

Dear committee members,

You may have heard at the end of 2023 about a number of job losses across Reach plc, the parent company of WalesOnline, North Wales Live and several other large, well-established and well-regarded regional websites and newspapers across the UK. More than 300 roles will be lost from editorial, including in Wales.

I felt it was important that members of the committee, and the Senedd more widely, were aware of the number of significant challenges faced by the commercial regional media at the moment, which are impacting its ability to cover news as effectively as we would like, and as effectively as countries like Wales and the wider UK deserve and expect. It would not be a stretch to say there are tangible threats to its future.

Those challenges include falling numbers of visits to our websites from external referrers. For example, Facebook has taken a unilateral decision to withhold news from its users, meaning, at a stroke, local news on Reach websites alone is being read tens of millions of times fewer every month. This is despite the fact that we know many readers use Facebook as their news feed. (It's important to note that our online audiences remain huge, but measures like those taken by Facebook nevertheless significantly affect our revenue and mean we cannot grow (and therefore employ more journalists) at the pace we would like).

The challenges also include falling advertising yields, advertisers remaining more cautious about advertising in the current economic climate and tech giants like Meta and Google hoovering up the vast majority of advertising revenue. This makes monetising those large audiences very challenging. On top of this, we are dealing with a significant increase in our costs because of inflation.

A further challenge that has emerged over the last year or so is the direction the BBC is taking. Last summer, I wrote to all of Wales' MPs to draw their attention to the BBC's 'Across the UK' plans which seek to transform the corporation's provision of local news, cutting its local radio services and diverting savings into beefing up the BBC's digital

local news services. This harms not only those members of the public who rely on the BBC's broadcast output but also harms the commercial local news sector by aggressively moving into a section of the market already being well-served. This risks taking yet more audience (and the commensurate advertising revenues which we use to pay our journalists) away from commercial local news websites.

And, finally, there is another potential threat to commercial news providers in Wales in the form of a clause in the Local Government Finance (Wales) bill published in November which would remove the requirement on local authorities to publish a notice of changes to council tax in at least one newspaper circulating in its area. It would allow local authorities to publish the notice on their websites instead. Although there are only a small number of public notices relating to council tax that this would affect every year, if the Welsh Government's intention is to introduce these changes in future legislation as it updates the different laws that impose obligations on public bodies to advertise in newspapers, it will have a significant impact on news organisations in Wales that receive this advertising, as well as on those readers who rely on printed newspapers for their information. It would be yet another damaging hit to the revenue of news publishers in Wales, and risk contributing further to the tangible threat to their future.

WalesOnline, Reach plc and the commercial local journalism sector as a whole does not shy away from fair competition or challenges. Neither do I wish to frame the sector as unable or unwilling to take its own steps to improve and grow. We are constantly exploring new ways of generating revenue and audience. In the last few months alone, we have launched a paid-for version of the WalesOnline app and a subscription-only newsletter from one of our most respected journalists, Will Hayward. Furthermore, we have grown our number of newsletter subscribers in WalesOnline from nothing at all just a few short years ago to around 350,000 today. Essentially, we never stop trying to make our journalism effective, sustainable and widely-read.

In Wales, we regularly see the debate around the strength of the news sector in Wales framed in very negative terms. But there are a large

number of talented, courageous and committed journalists working around the country, not just at WalesOnline but at the BBC, S4C, ITV and other smaller organisations. The industry faces its challenges, and we could always do with more journalists, but there is a significant amount of robust and investigative work taking place here.

Local and regional websites also use their resources to do things that simply wouldn't happen without us: the comprehensive coverage of our criminal and coroners' courts, the freedom to campaign on behalf of communities and openly call out those seeking to undermine them (freedoms denied to the BBC because of its impartiality requirements), the elevation of voices that wouldn't otherwise be heard and the celebration of those doing wonderful things across the country.

It would be a disaster for local communities and for adequate coverage of government both locally and nationally if the pressure on our resources caused some local titles to call it a day.

I felt it was important to draw this to the committee's attention and I will be happy to answer any questions you may have. Thank you for reading.

Yours sincerely,

Steffan Rhys

Editor, WalesOnline

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