

**Communities, Equality & Local Government Committee (CELG)
Task and Finish Group on the future of the Media in Wales**

Evidence paper submitted by Minister for Housing, Regeneration and Heritage

Date: 12 January 2012

Time: 13:30-14:30 p.m.

Title: Media in Wales

Introduction

The public service broadcasters in Wales have a crucial role in the civic life of Wales not least in the context of a weak indigenous press and commercial television and radio sector in Wales. Their role has become even more important following the referendum result in March confirming that the National Assembly is to have direct primary legislative powers. Our concerns as a Government encompass the provision of non-news programmes directed at a Welsh audience as well as comprehensive news and current affairs coverage

There is obviously cross-party concern about recent developments in relation to the media industry in Wales.

Ofcom's Communications Market Report for Wales 2010 published in August 2011 has underlined the very serious decline already in spending on English language television programming in Wales. Spending by ITV 1 Wales and BBC Wales on English language television programmes fell from £28 million in 2009 to £25 million in 2010 – a decline of 13 %. This was the largest year-on-year reduction among the four nations. Over five years there was a reduction from £37 million in 2005 to £25 million in 2010, a decrease of 33 % over five years. In addition there has of course been significant cuts to S4C and BBC's budgets.

The Welsh Government's Programme for Government underlines our commitment to the broadcasting industry in Wales.

As the Minister responsibility for broadcasting issues within the Welsh Government I will provide observations on some aspects of the media industry in Wales

S4C

The challenge of safeguarding S4C has rightfully been a matter of concern to many of us in Wales and indeed further afield over recent months.

As a Government we welcome the agreement that has been reached between the BBC Trust and the S4C Authority. The agreement concerns the funding, governance and accountability of S4C for the next six years. Crucially it does so in a manner which protects the editorial and managerial independence of S4C. The assurance of funding until 2017 is a major step forward and should provide stability for S4C and the independent production sector. However, it is important to bear in mind that the funding situation facing S4C is dramatically different from that which was previously guaranteed in statute.

We will continue to argue the principle that Welsh language broadcasting should not be treated any less favourably than the other aspects of public service broadcasting. We will also continue to emphasise that the principles upon which S4C was established under successive Broadcasting Acts should not be abandoned – that this contract with the people of Wales should not be broken. S4C was created by statute to ensure the organisation's long term stability and independence and to avoid annual wrangling over the Welsh language. Its duties, responsibilities and its funding arrangements were laid down in law for very good reason.

We are encouraged that the new partnership between the two broadcasters offers important benefits for the citizens of Wales. The first priority should be for S4C and the BBC begin to deliver on the back of that partnership. However, because of the crucial importance of S4C's role we also believe that the outcome of this partnership should at some point be subject to an independent review – a matter which all parties in this Assembly have agreed. The Welsh Government's position is clear - there should be a wide ranging review of S4C commissioned jointly by the UK and Welsh Government. This commitment to press for an undertaking for a review is outlined in our Programme for Government. We will continue to discuss the timing of this review with the UK Government. We were very disappointed with the response we received to the letter sent by the leaders of the four party leaders in the Assembly last year.

Although we as a Government are not responsible for funding S4C we are fully aware of the implications of decisions taken during the last few months in relation to the channel.

BBC

The requirement for the BBC to find budget savings of up to 20% over the next four years represents a potentially disproportionate threat to the BBC's local services in Wales.

We were naturally concerned to see the proposals for reductions in the BBC's services in Wales. We recognise that the BBC, as with all public sector organisations, is having to take some tough decisions to deliver significant savings over the next few years. Reductions to Wales based services need to be seen against the background of those services being relatively limited in scope to begin with. However, we believe there should be a clear commitment to safeguarding and strengthening the core services in Welsh and English which are specifically aimed at Welsh viewers and listeners

As a Government we have been given reassurances by the management of BBC Wales that the BBC is taking steps to preserve all of the daily news services in both languages and that the overall investment in current affairs and political programming in Wales will be protected. BBC Wales' news and current affairs coverage is of particular importance in a small country with limited media sources.

