



HOUSE OF LORDS

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Witness: Ed Vaizey MP

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Members present

Baroness Young of Hornsey (Chairman)
Viscount Bridgeman
Lord Foulkes of Cumnock
Lord Skidelsky
Baroness Scott of Needham Market

Examination of Witness

Ed Vaizey MP, Minister for Culture, Communications and Creative Industries, Department for Culture, Media and Sport.

Q1 The Chairman: Good morning, Minister. Thank you for coming to this relatively brief condensed inquiry into the creative industries and the Creative Europe proposal. I remind you, as I am sure you already know, that Members' interests are recorded in the register of Lords' interests and the list of declared interests is on the Witness Table. The session is on the record; it is being webcast live and will subsequently be accessible via the parliamentary website. You will receive a transcript of the session to check and correct, and this will be put on the record on the parliamentary website. Please begin by stating for the record your name and official title. If you would like to make a brief opening statement, please feel free to do so.

Ed Vaizey: I am Ed Vaizey and I am Minister for Culture, Communications and the Creative Industries. I welcome the opportunity to talk to the Committee about the Creative Europe proposal.

Q2 The Chairman: Thank you. Do you think that the EU has brought in the past, and continues to bring, some element of added value to the UK's cultural and creative sector? Do you agree that existing EU funds provide a significant source of capital for UK stakeholders, helping to create jobs, growth and benefits for the public?

Ed Vaizey: As Minister for Culture with responsibility for the creative industries, which includes film, video games, broadcasting and the like, I am very alive to the fact that the creative industries in the UK provide a strong source of potential economic growth. I hope that all the Committee Members will agree that we in the UK are very successful in those industries. We are known around the world for our creativity. The UK box office has been topped by UK films, whether those funded by US studios such as the Harry Potter series or independent films like “The King’s Speech”, we have topped the charts in America—for the first time in 25 years we have had numbers one, two and three—and we have successful fashion and games industries. I am supportive of anything that can support those industries. It is fair to say that we welcome the Commission’s focus on the economic and growth potential of the cultural and creative sectors, particularly in the context of the Europe 2020 strategy, and its emphasis on ensuring added value and achieving clear measurable objectives and outcomes from the proposed programme. It is also fair to say that we have benefited from this EU programme. The current proposals build on an existing programme where UK participants have received something like £100 million in the four-year period 2006-10. To pick a few random examples, in 2010 UK production companies received grants for the early stages of production work, including a new adaptation of *Great Expectations*; the British Library received funding to support its work in China; and the Chamber Orchestra of Europe also received funding support for its work in China. My understanding is that the new proposal for 2014-20 is designed to strengthen competitiveness in the cultural and creative sectors. It will focus on building capacity and expertise in organisations, and will support the circulation of cultural works across Europe. Those are objectives that we support.

Q3 The Chairman: It might be difficult for you to put your finger on this but I am interested in the extent to which that funding and support has value over and above the

money that goes in and whether it has an extended reach. Are we talking about small and medium-sized enterprises as well as the larger, more headline-grabbing organisations?

Ed Vaizey: I think we are talking about SMEs. For example, the adaptation of *Great Expectations* will be by a relatively small independent production company. One could describe the Chamber Orchestra of Europe as a small and medium-sized enterprise while, as you know, the British Library is a very large enterprise worth £100 million a year in funding and support. The very nature of the creative industries means that they tend to be made up of SMEs, and by definition the programme benefits them. We in this country are very good—and I pay tribute to the officials behind this—at securing this grant funding. We have had a focus on this fund, and we have people who understand how it works and are able to access the funds appropriately.

Q4 The Chairman: On the question of added value, if there were a fund of money that gave out similar amounts of funding, is there something extra that would happen because it came from Europe? Would it have a stamp on it, as it were?

Ed Vaizey: If the fund was solely a UK fund as opposed to a European one, you could debate whether or not one was recycling money in the sense that the UK's contribution to the EU was then coming back to support the creative industries, but there is probably added value in that the fund is very focused on international work and supporting cross-border cultural exchanges. By encouraging applicants who are applying for the fund to think about what they will do across Europe or internationally, it probably does add value.

Q5 Lord Skidelsky: As part of the Creative Europe proposal, I understand that the Commission would like to allocate €210 million to a new financial guarantee facility, which it is expected would be able to leverage up to €1 billion in bank loans and would be managed by the European Investment Fund. I am told that the Government are opposed to the creation of such a facility because, among other things, the sums involved would be too

small. As an example of an existing facility, though, there is currently the MEDIA production guarantee fund which has a capitalisation of €2 million—that is, 100 times smaller than the proposed new financial facility. That is a leap in amount. How can the new proposal be too small if the existing proposals are 100 times smaller? What is the basis of the Government's opposition to the Commission proposal?

