

TAC

TELEDWYR ANNIBYNNOL CYMRU
WELSH INDEPENDENT PRODUCERS

**OFCOM's Second Public Service Broadcasting Review
Phase Two: Preparing for the Digital Future**

December 4th 2008

www.teledwyr.com

TAC – Teledwyr Annibynnol Cymru / Welsh Independent Producers

- 1 TAC is the trade association representing over 30 businesses primarily involved in the production of programmes and content for the Welsh based broadcasters and other providers of audio visual services, either as production companies, or in a support capacity. Having said this, member companies do not seek to restrict themselves to this domestic market with the result that a number of companies are engaged in seeking commissions from the UK networks and opportunities emanating from the international marketplace.
- 2 Formed in 1982 as a response to the advent of S4C it provides it's members with business affairs, industrial relations, and representative and lobbying services. TAC currently has over 30 members who have a combined turnover of over £100million. TAC members serve a diverse number of broadcast and content markets including S4C, BBC Wales, ITV Wales and UK terrestrial and non-terrestrial broadcasters as well as the burgeoning market for online and interactive content.

Background to TAC Response

- 3 In writing this response TAC would wish to note the contents of the following documents including the OFCOM Second Public Service Broadcasting Review.
 - The PACT Production Trend Report for Out of London available at http://www.pact.co.uk/uploads/file_bank/asset_3087.pdf
 - The S4C Economic Impact Report 2002-2006 available at http://www.s4c.co.uk/abouts4c/corporate/c_econrep.shtml
 - OFCOM Television Programme Supply Review
 - Recent IWA Report *Media in Wales – Serving Public Values* <http://www.iwa.org.uk/publications/publications.php?cat=5>
 - Oliver and Ohlbaum's Economic Modelling of the future scenarios for Public Service Content as part of OFCOM's Second Public Service Broadcasting Review.
 - The Welsh Assembly Government Broadcasting Advisory Group report *Communication and Content - The Media Challenge for Wales* <http://wales.gov.uk/topics/cultureandsport/mediapublishing/broadcastradio/publications/commcontent/?lang=en>

Purpose

- 4 TAC would assert the following in relation to both the Assembly Broadcasting Committee and the OFCOM Second Public Service Broadcasting Review.
- 5 The economic and cultural importance of PSB to Wales
- 6 The importance of maintaining a plurality of supply of news and non-news programming in Wales
- 7 The importance of competition in the supply of PSB services
- 8 The economic and cultural value of original and Wales originated programming and content
- 9 The low penetration of Wales originated content on UK Network television
- 10 These points as well as recommendations are further developed below.

Economic and Cultural Importance of PSB and plurality of supply.

- 11 Would wish to note the value of the current arrangements regarding both S4C and BBC to Wales
- 12 We would note that the current situation regarding the position of ITV Wales causes us concern. Particularly as they are the only supplier of news outside the BBC (which supplies news programmes to S4C)
- 13 We are also deeply concerned regarding the non-news requirement of ITV which has been reduced for 2009 from 4 to 3 hours per week. We believe this has implications for Wales originated programming in English that reflects Wales. Any further erosion of the PSB requirement should be rejected.
- 14 Our membership view the non-news hours on ITV Wales as a distinctive and valuable opportunity to produce English language programmes about Wales for a Welsh audience
- 15 TAC would assert that the current PSB requirement for both news and non-news hours on ITV should be retained.

Importance of Competition in Supply of PSB Services

- 17 Whilst TAC does not have particular preference for any prescribed model of future funding of PSB we would stress the importance of competition in the supply of PSB services particularly as both DSO and the migration to new delivery platforms become reality.

- 18 In Wales we would stress that future competition in the supply of PSB services would require a plural and diverse marketplace for PSB content particularly in the English language. The role of ITV in any future PSB provision cannot be discounted and should be considered as part of any new funding model for PSB delivery.

