



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

COMMUNICATION AND CONTENT

The Media Challenge for Wales Report for the Minister for Heritage

WELSH ASSEMBLY GOVERNMENT

Broadcasting Advisory Group

November 2008

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1 - INTRODUCTION

THE BROADCASTING ADVISORY GROUP – MEMBERSHIP

- 1.1 The Group was appointed by the Minister for Heritage of the Welsh Assembly Government. Its members are Huw Jones (Chair), Julie Barton, Geraint Talfan Davies, and Professor Kevin Morgan.

TERMS OF REFERENCE

- 1.2 The main task for the group will be to examine a range of options for ensuring that English language television programmes from Wales continue to offer plurality to viewers with regard to news, current affairs and general interest programmes. The task and finish group will be charged in particular with:

- I) examining the implications of Ofcom's latest advice regarding the ITV network's approach to its public service obligation in Wales;
- II) advising on how an appropriate provision of English-language programming for and about Wales, from more than one source, can be secured;
- III) considering whether alternative licensing arrangements and/or structures might better safeguard the interest of Welsh viewers;
- IV) identifying opportunities and challenges arising from the rapid development of digital technologies and the convergence of what are currently separate digital platforms.

- 1.3 Based on its investigations, the group will be expected to make recommendations to the Welsh Assembly Cabinet designed to

ensure plurality of programme supply and compelling, accessible television and audio visual content which reflects the needs and interests of Welsh citizens.

- 1.4 The group's recommendations should include proposals intended to ensure plurality under the terms of the existing ITV licence up until 2014 as well as identifying options for the longer term. The group will be expected to make initial recommendations by December 2008.

PURPOSE OF REPORT

- 1.5 Responsibility for broadcasting in Wales rests with the Government at Westminster, rather than with the Welsh Assembly Government. It is to be expected, however, that the Welsh Assembly Government will have views on these matters and that these will be taken into account by Westminster in formulating broadcasting policy.
- 1.6 This Report makes recommendations as to the objectives the Welsh Assembly Government may wish to pursue in making representations to Westminster regarding the production and transmission of audiovisual content in the English language from and for Wales. The same recommendations, if accepted, are also intended to contribute to the Welsh Assembly Government's response to Ofcom's Phase 2 Consultation on Public Service Broadcasting.
- 1.7 Time constraints have not allowed us to broaden the scope of our report into closely related areas, such as radio, which are equally deserving of the Assembly Government's interest, and we recommend further investigation in that field.

SOURCES

- 1.8 The group was first convened on October 15th 2008 and in the event was required to complete its work by November 28th. The time limitation and pre-existing commitments of group members have clearly limited the scope of the report, in particular the ability to commission new work. We were fortunate however in that a great deal of previous work was available for our consideration including that underpinning phases 1 and 2 of the Ofcom PSB consultation, and reports by The Institute of Welsh Affairs, The Welsh Assembly Broadcasting Committee, the WAG Heritage Department, PACT, the Cardiff School of Journalism and others.
- 1.9 We have commissioned a report on digital capacity in Wales and have considered information about broadcasting in other European countries provided by the European Broadcasting Union. We have also commissioned two opinion pieces by respected Welsh writers which are included as annexes.
- 1.10 Most of all, we have talked to a wide range of organisations and individuals, including members of the general public through small focus groups, to all of whom we are very grateful for their time and thoughtful contributions. A list of those consulted is included at Annex A.

2 - SUMMARY

- 2.1 This review of public service broadcasting and the legislation that will follow represent a necessary opportunity for a fundamental re-evaluation of media provision in Wales.**
- 2.2 This is a once in a generation opportunity to define what should be the appropriate scale and range of English language television provision for Wales, as well as to ensure continued plural provision of well-resourced journalism.**
- 2.3 For all these reasons this is not the moment for thinking which is confined to short-term issues and fixes, but for institutional innovation that matches the challenge of Welsh circumstances in a new media age.**

THE GOAL

- 2.4 As a nation, the people of Wales have a right to easily available media in the English language that reflect all the purposes of public service broadcasting as defined both by Ofcom for all PSB providers and by the Government for the BBC.
- 2.5 Such provision should be in addition to the specific and different needs of Welsh-speakers, for whom S4C remains the only television platform available in their own language.
- 2.6 The totality of media provision in Wales must contribute to and fully reflect:
- l) a properly informed democracy, able to access high quality reportage, analysis and investigation from a variety of professional sources.

- II) a culturally rounded society, for which the media provide adequate room for full and varied expression.
- III) A visibly creative economy in which the media pioneer innovation and are a driver of the creative industries.

2.7 The current system does not achieve all these goals now, and needs substantial enhancement. Without significant intervention it will weaken further and the opportunity to fulfil Wales's creative potential, with all the economic and democratic benefits that that would entail, could be missed.

THE CURRENT MEDIA SITUATION IN WALES

2.8 The situation is serious. While media outlets proliferate, those involving material originating in Wales contract and media consumption in Wales is dominated by material from outside.

2.9 At a time of massive technological change and opportunities for global interaction, Wales is on track to be a passive consumer of content created by others rather than having a strong voice of its own.

2.10 ITV Wales cutbacks, from an already low base of English-language content from and for Wales, will compound the effects of the decline of local print media, the weakness of commercial radio and the scarce Welsh presence on UK broadcast networks.

2.11 BBC Wales has to make savings of £3m. per annum for the next five years.

2.12 At the point of Digital Switchover, S4C loses the programmes it

receives free from C4, together with the advertising revenues derived from broadcasting these programmes in Wales.

2.13 Taking BBC Wales and ITV Wales together there is danger that the annual value of television output in English for Wales will have declined by £25-30m in real terms from its 2006 level by 2013.

2.14 The decline in ITV's ability to fund Welsh news and non-news programmes is real. Even with these cutbacks, there is no guarantee of their continuation beyond 2012. We should accept this reality and seek other ways of funding to meet the need.

THE ENGLISH-LANGUAGE SERVICE FOR WALES

2.15 Plurality in the provision of news is essential to avoid a near-exclusivity of reporting of Wales by the BBC, and in order to access different audiences.

2.16 While ITV retains its current audience, news and current affairs on ITV Wales must be preserved but also be better resourced.

2.17 The current English language provision in non-news programming outside sport is not a defensible provision for a developed national community with the cultural legacy that Wales commands. Conditions must be created that allow English language provision for Wales to grow in volume, range and ambition. Plurality of supply will be important.

2.18 Quality programmes are essential to win the respect and loyalty of viewers in a fragmenting media world.

2.19 ITV continues to offer the best opportunity for achieving maximum audience impact outside the BBC for both news and non-news

programming and means should be sought to facilitate the preservation of the Wales opt-out slots, which should be publicly funded with content provided by a third party. These means might include creating a Wales-only ITV licence.

- 2.20 Exploitation of new digital media, as outlets for Welsh creativity, community and comment, must be facilitated.
- 2.21 The democratic and cultural deficit described in this report is of sufficient seriousness for it to command a very high level of priority and urgency in the formulation of Government policy, as it considers the future of PSB.
- 2.22 There is an urgent requirement to find a new mechanism or mechanisms to fund programming and content which meet the English language media needs we describe.
- 2.23 The needs of the English-speaking public in Wales are over and above those of Welsh-speakers, for whom S4C is intended to provide a service that is a counterbalance to all the English-language TV received in Wales, from all sources.
- 2.24 S4C statutory funding should continue to be dedicated to its core purpose, though the possibility of offering operational support for a future English-language service should be explored. The S4C Authority should continue to be the statutory guarantor of the fulfilment of the channel's remit.
- 2.25 Steps must be taken to ensure a deeper and more open discussion about the nature and development of journalism in Wales across all media. It should be a discourse that engages practitioners, civil society and the wider public.
- 2.26 The ITV Wales archive represents a hugely valuable national asset,

and its preservation should be an essential condition of holding the ITV licence for Wales. If ITV were to cease to hold this licence, the archive should be transferred, at no cost, to the National Library for Wales.

A NEW INTERVENTION

- 2.27 A Wales Media Commission should be established as soon as possible. Its form, remit and funding should be confirmed in legislation, in order for it to be able to act and commission independently of government.
- 2.28 The Commission would specifically address the need to retain flexibility, without regular recourse to legislation, in order to respond to changing technology, market conditions and patterns of consumer consumption. Its compass would extend across all media, including radio.
- 2.29 Its method of operation should be one of inviting competitive tenders for a small number of substantial medium-term contracts of, say, 3-4 years' duration. This would incentivise imaginative thinking and collaboration between commercial entities, public service operators and Welsh social enterprises.

For Example:

- l) One tender might be for the provision of an evening-news service, to be transmitted on a mass-audience channel, in combination with a weekly current affairs programme. Such a tender might involve collaboration between two or three partners, not all necessarily current broadcasters and could also seek to provide a rounded news service for community and commercial radio in Wales.

- II) Other tenders might be for blocks of documentary or drama programmes relating to Wales, to be provided over a three year period, which would be conditional on securing transmission at defined hours of the day on channels achieving a defined minimum level of reach.
 - III) Another tender might invite proposals to run a New Media fund, whose outputs would be a large number of micro projects, testing new ground. This could be allotted to an existing public service organisation, or to a commercial body.
- 2.30 Existing broadcasters, such as S4C, ITV and C4 each might have a role to play in such tenders, providing their core functions were safeguarded.
- 2.31 Restricting the duration of contracts to 3 or 4 years would build flexibility, so that in future different priorities could be addressed if patterns of media consumption change.
- 2.32 The aim should be to keep the overheads of the Commission as low as possible and avoid bureaucracy – hence the proposal that the contracts should be few in number and extensive in duration.
- 2.33 It should be required to provide at intervals of not less than two years a qualitative overview of the media in Wales, balancing the more quantitative assessments undertaken by Ofcom, and feeding in to governmental consideration of media strategy and legislation.
- 2.34 It would have a statutory duty to promote freedom of expression, and be charged with maximising synergies between broadcasters and other agencies in the creative industries field.

A NEW CHANNEL

- 2.35 The Wales Media Commission should consider tendering for the provision, by a single body or by a combination of organisations, of an English-language television channel for Wales, possibly in combination with access to news slots on another channel, new media outputs etc.
- 2.36 Spectrum capacity should be secured to allow for this option, on the same basis as for other PSB's.
- 2.37 Any such channel could be supported by the BBC or S4C, through the sharing of operational facilities at marginal cost. Opportunities could arise in the fields of transmission, engineering, research, marketing, HR and finance facilities.
- 2.38 Collaboration with S4C is more likely to be the preferred option, consistent with the fundamental aim of securing plurality.

NETWORK SUPPLY

- 2.39 The BBC's commitment to deliver 17% of network programming by 2016 should be brought forward to 2012.
- 2.40 There is no reason why C4, as a not for profit public service broadcaster, should not be subject to the same target as the BBC, although its current low base will make a 2016 target reasonable. The proposal made by Ofcom that C4's target for production from the three nations should be 3% of network spend is unacceptable.
- 2.41 Decentralisation of production is not enough on its own. The main UK networks, including C4, must be incentivised to show programmes that retain a Welsh "sense of place" alongside a wider appeal.

FUNDING

- 2.42 Broadcasting is not a devolved matter. Therefore, funding should be found from UK sources.
- 2.43 The Commission might have a role in distributing some existing WAG expenditures in the creative industries field.
- 2.44 Ofcom has described a number of possible sources of such funding and we do not offer a view as to their relative merits and disadvantages.
- 2.45 The restoration of the £25-£30m value to Welsh broadcasting likely to be lost between 2006 and 2013 should be the minimum policy objective. The proposals we have outlined, if implemented in their entirety, would require an annual investment of around £50m. We anticipate that this would be able to generate considerable further investment from co-producers and other private sources.
- 2.46 We advise that it would be wholly unacceptable if Government policy were confined to protection of the current resource base of C4 and the BBC – without appropriate provision being made to address the deficits we describe.

3 - THE CONTEXT – DEVOLUTION AND A CENTRALISING MEDIA

- 3.1 Its broadcasting system has been universally adjudged to be one of the United Kingdom's glories. Quality of service has been the primary consideration of Parliament and successive broadcast regulators. Competition, since finally admitted in the 1950s, has usually been actively managed to achieve this end. The citizen was recognised before the consumer, though in recent years the consumer has been more to the fore. As a result the system has had strong and consistent public support. Its one persistent weakness has been its tendency towards centralisation, even where, as in ITV and commercial radio, the original structures were set up with the intention that they should be regional or national in form and output.
- 3.2 In Wales, Scotland and Northern Ireland the centralising trend of radio, television and newspaper ownership has run directly counter to the devolutionary trend of government. The creation of democratic governments within these countries poses fundamental questions for the historic media dispensation. Many of those questions are far from new, and are inherent in the historic identity, culture and languages of each, but the advent of their own democratic institutions in 1999, with their own pressing need for public connection and engagement has brought particular media deficits into sharp and urgent focus. As Ofcom notes, notwithstanding the existence of S4C, the media deficit is considerably worse in Wales than in Scotland or Northern Ireland. Without significant public intervention it will get worse still.
- 3.3 This media deficit in Wales is evidenced by the following factors:
- l) Indigenous print media are already very limited and are threatened by structural change. No London newspaper publishes a Welsh edition. Nearly 90% of daily newspaper readers in Wales are reading papers with no Welsh content.

- II) There is relatively weak commercial radio provision, with no speech radio competition for the BBC. None of the ILR stations are indigenously owned.
- III) Wales is the only devolved nation without an independent, indigenous ITV franchise holder.
- IV) The costs of the ITV public service obligations for Wales will exceed the benefits to ITV earlier than in Scotland or Northern Ireland.
- V) Wales will have the lowest population coverage of any of the four UK countries for terrestrial digital transmission systems in both radio and television.
- VI) Penetration of high speed broadband is problematic in many areas and take-up has been slower than elsewhere in the UK, particularly among the socio-economic groups likely to be heavy users of the ITV Wales service.