Ed Vaizey: Unless I am very much mistaken, my understanding is that we oppose the facility in principle. We were not sure that it would be effective. There are various schemes—UK and European—that help to support small and medium-sized enterprises in getting access to finance, which is a live issue for the creative industries. There is a debate about whether this sector is a riskier investment than mainstream businesses. I understand that we oppose the facility because we are not sure that it is right to proceed on a sector-specific basis and it would be better, if there is to be a financial instrument, for that to be on a non-sector-specific basis—although, to be slightly legalistic, I reserve the Government's right to oppose anything on a non-sector-specific basis. There is a feeling in Government that if this facility were agreed then other business sectors would come forward and say, “Well, you've agreed to a financial facility for the creative industries; why don't you agree a financial facility for X, Y and Z sectors?”. There is also a risk in creating a financial facility that we will give support where it is not needed, and that banks and businesses that are already very active in this sector and might already be lending or have access to finance will simply say, “Here's a new opportunity to get some guaranteed finance so we'll fill that space”. We have seen no evidence that this would open up financial access opportunities to a new range of businesses in the creative sector which currently find that a difficult issue.

Q6 Lord Skidelsky: Two points strike me from what you have said. First, this business is risky, and a risky business always has difficulty in raising finance from banks, especially at the moment when there is a lot of risk aversion around. Secondly, the banks are shuttered. I

would have thought—sorry, I am asking a question and should not be stating an opinion—that this would be a way of getting money flowing into this area, which after all is an area that to a large extent defines Europe, including the UK as a member of the EU.

Ed Vaizey: To a certain extent, your second point echoes the point that I was making earlier about where a potential disagreement might lie. If one is concerned about the level of bank lending to small and medium-sized enterprises, the Government's contention is that one should be concerned across the piece about bank lending. As you will know, the Chancellor has put forward various loan guarantee schemes and the like, as well as putting pressure on the banks to lend. His approach has been to encourage lending across all sectors.

There are two points in response to question of the creative industries being a risky business. First, there are a number of schemes in the UK such as the enterprise investment scheme, now evolving into the seed enterprise investment scheme, which are designed in effect to give investors a great deal of tax relief—rewarding them, you could argue—for investing in risky businesses. The second more general point about investing in the creative industries, from where I am sitting in terms of my engagement with the creative industries and with investors, is that there is an important education role to take with investors to introduce them more and more to those industries. I have been to quite a few seminars and conferences where investors are educated about the potential of the creative industries. Those investors who are experienced at investing in the creative industries say that they are not actually that different from mainstream businesses—there are the same problems and opportunities. In terms of taking a small enterprise and growing it, it is much more about the skill of the management and the team than necessarily an inherent risk in the product itself. The investment climate for the creative industries is a very live debate, but I am not sure that the proposed financial guarantee facility would be a panacea.

Q7 The Chairman: I take the points that you have made on that; you say that the facility is not a panacea, and I think that is right. However, it might serve as some kind of bridging mechanism while we are still in the process, as you say, of educating potential investors. I think that people do have a slightly different attitude to risk in the cultural and creative industries to that in other sectors. Could the loan fulfil that role, not as an end in itself but on the way to somewhere else? Do you have any evidence that our creative organisations have already benefited from existing financial facilities that you consider to be more appropriate for this purpose? I think that you have already mentioned one investment pot, but I wondered whether there were any others.

Ed Vaizey: It is a perfectly legitimate argument that the financial facility could potentially be a bridging mechanism while we carry out this education role. My concern would be that once it was established it would never be removed; it might become an ongoing financial burden on the European budget, and we might find three or four years down the line that the high hopes that we had had for the financial guarantee facility had somewhat dissipated and it had effectively become a pot of money for savvy investors to access when in any event they could always access money in a mainstream fashion. That would be one major concern about having it as a temporary facility for that period. The other concern, which I have already expressed, is that if you produced a financial guarantee facility for this sector, you would have various other sectors banging on the door saying, "If that's appropriate for the creative industries, what about us?".

