function or even a rather peripheral function among the many that I and my successors and predecessors had to discharge.

LORD JUSTICE LEVESON: You see, what concerns me -- and doubtless at the end when we come on to the future, we'll be able to debate it -- is whether there wasn't a fundamental misunderstanding about what the PCC actually did in connection with the press over the years that all this was happening, the years between 2000 and 2009, perhaps.

A. I don't think there was a misunderstanding. I think there was perhaps an uncritical willingness to continue with the regime of self-regulation, as it was described as and as is still is described, without ever applying any objective test of whether, to take your words, it was doing what it said on the tin, and I referred to moments of crisis -- this is a cataclysm rather than a crisis, but the most -- the last crisis was probably the death of Princess Diana, but the history of the relationship between politicians and the media has been punctuated by those moments of eruption. We had the Hutton Inquiry running in reasonable parallel with the Communications Act, obviously, which was a major sort of stand-off about the role of the BBC and the role of government. Different regulation.

LORD JUSTICE LEVESON: Yes, I understand that. I mean, you're absolutely right to say that history is littered with examples of press activity leading to investigation, leading to promises to do better, leading to a period of quiescence, then another blip and then another period and then another blip. I'm hoping that...
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<td><strong>A. In 2006, I was still a secretary of state. I had, as Secretary of State, been responsible for the organisation from the government side of the Queen's Golden Jubilee. I had quite a lot of informal liaison with -- around that time with Buckingham Palace. Because of my humanitarian responsibilities for victims of terrorism, the 9/11 victims and the 7/7 victims, where the Queen and other members of the Royal Family played a major role, I obviously had contact then, and my department was responsible for the annual cenotaph service.</strong> So I had periodic involvement with Clarence House or with Buckingham Palace.</td>
<td>You were informed by the police, weren't you, by the Metropolitan Police, that your voicemail had been intercepted? <strong>A. I was. The sequence of events is that the police contacted my principal private secretary that -- who told them that I was on holiday. She called me to tell me that the police were going to ring me. They rang me -- I have searched for the name of the officer who spoke to me, but I'm afraid, having moved house and thrown away lots of stuff, I simply haven't got it -- and I was told in quite a brief conversation -- I was on holiday, and I remember taking the call and being told that in May 2006 my phone had been hacked into -- my voicemail had been intercepted on 28 or 29 occasions. I've subsequently discovered, as a witness in Operation Caryatid, that it was much more extensive than that but the specific period about which Operation Caryatid informed me was May 2006.</strong> Q. The period of time during which your phone was hacked coincided, didn't it, with a very difficult period in your family circumstances? A. It did. Q. And at that stage in your career, you didn't have any ministerial responsibility connected to the Royal Family; is that right?</td>
<td>have the transcript of his evidence. Page 60, bottom right-hand corner. It summarises his written evidence, which was: &quot;Contacted several potential victims to inform them that their phones had been illegally intercepted and to request they provide statements and assist any future trial. One of these victims was Tessa Jowell. All of the potential victims declined to assist us with the prosecution. &quot;Question: Did they give reasons? &quot;Answer: Most of the conversations were greeted with shock, incredulity and surprise. I can't remember specifically whether one person said something or another person said something else. It resulted in me asking them whether they would support an investigation -- that is to stay, supply a statement to me to say that: 'I didn't give anybody permission to access my voicemail box', and they declined that request. I can't remember precisely how that was relayed across to me.&quot; What is your recollection of the conversation that you had with the police? <strong>A. I remember very clearly the conversation, which, as I say, took place on holiday. I happened to be by the swimming pool with very close friends that I was</strong></td>
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had I been asked at that time to provide a witness but I would want the Inquiry to be absolutely clear that seems to imply a lack of accuracy in his recollection, untrue, and I completely understand that his memory may when I read Keith Surtees' evidence because it is a witness because they had witnesses from the royal household who would support the prosecution. That was the end of it, and I was deeply shocked when I read Keith Surtees' evidence because it is false and I think that the way the transcript reads seems to imply a lack of accuracy in his recollection, but I would want the Inquiry to be absolutely clear that had I been asked at that time to provide a witness.

statement, I would have provided it.

Q. Did you note the outcome of the criminal prosecution of Clive Goodman and Glenn Mulcaire when it occurred in 2007?

A. I was aware of it, obviously, because it was quite extensively covered in the press.

Q. And presumably a matter of particular interest to you --

A. Yes.

Q. -- because of the circumstances. So you're aware that Clive Goodman was the royal reporter?

A. Yes.

Q. Did it strike you at the time that if he was the royal reporter, and if what appears to have been the subject of the interceptors' interest was your family circumstances, that the interceptions must have gone further than a conspiracy simply between Glenn Mulcaire and Clive Goodman to hack into matters concerning the Royal Family?