3.4 All this seems unnecessarily paradoxical at a time when technology has created more avenues of communication than ever - more television and radio channels, opportunities for video on demand through the television set or computer, and access to an infinite supply of information through the internet. Individuals are exploring these opportunities enthusiastically and in increasing numbers, but we have yet to harness the potential for society as a whole.

3.5 **The current review of public service broadcasting requires a fundamental and urgent re-evaluation of media provision in Wales. Against a background of rapid and revolutionary technological change, Wales is faced with becoming a passive consumer of content created by others rather than having a strong voice of its own.**

3.6 **This is a once in a generation opportunity to define what should be the appropriate scale and range of English language television provision for Wales, as well as to ensure continued provision of high-quality journalism from more than one source .**

3.7 **This is not the moment for thinking which is confined to short-term issues and fixes, but for institutional innovation that matches the challenge of Welsh circumstances in a new media age.**

3.8 This re-evaluation of our needs must take into account:

- I) the imminent end of an ITV funding model that has supported plurality in public service broadcasting for 50 years, the planned reduction of ITV's service for Wales in January 2009, and the possibility that ITV might withdraw completely from PSB obligations.
- II) the heightened democratic and cultural needs of a country experiencing newly devolved government.
- III) the explosion of media choices on offer to the public.
- IV) the economic and cultural potential of the broadcast and online content sector.

THE CHALLENGE

3.9 On the basis of our knowledge and experience of Welsh life and media and the evidence we have taken from a wide variety of sources, we conclude:

3.10 **As a nation, the people of Wales have a right to easily available**

media in the English language that reflect all the purposes of public service broadcasting as defined both by Ofcom for all PSB providers and by the Government for the BBC.

3.11 That such provision should be in addition to the specific and different needs of Welsh-speakers, for whom S4C remains the only television platform available in their own language.

3.12 The totality of media provision in Wales must contribute to and fully reflect:

I) a properly informed democracy, able to access high quality reportage, analysis and investigation from a variety of professional sources.

II) a culturally rounded society, for which the media provide adequate room for full and varied expression.

III) a visibly creative economy in which the media pioneer innovation and are a driver of the creative industries.

3.13 The current system does not achieve all these goals and needs substantial enhancement. Without significant intervention it will weaken further and the opportunity to fulfil Wales's creative potential, with all the economic and democratic benefits that that would entail, could be missed.

3.14 The situation is sufficiently serious for this to command a very high level of priority and urgency as the Government considers the future of public service broadcasting.

4 - PUBLIC PURPOSES IN A WELSH CONTEXT

4.1 Public service broadcasting in Britain has been successful because it has not defined its mission narrowly. Its purposes have been defined by Ofcom for all PSB broadcasters and, more succinctly, by the Government for the BBC:

4.2 **Informing**

- I) sustaining citizenship and civil society (BBC Charter).
- II) to inform ourselves and others and to increase our understanding of the world through, news, information and analysis of current events and ideas (Ofcom).

4.3 **Educating and entertaining**

- I) promoting education and learning (BBC Charter).
- II) stimulating creativity and cultural excellence (BBC Charter).
- III) to stimulate our interest in and knowledge of arts, science, history and other topics through content that is accessible and can encourage informal learning (Ofcom).

4.4 **Representation**

- I) representing the UK, its nations, regions and communities (BBC Charter).
- II) to reflect and strengthen our cultural identity through original programming at UK, national, and regional level, on occasion bringing audiences together for shared experiences (Ofcom).
- III) to make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and

elsewhere (Ofcom).

- IV) bringing the UK to the world and the world to the UK (BBC Charter).

4.5 ***Technology***

- I) in promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television. (BBC Charter).

4.6 In addition, Ofcom has stated that public service programming should have the following characteristics:

- I) High quality – well funded and well produced.
- II) Original – new UK content, rather than repeats or acquisitions.
- III) Innovative – breaking new ideas or re-inventing exciting approaches, rather than copying old ones.
- IV) Challenging – making people think.

4.7 **With only minor amendment there is no reason why programme services for Wales, too, should not fulfil these broad goals, match these characteristics, and be judged against them. All are relevant.**

4.8 **Yet, the evidence that we have received suggests that:**

- I) **the historical provision in the English language has only ever met these requirements partially, because it has been constrained by spectrum space, finance, and a false hierarchy of purpose in broadcasting as between the centre**

and the nations.

- II) a heightened sense of Welsh cultural identity, and the increasing public recognition of the distinct features of Wales society, together with its creative aspirations and potential, requires a much fuller service in the English language.**

- III) yet without intervention Wales faces instead the prospect of a damaging reduction in the current volume and range of such programming that will compound the effects of local print media in decline and the scarce Welsh presence on UK broadcast networks.**

5 - ENGLISH LANGUAGE PROGRAMMING FOR WALES - THE STORY SO FAR

- 5.1** English language television programmes for Wales have always existed as opt-outs from the BBC and ITV services. Between the early 1960s and 1982, in a three channel environment, they shared this outlet with Welsh language programming, severely constraining the hours produced in both languages, and producing significant public irritation at the inevitable displacement of networked programmes.

- 5.2** In 1982, with the advent of S4C, all Welsh language programming migrated from BBC and ITV to the new channel, allowing English language programming for Wales to expand. English language output grew until, in the late 1990s, both BBC Wales and HTV Wales were producing around 12 hours per week.

ITV IN WALES

- 5.3 Under pressure from the financial burden of the 1991 ITV franchise auction and soon the emerging multi-channel environment, ITV began to lobby first for reductions in its annual payments to the Treasury. In 1995 the Independent Television Commission agreed a reduction in these payments in the light of increasingly competitive conditions and in order to protect investment in programming. In 2002 these licence fee payments were done away with.
- 5.4 In this decade ITV has lobbied consistently for reductions in regional output, and in 2002 the ITC agreed a Charter for the Nations and Regions under which output for Wales was cut back to 10 hours a week. Subsequently it reduced to 9 hours (5 hours of news, 4 hours of non-news). A planned further reduction of one hour of non-news was overtaken in September 2008 by the announcement that total output would reduce further to 5.5 hours (4 hours of news, 1.5 hours of non-news) in January 2009.
- 5.5 ITV's spend on its service for Wales has reduced even more quickly than the volume of its output, with reductions in cost per hour sharply reducing the range and ambition of output. In 2007 Ofcom data implied a spend of £12.9m. By 2008 the annual spend had been reduced to £9m, and ITV have told us that this will be reduced to 'between £5m and £6m' for 2009.
- 5.6 Some have queried whether ITV's financial position requires them to make such reductions and whether Ofcom should concede them. We do not, however, accept the view that Ofcom's analysis of ITV's financial position is incorrect. We have asked all our interviewees whether they were aware of any evidence which supported a contrary conclusion, and were not offered any.
- 5.7 The fundamental issue, however, relates to the general trend of

revenue, which is unarguably downwards, particularly at a time of steep economic downturn, and leads us to conclude that there is little purpose in focusing narrowly on the exact point at which 'the Welsh ITV licence' turns negative in value.

- 5.8 While the latest reduction in the total minutage of news programmes may not be critical, since the minutes to be lost are at times of day when viewing is light, we are concerned by the prospect of further diminution in ITV Wales's investment in quality journalism inevitably resulting from financial cut backs which follow those which have taken place in preceding years.
- 5.9 The reduction in non-news programmes from 4 to 1.5 hours per week, on the other hand, is a very substantial reduction in the range and diversity of programming on offer to viewers. Despite low budgets, ITV Wales' popular local programming has been appreciated by the public and has generally been different in tone to that of BBC Wales. This reduction will represent a serious diminution of viewing choice for the people of Wales.
- 5.10 One of our main concerns is the rapidity of this change. The output reductions will inevitably have the undesirable effect of reducing audience exposure to Welsh issues, confirming the trend to non-engagement and deterring talent from entering the industry.
- 5.11 Furthermore, there is no commitment to the retention of even this lower level of Welsh programming beyond digital switchover in 2012. As things stand, at the point at which all homes become exposed to the greatly increased choice of viewing offered by digital television, the BBC will become the only provider of news and non-news programmes for Wales in English.
- 5.12 It is vital therefore that new structures are put in place sooner rather than later, to preserve as much as possible of the existing level of

provision and competition, and to allow the new challenges of reaching audiences in a world of converged media to be met while continuing to benefit for as long as possible from the strengths of traditional media and the investment in content creation which they represent.

- 5.13 The mechanism which imposes obligations on ITV is the Channel 3 licence for Wales and the West, which it holds. As it stands, this licence is due to expire in 2014, which is two years after digital switchover.

BBC WALES

- 5.14 BBC Wales originations had expanded to 13.7 hours per week by 2000 and peaked at 16.9 hours in 2003-04. This has reduced in each of the four subsequent years, so that in 2007-08 originations stood at 14.7 hours. In 2001 BBC Wales launched the BBC2W service on digital only. This was a daily block of 2 hours Welsh programming in peak time, although composed mainly of repeats. However, this service will be brought to an end early in 2009, prior to the end of analogue transmission, following a decision to merge the BBC2 and BBC2W services. This will entail a further reduction in broadcast hours of programmes for Wales.

- 5.15 In nominal terms the BBC Wales spend on English language television output peaked in 2005-06 at £26.8m and has since declined to £24m. This implies an even sharper reduction in real terms. BBC Wales is also required to achieve savings of £3m per annum over the next five years, a reduction of more than £15m. across all its services for Wales and its network production. Current policy towards its service for Wales is to concentrate investment to emphasise quality across a lower output.

- 5.17 This planned reduction may well affect the BBC's supply to S4C after the expiry of the current strategic agreement which committed the BBC

to an increase in investment on S4C from £20.6m in 2006 to £25.1m in 2009. That decision will be taken by the BBC Trust.

- 5.18 **Taking BBC Wales and ITV Wales together, even if the nominal value of the ITV spend in Wales is maintained at its planned 2009 level, the annual value of television output in English for Wales will have declined by £25-30m in real terms between 2006 and 2013, the year before the ITV licences expire. At the moment that ITV either ceases to fund regional news or were it to withdraw from the PSB family altogether, the loss of value will be even greater. The restoration of this value should be the minimum policy objective.**

Two further points need to be made:

- 5.19 **First, the scale and value of programme services for Wales is an entirely separate issue from the aspiration for an increased contribution from Wales to UK networks. The two issues should not be conflated.**
- 5.20 **Second, the need to protect Welsh language provision and to prevent further loss of value from English language services for Wales should not be taken to imply that the *status quo ante* in English represents a sufficient and satisfactory service.**

6 - INFORMATION, CITIZENSHIP AND CIVIL SOCIETY

- 6.1 Concern about the paucity of Welsh channels of information in print and broadcast has prompted much public debate, particularly since the establishment of the National Assembly for Wales in 1999.
- 6.2 Arguably, this constitutional reform represented a bigger change for Wales than the creation of the Scottish Parliament did for Scotland.

Welsh civil society was much less developed than in Scotland, and required to make a much bigger adjustment. For instance, while Scotland had retained an unbroken legal tradition of its own, Wales was seeing the development of a body of distinct Welsh public law for the first time in 800 years. Since the passage of the 2006 Government of Wales Act, the Assembly is now in a position to pass measures that have all the force of an Act of Parliament.

- 6.3 For these reasons, the Assembly's need, as a still relatively new and novel institution, to develop a deep level of engagement with the public has represented a large and pressing challenge. In its first decade it has faced the challenge of writing itself into the narrative of people's lives from a standing start, and in the context of a public disengagement from politics that afflicts most democracies in the developed world.
- 6.4 It has not been helped by the almost total absence of references to Wales in the news pages of London newspapers and the central news services of the BBC, Sky, ITV and Channel 4. Only in 2008 did the BBC begin to react to this massive editorial lacuna, following the report by Professor Tony King for the BBC Trust. There has been no comparable response from any of the other London-based media.
- 6.5 This has only redoubled the need for a continuing active response from Welsh media, and for a raised level of journalism within Wales. This has not been easy to achieve in an era when the economic and technological pressures on original journalism have been severe, often combining reductions in staff with a requirement for increased multi-media output. Indeed, some commentators have likened constitutional development, on the one hand, and journalism and media development on the other, to two vehicles on a motorway travelling in the opposite direction. The over-riding policy objective must be to bring the two into a positive alignment.

- 6.6 In this situation it is reassuring that news and current affairs is judged by the public to be the most important area of programming to sustain. In Wales 76% of those surveyed by Ofcom¹ also thought it important to have competitive provision.
- 6.7 However, many to whom we spoke, while generally supportive of BBC Wales and ITV Wales news and current affairs output, also voiced criticisms that are seen as common to many regional news programmes: - relying too heavily on a diet of crime and casualties and sometimes too ready to put entertainment value ahead of editorial purpose. This can result in programmes that do not always seem to aspire to the same journalistic values as the UK news programmes that preceded them. This was characterised succinctly by one member of the public in one of our discussion groups by reference to “the big news and the little news.”
- 6.8 Such a pithy perception throws out a challenge to the Welsh journalistic culture, and perhaps to non-metropolitan journalism as a whole. Some practitioners have wondered whether declining morale at ITV has blunted the competitive edge of both ITV and BBC offerings.
- 6.9 In current affairs, staff and budget reductions at ITV Wales have reduced the investigative capacity of its current affairs programmes, while both ITV and BBC are seen to be reluctant to attempt extensive engagement with policy issues. Others have questioned why a Welsh equivalent of the BBC’s *Question Time* exists in the Welsh language on S4C (*Pawb a’i Farn*) but not in English on BBC or ITV.
- 6.10 These criticisms apart, people have been unanimous in seeing the presence of news and current affairs about Wales on both ITV1 and BBC1, with their different and complementary demographics, as the most important single means of keeping the Welsh public informed of

¹ Ofcom: PSB review, Phase One: The Digital Opportunity, 2008. p34

events and issues in Wales.