The economic impact of the reduction in BBC Wales' budget over recent years has to some extent been lessened by the growth in network productions produced in Wales. We do not see the development of Cardiff as an increasingly important centre for network productions as any sort of justification for reducing the BBC's investment in local services. However, we attach importance to the further development of this area of business and ensuring that the BBC meets its comments to produce 15% of network productions outside London and the South East by 2016 - we have interpreted this as indicating that 5% of productions will originate in Wales.

As a Government we will do everything we can to help in securing a sustainable and vibrant future for the BBC in Wales

ITV Wales

At the moment we are far from clear about the long term pattern of ITV services in Wales. We believe that Wales needs a strong independent voice in broadcasting to provide a counterbalance to the provision of BBC Wales. We need to maintain plurality in broadcasting in Wales and believe that ITV Wales continues to have a vital role to play. We will continue to push to maintain the existing plurality of public service broadcasting and press the UK Government that the existing provision by ITV of just under 4 hours of news a week, plus an hour and a half of other material, including current affairs and political coverage, should be the minimum condition for ITV's license renewal.

As a Government we have expressed particular concerns about the need to ensure plurality and strong news service and also general programming aimed at Welsh viewers to ensure that democratic issues for Wales are available to the people of Wales on channel 3. The channel 3 news service should not be looked at as a 'regional news' service, but as an essential democratic national news service for the people of Wales.

Local Television

It is encouraging that towns and cities in Wales have been earmarked as potential locations for the new local television service. We acknowledge that there are significant technical barriers to be able to introduce such services across other parts of the country in the near future. We are however concerned that the implications of this would be that Government is in effect prepared to sponsor a potentially important new media development in a manner which will not be made available equitably across the UK or across the nations and regions within the UK. From a Welsh Government perspective it is a matter of concern that a significant proportion of Wales will not be served by the proposed new service.

The broadcasting landscape in Wales is vastly different from that in England and there is no history of local television. The definition of local services in Wales is often perceived to be what is delivered at a national level. Against this backdrop the first priority of the Welsh Government is to maintain and wherever possible strengthen our national television services.

Despite our reservations about the concept of local television services, we would be interested to see how it might support our creative industries. Developing these services could provide training opportunities for young people interested in working in the media industry and could therefore be a useful way to increase the skills capacity in Wales. We recognise that these new services could provide a new dimension to plurality. We would, therefore, like to explore the potential role which local television might make in the Welsh context.

Newspapers

The Welsh Government has no direct responsibility in relation to the newspaper industry in Wales. However, we have grave concerns about the developing situation, because it has such an effect on our work and on local communities across Wales. We recognise the importance of a healthy media sector as an essential component of a modern democratic society. We face a serious problem as far as newspapers and journalism in Wales are concerned, particularly, perhaps, journalism in English, although the situation with regard to journalism in the Welsh language is not that bright either. What is more difficult is finding answers to those problems. Providing plurality of services is vital in relation to public service broadcasting and the same argument applies to the newspaper industry. This is vital in order to ensure a fair democracy and to satisfy the needs of readers.

As a Government we were extremely concerned and disappointed that Trinity Mirror had taken the recent decision to cur further job losses at Media Wales. This is in addition to the significant job losses across Media Wales publications during the last few years in south Wales. Along with the loss of editorial jobs, the news of office closures has been an obvious blow to the communities affected. We are concerned that this decision will do nothing to strengthen an already declining media presence in Wales. The First Minister has recently written to Sly Bailey, Trinity Mirror's Chief Executive to seek a clear indication that the company regard their Welsh outlets as a core part of

its business to reassure the many staff who work tirelessly to report on Welsh affairs.

Welsh Government support for news and current affairs publications

The Welsh Government continues to provide funding (£200,000 during the current financial year) through the Welsh Books Council, to Golwg 360 – the on-line Welsh language daily news service . This is in addition to the £171,000 currently being spent by the Welsh Government, through the Welsh Books Council, on Welsh-medium news and current affairs publications.

