

30 Jun 2011 : Column 1107
Urgent Question

BSkyB

Mr Tom Watson (West Bromwich East) (Lab) (Urgent Question): To ask the Secretary of State for Culture, Olympics, Media and Sport if he will make a statement on the News Corporation acquisition of BSkyB.

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): Earlier today, I placed a written statement before the House outlining the next steps in my consideration of the potential merger between News Corp and BSkyB. In it, I explained that I have published the results of the consultation on the undertakings in lieu offered by News Corp, together with the subsequent advice I have received from Ofcom and the Office of Fair Trading.

As I outlined, the consultation did not produce any information that caused Ofcom or the OFT to change their earlier advice to me. I could have decided to accept the original undertakings. However, a number of constructive changes were suggested and, as a result, I am today publishing a revised, more robust set of undertakings, and will be consulting on them until midday on Friday 8 July.

Significantly, those changes strengthen further the arrangements for editorial independence and business viability of the newly spun-off Sky News. In my view, they provide a further layer of very important safeguards. As amended, I believe that the undertakings will remedy, mitigate or prevent the threats to plurality that were identified at the start of this process. If after this next consultation process nothing arises that changes that view, I propose to accept the undertakings in lieu of a reference to the Competition Commission. Before coming to such a view, however, I will of course seek once again the advice of the independent external regulators.

Mr Watson: In the end, it comes down to believing a promise. The Secretary of State has chosen to accept the assurances of News Corp, when it has breached previous assurances on the takeover of *The Times*, *The Sunday Times*, *The Sun* and the *News of the World*.

The Secretary of State could have chosen to disregard those assurances to protect plurality, or asked whether the acquirer has shown evidence of bad practice in its other media companies. Section 58 of the Enterprise Act 2002 provides for specified considerations, including

"the need for persons carrying on media enterprises, and for those with control of such enterprises, to have a genuine commitment to the attainment in relation to broadcasting of the standards objectives set out in section 319 of the Communications Act 2003",

yet the chief executive of News International, Rebekah Brooks, openly and brazenly, and without any sense of irony, admitted to a parliamentary Committee that News International paid police officers for evidence.

The Secretary of State has granted the acquisition to an organisation that is currently the subject of three separate police inquiries, and an organisation that a parliamentary Select Committee found guilty of "collective amnesia" of criminality at one of its newspapers. There is emerging evidence that News International conspired with convicted criminals to pervert the course of justice by hacking the phones of serving police officers and detectives, their families and the families of the victims of serious crime. At least one senior executive even collaborated with at least one career criminal while he was serving time in prison. And, most appallingly of all, while the nation grieved, the criminals who were contracted to News International illicitly targeted a parent of the children who were murdered by Ian Huntley in Soham.

Today the Secretary of State has chosen to take these people at their word. No wonder he tried to avoid answering colleagues in the House this morning! Did he or the Prime Minister meet or talk to Rupert Murdoch when he was here last week? Is it true that the Sky News spin-off, NewCo, will have no equity value and no realistic chance of making a profit? How much tax will the newly acquired BSkyB pay in the UK? Does this decision enjoy the support of the Secretary of State for Business, Innovation and Skills?

Does the Secretary of State think it unusual that BSkyB has organised a party at the Foreign Office tonight? How can people realistically take part in a consultation that is to last only eight days? Has he taken advice from the Cabinet Office on how to conduct proper and effective consultations? The ultimate owner of the newly acquired company will be registered as a shareholder in Delaware, USA, but there is no obligation on the company to publish the shareholder register. Will he undertake to oblige the company to do this in the public interest before he finally signs off the deal? We have to know who will be the new owners of 40% of the country's media estate.

I am sure that the Secretary of State will get his reward for this decision, but he will pay a very high political price. This seedy deal would shame a banana republic.

Mr Hunt: Let me first address the hon. Gentleman's final comment, which was beneath what he is capable of. I am perfectly well aware that on such an issue no one will trust the motives of politicians, which is why, at every stage, I have sought independent advice from Ofcom, the independent regulator, and the Office of Fair Trading. I have done it even in areas I did not have to. For example, I did not have to ask Ofcom's advice on whether these undertakings were robust and I did not have to ask it whether it would address concerns about plurality, but I chose to do so, and I have published its advice. I have tried therefore, at every stage, to strengthen the confidence of the House and the public in the integrity of the process.

I shall move on to some of the issues that the hon. Gentleman raised. First, he talked about past assurances given by News Corps in respect of previous media assets that it has purchased. This is not an issue of trust. These undertakings are legally

binding and legally enforceable. Moreover, one of the undertakings particularly addresses the concerns that I think are shared in many parts of the House about broadcasting impartiality, which is enshrined in the broadcasting code. Under the undertakings that I published on 3 March and am publishing again today, the code will form part of the company's articles of association. Under the strengthened undertakings that I am publishing today, News Corps will not be allowed to attempt to get the new company to breach its own articles of association, so the editorial impartiality for which Sky News is valued will be better protected than it is for any other media organisations in this country.

I remind the hon. Gentleman that he has campaigned—I think very honourably and impressively—on the phone-hacking issue. At root, I agree with what he says: no company should be above the law. But just as no company should be above the law, no Minister should be above the law. I have to follow due process, and due process under the Enterprise Act 2002, which was put in place by his Government, says that I have to consider this on the basis of media plurality—a very important issue—to make sure that no one person has too much control over our media. That is why James Murdoch and Rupert Murdoch will have less control of Sky News after this deal goes through than before it because of the undertakings in place.

On the other issues that the hon. Gentleman raised, I cannot speak for the Prime Minister but I have had no contact with the Prime Minister over this deal. I am deciding this deal on a quasi-judicial basis, but I have not met Rupert Murdoch or James Murdoch in recent weeks, and all the meetings I have had with them have been minuted and done through official channels. On the tax issue, obviously, like all companies, News Corp will be subject to UK law, but this issue has been decided on media plurality grounds.

On the consultation, I remind the hon. Gentleman that I could have chosen to conclude this issue today, but I have not. I am launching a further consultation. This issue has been in the public domain since last summer, but I want to make sure that this House and the public have every possible opportunity to comment on what is being proposed. Not only that, but I have listened to them. In fact, I think we have made the undertakings more robust and stronger so I am confident that what I am proposing to the House will protect plurality of the media, which I know is highly valued in all parts of the House.