- 6.11 The weekly reach of the BBC's *Wales Today* is 575,000, while that for ITV's *Wales Tonight* is 250,000, and it is important to note that there is only a small overlap between the audiences to both programmes, with only 10% of the audience viewing both. The potential loss of an ITV early news programme for Wales would, therefore, mean a very marked reduction in the audience to news of Wales, particularly amongst the C2DE groups.
- 6.12 As the IWA noted, "Although some viewers would no doubt transfer to the BBC Wales programme, there would certainly be a considerable drop in the total audience since ITV would, in those circumstances, be certain to schedule aggressively against the BBC's early evening news hour."²
- 6.13 Similarly, the withdrawal of ITV from Welsh services would mean an even more significant reduction in the audience to current affairs programmes for Wales, since the ITV Wales programme (*Wales This Week*) is the only one currently scheduled in peak, at 1930, delivering a larger audience than the BBC's equivalent programme (*Week In Week Out*) scheduled on BBC1 at 2230. *Wales This Week* wins an audience share greater than the share figure achieved by the ITV network's Trevor Macdonald programme in the same time slot.
- 6.14 The prospect of such large and avoidable reductions in the audiences to news and current affairs is all the more forbidding given the absence at the all-Wales level of any speech radio competition for the BBC and the very limited nature of Welsh print media. The IWA audit earlier this year described a situation where "each day only 100,000 readers in Scotland read newspapers with almost no Scottish content, whereas in

²

IWA: Media in Wales - Serving Public values. 2008. p52

Wales 1,760,000 are reading papers with virtually no Welsh content.”³
Its report concluded: “It seems to us impossible to argue that those figures do not have serious consequences for informed democracy in Wales.”

- 6.15 It is important that this public purpose remains to the fore, so that citizenship and civil society is supported. Despite the considerable progress of recent years, broadcast and print journalism in Wales still has some way to go before it matches, qualitatively, in every regard the challenges posed by the existence of new legislatures and governments. We would stress that these new institutions, while serving the three nations, are also an integral part of the British constitution. For that reason, their needs in terms of public engagement, and their ultimate success are issues not only for Wales but also for the UK as a whole.
- 6.16 **News and current affairs on ITV in Wales must not only be preserved, in order to maximise the audience, but also be better resourced, while BBC Wales should seek to use its considerable journalistic resources, particularly in television news, to even better public effect.**
- 6.17 **The BBC Trust’s decision not to approve the BBC’s proposals for localised online video will be welcomed by many as offering an encouragement to other providers to invest in online services. The implications of such a decision are surely that BBC Wales should maintain and enhance the quality of its national focus as its true priority. The outcome envisaged, namely that the money allocated to BBC Wales for online services should now revert to central funds, with a real reduction in journalistic resources in Wales, is perverse.**

³

IWA: Media in Wales - Serving Public values. 2008. p57

- 6.18 **Steps must also be taken to ensure a deeper and more open discussion about the nature and development of journalism in Wales across all media. It should be a discourse that engages practitioners, civil society and the wider public.**

7 - NON-NEWS PROGRAMMING

7.1 We have noted widespread concern that, because of the obvious importance of news and current affairs programming, government and regulators may under-estimate the importance of non-news programming. This would be a fundamental mistake in assessing the views and needs of Welsh audiences.

7.2 Audience figures and all attitudinal research in recent years point to the fact that the Welsh public places a high value on this programming, when properly resourced and scheduled.

7.3 That is evident in:

- I) the results of the public surveys undertaken by Ofcom as part of this PSB Review, where substantial majorities stressed i) the importance of 'programmes about my nation/region', ii) the importance of having more than one provider but iii) a much lower level of satisfaction with the current programming. The gap between registered 'importance' and 'satisfaction' in Wales is 29 percentage points.
- II) the results of an intensive two-day citizen's jury exercise carried out for the ITC in Wales in 2002, which strongly resisted any reduction in ITV's output from 12 hours to 10 hours, and came down in favour of increased investment to raise quality.
- III) evidence presented to us through discussion groups involving

the general public.

7.4 Both BBC Wales and ITV Wales are able to produce programmes of high quality that can demonstrate both public value and popularity. The storytelling of *Fishlock's Wild Tracks* on ITV, or, from BBC Wales, the environmental enthusiasm of a Iolo Williams or the ambitious journey into history of *Coalhouse*, are but three examples of programmes that have won large audiences and proved competitive within the overall schedule. They are in a distinguished lineage, and it is this history that has, in particular, produced such concern over the precipitous decline of ITV Wales. It is not possible today to disguise under-funded programmes.

7.5 It is undeniable that quality of output is essential to win the respect and loyalty of viewers, especially in a fragmenting media world. But however much emphasis is placed on quality, there is today an inescapable issue to do with quantity and balance. An examination of the total current output in English reveals a significant imbalance that will be exacerbated by the reduction in non-news output by ITV Wales from January 2009, and the closure of the BBC2W service months later.

7.6 At that point two thirds of the total annual output in English across BBC Wales and ITV Wales will be in the category of news and current affairs (c.775 hours), with 17% (c.200 hours) devoted to sport and less than 15% (c.170 hours) devoted to a combination of drama, music, arts, factual and light entertainment programmes.⁴ By comparison with this last category, S4C has identified talent capable of generating 750 hours a year across the same group of programme genres, representing nearly 60% of its originations.

7.7 The core of the problem lies not in news and current affairs or in sport,

⁴ This is based on combining the genre split of BBC Wales English output in 2006-07 and the forecast output of ITV Wales in 2009.

but in that last category of programming where there is likely to be only slightly more than three hours of programming per week spread across three channels, seeking to give expression to the full range of interests, activity and creativity of a national community.

7.8 For instance, in 2006-07 within its resources BBC Wales was able to deliver only four hours of drama, eight hours of light entertainment and 31 hours of music and arts. These are three programme genres in which ITV Wales has long ceased or will soon cease to supply any programming at all.

7.9 The current English language provision in these areas is not a defensible provision for a developed national community that brings to table the sort of cultural legacy that Wales commands. At a time when so much Welsh performance talent is flourishing in the wider worlds of film, theatre, opera, music and musical theatre outside Wales, it is unacceptable that television drama, comedy, light entertainment, music and arts, created out of and for Welsh circumstances, should be so severely under-developed.

7.10 We cannot hope to see Welsh talents bring genuine diversity to UK networks, if there is not the space for them to develop their own voice at home in the language of their choice. Drama lies at the heart of most high quality television services, yet is all but absent from English language services in Wales. Welsh society and politics lacks the regular challenge of comedy and satire in both languages. Light entertainment taps only a fraction of Wales's deeply rooted performance culture. The exposure given to the diverse arts of Wales, at a time when arts organisations themselves are seeking new partnerships, is fitful.

7.11 Though we have heard much criticism from many sources, much of it born of frustration, such a situation is not the result of poor editorial decision-making, but the result of systemic constraints - an assessment

of the balance of need between the centre and the devolved nations that is outdated, and institutional arrangements that, in Wales's case, adequately address only the distinct requirements of the Welsh-speaking audience.

- 7.12 It is natural in assessing possibilities for developing English language provision, that one should look to the template represented by S4C in the Welsh language. S4C has been an institutional success story, based on its own free-standing spectrum, guaranteed funding, institutional autonomy and plural supply. The 'investment in social harmony' has worked. The sting has been taken out of the language issue. It has given Wales's historic language status and an avenue for development, giving the Welsh-speaking audience a reputable and rounded programme provision that stands in its own right, rather than as an adjunct to another service.
- 7.13 We do not believe that this dispensation should be diminished in any way. On the contrary, we believe that S4C embodies characteristics of a national television service that should be an inspiration to the future development of English language television in Wales, as well as operational assets that can be of material assistance in that task.
- 7.14 We do believe that conditions must be created that allow the total English language programme provision for Wales to grow substantially in volume, range and ambition.

8 - SECURING PLURALITY

- 8.1 On the assumption that greatly expanded output can be achieved, we are left with the twin problems of accommodating this output where the largest possible audience can access it easily, and of securing sources of supply that are competitive in quality and cost. The answers are not straightforward and policy makers will have to take account of dynamic

changes in the market often driven by technology.

- 8.2 Before the advent of digital television the biggest change to have impacted directly on television in Wales was the move from three channels to four in 1982, a change that allowed the creation of S4C, and, for the rest of the UK, Channel 4. By now that world has changed entirely. Sound and vision is now delivered not only by terrestrial transmission but also by satellite, cable, and telephone wires. It can be watched on new large screens and, imminently, on small mobile phones. Video on demand through the BBC's iplayer or the BT Vision system is a reality. The video cassette recorder has been superseded by digital hard disc recorders whose simplicity, flexibility and storage capacity are transforming viewing habits.
- 8.3 Radio and television broadcasters and newspapers have moved into online where, for the first time regulated and unregulated media share the same space. A significant part of the audience has followed, especially the young, to read, view, listen, participate and buy. Traditional boundaries have been blurred, and there is no end to the process in sight.
- 8.4 In this complex and dynamic situation any answer to the question of where best to place English language programming for Wales must contain a number of caveats.

'FINDABILITY'

- 8.5 A substantial amount of the output in English for Wales must seek out the largest possible audience. That argues strongly for placing a substantial ration within the most watched channels. BBC1 and ITV 1 command audience shares of between 20-25% in the evening peak hours, compared with 8% for BBC 2 and closer to 4% for Channel 4.

BBC 1 / BBC2

- 8.6 The two BBC channels perform particularly well in Wales, BBC1 with the mass audience and BBC2 for smaller but still significant audiences. However, as the IWA audit noted,⁵ less than 40% of BBC Wales output is broadcast on BBC 1 with more than 60% on BBC2. In the year in question 26 hours (5.6% of non-news output) were broadcast in peak on BBC1 and 145 hours in peak on BBC2. ITV Wales broadcast almost twice as many hours in peak on ITV 1 as BBC Wales broadcast in peak on BBC1.
- 8.7 Pressure on BBC Wales to ensure that optout programmes perform better than network programmes would otherwise do in the same slots clearly militates against taking risks with Welsh programmes in peak hours. This would seem to be an overly narrow measure of success for a public service broadcaster, and, if retained, suggests that BBC Wales will struggle to expand optout provision.
- 8.8 **BBC Wales should be encouraged to make greater use of higher profile opt-out slots within the BBC 1 schedule.**

ITV

- 8.9 ITV continues to offer the best opportunity for achieving maximum audience impact outside the BBC for both news and non-news programming and means should be found of securing continuing access to that peak-time audience for made-for-Wales programmes.
- 8.10 ITV has said that it would like to retain regional news within its schedule, but it will not be able to pay for it once the costs of being a public service broadcaster outweigh the benefits which, it says, will

⁵ IWA: Media in Wales - Serving Public values. 2008. P17

happen in Wales in 2009.

- 8.11 ITV's Executive Chairman, Michael Grade has made it clear that ITV does not wish to be in direct receipt of public funds since it considers that this would lead to a fundamental change in its role and to possible constraints on its operations. However, it would be willing to release slots within the ITV1 schedule to allow a third party to provide nations/regions news, provided that the cost was borne by someone else. In our discussions with ITV we established it had not ruled out extending this principle to slots for other types of Wales-based programming.
- 8.12 If this were to occur there would be a need to ensure a degree of compatibility between programme styles and standards and those of the rest of the channel. ITV thought this was certainly desirable and that a suitable structure could be devised to allow its views to be taken into account in any such arrangement, without unduly constraining the third party which would be providing the programming. This might be in the form of an ITV presence on an editorial board.
- 8.13 ITV could envisage such an arrangement being organised through a single provider of regional news across England and Wales. We do not believe that such an arrangement would be acceptable in Wales or that it would meet Welsh needs.
- 8.14 Over and above the advantage of offering the best option for reaching the greatest number of viewers, and of continuity in line with viewers' expectations, **we believe the release of slots within the ITV schedule – to accommodate news and non-news programmes specific to Wales and produced by third parties - is attractive on several counts.**

8.15 It could allow :

- I) the development in Wales of new partnerships to compete for the right to provide an alternative supply of news and current affairs with critical mass and a multi-media capability.**
- II) a high quality threshold, tailored to Welsh circumstances, to be specified by a designated funding agency.**
- III) greater accountability and cost transparency.**
- IV) flexibility against the possible total withdrawal of ITV from PSB or loss of audience share or change in ITV ownership.**
- V) additional opportunities for independent producers or alliances to compete for extended contracts for non-news programmes.**

There are plenty of precedents for such an arrangement. For instance, Channel 4 outsources its news provision to ITN. S4C's news service is provided and paid for by the BBC, while in Germany RTL has outsourced all its regional news to local providers. The tendering of long-running contracts for non-news programmes is a well-established practice in Wales, because of S4C.

8.16 Such an arrangement should be underpinned by conditions in any new ITV licence.

MONETISING WELSH NEWS

8.17 ITV does not currently maximise the potential advertising revenue which might be derived from the transmission of advertising in and

around its national and regional news and non-news programmes. This is primarily because of the regulatory limits placed on the total number of minutes of advertising which may be shown on the channel during the course of the day, currently an average of 8 minutes per hour.

