

OFCOM PSB REVIEW PHASE ONE

Response from John Geraint, Creative Director, Green Bay Media Limited

1. Overview

1.1 Public service broadcasting is a cornerstone of a healthy democracy, and a reflection of and stimulus to a self-confident national culture. In Wales, which historically has lacked key national institutions and still lacks a plural national press, broadcasting plays a really crucial role.

1.2 Green Bay agrees with Ofcom that, in the long run, delivering broad and plural public service content in Wales is “likely to be dependent on the existence of sustainable production businesses...and devolved commissioning”.

1.3 In seeking to build robust businesses, producers in Wales benefit from a number of structural advantages: the creative and commissioning strengths of BBC Wales; the enlightened leadership of S4C which challenges us to deliver excellence, and which opens doors to the international market; initiatives associated with the Welsh Assembly’s Creative Industries strategy; and a craft and facilities base which enables us to deliver to world-class standards.

1.4 However, Welsh producers are crucially disadvantaged by the failure of terrestrial broadcasters to commission network output proportionately across the UK, and particularly out-of-England.

1.5 Further, ITV Wales, which has played an important role in the growth of companies like Green Bay, and which brings a different editorial tonality and a broad popular audience to public service content in Wales, looks increasingly unable to continue to do that.

1.6 Consequently, unless new sources of funding are found very quickly, producers in Wales will lack opportunities to produce public service content in the English language other than through the BBC – something that Ofcom has identified as the key issue in sustaining democratic plurality, “given the increasingly devolved nature of Welsh government”.

1.7 Green Bay has called for the creation of an Independent Production Fund, which would support the production of public service content in the English language for and from Wales outside the BBC.

1.8 Such content could, initially, be carried terrestrially by ITV Wales (and/or, indeed, by UK network broadcasters) who would contribute a negotiated licence fee. From the beginning, and with an increasing importance as time passes, the content could also be distributed on other digital platforms, and might take forms other than ‘traditional’ linear television programmes.

1.9 Successful models for such a fund, created for commercial and/or cultural reasons, can be found internationally, particularly in Canada.

2. Company Background

2.1 Green Bay Media Limited was established in Cardiff in 2001, when John Geraint and Phil George left senior executive positions at the BBC to return to hands-on programme-making.

2.2 Green Bay's very first production, 'Do Not Go Gentle', a celebration of Dylan Thomas's great poem, directed by John Geraint, reached the 'Olympics of television', nominated alongside blue-chip series 'Band of Brothers' and 'Blue Planet' for the Banff 'Rockies', one of the world's foremost media prizes.

2.3 Green Bay has continued to seek to produce, from a Welsh base, world-class film and television in drama, documentary and the arts.

2.4 In 2004, facing intensified competition as a change in the 'terms-of-trade' between independents and broadcasters drove structural consolidation in the sector, Green Bay strengthened its commercial position by successfully negotiating a £300,000 equity investment from Finance Wales.

2.5 Using this capital in programme development, Green Bay trebled its turnover and posted record profits in 2006, and was recognised as the fastest-growing creative business in Wales at the 2007 'Fast Growth 50' awards.

2.6 To capitalise on this success, Finance Wales invested a further £500,000 in Green Bay in September 2007, and this is now being used to drive further growth.

2.7 Green Bay's current production slate includes projects for all the Welsh-based terrestrial broadcasters, BBC network television, and international broadcasters National Geographic, The History Channel and France 5. Green Bay's first cinema feature, 'Calon Gaeth/Small Country', received its international premiere in New York in 2007.

3. Building Sustainable Production Businesses

3.1 In its consultation document, Ofcom notes the pressures on public service content and asserts: "In the long run, delivering a satisfactorily broad portrayal of regional and national features throughout the schedule is likely to be dependent on the existence of sustainable production businesses in the nations and devolved commissioning."

3.2 In building robust businesses, producers in Wales enjoy some significant advantages.

3.3 Our well-established production craft base enables delivery to world-class standards. Companies like Barcud Derwen offer cutting-edge facilities as well as creative business solutions and joint ventures on key projects.

3.4 BBC Wales commissions a broad range of independent output in Wales, for Wales. This output is overseen with flair and rigour, and with an ethos of positive partnership. BBC Wales' creative strengths – including the in-house success of 'Dr. Who' – and its constitutional position command attention from London, and make it an attractive portal through which independents can approach the networks.

3.5 Strong leadership from S4C is fostering a culture of creative excellence in the Welsh independent sector. The awarding in 2005 of major development contracts to just five companies (one of which was Green Bay), amongst the forty-odd suppliers to S4C at that time, was a quite deliberate shock to a system which had, over the years, begun to display signs of introspective complacency. An explicit criterion used to judge the applications was the capacity to add value to S4C's investment by bringing other sources of funding to the table. It forced companies to look outside their comfort zones, and outside our national boundaries.