On the question of how the creative industries have benefited from financial instruments, from my perspective in the UK I know that the Enterprise Investment Scheme (EIS) is seen by many creative industries and investment funds as a good scheme for them to use to invest in creative industries. The games industry takes advantage of the research and development tax credit, to a certain extent; to some of the bigger games companies it is probably worth

on average 2% or 3% of their investment. It tends to be the bigger companies that take advantage of it because they tend to employ one or two people who are absolutely focused on jumping through the hoops to secure that tax credit. Venture capital trusts have also been used to support the creative industries. The film tax credit has been a great success, not just in supporting UK cultural films made by independent producers in the UK but in attracting inward investment.

The Chairman: Thank you. If you have any relevant statistics or written evidence that we do not already have, it would be helpful if your officials could send us some after this session.

Ed Vaizey: I will certainly do that.

Q8 Baroness Scott of Needham Market: The Commission is proposing what you could describe as an enthusiastic 37% increase in the total budget compared with the predecessor programmes, although it is fair to say that it is one-200th of 1% so it is very small in the overall pot. Is your objection part of a broader government concern about expenditure within the multiannual financial framework, or do you have specific concerns about spending money on the Creative Europe proposal?

Ed Vaizey: The adjective “enthusiastic” should enter the political lexicon to describe any controversial proposal; that might get you past some objections. From my perspective, I would like the entire EU budget to be devoted to the cultural and creative industries—that would be a very effective use of money. On one level it is unusual for me as a Culture Minister to oppose a proposed substantial increase in a budget designed to support the cultural and creative industries, but I do oppose it because I very much sign up to the Government’s position that in times of great economic austerity, when the European Union should be focused on growth, looking hard at its budget and the money it spends and reducing it if possible, it would be terribly wrong for me, given my own particular passion, to say, “That’s all very well but we’ll take the increase in the culture programme”. The

Government's position is that the EU should be freezing its budget for the next six financial years, and that is absolutely right. We oppose the increase proposed in the culture programme because that is consistent with the position of seeking a freeze in the budget.

Q9 Baroness Scott of Needham Market: Given your responsibilities, are you not tempted by the fact that under the predecessor programmes the UK has benefited proportionately more than any of the other large states? There is no reason to imagine that that would not continue. Are you not tempted to be a bit more supportive, given that the UK does very well out of this?

Ed Vaizey: I am always tempted, but in this life one has to impose a self-denying ordinance. I feel strongly indeed that it would be a great victory for the EU, particularly in terms of public opinion, if it came forward with a budget freeze, recognised the difficulties that many EU citizens are labouring under with their own budgets and financial positions and said, "We're going to get our house in order and effectively reduce our budget with a real-terms freeze in spending".

Q10 Baroness Scott of Needham Market: If that were to be the case and this budget and others were cut back, what sort of programmes do you think should be prioritised in a Creative Europe fund if there were rather less money going into it?

Ed Vaizey: If we were successful in negotiating a budget freeze for the European Union and therefore a freeze in the culture programme, we would then say to the Commission, "In that case don't go ahead with the financial guarantee scheme". The cross-sectoral strand is another strand where we might see scope for saving.

Q11 The Chairman: I just want to clarify—when you say "freeze", do you mean a real-terms freeze linked to inflation?

Ed Vaizey: A real-terms freeze, yes.

Q12 Lord Foulkes of Cumnock: I am slightly perplexed. In reply to Baroness Scott you say that you do not want any increase—you want a freeze—because the focus should be on growth. In replying to the Chairman earlier, though, you said that the cultural sector was particularly good at economic growth and job creation. Surely spending more money would provide economic growth and job creation in the cultural sector. Is there not a bit of a contradiction?

Ed Vaizey: This is where you and I will probably disagree, Lord Foulkes. You probably would not have to, but I must defer to the economic expertise of Lord Skidelsky in this regard: in my view you create growth not necessarily by government or Commission spending but by getting out of the way of business and allowing the private sector to grow. I do not see a direct link between increased spending in Commission budgets and growth in particular sectors.

Q13 Lord Foulkes of Cumnock: With regard to the cuts that you have had in the domestic budget—Arts Council England by 30%, English Heritage by 32%—is any of the loss there likely to be made up if European money is forthcoming?

Ed Vaizey: We have never seen European money as filling a gap where government money has been reduced. In this country we are lucky that we have the lottery supporting the arts and heritage. As you know, we have substantially increased the proportion of lottery funding that goes to the arts and heritage to 20% for each of them. There is an interesting socioeconomic phenomenon that more people are now playing the lottery, and we have worked out that overall the Arts Council's budget will probably be reduced by less than 5% over the next five years because of the increase in the proportion of the lottery going to it as well as in the number of people playing it.