A. I didn't at the time think more widely, because when the police came back and I had the second conversation with them, they told me that a prosecution -- that there would be a prosecution of these two men. I knew that they had subsequently -- you know, that after that they both went to prison, and that, as far as I was concerned, was the end of it. This was a matter that had involved me. It was a matter where I had offered assistance, which had been declined or not felt to be necessary. I was quite clear that the focus of the intercept was to get information about me, where I was seeing, where I was going, about my family circumstances, and it simply didn't go more widely than that, and as I say, I have made every effort I can to establish that there was no question of sort of commercial espionage or an attempt to interfere with my duties as a secretary of state.

Q. When did you take those steps?

A. Well, first of all, in the second conversation that I had with the police, who assured me that the prosecution was -- I'm trying to remember whether they had been prosecuted or whether they had actually been convicted at that stage and I can't remember exactly the point at which this --

Q. Really what I'm getting at is: was this 2006, 2007 or

A. This is 2006/7, and it wasn't then until much later, when it was clear that the Metropolitan Police held material about the hacking of my phone, that when the judicial review of the police was brought by Lord Prescott and others, I indicated that I was interested in being an interested party to that, and
Q. This is much more recently?
A. This is in 2011.
A. Fine.
Q. Obviously at that time you were a very senior member of the government. Did it concern you that a private investigator linked to the News of the World was listening to the voicemails of a Cabinet Minister?
A. Yes, but I just have to say that at that time, you know, my family had been destroyed.
Q. Did it occur -- sorry.
A. And it was -- therefore I did my job every day but life was very, very difficult and so I was perfectly satisfied with an explanation that related to what I knew was this obsessive curiosity, obsessive curiosity about my private life and about my family, who suffered greatly as a result of that.
Q. I certainly have no desire whatsoever to reopen those wounds, and we can only imagine what it must have been like, but did it occur to you that if your voicemails had been listened to, then so too might the voicemails of other very senior politicians?
A. No, it didn't, because I was absolutely clear that it was this absolute focus on me, on my family, on my husband, on my children -- it was that that was the focus of this attention and this illegal activity. It wasn't the wider curiosity about the conduct of government or the development of policy.
Q. But you weren't the only senior politician to be the subject of a media frenzy, if I put it in that way.
A. A number of Cabinet ministers during the last Labour government were subject to --
Q. Did you raise the matter with the editor of the News of the World at the time?
A. I'm sure I told my close friends.
Q. Did you raise the matter with the editor of the News of the World and take up this very concern for me, because these were -- you know, they were -- they are people who are friends as much as they were then distinguished members of the Cabinet.
Q. Did you raise the matter with the editor of the News of the World at the time?
A. No.
Q. Was there not a case either for you or for the government collectively, through an appropriate channel, to contact the News of the World and take up this very concerning development?
A. You know, I didn't, because the perpetrators had been sent to prison and as far as I was concerned, that, at that stage, was the end of that matter. The press harassment of me didn't stop in August 2006, it carried on intermittently, and at that stage what I wanted was to be in a position to do my job properly and that's what I devoted all my available energy to, and obviously to look after my children.

LORD JUSTICE LEVESON: Did you consider the harassment that you've described justified a complaint to the Press Complaints Commission?
A. Oh, I mean, I -- there were a number of -- there were a number of stories that were written and rewritten despite mine and, separately, my husband's attempts to say that this is untrue, like a repeated story -- claim on that -- I mean, the allegation was -- completely untrue -- that my husband had received a bribe from Silvio Berlusconi and that this money had been used to pay off our mortgage. This was at a time when we didn't have a mortgage. So I was painted as this dipsy woman in charge of this huge Olympic budget, as it was about to be, who didn't even know if her mortgage had been paid off. The actual fact was that a charge had been taken on our house pending payment of some money to my husband, but that didn't affect the -- if you like, the family cashflow every month --

LORD JUSTICE LEVESON: I'm not trying to enquire into your personal circumstances.
A. No, no, this doesn't take much invitation for me to start talking about this, I'm afraid, so forgive me.

LORD JUSTICE LEVESON: But did you pursue anything through the PCC? And if so, with what effect? And if not, why not?
A. I'm sure this is such an inadequate answer but there's much of that time I simply can't remember.