- 8.18 As long as this average is maintained across the day, it is allowed to increase the amount of advertising within any particular hour to a maximum of 12 minutes. Not unnaturally, most commercial broadcasters, including ITV, choose to use this flexibility to maximise the advertising minutage at times of greatest viewing, i.e. the peak hours between 7 and 10pm, since these deliver the greatest impacts and revenue. The consequence is that the average minutage of advertising broadcast during and around ITV's "regional" news and non-news programmes is generally considerably less than 8 minutes per hour. Advertising practitioners in Wales reckoned that this represented an underused asset which, together with the tendency to sell most TV advertising on a UK-wide basis, rather than seek to maximise local advertising, meant that there was some potential here for untapped revenue.
- 8.19 One idea put to us was to introduce the concept of "PSB advertising", so that, provided it did not exceed the 12 minutes per hour maximum, advertising within regional/national news and non-news could be excluded from the overall calculation for the channel and sold from a different rate card, so as not to have a destabilising effect on prices (i.e. the total amount of commercial advertising available to be sold would remain the same).
- 8.20 Some may counter that any increase in advertising minutage will, by increasing supply, lower the overall price. This is a complex area but we gain the strong impression that ways of selling television advertising in the UK are likely to change in the near future. In that process ways should be found of ensuring that any future arrangements do not discriminate against the development of regional/local markets.

- 8.21 **We recommend that Ofcom should consider relaxing advertising regulation in this manner and that the revenues derived from this advertising should be used to support programme production for the slots in question.**

A CHANNEL 3 LICENCE FOR WALES

8.22 The current ITV licence covers both Wales and the West of England. It is a hangover from ITV's history and the limitations of transmission engineering. There is no current operational linkage of any kind between ITV departments in Cardiff and Bristol. ITV is itself redrawing its map of England, and will merge the West of England and West Country regions.

8.23 If the news arrangements described above come into effect a Wales - only licence would be appropriate so that the licence arrangements can be shown to contribute properly to Wales' needs as a nation as well as to provide a suitable fit with any new funding and oversight arrangements.

8.24 Were ITV to withdraw entirely from public service broadcasting, it is unlikely that any other party would be able to offer a comparable service, given that ITV controls *Coronation Street* etc, but a licence for Wales would underpin the public service obligations which Wales would have of the licence holder and give Wales an unquestioned locus about successor arrangements.

WHAT IF ITV HANDED BACK ITS LICENCE?

8.25 In the days of analogue television, the value of holding the ITV licence for Wales and the West was obvious. The broadcaster held a quasi-

monopoly position in respect of television advertising revenues (until the advent of Channel 4 and then five). Even after the arrival of digital television, the licence conveys two important 'regulatory assets', namely a very prominent position on all Electronic Programme Guides (EPGs) and guaranteed digital terrestrial (DTT) capacity delivered to all UK main transmitters and relays following Digital Switchover (DSO).

8.26 In practical terms ITV would be able to find other digital capacity on DTT, if it were to lose its guaranteed capacity as a result of handing back its PSB licence, not least because it controls SDN, the holder of the Multiplex A licence. Although this multiplex will not reach the whole of the UK audience, as it is a commercial rather than a PSB multiplex, in a situation where ITV has decided that its regional obligations are not fundamental to its existence, this would not be seen by them as of critical concern.

8.27 It is less obvious that losing position 3 on the DTT EPG would not have a detrimental effect. At present, although viewers are technically able to go to any channel of their choice on all digital platforms comparatively easily, it is still the case that many viewers decide on their viewing by flicking through channels, starting with channel 1. It would at the very least be a risk for ITV and a risk it might prefer not to take if it were able to achieve its desired cost reduction in ways other than handing its licence back.

8.28 Ofcom also retains the ability to impose financial sanctions, which some have estimated as high as £80m if ITV were to hand back its licence.

8.29 **We believe that ITV's preference would be to retain its role and licence as a public service broadcaster, though not at any cost, that it can continue to offer a platform of great value for programmes made for viewers in Wales and that every effort should be made to retain that link.**

- 8.30 Ultimately, however, the licence needs to reflect a genuine contribution to public service broadcasting and to addressing market failure where it exists. After 2014, therefore, the licence for Wales should be contested on new terms.
- 8.31 **The Wales and West licence is an anachronism and should be replaced with a licence for Wales.**

THE ITV WALES ARCHIVE

- 8.24 Several interviewees expressed concern to us that they feared that the extensive archive held by ITV Wales, built up over more than 40 years by TWW, HTV and their successors, was in danger of being lost, as film and videotape needs to be kept under particular conditions if it is to be preserved in good condition. There are costs attached to maintaining such conditions.
- 8.25 This archive represents a hugely valuable national asset, built up across five decades of public service broadcasting in monopoly conditions, and its preservation should be an essential condition of holding the ITV licence for Wales.
- 8.26 **If the licence holder is unwilling to comply with this condition, or withdraws from public service broadcasting, it should be a requirement that the archive be transferred, at no cost, to the National Library of Wales for use by future generations of media producers and historians. In the meantime ITV has an important duty of care for this part of our heritage.**

SECURING PLURALITY – CHANNEL 4

- 8.27 Channel 4 is and always has been a UK-only channel. Unlike the BBC and ITV, it has never offered regional or national opt-outs, seeing itself as contributing to the diversity of broadcasting in the UK by its championing, traditionally, of minority interests and alternative tastes delivered on a pan-UK basis.
- 8.28 Although it is no longer seen as the home of esoteric minority tastes in the way which characterised its early years, it clearly has a distinctive profile and is seen, by younger viewers in particular, as offering something different to that which is provided on the main networks without being a niche channel. It continues to deliver well respected news, current affairs and documentary programmes as well as occasional high quality drama. It has a very particular place in the framework of UK television, being, outside Wales, the only publicly owned broadcaster other than the BBC.
- 8.29 We asked Channel 4 whether they saw for the channel any possible role in the provision of programming for Wales in any scenario involving new funding structures. Channel 4's response was that it did not see itself offering national or regional opt outs as a future policy but that it genuinely hoped that a greater engagement with talent in Wales would deliver content which would take a legitimate place within Channel 4's UK schedule and that such programming, if a new English language channel for Wales were to be established at some point in the future, might also form an important part of that channel's scheduling.
- 8.30 There is a widespread view that it is simply "not in C4's DNA" to be a channel with national opt-outs and our discussion with C4 confirmed that view. We do not therefore think it likely that Channel 4 will develop into an alternative home for national opt-out programmes. Its role in reflecting Wales and Welsh talent within its main schedules, however,

is another matter to which we return later.

SECURING PLURALITY – S4C

- 8.31 In many of our meetings the question was raised of what role S4C might have to play in the provision of an improved English language service for Wales, with a wide range of different views being expressed.
- 8.32 S4C receives direct government funding of £94m p.a., together with programmes to the value of around £25m from BBC Wales and, on analogue television, the right to show live or re-scheduled programmes from Channel 4.
- 8.33 Some would wish to see all or a portion of the S4C funding being made available to make English language programmes. Others argue that S4C should take on a dual function, providing an English language service alongside its main channel, or that S4C should become a bilingual channel, with programme funding coming from another source.
- 8.34 We do not believe a bilingual channel to be an appropriate solution in a multichannel environment. It would encounter strong consumer resistance and would replicate tensions over scheduling between the two languages which preceded the establishment of S4C in 1982.
- 8.35 Our view is similar to that of Ofcom's Chief Executive who, in his evidence to the Welsh Assembly Broadcasting Committee, suggested that in a multi-channel world, achieving S4C's core purpose of providing a competitive Welsh language offering for Welsh speakers was sufficiently challenging for it to require the organisation's full attention and existing funding.

- 8.36 Furthermore, at the point of digital switchover in Wales in 2010, S4C loses its access to Channel 4 programmes and to the advertising revenue derived from their transmission in Wales, and will consequently be faced with a substantially increased challenge in maintaining its share and reach.
- 8.37 We would underline the argument that the S4C service is in effect a Welsh language counter-balance to all the television on offer to viewers in Wales, from all sources, noting that the number of English language channels now available has increased from four in 1982, when S4C was established, to more than five hundred now available on Sky. No one outside Wales produces programmes in Welsh, whereas there are very many sources, in the UK and across the world, of English language programmes.
- 8.38 **We believe therefore that it is essential for the achievement of its remit for S4C's statutory funding to continue to be dedicated to its core purpose and that the S4C Authority should continue, as at present, to have the unique responsibility of exercising statutory oversight of the fulfilment of that remit.**
- 8.39 On the other hand, we believe that S4C embodies characteristics of a national television service that should be an inspiration to the future development of English language television in Wales, as well as operational assets that can be of material assistance in that task.
- 8.40 Programme-makers and facility companies have made, and continue to make, important infrastructure investments which, if new structures and new funding were put in place, could be able to support additional production in English at something approaching marginal cost.
- 8.41 Furthermore, the S4C model of a body which makes no programmes of its own, but commissions a number of independent producers to make programmes which fulfil its functions, often on the basis of substantial

competitive tenders, offers not only a valuable exemplar, but also, potentially, an infrastructure, parts of which – engineering and transmission, finance, HR, research, marketing, compliance, legal etc – might be adapted to facilitate the commissioning and delivery of English language content at a cost lower than that of establishing these functions anew.

8.42 It is normal for autonomous organisations, including broadcasters, to come up with inventive solutions for challenges which are posed by new circumstances. We note the way S4C formed a partnership with Channel 4 to bid for digital capacity to deliver high definition services in response to a tender invitation and also its collaboration with ITV to provide a Welsh language service on the ITV Local website. Competitive tendering, we believe, can generate new thinking and new solutions, which is one reason why our thinking in this report (see below) is focused as much on the process by which outcomes may be delivered as on the outcomes themselves. It is likely that in a competitive tendering situation aimed at providing plurality and enhanced programming in English from Wales, S4C would emerge as a participant.

9 - SECURING PLURALITY – CHANNEL WALES

9.1 Opt-out programming was conceived in an era of spectrum scarcity. It is not without its problems. Opt-out programmes have to sit within the tonality and structures of a channel designed elsewhere for a wider audience and subject to different competitive pressures. For instance, a national event for Wales may have to give way to demands of an international sports contract. The bulk of opt-out programmes sit outside the peak hours, often achieving a good share of the total audience but small absolute numbers. They can be isolated within a schedule, making it difficult to give them, together, coherence as a service. They can enjoy association with a bigger brand and the

audience that comes with it, but cannot easily develop a brand image of their own. They have no prominence in the listings of UK newspapers. There must be a limit to their number, if the overall objectives of the host channel are to be achieved. In that sense the avenue of development is closed rather than open ended.

9.2 In a multi-channel world, it is right to ask whether other options are now available, especially as we contemplate the potential of a much expanded range of programmes.

9.3 A channel devoted to Wales would offer:

- I) the only realistic way of accommodating the scale of programming that we envisage.
- II) an opportunity to develop a schedule where the needs and convenience of Welsh viewers come first.
- III) a place where programming about Wales could secure regular and substantial peak time output.
- IV) an entity that would increase Wales bargaining power in UK and international markets.
- V) a place where a powerful new Welsh brand could be created, to sit alongside the successful brand created by S4C in the Welsh language.

9.4 We believe that there is real force in these arguments, and that they will become even more persuasive if the decline of mass audience channels continue, and particularly if ITV were to withdraw from public service broadcasting taking its key assets, such as Coronation Street, with it. There is a strong case for giving Welsh broadcasting in English its own digital space.

- 9.5 The same arguments have been addressed recently by the Scottish Broadcasting Commission, which came to the same conclusion. They also looked at the example of S4C. We do not underestimate the challenge - it would be a big decision - but not unlike similar decisions taken a quarter of a century ago, to establish S4C in television, and to establish BBC Radio Wales and BBC Radio Cymru as free standing radio services. In retrospect they all seem to have been the right and natural thing to have done.
- 9.6 The biggest obstacle will be cost: a) programme costs b) operational costs c) transmission, distribution and related costs. Each of these elements can vary considerably - according to the ambition of the programme schedule, the nature of the operation, the duration of the schedule and the cost of access to digital platforms. But we have the advantage in Wales of two established broadcasters, with their centres, who could offer to share many operational facilities and resources with such a channel – transmission engineering, research, marketing, HR and finance facilities.

AVAILABILITY OF DIGITAL CAPACITY

- 9.7 Such a channel would need to secure carriage on all digital platforms, if it is to be universally available in Welsh homes. The option of satellite-only carriage would lead to unacceptable marginalisation.
- 9.8 We commissioned a report from a consultant with experience of digital terrestrial multiplex operation to consider the question of how likely it is that digital capacity can be found to deliver a new channel. This report is included as Annex E. It indicates that currently there is no spare capacity on DTT in Wales which is likely to be available in the short term for carriage of such a channel.
- 9.9 It also explains that the idea of using S4C2 capacity for this purpose at

times when S4C2 is not transmitting is not as simple as may appear at first sight, since the apparently unused S4C2 capacity is in fact in constant use by other broadcasters to whom the capacity is contracted. To viewers, these appear as separate channels, though they are in fact transmitting, at different hours of the day, on the same capacity as that used by S4C2. There is also the fact that S4C has a declared policy of moving towards using this capacity, at some point in future, to deliver an extended service for children and young people.

- 9.10 Secondly, S4C 2 has carriage on Multiplex A, which is a commercial rather than a public service multiplex and as such will not be one of the multiplexes which at the point of digital switchover will reach the whole of Wales. This means that any service delivered on this multiplex would only reach 72% of the population of Wales terrestrially (65% if based on the way household aerials are currently set up). This might well be seen as inconsistent with the principle of universal access to public service broadcasting.
- 9.11 We have been given to understand by Ofcom, however, that at some point in future improved compression technology or the reconfiguration of channels on transmitters will deliver additional digital terrestrial capacity.
- 9.12 This is a complex technical issue, but its resolution in the public interest will depend on political resolve. We recommend that Government pursues this question with Ofcom in order to ensure that the necessary capacity is gifted, in Wales, for a future English language public service channel.
- 9.13 Given such capacity and sufficient funding, there is no reason why such a channel could not be created, delivering, at the outset, about three hours per night of quality material, that would include original programming and other acquired programmes. This would be the same level of output as S4C produced at its inception. It would provide new

opportunities for imaginative partnerships, particularly in the fields of education and the arts. The opportunity for bringing in additional co-production income would be substantial, greater perhaps than that achieved by S4C which has a track record of success in this field although operating through the Welsh language. It could also play a key part in raising the competitiveness of the production sector in Wales, stimulating further network supply that would bring additional economic benefits to Wales.