The investment in Golwg 360 has led to job creation and training in both Golwg Newydd (the company which owns Golwg 360) and its sister company Golwg Cyf., which owns the print magazine. A total of seven posts have been created in Golwg 360, four of them journalist posts, and Golwg itself has created 1.7 new posts. The journalist training has been mostly done in-house taking advantage of the experience acquired by Golwg over many years. The majority of the jobs created are located in the Lampeter or Caernarfon areas. The newspaper industry has changed significantly during the last few years with more emphasis on newspapers on the internet. Even during the three years since Golwg Ltd won the tender, on-line newspapers have developed to be very popular. We continue to believe that the on-line solution which emerged from the Books Council's tender process offers the best prospects for a sustainable solution.

The Welsh Books Council also supports English-language magazines, one of which is devoted to current affairs/culture and which receives £73,700 in grant funding.

Community Radio

The Welsh Government continues to fund a Community Radio Fund (£100k per annum) which was established to recognise and support the contribution community radio stations make to their communities. The fund was created to help run community radio stations which have been granted a five-year broadcast licence by Ofcom (the Office of Communications in the UK). A review of the Fund is currently being undertaken which will determine any future support.

DAB

The challenge of providing sustainable and successful radio services in both English and Welsh is made more complex by the need to also ensure the completion of a transmitter network that ensures that those services are available throughout the whole of Wales. It is important for example that content and coverage of the DAB service in Wales is no worse than Welsh AM/FM radio coverage at present, and available in areas where the national radio stations (Radio Wales and Radio Cymru) can only be transmitted on the AM spectrum. The new DAB service needs to provide an enhanced service if

listeners in all parts of the UK are to be persuaded of the merits of that service. The Welsh Government would not be in favour of digital switchover for radio until there was a guarantee of at least 97% coverage for DAB throughout Wales. We have emphasised this regularly to the UK Government.

We were encouraged to hear BBC Wales' recent announcement indicating that more people in south-east Wales will be able to hear BBC Radio Wales on FM after coverage for the area was switched to a different radio transmitter. However, the current problems in regards to receiving FM radio signal is naturally making us apprehensive about the implications of out intention to change to digital radio.

The Welsh Government will continue to raise these issues with the UK Government through our representation on the UK Government's Digital Radio Government Policy Group and the UK Government's Digital Radio Stakeholder's Group.

Role of the Welsh Government

The Welsh Government will continue therefore to stand up for maintaining full services in the Welsh and English languages. As a nation with its own language, culture and political institutions, a strong media is essential to provide a comprehensive service that informs, educates and inspires the people of Wales.

I assure you that during the last few years we have consistently expressed our concerns to the UK Government, the BBC Trust and Ofcom about a number of issues in relation to the public service broadcasters. It cannot be right for the future of broadcasting in Wales to be driven simply by the cuts being forced through by the UK Government.

There has been much discussion recently about whether S4C and broadcasting in general should be devolved. The UK Government has not offered to devolve S4C from the UK Government. It would not make sense for us as a Government to be responsible for S4C without assurance that the appropriate funding was transferred as well from the UK Government. However, the broadcasting landscape is changing rapidly and there is no guarantee that the structures currently in place will remain in the future.

We will also wish to raise with the UK Government how we can establish stronger links between S4C – and indeed the other broadcasters in Wales – and the National Assembly. That is not because we think responsibility for broadcasting should be devolved but because we believe the activities of the public service broadcasters are too important to not be discussed in the Assembly. There is a commitment in the Programme for Government to press the broadcasters and the regulator to report on an annual basis to the National Assembly for Wales, with Ofcom, BBC/S4C, ITV, and Channel 4 reporting annually to a National Assembly for Wales committee.

The Welsh Government will also engage closely with DCMS on a number of these key issues and will continue to contribute constructively to ensure that the new Communication Act meets the needs of Wales.