Q14 Lord Foulkes of Cumnock: Why do you think that lottery money in that sector is good but any more money from Europe by increasing the MFF is not?

Ed Vaizey: Traditionally, over the past 20 years, the lottery has been seen as one of the elements that support funding for the arts and heritage. It is not there to support statutory provision, of course—the core grants given by the Arts Council to what are now known as national portfolio organisations come out of grant in aid. When we reached our settlement with the Arts Council, we were careful to ensure that we targeted our savings at—I am afraid it is a terrible phrase—the “back office” as opposed to the front line, so the Arts Council has reduced its grants to national portfolio organisations by just under 15% and will find savings elsewhere. For example, certain programmes that perhaps will have had support in this Committee and elsewhere, such as Creative England, have had to be cancelled.

Lottery money supports the arts, and has done for many years, through grants for the arts and similar schemes. It is used to support touring work by arts organisations, and for the past 20 years it has been part of the mix of arts funding in this country. However, we have never regarded European money as being a banked sum of money that we can factor in as part of our perception of the overall support for UK cultural industries.

The Chairman: I apologise, by the way, as I should have declared my numerous interests in the arts, which I think you are aware of.

Ed Vaizey: There is a whole page of interests here, Chairman, showing your passion for the cultural and creative industries.

Q15 The Chairman: It was the mention of English Heritage that made me remember that.

My next question is about the consultation exercise, which I think closes at the end of this week. Have you had a chance to look at the responses? Have they expressed support? What kinds of views have they expressed in relation to the Creative Europe proposal, including the proposed loan facility and funding increase?

Ed Vaizey: I have not looked personally at each response but I have had a report from my officials about them. I am told that we have received about half a dozen responses, generally supportive of the proposal. They might all come at once at the end of the consultation. Apparently they have expressed caution about the proposed loan facility and how it would work in practice. I do not know whether the small amount of responses indicates the level of interest across the sector in the proposal or whether there will be a sudden rush of responses. I have a couple of examples in front of me. The British Screen Advisory Council has expressed concerns about the proposed financial facility, and has said that it wants investors to have a look at it to assess how effective it is. I suspect that that body is coming from a different perspective, not simply opposing it in the manner that I am but asking whether it is a workable proposal from an investor's point of view. The Electric Shadow Company has expressed a view in support of these programmes, particularly seeing them as supporting indigenous UK film production as opposed to inward investment in UK film production.

Q16 The Chairman: If the number of responses were to remain at around half a dozen, how would you feel about that? Would you feel that it was a self-selecting group, and would it be an adequate sample from which to draw conclusions? How would you work with that relatively small number?

Ed Vaizey: That is a very good point. If it stuck at half a dozen responses, I would be concerned. Given the level of benefit that there has been in the 2006-10 period, particularly for some of the very well known organisations like the British Library, if the consultation closed and that had been the level of response, I would want to have a discussion with my officials about whether we felt that we had adequately publicised this proposal, and possibly a discussion with the Arts Council and English Heritage to see whether they felt that it had not been flagged up enough. At the close of the consultation I would like to write to the

Committee with some reflection about what the level of response says about our perception of the engagement with the consultation or support for the proposal.

The Chairman: We have three witnesses next week: Ann Branch, head of unit in the European Commission's DG Education and Culture; someone from Visiting Arts and someone from the British Film Institute representing MEDIA Desk UK. Doubtless they will give some fairly robust answers to these questions which, hopefully, will be useful for you as well.

Q17 Viscount Bridgeman: Mr Vaizey, you remarked briefly on the UK film industry. Lord Smith's committee laid great emphasis on the involvement with Europe. The financial benefits of the MEDIA programme were €66 million 2007-11, half of which was directed to UK companies and the other to non-UK European distributors. These funds have very much helped to boost British films in other European countries—140 films to the level of \$30 million in that period, including "The Iron Lady", "Slumdog Millionaire" and "The King's Speech", which had remarkably low budgets in comparison with the usual cost of these films. They show the sort of return on investment that these films can make. Following the publication of Lord Smith's review of the UK film industry, how do the Government intend to implement the recommendations that engage the European dimension?

