

TAC

TELEDWYR ANNIBYNNOL CYMRU
WELSH INDEPENDENT PRODUCERS

**OFCOM's Second Public Service Broadcasting Review
Phase One: The Digital Opportunity**

June 19th 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.

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 Again TAC would assert the future importance of the ITV PSB obligation, particularly in non-news programming, for the future health of the programme supply sector.
- 23 TAC estimates that as many as 20 independent sector companies have supplied programmes to ITV Wales under the non-news PSB obligations in the past 12 months. We estimate that this is a combined investment in programming from the independent sector of c.£1.5m. TAC would note the success of series such as *Fishlock's Wild Tracks* and *Great Pubs of Wales* in attracting significant audience shares (c.200,000 viewers). ITV estimated investment of £1.5m represents a comparatively low financial investment in quality PSB programming with a high audience. TAC believes that ITV is very effective in meeting PSB obligations at low cost and the requirement for non-news programming to reflect Wales should be retained.

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.

Possible Future Funding Models

- 29 As noted above TAC does not have a preference for any of the models suggested in the Consultation document. However we would note that we are in favour of introducing competition and plurality to the supply of PSB content in future. TAC accepts that this would necessitate introducing a degree of contestability at periodic intervals in the future of PSB

- 30 Model 1 and Model 2 in our view should both be rejected. Model 1 does not in any way deal with the issue of plurality in non-news programming. Model 2 would result in a further accrual of PSB obligations by the BBC leaving little room for competition or plurality.
- 31 Model 3 and Model 4 are more interesting. Model 3 is attractive in that it offers the latitude to address the ITV / Channel 3 issue in Wales. Model 4 is attractive in that it would introduce further competition to established PSB players. However the lack of assurance Model 4 would offer in terms of S4C continued existence at current funding levels make Model 4 a seeming leap into the unknown without prior guarantees.
- 32 TAC would cite a number of possible funding models for any future debate about a PSB fund or indeed any competitive process in terms of PSB funding. Canada has a number of interesting funding models that are well tested and have supported a vibrant and outward looking production sector. The BCI funding model in the Republic of Ireland followed a decision to 'top-slice' the licence funding for RTE and successfully introduced contestability and plurality into the funding of PSB content. Both the Canadian and Irish models should receive further consideration.

Gwion Owain

On behalf of

Teledwyr Annibynnol Cymru / Welsh Independent Producers

June 2008.