

Media 06

Task and Finish Group on the future outlook for the media in Wales

Response from Centre for the Study of Media and Culture in Small Nations, University of Glamorgan

October 2011

The Centre thanks the Communities, Equality and Local Government Committee for the opportunity to present evidence to the task and finish group on the current state of the media in Wales.

As an overarching comment from the Centre's own research perspective there is more to learn from the variety of small national contexts that exist across the globe, particularly those with successful media landscapes. Whilst this is not itself a new idea, the urgency with which Wales needs to face the challenges to its media sector makes the necessity of learning from success even more vital. The Centre has therefore produced a short briefing paper on *The Media in Europe's Small Nations* as supplementary written evidence for the task and finish group (see appendix). This paper examines how other small European nations have tried to develop their own media in a globalised world and considers some of the lessons for Wales.

As well as the need to address the needs of the Welsh audience and by extension Welsh democracy and citizenship, the Welsh media also has a vital role to play in representing Wales to the world with all the attendant considerations of confidence and the attraction of inward investment and tourism. The 'Doctor Who' effect is a glittering example, but there needs to be more and for sustainability to be built in to any initiative. Harnessing the opportunities created by new digital technology is vital if Wales is to maintain a strong voice in a globalised world.

Finally, it is important that civil society in Wales is very clear about what it expects or wants from the Welsh media. Clearly there are economic, democratic and cultural perspectives, but in a demanding situation a full and frank appraisal of priorities would be very useful to clarify the vital role which a vibrant and diverse media needs to play within a healthy democracy.

The following is a summary of the key points that the Centre has identified in relation to the questions posed by the group.

1. The current state of the media in Wales

The media in Wales presents something of a contradiction:

On the one hand, BBC Wales Drama has enjoyed high profile success with the likes of Dr Who and Torchwood, and the Welsh Government has given considerable support to the media industry by backing the BBC Drama Village at Roath Lock and making the creative industries one of its priority sectors within its Economic Renewal Plan (2009). We also welcome the investment which the Welsh Government has placed into Next Generation Broadband, and the First Minister's commitment, announced at the Cyfrwng conference which the Centre organised in June 2011, to make Wales one of the first truly online nations.

On the other hand, newspapers, broadcasters and online media providers still face severe economic difficulties which endanger some of the distinctive qualities of a specifically Welsh media. These difficulties are most acute in the current uncertainty surrounding the funding and future status of S4C and the severe reduction in the staffing of Welsh newspapers. However the drastic erosion of Welsh programming outside the BBC and the loss of jobs at BBC Wales itself are also significant concerns.

The most significant contributors to the shifting media landscape include:

- Technological changes – of particular importance to newspapers and the dilemmas of 'free' online content.
- Deregulation – especially around the regional obligations of ITV
- The wider economic climate which is causing broadcasters to concentrate on their perceived 'core' operations

In many ways the problems faced by the media in Wales are not unique. Small nations face particular problems in developing a viable media industry in a globalised world. As we outline in our supplementary briefing paper, small nations suffer from both limited resources and small audiences and markets. This can make them dependent on imported media content and therefore liable to foreign penetration. The problem is particularly acute in those small countries which share a common language with a larger neighbour.

Yet whereas other small nations have the regulatory tools to overcome these problems, Wales is hampered by the limitations of policy influence over the media and broadcasting. This is something which needs to be examined in more depth. The Welsh Government could seek to strengthen Wales' voice within the existing communications regulatory framework, or press for devolved power over certain areas of media and broadcasting in Wales.

The loss of jobs and investment within the media industry in Wales is not only bad news for the Welsh economy. It is also fundamentally damaging to Welsh culture and democracy. In order to maintain a healthy democracy, Welsh citizens require high quality information and analysis about Welsh current affairs from a diversity of

news sources. Our cultural vibrancy, meanwhile, relies on providing opportunities for creative talent to work in Wales.

2. Wales' priorities for the Communication Bill

The National Assembly for Wales' task and finish group into the future outlook for the media in Wales asks stakeholders to give their views on: 'What the priorities should be from a Welsh perspective as the UK Government brings forward proposals for its Communication Bill'. There are several areas where the new Communications Bill can make a difference in Wales.

Firstly, the Bill should ensure that ITV's existing provision of just under 4 hours of Welsh news per week, plus an hour and a half of other Welsh programming, is the very minimum condition for ITV's licence renewal. It should also ensure that Wales receives a fairer share of television produced by the BBC, for the benefit of Wales-based independent producers.

Secondly, it is essential that Wales has a strong voice within the current communications regulation framework. The new Communications Bill should therefore ensure that Ofcom's Wales Advisory Community becomes a sub-committee of the main Ofcom Board. There should also be a Wales member of the main Ofcom Board, appointed by the Welsh Government. In addition, the accountability of the BBC Trust should be reviewed with the aim of strengthening its in-Wales machinery. The Bill should therefore create a Welsh Committee of the BBC Trust as a subcommittee of the main BBC Trust Board, to ensure accountability and scrutiny of BBC's performance and output.