Ed Vaizey: My understanding from my engagement with the UK film industry is that it takes this programme seriously. As I referred to when I was speaking earlier in response to the Chairman, this is one of the areas where I have been impressed by how the UK Film Council and now the BFI have had officials who know the programme inside out and are able to use it to benefit UK film-makers. We want to continue to engage with European colleagues through the current MEDIA programme via the British Film Institute, which is now responsible for all UK film policy. The programme has three main objectives: first, to preserve and enhance European cultural diversity; secondly, to increase the circulation of

what they call “audiovisual works” but you and I would call “films”, which it has been successful in doing; and, thirdly, to strengthen the competitiveness of the film industry. We support those objectives and I understand that we will continue to support the MEDIA programme and the BFI in working to ensure that it benefits UK film-makers as much as possible.

Q18 Lord Foulkes of Cumnock: Do you meet your fellow Culture Ministers from the other countries of Europe and discuss the development of the European dimension of the film industry?

Ed Vaizey: I have rarely met my fellow Culture Ministers. There has been only one Culture Council—I shall have to look at the records and, if necessary, write to correct the record—which I was not able to make. There is a great opportunity during the Olympics and Paralympics: the Scottish Government are going to host a cultural summit between the end of the Olympic and the beginning of the Paralympics, during the Edinburgh International Festival. That will be an important occasion on which to engage with European Culture Ministers, as well as engaging with Culture Ministers from outside Europe, on all these issues.

Q19 Lord Foulkes of Cumnock: I am very encouraged that it is the Scottish Government that are taking the initiative in bringing your counterparts together. Do you ever meet on a bilateral basis with the French or Greek Culture Ministers?

Ed Vaizey: I met the French Culture Minister at the Venice architecture biennale, in a brief meeting at the French pavilion. I am trying to recall if I have met others. I met the Russian Culture Minister, although obviously Russia is not technically part of the European Union, and I think that was also in Venice, which tends to be where I bump into my fellow Culture Ministers.

Q20 Lord Foulkes of Cumnock: I am not clear how you can follow up the European dimension that Lord Smith's committee recommends if you do not meet regularly with your counterparts and talk about what the European Commission is suggesting.

Ed Vaizey: You make a very good point, Lord Foulkes, particularly given the Commission's recent communication on the future of the film tax credit. I think that I have met the Hungarian Culture Minister as well, come to think of it. It is all coming back to me—it is repressed memory syndrome. I will take advice from an experienced politician that I should engage more with my counterparts, particularly on these issues.

Lord Foulkes of Cumnock: I look forward to seeing you at the Edinburgh festival as well.

Ed Vaizey: I am never one to pass up an opportunity to get someone else to do the work, so when the Scottish Government suggested holding this cultural summit I was only too glad to agree. I am sure that somewhere in there some complicated Scottish politics are going on.

Q21 The Chairman: So, to your knowledge, there are no specific structures or mechanisms that regularly bring Culture Ministers together?

Ed Vaizey: There is a European Culture Ministers Council. I go to Brussels a lot for the telecommunications summit council, and there are occasions when telecoms Ministers have a cultural overlap, but as far as I am aware—I will double-check this, and I will write to correct this if I am wrong—there has been only one Culture Ministers Council and I was not able to make it.

Q22 Lord Foulkes of Cumnock: It occurs to me, as an aside, that with a French film doing so well at the Oscars and the awards for British films as well, there is more that we could do now with the French film industry to take advantage of that.

Ed Vaizey: That is right. Across the piece there are successful German and Spanish films and so on, and you have given me some food for thought. For example, I should be more proactive in thinking about how we could use, for example, the BAFTAs, although it is an

independent charity that is not there to do the Government's bidding, or the London film festival to invite my fellow culture Ministers to come and immerse themselves in UK culture.

Q23 Lord Foulkes of Cumnock: That is a very helpful response. I turn to the publishing industry, one of the largest creative industries in the United Kingdom with a turnover of £19 billion. Creative Europe suggests that we should use resources to translate 5,500 books into some of the 23 languages of the countries of Europe. How could we take advantage of that to support British publishers, particularly those outside London?

Ed Vaizey: That is a very important point. It is worth making clear, as I think you did in your question, how important the publishing industry is to the UK. It is not often front of mind when it comes to political discussions because it is one of those industries that do not often come to Government demanding a tax credit or a subsidy; it is extraordinarily successful in its own right. Publishing has every right to say that it should have a higher profile in political circles, so I am particularly looking forward to participating in the London Book Fair, where China is this year's official guest nation, to highlight not only the success of UK publishing but its international success as well. I was pleased to see it proposed in the proposal that more than 5,500 books and other literary works should be translated. This would benefit smaller publishers that specialise in publishing translated works as well as publishers that publish original works in English, which will have the opportunity to have their work translated into a wider range of languages. The Commission is keen to encourage the translation of works into English, as they are then more likely to be translated into other languages. That also helps British writers who happen to write in Gaelic or Welsh. We want to work with the Publishers Association, a very effective trade body ably led by Richard Mollet, to ensure that these opportunities are appreciated. To pick up on what Lord Foulkes said, when we work with the Publishers Association the focus is not just on engaging with the major publishing

houses, which will probably be fully aware of this facility, but on ensuring that that smaller publishers are aware of this opportunity, particularly those outside London.