LORD JUSTICE LEVESON: No, I can understand that.
A. I did not pursue a formal complaint with the PCC. Every time I was asked about this, I made it clear that it was untrue. In fact, I saw my husband yesterday and I asked him about this, and he said, "Yes, I complained to everybody about this", because this was the thing that...
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<td>he felt most aggrieved about, because this was the</td>
<td>because I'm a secretary of state, I am an elected</td>
<td>as well, I was getting — rather, before this, at the</td>
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<td>allegation that was damaging of me. I don’t -- I asked</td>
<td>politician, and I think that -- and I'm a very tough and</td>
<td>time of the Communications Act, which, when I refer to</td>
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<td>if he complained to the Broadcasting Standards Council</td>
<td>seasoned elected politician, and I think that if you</td>
<td>ambient noise, is important -- you know, I was getting</td>
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<td>in relation to BBC reports, whether he complained to the</td>
<td>are, you sort of get used to this and you sort of have</td>
<td>quite a clinical beating from the Daily Mail every day</td>
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<td>PCC, and he said, &quot;Yes, I wrote to everybody&quot;, but I’m</td>
<td>zero expectations of fair treatment are the press. So</td>
<td>about the Licensing Act that was then followed by the</td>
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<td>not sure if any of the letters he wrote at that time,</td>
<td>I suppose if you have zero expectations, you’re never</td>
<td>Gambling Act, and they were avowedly opposed to this and</td>
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<td>when he was obviously very distressed as well, had the</td>
<td>disappointed.</td>
<td>obviously thought — and it's journalistically</td>
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<td>status of being a formal complaint.</td>
<td>Q. I fancy my chances with this next question then. Would</td>
<td>legitimate — that if they just kept on every day</td>
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<td>LORD JUSTICE LEVESON: All right. I'm just asking. As I'm</td>
<td>you agree with Tony Blair when he said there were times</td>
<td>opposing this, attacking me and all the rest of it, in</td>
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<td>now asking questions, let me just follow that on and ask</td>
<td>when the media acted like feral beasts?</td>
<td>the end I would give in. But I didn't because</td>
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<td>something else. You said -- and I think it's very</td>
<td>A. I think that we have some exceptional journalists in</td>
<td>I believed that both pieces of legislation were good</td>
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<td>telling, and a number of people have said it, that when</td>
<td>this country, and, you know, just as I have no</td>
<td>legislation and in the public interest.</td>
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<td>they learnt that their phones had been intercepted, that</td>
<td>expectations of what, in my terms, would be fair</td>
<td>So you have to -- you have to become very</td>
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<td>made a lot of sense because it explained a lot of things</td>
<td>treatment from the media, you live with that, and I take</td>
<td>thick-skinned, but, you know, there are moments where,</td>
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<td>that had happened in their lives and how material which</td>
<td>my sense of authority -- you know, of -- if I do my job</td>
<td>even if you are kind of tough and seasoned, it is</td>
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<td>they thought was private had entered the public domain.</td>
<td>probably, I’m representing my constituents properly,</td>
<td>unbearable.</td>
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<td>That's been a common theme from a number of witnesses.</td>
<td>doing a ministerial job to the best of my ability.</td>
<td>LORD JUSTICE LEVESON: Without necessarily agreeing with</td>
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<td>I'd like to ask a slightly different question: were</td>
<td>I think &quot;feral beasts&quot; is too blanket a description,</td>
<td>Mr Blair's observation, would you agree with this: that</td>
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<td>you ever conscious when you were listening to your</td>
<td>which should not catch some of the outstanding</td>
<td>it is very disturbing that in our society somebody in</td>
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<td>mobile phone that messages which you didn't believe</td>
<td>journalists. Harry Evans, I'm sure, will have talked to</td>
<td>public service should reach the conclusion that they</td>
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<td>you'd listened to had been, as it were, opened and</td>
<td>you about this. I think that the brave work of</td>
<td>have “zero expectations of fair treatment”?</td>
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<td>listened to, at least apparently?</td>
<td>Nick Davies, other newspapers --</td>
<td>A. It's quite —</td>
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<td>A. I was never aware of that, but my former principal</td>
<td>Q. Understanding that it's not universal, that there are</td>
<td>LORD JUSTICE LEVESON: It says something --</td>
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<td>private secretary, to whom I spoke about — just to be</td>
<td>times when certain sections of the media --</td>
<td>A. Yes, it does.</td>
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<td>absolutely clear, about the operation -- the facts of</td>
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<td>a focus of public sympathy or anything like that,</td>
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<td>A. Caryatid, did say that she remembered my sitting with</td>
<td>LORD JUSTICE LEVESON: All right. Right. Thank you. Thank you.</td>
<td>LORD JUSTICE LEVESON: All right. Right. Thank you. Thank you.</td>
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<td>her and my press secretary and saying, &quot;I think</td>
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<td>somebody's listening to my phone.&quot; You feel as if you</td>
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<td>are going slightly mad, and then you -- you, you know,</td>
<td>that you were resigned to the fact that this is the way</td>
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<td>kind of adopt a permanent stance as if you're being</td>
<td>that the media behaved when a minister was in their</td>
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<td>followed or as if somebody's watching or as if somebody</td>
<td>sights and the centre of a scandal?</td>
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<td>is listening, but I never -- you know, I was never that</td>
<td>A. I think probably yes. I mean, I've never wanted, in</td>
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<td>systematic, I think. I never thought: &quot;That's very odd.</td>
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<td>That voice message has been listened to and I don't</td>
<td>attention on me and what happened to my family and what</td>
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<td>think I've heard it.&quot;</td>
<td>its effects were, because I certainly don't want to be</td>
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<td>LORD JUSTICE LEVESON: All right.</td>
<td>A. To be honest, I didn't know enough about mobile phone</td>
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<td>technology to realise that that's what it meant.</td>
<td>time of the Communications Act, which, when I refer to</td>
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<td>LORD JUSTICE LEVESON: All right. Right. Thank you. Thank you.</td>
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A. Yes, it does. It does, but at the same time I sit
along -- I place alongside that my passionate defence of
a free press, about which I would love to have a chance
to express some views, and the fact that I mix regularly
with journalists, but it's always important never to
rest on a friendship with journalists more than their
role as a journalist can bear, as I hope I've dealt with
in my witness statement to you.