10 - NEW MEDIA

- 10.1 As we approach the date of digital switchover, which in Wales will take place as early as 2010, there is a danger that we overlook the fact that for most Welsh television viewers, digital switchover has already taken place some time ago. At the beginning of 2008, 87% of UK homes already had at least one digital television receiver.
- 10.2 The next big change, high definition television, is also already here. Nearly a million UK homes are able to receive HD TV; most new sets being sold are HD-ready and new public service HD TV channels are likely to be launched in 2010.
- 10.3 Catch-up viewing through the BBC I-player and similar technology is now widely used though, if our focus groups are to be believed, awareness of these options is lower in Wales than in some other parts of the UK and viewing by I-player, according to the BBC itself, still represents only a very small proportion of total television viewing.
- 10.4 The use of broadband in order to view audiovisual material from a wide range of providers, including YouTube and many others, is already well established, particularly with younger people, as an everyday platform for the consumption of audio visual content.

- 10.5 Social websites of all kinds offer opportunities for user-generated audiovisual content to be shared in ways inconceivable only a short time ago.
- 10.6 On-line news services, such as those offered by the BBC, Media Guardian, the Daily Telegraph, Media Wales and the Daily Post, allow users instant on-demand access to constantly updated news stories, in text, audio and video, with ambitions limited only by the journalistic resources available. Such websites generate substantial volumes of user interaction as do some of the most popular blogs where imaginative or authoritative voices can find an audience without the mediation of a publisher. The challenge of monetising on-line content remains substantial, though the ability to identify and target on-line users makes the medium increasingly attractive to advertisers.
- 10.7 BT already offers its on demand service, BT Vision, to those with adequate broadband connectivity. This offers viewers the option of a single receiver which carries all the channels broadcast on Freeview together with additional on-demand services, the signal for which is delivered by broadband. This brings us a considerable step closer to the long-dreamed-of outcome of allowing the viewer to access unlimited content from the comfort of the living room with a remote device, rather than a keyboard or mouse, in hand and through a large television set rather than a small computer screen. Simon Gibson of Wesley Clover Corporation, an expert in the communications field, described to us the INUK service which is currently offering students at selected universities access, through the SuperJanet fast broadband system, to a huge number of television channels streamed live. He estimates that within five years a similar facility could be in use in perhaps 50% of UK homes and that within ten years, it will have become the norm.
- 10.8 We note that BT is piloting a superfast broadband service in a Cardiff suburb, and that there is a growing body of opinion that the UK should

prioritise the universal provision of such a system. This would have a significant influence on the future balance between linear and online systems.

10.9 Advances in technology, and, in particular, in the carrying capacity of fibreoptic cable, offer the possibility of delivering thousands of television channels live to the home.

10.10 Many of these channels and services are likely to be very different in nature to what is familiar to us today but others will be strikingly similar. There is a widely held view that linear channels will still be appreciated for their familiarity, their consistency and for offering a front window for content which might not otherwise be discovered.

10.11 New communities of interest have come into being through the existence of the internet and this process will continue and accelerate with the arrival of broadband television. But in a world of such exciting frontier-less possibilities, the need for trusted voices will become, if anything, even greater. Accuracy, impartiality, trust and cultural relevance are at the heart of public service broadcasting and, given a fair wind, public service broadcasters can continue to fulfil a central public need in the age of a million channels.

10.12 It will be important, however, for this public service voice to be able to find expression in whatever form, or forms, are most appropriate according to the predominant usages of the age. **It is crucial, therefore, that, whatever solutions are considered to meet the democratic and cultural deficits we face in Wales, they be sufficiently flexible to be adapted quickly to changing needs.**

11 - GOVERNANCE AND FUNDING - MODELS FROM OTHER COUNTRIES

- 11.1 There are three principal ways in which public service broadcasting across the world is funded-a) a licence fee b) advertising c) government grant. Although State Aid rules tend to frown on government grant as being a method of funding that can distort competition in a free market, the general principle is that where market failure pertains and the public good is clearly served, then these restraints do not apply.
- 11.2 The UK has until now been sufficiently large to sustain more than one source of PSB, including high levels of indigenous production, from both the television licence and advertising, with the two sources being kept separate from each other. S4C has been the most obvious example of direct government funding, although the BBC World Service and, now, the element of BBC Alba funded by MGA Alba, offer similar examples.
- 11.3 Most nations consider the provision of a national broadcasting service to be a high priority, even where the languages spoken in those nations are also the languages of larger states whose television programmes can be acquired by the smaller countries or indeed received direct across borders.
- 11.4 A particularly notable example is that of Switzerland where the total amount of public funding dedicated to providing broadcasting services in German, French, Italian and Romansch amounts to £950 million per annum, in a country with a population of 7.5 million.
- 11.5 The UK's system of allocating the proceeds of a licence directly to the main public service broadcasting organisation is not by any means universal. Other countries, which require the public to buy television licences, have different systems, some of which provide for distribution

to more than one body.

- 11.6 Almost all, however, will tend to have an intermediate body which sits between government and broadcaster(s) and which will be charged with protecting the independence of the broadcasters from government interference.
- 11.7 Of the models which we noted and which might be applicable to the situation in Wales, we were particularly struck by the “Sound and Vision” fund which is run by the Broadcasting Commission for Ireland and whose objective is to secure a plurality of supply and an extended range of content relating to Ireland and Irish culture.
- 11.8 This fund receives 5% of the proceeds of the Irish television licence and has been used to fund some 60 productions from a variety of producers involving, by now, eight different broadcasters from radio, television and new media.
- 11.9 Criticisms of this fund relate to the possibility that content and broadcasting strategies are not sufficiently well matched and that the money is too thinly spread. One might also question the degree of expertise in relation to the needs of a variety of platforms and broadcasting outlets which it is possible to contain within a single funding organisation without expanding the bureaucracy unreasonably. Nevertheless, the fund is perceived as having performed a useful function in securing plurality of provision within the production sector in Ireland and of making Irish content more widely shown than might otherwise have been the case. The major caveat would be if an extension of the principle were to lead to a further dilution of the funds available to RTE, the national broadcaster, which might then find itself in difficulties of its own.
- 11.10 **We suggest there is more work to be done in assessing the models for public funding of broadcasting that exist in other**

countries, and, in particular, of assessing public, governmental and industry views in each country of how well they are delivering on their objectives.

12 - A NEW INTERVENTION FOR WALES

12.1 We believe there is a democratic and cultural deficit in media provision in Wales in the English language that must be addressed urgently. We are also keenly aware that we are facing a period of dynamic change. To address the deficit and to be able to respond flexibly to change a new funding mechanism must be put in place in Wales.

12.2 The new mechanism needs to secure: -

- I) Plurality in the provision of broadcast news, including on radio, to avoid a near-exclusivity of reporting of Wales by the BBC, and in order to access different audiences.
- II) The retention of properly resourced Welsh news and current affairs programmes on ITV Wales.
- III) An extension in volume, range and ambition of non-news programmes from and for Wales in English commensurate with the cultural legacy that Wales commands.
- IV) Content of high quality which will win the respect and loyalty of viewers in a fragmenting media world.
- V) Plurality of supply in non-news programming.
- VI) An expertise in co-financing which contributes to an increased presence of programmes from and about Wales on UK network channels.

VII) Support for the exploitation of new digital media, as outlets for Welsh creativity, community and comment.

VIII) The conditions by which a new English-language channel for Wales might be established.

12.3 As we have seen in the previous section, there are a number of organisations which could contribute to the achievement of these objectives in different ways. However, all scenarios are dependent on the existence of a new funding intervention and this is why our starting point is the need to create a new body with the ability and remit to allocate funding for the creation and delivery of media content which fulfils the public service and cultural needs of Welsh citizens through the medium of English. We call this body the Wales Media Commission.

12.4 In our interviews, opinions varied as to what degree of priority to allocate to each of these outcomes. The idea of a new channel appears to offer the greatest scope for an extension of the range of programming, while the greatest impact, in terms of reaching the greatest number of viewers in Wales, is likely to be achieved by prioritising the funding of programmes for optout slots. The emphasis on quality might involve valuable partnerships with UK network broadcasters. The fast-changing technological scene would suggest a need for considerable flexibility so that changing patterns of media consumption can be addressed over time. The need for plurality of provision was virtually unanimous.

12.5 The Commission's method of operation should be one of inviting competitive tenders for substantial elements of the overall provision sought. Such a tender process, with the opportunity for winning substantial contracts of, say, 3-4 years duration, would incentivise imaginative thinking and collaboration between commercial entities and

public service operators.

- 12.6 It would be the Commission's task to identify its desired outcomes in the context of the priorities of the time, but the following examples provide an illustration of what we have in mind:
- 12.7 One tender, might be for an evening news service, to be transmitted on a mass audience channel, in combination with a weekly current affairs programme. In a situation where a new channel was envisaged, the tender might be broad enough to allow for the current affairs programme to be transmitted on a different channel to the news service, though being provided by the same contractor. Such a tender might involve collaboration between two or three partners, not all necessarily current broadcasters and could also seek to provide a rounded news service for community and commercial radio in Wales. The news provider might have links with an existing news service in another territory or another medium.
- 12.8 Other tenders might be for blocks of documentary or drama programmes about Wales, to be provided over a three year period, which would be conditional on securing transmission at defined hours of the day on channels achieving a defined minimum level of reach. In general, such a tender would not be intended to cover the whole production costs, so as to incentivise co-production.
- 12.9 Another tender might invite proposals to run a New Media fund, whose outputs would be a large number of micro-projects, testing new ground. This could be allotted to an existing public service organisation, or to a commercial body. One could possibly envisage the winner looking to work closely with Channel 4's 4IP fund.
- 12.10 Restricting the duration of contracts to three or four years would build into the Commission's operation a considerable degree of flexibility, so that each round of tenders might address different priorities if patterns

in media consumption are forecast to change. It would also, by ensuring that broadcasters are attached to each broadcasting project according to well defined criteria, allow those broadcasters to fulfil their functions of scheduling and identifying target audiences, rather than seeking to duplicate these.

12.11 The two preconditions for establishing a new channel are the identification of appropriate capacity and of sufficient funding. If these can be found, the Commission should have the option of offering all or most of the funding by competitive tender for the provision, by a single body or by a combination of organisations, of an English language TV channel for Wales. This recognises that a situation in which a new channel comes into being is very different to one in which the challenge is to make the best use of existing outlets.

12.12 Such a tender could allow for partnerships between the channel and other new or established broadcasters, perhaps involving shared news provision or archive programmes. Thus, the idea of a new channel would not necessarily be incompatible with that of securing the widest possible audience for news coverage.

12.13 The Commission would, of course, need to ensure that, in the use of these funds, the public interest and the Commission's purpose would be safeguarded, particularly in the case of a single large tender lasting a number of years. To this end the Commission might look to new models of ownership, perhaps involving not-for-profit structures. The model of Glas Cymru in the provision of water services for Wales is instructive in this regard.

12.14 The aim at all events should be to keep the overheads of the Commission as low as possible and avoid bureaucracy - hence the proposal that the contracts should be few in number and extensive in duration.

- 12.15 It would have a small permanent staff which would be supplemented by additional bought-in expertise at the periods of tendering, and for the purposes of mid-term and final review of creative and financial performance. Its members would be appointed by the UK Government, in consultation with the Welsh Assembly Government.
- 12.16 The Commission should have a remit to provide at least every two years a qualitative overview of the media in Wales, balancing the more quantitative assessments undertaken by Ofcom, and feeding into governmental consideration of media strategy and legislation.
- 12.17 It should also be charged with promoting freedom of expression, encouraging critical discourse in the media field and with maximising synergies between broadcasters and other agencies involved with the creative industries.
- 12.18 Primary responsibility for broadcasting, and its funding, would remain at the UK level, but this mechanism would allow a level of shared responsibility for Wales within the UK framework. It would also be an important aid to transparency and accountability.

13 - NETWORK SUPPLY

- 13.1 We referred at the outset of the report to British broadcasting's tendency to centralisation. One of its principal features has been the hoarding of network production in London and the south east. It was 1991 when the BBC first identified that 81% of all its programmes were made in and around the capital, and instigated policies designed to raise out of London production to broadly a third. Implementation of such policies in the BBC and in other channels proved to be a different matter.
- 13.2 This is another issue where the focus has been sharpened by the

political concern shown by the devolved legislatures at the imbalance. It exercises politicians because it impacts on economic and cultural development. Seen from the point of view of the three nations two issues are involved - decentralisation of production and cultural representation. They should not be confused or conflated.

13.3 The production imbalance is sharply illustrated in the data from the trade organisation PACT, published in its Nations and Regions Report in November 2008.

13.4 **PACT calculate that in 2007, across the five terrestrial public service channels, 16,585 hours of programmes were produced (excluding news) of which only 2.5% were produced in the three devolved nations that account for 17% of the population, 33.2% were produced in the English regions outside London, and 64.3% were produced in London itself. This dominance of London is likely to be even greater in monetary terms since, according to PACT, much of the output outside London is of low cost, high volume programming.**

13.5 Performance in this area varied across the channels, but, according to the PACT data, the highest percentage accounted for by the three devolved nations was less than 5 per cent. There is usually some debate about the precise figures in such reports, but the imbalance is so large that any minor discrepancies do not disturb their powerful thrust.

