

Agenda Supplement – Culture, Welsh Language and Communications Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: 16 March 2017

Meeting time: 09.15

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Committee Clerk

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Please note the documents below are in addition to those published in the main Agenda and Reports pack for this Meeting

– Consultation Responses – The Future of S4C

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Attached Documents:

FS4C01 BBC Wales

FS4C02 Sian Morgan Lloyd and Dr Caitriona Noonan, Cardiff University

FS4C03 Cymdeithas yr Iaith (Welsh Only)

FS4C03 Cymdeithas yr Iaith (internal only)

FS4C04 Equity

FS4C05 Institute of Welsh Affairs

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FS4C07 Pact

FS4C08 Rondo Media

FS4C09 TAC

FS4C10 Huw Marshall

FS4C11 Tinopolis

FS4C12 Welsh Language Commissioner



Culture, Welsh Language and
Communications Committee

Consultation Responses The Future of S4C

March 2017



National Assembly for Wales

Culture, Welsh Language and Communications Committee

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1. Introduction and background

The BBC welcomes the opportunity to comment on its relationship with S4C – a strong partnership which has proved indispensable for audiences in Wales dating all the way back to 1982.

This paper describes BBC Wales' creative partnership with S4C, and clarifies the direct funding relationship between the BBC Trust and S4C Authority.

We look forward to the forthcoming Independent Review of S4C as it provides an opportunity to discuss the role of Welsh language media within a fast-changing context.

2. The BBC's programming supply to S4C

At the heart of the BBC's relationship with S4C is what's known as the 'contributed programming'. The 1990 Broadcasting Act requires that the BBC provides no less than 520 hours of content per annum to S4C. This creative partnership has been at the heart of Welsh language broadcasting since 1982, and supports the public purposes of both organisations.

The programming comprises news and current affairs, live sport, *Pobol y Cwm* and extensive coverage of the National Eisteddfod.

The value of this programming in 2017/18 is £19.4m pa.

2.1 News and current affairs

The 9pm *Newyddion* programme remains at the core of our provision for S4C. The award winning *Newyddion 9* sets a high standard and the audience appreciation and viewing figures have gradually risen over the past year.

Anchored by Bethan Rhys Roberts and Rhodri Llywelyn, the programme features analysis of the day's main new stories. It also breaks new ground with reports into original Welsh stories.

Other news and current affairs programmes also include the topical panel show *Pawb a'i Farn*, hosted by Dewi Llwyd. We also provide live programmes from the political party conferences. The political programme *Y Sgwrs* came

to an end in July 2016 and a new political midweek programme, *O'r Senedd* will broadcast from late February, focussing on some of the week's hot political topics.

Each weekday, we also provide a news bulletin tailored for younger audiences, *Ffeil*, at approximately 6pm.

In May 2016, we also produced a live overnight results service for S4C for the National Assembly election.

2.2 Drama

Pobol y Cwm follows the highs and lows of the community of Cwmderi and is no stranger to controversial storylines and difficult themes. These include alcoholism and domestic violence. *Pobol y Cwm* has received national awards from the charity Mind for the way it has portrayed some of these challenging issues.

The series is S4C's most popular year-round weekday series and is the cornerstone of the nightly schedule.

2.3 Sport

Live sport is a major part of our programming supply to S4C. Each year, it includes Pro 12 rugby games, live coverage of all Wales' home Six Nations matches, as well as all Autumn International matches.

The live Pro12 rugby coverage in *Clwb Rygbi* had an average audience of 54,000 in 2016, with a return to Saturday evening (from Sunday afternoon) in Sept 2016 attracting higher audiences.

Last year was a particularly exciting sporting year as Wales's national football team reached the quarter finals of the Euro 2016 tournament. BBC Wales provided live programmes from four of the Welsh matches, as well as digital content for other platforms.

2.4 National Eisteddfod

Coverage of the National Eisteddfod of Wales continues to be a cornerstone of our programming for S4C and last year saw the programmes delivered on the HD platform for the first time. Hosted by expert and emerging, new presenters the comprehensive coverage totals around 100 hours and the

programmes are a mix of competitions and analysis and a lighter look at the Maes and the fringe activities.

2.5 Factual programmes

We also provide a small number factual programmes for S4C, including so-called ‘back-to-back’ English and Welsh language programmes such as Huw Edwards’ Patagonia documentary. Coverage of BBC Cardiff Singer of the World is also a back-to-back production, and will return to our screens in June 2017.

2.6 Further editorial collaboration

Beyond the statutory 520 hours, BBC Wales also works closely with S4C on programming projects that can benefit both Welsh and English speaking audiences. For example, the drama series *Hinterland/Y Gwyll* is co-commissioned by the BBC and S4C, and is now distributed worldwide. Similar drama and factual projects are in development currently.

Originated BBC Wales hours on S4C by genre 2015/16

Genre	Hours
Drama, Comedy, Entertainment, Music, Arts	168
News and Current Affairs	264
Sport	81
Education, Factual and Religion	3
Childrens	0
Repeats	100
Total Hours	616

The BBC’s content for S4C is produced by in-house production teams, and complements the independently produced programming slate which makes up the remainder of the S4C service.

3. Audience performance

BBC programming is at the heart of S4C's schedule. As outlined above, our contribution includes the *Newyddion 9* news programme, the weeknight drama *Pobol y Cwm*, live domestic and international rugby, and extensive coverage of the annual National Eisteddfod. Overall, BBC productions on S4C contribute 37% of S4C's broadcast hours of viewing.

- Live Pro12 rugby coverage in *Clwb Rygbi* had an average audience of 54,000 in 2016.
- The main evening news programme *Newyddion 9* has an average audience of 21,000, higher than previous years due to the programme having developed a distinctive Welsh agenda.
- *Pobol Y Cwm*, the daily soap, has an aggregate audience of 43,000 across both its main showing and the following day's repeat.
- S4C content on BBC iPlayer is requested over 100,000 times each week, contributing up to 3% of S4C's total viewing hours.

4. Providing additional value to S4C

Beyond the direct costs of producing 520 hours of output for S4C, the BBC provides additional value to the channel in a number of significant ways.

These additional sources include:

- Access to the BBC Newsgathering operation – The *Newyddion 9* news programme, produced by the BBC for S4C, is able to access the BBC's global newsgathering operation at no extra cost to report on major international events e.g. 2016 USA elections and the European migrants' crisis.
- Sports programming – The BBC provides S4C with live international sports programming without passing on any of the rights costs incurred by the BBC. This includes rights for live programming from the Six Nations, Autumn Internationals and Euro 2016.
- iPlayer access – S4C is now a full iPlayer channel giving it access to c.1,200 iPlayer connected devices. The cost of iPlayer is charged to

S4C on a 'not for profit' basis in recognition of the unique partnership which exists between the BBC and S4C.

- Access to BBC Archive – S4C commissioned programmes are allowed to use a very significant part of the BBC Cymru Wales programming archive on terms unavailable to other broadcasters.

5. Central Square and Yr Egin

BBC Wales will relocate its main production centre to Central Square, in the heart of Cardiff city centre in 2019. The development will see BBC Wales's staff working at the current site in Llandaff relocate to the new centre, located opposite Cardiff Central railway station.

Triggered by the ageing condition of the technology infrastructure at Llandaff and the constraints of working in a poorly configured building, the new building will be half the size of the existing facilities and new technology will make it cheaper to run our television, radio and online services. As part of the new development, it is estimated that approximately 20 S4C staff are expected to co-locate within the new complex and there are plans in development to share the transmission services with S4C in order to reduce the operational costs of both broadcasters. Negotiations between the broadcasters are due to be completed shortly.

S4C will also relocate its headquarters to Yr Egin in Carmarthen over the next few years. We are in discussions with the University of Wales Trinity St David about the feasibility of relocating our staff based at the Carmarthen studio to Yr Egin and those financial and operational discussions are ongoing with the university.

6. Licence Fee funding of S4C

In addition to the statutory supply of programming from the BBC, S4C also receives direct licence fee funding from the BBC Trust worth £74.5m per annum to S4C in 2017/18. This sum is fixed until the end of the current licence fee period in 2021/22.

The new BBC Royal Charter (2017) confirms that the Licence Fee should continue to support and underpin the delivery of S4C. The Charter also notes that the 'BBC and S4C must have the shared aim of working together to observe and safeguard the independence of both, and to make the best use

of such funding in the interests of audiences (and in particular those who speak Welsh), so far as is consistent with their respective obligations'.¹

7. Future accountability arrangements

The current partnership between the two broadcasters is managed through two documents.

The first is the Operating Agreement between the BBC Trust and the S4C Authority. This focuses on the direct funding relationship between the Trust and the Authority. The second agreement is the 'Strategic Partnership' document. This sets out how the contributed programming will be supplied by BBC Wales.

Both expire shortly and will need to be updated to reflect the BBC's new governance model. The BBC and S4C are currently discussing new accountability arrangements to take account of the new BBC Charter and, in particular, the creation of a new BBC Unitary Board. It is anticipated that the outcome of this process will be one, simpler public accountability mechanism that encompasses both the programming and funding dimensions of the partnership.

¹ BBC Charter Framework Agreement (2017), p39.

http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/2016/agreement.pdf

S4C plays a crucial role in ensuring the prominence of the Welsh language and in supporting Welsh democracy. The broadcaster is central to fulfilling the Welsh Government's strategic ambitions in relation to the Welsh language, most recently its commitment to creating one million Welsh speakers by 2050. Therefore, the health of S4C is closely connected to the vibrancy of Welsh language, culture and identity, and so we welcome efforts to ensure the sustainability of the broadcaster for the future. Our submission addresses the following themes:

1. Funding S4C
2. Independence & governance
3. S4C's relationship with the BBC
4. S4C's remit & visibility in a digital economy
5. Sustaining Welsh talent

1. Funding S4C:

As detailed in the Committee's own recent report on broadcasting in Wales (CWLC 2017), funding for S4C has declined in real terms since 2010 with a reduction of approximately 36 per cent in that time period. Further substantial cuts to S4C's budget, in tandem with cuts to the BBC's central budget, would have a detrimental impact on the quality and range of original content commissioned by S4C.

It is our view that stability in the financial arrangements of S4C would allow the broadcaster to effectively plan across the multiple genres it currently commissions. Research highlights the importance of long-term strategic planning within key genres such as drama where complex forms of co-production and co-financing are increasingly the norm (McElroy & Noonan 2016). Therefore, we advocate for greater certainty around the arrangements for S4C's core funding in the coming years.

We also believe that future intervention must address the need for sufficient levels of funding. Appropriate funding would allow S4C to continue to

deliver on the range of public service genres it currently provides including news, current affairs, drama, arts, factual entertainment and children's content. In our view it is essential that there is substantial Welsh language provision in all of these genres in order to serve the diverse needs of the entire community. Minority language broadcasters like S4C must address a broad range of ages and interests, while fulfilling both a remit to attract audiences with one to ensure the vibrancy and functional resilience of the language. Therefore, the unique contribution of the broadcaster to the UK's creative and social identity, and the challenges it faces in fulfilling that remit, must be taken into account during discussions of funding arrangements.

As noted in the CWLC (2017) report, repeated content now accounts for 57 per cent of S4C's output. We believe that a stable and appropriate funding arrangement for the broadcaster is critical to the greater commissioning of original content. Although often an economic necessity, repeated content is not always valued by audiences and also limits genuine engagement between the broadcaster and the production sector. Collaborations with independent production companies allow both producer and broadcaster to deliver projects of scale and creative ambition and generate revenue from secondary rights and overseas sales of content and formats.

Research testifies to the importance of public service broadcasters like S4C to the sustainability of the Welsh television sector, but also to the indigenous creative economy (McElroy, Noonan & Blandford 2015; McElroy & Noonan 2016). This impact is in terms of measurable economic value (e.g. local commissioning, engaging freelancers) and it is reported that for every £1 invested by S4C in the UK & Welsh economy £2.09 worth of financial value is created (S4C Annual Report 2015/16: 67). Furthermore, there is considerable indirect impact through the work of S4C, for instance in the promotion of Welsh culture and landscape to potentially global audiences through their commissioning strategy, such as in the case of the quality drama *Y Gwyll* (McElroy, Noonan & Blandford 2015; McElroy & Noonan 2016). Therefore the economic and creative robustness of S4C would contribute to the sustainability of the entire creative economy here in Wales.

2. Independence and Governance:

In our view S4C should remain an independent, publically funded broadcaster with its own systems of governance in place. Given the

complexity of its remit, it is essential that it retain its autonomy and editorial decision-making in order to fulfill its contribution to Wales and its communities. However, such independence should also allow for appropriate forms of accountability and transparency given the substantial amount of public monies involved.

We welcome the committee's interest in exploring the devolution of S4C, and perhaps ultimate responsibility for all broadcasting, to Wales. This issue is complex and raises many further areas for consideration at both policy and regulatory levels. We would encourage further public discussion and research into this potential change particularly around the implications for funding, the regulatory arrangements, the issue of spectrum allocation and how this would impact the wider Welsh media landscape. The School of Journalism, Media and Culture is well-positioned to facilitate this debate and we welcome the opportunity to contribute further.

3. S4C's Relationship with the BBC

The particular media ecology within Wales means there is a critical need for plurality of provision. It is clear that S4C's relationship with the BBC has been cooperative over the last few years and evidence of successful areas of collaboration exist. Research highlights the benefits to both organizations sharing resources such as around the production of *Pobol Y Cwm* in the BBC's Roath Lock Studios as part of the statutory arrangement (McElroy, Noonan & Blandford 2015; McElroy & Noonan 2016). Benefits from this arrangement include the realisation of economic efficiencies and enhanced production values along with the sharing of resources including skilled labour. A constructive relationship between Wales' principal Welsh language media providers has the potential to amplify Welsh content and visibility, and to deliver real economic value especially in key genres such as drama and news.

However, we would encourage the committee and the DCMS review to remain vigilant over the coming years particularly as a result of the new BBC Charter, the creation of a new Unitary Board for the BBC and the shift in regulatory responsibilities to OFCOM. Any new agreements covering the BBC's statutory supply and its operational arrangements with S4C will need to be monitored closely in order to ensure value for money for licence fee

payers, whilst protecting S4C's independence as a Welsh language public service broadcaster.

4. S4C's remit & visibility in a digital economy

A growing question for policy makers across Europe is how might the principles traditionally enshrined in public service broadcasting be successfully translated into the online world. One of the most obvious responses to this is the transition from public service broadcasting (PSB) to framing institutions as public service media (PSM) providers.

Therefore, we would like this committee and the DCMS review to adapt the remit of S4C to allow it to fully leverage the benefits of multiplatform provision. We support any change to policy that allows S4C to further cultivate a strong digital presence and enables it to create more digital content for distribution on new platforms and to new audiences. This is essential in order to appeal to a wide audience both within Wales and beyond its borders and, critically, to ensure its appeal to the next generation of S4C viewers. S4C's Clic player and the carrying of content on the BBC's iPlayer service will be essential to ensuring the visibility of the Welsh language and content in a digital media environment, though of course there are cost and revenue implications with these strategies. More routine use of video on demand services will allow greater creative freedom (e.g. the commissioning of short form content in Welsh language), greater cost efficiencies and extract better value from traditional linear content. For the community of Welsh speakers S4C should not simply be a television service but a multi-media provider.

However, while such a vision is attractive, practical obstacles do exist. In 2015/16 a number of academia/industry knowledge exchange events were held in Cardiff and Denmark on the challenges facing small nation's broadcasting.¹ Issues raised by some of the representatives of the broadcasters who were present related to the gatekeeping activities of some hardware manufacturers (e.g. smart TVs) and online platforms whose primary operating language is often English. This is an issue also raised in the Committee's report (CWCL 2016) and we agree with the recommendation that the UK government and Ofcom consider amending Ofcom's Code of

¹ These events were part of an AHRC funded network project. For more information see: <https://smallnationstv.org/>.

Practice in this area, but in addition we would like to see the inclusion of this issue in the Digital Economy Bill.

We also consider that the sharing of best practice and expert dialogue across policy-makers in other minority language markets (e.g. Ireland, Denmark) would allow a more effective lobby in this domain, thereby benefitting S4C in the long term. Of course, Brexit will undoubtedly impact on this ambition, but we believe that a stronger multilateral voice encompassing both policy and regulation would gain more traction in discussions with major global corporations like Google, Samsung and Apple.

5. Sustaining Welsh Talent

The future of S4C is absolutely central to the sustainability of an indigenous creative workforce as a resource for Wales, and for promoting Welsh culture and identity to the world.

Demand for Welsh medium education at HE level is increasing. In 2014/15 there were 6,355 students at Welsh HEIs receiving some form of teaching through the medium of Welsh – a 21 per cent increase since 2013/14 (Welsh Government 2016). At the School of Journalism, Media and Cultural Studies we have seen a 100 per cent increase over the past two years in the number of students enrolled on Welsh language modules. Our cohort represents a diverse cross-section of first language Welsh speakers and those for whom Welsh is a second language.

We are deeply committed to nurturing and shaping future talent and we believe it is vital that Wales has a healthy labour market to retain bright graduates. Welsh language media is a destination for many of our graduates and S4C is vital in this regard, both as a direct employer but also through the commissioning of independently produced content, and language and communication services.

Both staff and students at Cardiff University directly benefit from regular partnership opportunities, knowledge exchanges and work placements with S4C and the wider Welsh media. This year the School, the National Eisteddod,

C4CJ² and S4C will collaborate on a project at the National Eisteddfod. 'Llais y Maes' is an innovative digital news service in which our students will receive first hand training in both digital and journalistic skills. On top of this, an ongoing collaboration between JOMEC and ITV allows students on our 'Ystafell Newyddion' modules to publish original content on S4C's website, through their youth current affairs programme 'Hacio'. These activities successfully and directly encourage young people to communicate professionally through the medium of Welsh, developing both their confidence and digital skills. This also contributes to the resilience and prestige of the language. As argued by Moring (2013: 35) 'In simple practical terms, media can be seen as one of the many activities that affect our daily language use, informing it, renewing it and reforming it'.

A linguistically diverse and digitally literate labour force has real value for the Welsh economy. We believe that collaborations like those above allow institutions such as Cardiff University and S4C to directly enhance the creative economy in Wales. We believe that an S4C which is financially and operationally positioned to supplement formal training, share specific expertise and resources (e.g. around digital commissioning and production) and which expands the reach of emerging creative professional working within the medium of Welsh, has a vital role to play in the creative and cultural provision of Wales.

Conclusion

In sum, we believe the following are crucial to the future of S4C:

- Stable core funding that allows for strategic and ambitious planning in an increasingly competitive media landscape.
- An independent S4C that is accountable in its distribution of resources.
- Close ongoing cooperation between BBC and S4C to ensure creative and cost benefits.

² C4CJ (Centre for Community Journalism) researches into this area of journalism and offers networking, information and training for hyperlocal and community journalists. More information available here: <https://www.communityjournalism.co.uk/en/>

- Maintenance of a range of programme genres within the output of S4C, coupled with an emphasis on first-run content.
- Expanding its remit to enable the service to play a more central role in the digital infrastructure of the Welsh language.
- Close cooperation with Welsh language education providers and S4C in order to enhance the creative labour market in Wales.

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Biography

Sian Morgan Lloyd is Programme Director for Welsh-medium provision at the School of Journalism, Media and Cultural Studies. The Coleg Cymraeg Cenedlaethol currently funds her position. Previously, Sian worked as deputy editor and reporter on award winning current affairs programme 'Y Byd ar Bedwar' and for ITV News and factual programming.