LORD JUSTICE LEVESON: Yes.

MR BARR: Just before we pick up some more questions about
media behaviour in general, can I interject one question
in relation to the phone hacking which I've been asked
to put: were there ever stories in the media which could
only have come from your phone messages?

A. My understanding is yes. I would also, for the sake of
completeness, add in relation to that that because at
the time of the beginning of Operation Weeting,
News International admitted hacking my phone, we didn't
do as exhaustive a trawl of every edition of every
newspaper, but I know that there were stories that could
have only been derived from phone hacking.

Q. Were you aware of that in 2006 or did you only become
aware of that in 2010/11?

A. Well, I -- this went much -- for me, in 2006, it went
much broader than just News International, because

I kept on reading stories and could not understand where
they'd come from. Not just in News International papers
but in a range of other newspapers. It was as if my
closest friends had simply rung up the journalist and
said, "This is what she's thinking, this is what's going
on", and they turned it into a story, and I could not
understand how that happened because my friends
I trusted completely.

Q. Which titles, please?

A. Oh, stuff appeared in the Daily Mail, in the Evening
Standard, in the Sunday Times --

Q. These are stories which you couldn't understand where
they'd come from?

A. I couldn't understand -- I -- I would be very happy to
send you a further note on that in order that the note
is entirely accurate but it would require me to
undertake, again, some quite detailed research about the
press coverage at that time.

LORD JUSTICE LEVESON: Thank you.

MR BARR: Thank you. That would be very helpful.

Returning to the question of media behaviour in
general, there's a quotation that has been put into
evidence before. It's a quotation from Tony Blair
a long time ago, 1987. He says:

"The truth becomes almost impossible to communicate
because total frankness relayed in the shorthand of the
mass media becomes simply a weapon in the hands of
opponents."

Which seems to be suggesting that if you're full and
frank with the media, it will simply be twisted against
you.

A. I think that's always a risk.

Q. In your experience, did the mass media twist things to
the extent that you had to be very careful what you
said?

A. I think I was very careful with what I said, and
obviously -- you know, obviously as a Secretary of
State, I was constantly asked by journalists about my
view on -- for information and my view on specific
issues.

I did -- I suppose I always travelled hopefully and
optimistically. I did hope that if I explained policy,
it would be fairly reported, but as my early remarks
would suggest, my expectations were more of disappointed
than not.

Q. The government response and the New Labour response to
that climate appears to have been to control more
tightly the flow of news from government to the media
and to adopt tactics which have been labelled "spin".

Is that right? Were those tactics a response to the
media climate of the time?

A. I think they were in part, and I think -- "spin" is
a derogatory term. I mean, what we determined to do,
really from the time that Tony Blair became leader of
the Labour Party in 1994, was to speak as far as
possible with a consistent voice and to -- perhaps to go
back to your earlier question, to try to ensure that the
media understood what it was that we were trying to
achieve.