Thirdly, the Bill should ensure that broadcasters operating in Wales are properly accountable to the National Assembly for Wales. They should report on an annual basis to the Assembly about their activities in Wales, including their economic impact. There also needs to be a proper line of accountability between S4C and the Assembly.

Fourthly, the Bill should ensure the independence of S4C within its new funding arrangement with the BBC. This is vital to maintaining the creativity and diversity of broadcasting in Wales. The Bill should also ensure that S4C's funding is considered separately to the BBC's overall funding in Wales, as recognition of the exceptional nature of Welsh language broadcasting. One solution would simply be to top-slice the licence fee and give the money straight to S4C.

Whilst this cannot be on the agenda for this Bill, strong consideration should be given to the case for devolved powers over aspects of broadcasting and media regulation in general.

3. New business media models

The majority of Wales' newspapers currently provide content free on line. But the question has to be asked, is this sustainable in the long run? It is surely obvious that newspapers like *The Western Mail* need to look for ways to boost their online revenue.

As outlined in our supplementary briefing paper, one model currently on trail in Slovakia is a paywall that encompasses nearly all the country's main media outlets. Users are asked to pay a flat fee of EUR 2.90 per month or EUR 29 per year in return for full unlimited access to nine major news sites. Piano Media, which runs the service, takes a 30 percent cut of any revenue, while the other news organisations are allocated the rest in line with how much time visitors spend on their site.

Although this model may not be suitable for Wales, further research is certainly needed into alternative business models for the press in Wales, including the question of whether Welsh newspapers could be run as social enterprises on a not-for-profit basis. With this in mind, the Centre is holding a conference on 19 November 2011 with the National Union of Journalists (NUJ) to discuss the future of the press in Wales, and will report on our findings in late-2011.

Finally, it is also worth noting that the five new Enterprise Zones recently announced by the Welsh Government make no mention of the creative industries. This may be a lost opportunity in terms of the potential to grow the small independent companies that are characteristic of the creative sector.

4. Implementing the Hargreaves Report (2010)

The Centre welcomed the Hargreaves Report when it was published last year, but is concerned about the progress made by the Welsh Government in implementing its findings. It therefore recommends the following:

- The Welsh Government should proceed with replacing the Creative IP Fund with a new Creative Industries Fund, to be distributed by the Creative Industries Sector Panel. Details of any applications and successful funding bids should be displayed on the Welsh Government website and in the Creative Industries Sector Panel's annual report.
- The Digital Wales Advisory Board should publish an annual report, to illustrate what impact it has made since November 2010 and to provide better accountability of its activities.
- At the present time the impact of Creative Industries Sector Panel is not visible. The Panel should therefore publish details of any meeting it has held since October 2010 on the Welsh Government website. It should also produce an annual report, to illustrate what impact, if any, it has made on the creative industries in Wales since its formation. The Panel should do more to publicise its role and build networks with relevant stakeholders, including higher education institutions.

- On this last point the higher education sector in Wales has the potential to play an even more active role through the encouragement and incubation of graduate businesses in the creative industries.
- The Creative Industries Sector Panel should commission a feasibility study on merging the Film Agency for Wales and the Wales Screen Commission, to avoid duplication and maximise economic impact and efficiency.
- The Creative Industries Sector Panel should commission a map of the whole creative industries sector in Wales, as recommended by the Hargreaves Report. Ideally this ‘mapping’ exercise should have a rolling component that monitored key changes to the landscape.
- The Welsh Government should require S4C, BBC and Channel 4 to deliver an annual audit of their economic impact on Wales and should ask the BBC Trust to report at the earliest feasible opportunity on the impact of the BBC’s Media Capital project in Wales.
- The Welsh Government should re-evaluate plans to create an Independently Funded News Consortia in Wales as a solution to the decline of regional news by ITV Wales.
- The Welsh Government should conduct a review on how the UK public service broadcasters, including Channel 4, define and fully discharge their responsibilities towards Wales. It should also explore the possibility of a Welsh Committee of the BBC Trust being established, and press for the broadcasters and the regulations to report on an annual basis to the National Assembly for Wales. Meanwhile, the Creative Industries Sector Panel should be doing more to ensure that Wales is getting its fair share of funding from projects like Channel 4’s Alpha Fund.
- The Welsh Government should proceed with inviting the Welsh Music Foundation to cost a feasibility study for a Welsh performing rights royalties system. This should build upon the work already done by Dr Paul Carr by the live music industry in Wales.

Conclusion

The media in Wales faces many challenges as a result of both technological and economic changes. In order to overcome these challenges, Welsh policymakers needs the proper regulatory tools to deliver the best service for Welsh citizens and consumers. In the short-term, the Welsh Government should ensure that Wales’ has a strong voice within the current communications regulatory framework. This means strengthening the powers of the Ofcom’s Welsh Advisory Committee and ensuring that Wales is properly represented in the main Ofcom board. It also means delivering the recommendations put forward by the Hargreaves Report, particularly to ensure that public broadcasters operating in Wales are fully accountable to the National Assembly for Wales. In the medium-to-long term, however, the Welsh Government should also consider devolving communications policy, to begin the task of developing a coherent creative industries policy for Wales.