School of Journalism, Media & Cultural Studies, Cardiff University

Dr Caitriona Noonan is Lecturer in Media and Communication at the School of Journalism, Media and Cultural Studies (JOMEC) at Cardiff University. Before joining academia Caitriona worked as a market adviser in the area of digital and broadcast media for Enterprise Ireland, the trade development agency of the Irish government. Caitriona's research expertise lies in the areas of television production cultures and creative labour. She sits on the steering group of the Centre for the Study of Media and Culture in Small Nations.

School of Journalism, Media & Cultural Studies, Cardiff University

1. Cyflwyniad

1.1. Mae Cymdeithas yr Iaith Gymraeg yn fudiad sydd wedi bod yn ymgyrchu'n ddi-drais dros y Gymraeg a chymunedau Cymru ers dros hanner canrif.

1.2. Credwn fod presenoldeb y Gymraeg yn y cyfryngau yn hollbwysig i bawb yng Nghymru a bod gan bawb yng Nghymru, boed yn siaradwyr Cymraeg ai peidio, hawliau i'r Gymraeg. Hynny yw, nid yn unig hawliau i'w defnyddio a'i dysgu, ond hefyd i'w chlywed a'i gweld. Felly, mae presenoldeb yr iaith ar y teledu, y radio, y we a phob cyfrwng arall yn allweddol i'n gweledigaeth ni fel mudiad.

1.3. Mae S4C, yr unig sianel deledu Gymraeg yn y byd, yn unigryw yng ngwledydd Prydain gan iddi gael ei sefydlu a'i diogelu o ganlyniad i ymgyrchoedd torfol gan bobl Cymru. Nid sianel gyffredin mohoni. Mae gan y sianel ran bwysig iawn i'w chwarae yn nhwf yr iaith a'i defnydd.

1.4. Rydym wrthi'n ymgynghori ar bapur trafod gyda'n cynigion ar gyfer datblygu S4C a datganoli grymoedd dros ddarlledu yn eu cyfanrwydd i Gymru. Mae'r papur i'w weld yma:

<http://cymdeithas.cymru/dogfen/darlledu-yng-nghymru-ii-papur-trafod>

1.5. Mae nifer o aelodau a chefnogwyr Cymdeithas yr Iaith Gymraeg yn gwrthod talu eu trwydded deledu ar hyn o bryd fel rhan o ymgyrch dros ddatganoli darlledu i Gymru.

2. Crynodeb

2.1. Crynhown ein prif gynigion a sylwadau fel y ganlyn:

- i. Dylid datganoli cyfrifoldeb dros ddarlledu yn ei gyfanrwydd i'r Cynulliad, sef grym rheoleiddio'r holl sbectrwm darlledu, gan gynnwys cyfrifoldeb dros y ffi drwydded;

- ii. Dylid sefydlu fformiwla ariannol statudol ar gyfer ein sianel Gymraeg fydd yn cynyddu yn unol â chwyddiant, gan y byddai hynny'n cynnig sicrwydd ariannol hirdymor i'r darlledwr;
- iii. Rydym yn argymhell codi ardoll ar gwmnïau darlledu a thelathrebu, a hefyd ar gorfforaethau sy'n gwerthu hysbysebion, megis Google a Facebook, er mwyn cyllido darlledu cyhoeddus yn y Gymraeg;
- iv. Dylid newid Awdurdod S4C i fod yn "Awdurdod Darlledu Cymru" a fyddai'n rheoleiddio'r cyfryngau yng Nghymru yn lle Ofcom. Dylai aelodau'r Awdurdod newydd gael eu penodi drwy broses ddemocrataidd yng Nghymru yn hytrach na gan yr Adran Diwylliant, Cyfryngau a Chwaraeon yn Llundain.
- v. Credwn y dylai fod gan yr Awdurdod Darlledu Cymru newydd (Awdurdod S4C gynt) swyddogaethau a phwerau:
 - i. i normaleiddio'r Gymraeg ar bob llwyfan cyfryngol, o radio masnachol a theledu lleol i Netflix, YouTube ac yn y blaen;
 - ii. i gryfhau'r cyfryngau cymunedol a chynnwys digidol Cymraeg
- vi. O gymharu'r cyfryngau yng Nghymru â rhai Catalwnia a Gwlad y Basg, gwelwn ddiffyg twf brawychus y cyfryngau Cymraeg a Chymreig
- vii. Credwn, o dan gyfundrefn ddatganoledig, y dylai cylch gwaith Awdurdod Darlledu Cymru gynnwys sefydlu S4C newydd, y gellir ei galw yn 'Sianel Cymru'. Byddai ganddi gylch gwaith llawer ehangach a fyddai'n cynnwys radio, teledu a gwasanaethau ar-lein. Er mwyn creu gwasanaethau cyfatebol i Wlad y Basg a Chatalwnia, credwn felly y dylai'r S4C newydd, neu Sianel Cymru, fod yn gyfrifol am y canlynol:
 - a. tair sianel deledu Gymraeg
 - b. tair gorsaf radio Gymraeg
 - c. o leiaf ddau wasanaeth newyddion aml-lwyfan Cymraeg a gynhyrchir yn fewnol
 - ch. cynnig cefnogaeth i fentrau cyfryngau lleol a chymunedol sy'n cynhyrchu

cynnwys Cymraeg

3.Cwestiynau'r Ymchwiliad

3.1. Ariannu'r Sianel

3.1.1. Mae S4C wedi dioddef toriadau o dros 40% i'w chyllid mewn termau real ers 2010; ac mae Llywodraeth San Steffan wedi paratoi'r ffordd i'r BBC draflyncu S4C. Erbyn hyn, er bod maniffesto etholiad cyffredinol y Ceidwadwyr yn 2015 yn dweud y byddent yn “diogelu arian ac annibyniaeth olygyddol S4C”, maen nhw nawr yn bygwth toriadau pellach.

3.1.2. Dywedwyd mai'r dirwasgiad a ddechreuodd yn 2008 oedd y rheswm dros doriadau i gyllid y darlledwr. Credwn felly y dylai cyllideb y darlledwr ddychwelyd nawr i'r un lefel â'r hyn oedd cyn y dirwasgiad.

3.1.3. Gwrthwynebwn ariannu S4C drwy'r ffi drwydded a chredwn y dylid dychwelyd i fodel grant. Fodd bynnag, os penderfynir y dylid parhau i ariannu drwy'r ffi drwydded, credwn y dylai rheolaeth dros y ffi drwydded gael ei datganoli i Gymru gyda chyfran uniongyrchol yn mynd at ddarlledwr Cymraeg sy'n annibynnol ar y Llywodraeth a darlledwyr eraill.

3.1.4. Credwn y dylid ail-sefydlu fformiwla gyllido annibynnol ar gyfer y sianel Gymraeg mewn statud, gyda'r cyllid yn cynyddu yn unol â chwyddiant. Mae angen llawer mwy o sicrwydd ariannol hirdymor ar y Sianel Gymraeg na darlledwyr eraill, oherwydd ei statws fel darlledwr mewn iaith leiafrifoledig.

3.1.5. Dylid ychwanegu at yr adnoddau sydd ar gael i'r darlledwr drwy ddilyn esiampl gwledydd eraill a chodi ardoll ar ddarlledwyr preifat ynghyd â chwmnïau sy'n rhannu cynnwys megis Facebook a Google.

Ardoll

3.1.8. Mae darlledwyr cyhoeddus yng ngwledydd Prydain wedi dioddef toriadau mawr yn eu cyllid yn ystod y pum mlynedd diwethaf. Yn ystod yr un cyfnod, ac er gwaethaf y dirwasgiad, mae darlledwyr preifat, megis British Sky Broadcasting (Sky) ac ITV, wedi gweld cynnydd mawr yn eu helw. Mae llwyfannau ar-lein, megis Google a Facebook, hefyd yn parhau i weld cynnydd mawr yn eu trosiant blyneddol, ac yn defnyddio strwythurau busnes cymhleth er mwyn osgoi talu trethi llawn i'r wladwriaeth. Gallwch weld rhagor o fanylion am ein cynigion yma:

<http://cymdeithas.cymru/dogfen/ariannu-darlledu-cymraeg-treth-newydd-i-ariannu-darparydd-amlgyfryngol-cymraeg-newydd>

3.2. Cylch Gwaith Statudol

3.2.1. Tra bu cynnydd aruthrol yn nifer y llwyfannau Saesneg eu hiaith, ni bu twf cyfatebol yn y gwasanaethau Cymraeg eu hiaith. Wedi sefydlu S4C, roedd un sianel deledu ac un orsaf radio Gymraeg: yng Ngwlad y Basg mae chwe sianel deledu a phum gorsaf radio; ac yng Nghatalwnia mae chwe sianel deledu a phedair gorsaf radio Catalaneg.

3.2.2. Mae Ofcom wedi methu â gwasanaethu Cymru a'r Gymraeg, ac mae'n parhau i fethu – gan ffafrio cwmnïau mawrion sy'n cwtogi'n ddifrifol ar allbwn Cymraeg a lleol ar radio masnachol a thrwy hynny yn tanseilio gorsafoedd radio cymunedol.

3.2.3. Yn lle Ofcom, credwn y dylid gweddnwid ac ehangu Awdurdod S4C i fod yn 'Awdurdod Darlledu Cymru' a fydd yn gyfrifol am reoleiddio darlledu yng Nghymru, yn lle Ofcom. Byddai cylch gwaith, dyletswyddau a grymoedd y corff newydd yn cynnwys hyrwyddo a normaleiddio'r Gymraeg ar bob llwyfan cyfryngol (gan gynnwys Netflix ac Amazon Prime er enghraifft), a byddai ganddo rymoedd i osod cwotâu ar radio masnachol a theledu lleol o ran y ganran o'u darlledu sydd yn Gymraeg.

3.2.4. Byddai gan yr Awdurdod ddyletswydd dros hyrwyddo cyfryngau cymunedol, ac yn benodol rhai Cymraeg. Er mwyn sicrhau plwraliaeth ac ystod o leisiau amgen, mae'n bosib y byddai gan yr awdurdod reolaeth dros 'gronfa cynnwys cymunedol' a hynny i hyrwyddo cyfryngau a llwyfannau lleol er mwyn creu system ddarlledu o'r gwreiddiau i fyny. Yn ychwanegol at hyn, dylid newid model S4C er mwyn iddi allu cynhyrchu gwasanaeth newyddion ei hun neu gomisiynu cwmni(au) Cymraeg i wneud hynny.

3.2.5. O dan gyfundrefn ddatganoledig, credwn y dylai 'Awdurdod Darlledu Cymru' sefydlu S4C newydd, y gellir ei galw yn 'Sianel Cymru'. Byddai ganddi gylch gwaith llawer ehangach a fyddai'n cynnwys radio, teledu a gwasanaethau ar-lein. Er mwyn creu gwasanaethau cyfatebol i Wlad y Basg a Chatalwnia, credwn felly y dylai'r S4C newydd, neu Sianel Cymru, fod yn gyfrifol am y canlynol:

dair sianel deledu Gymraeg

tair gorsaf radio Gymraeg

o leiaf ddau wasanaeth newyddion aml-lwyfan Cymraeg a gynhyrchir yn fewnol

cynnig cefnogaeth i fentrau cyfryngau lleol a chymunedol sy'n cynhyrchu cynnwys Cymraeg

3.2.6. Byddai nifer o'r gwasanaethau hyn yn rhai heb hysbysebion a byddent yn targedu gwahanol grwpiau demograffig a grwpiau diddordeb.

3.2.7. Byddai cylch gorchwyl Awdurdod Darlledu Cymru yn esgor ar dwf o ran cyfryngau cymunedol a chynnwys digidol Cymraeg. Byddai'n diogelu ac yn ehangu radio a theledu cymunedol Cymraeg, gan ffafrio'r darpariaethau hynny yn lle cyfundrefn Ofcom sydd wedi arwain at gwmnïau mawrion yn cwtdogi ar gynnwys Cymraeg a Chymreig.

3.2.8. Byddai Awdurdod Darlledu Cymru hefyd yn sefydlu endid darlledu dwyieithog newydd. Byddai'r endid newydd yn gyfrifol am:

un sianel deledu ddwyieithog Gymreig

un orsaf radio ddwyieithog Gymreig

un gwasanaeth dwyieithog ar-lein Gymreig

3.3. Datganoli Darlledu

3.3.1. Mae 60% o bobl Cymru yn cefnogi datganoli darlledu i Gymru, yn ôl arolwg barn a gynhaliwyd gan Gomisiwn Silk a sefydlwyd gan Lywodraeth Prydain. Yn ogystal, cefnogodd Comisiwn Silk ddatganoli rhan o gyllideb S4C i Lywodraeth Cymru, ond dyw Llywodraeth Prydain ddim wedi gweithredu ar yr argymhelliad.

3.3.2. Credwn y dylid datganoli grym dros ddarlledu yn ei gyfanrwydd i Gymru, nid S4C yn unig. Drwy ddatganoli'r cyfrifoldeb i Gymru, byddai modd troi Awdurdod S4C yn "Awdurdod Darlledu Cymru", sef rheoleiddiwr ar gyfer yr holl sbectrwm, yn naturiol. Byddai'n gyfrifol am ehangu a normaleiddio'r Gymraeg ar bob llwyfan cyfryngol.

3.3.3. O dan gyfundrefn ddatganoledig, credwn y dylai S4C, neu Sianel Cymru, fod yn atebol i Awdurdod Darlledu Cymru.

3.4. Annibyniaeth ar y BBC

3.4.1. Credwn y dylai fod gan S4C annibyniaeth ariannol, strategol a golygyddol lwyr. Pryderwn yn fawr bod y BBC, yn araf deg, yn traflyncu S4C ac yn ei dinistrio fel darlledwr annibynnol. Credwn fod y cynllun i symud darlledu S4C i bencadlys newydd y BBC yng nghanol Caerdydd yn enghraifft o hyn. Ac mae BBC yn cadw'r hawl i dynnu arian oddi ar S4C neu osod amodau ar arian a ddaw i S4C drwy'r ffi drwydded. Nid yw'n bartneriaeth gytbwys, ond yn draflynciad graddol.

3.4.2. Pryderwn ymhellach am y monopoli sydd gan y BBC dros newyddion Cymraeg cenedlaethol. Fel sy'n cael ei amlinellu uchod mae angen rhoi'r hawl i S4C sefydlu gwasanaeth newyddion annibynnol er mwyn sicrhau plwraliaeth.

3.4.3. Er mwyn sicrhau annibyniaeth go iawn, dylid sefydlu fformiwla ariannol statudol a ffynonellau ariannu sy'n gwbl annibynnol ar y BBC. Os oes rhaid ariannu S4C drwy'r ffi drwydded, dylai cyfran fynd yn uniongyrchol i'r darlledwr yn hytrach na gadael i'r BBC gael unrhyw ddylanwad dros ddefnydd yr arian.

Grŵp Digidol, Cymdeithas yr Iaith Gymraeg

Atodiad

Cyflwyniad

Cynhelir adolygiad o S4C eleni ac mae'n deg dweud bod hyn yn cynrychioli cyfle prin iawn i edrych yn fanwl ar fanylion y diwydiant darlledu yng Nghymru. Yn ogystal, mae Gweinidog Swyddfa Cymru wedi datgan bod hyn yn gyfle i ystyried datganoli darlledu, gan ddweud bod trafodaeth o'r fath yn 'anochel' wrth gynnal yr adolygiad.

Galwodd llyfryn polisi y Gymdeithas '*Darlledu yng Nghymru*', a gyhoeddwyd ym 1970, am sefydlu tonfeddi radio Cymraeg a sianel deledu Cymraeg (Atodiad 1), ac mi gymrodd dros ddegawd i gyflawni'r ddau nod. Yn ogystal, bu sefydlu sianel deledu Gymreig a gorsaf radio Gymreig, cyfrwng Saesneg ymysg rhai o'n galwadau yn 1970.

Ond, dechreuodd yr ymgyrchu dros y galwad am 'Awdurdod Darlledu Annibynnol i Gymru' gydag 'awdurdod llwyr dros ddarlledu yng Nghymru'. Gydag adolygiad S4C, credwn fod hi'n amserol ail-ymweld â'r cysyniadau hyn, gan hefyd ystyried pa gamau ychwanegol sydd eu hangen o ystyried y camau mawrion sydd wedi cael eu cymryd o ran technoleg yn ddiweddar.

Nawr bod Senedd ddatganoledig gyda ni yng Nghymru, ceir cyfle i greu cyfraith gwlad gall fod o fudd uniongyrchol i'r Gymraeg, i'r economi ac i ddemocratiaeth.

Mae'r ddadl dros ddatganoli darlledu yn un gref iawn. Mae'r maes wedi ei ddatganoli yng ngwledydd datganoledig eraill; Gwlad y Basg a Chatalonia ymysg eraill. Ac mae'r pwerau wedi cael eu defnyddio er lles eu hieithoedd nhw.

Darganfu pwyllgor trawsbleidiol Comisiwn Silk, a sefydlwyd gan Lywodraeth Prydain ei hunan, bod 60% o bobl Cymru o blaid datganoli darlledu yn ei gyfanrwydd i Gymru. Felly, mae gennym gefnogaeth y cyhoedd.

Argymhellodd y Comisiwn ddatganoli i Gymru grant y Llywodraeth ar gyfer S4C yn unig; er i nifer o sefydliadau eraill ofyn iddynt fynd yn bellach. Fodd bynnag, mae Llywodraeth Prydain wedi gwrthod gweithredu argymhelliad y Comisiwn i ddatganoli i Lywodraeth Cymru'r ychydig filiynau o bunnau'n unig sy'n mynd o drethdalwyr i S4C.

Mae nifer o gyrff eraill a sefydliadau yn y maes yn galw ar i Lywodraeth Prydain fynd yn bellach hefyd, ac yn gweld rhinwedd y ddadl dros ddatganoli darlledu. Dywedodd Yr Athro Elan Closs Stephens, Ymddiriedolwraig y BBC, ar Radio Cymru'n ddiweddar: "*byddwn i'n falch o weld rhagor o atebolrwydd ... dwi o'r farn mai job Cymdeithas yr Iaith ydy pwyso, pwyso am rywbeth ... ac wedyn job y gwasanaeth sifil, y Llywodraeth [ac eraill] ... yw ceisio'r ffordd orau o wneud hynna ... rwy'n siwr bod yn bosib i wneud rhagor...*"

Mae gennym gyfle drwy'r adolygiad yma i ddechrau cyfnod newydd ar gyfer y cyfryngau yng Nghymru drwy ddatganoli'r maes i Gymru.

Darlledu yng Nghymru

Pe bai Cymru'n gorfod sefydlu system darlledu o'r newydd fory, beth fydden ni'n gorfod gwneud? Byddai angen sefydlu cyrff rheoleiddio a thechnolegol, gan gynnwys systemau i reoleiddio cynnwys ac i ddosrannu tonfeddi. Byddai angen strwythurau datblygu, rheoli, cynhyrchu a darlledu teledu Cymraeg, yn ogystal â theledu dwyieithog. Byddai hefyd angen systemau cyfatebol ar gyfer radio Cymraeg a dwyieithog, a hyn oll o fewn gweledigaeth ac egwyddor darlledu gyhoeddus. Byddai angen strwythurau a ffynonellau cyllido wrth gwrs. Byddai angen ystyried adeiladwaith a rhwydwaith darlledu cenedlaethol a lleol, gan gynnwys rôl darlledu fasnachol. Ymhlith pryderon eraill, nid oes digon o ddarlledu yng Nghymru sy'n annibynnol o'r BBC ar hyn o bryd (does dim newyddion teledu amgen yn y Gymraeg, er enghraifft).

Wrth gwrs, gan nad ydym yn sôn am sefydlu system darlledu o'r newydd, mae angen dyfeisio proses esblygol sydd yn trawsnewid y sefyllfa bresennol.