3.6 In an era of channel proliferation, S4C has been rigorous in resolving many of the core issues facing a minority-language broadcaster, whilst at the same time visionary in taking bold new initiatives, such as its new children's service, with no extra funding.

3.7 As that service is extended to older children, as a public service that the change in language demographics seems to demand, there may be a case for an increase in S4C funding, if the ability of producers to deliver quality across the whole range of its output is not to be compromised.

3.8 S4C's investment in international programming is crucial in opening doors for producers in Wales to the lucrative and creatively demanding international market.

3.9 For example, S4C is the major funder of Green Bay's 'Rivers and Life', an ambitious high-definition series which shows how the Amazon, Ganges, Mississippi, Nile, Rhine and Yangtze shape the cultures of the people who live on their banks. Without S4C the project simply could not have happened.

3.10 'Rivers and Life' has attracted further production funding internationally from broadcaster France 5. The Wales Creative IP Fund, distributors and others (including Green Bay itself) have invested on the basis of the series' potential to make a strong return in international sales.

3.11 More series are planned on the same funding model which brings substantial foreign investment to Wales and has helped cement Green Bay's position as a player in the global market.

3.12 The Wales Creative IP Fund is an important gap funding mechanism which invests in projects which can demonstrate a strong business case for commercial return.

3.13 An impressive proportion of the projects in receipt of funding come from Welsh producers, although this is not a requirement. With the pressure to make a return in a speculative business, the fund's excellent management naturally wishes to sustain as much flexibility as possible in its funding decisions.

3.14 Nevertheless, Green Bay believes that stipulating the involvement of an indigenous producer in all projects – as happens with a number of regional funds across Europe – would not hamper the fund's success, and would begin to foster helpful conversations and relationships between Welsh producers and bigger international players, as much in the hundreds of proposals put up to the Fund as in the relatively small proportion which actually get funding.

3.15 Green Bay's presence at key international market events has been facilitated by Creative Business Wales. This is a highly-effective piece of strategic support which, at events like MIPTV and MIPCOM, gives Green Bay a stature which we could not buy as a stand-alone producer. It has never failed to enable a substantial material return in orders booked which dwarfs the small investment required.

3.16 With the support of PACT, certain broadcasters and other parties, Creative Business Wales has just initiated a Production Talent scheme. This will support Welsh independents in the recruitment of 'game-changing' off-screen talent at a senior level. Recruitment of talent who are trusted by the broadcasters has been identified as a critical factor in the awarding of network commissions. This initiative has the potential to make a real impact on the fortunes of Welsh producers.

3.17 Green Bay also commends Welsh Assembly Government initiatives like the Knowledge Bank for Business and the Workforce Development Programme, which, as noted above, have made a real difference to our commercial success, and acknowledges the terrific support of Finance Wales which underpins our whole business.

4. The Network Question(s)

4.1 The UK's network television market is large, well-funded, enjoys huge international prestige, and attracts top talent and big audiences.

4.2 As PACT has identified and highlighted, the amount of network output which the UK's terrestrial channels choose to commission from producers in Wales is pitifully small.

4.3 Building sustainable production businesses in Wales which can deliver world-class public service content without winning a larger share of this market is possible, but self-evidently much more difficult.

4.4 The problem is not only the lack of an overall strategy to deal with the almost complete absence of Welsh prime-time production from networks other than the BBC, but also a failure to recognise that this dimension of the issue

even exists. Not before time, Ofcom's consultation document raises the possibility out-of-England targets, though only for the BBC and Channel 4.

4.3 Green Bay's experience – as one of a handful of Welsh independents who produce network output on a reasonably regular basis – confirms the challenges which Welsh producers face.

4.4 Producers in Wales – and, of course, Green Bay is one – must accept responsibility for failing to penetrate these markets which mean so much to the Welsh audience. We must ask ourselves tough questions. Have we failed to organise ourselves properly? Have we failed to be demanding enough of our own talent? And failed to attract talent which could really give us breakthroughs? Have we been sufficiently ambitious? Have we been merely inward-looking? When we have looked to London and been frustrated, have we allowed ourselves to believe we can reach nirvana instead in producing for a Europe of the regions?

4.5 But asserting that it is right for us to address these issues is not to say that the structural frustrations we face in doing so aren't real. The dearth of commissions coming to Wales suggests that this is something more than a supply-side failure.