So yes, I mean, there was more discipline about what
we said, how we said it, who we said it to, than there
certainly had been through the many years of Labour's --
the many years of Labour in opposition.

A. The wilderness years, yes.

Q. Was the combined effect of the way in which the press
were reporting politics and the way in which New Labour
responded to that -- that increased discipline, to use
your word -- did it result in a breakdown of trust
between the public on the one hand and the press and the
politicians on the other?

A. I -- I don't think it was -- I don't think it was only
that that led to a breakdown of trust in the public.

I do think that we were always too reliant on the
support of newspapers, and I think that in the context
of
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<td>A. I think that -- again, this is obviously a question I've thought a lot about in the context of this Inquiry. &quot;Cosy&quot;, &quot;close&quot; are not actually terms that I personally would use. I think that there are rules of the game and certainly I hope and I think that overwhelmingly my colleagues know what the rules of the game are, and by and large, the media know what the rules of the game are, and those rules are not altered by going to a reception, having dinner, having lunch with journalists. There are the rules of the game, and the important thing is -- and I think that in the light of the events leading up to this Inquiry, it's perhaps important that those rules are more transparent and explicit than they have been in the past.</td>
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<td>Q. If more transparency is to be desired in the future, then, where would you draw the boundaries as to who has to make declarations about meetings, what sort of interactions need to be declared and what level of detail needs to be given?</td>
<td>A. Certainly I think you -- as I've tried to do for you and my ministerial diary would have recorded, to record the range of journalists with whom I had lunch or dinner, and certainly in my own case, my private office used to always tease me about -- because I always used to say, &quot;Will you write it down?&quot; So if I saw somebody at a reception who raised an issue that I thought was a matter of policy I would make sure that I recorded who I saw and what they said and then, of course, whether it needed any follow-up action.</td>
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1. A. That would be right.

2. Q. And I think you wanted to make the clarification that there was a --

3. A. Close personal friend. And his wife, more particularly.

4. Q. And you saw them frequently?

5. A. Yes.

6. Q. When you were meeting with your media friends, was it the same as meeting non-media friends or are there differences?

7. A. Well, there are -- there are sort of -- there are gradations of media friends, if you like. People who are more friends than media, and others who are more media than friends. And so, with my -- with my close friends who were or are journalists, they are friends, but I -- as I say, I would always be vigilant about the point at which the interest of friendship and journalism might collide, and you have to presume that journalism will always prevail, just as they might try to ask me, because they consider me to be a friend, would I give them information that I was not in a position to give them, and of course I wouldn’t. And that might, down the line, disadvantage them in not being able to get the great lead on a story that they wanted, but my ministerial responsibility was such that I couldn’t and wouldn’t extend any favour like that to anybody, and why there has to be this degree of formality in any interaction with journalists.

8. Q. Picking up on your friendship with Mr Freud -- I think it’s right to say that you count him as a friend, don’t you?

9. A. He is a friend, yes.

10. Q. I’m looking now at tab 129 of volume 4. There’s an article in the MailOnline here which essentially -- we don’t need to go into the details. It asserts that you acted as a vital intermediary or that Mr Freud acted as a vital intermediary between yourself and a casino tycoon, Mr Anschutz, by getting an introduction to you so that he had a dinner with you. Is that right?

11. A. Well, I wouldn’t say he was a vital intermediary, nor did this introduction lead to anything. What actually happened was that -- and this is why I think that prior publication of guest lists would be valuable. But I mean, what in this case actually happened was that I was at dinner at Matthew Freud and Elisabeth Murdoch’s house and at the end of the evening, when everybody was getting up to go, Mr Anschutz, to whom I had not talked because I’d arrived at the dinner late, from memory -- Mr Anschutz was sitting down the table, he walked past me, he was introduced to me. We probably had a three-sentence exchange, but that was all.

12. Q. You’ve attended a number of the very large and reputedly lavish parties thrown by Mr Freud and his wife, Elisabeth Murdoch, including a 40th birthday party in 2008 and a party last summer, and I think there may have been others. These parties are, as the media has widely reported, attended by large numbers of politicians and media personalities. Can you help us, please, with what the view is in political circles about the importance of these events?

13. A. Well, you know, it was Elisabeth’s -- I remember Elisabeth’s 40th birthday party very well. I met a lot of friends there. It was -- I had a lovely evening.