Mae'n bwysig nodi bod gan Ogledd yr Iwerddon eisoes sbectrwm sy'n cael ei rhannu rhwng dwy gyfundrefn – yr un Brydeinig ac un y Weriniaeth; gallai hynny osod cysail defnyddiol yng nghyd-destun Cymru.

Cyd-destun rhyngwladol

Dengys Gwlad y Basg a Chatalwnia, ymysg gwledydd eraill, ei fod yn gwbl bosib datganoli darlledu o fewn gwladwriaeth. Rhoddir isod trosolwg o sianeli a gorsafoedd yn y gwledydd hynny, gan gynnwys manylion am iaith, cynnwys a chynulleidfaedd y gwahanol blatfformau, ynghyd ag arsylwadau ar strwythurau a ffynhonellau cyllid y cyrff sydd yn gyfrifol amdanynt.

Euskal Irrati Telebista (EiTB), Gwlad y Basg

Sefydlwyd *Euskal Irrati Telebista* (EiTB) yng Ngwlad y Basg ym 1982, yr un flwyddyn a lansiwyd S4C yng Nghymru. Bryd hynny, lansiwyd un sianel deledu ac un orsaf radio. Erbyn hyn, mae EiTB yn gyfrifol am:

- 6 sianel deledu (ETB 1, ETB 2, Etb 3, ETB 4, ETB Sat, Canal Vasco)
- 5 orsaf radio (Euskadi Irratia, Radio Euskadi, Euskadi Gazeta, EiTB Irratia, Radio Vitoria)

Yn ogystal â sianeli a gorsafoedd sydd yn targedu cynulleidfaedd cyffredinol (yn debyg i S4C a Radio Cymru efallai), gwelwn fod gwasanaethau penodol ar gyfer plant a phobl ifanc hefyd (Atodiad 2). Trwy'r rhain, gwasanaethir tua 700,000 o siaradwyr Basgeg y wladwriaeth a chymunedau ar wasgar yn Ewrop ac America Ladin. Mae platfformau EiTB yn darlledu yn y Fasgeg, y Sbaeneg ac yn ddwyieithog. Daw 86% o gyllid EiTB yn uniongyrchol o lywodraeth Gwlad y Basg, gyda'r gweddill yn cael ei chodi trwy hysbysebion. Mae gwerth nodi hefyd bod cwota 50% ar gyfer allbwn Basgeg ar radio masnachol yn ogystal.

Corporació Catalana de Mitjans Audiovisuals (CCRTV), Catalwnia

Yn dilyn deddfwriaeth gan lywodraeth Catalwnia, sefydlwyd Corporació Catalana de Mitjans Audiovisuals (CCRTV) ym 1983. Fe'i lanswyd gydag un sianel deledu ac un orsaf radio. Heddiw, mae'r gorfforaeth yn gyfrifol am:

- 6 sianel deledu (TV3, El33, TV3CAT, 3/24, Super3, Esport3)
- 4 gorsaf radio (Catalunya Ràdio, Catalunya Música, Catalunya Informació, iCat FM)

Prif iaith pob un ohonynt yw'r Gatalaneg. Yn debyg i EitB, ceir sianel a gorsaf radio yn benodol ar gyfer plant a phobl ifanc (Atodiad 3). Noder iCat FM yn benodol, sef gwasanaeth amlblatfform sy'n gwneud defnydd helaeth o'r rhyngrwyd a thechnoleg newydd. Er bod CCRTV yn gwasanaethu cynulleidfa gymharol fwy na'r rheini yng Ngwlad y Basg ac yng Nghymru (gyda thua 4 miliwn o siaradwyr brodorol Catalaneg), mae yna elfennau strwythurol i'w system darlledu datganoledig sydd yn haeddu ystyriaeth.

Yn wahanol i Wlad y Basg, rhannwyd cyfrifoldebau dros deledu a radio rhwng dau gorff CCRTV, sef Televisió de Catalunya a Catalunya Ràdio, gydag adrannau eraill o CCRTV yn gyfrifol am gynorthwyo'r rhain trwy farchnata, cynllunio, datblygu a thechnoleg. Ceir hefyd CCRTV Interactiva sydd yn creu a dosbarthu cynnwys rhyngweithiol, aml-gyfrwng ar gyfer yr adrannau uchod. Daw dros hanner (52%) o gyllid y gorfforaeth (h.y. CCRTV) trwy gyllideb cyffredinol llywodraeth Catalwnia, a'r gweddill o hysbysebion, nawdd, nwyddau a gwerthiant cynhyrchiadau gwreiddiol.

Yn y ddwy achos uchod, gwelwn fod systemau darlledu, a lanswyd yn yr un cyfnod ag S4C, wedi ehangu'n sylweddol dros y degawdau, tra bod y Gymraeg yn parhau i gael ei chyfyngu i un sianel ac un orsaf yn unig.

Credwn fod Cymru yn haeddu yr un fath o ddarpariaeth â'r hyn sy'n bodoli yng ngwladwriaethau eraill y byd.

Camau tuag at ddatganoli

Wrth ystyried y broses ddeddfwriaethol, y man cychwyn fydd dileu'r eithriad ym Mesur Cymru sy'n cadw'r pwerau dros ddatganoli yn ôl. Er na fydd hyn o reidrwydd yn newid pethau dros nos, byddai gan Senedd Cymru yr hawl i ddeddfu yn y maes darlledu. Mae'r broses dechnegol yn fwy cymhleth o ran dosrannu tonfeddi, addasu strwythurau cynhyrchu a chreu system cyllido (e.e. ffi drwydded Gymreig) ymhlith pethau eraill. Awgrymir datganoli fesul cam, a hynny gan ddechrau gyda rheoleiddio.

Felly, mae blaenoriaethau tymor byr o ran datganoli yn cynnwys:

1. Grymoedd i ddeddfu dros reoleiddio yr holl sbectrwm darlledu ac Awdurdod S4C er mwyn galluogi sefydlu cyfundrefn rheoleiddio i Gymru;
2. Ffi'r drwydded a grymoedd i godi trethi er mwyn ariannu darlledu cyhoeddus;
3. Grymoedd dros radio masnachol, cymunedol a theledu lleol

Dylid nodi y bydd datganoli grym deddfwriaethol yn y meysydd hyn yn golygu y gall Senedd ddatganoledig Cymru benderfynu, fel sy'n bosibl ym mhob maes datganoledig, cadw'r gyfundrefn ddarlledu'n union fel ag y mae yn y lle cyntaf. Byddai datganoli felly yn caniatáu newidiadau esblygol i'r system.

Barn y Gymdeithas

Mae Ofcom wedi methu â gwasanaethu Cymru a'r Gymraeg, ac yn parhau i fethu. Dylid trawsnewid ac ehangu Awdurdod S4C i fod yn 'Awdurdod Darlledu Cymru' gyda dyletswydd statudol, a fydd yn gyfrifol am reoleiddio darlledu yng Nghymru, yn lle Ofcom. Nid Awdurdod S4C y byddai felly.

Byddai cylch gwaith, dyletswyddau a grymoedd y corff newydd yn cynnwys hyrwyddo a normaleiddio'r Gymraeg ar bob llwyfan cyfryngol (gan gynnwys Netflix ac Amazon Prime er enghraifft), gyda grymoedd i osod cwotâu ar radio masnachol a theledu lleol o ran y ganran o'u darlledu sydd yn Gymraeg.

Byddai gan yr Awdurdod ddyletswydd dros hyrwyddo cyfryngau cymunedol, ac yn benodol rhai Cymraeg. Er mwyn sicrhau plwraliaeth ac ystod o leisiau amgen, mae'n bosib y bydd gan yr awdurdod reolaeth dros 'gronfa cynnwys cymunedol' a hynny i hyrwyddo cyfryngau a phlatfformau lleol er mwyn creu system darlledu o'r gwreiddiau i fyny. Yn ychwanegol at hyn, dylid newid model S4C er mwyn iddi allu cynhyrchu gwasanaeth newyddion eu hunain neu gomisiynu cwmni(au) Cymraeg i wneud hynny.

Buddion y gyfundrefn ddatganoledig ar gyfer Cymru a'r Gymraeg

O dan gyfundrefn ddatganoledig, byddai Awdurdod Darlledu Cymru yn sefydlu S4C newydd, y gellir ei chalw yn '*Sianel Cymru*' y byddai ganddi gylch gwaith llawer ehangach a fyddai'n cynnwys radio, teledu a gwasanaethau ar-lein. Er mwyn creu gwasanaethau cyfatebol i wlad y Basg a Chatalwnia, credwn felly y dylai'r S4C newydd, neu *Sianel Cymru*, fod yn gyfrifol am:

- 3 sianel deledu Gymraeg – SC1, SC2, SC3
- 3 gorsaf radio Gymraeg – RC1, RC2, RC3
- o leiaf 2 wasanaeth newyddion aml-blattform Gymraeg a gynhyrchir yn fewnol – Newyddion Cymru
- Cynnig cefnogaeth i fentrau cyfryngau lleol a chymunedol sydd yn cynhyrchu cynnwys Gymraeg

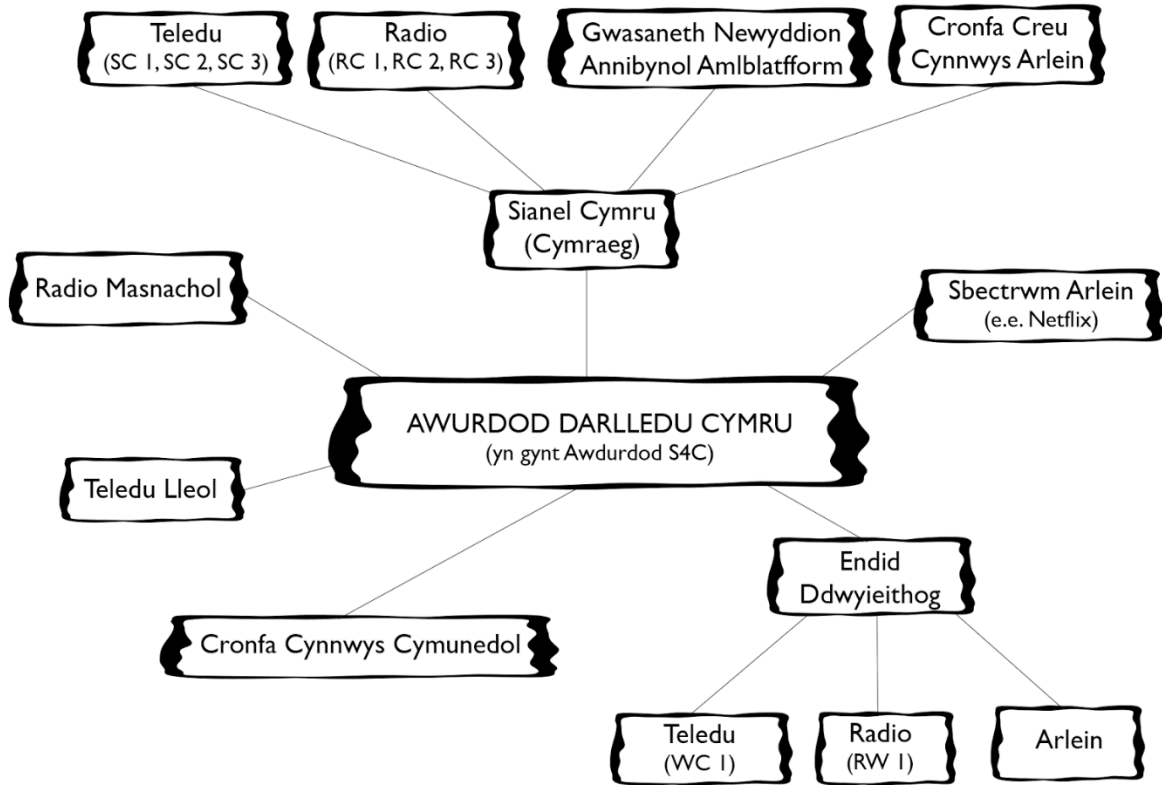
Byddai nifer o'r gwasanaethau hyn yn rhai heb hysbysebion ac yn targedu gwahanol grwpiau demograffeg a grwpiau diddordeb.

Byddai cylch gorchwyl Awdurdod Darlledu i Gymru yn esgor ar dwf yn y cyfryngau cymunedol a chynnwys digidol Gymraeg. Byddai'n diogelu ac ehangu radio a theledu cymunedol Gymraeg, gan ffafrio'r darpariaethau hynny yn lle cyfundrefn Ofcom sydd wedi arwain at gwmnïau mawrion yn cwtogi ar gynnwys Gymraeg a Chymreig.

Byddai Awdurdod Darlledu Cymru hefyd yn sefydlu endid darlledu dwyieithog newydd. Byddai'r endid newydd yn gyfrifol am:

- 1 sianel deledu ddwyieithog Gymreig
- 1 orsaf radio ddwyieithog Gymreig
- 1 gwasanaeth dwyieithog ar-lein Gymreig

Diagram – Strwythur rheoleiddio newydd posib



Mae'n bwysig cofio y byddai pobl Cymru yn parhau i gael mynediad at gyfryngau Saesneg o weddill ynysoedd Prydain a'r byd yn ogystal â'r darlledu cynhenid Cymraeg a dwyieithog ychwanegol.

Ariannu'r gyfundrefn

Yn 2015, cyhoeddodd y Gymdeithas bapur ynglŷn ag ariannu darlledu Cymraeg, gan amlinellu opsiynau amgen ar gyfer ariannu darlledu cyhoeddus, gwasanaeth amlblatfform newydd, ac S4C yn benodol. Ymddengys ei fod yn bosib ystyried sawl un o'r argymhellion hynny yng nghyd-destun ehangach datganoli darlledu yn ei gyfanrwydd.

- 1) Ariannu'n uniongyrchol gan y Cynulliad
- 2) Datganoli'r ffi drwydded
- 3) Ardoll ar wasanaethau, rhyngrwyd, cwmnïau telethrebu, hysbysebion a/neu'r sector preifat

Os byddai corfforaeth darlledu Cymraeg yn goruchwyllo teledu a radio masnachol, yn ogystal â sianeli a gorsafoedd darlledu cyhoeddus, byddai modd codi swm sylweddol ychwanegol wrth werthu gofod hysbysebu ar y platfformau hynny. Fel yng Ngwlad y Basg a Chatalwnia, mae'n debyg mai cyfuniad o ffynonellau ariannol buasai'r datrysiad orau.

Ariannu'n uniongyrchol gan y cynulliad

Yn debyg i'r systemau Basgeg a Chatalaneg, byddai cyfran statudol o gyllid corfforaeth darlledu Cymraeg datganoledig yn dod yn uniongyrchol o Lywodraeth Cymru. Yn 2014, awgrymodd Comisiwn Silk y dylai'r cyfrifoldeb dros ariannu S4C symud o Lywodraeth y Deyrnas Unedig i Lywodraeth Cymru yn ogystal â newidiadau strwythurol eraill. Fodd bynnag, yn ddelfrydol, ac er mwyn sicrhau bod yr arbenigedd a'r gallu yng Nghymru i wneud y penderfyniadau cywir dros ddyfodol darlledu, byddai grymoedd ariannu a deddfu dros y cyfryngau yn cael eu trosglwyddo i Gynulliad Cenedlaethol Cymru. Dim ond datganoli llawn fyddai'n caniatáu i bobl Cymru lunio cyfundrefn sy'n addas iddyn nhw.

Datganoli ffi'r drwydded

Buasai sicrhau ffi drwydded Gymreig yng Nghymru yn gallu talu tuag at ariannu goruchwylwr darlledu o'r fath y mae'r wlad yn ei haeddu; er mwyn pennu pwy fuasai'n berchen ar fastiau a sut caent eu defnyddio, a gosod rheoleiddio annibynnol ar y sector yng Nghymru er mwyn penderfynu faint o newyddion, rhaglenni a cherddoriaeth Cymraeg a Chymreig buasai ar gael – gan hefyd rhoi mwy o sicrwydd i ddarlledu cyhoeddus yng Nghymru ac i S4C

yn benodol. Rydym yn sylweddoli y byddai angen cyfnod o amser er mwyn sefydlu cyfundrefn ar wahân i Gymru. Ond gyda ffi'r drwydded ar lefel Brydeinig o dan fygythiad, byddai'n synhwyrol i Lywodraeth Cymru gomisiynu ymchwil ar gostau ac ymarferoldeb sefydlu'r gyfundrefn Gymreig.

Ardoll ar wasanaethau, rhyngwrwd, cwmnïau telethrebu, hysbysebion a/neu'r sector preifat

Mae mwyfwy o gefnogaeth i'r syniad o gasglu ardoll. Ym mis Rhagfyr 2016, ac yng nghyd-destun gweithgareddau busnes Facebook a Google, cyhoeddodd yr academydd blaenllaw Leighton Andrews ei fod yn "gwbl gefnfnogol o'r syniad bod angen camau adfer ar lefel genedlaethol, megis ardoll ar refeniw gyfryngwyr rhyngwrwd". Yn ein papur 'Ariannu Darlledu Cymraeg', dangoswyd bod trosiant ac elw cwmnïau mawrion, megis TalkTalk, EE, BSkyB a Google, wedi parhau i gynyddu'n sylweddol er gwaethaf y dirwasgiad ac yn wyneb toriadau enfawr i ddarlledu cyhoeddus. Dangoswyd hefyd y byddai ardoll o 1% yn unig ar drosiant y cwmnïau hyn yn unig (yn seiliedig ar ffigyrau 2013) yn codi dros £150 miliwn yn flynyddol ar lefel Brydeinig. Trwy ymestyn yr ardoll i gwmnïau mawrion eraill, megis Facebook, Vodafone a Virgin Media, gellir codi swm sylweddol er mwyn ariannu darlledu cyhoeddus ar draws gwledydd Prydain gyda chyfran deg ohono yn mynd yn uniongyrchol at gorfforaeth darlledu Cymraeg a gwasanaethau presennol a newydd.

Ymysg materion eraill, bydd angen dileu'r eithriad i ddeddfu ar ddarlledu sydd ym Mesur Cymru. Yn ogystal â phwerau dros ffi'r drwydded, bydd angen ymestyn yr hawl bresennol sydd gan Senedd Cymru i godi trethi newydd er mwyn iddyn nhw ystyried codi ardoll newydd ar ddarlledwyr preifat ac eraill.

Casgliadau

Credwn fod datganoli darlledu yn cynnig cyfle am gyfnod newydd i'r Gymraeg ynghyd â bywiogi ein democratiaeth a'n holl gymunedau yng Nghymru. Drwy ddatganoli'r cyfrifoldeb i Gymru, byddai modd troi Awdurdod S4C yn "Awdurdod Darlledu i Gymru" sef rheoleiddiwr ar gyfer yr holl sbectrwm yn ddatblygiad naturiol a fyddai'n galluogi ehangu a normaleiddio'r Gymraeg ar bob platfform.

Grŵp Digidol, Cymdeithas yr Iaith Gymraeg
Ionawr 2017
#DatganoliDarlledu

Atodiad 1:

Llyfryn Polisi 'Darlledu yng Nghymru' (1970) Cymdeithas yr Iaith Gymraeg



Cymdeithas yr Iaith Gymraeg

Awdurdod Darlledu i Gymru-NAWR

PAM MAE DARLLEDU'N BWYSIG

Mae'r teledu a'r radio yn rhannau sylfaenol o fywyd beunyddiol y mwyafrif o bobl Cymru, a chan mai gwasanaeth a grewyd yn Llundain ydych chi, mae'n wasanaeth darlledu sylfaenol Seisnig. O'r herwydd, cyflyra ein pobl i feddwl fel Saeson ac i anghofio'r Gymraeg.