TABLE 1 - OUT OF LONDON PRODUCTION (2007) (HOURS)

	London	Rest of England	Scotland	Wales	N. Ireland
BBC1		726	101	33	7
BBC2		683	122	29	3
ITV		2346	19	0	4
C4		1163	41	31	2
Five		597	15	5	0
Total	10661	5515	298	99	16

Source: Nations and Regions Production Trends, PACT. November 2008

TABLE 2 - % OF OUTPUT FROM OUT OF LONDON BY CHANNEL

	London	Rest of England	S,W,NI Total	Scotland	Wales	N Ireland
BBC1	71.5	23.9	4.6	3.3	1.1	0.2
BBC2	74.1	21.1	4.8	3.8	0.9	0.1
ITV	49.3	50.2	0.5	0.4	0	0.1
C4	58.8	38.7	2.5	1.4	1.0	0.1
Five	76.6	22.6	0.8	0.6	0.2	0

Source: Nations and Regions Production Trends, PACT. November 2008

13.6 Data in this area is notoriously difficult to pin down. Broadcasters have sometimes categorised programmes as 'regional' for their own convenience. Definitions have changed.

13.7 In 2004 Ofcom attempted to cut through this confusion by adopting a clear definition to which it expects broadcasters to adhere. Recently the BBC said it, too, would adopt this definition. Ofcom defines regional productions as follows:

- I) The production company must have a substantive business and production base in the UK outside the M25. A base will be taken to be substantive if it is the usual place of employment of executives managing the regional business, of senior personnel involved in the production in question, and of senior personnel involved in seeking programme commissions.
- II) At least 70% of the production budget (excluding the cost of on-screen talent, archive material and copyright costs) must be spent in the UK outside the M25.
- III) At least 50% of the production talent (i.e. not on-screen talent) by cost must have their usual place of employment in the UK outside the M25. Freelancers without a usual place of employment outside the M25 will nonetheless count for this purpose if they live outside the M25.⁶

BBC

13.8 Credit must be given to the BBC for addressing the issue more directly than any other broadcaster, albeit belatedly. The Director General, Mark Thompson has made a public pledge to achieve 17% of network production from the nations by 2016, equal to their combined population share. Such an unequivocal commitment is rare, and this will represent a major advance, particularly since the adoption by the BBC of the stricter Ofcom definition will make the target harder to achieve.

13.9 The impact of this definitional change was revealed in the latest BBC Wales Annual Review, which recorded a restatement of the figures. Under the BBC's own previous definition it reported a network spend in

⁶ Regional Production and Regional Programme Definitions, Ofcom, March 2004.

Wales of £49m for 2006-07 and £43m for 2007-08. Using Ofcom's definition this was restated as £34m and £29m respectively.

- 13.10 BBC Wales's success in recent years with Dr Who and Torchwood, and the prospect of attracting the *Casualty* production unit to Wales means that substantial progress is being made, but meeting the population target will entail doubling current figures.
- 13.11 Nevertheless, many that we have spoken to believe it need not and should not take another seven years for the BBC to achieve its 17% target, and that it should be brought forward to 2012. We agree. We would add one caveat. The 17% target should be a floor and not a ceiling and, similarly, there should be no ceiling of 5% placed on Wales. If we can develop our talent in the right way, there is no reason why Wales should not be able to exceed that figure.
- 13.12 Achieving an enhanced quality of cultural representation for Wales and the other devolved nations has proved to be a more difficult task than simply raising the quantity and value of output from Wales. The BBC has taken substantial steps to reduce the deficit in representation of the devolved nations on its network services, particularly in factual programming, following the publication of a remarkably critical report for the BBC Trust from Professor Tony King in 2007.
- 13.13 The initiatives to encourage a proper understanding of devolved functions through accuracy in news coverage, for instance, are greatly to be applauded. Increased visibility in network news provision will perform an important service both for Welsh viewers of those networks and for the UK public at large, but we have yet to see how far this increased awareness will permeate network television commissioning.
- 13.14 Dr. Who has been an important milestone in altering perceptions of Welsh production capability. The attraction of *Casualty* may generate less publicity, but arguably holds more development potential for Wales

than the time lord. The series is a continuous series, extending for 42 weeks of the year, and has a greater capacity than Dr. Who to return year after year for a very long period. As such, it is likely to prove a greater forcing ground for writing and directing talent, and other craft skills at the highest level. The Assembly Government should ensure that every possible step is taken to ensure that this production is secured for Wales.

13.15 However, we would hope that the BBC would also encourage their channel controllers and network commissioners to be pro-active in seeking out Welsh creative talent so as to ensure that there are from time to time real opportunities to portray a Welsh 'sense of place' on the networks. Whatever the merits of *Torchwood*, as one of our interviewees said, a Martian trying to interpret Wales on the basis of its portrayal on TV currently might come to the conclusion that we all lived underground in strange post-industrial landscapes.

13.16 It has been pointed out to us by independent producers that one of the effects of the BBC's change of policy regarding local output has been greatly to reduce the amount of programming commissioned from independent producers. Indeed the BBC's method of increasing its content commissioning from Wales has been to undertake almost all of it in-house. I.e., whereas across the UK, the BBC has set a general target for independent commissioning of network output, no such parallel commitment has been made in respect of productions from the nations. As a result, while independents in other parts of the UK enjoy greater opportunities for producing for the networks, in Wales, this has not been the case.

13.17 We welcome the BBC's intention to locate a network commissioning executive in Cardiff to deal exclusively with the independent sector in the realm of factual programmes. This should assist Welsh producers in developing an indigenous, outward looking production industry in Wales, though concern was expressed to us that the role, seniority and

commissioning powers of the position were as yet unclear.

CHANNEL 4

13.18 There are in Wales many critics, particularly independent producers who are members of PACT or TAC, who claim that Channel 4 has signally failed to commission programmes from Wales over the years. It appears that Channel 4 has tended to see the existence of S4C and the provision by Channel 4 of free programming for S4C, as excusing it from any obligation to seek out Welsh programme makers. At the point of Digital Switchover in Wales in 2010, however, Channel 4's free programming for S4C comes to an end and no such argument can be made.

13.19 Whatever merits there may have been in this argument in the analogue age, it is quite clear that Channel 4 in the digital era is as much a channel for Wales as for any other part of the United Kingdom. Consequently, it has the same obligation to search for talent in Wales, as it does in every other part of the UK.

13.20 Channel 4 has yet to demonstrate that it is serious about wanting the 'nations' to play a prominent role in its output. Although Ofcom has proposed increasing its quota for out of London production from 30% to 35%, the quota for production from the three devolved nations is to be only 3% in total by 2010. Since it is envisaged that Channel 4 will have a status second only to the BBC in public service broadcasting in future, we see no reason why, ultimately, its target for output from the nations should be any different to that of the BBC, i.e. 17%. Given the current low level of production from the nations, Channel 4 may well need a substantial lead time to achieve this. 2016 would not be unreasonable. This should be a condition of any additional public funding.

13.21 There is one area where Channel 4 has made a bold and imaginative

initiative, and that is the launch of its 4iP fund, designed to encourage innovation in new media. This is a fund of £50m and Channel 4 are seeking partnerships with cities and regional development agencies that would provide matching funds, to spur development in their areas. It is of concern that no agreement has yet been reached with agencies in Wales, although discussions are in train. It is important that this opportunity is seized quickly, as it is of a scale that could make a significant difference in a field of such importance for the future.

ITV

13.22 ITV has traditionally scored well in terms of out of London production, largely because its traditional federated structure meant that much of its network production came from its larger constituent companies – Central in Birmingham, Granada in Manchester and Yorkshire in Leeds. This has meant that it can still claim that around 50% of its network output is made outside London.

13.23 However, it has done far less well in the nations, as the PACT data shows. In fact, it has not commissioned any programmes at all from Wales in the last two years. ITV has strenuously resisted the introduction of quotas for the nations, and even its broader out of London quota is to be reduced, with Ofcom's agreement, from 50% to 35% from 2009.

13.24 If quotas of 17% for the nations can be made to stick in the case of the BBC and Channel 4, we may be able to live with the absence of similar quotas within ITV. The hope would be that we would have established a sufficient critical mass of talent to be competitive and attractive to ITV without such quotas. However, we are concerned that Ofcom's willingness to reduce the broader quota from 50% to 35% is an encouragement to ITV to travel in the opposite direction.

13.25 We note also that in relation to the issues of balance and accuracy in reporting of Wales on UK news services, as discussed in the King Report, neither ITV or C4 have yet responded in ways which correspond to the initiatives implemented by the BBC. We believe this to be an omission which should be addressed as soon as possible.

TALENT DEVELOPMENT

13.26 Much has been made in the past of the resistance of network commissioners to commissioning from the nations. While the current figures make for depressing reading, it was put to us that Welsh producers had done £23m of business at the last four international television markets at Cannes. This suggests that we already have plenty of talent that can be competitive in the open market place.

13.27 We were pointed to the success of the Talent Attraction Scheme that has provided part-funding to a handful of companies in order to recruit top talent to Wales. This has been warmly welcome by independent companies, but there is a concern that the fund is too small and not able to fund posts at the level enabled by a similar scheme in Scotland. These issues need urgent review.

13.28 But it is also important that we do take all possible steps to ensure that our talent base is fit for purpose. We need to ensure that various funds, operated by the Film Agency or Finance Wales, provide complementarity and the necessary resources for the intensive research and development that television, film and new media require.

13.29 One of the most important ways in which we can facilitate a much greater cultural and economic benefit from network commissioning, is by developing a broader swathe of high quality programmes for Wales. We believe that the Wales Media Commission could ensure a much richer diet of programming for Wales, whose standards could be much

closer to those of network production. We would expect those winning tenders from the Commission to be active in the co-production market in ways that would ensure more cultural clout for Wales than has been possible to date.

14 - WALES MEDIA COMMISSION FUNDING

SOURCES

- 14.1 Ofcom has described a number of possible sources of funding to meet the forthcoming deficits in UK public service broadcasting. These include redistributing that element of the licence fee which has been allocated to help older and disabled people prepare for switchover, a levy on non-PSB parts of the industry, a general increase in the amount of advertising on PSB commercial channels, direct funding from government, national lottery funding, and waiving proposed spectrum charges for PSB channels.
- 14.2 Others have argued that the Government should re-visit its intention to sell off on a purely commercial basis the spectrum previously used by analogue television or that the proceeds of such a sale should be made available to rectify the public service deficits which are threatened as a result of viewing fragmentation.
- 14.3 We do not offer a view as to the relative merits and disadvantages of these numerous options but we believe that it is from these sources that funding for the Wales Media Commission should primarily be found.
- 14.4 We note however that the Welsh Assembly Government already allocates funding for media support in a number of different ways, including the community radio fund, the Film Agency, the IP fund and for Welsh language online journalism. Consideration should be given

to incorporating some of this WAG funding and any new funding which it might consider appropriate, within that of the new Commission, although clarity is needed as to the extent to which economic and cultural objectives may differ. Complete editorial independence for the Commission's decision-making would also be a necessity.

FUNDING REQUIREMENT

14.5 We recommend bold measures because without them the situation will deteriorate quickly and inexorably.

14.6 The minimum policy objective should be the restoration of the £25-£30m per annum value to Welsh broadcasting which we have demonstrated is likely to be lost between 2006 and 2013 in order to begin to achieve a step change from the current situation.

14.7 If implemented in their entirety the proposals we have outlined, would require an annual investment of around £50m, a sum which would be certain to generate substantial further investment in content creation from co-producers and facility suppliers.

FUNDING – WHOSE RESPONSIBILITY?

14.8 Broadcasting is not a devolved matter. It is at Westminster that responsibility lies for the provision of the full range of public service broadcasting content and platforms required to meet the needs of the United Kingdom and its constituent nations and regions. The current review of PSB is designed to assess those needs.

14.9 We have described in this report a substantial media deficit in Wales, posing real obstacles to the development of civil society following a devolution settlement that, it should be remembered, is an integral part

of the British constitution.

14.10 On current trends English language broadcast media in Wales will continue to diminish in value, as they have done in recent years. By far the greater part of the overall £300m p.a. loss of value from British broadcasting which has taken place in recent years has come from the nations and regions.

14.11 The deficit is compounded, spectacularly, by any analysis of programme supply to the networks from Scotland, Wales and Northern Ireland. England dominates to an extent well beyond its population share, and across all networks. The scale of the imbalance is breathtaking, creating an economic inequity and an overwhelming cultural dominance.

14.12 Eradicating the deficit is a matter of urgency for Welsh democracy and identity, and for the nation's economy. A fundamental re-balancing as between central UK services and the nations is required.

14.13 We recommend strongly that the Welsh Assembly Government should seek to ensure that UK Government policy and, in particular, any legislation which is passed in the future, should make proper provision for a fully-resourced, plural public service broadcasting service for Wales which matches its needs.

15 - NEXT STEPS

15.1 The democratic and cultural deficits we describe in this Report are of sufficient seriousness for them to command a very high level of priority and urgency in the formulation of government policy and for specific, statutory funding to be made available to the Wales Media Commission to address these issues.

- 15.2 The agenda for change implied by Ofcom's review of public service broadcasting, the work of the government's digital convergence think tank and digital radio working group, as well as the recommendations of this report is very substantial. Much of this change will require legislation, and it is needed quickly. Unfortunately, we are now entering a volatile period in the electoral cycle that could easily delay legislation until 2011.
- 15.3 Several of those we interviewed were genuinely concerned that even the more limited ITV service to be introduced in January 2009 might not be sustained if ITV revenues were to decline further during that year. They worried that Wales could be left without a second major news provider at a time when we are facing a general election, not later than 2010, and an Assembly election in 2011, not to mention any possibility of a referendum on law making powers for the Assembly. This is a grim prospect and it is essential that early decisions are announced so that some minimal stability can be created.
- 15.4 We have been conscious of the limited time available to us to prepare this report, although we have been able to build on the work of others. We have been aware, too of the need for more detailed work on many aspects.
- 15.5 In particular we have identified four matters where further studies would be valuable:
- I) First, a study of the way in which the television advertising market in the UK works, the extent to which it artificially discriminates against the development of regional/local markets, and the possibility of being able to monetise the value of a Welsh news service within the ITV system.
 - II) Second, a study of the governance issues arising from our proposal for a Wales Media Commission. This would examine the scope for

operational collaboration with other broadcasters, and its relationship with Ofcom and the Assembly Government.