4.6 In 1996, when John Geraint was an executive at BBC Wales, Mark Thompson (then Head of the BBC's Network Factual output; now, of course, Director-General) sponsored an enquiry which John undertook into spread of the BBC's network factual programmes across the UK.

4.7 With booming factual production centres in Birmingham, Bristol and Manchester, the corporation was easily delivering on its promise to produce 'broadly a third' of its output outside London. What John's report revealed was that *less than one percent* of the output came from Wales, Scotland and Northern Ireland combined.

4.8 The report made concrete, practical suggestions for improving the situation which, with Mark Thompson's imprimatur, were the first small steps on a very long journey which, by now, has seen the BBC Trust propose a voluntary target of commissioning 17 per cent of network output from the 'Nations' according to the Ofcom definition across all genres by 2016.

4.9 Broadcasters often argue – as BBC executives in London did back in 1996 – that targets and quotas don't work. Commissioning is a creative process undertaken bravely under extreme market pressure, they'll say; you can't force commissioners to place work where they've no faith in the talent to deliver.

4.10 But the notion that commissioning is a kind of creative *acte gratuit* is, of course, nonsense. Broadcasters, whether they recognise them or not, have plans, quotas and targets for production and routinely slice their budgets by genre, tariff range and supplying department, company or production centre. Commissioners are highly skilled at maximising their freedom within these

established constraints. And all commissioners have established relationships and patterns of commissioning which make it more – or less – likely that they will place orders in particular places, for good and bad reasons.

4.11 The lesson is that, however innovative our ideas, however effective our approaches, Welsh producers need political backing if they're to shift the ground. As with factual output at the BBC a decade ago, significant change will only be effected by an act of political will; by negotiated, but specific, targets.

4.12 As we stand today, the overall volume of BBC network commissions coming to Wales, and the balance between in-house and independent network production from Wales, remain issues of concern.

4.13 Green Bay is convinced that the BBC is genuinely committed to developing a fruitful partnership with Welsh independents (for instance, in talent recruitment and talent-sharing) and wishes to see independents playing a full part in an increased presence for Wales on the networks.

4.14 However, as the funding pressures on the BBC centrally bite, such commitment may come under pressure from those who would want to sustain the disproportionate share of business currently enjoyed by its in-house London base.

4.15 Trust could be further built by a public commitment from the BBC to commission 25% of qualifying network output from Wales from the independent sector, with a further 25% open as a 'Window of Creative Competition' – in other words, to match in network output from Wales the BBC's overall promises about the proportion of independent commissions.

4.16 In the short term, the BBC could be encouraged to increase its development funding to independents in Wales who have the potential to become key network suppliers.

4.17 In recent years, Channel 4 has offered moral and material encouragement to producers in Wales like Green Bay. However the hoped-for step change in the volume and value of production has yet to occur.

4.18 Historically, Channel 4 has informally made the argument that as it wasn't really an analogue broadcaster in Wales, and as it 'subsidises' S4C by providing English-language programmes for broadcast on analogue free-of-charge, it has limited obligations to the Welsh production sector.

4.19 As we approach digital switch over, Channel 4 should accept that the existence of S4C does not absolve it from any of its obligations to the audience or the production sector in Wales. Ofcom should ensure that producers in Wales are not disadvantaged vis-à-vis our colleagues in Scotland and Northern Ireland in the 'divvying up' of out-of-London production targets, and that new Channel 4 initiatives to support the development of the

independent sector outside London – like the currently proposed initiative for New Media investment, 4IP – are fully and equally operational in Wales.

4.20 PACT's figures show that in 2006 ITV and Five commissioned absolutely no network output from Wales.

4.22 Yet, even in the digital age, their presence on the market-leading Freeview and their place at the top of the Electronic Programme Guide on all platforms give these established brands a market advantage attributable to their historic spectrum privileges. Is it really too much to ask them to make a small contribution to the diversity of production across the nations of the UK; or to expect that at some point in the year, Wales will be represented by primetime programmes made by Welsh producers on channels other than the BBC and Channel 4?

5. English-language Public Service Content for Wales

5.1 Ofcom recognises that “audiences value competition for the BBC in the provision of public service content, which will require new sources of funding in a digital age”.

5.2 Further, it has identified that “In Wales, the key issue is sustaining democratic plurality, given the increasingly devolved nature of Welsh government. This issue is amplified by the relative absence of competition at national press level”.

5.3 The English-speaking audience is used to a wide range of public service content provided by ITV Wales (formerly HTV Wales). This extended well beyond news and current affairs, to quality documentary, arts, entertainment and drama programming which reflected the lives and concerns of the audience in a direct and popular tone which complemented BBC Wales' provision.