Mae'r gyfundrefn ddarlledu bresennol yng Nghymru yn fodd i ladd yr iaith Gymraeg a'i gwareiddiad.

RHAI FFEITHIAU:

Teledu

Oriau o Gymraeg yn 1969-70 660 awr
Oriau o Saesneg 11,040

Radio

Oriau o Gymraeg 699 awr
Oriau o Saesneg 23,502

FOLISI CYMDEITHAS YR IAITH

1. Awdurdod Darlledu Annibynnol i Gymru gydag awdurdod llwyr dros ddarlledu yng Nghymru a chyfrifoldeb i sicrhau fod pob rhan o Gymru yn derbyn ei wasanaeth.
2. Sianel deledu Gymraeg a sianel deledu Saesneg.
3. Tonfedd radio Gymraeg a thonfedd radio Saesneg.

Cydnabyddwn na ellir gwneud hyn dros nos; ond dylid dechrau ar unwaith drwy sefydlu sianel deledu Gymraeg, fel y prif flaenoriaeth, i ddarlledu lleiafswm o 3 awr y noson, a graddol ddatblygu hyn yn wasanaeth llawn. Dylid darparu mwy o raglenni Saesneg o Gymru i lenwi'r bylchau a greid yng ngwasanaeth presennol B.B.C. Cymru a H.T.V.

A YW HYN YN YMARFEROL

A Ar hyn o bryd mae un sianel UHF heb ei llenwi. Rhaid sicrhau y rhoddir hon i'r Gymraeg.

B Cyfrifoldeb moesol y Llywodraeth yw sicrhau yr arian angenrheidiol i wasanaeth o'r math yma - drwy grant uniongyrchol. Os oes ewyllys gennym nid oes unrhyw anhawster anorchfygol - dangosodd gwledydd eraill, megis yr Yswyddir, hynny i ni.

PA GAMAU A GYMERODD Y GYMDEITHAS?

- a) wedi diffinio'n hamcanion yn fanwl mewn llyfryn "Darlledu yng Nghymru". (10c o'r Swyddfa).
- b) wedi gohebu 3r awdurdodau, eu deisebu, danfon dirprwyathau atynt i drafod y mater.
- c) wedi cynnal ymryd, taith gerdded a gwylinosau i geisio cyffroi cydwybod yr awdurdodau i weithredu.
- d) ar ôl ymgychu fel hyn, ysgrifenasom at y prif awdurdodau darlledu yn Llundain (cadeiryddion y B.B.C. a'r I.T.A. a'r Gweinidog Post) yn gofyn iddynt ddatgan yn glir erbyn y Sulgwyn a oeddynt o blaid sefydlu sianel deledu Gymraeg neu beidio.

YMATEB YR AWDURDODAU

A Dywedodd Cyngor Darlledu Cymru y B.B.C. nad oedd ganddynt hwy y grym i weithredu ein cynigion - am y geilw am benderfyniad gwleidyddol. Sefydlasant bwyllgor gwaith i ymchwilio i gost sianel deledu Gymraeg.

B Nid oedd yr Awdurdodau yn Llundain yn barod roi ystyriaeth ddifrifol i'r mater o gwbl.

OHERWYDD EIN HANFODLONRWYDD AR ATEBION YR AWDURDODAU YN LLUNDAIN RHAI OEDD I'R GYMDEITHAS GYMRYD Y CAMAU DIFRIFOL CANLYNOL:

- a) Dringo mastiau i geisio atal y gwasanaeth.
 - b) Torri i mewn i adeiladau'r cyfryngau darlledu a gwneud niwed cyfyngedig i eiddo.
- Daethpwyd a chyhuddiad difrifol o "gynllwynio" yn erbyn ein haelodau am hyn.
- Gresynwn ein bod wedi gorfod cymryd y camau difrifol hyn, ond yn wyneb gwrthodiad yr awdurdodau i ymateb i bob dull arall nid oedd gennym ddeuw. Wyneb yn wyneb a marwolath iaith, a'i gwareiddiad, pech bychan yw niweidio eiddo.

Y FFORDD YMLAEN

Gwrthod talu treth teledu

Galwn ar holl bobl Cymru i wrthod talu treth teledu o hyn allan hyd nes y sefydlir sianel deledu Gymraeg. Danfonwch eich enw i swyddfa'r Gymdeithas os ydych chi am ymuno yn yr ymgyrch hon. Sarhad ar Gymru yw talu treth i gynnal gwasanaeth darlledu sy'n ladd iaith ei wlad.

RADIO ANNIBYNNOL Y GYMDEITHAS

Dechreuwn ddarlledu ein gwasanaeth radio Gymraeg ein hunain cyn y gaef. Galwn ar ein cefnogydd i beidio 3 thalu'r dreth teledu ac anfon yr arian (£6 y flwyddyn) yn hytrach i Gronfa Radio Annibynnol y Gymdeithas.

Ysgrifennwch at y Gweinidog Post yn Llundain ac at eich A.S gan bwysio arnynt na all Cymru fforddio bod heb Awdurdod Darlledu Annibynnol yn hwy, os yw'r Gymraeg i fyw.

PENDERFYNIAD GWLEIDYDDOL FYDD CYMREIGIO'R
CYFRYNGAU DARLLEDU A RHAI I BOBL CYMRU
WNEUD EU LLAIS YN EGLUR YN Y MATER HWN.

Atodiad 2:

Gwlad y Basg - Sianeli a Gorsafoddd *Euskal Irrati Telebista* (EiTB)

Teledu	Lansiwyd	Iaith	Cynnwys	Cynulleidfa
ETB 1	1983	Basgeg	newyddion, adloniant, rhaglenni dogfen, chwaraeon, rhaglenni pobl ifanc, rhaglenni plant, ffilmiau	Cyffredinol
ETB 2	1986	Sbaeneg	newyddion, adloniant, rhaglenni dogfen, chwaraeon, rhaglenni pobl ifanc, rhaglenni plant, ffilmiau	Cyffredinol
ETB 3	2008	Basgeg	Adloniant	Plant/Pobl Ifanc
ETB 4	2014	Dwyieithog	Chwaraeon	Cyffredinol
ETB Sat		Dwyieithog	Diwylliant Basgeg	Sbaen ac Ewrop
Canal Vasco		Dwyieithog	Diwylliant Basgeg	America Ladin
Radio				
Euskadi Irratia	1982	Basgeg	Newyddion/ radio siarad	Cyffredinol
Radio Euskadi		Sbaeneg	Newyddion/ radio siarad	Cyffredinol
Euskadi Gazeta		Basgeg	Cerddoriaeth	Pobl ifanc
EiTB Irratia		Dwyieithog	Diwylliant/ cerddoriaeth	Cyffredinol
Radio Vitoria		Sbaeneg	Newyddion/radio siarad	Cyffredinol

Atodiad 3:

Catalwnia - Sianeli a Gorsafoedd

Corporació Catalana de Mitjans Audiovisuals (CCRTV)

Teledu (Televisió de Catalunya)	Lansiwyd	Iaith	Cynnwys	Cynulleidfa
TV3/TV3 HD	1983 Lansiwyd yr HD yn 2007	Catalaneg	newyddion, adloniant, dramau, chwaraeon, ffilmiau	Cyffredinol
El 33	1988	Catalaneg	rhaglenni dogfen, diwylliant	Cyffredinol
TV3CAT	1995	Catalaneg	Cyfuniad o gynnwys TV3 ac El 33	Rhyngwladol
3/24	2003	Catalaneg	Newyddion 24-awr y dydd	Cyffredinol
Super3	2009	Catalaneg	Adloniant	Plant/Pobl Ifanc
Esport 3	2010	Catalaneg	Chwaraeon	Cyffredinol
Radio (Catalunya Ràdio)				
Catalunya Ràdio	1983	Catalaneg	Cyffredinol 24-awr y dydd	Cyffredinol
Catalunya Música	1987	Catalaneg	Cerddoriaeth 24-awr y dydd	Cyffredinol
Catalunya Informació	1992	Catalaneg	Newyddion 24-awr y dydd	Cyffredinol
iCat FM	2006	Catalaneg	Pobl ifanc Amblatfform – ar y we	Pobl ifanc

ATODIAD 4

Cwestiynau Ymgynghorol:

Sianel Pedwar Pwy? Datganolwn Ddarlledu

A. Cyflwyniad

Mae Llywodraeth Prydain yn cynnal adolygiad o S4C eleni; mewn datganiad y llynedd am gyllid y darlledwr, dywedon nhw:

"Er mwyn sicrhau bod gan S4C ddyfodol cryf a chynaliadwy i barhau i ddarparu gwasanaeth o'r radd flaenaf, mae'r Llywodraeth hefyd yn bwriadu cynnal adolygiad cynhwysfawr yn 2017. Bydd yr adolygiad yn edrych ar gylch gwaith, trefniadau llywodraethu a chyllid S4C i sicrhau bod y darlledwr yn dal i allu bodloni anghenion cynulleidfaoedd sy'n siarad Cymraeg yn y dyfodol a buddsoddi mewn rhaglenni uchel-ansawdd. Bydd y cyllid ychwanegol a gyhoeddwyd heddiw yn sicrhau sefydlogrwydd ariannol drwy'r broses adolygu."

Mae Gweinidogion y Llywodraeth hefyd yn dweud bod hyn yn gyfle i drafod datganoli darlledu gan ddatgan bod trafodaeth am ddatganoli'n 'anochel' yn rhan o'r adolygiad.

Tra bod cannoedd o sianeli teledu Saesneg a gorsafoedd radio Saesneg, un sianel deledu ac un orsaf radio yn y Gymraeg yn unig sydd gennym.

Rhwng 2010 a 2015, gwnaed toriadau o 40% i gyllideb S4C gan Lywodraeth Prydain. Arbedodd y Llywodraeth 93% o'u grant i'r unig sianel Gymraeg. Ceision nhw wneud toriadau pellach y llynedd ond bu'n rhaid iddynt newid eu meddwl.

Dywedodd maniffesto'r Ceidwadwyr yn 2015 y byddent yn "diogelu arian ac annibyniaeth olygyddol S4C."

B. Cwestiynau i sbarduno trafodaeth mewn grwpiau bach:

1. Y cyd-destun

Pa fath o gyfryngau sydd eu hangen ar Gymru?

Beth yw'r prif gryfderau gyda darlledu yng Nghymru?

Beth yw'r prif broblemau gyda darlledu yng Nghymru?

2. Datganoli

A ddylid datganoli darlledu i Gymru?

Os felly, beth yw'r pethau pwysicaf i'w datganoli?

Beth fyddai'r pethau pwysicaf i'w datganoli'n gyntaf?

3. Swyddogaethau S4C

Beth ddylai fod rôl S4C? A ddylai fe fod yn gyfrifol am fwy o sianeli teledu?

Os felly faint? Ar gyfer pwy?

A ddylai S4C fel corff cynnal gorsaf(oedd) radio? Os felly faint? Ar gyfer pwy?

A ddylai S4C fod yn gyfrifol am ddarlledu yn ieithoedd eraill yn ogystal â'r Gymraeg?

Beth ddylai S4C ei wneud ar blatfformau digidol?

Beth ydych chi'n meddwl am y cynigion penodol hyn?

- 1) Ehangu cylch gwaith a chynyddu cyllideb S4C er mwyn iddi lwyddo a hynny ar ragor o blatfformau, er enghraifft drwy sefydlu ail orsaf radio.
- 2) Newid Awdurdod S4C o fod yn gorff un sianel i fod yn 'Awdurdod Darlledu i Gymru' sydd gyda'r grym i reoleiddio sawl maes, gan gynnwys radio masnachol a theledu lleol.

Byddai hynny'n golygu bod modd gosod cwotâu ar y darparwyr preifat hyn i ddarparu fan leiaf hanner eu hallbwn yn Gymraeg.

- 3) Dylai fod gan S4C yr hawl, y capasiti a'r adnoddau i gynhyrchu cynnwys ei hun, er enghraifft gwasanaeth newyddion, ac i lenwi'r bylchau yn y ddarpariaeth.

By virtue of paragraph(s) vi of Standing Order 17.42

Document is Restricted

BACKGROUND

- 1) Equity has been heavily involved in the development of the independent production sector in the Welsh language since the inception of S4C in 1982 and we have been very clear about our role to make sure the rewards to those who make the programmes are commensurate with actors across the UK doing similar work. We have never believed that the workforce at S4C should be the poor relations of the broadcasting industry.
- 2) Having said that we have also been realistic about the resources available to the channel and to their strategic objectives. This has in practice resulted in a regular readjustment of the contractual relationship between the independent sector and performers and we believe we have at all times behaved responsibly. We feel that this has shown a continuous commitment to the success of the channel.
- 3) We have on a number of occasions cautioned S4C against what we perceive to be unrealistic expansion of programme making given their inability to expand income. This was most noticeable over the huge increase in hours in the lead up to analogue switch over. The quality of programme making in this circumstance could not be maintained and resulted in what we felt was a downward spiral of standards and consequentially audiences, leading in the end to the crisis of confidence in 2010 which is well documented and made the channel susceptible to attack from central government which probably resulted in assisting decisions to bring S4C under BBC funding.
- 4) Along the way there have been a number of areas where we believe S4C had over committed. The obvious one is in the number of broadcast hours. We recommended that this be scrutinised as part of the long term strategy but this was flatly rejected. This has led to an over dependence on the use of repeats in filling the schedule.
- 5) We also believe that the reluctance of S4C to see the unions as stakeholders in the service is bluntly insulting. Given the support and assistance given by all the unions over the last 30 years and given that it off the back of our

members that the main success of S4C can be measured we feel we should have such a status.

General Question Areas

1. What sufficient funding for the channel looks like? For example, who should provide it, and how should it be calculated – should it be linked to a formula? How should this be supplemented with revenue raised by S4C?

It is almost impossible to put an exact figure on exactly what is sufficient. In an ideal world the funding would be returned to pre-2010 levels and would not be supplied by the BBC License Fee, but this does not take into account how the broadcasting landscape has changed in these times of austerity and the continual cuts in funding to the broadcaster from both the license fee and direct DCMS funding.

In the absence of any developed alternative Equity continues to support the Licence Fee as the most appropriate funding method for the BBC, and therefore S4C. It provides a direct link between licence fee payers and S4C, it provides sustainable and predictable funding, maintains the independence of the S4C from Government and enables the S4C to produce programming that other services would not fund. We do believe that there is a disparity between the inflationary increases built into the BBC Charter for the License Fee and the fixed funding of S4C for the initial 5 years and we hope that the long overdue Westminster review into S4C will address that situation.

2. What S4C's statutory remit should be. Is its current remit fit for a contemporary broadcaster, and if not, how should it change? How should it reflect the digital role of a modern broadcaster?

We believe S4C should be:

- *A National Broadcaster committed to continued investment & programming throughout Wales*
- *A Modern Broadcaster committed to on-screen diversity that reflects modern Wales*
- *A Universal Broadcaster committed to maintaining a universal service funded by the licence fee*

- *A Trusted Broadcaster independent from government*
- *A Quality Broadcaster committed to original TV and radio drama, comedy, entertainment and children’s programming*
- *A Responsible Broadcaster committed to fair pay and conditions for the people working for it.*

Equity supports the continuance of S4C as a broadcaster that provides a wide range of different types of content and programmes, for a wide range of different audience groups. Our members work across a range of S4C content including drama, comedy, entertainment and children’s programming.

We believe that S4C could do more to address the portrayal of underrepresented groups and would suggest that the public purposes are modified in order to address on screen diversity as a priority.

Equity also believes that S4C should continue to make content available free at the point of use, on as wide a range of platforms as possible. In the changing context of the modern audiovisual industry, where audiences are fragmenting and younger viewers demonstrate a strong desire to consume content online it is imperative that S4C is able to innovate and adapt its delivery mechanisms.

S4C has made full use of both CLIC and its recent inclusion on the BBC iPlayer and Equity has been party to the launch of such services through the negotiation of agreements with both the BBC and S4C for rights clearances. The experience of reaching such agreements has challenged established methods of working and negotiating but we would continue to support S4C in developing platforms for delivery of their programmes.

3. What governance and accountability structures S4C should have in place. For example, should responsibility for S4C be devolved to Wales?

We do not believe that Broadcasting should be devolved to Wales and it would make no sense to just devolve responsibility for S4C in isolation. We believe, however that there needs to be input and monitoring from the Welsh Government into how the S4C and the broadcast industry serves Wales.

One of the outcomes of the Task and Finish Group into Media in Wales in 2012 was that the Broadcasting Advisory Panel would continue to monitor and advise Welsh Government about devolving broadcasting. There has been no report from this advisory panel to date. There does not seem to be an appetite from the Welsh Government for this to happen now, however every alternative should be explored to make sure that the Future of S4C is secured and, more importantly, the financial security of S4C is guaranteed going forward. Our priority would be to support the most appropriate option – which is currently to support the status quo subject to the Westminster Review.

4. What S4C's relationship with the BBC should look like.

Equity believes the current relationship is the correct one. S4C should remain fully independent of the BBC save for its statutory commitments outlined in the Framework Agreement between the two parties. The provision of funding going forward is secured subject to the Westminster review of S4C and we commented earlier on what we would like to see with regards to an increase in that provision.

5. The visibility of S4C: covering issues such as S4C's prominence on the electronic programme guides and smart TV's.

We do not feel it is within our remit as a Trade Union to respond to this question.

Equity would be happy to provide oral evidence to support our position on this matter along with further written background information should the Committee find this useful.

Simon Curtis
National Organiser for Wales

1. Introduction

- 1.1. The Institute of Welsh Affairs is keen to respond to the Culture, Welsh Language and Communications Committee's inquiry into S4C in advance of our Media Summit on 29 March 2017 and the forthcoming DCMS Review of S4C. We address the issues specified by the Committee and we strongly advocate that the review include both an assessment of the performance of the channel's core service and independently assessed audience opinion of the service. Exclusion of such assessments is not in S4C's best interests. Rigorous and independent analysis, using a range of measures, undoubtedly is. An effective review should consider issues such as hours of programming, repeat levels, peak and off-peak audiences, behaviour in mixed-language families, sub-titles, children's segment performances, fluency levels etc.
- 1.2. S4C is not an end in itself, but a means (one of several) to the achievement of a comprehensive media service for Wales. The channel's creation was an act of idealism, pragmatism and imagination and the same qualities are called for regarding its future. The time for 'defending' S4C has passed. Open, bold development is needed now along with an approach that sees the channel in its various contexts, including the European and the global.

2. Funding and Economic Impact

Funding

- 2.1. Television production, particularly for cost intensive genres such as drama, requires long-term planning. It is difficult for a broadcaster to carry out this work if its core finance is dependent on ad-hoc or annual ad-hoc decisions, as appears to be the situation currently with the element of funding received by the S4C Authority from the DCMS. Financial certainty is needed for S4C to fulfil its creative and public service remit adequately.

- 2.2. With this in mind, we believe that the forthcoming DCMS review must address the need for the development of a new, stable, independent funding formula that should be protected from political interference. This formula would, in our view, accord with the Secretary of State's existing duty, under the Public Bodies Act, to secure 'sufficient funding' to enable the S4C service to be provided.
- 2.3. We hope the Review will consider the need to further liberalise the regulation of S4C to enable the broadcaster to develop new commercial opportunities and increase its commercial revenues. Currently, only a small proportion (around 2.5 million¹) of S4C's income is derived from commercial sources. In our opinion, the review should consider how this element of S4C's total revenue could be increased at a time of difficult trading conditions. Other elements for consideration are the performance of, and trend in, advertising, co-production and distribution income, and the approach to international markets.