III) Third, a study of the options for securing gifted spectrum and other cost-effective distribution routes for an English language channel for Wales.

IV) Fourth, an attitudinal survey of the Welsh population to gain a much deeper insight into their responses to some of the issues raised.

15.6 In the meantime we would encourage extensive public debate on these proposals.

ANNEX A

LIST OF INDIVIDUALS CONSULTED

Members of Ofcom's Advisory Committee for Wales.

Alun Davies AM, Peter Black AM, Paul Davies AM, Nerys Evans AM, (Welsh Assembly Broadcasting Committee).

Richard Staniforth, PACT Nations and Regions Committee.

John Geraint, Green Bay.

Ellis Owen, ITV Wales.

Menna Richards, Rhodri Talfan Davies, BBC Wales.

Pete Edwards & Pauline Burt, Film Agency for Wales.

Iona Jones & John Walter Jones, S4C.

Greg Dyke.

Gwion Owain, TAC.

Ed Thomas, Fiction Factory.

Iwan Huws, ITV Wales Advisory Committee.

Ron Jones, Tinopolis.

Blair Jenkins, Scottish Broadcasting Commission.

Ed Richards, Rhodri Williams, Louise Banyard, Ofcom.

Andy Duncan, Kevin Lygo, Nick Toon, Stuart Cosgrove, Gill Pritchard, Channel 4.

Jon Zeff, Alistair Dougans, Keith Smith, DCMS, London.

Michael Jermey, Jane Luca, ITV Plc, London.

Sion Ashley-Jones, Managing Director, Chris Lovell, Group CEO, Golley Slater.

Ann Beynon, Simon Milner, Angharad Davies, BT Wales.

Professor Ian Hargreaves.

Huw Eurig Davies, Boomerang Group.

Professor Justin Lewis, Cardiff School of Journalism.

Natasha Hale, Alison Dowzell, Creative Business Wales.

David Donovan, BECTU, Meic Birtwistle, NUJ & Chris Ryde, Equity.

Keith Dye, Alan Edmunds, Media Wales.

Dawn Simpson, PACT.

Simon Gibson, Chief Executive, Wesley Clover Wales Limited.

Clive Jones, Chair, IP Fund.

ANNEX B

THE HISTORICAL BACKGROUND FOR TV IN WALES.

Mario Basini.

In the opening pages of his magisterial “The Revolt of Owain Glyndwr”, Rees Davies outlines two hypothetical but entirely feasible journeys around Wales in the 1390s. The first, by an official of the English Crown, begins in Oswestry and sticks mainly to the Wales directly ruled by that crown. He moves on the King’s business around the coast from prosperous English-speaking town to prosperous town, many of them dominated by their Norman or Edwardian castles. The second journey is undertaken by a Welsh-speaking poet who travels around the homes of his patrons among the Welsh gentry. His route criss-crosses the mountainous interior of the country, an alien and hostile territory to be avoided like the plague by the English official. The travellers’ journeys intersect at only at two brief points and they live entirely separate lives. For all practical purposes, says Professor Rees, they inhabit two foreign countries. The device works admirably as an introduction to the cultural, political and economic condition of Wales on the eve of Glyndwr’s revolt. It is also a graphic reminder to some one-eyed cultural nationalists that Wales has lived with the difficulties and rewards of bilingualism for far longer than they care to acknowledge. And it emphasises the crippling damage caused to a society if deep cultural, linguistic and economic fissures are allowed to broaden into chasms.

If the harsher realities of late 14th century colonial Wales have been blurred and softened in the 21st century, contemporary Welsh society is in many ways more complex. The mix of a Welsh language culture and an English community now represented by incomers and second homeowners has been enriched by the vibrant English language but entirely Welsh culture spawned by the Industrial Revolution. To those you can add the layers of immigration deposited by Africans, Spaniards, Italians and Russian and East European Jews during that era. More recently there have been fresh arrivals - Asian,

Polish, Portuguese, and Bulgarian.

New cultural, economic and political institutions were needed to give this increasingly intricate society full democratic expression and the room and the means to grow. Among their tasks would be to give the disparate groups making up the new Wales a sense of community by emphasising a past rich in achievement and to forge a new self-confidence with which to face the present and to build for the future. But those institutions that have appeared have been late, slow to develop and not up to their responsibilities. As one historian recently pointed out, the Industrial Revolution was the first - perhaps the last - time economic power in modern Britain shifted from the South East of England to Wales, Scotland and the northern and midland regions of England. But in Wales there was no corresponding development of the political institutions to reflect that shift. Nor has the eventual arrival of the Welsh Assembly eradicated Wales's "democratic deficit". In the first place, in the eyes of many, including mine, the Assembly does not yet have the powers to supply Wales with the firm government it needs. It could be decades before those powers arrive.

In the meantime, an equally important institution necessary for the development of a mature, confident and self-aware nation, the Media, has been unable to bear the burden appropriate to it. Among the most important of its functions is to act as a safeguard of our still fragile democratic processes by subjecting the decisions and the decision-making processes of our politicians to critical scrutiny. But the weakness and lack of variety of our printed media in particular makes that task virtually impossible. Increasingly, as our newspapers pour their dwindling resources into "popular" areas such as sport, entertainment and celebrity, coverage of politics, especially local politics, becomes less extensive and more superficial. Nor is that coverage critical enough. Too often it offers anodyne reportage or, worse, criticism which is blindly prejudiced or made for sensationalist effect. Similar arguments apply to coverage of business, economics and health. Comment is bland, slackly written and too infrequently addresses the major issues facing Wales; reporting lacks the investigative and critical edge that comes

with decent journalistic skills and the time to apply them.

There will be no swift or easy solution to the crisis which confronts our Press along with the rest of the “regional” newspaper industry. The fall in advertising accelerated by the “Credit Crunch” is already persuading managements focused entirely on maximising profits to step up their efforts to protect those profits by cutting costs and staff. And that, it seems to me, can in the long term only lead to further circulation falls and loss of advertising. It is a vicious circle out of which there seems no escape short of a revolution in the organisation of the Welsh press and the attitudes of their proprietors or the appearance of benefactors with very deep pockets prepared to commit their money to keeping our newspapers going. Neither seems likely.

Produced entirely within Wales and with its attention focused on Welsh issues, the English-language magazine sector has at least the potential to address some of the shortcomings of our daily and weekly newspapers. That potential remains unfulfilled. At one extreme there is a constantly shifting population of listings magazines and glossy periodicals with the sole aim of attracting advertising. The writing is hurried, superficial and banal, although occasionally writer of genuine quality emerges. At the other extreme is a clutch of cultural and current affairs periodicals that are high-mindedly devoted to Wales. But they remain too small in terms of numbers and circulation to have more than a marginal effect on national life. They appear too infrequently and appeal to much too narrow a section of the reading public. Far too often their editors and writers appear content to sacrifice the virtues of readability and accessibility to the dry God of academic debate. Too many still appear to equate a lively and forceful prose style with pandering to debased popular tastes. The sector has been enlivened recently by the emergence of the vibrant Cambria, unashamedly patriotic and popular in approach. But it ploughs a lonely furrow.

The inadequacies of our printed press increases the civic and democratic burden placed on broadcasters. But there, too, there are signs that in the face of increasing economic pressures our television companies and our

commercial radio broadcasters are retreating from the responsibilities of adequately representing the nation to itself. Already under the impact of falling advertising revenue caused by the multiplication of channels and the looming recession, one of our three major television companies, ITV Wales, has announced swingeing cutbacks in its coverage of Welsh life. With the blessing of the communications regulator Ofcom, it will slice almost 27 per cent off its news coverage, taking it to four hours a week, and halve its non-news coverage - documentaries, entertainment, sport and so on.

During its 26-year history, S4C has achieved the pioneering task of creating a respected Welsh language television service and earned itself a leading place in Welsh broadcasting. It has made a heroic attempt to become the complete Welsh-language channel, mirroring almost all the services provided by mainstream English language channels such as BBC1 and ITV1. Indeed, many would argue that it has tried to become too broad a church, expending scarce resources on populist programming like quiz shows in a vain attempt to compete with channels with more money and expertise. But few among the fair-minded would want to challenge its success in the provision of a wide range of quality programmes, from soaps to stand-up comedy and sport, classical drama to situation comedy, news and current affairs to documentaries. In addition it has made a vital contribution to the emergence of a television industry of considerable benefit to the Welsh economy. Its patronage has ensured the emergence of a base of independent producers, film-makers and technicians on which grateful broadcasters will be able to draw in the future. Its success has only served to highlight the most glaring gap in the structure of Welsh broadcasting, a shortcoming emphasised by the weaknesses of the rest of the Welsh media, the provision of a comparable television service for the English language majority.

While the needs of the Welsh-speaking minority are now comprehensively served by S4C, English speakers have to put up with a makeshift service citizens of any other small nation in the Western World would regard as a breach of their fundamental human rights. They have virtually no historical dramas through which they can learn about their own past and forge a new

self-awareness and sense of unity. Contemporary dramas in which they can see their own society mirrored are scarce. What comedy there is, is often stereotypical, and based on attitudes to Valley life that were outdated halfway through the last century. Historical documentaries are often formulaic and repetitive, aping previously successful formats long after they have lost their appeal. There are exceptions such as the successful BBC Wales series *Coal House* which provided a genuine insight into the lives of ordinary people in 20th century industrial Wales. Although some sport – rugby union is the obvious example – is adequately covered, there are too few documentaries and current affairs programmes reflecting the way we live now. Political programmes are often good. The BBC's *Dragon's Eye*, for example, has begun to assume the news-breaking role that was once the proud prerogative of our newspapers. But they are too few and coverage of Welsh Assembly business is brief and perfunctory. There is no regular English-language equivalent in Wales of BBC1's *Question Time* or S4C's very useful *Pawb a i'Farn* in which members of the public are given a chance to air their views.

The biggest producer of English-language programmes about Wales is BBC Wales, but since their programmes are spread over three channels the impression is of a piecemeal and ad hoc service rather than one tailored to the contemporary English-speaker's needs. Welsh programmes appearing on BBC1 and BBC2 are often pushed to the extremities of early evening or late at night, reinforcing the impression that they do not matter to those who hold the purse strings in London. On the surface, the useful digital BBC2W channel is beginning to look like a rudimentary English language service for Wales, but it lacks the depth and variety that such a service demands. Far too many of its programmes are repeats.

BBC's London-centric senior managers have too often appeared ignorant of the special needs of the Celtic nations, finding it difficult to distinguish their demands from those of the English regions. A number of senior executives from within BBC Wales have in the past complained about London's indifference to ideas coming from Cardiff and their reluctance to adequately

fund programmes about Wales. Recent attempts to make Cardiff a first-class production centre for drama is welcome in that it improves BBC Wales's reputation among its peers and adds to the pool of valuable creative and technical skills within Wales. But what do sci-fi programmes like Dr Who or Torchwood, however popular, add to Wales's knowledge about itself and how do they help to create a more coherent and confident Welsh community? Would not the money spent on them be better used to help provide Wales with a decent television service?

Some have suggested that with its increasingly extensive use of subtitling S4C is making a bid to provide a service to English speakers. But it seems to me that to ask the channel to create a full-blown English language service would, despite its previous success, be a mistake. Asking the channel to provide two services in two languages would place too great a burden on its resources. And while I have always been at pains to emphasise those things which unite the Welsh and English language cultures of Wales, I do no doubt those cultures remain distinct. However nuanced their differences, they demand different approaches to programme-making. However prejudiced their attitudes, too many English-speakers still regard Welsh with suspicion. The hostility that once persuaded them to tune their televisions to transmitters across the border in England to avoid Welsh may have diminished, but it remains. Among the more important tasks of the new English-language channel will be an eradication of that suspicion and the promotion of a mutual acceptance of the two linguistic traditions that make up modern Wales. But that would be made infinitely more difficult, perhaps impossible, if the Welsh language channel was asked to create a new English-language service.

Were it to become more than a cherished ideal, I would favour an English language channel run by a new, stand-alone station perhaps funded along the lines of the system that has served S4C well, a combination of public money and advertising. As I have already made clear, the fundamental responsibility of such a channel would be to illustrate what it means to live in modern Wales and to emphasise the values, sometimes inherited from our past, around which our disparate society can unite. It would have the courage and the

clout to closely scrutinise our political, public and commercial lives and to safeguard the values of honesty, fairness and public service which should permeate those areas. It would carry carefully researched historical and contemporary dramas, documentaries and current affairs programmes. There should be more programmes about the minorities that now enrich our societies, helping them and us understand their roots, their hopes, aspirations and fears.

The cornerstone of a proposed new channel should be as comprehensive a news service as it can afford. One area in which our current system has consistently failed is in the provision of decent cultural programmes highlighting the successes of our opera company, our writers, our rock stars, our unsung artists, our popular singers and classical musicians. The arrival of a major and highly successful new venue such as The Millennium Centre should have triggered a series of new programmes based there. They have not materialised. Our efforts at “culture” in the past have too often been marred by pretension and an indulgent use of visual gimmicks. An English-language channel would offer a fresh opportunity to get this important area right. Entertainment programmes in the form of soaps, comedy dramas, stand-up comics and the rest should be encouraged. There is often no better way to examine the quality of Welsh life and of the Welsh character.