14. And similarly, I was only at the party last July quite briefly, and then briefly at the Sunday sort of family picnic. But again, I saw a lot of my friends, so they -- they’re like the best parties. They’re parties where you see a lot of your friends, you catch up with people, and they’d obviously gone to, in the case of the party last summer, enormous trouble and a lot of expense to give their friends a wonderful evening, and they succeeded in that.

15. Q. Was there a feeling amongst politicians that these were important events to go to in order to keep up with information?

16. A. Well, in that anybody, if they’re honest, would like to go to a great party, the answer’s yes. But important in the terms of: "Is this my only chance to have a conversation with the Prime Minister or to meet Mick Jagger", or whatever else it may be? I mean, not really. That is the stuff of celebrity page gossip as opposed to -- you know, we’re a pretty serious lot in government when we are in government, ministers, and this is a great treat, but it doesn’t actually impinge on the way you take decisions, and, you know, I would say that -- you’ve described Matthew Freud as a friend of mine and he is very clear about the rules and very clear about the boundaries, and for instance, because of the Communications Act, I declined an invitation to his and Elisabeth Murdoch’s wedding because I thought that would not be proper, and nor did he speak to me during the period when he was tendering for a quite substantial Olympic PR contract.

17. So you know, these relationships work on the basis that all the parties understand the rules, respect the rules, and observe the rules in practice.

18. Q. But it certainly nevertheless puts Matthew Freud and Elisabeth Murdoch at the hub of important social connections with the highest echelons of government?
A. That's -- that is true, but so too if you had gone to a Trinity Mirror party, you would find certainly some people there. I mean, if you're thinking about the Prime Minister, politicians accept invitations from media proprietors. Now, Matthew and Elizabeth are not media proprietors. But that doesn't -- it doesn't corrupt the process of developing and implementing good policy.

Q. Moving now to Mr James Murdoch, on how many occasions can you recall meeting him?

A. I think I probably saw James Murdoch maybe twice a year, and I suppose this is -- I mean, there are two -- and in a way, there are two stages. One was in discussion about the Communications Act, the BBC charter review and digital switchover, and the second was more latterly in relation to the Olympics, when I remember meeting him when I was still minister, to establish whether -- whether they would have any -- Sky would have any interest in the press and broadcast centre, which is a huge million square feet media space, or whether they were confirmed in their development at Osterley, which they were.

So that was the purpose of that conversation, but the earlier conversations -- I certainly met him and he made his views very clear, and one of the points I think it's important that the Inquiry -- that the Inquiry, sir, is fully aware of is this distinction between perception created by media reporting and fact, and it is the case that had News International got communications legislation that they wanted, digital switchover as they wanted it, the BBC as they wanted it, it would have been radically different. There would have been no cross-media ownership rules. There would have been no public support for digital switchover. Ofcom would have overseen the BBC and the BBC licence fee would have been dramatically reduced so as to reduce the scope of the BBC.

So in fact, News International got virtually nothing of what they might have wanted, despite the perception that the debate was essentially a tussle between the Murdoch and big media companies' interests and the judgment of the government.

MR BARR: Finally, the future. I know you mentioned earlier you would like an opportunity to talk about your views, and in particular the freedom of the press. Your witness statement tells us that you favour a system with some statutory underpinning and a system which is independent of both media and politicians. Is there any detail that you would like to add?

A. I think I've set out just some pretty simple, straightforward interim measures to increase transparency and to try to debunk this now pretty established perception that somehow the media and politicians operate a conspiracy of the two parties and the public are sort of eavesdroppers on this conversation. So I think that that greater transparency would help and that might -- I know, sir, you're not involved in drafting the Ministerial Code, but perhaps those who are will attend to those proposals.

LORD JUSTICE LEVESON: I am not responsible for drafting the Ministerial Code, but given that I am required to make recommendations about the contact between politicians and the media and the conduct of each, it seems to me that it does fall within my remit to -- everything I'm going to do is a recommendation.

A. Yes.

LORD JUSTICE LEVESON: The government, Parliament will think about it and decide what it wants to decide, but it does seem to me that I ought to be looking at that. If you have a different view, I'd be grateful to hear it.

A. Yes. I'm very glad you say that, because I think that broadening the recording of contacts as a requirement of the Ministerial Code and the proper capability within private offices and so forth to make sure that happens would be valuable.

I think the next thing in relation to your recommendations is that I think it -- and I draw on this from my experience of the BBC charter review and licence fee, where we undertook a more systematic process of public consultation than I think has ever been done before, using citizens' juries, deliberative polling and so forth. I think there would be great value in subjecting your recommendations, when you reach your conclusions, to public debate, discussion and scrutiny, because, if you like, the intensity of this Inquiry is great but the public understanding, both of the Inquiry, what's passed in the Inquiry and what will happen as a result, I think is much less.