Economic Impact

- 2.4. S4C has had a considerable impact on the creation and the development of the independent sector in Wales². The vast majority (81.5%) of S4C's public service fund continues to be spent on programme commissions³ and competition within the independent sector has, arguably, created conditions under which originality and creativity have flourished⁴. However, the review provides an opportunity to assess whether the balance between producer and broadcaster rights is appropriate.
- 2.5. Recent studies have shown that S4C has a significant impact on both the Welsh economy and the locations where programmes have been produced. The broadcaster also has a significant fiscal impact in terms of Treasury tax revenue, with total direct and indirect tax contributions

¹ 2015/16 S4C Annual Report page 111

² 1981/82 S4C Annual Report

³ S4C Annual Report 2015/16

⁴ Our 2015 Media Audit noted that S4C commissioned programmes and content from a total of 65 independent production companies during 2014/15. However, this total increased to 87 companies in 2015/16 (S4C Annual Report, 2015/16)

created by core S4C activities amounting to £39 million a year⁵. In our view, funding allocated to S4C should therefore be considered in terms of an economic as well as a cultural investment.

3. Statutory Remit

Need for Change

3.1. S4C's statutory remit, set out in the 2003 Communications Act, places a duty on the S4C Authority to ensure that the S4C Digital television service provides a broad range of high quality and diverse programming, with a substantial proportion consisting of Welsh language programmes⁶. The remit emphasises that S4C Digital is a television service and in our view this is outdated. It should instead require S4C to be a multi-platform content provider that can react to today's multi-device demands and gain the greatest possible value from its TV productions.

Maintaining a Holistic Perspective

3.2. In addition, S4C must be seen as part of total media service to Wales. Such a holistic perspective is essential if media provision in Wales is to mature and flourish, with both the country's main languages in partnership. This will mean robust recognition of the financial cost of the Welsh language television service. The national service licence for the BBC in Wales, which the IWA has recommended, has been adopted and will be a useful accountability tool. It is inevitable that resource-intensive partnerships between English language and Welsh language output will mean that monies will be spent 'across' both languages and need not be one at the expense of the other. This can be managed positively, but it must be recognized as an issue and planned for.

S4C's relationship to other providers

3.3. In seeking to encourage S4C in the multi-platform direction, the relation must be borne in mind between the channel and other Welsh language media providers, press and online, and also radio. Given acknowledged problems in plurality and journalistic resource the role of

⁵ S4C Annual Report 2015/16, p67

⁶ Part 2, Schedule 12, 2003 Communications Act, Section 3. The act sets remits for both S4C (the former analogue service which also carried Channel 4 programmes and S4C Digital).

S4C in relation to these other platforms also needs to be considered. In our view the overarching aim of the review should not primarily be the survival or fate of S4C, but the healthy future of the people of Wales through good stewardship of the country's languages, culture and media.

S4C as a digital leader

- 3.4. Could there be an opportunity here for S4C as an institution, to take a leading role in the development of digital creativity and skills in Wales? This could be a similar role to that of the BBC when it was tasked with digital switchover. There is currently no institution in Wales (outside the Welsh Government) with a lead role in supporting the infrastructure for Welsh-medium digital delivery, from up-skilling existing content producers to effectively exploiting digital rights and multiplatform opportunities, right through to playing a genuine social role in working with arts, education and NGOs.
- 3.5. Welsh-speakers could be provided with the kind of digital skills and business knowledge that would enable Welsh language and bilingual content to be monetised, thereby making a significant contribution to the Welsh economy. In this context, we acknowledge the realities of Brexit and its potential impact on the sustainability of international film and TV production involving producers from Wales. The Welsh Government's aim of securing a million Welsh speakers is also a key driver. Such an initiative could, for example, be developed in partnership between the Welsh Government and S4C.
- 3.6. The Welsh Government has already been involved through various initiatives in the development of Wales' creative industries and it is worth noting the role governments in the Nordic countries, particularly Denmark, in promoting their own indigenous drama production⁷.
- 3.7. S4C has already attempted to innovate in the digital space, through the creation of a digital development fund to commission content and production of digital-only (i.e. non-broadcast), with services such as

⁷ JENSEN et al, highlights the experience of 'minority language' Nordic countries in global success, noting the role that governments play. This article has also been brought to the Committee's attention as an example of positive governmental engagement.

Pump, aimed at young people. Liberalisation of the remit would enable S4C to continue to work in this area and develop new services, without the requirement to ensure that the bulk of its output is broadcast on TV.

- 3.8. But such changes to the remit require careful definition and decisions as to the amount of funding that would be diverted to these functions. It would also require boundary definitions as the areas of language promotion policies are ones in which the government is the prime mover

4. Governance and Accountability

- 4.1. Government, Regulation and Management of S4C must be carefully distinguished.
- 4.2. Only an institution with its own independent form of governance can function effectively and fairly in dealing with a plural supply of programming from independent companies and the BBC. With the possible development of S4C as a digital content commissioner as well as a broadcaster, there will potentially be an even greater range of content providers to be required in the future.
- 4.3. As the only Welsh language television channel, S4C's cultural and social impact continues to be central to life in Wales and it should continue to sustain meaningful partnerships with Wales' key cultural events and its national institutions. It will also play a crucial part in the future of the Welsh language.
- 4.4. There are major questions to be addressed concerning the right structural model for S4C in the future. These require extensive research. The immediate issues on governance are the implications of the creation of a BBC unitary board and the role of OFCOM.
- 4.5. There will be a process for reviewing the BBC's performance in delivering the terms of the national licence for Wales. Will there be a parallel process to assess S4C's delivery of its own remit? Will Welsh Government's Media Monitoring body or forum be obliged to lay all its reports before the Assembly? Transparency counts. This body could also have an important role in relation to the provision of all media

qualitative data for Wales, possibly providing an independent, source of performance assessment to the data provided by the broadcasters in Wales, including S4C. We strongly recommend clarity and transparency in the workings of all governmental bodies and advisory panels.

- 4.6. There are no proposals within the current Wales Bill for devolution of broadcasting. The issue raises complex, multi-layered issues relating to spectrum and telecommunications as well as broadcasting. It is a long-term aim. For example, the future balance of UHF spectrum allocation between digital terrestrial television and mobile voice or data is a matter that will have to be settled on a UK /Europe wide level. Regulation of these sectors is carried out primarily by Ofcom and its responsibilities are being extended, as part of the charter renewal process, to cover responsibility for the BBC from April this year. By contrast, S4C retains its own Authority, which acts as both a regulator for the service and as its governing body. After April, S4C will in effect, be the only public service broadcaster that will not be fully regulated by Ofcom⁸. Could S4C adopt a unitary board and be regulated by Ofcom?
- 4.7. The review could also consider whether there should there be greater symmetry between the arrangements for the BBC and S4C, and what the benefits might be of dividing S4C management from the S4C Authority, rather than giving S4C a unitary board. Given that there was near-consensus about the need to increase the distance between the BBC Trust and BBC management, might the same argument may apply in this case? Further research is needed. In our view, while the broader point about the devolution of responsibility for broadcasting from the DCMS to the Welsh Government is not being considered by Westminster within current draft legislation, it seems likely that the DCMS review will consider the future governance arrangements of the service.
- 4.8. In the case of the BBC, there should, for example, be clear lines between Ofcom's regulatory draft legislation, it seems likely that the DCMS Review of S4C will consider the future governance arrangements for the service. One factor to consider is the funding currently provided by the

⁸ Schedule 12 of the 2003 Communications Act sets out areas, for example in setting quotas for news and current affairs output, where Ofcom has regulatory responsibility in relation to the S4C Authority.

DCMS to the S4C Authority. It is unclear if this sum could be 'Barnetised' in any negotiations to transfer responsibility for S4C from Westminster to Cardiff Bay.

Diversity

4.9. In our 2015 Media Audit we expressed concern about S4C's decision to no longer monitor its staff composition and diversity issues across the companies that it commissions. More recently, the public service broadcasters are in the process of adopting Project Diamond (Diversity Analysis Monitoring Data) which aims to create a common standard in reporting diversity data. It was developed by the Creative Diversity Network, with the BBC, ITV, Channel 4, Sky, Pact and Creative Skillset, although it does not include S4C currently.

4.10. S4C's role in worker welfare and in the training of the workforce, both at university and professional levels, might legitimately be considered also.

5. Relationship with the BBC

5.1. S4C's relationship with the BBC will continue to be crucial. In recent years, both the Strategic Partnership and the Operating Agreement have been central to the way the BBC has worked with S4C. In our view, both appear to have worked well over the past few years and looking to the future, it is vital that new agreements are reached covering the BBC's statutory supply and its operational arrangements with S4C, which continue to ensure value for money for licence fee payers whilst protecting S4C's independence as a Welsh language public service broadcaster.

5.2. With the new BBC charter coming into force and the creation of a new Unitary Board for the BBC, the future relationship between the Corporation and the S4C Authority will need to be considered very carefully by the DCMS Review. The very different roles of the BBC's Unitary Board and the S4C Authority will require a new mechanism to avoid any future conflicts of interest and in our view, consideration of this new working relationship will be a key issue for the DCMS Review.

6. Visibility

- 6.1. There may be opportunities to increase the prominence of S4C's Gwyllo/View app (video on demand), for example, on new platforms and services. This is essential in order to appeal to a wide audience and, critically, to engage younger viewers.
- 6.2. The inclusion of S4C's programmes on the BBC's iPlayer service has provided significant visibility for S4C's output on platforms and services, for example smart TVs, where it would not be able to have a presence without the BBC's commercial scale and influence. However, S4C does not receive any income for carriage of its programmes on iPlayer.
- 6.3. Our 2015 Media Audit noted the 'gatekeeper' role that set manufacturers and digital service providers have in relation to the need to secure prominence for public service content. Providing prominence on electronic programme guides, where for example in Wales, S4C has slot 4 on Freeview, is a key way to support the production of these services in the digital age. However, the provision of apps on smart TVs provides a way to circumvent the EPG, taking viewers directly to their content of choice. This has serious implications for all content from Wales, including that provided by S4C.
- 6.4. It is disappointing in our view to note that the current Digital Economy Bill, working its way through Parliament, has not attempted to tackle this key issue.

IWA Media Policy Group
3 March 2017

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language
and Communications Committee
Dyfodol S4C / The Future of S4C
CWLC(5) FS4C06
Ymateb gan J Y Comben / Evidence from J Y Comben

I have tried to respond to the Consultation on the future of S4C. but am unsure if the attempt reached you as the last question asked where I lived and only Welsh areas were options. I live in Scotland and watch S4C every day via Sky. I presume Sky pay S4C for this and if they do not, that is one change which should be made to bring in needed funds.

I have been relearning Welsh via the SaySomethinginWelsh on line facility and have met people from all over the world on the SSiW Forum, all of whom greatly value such S4C programs as they can access. This seems to vary widely and all would happily pay a subscription to S4CInternational to get as many programs as possible.

I started a petition to the UK Government Secretary of State for Culture, Media and Sport when S4C's finances first began to be cut.

The Public Signature list is available on line at

<https://www.gopetition.com/petitions/non-residents-of-wales-ask-for-s4c-funding-to-be-maintained/signatures.html>

The many comments stress the value placed upon the Channel and our ancient and beautiful language, which is an asset to tourism, not a detriment.

Please would you take account of the value of all types of programs to the diaspora as well as those within Wales.

Please note that I am now 75, so my license fee is, I believe, now borne by the BBC. If I could choose I would donate it to S4C and, actually, I would be happy to continue paying while I am alive.

Introduction

- 1) Pact is the trade association that represents the commercial interests of the independent television, film, digital and children's & animation production sector in the UK.
- 2) Pact has around 500 members across the UK, including in the nations and regions, with around 20 companies based in Wales with a combined turnover of around £37m. Pact members make programmes for a range of broadcasters in the UK and internationally, including for BBC, BBC Cymru Wales, Channel 4 and S4C in both the English and Welsh languages.
- 3) The UK independent television sector is one of the biggest in the world. Independent television sector revenues have grown from £1.3 billion in 2005 to around £3 billion in 2016.¹
- 4) UK TV exports are also a success story; international revenues from the sale of UK TV programmes and associated activities have risen by an impressive 10% over the last year to £1.3 billion in 2015/16².
- 5) Pact's vision for an independent sector in Wales is one that is diverse and sustainable and continues to secure investment in both Welsh and English language programming into the future. S4C as a publisher-broadcaster investing in Welsh Indies is an important part of the broadcasting ecology in Wales; sustainability and continuity in its funding is important. S4C also has an important role in driving international and sustainable growth in Wales too.
- 6) For further information, please contact Pact's Director of Nations & Children's, Rosina Robson, at rosina@pact.co.uk or on 020 7380 8248.

¹ Pact Census Independent Production Sector Financial Census and Survey 2016, by Oliver & Ohlbaum Associates Limited

² UK TV Exports Report 2015/16 a collaboration between BBC Worldwide, ITV Studios and Pact

Inquiry questions

Pact's headline points in response to the key themes of this inquiry are:

- Funding: It is important to ensure continued levels of funding to S4C so that it can continue to commission content and support the creative and wider economy in Wales.
- Remit: Pact underlines the continued importance of S4C's role as a publisher-broadcaster with 100% of programmes commissioned from external suppliers. An equally important part of this is independent producers being able to own and exploit these rights at home and overseas to allow them to maximise revenues, reinvest in content and build sustainable businesses.
- Driving international revenues: S4C should commission as far as possible in a way that helps drive exports and international revenues in Wales through programmes that are attractive to both audiences in Wales and globally.
- Governance: whatever form of governance structures the Government Review decides on, the key principles of fairness, accountability and transparency should be met.

1. What sufficient funding for the channel looks like? For example, who should provide it, and how should it be calculated – should it be linked to a formula? How should this be supplemented with revenue raised by S4C?

1.1. Pact supports the maintenance of current levels of funding for S4C into the future. S4C is an important part of the broadcasting ecology in Wales and should be guaranteed a certain level of investment for its longer term sustainability.

1.2. Analysis carried out by Arad Research in 2014/15 concluded that for every £1 invested by S4C in the economies of Wales and the UK created a total value of £2.09. According to the study, S4C's investment of £83m generated a total economic impact of £170m across the UK. Pact underlines that investment in S4C offers a good return to the economy and to Welsh speakers who make up around 20% of the population in Wales.

- 1.3. Pact is aware that the BBC Trust agreed in September 2016 for S4C's funding to be fixed at its current level of £74.5m until the end of the current licence fee agreement in 2022. There is a case for extending the terms of this agreement to the end of the current BBC Charter period in 2028. This funding is in addition to the statutory 10 hours per week of programming currently provided by BBC Cymru to S4C.
- 1.4. Over recent years, S4C has felt the impact of budget cuts in a similar way to the BBC. Overall spend on programming for S4C was £91.5m in 2012/13. BBC contributed £76m to the funding of S4C in 2013/14 falling year on year to £74.5m in 2016/17. DCMS also continues to provide funding of £6.7m to S4C but this has not been confirmed beyond 2016/17.
- 1.5. The remaining 2% of funding comes from S4C's advertising revenue and commercial activities; Pact believes there is a case to make S4C even more open to international sales in the future which we will expand on, in response to question 2.
- 1.6. We recognise that S4C has faced a real terms cut of 36% in funding since 2010/3 compared with BBC Cymru Wales has dealt with a real terms cut of 16% of funding spread over five years. In light of recent announcements signalling an extra £8.5m per year by 2019/20 to BBC Wales, an additional £30m for a new channel in Scotland and £1.2 additional spend for MG Alba we believe there is a case for the Government Review of S4C to consider adequate funding for S4C in the future including for digital and multiplatform projects.
- 1.7. Pact is clear on the fact that maintaining both investment in Welsh and English language programming in Wales is crucial for the full diversity of audiences in Wales being represented on screen. We will continue to emphasize the importance and success of the S4C publisher-broadcaster model in commissioning from external suppliers and the important role of independent production companies in continuing to provide deficit financing.

³ Institute of Welsh Affairs, Wales Media Audit, December 2015

2. What S4C's statutory remit should be. Is its current remit fit for a contemporary broadcaster, and if not, how should it change? How should it reflect the digital role of a modern broadcaster?
 - 2.1. S4C has broadly fulfilled its public service remit over the last few years and delivered on '*the provisions in the Communications Act 2003 "providing television programme services of high quality with a view to their being available for reception wholly or mainly by members of the public in Wales."*
 - 2.2. Pact strongly advocates the continuation of S4C's status as a publisher-broadcaster commissioning 100% of programmes from external suppliers. As has been demonstrated, this successful model of rights exploitation has brought clear benefits to S4C, viewers, production companies and the wider economy in Wales. Pact strongly refutes the claims that Ian Jones, Chief Executive at S4C made during his evidence session to the Committee in the Welsh Assembly on 2 March, suggesting that where Indie suppliers do not use their rights, that they should be given back to S4C.
 - 2.3. Pact has consistently demonstrated and most recently in its defence of the Terms of Trade framework over the last year, that this regime of producers owning and exploiting their own rights is highly effective. The UK Government confirmed in 2016 that the Terms of Trade regime continues 'to be effective and play a key role in supporting a diverse and vibrant production sector'.
 - 2.4. Pact supports S4C's call to update its remit to ensure that changes in technology and digital capabilities are factored in to make sure that it can reach the full breadth of its audience, including younger viewers, through the range of ways in which they consume content. We also recognise that S4C continues to be an important buyer in the children's content production space and welcome any steps that would support investment into a range of different types of content in the future.
 - 2.5. Amendments to the remit should also take into account the fact that 40% of S4C viewers access the content from outside Wales and the geographical location of the audience should be factored into the remit also. Pact recognises the positive work that S4C has done in the digital space, publishing a digital strategy setting out how it links with online platforms, despite the restrictions imposed by its statutory remit.

2.6. S4C remains a significant intervention in Wales. Pact has argued the case before that S4C could do even more to encourage companies in Wales to internationalise by commissioning content of interest to both audiences in Wales and other territories and engaging in international coproduction. This will help drive further revenues for S4C and continue to create a sustainable production centre in Wales. Pact encourages S4C to develop an export led strategy for S4C to encourage Welsh Indies to make programmes that will sell well internationally.

3. What governance and accountability structures S4C should have in place. For example, should responsibility for S4C be devolved to Wales?

3.1. Pact tends not to get involved in commenting on the detail of governance and accountability structures for S4C which are matters for the Government Review on the topic. S4C should however maintain its independence as a broadcaster from both BBC and government and be transparent in its governance and accountability. Fairness, transparency and accountability should be the core principles of any governance structure.

3.2. The Government Review should consider whether the S4C Authority model is still fit for purpose or whether the creation of a unitary board similar to the BBC's new governance structures would be appropriate. There would need to be consideration how S4C remained independent of the BBC and for example whether or not the non-Exec Director for Wales on the BBC unitary board has any access to S4C Authority meetings in the future. S4C and BBC will need to work together on new partnership working arrangements in light of the new BBC governance structure, with communication and oversight by Ofcom.

3.3. In line with the BBC, Pact supports the move for S4C to make its annual report and accounts available to the National Assembly of Wales to ensure accountability and be available to take part in inquiry sessions by Welsh Assembly Committees as required. It is important that it also retains its independence from political structures including the devolved assembly in Wales.

3.4. Pact is not in favour of devolution of oversight of S4C to the Welsh Government. If DCMS is still providing funding then it would seem appropriate for them to retain oversight of the performance of the channel.

4. What S4C's relationship with the BBC should look like

As previously suggested, under new governance arrangements, BBC and S4C will need to consider how their partnership working arrangements will be configured in light of the new BBC governance framework.