The economic and cultural value of original and Wales originated content

- 19 TAC would note the valuable economic and cultural contribution that the PSB broadcasters have made to Welsh life and that ensuring the future vitality of these services should inform the Committee's conclusions on broadcasting in Wales.
- 20 Any future model for the funding of S4C or BBC in Wales should consider potential impact on the market for and supply of Wales originated production of programmes and content. Increasing plurality and competition in the supply of programming and content should be a policy priority.
- 21 S4C and the BBC are major investors in the programme supply sector in Wales which has been a significant driver of economic growth and employment in Wales. As one of the Assembly's priority sectors for growth the future investment of the PSB broadcaster's in the sector is instrumental in building a sector that is competitive in UK network and international markets.
- 22 TAC agrees with the main findings of the Welsh Assembly Government Broadcasting Advisory Group report *Communication and Content - The Media Challenge for Wales* with the exception of paragraph 8.40 on which we expand below.

The low penetration of Wales originated content on UK Network television

- 24 TAC notes the results of the PACT Out of London Production Trend Report which showed Wales as having a woefully poor record of UK Network penetration
- 25 As the issue of Nations and Regions programming is to be examined in greater depth in the second phase of the OFCOM PSB Review TAC would recommend that OFCOM consider a number of possible ways in which the issue of low network penetration may be addressed including the possible use of quotas or voluntary targets.
- 26 The BBC Trust has proposed a voluntary target of 17% of all commissioning to come from the Nations by 2016. TAC would recommend that OFCOM should consider introducing similar targets to Channel 4 and other broadcasters with PSB obligations.
- 27 Broadcasters generally oppose the use of quotas to source programming from the nations and regions. However the very low levels of UK network penetration from Wales suggest a broader problem than just supply side failure. Broadcasting organisations, and in particular the BBC and Channel 4, are technocratic structures which rely on quotas and targets for their internal purposes and can easily incorporate Nations quotas into their creative processes.

- 28 TAC agrees with the assertion contained in paragraph 2.39 of the Welsh Assembly Government Broadcasting Advisory Group report *Communication and Content - The Media Challenge for Wales* that the BBC commitment to deliver 17% of network programming from the nations by 2016 should be brought forward to 2012.
- 29 Further to the point in 28 above TAC would agree with paragraph 2.40 Welsh Assembly Government Broadcasting Advisory Group report *Communication and Content - The Media Challenge for Wales* which asserts that Channel 4 should be subject to the same target as the BBC and that the current target of 3% of network spend from the three nations is unacceptable.

Welsh Assembly Government Broadcasting Advisory Group report *Communication and Content -The Media Challenge for Wales*

- 30 TAC agrees with and supports the main findings and recommendations of the Broadcasting Advisory Group report. However we would wish to note the following.
- 31 Paragraph 8.35 notes comments by Ed Richards, OFCOM's Chief Executive, in giving evidence to the Welsh Assembly Broadcasting Committee that achieving S4C's core purpose was sufficiently challenging for it to require S4C's full attention and existing funding.
- 32 Paragraph 8.38 states that
- "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."*
- 33 TAC agrees with the sentiments in both these paragraphs and opposes any change to S4C's existing status or funding.
- 34 Paragraphs 8.39-8.41 consider the extent to which the independent sector and the related assets such as facilities companies and the existing infrastructure can contribute to a proposed new service. Whilst TAC recognises that any new service should benefit from the investment in production capabilities within the independent sector we would assert that the nature of the commercial relationship between any new service and the independent sector should be subject to a full consultation with the sector at the advent. Since the *2003 Communications Act* there has been a growing recognition by government, regulators, and the financial sector of the importance and viability of the independent production sector as a driver of economic growth. The Welsh Assembly Government has recognised the potential value of the creative sector as one of its priority sectors for growth. Paragraph 8.40 states *"Programme-makers and facility companies...could be able to support additional production in English at something approaching marginal cost"*. Whilst noting the considerable ability and experience of the independent sector in Wales in producing high quality content on relatively low budgets TAC would seek to ensure that any new service would further enable a viable and competitive sector to develop in Wales.

Children's Programmes

- 35 TAC supports S4C's investment in Children's programming and agrees with OFCOM's welcoming of their move to extend it's role in developing programming for a broader English speaking audience. It is TAC's opinion that this development can offer significant opportunities for the indigenous production sector.

Gwion Owain

On behalf of

Teledwyr Annibynnol Cymru / Welsh Independent Producers

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