LORD JUSTICE LEVESON: Well, you ought to be aware, just so that I can plug it, that the Inquiry website for each of the modules I've undertaken has proposed and postulated questions to the public, and we have received a large number of submissions from the public as well as from interested bodies --

A. That's excellent.

LORD JUSTICE LEVESON: -- that actually will all form part of the record of the Inquiry. What the government then do with the recommendations I make and whether they want to go out again is another matter.

A. Yes.
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<tr>
<td>1 Q. Was it not made clear to you during the course of the first conversation that the purpose of the officer contacting you was to see whether you would be willing to be identified as a person whose phone had been hacked?</td>
<td>1 I needed to take, and I reported the conversation immediately to the friends that I was with, who have confirmed my recollection, which included my willingness to help.</td>
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<td>2 24 LORD JUSTICE LEVESON: I would be very keen to retain, as I think I've said on more than one occasion, the cross-party consensus that led to the set-up of the Inquiry, because I see great difficulty if that disappears.</td>
<td>2 Q. No one else was party on the conversation, were they?</td>
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<td>3 23 A. Yes.</td>
<td>3 A. No.</td>
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<td>4 A. No, it wasn't -- because I was on holiday, it wasn't listened in to by my principal private secretary, but I did relay the content of the conversation to her afterwards.</td>
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<td>5 21 MR GARNHAM: May I make an application for permission to ask three for four questions?</td>
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<td>1 A. The -- no. My recollection of the conversation is that the purpose of the conversation was to inform me that my phone had been hacked.</td>
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<td>11 Q. Finally, is it possible that the shock of what you were told about your phone having been hacked prompted you to focus on that thereafter rather than the rather more mundane request to provide a statement to the effect that you had not consented to your phone being hacked?</td>
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<td>12 A. I was shocked, as I've told the Inquiry, and I was quite upset by the information that I had been be given, but I also know, because this is in my character, that I asked what I could do to help and what further steps I could take.</td>
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I would be very keen to retain, as I think I've said on more than one occasion, the cross-party consensus that led to the set-up of the Inquiry, because I see great difficulty if that disappears.
MR JAY: Lord Mandelson, may I provide the highlights of your career, if I may: 1985, appointed director of campaigns and communications for the Labour Party, and you managed the 1987 election campaign. 1992, elected Member of Parliament for Hartlepool. 1994, appointed by Mr Blair to manage the party's General Election campaign up to 1997. 1997, appointed Minister Without Portfolio in the Cabinet Office, and that included, in due course, responsibility for the Millennium Dome. 1998, Secretary of State for DTI. First resignation, 23 December 1998, but came back in 1999 as Secretary of State for Northern Ireland. Second resignation, 24 January 2001. Trade Commissioner for the European Union 2004 to 2008. In October 2008, you became a life peer in the House of Lords and appointed business secretary under Mr Brown's government, and then in 2009 appointed first Secretary of State and Lord President of the council. So you were effectively, but not in law, I suppose, Mr Brown's number two. Then obviously you left government in May 2010.

Is that, broadly speaking, right?

Q. Yes.

A. Ireland. Second resignation, 24 January 2001. Trade Commissioner for the European Union 2004 to 2008. In October 2008, you became a life peer in the House of Lords and appointed business secretary under Mr Brown's government, and then in 2009 appointed first Secretary of State and Lord President of the council. So you were effectively, but not in law, I suppose, Mr Brown's number two. Then obviously you left government in May 2010. Is that, broadly speaking, right?

A. Yes.

Q. Thank you. Can I deal first of all with some general topics. First of all, of the bottom of our page 06898, where you deal with the transactional relationship with journalists. You place journalists in two categories, really, the objective and the subjective, and of course reasonable people will disagree as to who falls in each of those categories; is that right?

A. Yes, there are different sorts of journalists in how they do their jobs and how they, I think, exercise their responsibility and discharge their obligations both to their readers and to their editors and their proprietors. Politicians do things in different ways as well.

Q. You say, about eight lines from the bottom of this page, that in relation to both of these categories, as a politician or party representative, you are engaging in a form of trade, help with stories in return for some hope of favourable treatment. Are you referring there to some sort of express deal or is this more an implied deal, Lord Mandelson?