- 4.1. The BBC currently supplies 10 hours a week of programming to S4C in addition to the funding from the licence fee; this largely constitutes news and current affairs but also sport and Pobol Y Cwm. Pact understands that Pobol Y Cwm will initially be made by BBC Studios, the new BBC production arm in Wales and then go out to tender at a later date. Pact welcomes early information as to when this programme will be put out to open competition to the wider production sector.
 - 4.2. Pact understands that S4C will sit across two main sites in Caernarfon and in Cardiff city centre when the new BBC building opens in 2019. The BBC is planning this to be an open building and will trial access passes for Indies which we think will be a positive catalyst for innovation within the independent production sector. This will give Indies fair access to both BBC and S4C commissioners alongside BBC Studios.
 - 4.3. S4C and BBC should continue to coproduce dramas like Hinterland and other genres that have the potential to sell well internationally. This is a model that should be replicated as far as possible to encourage the growth of international sales and sustainable businesses in Wales. As previously explained, Pact is wary of S4C moves to take a stake in rights that have previously sat with producers and been effectively exploited.
- #### 5. The visibility of S4C: covering issues such as S4C's prominence on the electronic programme guide and smart TVs.
- 5.1. On the whole, we believe that the existing regime works well. Any potential change to the PSB compact would need to be considered as a whole, looking at all of the PSB benefits and the associated obligations which each channel holds as part of its Ofcom PSB licence. We have not had access to sufficient evidence so as to enable us to quantify whether updating the existing regime to reflect technical innovations would have an impact on their ability or desire to invest in content and services in the longer term, this includes any moves to raise the visibility of S4C via EPGs and smart TVs.

Introduction

1. Rondo Media is a major Wales-based independent production company with offices in Cardiff, Caernarfon and Menai Bridge. The company produces drama, sport, music, events, factual and entertainment content. Rondo has a post-production facility in Caernarfon and a Cardiff post production base which is currently expanding to house a 40 hour Channel 4 daytime series. Rondo has two studios in Caernarfon, for our sport-based output (*Sgorio* and *Clwb*) and also for factual and entertainment-based formats. The twice-weekly S4C drama series *Rownd a Rownd* is produced at our base in Menai Bridge.
2. Our subsidiary Yeti Media, which focuses on winning network commissions outside of Wales, produced *Frozen at Christmas* in partnership with Disney and the daytime co-production *Find it, Fix it, Flog it*. Rondo's football coverage has included Wales's international games, the Welsh Premier League, FA Cup and FA trophy matches and Swansea City's European qualifier matches.
3. Rondo's productions have won several international awards, including Broadcast and RTS awards for the BBC1 drama *The Indian Doctor*. In 2016 Rondo won Bafta Cymru awards for the best Entertainment Programme (*Les Misérables: The Journey*) and Best OB Coverage (*Côr Cymru*). Rondo produced the broadcast of Karl Jenkins's S4C commissioned work to commemorate the fiftieth anniversary of the Aberfan tragedy. *Cantata Memoria* was broadcast on S4C, BBC Wales, BBC 4, BBC Radio Wales and Classic FM. A documentary on the Vietnam war photographer Philip Jones Griffiths, co-produced with South Korea's JTV, won a Hollywood International Independent Documentary Award in 2017.
4. Rondo is a member of Teledwyr Annibynnol Cymru (TAC), the trade association for the independent TV production sector in Wales. Rondo is also a member of PACT.

What sufficient funding for the channel looks like. For example, who should provide it, and how should it be calculated – should it be linked to a formula? How should this be supplemented with revenue raised by S4C?

5. S4C's funding has, as documented by the Committee in its recent report 'The Big Picture', seen dramatic changes, beginning with the decision in 2010 for the most substantial part of its funding to come from the TV Licence Fee, with the remainder being a DCMS grant in addition to S4C's commercial revenues (which it puts at around 2% of its total income). Since 2010 there have been further cuts, both as a result of reductions in the TV Licence Fee income, and also further cuts imposed by reductions in the DCMS funding following subsequent Government spending reviews. Rondo concurs with the CWLC committee statement: 'We are deeply concerned at the severe impact of repeated cuts to S4C's budget since 2010.'¹ Achieving long-term sustainable funding is critical for the future of S4C and its ability to further develop and keep in line with audience's appetites and expectations. Any further cuts makes the current service unsustainable and seriously curtails its ambitions to expand the provision.
6. The independent sector, whilst seeking to be as efficient as possible, needs to be able to plan ahead and gain commissions at budgets which allows S4C to broadcast a variety of high quality content particularly during the highly competitive peak-time hours in the schedule. These budgets have become increasingly challenging with S4C's average cost per hour of £10,802 and its current schedule consisting of 57% of repeated content. Our sector has worked hard and efficiently to reduce costs, but there is a limit to the extent by which budgets can be reduced. Ofcom stated in its last UK PSB review: 'demand for production staff and studio costs in now increasing and savings – in terms of producing the same programme with smaller crews and fewer filming days – have largely been realised.'²
7. Nowhere is this more challenging than in the production of the costliest genre – drama. The S4C drama cost per hour in 2015/16 stood at £150,300 as opposed to £188,600 in 2011. Audience expectation with

¹ The Big Picture: The Committee's Initial Views on Broadcasting in Wales. National Assembly for Wales – Culture, Welsh Language and Communications Committee, February 2017, p21

² Public Service Broadcasting in the Internet Age: 3rd Review of Public Service Broadcasting. Ofcom, July 2015, p9 para 3.15

drama is immense and a single series for Netflix can command the same budget as S4C's total annual content spend.

8. Given their low budgets, Welsh language dramas are not able to qualify for high end TV tax credits. An increase in large-scale network and international drama productions makes a significant economic impact in Wales but has the tendency to distort the market somewhat and inflate freelance rates.
9. It is crucial for S4C to be able to reach audiences across all platforms. This is particularly important in relation to younger audiences who are increasingly watching TV and consuming content through alternative devices. Companies in Wales are in a position to help S4C become increasingly visible across more platforms. Rondo's digital subsidiary Galactig3, for example, has already produced a number of educational and broadcast-based digital projects.
10. Rondo welcomed the decision to re-open S4C's HD broadcast capacity in time to see the Welsh football team perform so well in the European Championships. It would be a backward step for S4C to once again move away from broadcasting in HD due to financial constraints.
11. In terms of what sustainable funding should look like, we feel that the TV Licence Fee funding model is workable, provided the funding is entirely separated from the BBC and that S4C continues with its operational and editorial independence.
12. We note the letter from BBC Trust Chair Rona Fairhead to S4C Authority Chair Huw Jones on 7th September 2016, which offers a fixed sum of funding for the duration of the licence fee agreement to 2021/22:

'I see this as the right thing to do in recognition of the important role played by S4C for Welsh speaking licence fee payers in particular and as a solid basis on which the S4C Authority and the new BBC board can work together and maintain the very positive relationship which the BBC Trust has enjoyed with you and your colleagues'.

³ www.galactig.com

13. This was obviously welcomed, however we would argue that this should be extended to match the current charter period, which runs until the end of 2027. This £74.5m of sustainable annual funding is crucial for S4C's financial stability.
14. In terms of the UK Government contribution from DCMS, this needs to be re-examined in the light of the Government's other investments in the creative industries. The Government has created several tax breaks for sectors such as games, live theatre and also for high-end drama and animation. However it needs to be noted that as S4C's budgets are much lower it is not in a position to take advantage of the high-end tax credit in the way some other UK PSBs can.
15. It makes economic sense to invest in public broadcasters which in turn invest in the UK's creative economy. S4C's position as an economic enabler is demonstrated by the fact that for every £1 it invests, £2.09 of wealth is created⁴. The UK Government can literally double the value of its money if it invests more in S4C.
16. We therefore believe that the UK Government should take the positive step of raising S4C's funding. We support TAC's proposal for a one-off 10% rise in the total level of S4C's public income, which must be linked, along with S4C's TV Licence Fee money, to inflation. We also support TAC's suggestion that the part of the TV Licence Fee which goes to S4C should be ring-fenced to make it immune to any further obligations placed on the BBC itself. The continuation of the multi-source funding of S4C is vital – to underpin the channel's independence and for it not to be solely reliant on one source of funding via the TV Licence Fee.
17. The UK Government has been consulting on a pilot contestable fund for public service content. This could provide a much needed boost for underserved genres and be of benefit to S4C in relation to music/arts/children's programming. Some of that funding could be ring-fenced for Welsh language production and content from the Nations. However this should not in any way replace the need for a greater and more secure level of public funding for S4C.

⁴ Annual Report 2015–16. S4C, 2016, p4

18. Likewise, whilst we welcome the BBC's recently stated and much-needed increase in budgets for English language programming in Wales (£8.5m p.a. of new funding by 2019/20), this should not be viewed as something which compensates for any reduction in S4C's funding.
19. S4C needs additional finance to make it fit for the Netflix and Amazon Prime generation. It needs the resources to create sufficient impact on these platforms and to make proper strides in commissioning new content for non-linear platforms beyond its core service.

What S4C's statutory remit should be. Is its current remit fit for a contemporary broadcaster, and if not, how should it change? How should it reflect the digital role of a modern broadcaster?

20. Rondo produces Welsh language multi-genre content and believes these are all valid forms of programming for S4C. With only one Welsh language television channel, it is essential that audiences can access a wide range of material in that language. In the process of re-examining S4C's remit therefore we would assert that it should continue to provide a wide range of content.
21. The current remit (as defined in section 204 of the 2003 Communications Act) is too limited and outmoded. It does not take into account or accurately reflect the changing landscape of media and audience engagement with content. There has been a notable increase in recent years in viewers across the UK and in online views of content. S4C's brand needs to be extended onto other platforms and it should be able to commission non-linear digital content beyond its principal traditional S4C channel. (Channel 4 by comparison has 15 sub-brands and related services.)
22. With other production entities now taking their place in the UK market, the most prominent being BBC Studios, we would like to see a clearer commitment in S4C's remit to the supplier relationship with independent production companies. This is important in order that S4C continues to bring creative diversity and economic growth to all parts of Wales.
23. S4C's remit should make implicit that, beyond the statutory 10 hours a week provided by BBC Cymru, all of its content should be commissioned from the independent sector and that its current publisher-broadcaster model should be retained. S4C has been a key enabler for the growth of the independent

sector in Wales since the channel was first established in 1982. We would like to see a clearer commitment to this supplier relationship with independent production companies. This is key in order that S4C's role as an enabler for the sector based all around Wales, can continue to bring creative diversity and economic growth to all parts of the country.

24. To give an example, Rondo's twice-weekly drama series Rownd a Rownd celebrated its twenty first birthday in 2016. Produced in Menai Bridge, it has brought significant employment opportunities, to the region and continues to nurture new acting, writing and technical talent. Having a regular production has enabled us to invest and grow as a production company – in terms of staff and key investments in development and technology. The series makes a significant contribution to the local economy and has helped grow the creative industries in North Wales, developing creative, technical and administrative talent.
25. Core to S4C's remit is its relationship with its audience. S4C's most recent annual report stated that there were 629,000 viewers throughout the UK in an average week – the highest number in 9 years and an encouraging statistic.
26. Relying on one set of viewing figures (as currently supplied by BARB) has its limitations – due to the small sample size, inconsistency of viewing patterns and lack of measuring viewing sessions on catch-up services and online.
27. S4C also has public service broadcaster obligations – not least in the case of S4C serving a minority language audience and broadcasting content and genres that are not well served by its commercial rivals – children's, arts and music programming for example.

What governance and accountability structures S4C should have in place. For example, should responsibility for S4C be devolved to Wales?

28. Our experience of the S4C Authority is that it with some refinement it can continue to have a useful oversight of S4C, with Ofcom also having a potential overall role in areas such as terms of trade, content standards and so forth.
29. On the matter of responsibility for S4C being devolved to Wales there is the issue that broadcasting is not a devolved matter. The principal funding of

S4C now comes from the UK licence fee. A partial devolution of one broadcaster in Wales is unlikely to prove effective. The BBC is strengthening its spend in Wales but for the BBC to have a monopoly on provision of content for the Nations would be unwise. Rondo, for example, also welcomes Channel 4's increased commitment to commissioning content from the Nations. In terms of plurality for Wales, it is essential that S4C and itv Wales also continue to commission and broadcast Welsh related content.

30. Welsh Government should certainly maintain a strong relationship with S4C and for the broadcaster to have a degree of accountability to Welsh Government: for S4C's Chair and CEO to appear before the relevant committees, for S4C's annual report to be presented to Welsh Government and for that Government to have a role in appointing non-executives and Authority members.
31. Through a new potential co-production fund Welsh Government could also enable a greater volume of international productions and attract investment into Wales from a wider range of international broadcasters and companies. Welsh Government has already supported large-scale international businesses like Pinewood Studios and provided investment for newly established production entities such as Bad Wolf. Welsh Government could, alongside S4C, establish a new international initiative in promoting and encouraging production companies to look beyond Wales for financing and distributing content.

What S4C's relationship with the BBC should look like

32. We recognise and support the partnership between S4C and the BBC which has seen savings in transmission costs and also S4C being able to benefit from its inclusion on the i-Player. In terms of the Operating Agreement between the BBC Trust and S4C, this has largely been effectively implemented and managed. However, it is worth noting that this agreement is only valid from 1 April 2013 until 31 March 2017 and as the Committee is aware there are steps being taken to what is being described as a 'contract' between S4C and the BBC to ensure the TV Licence Fee funding is being used for the service as prescribed.
33. With the removal of the arms-length BBC Trust, clarity is needed as to how a new operating agreement between the two broadcasters will work. We are uncomfortable with the BBC Executive or new Unitary Board having any

power and influence over S4C. We would prefer there to be a clear separation of the TV Licence Fee funds which go to S4C from the BBC.

34. Aside from the issues over control of funding Rondo would agree with the Committee that the BBC–S4C relationship is stronger for there being ‘a mutually–beneficial collaborative relationship, both creatively and in use of resources.’⁵ S4C’s wider partnership with the BBC has brought some costs savings and the ability for S4C to be on the enormously popular i–player. Added to increasing views on S4C’s own online platform and other views on platforms such as YouTube and elsewhere, these online viewings have risen dramatically in the last 18 months, enabling those outside Wales, both Welsh and non–Welsh speakers to engage with S4C’s content.
35. BBC Studios – the BBC’s new commercial entity presents something of a challenge in this context. The BBC Trust has now formally approved this new wholly owned subsidiary. The Welsh language daily soap opera *Pobol y Cwm* has already moved into BBC Studios. According to the objective all BBC programmes (with the exception of news and news–related current affairs) will be made open for competition over the next 11 years. This would by implication include the drama series *Pobol y Cwm*. But this series also forms a substantial portion of the current statutory hours provided by BBC Cymru for S4C. Greater clarity is needed to establish the ongoing statutory provision by BBC Cymru to S4C and where *Pobol y Cwm* and other non–news content sit in this respect.
36. With the announcement of the intention to appoint a new drama commissioner for BBC Wales, there should be greater opportunities to explore back–to–back productions but not at the expense or risk of S4C’s budget subsidising English language drama productions.

The visibility of S4C: covering issues such as S4C’s prominence on the electronic programme guide and smart TVs.

37. In a world of proliferating TV channels, those that are deemed to deliver a public service and, in the case of S4C, benefit a minority language and culture should be given due prominence on EPGs and elsewhere. Rondo agrees entirely with the recommendation of the Committee’s recent ‘Big

⁵ The Big Picture: The Committee’s Initial Views on Broadcasting in Wales. National Assembly for Wales – Culture, Welsh Language and Communications Committee, February 2017, p24

Picture' report of asking the UK Government and Ofcom to secure this greater prominence.

38. We also regard S4C's continuation as a terrestrial TV channel of paramount importance. Increasing access to audiences on other platforms is important but the reality is that linear live TV viewing still remains strong and S4C's presence here is crucial. This is not least due to the fact that the demographic of S4C viewers includes older people who are disproportionately more likely to watch live TV, plus those in areas where there may not be as many alternative options due to broadband distribution issues.

Introduction

1. Teledwyr Annibynnol Cymru represents independent TV production companies in Wales. There are around 60 companies ranging from small firms to some of the leading players in the UK. They predominantly produce television programmes and digital content for the UK PSB networks – BBC, Channel 4, ITV, Channel 5 – as well as for cable and satellite channels, and are also involved in international co-productions. They also produce almost all of the original programmes on S4C and a variety of productions for BBC Radio Wales and BBC Radio Cymru.
2. TAC greatly welcomes the decision by the CWLC Committee to hold an inquiry on S4C. This is a hugely important year as we prepare for the independent S4C Review, and the Committee’s work will provide an important contribution to that process.

What sufficient funding for the channel looks like For example, who should provide it, and how should it be calculated – should it be linked to a formula? How should this be supplemented with revenue raised by S4C?

3. Establishing a long-term stable structure for sustainable funding is the most significant issue to be addressed for S4C. As the Committee is aware, S4C’s funding formula has been subject to frequent changes in recent years, particularly as a result of the 2010 UK Government Spending Review, and as a consequence S4C’s budget has been severely reduced.
4. The decision in the 2010 CSR to reduce S4C’s funding was in clear contradiction with the findings Ofcom’s second PSB Review which, in January 2009, stated that:

‘Existing government funding should continue for other public service broadcasters (S4C and BBC Alba) in the devolved nations, to ensure they can continue to fulfil their public roles.’¹

‘Direct government funding offers potentially high and secure funding and reduces issues with collection and incentives of recipients.’²

5. The Government’s letter to Lord Hall in 2015, concerning the transition of paying for free over-75s TV Licences to the TV Licence Fee, states that ‘The BBC’s grant to S4C may be reduced by an equivalent percentage reduction in funding to the percentage reduction made to BBC funding over the period 2018/19 – 2020/21. It will be up to the Government to decide how to make up the shortfall’.³
6. The above points are important to consider as we look forward. The acknowledgement that there is a shortfall, and that the Government is obliged to do address it, makes it particularly disappointing that the Government subsequently decided to further cut S4C’s DCMS funding, cuts which were only frozen after TAC and others called for a reversal of that policy.
7. The effects of the cuts in 2010 were to some extent mitigated by two factors: firstly the S4C management reduced administration costs and used the partnership with the BBC to save on things such as transmission costs. Secondly, the independent production sector also worked hard to reduce costs. But as Ofcom stated in its last UK PSB review: ‘demand for production staff and studio costs is now increasing, and savings – in terms of producing the same programmes with smaller crews and fewer filming days – have largely been realised’⁴.

¹ Second Public Service Broadcasting Review: Putting Viewers First. Ofcom, January 2009, p11, para 1.87

² Second Public Service Broadcasting Review: Putting Viewers First. Ofcom, January 2009, p51, para 5.47

³ Letter on arrangements for over-75s TV licence concession from 2017/18. HM Treasury & DCMS to Lord Hall, 3 July 2015

⁴ Public Service Broadcasting in the Internet Age: 3rd Review of Public Service Broadcasting. Ofcom, July 2015, p9 para 3.15

8. Even if the current level of S4C budget was linked to inflation, it would not be sufficient to counter the ongoing effects on audiences of so many repeats. There is also the need for S4C to follow other broadcasters and invest in being available on as many platforms as possible. S4C's online viewing, particularly via the iPlayer, has increased substantially, up from 5.7m in 2014-15 to 8.4m in 2015-16⁵, showing that viewers throughout the UK enjoy watching S4C.
9. The non-Licence Fee direct public funding received by S4C is important, as stated by Lord Puttnam's recent PSB review: 'the government's commitment to language programming has to be backed up with secure, long-term funding. Given the particular purposes they serve in relation to national heritage, cultural diversity and education, we feel that they should be at least partially funded by ring-fenced money – either from central government or another source – and not left to survive on whatever the BBC can find from its (declining) budgets.'⁶
10. Extra public investment should not be seen as a cost to the taxpayer. As research has demonstrated S4C more than doubles the value of its money by investing in the local creative economy⁷. Clearly, additional investment will deliver further economic benefits.
11. The committee asks whether a formula is needed. A long-term stable structure for sustainable funding is certainly needed, enabling S4C to invest in high quality television programmes and digital content which is relevant and engaging to its audience and contribute significantly towards the Welsh Government's objective of achieving a million Welsh speakers by 2050. This funding formula should incorporate a commitment from both of S4C's current primary funders – the TV Licence Fee and the DCMS contribution – with an irrevocable commitment for such funding to run concurrently with the review of the TV Licence Fee structure, in addition to continuing to allow S4C to generate commercial income in its current form.