The strong and fruitful tradition of making feature films highlighting aspects of our past and of contemporary Welsh life, embodied most obviously by S4C, has produced major film-makers like Karl Francis. But it is a disgrace that too often in the past Francis and others have been deprived of the opportunity to work through the language of their own community, the South Wales Valleys. The new channel should have the means to encourage them to return to their roots. Both BBC Wales and HTV made significant contributions to that film-making tradition. One of HTV’s most successful forays into modern drama - certainly in terms of critical acclaim - was the series, Nuts and Bolts. That it was so successful in illustrating the vitality as well as the deprivations of Welsh urban life stemmed partly from the fact that it was filmed in and around Merthyr Tydfil. Working in, and closely with, that community gave the series

an authentic voice and illustrated an aspect of Welsh life of great importance to broadcasters, our strong sense of regionalism. The individuality in terms of history, culture and language of centres such as Merthyr, Cardiff, Neath, Swansea, Carmarthen, Aberystwyth, Caernarfon and the rest to should offer our broadcasters a fruitful field of exploration. Some programmes, such as BBC Wales's series of five films, Valleys, exploited that individuality admirably. But in my view much more could be done to exploit this important aspect of Welsh life.

Among the most memorable successes of Welsh television's short life has been the tradition of powerful, talented and eloquent presenters offering highly individual, arresting visions of Welsh life and often stimulating controversy and strong argument. They have included the novelist Gwyn Thomas, the great historian Gwyn Alf Williams and, especially in tandem with Gwyn in *The Dragon Has Two Tongues*, Wynford Vaughan Thomas. Their work remains the glory of English language television in Wales. But in recent years that tradition has fallen out of favour, frequently replaced by the use of professional narrators reading other people's scripts over other people's pictures. The result, however professional the narrators, is too often bland and unchallenging. To those who claim there is a dearth of the talent needed to produce powerful television, I would point to the new breed of talented and individual writers, artists and musicians now making their mark. They could provide the passionate, involving edge so many of our present programmes lack.

I would argue that absence of institutions able to reflect the complexity of our society has prevented the full development of our national life. The Welsh Assembly has done much to fill the democratic vacuum and S4C has given our Welsh-speaking minority many of the television programmes it deserves. But the service offered to the English-speaking majority remains partial and inadequate. Many would argue that in terms of quality it has diminished over the past two decades. That bars most Welsh people from taking a full part in Welsh national life and renders Wales's claim to a complete nationhood meaningless.

ANNEX C

WHAT WALES NEEDS FROM TELEVISION IN THE ENGLISH LANGUAGE

Myfanwy Alexander

Banality and a weary Fabianism have in the past dogged English language television in Wales. Trading in exhausted stereotypes of urban depravation, grim dramas and shallow comedy have failed to explore the variety of experience and identity of Anglophone Wales. Unsurprisingly, Wales, in contrast to Scotland, has totally failed to achieve network successes with programmes which either harrow or rely upon 'Ooh, missis, where did I put my leek?' proto-humour.

Rural Wales has been portrayed in 'neutron bomb' terms, as an empty landscape to be admired rather than a location in which people live out their lives. Another persistent phenomenon is the 'suitcase English' hero: in episode one, we meet the English hero, unpacking his bag for his, necessarily brief, sojourn amongst the strange natives. The excellent 'Gavin and Stacey' conforms to this pattern and it surely a matter of some concern that, when Welsh actors are capable of taking leads in network dramas, they are never employed as heroes in their own country. Where is the Welsh 'Ballykissangel' or 'Heartbeat', exploiting the talents of Welsh performers and the beauty of the landscape to create a programme with wide and enduring appeal? It is perhaps unfortunate that much quality drama (such as 'Belonging') has failed to find a network audience because its location is perceived as being both grim and unfashionable outside Wales and the discussion needs to continue: do we persist in trying to 'educate' our external market into accepting what we provide or do we, perish the thought, attempt to listen to our customers? Stylish, well-written contemporary drama with a visually appealing backdrop is not synonymous with vapidty or sell-out but this appears to be the mindset of those who commission English medium drama in Wales. On one celebrated occasion, a commissioner refused to discuss a project based in rural Wales because it was 'not contemporary', providing an insight into a world view

which might be summarised as: 'It's all bonnets and knee breeches north of Brecon.' Where are the quirky Welsh comedies, trialled in Wales but capable of finding a wider audience? (In this context, it is important to note that the two Welsh-based comedies which have reached a wider audience in recent years, 'Mine, all, Mine' and 'Gavin and Stacey' have not been produced by Welsh production comedies.)

Why this signal lack of network or, indeed, international, success? Given the levels of talent in Wales, why has home-grown television signally failed to flourish, to the extent that ITV Wales has shrunk to negligible proportions and BBC Wales relies on transfusions of work from London and other centres to survive? Doctor Who is not a Welsh show, it is a show granted graciously to Wales in accordance with the decentralising policy of the BBC and, as such, should be regarded not with pride but as a badge of failure. As we await the decision on whether 'Casualty' will be moved to Cardiff, the awkward question remains unasked and unanswered: why are there not so many hit shows being generated in Wales that the talk is of moving their production bases elsewhere rather than the other way about? Why should Wales receive passively, not generate?

One answer may be in the bilingual nature of the Welsh broadcasting community.

Naturally, in an environment where programmes are produced in both languages, bilingual individuals thrive and people who speak Welsh dominate the Welsh television industry. It could be argued that, with the best will in the world, there is a gulf between Welsh-speaking creators and non-Welsh speaking receivers of media product and it is to be doubted that there is much understanding of changing Anglophone communities amongst those in the Cardiff media. Anglophone rural Wales does not, for these purposes, exist: who would commission a family drama set in Radnorshire? At its worst, English medium television in Wales has been Bantu TV, a low grade product deemed sufficient for an unimportant helot class.

Happily, there appears to be neither the will nor the money to persist along

these lines. English medium television is to be reshaped and the question is, how?

The first step must be the development of a more sophisticated and layered appreciation of the Anglophone Welsh audience. It may be true to say that many people will still cheer at the appearance of Max Boyce in his car coat on match days but that does not mean that 'Hymns and Arias' satisfies their comedic needs. The differences between the English and Welsh audiences need to be explored; for example, 'Have I got News for You?' is significantly less popular in Wales than England and the reasons for this need to be uncovered. Searching questions need to be asked as to who is watching English medium television and what do they want to watch. Wales is a diverse nation with many groups who should be served and it is vital that television reflects how life is lived in Wales today. In this context, the dynamics of the audience need to be understood. For example, demographic information reveals that many thousands of people come to Wales to retire. It is not the place of broadcasters, outside a current affairs programme, to comment upon this phenomenon: the broadcasters should be seeking to meet this group's needs, not wish them away: where is the television for them? Another almost invisible group are the rural young: they occasionally break the surface in earnest discussions about housing problems but the notion that thousands of young people are living, working and, crucially, enjoying themselves in rural Wales is not reflected on Anglophone television. Discovery of the audience will greatly enrich Welsh broadcasting and should be a cause of pride: some of the differences between Welsh and English audiences can be intriguing, as is the case with topical comedy. Welsh audiences have a marked preference for non-sneering, socially inclusive satire, reflecting the absurdities of their own experiences rather than personality-based gibes and this is, potentially, a strength which could be developed.

The changing linguistic structure of the Welsh audience also merits careful examination. The success of Welsh-medium education has transformed attitudes to the Welsh language and this, together with other factors, such as the perceived employment benefits of bilingualism, has led to the

development of a far more complex network of linguistic identities. The divide between Welsh speaking and non-Welsh speaking families is now less distinct and deliverers of media product need to be aware of this complexity in order to fully serve their audience.

English-language television needs to recover (or gain for the first time?) ambition. It is not an immutable law of nature that nothing from Wales will ever sell at network level: make good programmes, unfettered by the notion that people in the south of England have a duty to watch Welsh suffering because it is the fault of the imperial system, and they will find their audience beyond Wales. Such quality programmes would, naturally, generate revenue and increase skills.

Wales has its own government which requires coverage. Political programming and, arguably, satire are democratic necessities but much of the current offering ignores and hence does little to dispel, the indifference to the detailed workings of the Welsh Assembly Government which is so prevalent amongst the people of Wales. It is vital for the process of embedding devolution that programmes exist which call to account the workings of the WAG and a major source of cynicism amongst voters is lack of knowledge as to exactly what powers are devolved, which remain with Westminster and which are the responsibility of the local authorities. There is a serious danger of Welsh democracy falling down the cracks in the floorboards of government and a vital role for broadcasters is to ensure that this does not happen. However, much of the current political coverage is 'beltway', assuming an understanding of and interest in the machinations of the Bay which is not shared by viewers. Political programming in Wales in the future needs to be both more outcome-focussed and lighter in tone: viewers need to be certain about who is to blame for, let us say, the poor condition of their local school building and they may well want to laugh at those who make these decisions. Comedy can raise the profile of the new democratic institution and should be seriously considered: a nation without satire has failed to grow up. Plurality is vital: it could be observed that some current Welsh political coverage is no more challenging than one cousin mildly criticising the other. To this end, the

continuing, though attenuated, news function of ITV Wales is crucial: WAG needs to consider what effect the disappearance of ITV Wales would have on the provision of news in Wales. It would be profoundly undemocratic for the BBC to become the sole provider of political news and comment and whilst it is important not to be nostalgic about plural coverage of the past and to extol this as the only possible model, care needs to be taken to avoid enhancing the cosiness which is always inherent in any lobby system. Decisions in this field need to be taken in the context of the parlous condition of Welsh newspapers: this decline in diversity affects all sectors of the media except, perhaps, commercial radio, a sector not famed for news values. We need fresh faces and voices to become involved in political analysis, reflecting a diverse Wales.

What can English-medium television in Wales deliver to the fragmented digital audience? It is a well-understood phenomenon that, as culture globalises, viewers also become more attached to the familiar and, for example, in news-gathering terms, it is vital to provide news from both DR Congo and Coychurch. This is a need which can be met far better at the Wales level than at UK wide level but it is also vital to recall that, for many communities in Wales, Cardiff is as psychologically distant as London, Manchester or Liverpool. A network of local correspondents throughout Wales such as is currently provided by the BBC, would appear to be unsustainable. It would be possible in future to envisage local news from Wales being sent in by the public, via digital technology, with journalists taking on a role more akin to editing and filtering- news for the YouTube generation.

Wales is a nation rich in talent but poor in infrastructure and this is apparent in media terms. Therefore, in order to provide quality programming for the future, Welsh programme maker but hunt assiduously for their performers. When a London-based producer could simply turn up to his local comedy club in order to access fresh talent, much of Wales is effectively beyond this circuit.

Eisteddfodau provide a showcase for Welsh speaking breaking talents (although it could be argued that it would be possible to imagine a freer, more

creative context for young performers) but Anglophone emerging talent lacks such a platform. In order to create the quality television which Wales both deserves for home consumption and needs for export, our talent must be exploited. In this context, training and education will have a vital role to play: a media-literate nation will produce people who are capable of presenting themselves on web-based platforms and these may provide the proving grounds of future talents.

It is axiomatic that more television does not mean better television but choice has revolutionised viewing habits and digitalisation will increase the pace of this process. The days of an audience as of right are gone and this challenge should be embraced and welcomed. The watch word is quality, which, if intelligent and well-thought out, need not be synonymous with expensive. The age of the dinosaurs is passing and, helped by, for example, changes in editing techniques, Welsh broadcasters are well-placed to become the light, intelligent, fast-moving mammals of the future. Cost cutting could mean, paradoxically, opportunity: if accompanied by brave yet well-disciplined commissioning, there is the potential for creative successes to emerge in a lower cost-base environment because a cheap mistake is ipso facto less of a problem than an expensive mistake. Money should be spent where it will show, on the talent which will create fresh and intriguing television. Ultimately, it is the product which is of prime importance and it is vital that broadcasters learn this lesson from teenage players of console games: when choosing between, say, a DS or a Wii, the first question such young people ask is 'What will I play on it?' The platform will, naturally, evolve over time but the one constant is the demand for good programming. Wales, as a bilingual nation, has a unique advantage: many of its greatest talents chose to remain in Wales in order to work through the medium of Welsh and this means that the centralist drift is less likely to strip Wales of its talent.

The decline of safe English medium Welsh programming should be welcomed as an opportunity, not feared as a threat. Anglophone communities in Wales have the right to receive high-quality contemporary programmes reflecting their lives, unmediated by nostalgia. The old road safety formula might be

recast to prove helpful for future broadcasters:

STOP- peopling your programmes with stereotypes and Valleys monoculture.

LOOK- at who your audience really are today.

LISTEN- to the groups at present absent from Welsh TV screens.

ANNEX D

MEMBERSHIP OF BROADCASTING ADVISORY GROUP

Huw Jones - was Chief Executive at S4C for 11 years. He has experience of commercial aspects of broadcasting, having chaired UK digital multiplex operator SDN, as well as of independent production. He is currently also Deputy Chair of the Wales Employment and Skills Board and Chair of Portmeirion Ltd.

Geraint Talfan Davies is Chairman of the Institute of Welsh Affairs and of Welsh National Opera. He has worked in newspapers, ITV and in the BBC as Controller of BBC Wales from 1990-2000. He was a member of the Radio Authority from 2001-2004. With Nick Morris, he was co-author of the IWA's media audit of Wales, *Media in Wales: Serving Public Values*, commissioned by the Welsh Assembly Government.

Julie Barton – spent some 24 years with the BBC, mainly in Wales, more recently as the editor of BBC Radio Wales before leaving in 2006. Julie is now a member of the Broadcast Journalism Training Council, Ofcom's Advisory Committee for Wales and a media consultant, training students and media staff across Wales in all aspects of radio.

Kevin Morgan - Professor of Governance and Development, Cardiff University. He has acted as an adviser and a commentator to a wide array of print and broadcast media organisations.