5.4 In recent years, ITV Wales has lacked the resources to sustain the breadth and volume of this output. Hours of output are down. Tariffs paid – both to in-house production teams and to independent producers – have been reduced to a fraction of their historic levels.

5.5 Nevertheless, the remaining ‘opt-out’ slots in peak and shoulder-peak time on a mainstream terrestrial channel represent opportunities to connect with the broad popular audience in Wales in numbers which are unlikely to be matched for many years, if ever, by content which is offered purely through on-line, satellite and/or cable.

5.6 And, whilst budgets have sharply reduced, ITV Wales funding can still be significant for Welsh producers if it is used to leverage income from other sources.

5.7 For instance, Green Bay is currently producing ‘Rescuing the Past’ which documents how a Welsh firm, CINTEC, is restoring the glories of Egypt's

pyramids using cutting-edge engineering technology. This is Green Bay's first-ever commission from National Geographic television in the USA, who have indicated a willingness to turn this single commission, if successful, into a returning series. It is co-funded by ITV Wales, who will take a specially-tailored version of the material. Whilst ITV Wales' financial contribution is comparatively small, it closed the 'gap' in the budget, and the project could not have proceeded without it.

5.8 For both of the above reasons Ofcom should require ITV Wales to retain its output for Wales at its present level for the remainder of its licence period.

5.9 At the same time, Green Bay would like to see the establishment of an Independent Production Fund to support the production of English-language Public Service Content for Wales outside the BBC.

5.10 In line with Ofcom's acknowledgement of the need for new sources of funding for such purposes, the Independent Production Fund could be established as a market intervention by the Welsh Assembly and/or the UK Government.

5.11 Models for such a fund are to be found working in other countries.

5.12 Canada, like Wales, is a bilingual nation which borders – and receives television overspill pictures from - a much bigger Anglophone neighbour. The Canadian government regards public service content as a bulwark for Canadian culture and it has developed more than a dozen production funds designed to promote quality Canadian content. The funds have commercial and cultural remits, and contribute up to 75% of the costs of selected projects.

5.13 The Bell Broadcast and New Media fund, for instance, has invested in the production of new media projects associated with television productions since 1997. The process begins with the independent producer who secures a broadcast licence. The independent can then apply for funding for both television and new media elements of the project. The Fund operates as an arms-length corporation with representatives from broadcasting, the television and new media production sectors and commercial interests.

5.14 In Wales, content funded through an Independent Production Fund could, initially, be carried terrestrially by ITV Wales (and/or, indeed, by UK network broadcasters) who would contribute a negotiated licence fee. From the beginning, and with an increasing importance as time passes, the content could also be distributed on other digital platforms, and might take forms other than 'traditional' linear television programmes.

5.15 Initially, the funds available could be calibrated so as to replace the volume of programming already lost from English-language public service output for Wales outside the BBC, and so as to ensure that, going forward, all such content can be produced at adequate public service tariffs.

5.16 The fund could be administered by Finance Wales along the lines of – perhaps even under the wing of - its excellent Wales Creative IP Fund.

5.17 Alongside public finds from Cardiff Bay and/or Westminster, the Independent Production Fund could also accept private investment – perhaps in the form of a Welsh Media Bond with associated tax advantages – which would be looking to gain a commercial return from the Intellectual Property created, and its sales potential in international and secondary UK markets.

6. Summary of Recommendations: Ofcom should.....

6.1 Commend and support the successful Welsh Assembly Government initiatives under the Creative Industries strategy (such as the Wales Creative IP Fund and Creative Business Wales) as well as broader measures of support for business which have given Welsh producers a favourable environment in which to work.

6.2 Consider asking the Welsh Assembly Government to stipulate the involvement of an indigenous producer in all projects funded by the Wales Creative IP Fund.

6.3 Increase S4C funding to allow further development of its new children's service protecting public service quality across the whole range of its output.

6.4 Legislate to ensure that all UK terrestrial broadcasters, including ITV and Five, are obliged to commission a proportionate amount, by volume and spend, of their network output from Wales.

6.5 Ensure that the BBC delivers on its promised increase in network output from Wales, and commissions a floor of 25% and a ceiling of 50% of that output from independent producers.

6.6 As publicly-owned Channel 4 becomes a terrestrial broadcaster in Wales in its own right, ensure that it treats its public service obligations, its commissioning and its support for the development of sustainable production businesses here on an equal basis with the other UK nations.

6.7 Retain ITV Wales provision for Wales at its present level.

6.8 Create an Independent Production Fund, which would support the production of public service content in the English language for Wales to be broadcast terrestrially by ITV Wales and/or the UK networks under a negotiated licence fee; and on other digital platforms, perhaps in forms other than 'traditional' linear television programmes.