⁵ Annual Report 2015-16. S4C, 2016, p4

⁶ A Future for Public Service Television. Goldsmiths College/University of London, June 2016, p126

⁷ Annual Report 2015-16. S4C, 2016, p4

12. The level of S4C's funding has fallen to a point at which TAC considers it is below what should be statutorily provided as 'sufficient funding'. There should be an immediate boost for S4C's public funding of 10% (i.e. 10% of the combined total from both the DCMS and TV Licence Fee, which would amount to around £8.3m), plus being linked to inflation so it keeps pace.
13. Maintaining a combination of funding sources will further emphasise S4C's independence and help prevent S4C from being unduly influenced by a single funding source. Moving most of S4C's funding to the TV Licence Fee amounted to an approximate 96% public spending reduction, a saving greatly in excess of most public spending cuts under the Government's austerity programme. Raising the DCMS grant to £15m would therefore still constitute a major reduction in DCMS spending on S4C from pre-2010 levels of above £100m.
14. Furthermore, we would argue that it is no longer logical for the BBC to control and determine the production of the statutory 10 hours non-news and news related programmes broadcast on S4C's services. TAC understands that the 10 hours currently cost about £20m per annum to produce, of which news amounts to approximately £6m. TAC would like the balance of £14m transferred to S4C's, so that it has sole control over both the editorial content and who should produce it.
15. On another note, some of the government's highly beneficial tax breaks for the creative industries have not been as useful to S4C as to other UK PSBs. Due to S4C's lower budgets for drama, its production do not qualify for the high-end TV tax credit, and TAC would like to see a lower threshold for UK minority indigenous language productions.

What S4C's statutory remit should be. Is its current remit fit for a contemporary broadcaster, and if not, how should it change? How should it reflect the digital role of a modern broadcaster?

16. S4C's remit requires 'the provision of a broad range of high quality and diverse programming', most of which must be in Welsh⁸. A wide-ranging remit increases S4C's scope to raise additional revenues, as at least some of

⁸ Communications Act 2003. HM Government, 2003, section 204 (2)

the genres, for example high-quality drama such as 'Y Gwyll', will be of commercial benefit.

17. S4C's stated role should also be to portray Wales and its culture and people to the rest of the UK and beyond. New platforms make this much more viable, as demonstrated by the success of S4C on the BBC iPlayer, as well as You Tube, Facebook and Twitter. S4C's role to be present on these platforms should be clearly recognised in its remit.
18. S4C's report 'The Future of Welsh Language Television' stated that one of S4C's key objectives from 2017 should be to; 'have an impact on the creative industries, and local economies and communities across Wales and support growth in the Welsh language'⁹. In accordance with this, S4C's remit should have a greater overt emphasis on working with a wide range of production companies. S4C's role in providing first commissions and an ongoing supply of work provides greater financial stability for the creative TV sector. Producers can use their track record with S4C to gain commissions from UK-wide broadcasters. It allows TAC members to further develop training and skills, and make capital investments in plant and equipment, as well as reaching out to new markets and attracting inward investment.

What governance and accountability structures S4C should have in place. For example, should responsibility for S4C be devolved to Wales?

19. TAC supports the continuation of the S4C Authority provided it can be demonstrated it is not too heavily involved in day-to-day affairs and is concentrating on core oversight to the service. The S4C Authority can regulate S4C in a co-regulatory model with Ofcom overseeing it, making sure that the TVLF is well spent by S4C, without any involvement from the BBC. The Authority should perhaps therefore be the 'S4C Regulator'.
20. There should be the opportunity within the governance structure for official representatives of the independent sector to comment on changes to commissioning strategy before they are finalised, to avoid any policies which might inadvertently damage the ecology of the sector.

⁹ The Future of Welsh Language Television. S4C, 2014, p34-35

21. We understand that the DCMS, BBC and S4C are discussing a ‘post – BBC Trust’ arrangement, described thus by S4C Chief Executive Ian Jones to the CWLC Committee last year: “The relationship will become more of a contractual one ... the implication is that S4C will account to the BBC for the fact that the money has been used for the purpose intended.”¹⁰
22. This should be viewed with concern, as whilst the BBC Trust was at least an ‘arms-length’ body, the new ‘contract’ would be between the S4C Authority and the Board of the BBC itself. This situation represents a significant conflict of interest – it cannot be right for the board of one broadcaster to have any say over the affairs of another.
23. To safeguard S4C’s independence, the portion of the TV Licence Fee that goes to S4C should be wholly separated, and not require any oversight of any sort from the BBC. TAC would like to see the relevant TVLF funds go directly to the S4C Authority (or ‘Regulator’), which is after all entrusted by Government to ensure that S4C is spending the funds correctly. Furthermore S4C’s TV Licence Fee income should also be ring-fenced and protected from any further reductions as a result of extra obligations placed on the BBC, such as happened recently in terms of the BBC having to adopt funding of TV Licence Fees for the over-75s.
24. TAC would urge caution in terms of devolving S4C to Wales. As a valued cultural asset, the Welsh language should rightly be supported by UK Government. Working with all of the UK PSBs, TAC members witness the importance of S4C being part of the wider UK PSB ecology.
25. It would be unfortunate to potentially marginalise S4C and make it a niche service considered only to be of importance to Wales, when in fact its programmes have a much wider impact, as does the creative TV sector with which it works. S4C’s funding should not become a matter for the Welsh Assembly Government to have to consider next to priority spending on the economy, health, education, environmental matters and other devolved matters.

¹⁰ The Big Picture: The Committee’s Initial Views on Broadcasting in Wales. National Assembly for Wales – Culture, Welsh Language and Communications Committee, February 2017, p23 (63)

What S4C's relationship with the BBC should look like

26. There are undoubtedly benefits from the partnership between S4C and the BBC, such as sharing transmission services. Co-commissioning or cost sharing of certain high value programmes such as drama, cultural and sports events and rights, bring benefits both to broadcasters and commissioned producers. TAC's ensures that the Terms of Trade, as stipulated by the Communications Act, are adhered to by S4C when dealing with the independent sector on such commissions.
27. In the light of changes in the BBC Charter making more of BBC TV programmes open to competition, working with an increased number of the Welsh independent sector can help improve diversity of voice on the BBC, as well as fulfilling the BBC Charter requirement for the BBC to work with the creative economy¹¹.
28. Nevertheless, as stated above the BBC-S4C relationship should not involve the portion of the TV Licence Fee that goes to S4C is allocated towards part funding the S4C service.

The visibility of S4C: covering issues such as S4C's prominence on the electronic programme guide and smart TVs.

29. The prominence of all free-to-air public service broadcasters on the EPG and smart TVs remains crucial. In some way or other all PSBs benefit from public support in terms of spectrum and in some cases public funding. Therefore the public should find them readily available. Research has shown the EPG position has a direct relation to the viewing habits of the channels concerned and as S4C clearly does not have the marketing budgets of some other broadcasters it is crucial it can be prominent in other ways.
30. We agree with the Committee's recommendation that 'UK Government and Ofcom consider amending Ofcom's Code of Practice for EPG providers to

¹¹ The description of the BBC's fourth public purpose in its new Charter includes the statement that: 'In commissioning and delivering output the BBC should invest in the creative economies of each of the nations and contribute to their development'. Ref: BBC Royal Charter. HM Government, December 2016, p5

ensure that S4C receives greater prominence in Wales on Electronic Programme Guides and smart TV applications'.¹²

31. Of specific concern is Virgin Media's service provision in Wales. BBC1 Wales appears on channel 101, BBC2 Wales appears on channel 102, ITV Wales appears on channel 103 however channel 104 is occupied by Channel 4. S4C finds itself completely isolated on channel 166 – thus invisible to viewers channel hopping PSB's service. Given Virgin Media's significant growth and aggressive marketing practices in its cabled households TAC calls on the Committee to urge Ofcom to address this matter.
32. Although online viewing figures are growing, there is still a need for S4C to retain its presence as a free-to-air terrestrial network. As Ian Jones told the Welsh Affairs Committee: "at the moment if S4C was completely online, we would lose 60% to 65% of our audience straight away."¹³ Linear TV viewing is still strong, with 91% of the UK population watching live TV each week.¹⁴ With the demographic of Welsh speakers includes a fair amount of older people who are not naturally given to view TV online. This contrasts with a Channel like BBC3 which, with its younger demographic, was arguably a more logical service to make online-only.

¹² The Big Picture: The Committee's Initial Views on Broadcasting in Wales. National Assembly for Wales – Culture, Welsh Language and Communications Committee, February 2017, p25

¹³ Oral evidence: Broadcasting in Wales follow-up: S4C funding – 30 Jan 2017. Welsh Affairs Committee, HC 981, published Feb 2017, p8, Q19

¹⁴ Communications Market Report 2016. Ofcom, August 2016, p16

Background information – Huw Marshall is a media consultant and digital strategist, he has almost 30 years of experience in the Welsh and UK media space. Between November 2012 and September 2016 he was responsible for leading S4C’s digital activities, creating and implementing the channels first digital strategy. You can read more about his current work and articles that are relevant to this consultation by visiting www.marshall.wales

Context – The broadcast landscape

1 Back in 1982 when S4C was launched creating a TV channel that offered Welsh language programming in peak hours made perfect sense, audiences were happy to receive quality content within a bilingual channel, it carried Channel 4 content which wasn’t available to viewers in Wales.

2 At that time only 4 channels existed and ownership of VCR’s were low, only 10% of households had access to one. Live viewing in the home was the only option.

3 Today 35 years later the broadcast landscape in Wales has changed beyond all expectation. There are now hundreds of channels to view and comparatively new services such as Netflix, Amazon and YouTube mean that countless hours of content are now available to view on a number of platforms. Today there are over 8 billion daily video views on Facebook. Social networks are rapidly becoming broadcast platforms. Between August and December 2016 S4C saw a 300% increase to over 2,200,000 video views of its content in a single month, the majority on Facebook.

4 Considering S4C’s future and in responding to the 5 main areas of consideration as requested in the consultation it’s vital we recognise the sea change in the broadcast landscape but also more importantly two significant changes here in Wales, firstly the change in audience viewing habits, how they receive and share content. Secondly the change in the demography of Welsh speakers, their ages and physical location.

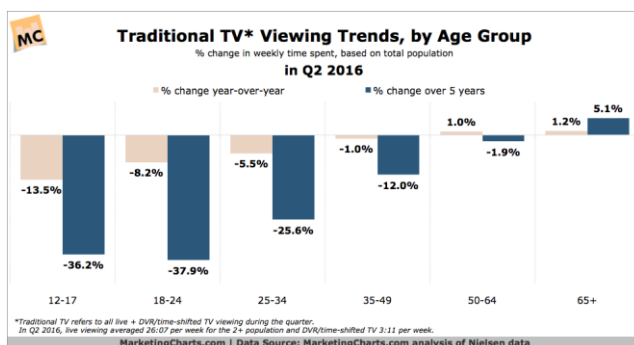
5 Before offering responses we need to consider who the S4C audience is today. What kind of content they wish to view and where they wish to view it.

6 We need to ask the fundamental question is the model of a TV channel the correct way forward for S4C? If the answer is no, either partially or fully, what should come in its place? Research and data suggests that Millennials, the main proportion of Welsh speakers today, are moving away from traditional broadcast towards new platforms and content.

7 I'm sure there will be plenty of submissions that look at the 5 points for discussion, funding, remit, governance, the relationship with the BBC and visibility for S4C on EPG's based on S4C current model as a broadcast TV channel that operates on the periphery of the digital world.

8 I therefore wish to submit an alternative, whilst still responding to the 5 points.

9 The future of "Broadcast"



10 This data from Nielsen demonstrates the change in viewing habits amongst audiences in the USA. Note the drop amongst younger viewers. The same is happening here in Wales.

11 54.6% of Welsh speakers (according to the 2011 census) are millennials, and the likelihood, six years later is that this number has increased. Considering the majority of S4C's linear viewing is made by audiences 65+, 16.1% of Welsh speakers, a need for a new solution to broadcast and the distribution of content in Wales is clear.

12 Traditionally younger viewers would return to traditional broadcast viewing and habits as they matured, it appears this is no longer the case.

13 Sufficient funding.

14 S4C currently receives a budget of £84 million, around 81% of this funding, £68.5 million, goes on content. This spending can be split in to three key areas:

15 Talent – Production Staff, production and technical, actors, presenters, writers, musicians etc.

16 Facilities – Technical costs, studios, camera equipment, sound and editing etc.

17 Administration – Admin Staff, production expenses and insurance

18 Under the current model responsibility for this spend is passed by S4C to the production companies. S4C business affairs staff oversee the spending.

19 The other main area in spend, 14% around £12 million, goes on the distribution of content and any relevant work that is attached to this.

20 The rest, 4% around £3.5 million, goes on administration, commissioning staff and the relevant business affairs departments, legal, finance as well as the insight, marketing and corporate departments.

21 Is the current level of funding adequate? Does the £84 million offer value for money? Budgets of £40, £80 or £120 million, the current level of funding in real terms prior to the 40% cuts over the last few years, would deliver three very different services.

22 So let's consider the genres. Currently S4C's spending breaks down as follows.

23 Drama £17.4million (including payments to the BBC for additional episodes of Pobol y Cwm) – Factual and Current Affairs £16.5million – Entertainment, Music and Arts £13million – Sport £9.7million – Children's £6.7million.

24 Close on £4 million is spent on acquisitions and repeats.

25 Is one genre more important than another? Would Welsh speakers be at a loss without Welsh language sports commentaries? Does it make sense

to spend close on £10 million more on drama than on children's content, the audience of the future?

26 We have to ask the fundamental question, what kind of service and provision is required for Welsh speaking audiences? What kind of service will be relevant from 2020 on? How can the provision of Welsh language content help Welsh Government reach the desired goal of 1,000,000 Welsh speakers by 2050?

27 Back in 1982 providing one channel that catered for everyone from pre-school kids to grans and grandads, families and teens, learners and non-Welsh speakers was the correct model. This was the same model employed by BBC 1 and ITV at that time. Today the BBC offers nine channels with the majority of their back catalogue available to view through channels like Dave, Gold and Alibi on UKTV, ITV has seven channels today, including specific homes to re show their content. The BBC and ITV have 3 dedicated children's channels between them. Both, via the BBC iPlayer and ITV's Hub, offer digital platforms for distributing their content on an array of platforms and devices. More on that in a bit.

28 One channel to service everyone isn't pertinent any more. There is a need for a service that allows audiences to discover content that appeals, there is a need for a body of quality content, there is a need to offer relevant content portals. There is a real need to offer Welsh language content beyond the traditional broadcast space, content that has been created for new platforms, I refer here specifically to social media in the main.

29 New production and distribution models – Make less better.

30 I was fortunate enough to visit EITB the Basque State broadcaster in Bilbao in 2015. Their production model has great relevance to us here in Wales. They supply TV and Radio services in Basque and Spanish from one building in the heart of Bilbao, the staff work across both languages and disciplines, EITB own their own studio facilities and share them with the production sector which means the costs of facilities are not passed on to the production companies.

31 The production model has led to a different emphasis for production, there are a lot of discussion shows where the audience can participate,

public service broadcasting in its purest form. This difference of emphasis offers low per hour production costs. But they do spend substantially on their flagship shows that dominate the schedule, entertainment similar to I'm a Celebrity, soap operas and sport from the Basque country.

32 Today the costs of facilities and broadcast equipment has fallen to a point where the man or woman on the street can afford access to them where a mortgage would have been required ten years ago.

33 Closer cooperation between Radio, TV and the digital sectors in Welsh offers opportunities to develop new, exciting and relevant content whilst delivering substantial cost savings.

34 S4C's fundamental issue in relation to their current level of funding is the linear broadcast schedule that needs filling, around 16/17 hours a day, 365 days a year. I have already referenced the issue of repeats, currently around 57% of the schedule, I have also referenced the fact that the BBC and ITV have additional outlets in order to repeat their content. The development of the iPlayer by the BBC and the content platforms offered by other channels means the practice of viewing again is second nature to today's audiences. S4C have not, thus far, had a willingness to invest sufficiently on creating their own distribution platform beyond the "Clic" online service and via an App for mobile devices, in fact the cost of developing their own platform would be prohibitive due to their current infrastructure. S4C content is available to view via the BBC iPlayer, but the channel and its content isn't given the same prominence as BBC content which makes discovery more of a challenge.

35 The biggest change in the "broadcast" space has come from a completely different direction, Netflix and Amazon, companies who distribute their content via the internet to TV sets and mobile devices. With the availability of superfast broadband reaching virtually every household by the end of 2017 in Wales, the ability of these companies to eat further in to S4C's share of the audience, particularly amongst millennials will increase. We should also throw in to the mix the explosion in viewing video content via social media. The statistics released by S4C in January are testament to this, the level of viewing on digital platforms, Facebook, YouTube and Twitter increased from 700,000 monthly views in August 2016 to 2,200,000

in the month of December 2016, an increase of 300%, and S4C should be applauded for this.

36 Although linear viewing remains static and will decline as the 65+ audience grows older, the potential for reaching younger audiences is clear, with the right content on the right platform.

37 What attracts audiences to Netflix and other streaming services? What is the most popular content on iPlayer? Quality content and expensive dramas.

38 The cost of producing two series of House of Cards by Netflix, 26 hour long episodes, was equivalent to S4C's annual budget in its entirety, around £82 million.

39 The age of selecting content on the basis of its language has long gone, we are now all part of an international audience. To compete in this market we need to ensure content of a high standard that has pertinence to the Welsh language. We need to ensure that Welsh language content is available to view online within wider rights windows, years instead of 35 days. There will be a cost implication to this.

40 So to answer the 5 points.

41 Sufficient Funding – It depends completely on the most pertinent and relevant service for the age we live in today. By starting from scratch and by developing a new business model a new, innovative and high-quality service could be delivered for £84 million. The idea of funding the service out of the licence fee is fair and sensible, and if the S4C of the future can supply educational content in both languages as a natural part of its workflow this could attract additional funding.

42 We need to, as a nation and a creative sector be more ambitious in trying to create additional revenues from the content we create. We need to have the attitude that a large proportion of the content we create here, in the Welsh language, can have a commercial value and relevance in the international market.

43 The creation of a Welsh Publishing Body that has responsibility for overseeing a new content portal similar to a Netflix in Welsh would ensure

that the welsh language leads the way in developing a new model of a Public Service Distributor instead of the current Public Service Broadcast model. Bringing together the current outputs of S4C, the BBC and relevant content partners such as the Arts Council of Wales and the Welsh Books Council.

44 Statutory Remit – Again this depends entirely on the model that is developed for the future, without knowing this it's difficult to offer an opinion. However, the remit needs to reflect the age we are living in today and be fit for purpose considering the changes in technology which are afoot. We need to ensure that a truly multiplatform Welsh language news and children's Service are included within any new statutory remit.