A. No, it's a way of life. It's not -- I mean, I don't think ever been a time when it's more important for the press can live with will not be easy, but there's that will command the confidence of the public and which reasonable people will disagree as to who falls in each of those categories; is that right?

Q. So the terms of engagement are never expressly stated because it's so obvious it goes without saying; is that right?

A. I think so, but you will have a different relationship with different sorts of journalists. I mean, I have referred to what I used to say when I was -- started my job in the 1980s, which was that you can be friendly with journalists, but journalists are never your friends. And I think that journalists would probably say the same about politicians.

Now, I have -- I could probably recall journalists who actually became friends, but that was rare, and I think the problem arises when journalists who expect some sort of exclusivity are disappointed because actually politicians have to talk to all journalists, and politicians become disappointed when they expect favourable treatment but that is sort of interchanged with, you know, unfavourable treatment as well. That's why I talk about the boundaries and when you overstep them and when things become complicated.

I think it became particularly more complicated when, in the case of some politicians or those who are working for politicians -- press offices, communications directors -- the latter sort of felt that what they were getting from journalists was manufactured news, as they would put it, and probably journalists felt on many occasions that what they were getting from politicians was, as they would call it, spin. At that point, I think, the relationship starts breaking down because trust dissolved between the two parties to this relationship.

Q. I think all you're describing or may be describing is the implicit basis of the transactional relationship.
being taken to perhaps inevitable extreme. Because the
nature of the relationship is built on very flaky trust,
therefore mistrust increases and the more mistrust you
have, arguably you have more spin on one side and
manufacture on the other. Is that a fair analysis?

A. I'm not sure that I'd put it in quite those terms, no.
I mean, look, depending on the media outlet, depending
on the newroom pressure, depending on the journalist
you're dealing with, there, in my opinion, will be more
or less manufactured news. If you open a newspaper --
invidious, I suppose, to choose one, but if you open
a newspaper like the Financial Times, you do not expect
to read manufactured news. There are other newspapers,
perhaps more sensational, less scrupulous, wanting to go
more for impact than fact, where manufacturing takes
over from news.

But to be fair to journalists and editors, they
would probably say the same about politicians, that
there are some politicians, you know, who you'll always
get a straight answer from and those who you won't.
That's what they would say about us, and that's in the
nature of the relationship and those are the
circumstances in which it can break down. And I think
has broken down, actually, largely.

Q. Yes?
LORD JUSTICE LEVESON: Just one more question on that. You
dive, and climaxed, in a way, when they became their
worst at the time of the Iraq war. Mr Brown came in
and he has rather good, easy relations with the media.
It didn't last, as we know. It took a very significant
dive.

That's what I mean by the rollercoaster, but if
I were to characterise over the entire period of my time
in politics, I would say that the demands of the press
for instant answers, instant information, instant
explanation have got ever greater, yet their scepticism
about what they're told and what they feel they can
believe has deteriorated simultaneously over the same
period.

LORD JUSTICE LEVESON: You mean their scepticism has
increased rather than deteriorated?
A. I think increased their scepticism and their trust in
what they're being told as the truth has deteriorated.
MR JAY: You characterise that as an almost unbearable
tension on the next page, which is the end point in the
process. You stand by that, presumably?
A. I'd say it was fairly unbearable on occasions, yes. And
generally, yes.
LORD JUSTICE LEVESON: But it's actually therefore something
that, for the good of society and the way in which our
democratic government has to operate, we have to find
some way of addressing, haven't we?

A. Of course, because democracy, government and politics is mediated by newspapers and other media. The public rely completely on the media for their knowledge and understanding of what's going on in government and politics and their ability to form judgments about the actions and the people and the events, and the politicians and ministers rely wholly on the media to get their message, their explanation, their rationale for their policies or their explanation of events through to the public. And if the relationship at its core has broken down, has become one of mutual recrimination, lack of trust or belief, then the people who are the greatest losers from that are undoubtedly the public, partly because -- I mean, in a sense, they're sort of casualties of this broken-down relationship. They don't know who or what to believe and often times they are misguided by the way in which news is presented or political information is communicated.

So that's why I very strongly believe that the public are the losers in this. I mean, we can talk about unbearable tension in our lives, but then that's an occupation hazard, if you like, for politicians and journalists. It shouldn't be an occupational hazard for being an ordinary member of the public and a voter trying to make up their mind.

LORD JUSTICE LEVESON: Yes. Well, we've started, Lord Mandelson, but we'll break now for one hour, if that's all right with you.

A. Okay.

LORD JUSTICE LEVESON: Thank you very much indeed. (1.01 pm)

(The luncheon adjournment)
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