Q24 Lord Foulkes of Cumnock: That is very helpful. In our House we are very conscious of the importance of publishing when we have Baroness Rendell and Lord Dobbs among us, not to mention Lord Fellowes.

Ed Vaizey: We should not forget Baroness James.

The Chairman: Yes, we have many writers.

Ed Vaizey: And Lord Mandelson, whose autobiography was a bestseller.

The Chairman: Are we talking about works of fiction? I have no comment.

Q25 Baroness Scott of Needham Market: I was going to say that, Chairman, but I thought it would be quite unseemly.

I want to ask about film distribution. A few years ago, when I was on the House of Lords Communications Committee, we undertook an inquiry into the British film industry. One of the issues highlighted was the question of distribution and what I could fairly describe as the stranglehold by a very few American distributors. Do you have any thoughts about whether there is a role for Government either here or in a European context—either European states or the EU—in helping the distribution industry? There is a real link here to independent production and moving away from big blockbuster movies.

Ed Vaizey: That is a massive issue. It is the logjam in the future success of the British film industry. As you know, what tends to happen is that after a film is green-lit, if you like, a lot of people then need development money, so the film policy review emphasised a clear focus on development assistance. Then you make the film but afterwards you do your distribution deal, and that is when you give up a lot of your IP. So what we regard as huge successes in independent British film production tend also to be enormous financial successes for the distributors—“Slumdog Millionaire” being a very good example where very little money

came back to the UK because they had to rely on an American film distributor. That is a big problem. One of the recommendations from Lord Smith's film policy review was to ensure that proposals that come to the BFI for funding come with a distribution deal, so the hope is that independent productions can tie up with a distributor earlier before giving away the IP, so that when the funding is put in place the IP can be more fairly distributed between the producer and the distributor. We are also looking at whether we can use a network of what are known as cross-art venues—what you or I might call art-house cinemas—to support distribution within the UK, so that independent British films can be seen by audiences across the country without necessarily relying on the big distributors.

The big question in trying to predict the future is how distribution will change. It is not just about getting films out into cinemas or on television but more and more about getting them out through what are known as over-the-top services such as Netflix and LOVEFiLM. I know that there is concern among the British film community, although this is vigorously resisted, that distributors do not give enough of the cut to films and that companies like Sky do not pay enough for British films. Those are all live issues that the film policy review addressed, and we hope in response that the BFI will take them a stage further.

Q26 The Chairman: There are some proposals in Creative Europe that are extraordinarily hands-on, such as funding for individual cinemas to show certain films. Do you think that is going too far in terms of intervention at a European level? Do you think it is better left to member states? Should we be quite so hands-on?

Ed Vaizey: My instinct is not to be too hands-on. I am always wary if you get into a position where you are effectively directly subsidising a particular facility or exhibition. My instinct would be to be cautious on that. If there is a way that we can use the public money that finances film production in the UK to ensure better distribution deals with a better cut of the profits for independent film-makers, that would be a more sustainable way forward.

Q27 The Chairman: There is the issue of the cut, as you say, but there is also the issue of the range of material that is deemed to be popular or indeed accessible to audiences. You mentioned art-house; film-makers say to me that it is really hard to get a distributor to see beyond quite a narrow view of what an audience will want to watch, and then it becomes a self-fulfilling prophecy.

Ed Vaizey: That is weird, is it not? I know that it is a deeply dull and boring cliché, but I will say it anyway: the point has been made on every programme about film that if I came to you as an exhibitor and said, “I’ve got this great film—it’s a silent movie shot in black and white and made by the French”, you would say, “Get out of my house”. It is odd that they seek to focus only on blockbusters or quite homogenous films when year after year the films that sweep the board are the difficult, awkward, non-mainstream ones that not just critics but audiences end up loving. I think that people love quality, and they love movies with heart—“The Descendants” and “The Help” are also good examples of films that are not smash-and-grab action movies but that audiences love.

The Chairman: Minister, thank you for your most helpful responses. If anything else should occur to you or your officials, we would welcome any further written evidence.