45 Governance – Wales should have the maturity today to take responsibility for its own media, this governance needs to extend beyond the traditional “broadcast” space to include content on social media platforms and online publishing platforms, be they news websites or “television channels”.

46 Relationship with the BBC – I strongly recommend that the committee arrange a visit to EITB in the Basque Country to see how a PSB within a nation with a high level of devolution operates in two languages and in more than one medium.

47 The formation of a new Welsh Publishing Body can offer a solution to all five areas that this consultation has focused on. The creation of new content centres in numerous Welsh locations would ensure a physical national presence and visibility in each corner of Wales instead of two locations off the M4 corridor. By doing this we would ensure that Welsh language and culture is seen as a living community language.

48 S4C Visibility – What is the EPG's shelf life? What is necessary is that Welsh language content is discoverable in an increasingly digital world. Pressing buttons on a remote will soon be a thing of the past, discovery by voice is the future, this is a great threat to the welsh language. We need to invest to ensure that voice recognition technology exist in welsh as standard. Ensuring visibility within modern platforms such as Apple TV, YouTube and Facebook should be the priority.

1. Introduction

1.1 The Committee correctly identifies the issues facing S4C, its funding and its governance. However, we believe these should first be considered in a wider context. This submission, whilst dealing with your detailed issues where appropriate, will therefore largely deal with the wider issues we invite the committee to consider.

1.2 S4C was established to provide a television service in Welsh. The simplicity of that description hides the complex networks of politics and social tension that led to its creation. The UK government eventually accepted that it had to remedy a failed market and provided a solution that respected the rights of Welsh-speakers to have their lives better represented and portrayed on the leading visual medium of the day.

1.3 Today's media landscape is very different. In today's digital world, print, audio and video content occupy the same distribution platforms. Most interaction between government, public bodies, the private sector and individuals is now digital. Social media has developed into an over-arching blanket covering all aspects of people's social lives and interests. The emerging digital communities have created a new world in which television has to fight for its place.

1.4 Digital platforms have delivered a new world order for content. Globalisation of so much content has resulted in new business giants whose interests are unlikely to coincide with those of Wales, let alone the Welsh language. Digital development offers opportunities for content delivery and economic growth. We need to establish structures that give Wales an adequate voice in these developments.

1.5 These factors alone would require an S4C created today to be a very different to the one we have. We believe the current review is an opportunity to put in place a new enhanced body fit for the digital age, bringing together the existing Welsh-language services and products funded by the Welsh and UK governments.

2. Remit of S4C

2.1 We believe that S4C's primary mission should be through content to provide a service to Welsh-speakers and by so doing sustain and nurture the Welsh language and communities. Its present structure, reach and resources are ill-matched to that role. In a digital age television alone is not enough.

2.2 The government has a strategy for the Welsh language that is widely accepted throughout Wales. This affirms that we are a bilingual country and the Welsh language is to be supported and nurtured so that it can play an appropriate part in all aspects of Welsh life. The old battles for the right to use Welsh are largely in the past and remain mainly only when there are disputes about what is possible to do. Welsh-medium education at school level has been successful because of the choices made by parents, those that do not speak Welsh as much as those that do.

2.3 The digital world is our first genuinely global culture and it creates a new environment that languages everywhere are struggling with. English has become the language of the digital age and it impacts all languages and particularly those not historically international in reach. Welsh-language services are no longer unique in suffering from market failure. However, today's market failure needs different solutions.

2.4 Our governments have found it necessary and desirable to provide financial assistance to a wide range of Welsh-language services and products. These include television, radio and films, books, newspapers, the Urdd, educational materials and the arts. Funding has also been provided to community initiatives, particularly the Mentrau Iaith.

2.5 We believe there is merit in bringing the setting of strategy, the funding and the delivery of these products and services together. This more co-ordinated strategy would better serve the needs of Welsh-speakers and the language. The variety of funding sources and different governance requirements may present difficulties but they are largely political rather than practical.

2.6 There are several areas that might be considered for inclusion:

- Having S4C in charge of television and the BBC in charge of Radio Cymru makes no sense and both services should be brought together under S4C.
- The Welsh-language film industry is supported directly when appropriate by the Welsh Government as part of its wider economic strategy for film and high-end television. Understandably, only rarely will Welsh-language films be able to make an entirely economic case and a new S4C would be better placed to decide which projects deserve support.
- Other audio visual material, for historical reasons, is supported by the Welsh Arts Council.
- Papurau Bro have been amongst the most successful Welsh-language initiatives of recent years. A digital strategy and central support for content could be the next major step-forward for this sector. They are grounded in our communities and should remain so but with help they can become so much more successful.
- The Welsh Books Council has failed to deliver a coherent digital strategy and could be absorbed easily into a new body. Books and newspapers in Welsh have been slow to move to digital. This is unacceptable in industries where the future distribution systems are digital. The potential for improving cross-promotion and co-ordination is so great that urgent action is needed
- All education systems are moving to the use of digital and audio-visual content. For the Welsh language the costs and the difficulties of providing content of equivalent quality to English is going to become an increasing problem. Meanwhile, S4C has for years had a successful schedule of programmes for younger children but largely content that is not co-ordinated into our schools syllabus. Meanwhile the Welsh Government commissions educational content as required to meet its needs. The potential for co-ordination is obvious but it may be more cost-effective and provide better content if the new S4C is required to provide content better linked to the syllabus and has responsibility for commissioning other educational content as well.

- The Arts Council is a significant player in the Welsh-language arts scene. However, the arts are a key building block of the wider Welsh-language culture as well and again a co-ordinated approach should be better able to deliver long-term benefits. For example, much of the Welsh-language arts is amateur and works closely with local groups through eisteddfodau, the Urdd and Mentrau Iaith. S4C already plays a big part in showcasing and promoting these events. Why shouldn't its remit include these issues, their strategy and funding.

We are fortunate that in S4C a public body already exists that can be evolved to contain these other areas within its remit.

3. Governance

3.1 At first sight there are overwhelming governance issues to deal with in creating a new body along the lines we envisage. We believe the governance concerns are largely superficial and can be dealt with relatively easily.

3.2 What we have now doesn't work well anyway. The UK's current devolution settlement has not included satisfactory arrangements for the governance of PSB services. The new devolved governments were neither recognised nor represented. No broadcasting institution has been directly accountable to the people of Wales.

3.3 The existing governance arrangements for broadcasting take little account of the effect of public service broadcasting on so many areas of Welsh life – political, cultural, educational and economic – for which the Welsh Government carries the responsibilities. This arrangement was not sustainable. The case for a re-balancing of powers and responsibilities to give the Welsh people a greater voice in determining the requirements and monitoring delivery of PSB in Wales is now acknowledged, at least in the case of the BBC in the new Charter.

3.4 Broadcasting is not devolved and there is no political consensus that it should be. Funding for the services and products we list above is varied and complex. It is provided by the two governments, the BBC and by commercial activities. These funds are provided by long-term arrangements such as the BBC licence fee and shorter-term funding varying in length and certainty from central government and a variety of Welsh Government departments,

sometimes from arms-length bodies such as the Welsh Arts Council and the Books Council. Ofcom of course has a regulatory role as well.

3.5 Disentangling these various interests need not be a major problem and if the right structures are put in place the various elements of the new body can be introduced on an incremental basis over time.

3.6 S4C as it stands has governance issues that need to be resolved urgently. The existing arrangements between DCMS, the BBC, Ofcom, the Welsh Government and S4C are being debated because the implementation of the new BBC Charter requires public debate and DCMS is committed to a wide-reaching review of S4C.

3.7 None of these discussions should be permitted to ignore the need for proper and sustainable funding for S4C's television service. Traditional television content, however distributed, will be the cornerstone of people's consumption of content for the foreseeable future. A Welsh-language television service is going to remain at the heart of protecting, sustaining and developing the Welsh language.

3.8 Funding for S4C presently comes from the BBC licence fee, DCMS, S4C's commercial activities and its commercial fund, built up from previous commercial investments. Whilst the level of funding is always going to be an issue the source of it creates no governance responsibilities or difficulties beyond those we have at present. There are already new governance issues impacting the relationship between the UK government, the Welsh government, Ofcom and the BBC that need to be discussed and resolved:

- The role of the new BBC Board member for Wales is fundamentally different to that which prevailed under the previous arrangements. It is more than a superficial point that the person is appointed by the Queen in Council. The Welsh Government is involved in the appointment process and the appointment has to be approved by Welsh Ministers as well as DCMS. Under the new Charter there are new BBC corporate obligations to Wales. There are also individual responsibilities for the new Board member in regard to this government and Assembly. Conflicts between the individual's responsibilities to Wales and to the BBC are envisaged in these arrangements although no easy solution is suggested. The close

working and funding relationship between BBC and S4C will naturally contribute to this difficult overlay of responsibilities.

- Ofcom also will have a specifically Welsh remit encompassing traditional regulation and now ensuring the Service Licence for Wales is delivered by the BBC. This latter issue will extend, for example, to the delivery by the BBC of economic benefits to Wales as promised by the BBC. It is likely that a similar approach will need to be taken with S4C as part of its funding arrangements and the need for Ofcom to monitor delivery.
- With a new consultative and regulated approach to BBC Service Licences it's not feasible these matters in the case of Welsh-language services could be left entirely to the S4C Authority. One needs just to consider what their services might be required to do to make the point. These might contain:
 - The number of hours to be broadcast on television needed to sustain a full service
 - The types of programmes to be made possibly by genre
 - Defining the news and current affairs services required
 - On-line services
 - The portrayal of people throughout Wales
 - Economic impact requirements
 - Commitments to training and developing skills in the industry
 - Commitments relating to the relationship between the services and the education system in Wales.
 - Commitments relating to the relationship between the S4C services and Welsh Assembly Government policy on (and the UK's international law obligations relating to) promoting and safeguarding the Welsh language

4. Conclusion

4.1 The future clearly is going to see a much more layered governance approach to broadcasting and whether it is formally devolved will matter less

than people think. The structures already put in place will require Cardiff and London governments, the BBC and S4C to find new ways of working.

4.2 Retaining the governance arrangements required by central government, the BBC centrally and Ofcom whilst balancing the governance needs of Wales is already an issue whether S4C stands as it is or evolves into a body more relevant to the wider needs of Wales.

4.3 A restructured S4C accountable perhaps differently to its various funders and regulators, its two government sponsors and to the people of Wales is possible. Such a body co-ordinating the strategies and requirements of its stakeholders could be transformational in bridging the gaps emerging between the Welsh language and the modern world. Television isn't enough anymore. S4C as it stands isn't enough anymore. Everyone involved in debating these issues claims to be working for the best possible services for Welsh-speakers and for Wales. The best solution requires the bringing together of strategy, services and products, funding and governance.

Background

The Welsh Language Commissioner welcomes the opportunity to comment on the inquiry. The main aim of the Welsh Language Commissioner in exercising its functions is to promote and facilitate the use of the Welsh language. In doing so, the Commissioner will seek to increase the use of the Welsh language in relation to the provision of services, and through other opportunities. In addition, the Commissioner will have regard to the official status of the Welsh language in Wales and the statutory duties to use the Welsh Language through imposing standards.

Two principles underpin the work of the Commissioner, namely

- in Wales, the Welsh language should be treated no less favourably than the English language and
- persons in Wales should be able to live their lives through the medium of the Welsh language if they choose to do so.

One of the Commissioner's strategic aims is to influence the consideration given to the Welsh language in terms of policy development. Comments are provided to this end and in accordance with the Commissioner's role as an independent advocate on behalf of Welsh speakers in Wales. This approach is taken in order to avoid any potential compromise of the Commissioner's regulatory functions, and if the Commissioner wished to formally review the performance of individual bodies in accordance with the provisions contained in the Measure.

In line with this, comments are made below in relation to the inquiry terms of reference.

The role and contribution of S4C

Broadcasting plays a crucial role in promoting regional and minority languages across the world and in Wales. As the only broadcaster of Welsh-medium public television in Britain and the only Welsh television channel in

the world, S4C has an unique role in ensuring that the Welsh language thrives.¹

The effect of the channel is multilateral and diverse. In its capacity as an employer which supports independent production companies, S4C raises the status of the Welsh language and increases its use. S4C also contributes to growing the Welsh economy through investment and job creation in the areas where the Welsh language is strongest.

The Welsh language is central to S4C's work. S4C itself says: '*The Welsh language is central to S4C's remit and existence... S4C is an essential part of the effort to create an environment where the language is thriving. active and alive, an environment where people have the choice of enjoying and discussing entertainment, news, sport and the arts through the medium of Welsh – at work and at home.*'²

Despite this, S4C's current statutory terms of reference, as set out in the Communications Act 2003, do not clearly indicate the role of the channel in maintaining, supporting and promoting the Welsh language. A review of the channel provides a valuable opportunity to detail and build upon the current terms of reference, highlighting the pivotal contribution of S4C to ensuring that the Welsh language thrives – and the central status of the language in the services provided by S4C.

Consideration should be given to adapting S4C's current terms of reference to clearly indicate the crucial contribution of S4C to ensuring that the Welsh language thrives; and to underline that the Welsh language and its users are at the heart of the service provided by the channel.

Funding S4C

Since 2011, S4C has suffered serious financial blows. The channel's budget has been cut by the equivalent of 36% in real terms over the last four years. Between 2011 and 2015, efficiency savings equating to £12.5 million were

¹ Welsh Government. *A living language: a language for living Welsh Language Strategy 2012–2017* (2012), pp. 47–48.

² S4C, *S4C: Looking to the Future* (2015), p. 10

[http://www.s4c.cymru/media/media_assets/s4c-edrych-ir-dyfodol.pdf].

made.³ The channel's overheads now equate to approximately 4% of its expenditure. It could be argued that the financial cuts can now be seen to be having an effect on the channel's provision. For example, In 2010 a high definition service was introduced, however it was decided to omit this service by the end of 2012 in order to make savings.⁴ The service was reintroduced in 2016, but it will again be at risk if further cuts are made.⁵ The number of repeats on S4C is further evidence of the financial challenge facing the channel. By now, repeats account for 57 percent of S4C's content – compared with 5 percent of the BBC's content. Given this, we note with some concern the Government's intention to introduce a further financial cut before undertaking a review of S4C.⁶

Given the disproportionate budget cuts imposed on S4C to date, as well as the number of efficiency savings made by the channel, any further cuts would be unreasonable and risk the future of the channel and its ability to continue to support and promote the Welsh language. We ask the Committee to press for a halt to any further cuts to S4C's budget.

At the same time, S4C needs a suitable budget in order to meet the diverse needs of Welsh medium audiences today and in the future – based on the ambition and projection that the number of Welsh speakers will increase over the coming years. It is essential that S4C has the ability to support that growth and to contribute to it. All adequate growth in the channel's budget should be aimed for so that it can achieve this aim.

According to S4C and others, the budget should be adequate to allow for the following:

³ S4C, *Annual Report 2014/15* (2015), pp. 54–55

[<http://www.s4c.cymru/abouts4c/annualreport/acrobats/s4c-annual-report-2015.pdf>].

⁴ The Institute of Welsh Affairs, *IWA Wales Media Audit 2015* (2015), t. 15

[http://www.clickonwales.org/wp-content/uploads/IWA_MediaAudit_v3.pdf].

⁵ See evidence from Huw Jones and Ian Jones {S4C} to the Welsh Affairs Committee, 30 January 2017:

[<http://www.parliament.uk/business/committees/committees-a-z/commons-select/welsh-affairs-committee/news-parliament-2015/s4c-review-one-off/>].

⁶ 18 January 2016 The Minister Matthew Hancock suggested that S4C will receive £6.058 million in the next financial year (2017/18).

This would equate to a cut of nearly £0.7 million to S4C's budget. 9 February 2017 David Hanson MP alleged that in line with current projections, S4C will receive a cut of 10 percent by 2021.

- Reduce the number of hours of repeats, and Increase the percentage of original productions;
- Develop its programmes for children and young people;
- Establish its high definition service, with financial security that this service will not have to be abandoned again;
- Continue to develop its presence across various platforms, and develop its provision 10 different age and social groups;
- Improve the accessibility of its content, including the extension of its provision of Welsh subtitles.

S4C should be financially equipped to grow and develop its provision for future Welsh speaking audiences. We ask the Committee to express its support for that vision.

During the review of the BBC's Royal Charter last year, the viewing figures of the services provided by the BBC to the Welsh speaking audience received considerable public attention. This has also been raised in relation to S4C's provision. A funding formula for S4C, which focuses on viewing figures and which compares its viewing figures with those of other broadcasters, would not be suitable. S4C's context is unique in Wales in the sense that it broadcasts programmes in a minority language, and therefore comparing its viewing figures with the viewing figures of other broadcasters is not appropriate. The budget should be determined on S4C's own merit, and its unique contribution to cultural, social and economic life in Wales.

We ask the Committee to emphasise that S4C's funding formula should reflect its unique contribution to cultural, social and economic life in Wales.

Whatever funding arrangements are agreed for S4C in the future, it is essential that those new arrangements provide long term financial security which will allow for appropriate planning over time.

We ask the Committee to strongly recommend a funding arrangement for S4C which provides long term financial security in order to allow the channel to plan effectively for the coming years.

S4C's governance and accountability, and relationship with the BBC

Whilst we do not wish to offer a detailed response to this question, it is clear that S4C's regulatory framework should protect the channel's editorial and operational independence in the long term.

S4C's visibility

Changes in viewing patterns and audience requirements have been noted recently, which have transformed the broadcasting landscape in the UK. These changes offer opportunities to broadcasters; but also pose increasing challenges.

It is evident that S4C is trying to grasp these opportunities by extending its reach online and also across various platforms. S4C's launch on BBC iPlayer contributed to an impressive increase in the number of individual weekly browsers of Welsh-medium content. S4C's content can now be accessed on platforms such as Sky, Freesat, Virgin Media and YouView;⁷ and via apps on iOS and Android devices. These developments are gratifying and are to be welcomed.

Investment is required in order to innovate. According to Ofcom, the changes in technology and the behaviour of users could lead to a further strain on the budgets of public broadcasters in the coming years.⁸ If this is the case, it could be argued that the cuts to S4C's budget over recent years place the channel in a challenging and vulnerable position.

Despite the recent changes in viewing patterns, the use of traditional media remains strong. In the opinion of S4C, moving its service entirely to digital

⁷ S4C, *Annual Report 2014/15* (2015), p. 6

[<http://www.s4c.cymru/abouts4c/annualreport/acrobats/s4c-annual-report-2015.pdf>]

⁸ Ofcom, *Public Service Content in the Internet Age* (2015)

[https://www.ofcom.org.uk/___data/assets/pdf_file/0025/63475/PSBstatement.pdf]

platforms would mean a loss of 60–65 percent of viewers.⁹ It is crucial therefore for S4C to be able to continue to develop and grow its traditional television service whilst also developing its presence on new platforms.

We ask the Committee to acknowledge that it is essential that S4C has an adequate budget to allow for innovation and the modernisation of its digital service, as well as the development of its traditional viewing service in a way that facilitates access to quality Welsh-medium content for various audiences.

I trust that these comments will be of assistance to the Committee in undertaking its inquiry into the future of S4C.

Yours Sincerely,

Meri Huws
Welsh Language Commissioner

⁹ See evidence from Huw Jones and Ian Jones (S4C) to the Welsh Affairs Committee, 30 January 2017:

[\[http://www.parliament.uk/business/committees/committees-a-z/commons-select/welsh-affairs-committee/news-parliament-2015/s4c-review-one-off/\]](http://www.parliament.uk/business/committees/committees-a-z/commons-select/welsh-affairs-committee/news-parliament-2015/s4c-review-one-off/).