

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

**Evidence paper submitted by Minister for Business, Enterprise  
Technology and Science**

**Date: 7 December 2011**

**Time: 11.00 -11.30 am**

**Title: The Role of the Media in the Creative Industries and the  
Contribution of the Media Sector to the Economy in Wales**

Introduction

I have been invited to discuss with you my views on the role of the media in the creative industries and the contribution of the media sector to the economy of Wales.

**1. The Creative Industries in Wales**

The creative industries sector has been identified as a priority sector by the Department of Business, Enterprise, Technology and Science (BETS). The Welsh Government defines the sector as “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.”

The sector consists of a number of sub-sectors, which interact closely with each other and have significance not just to the economy of Wales but also to its social and cultural life.

My department prioritises the creative industries on account of their existing size in Wales, their important role in the digital economy, and their recent growth and potential for future growth, particularly within the digital media industries.

In February 2011, the Welsh Government published a statistical analysis of economic data relating to each of the sectors prioritised within the Economic Renewal Programme (ERP). This analysis demonstrated that the creative industries sector employed more than 30,000 people and generated over £1.8 billion annual turnover in Wales in 2009. Turnover in the Welsh creative industries sector grew by 23% between 2005 and 2009, making it one of the fastest growing sectors in Wales.

## **2. The Role and Contribution of the Media Sector in Wales**

The “media” sector cuts across a number of creative industries sub-sectors, particularly TV and Radio, Publishing, Film and Digital Media. It has made an important contribution to our economy and has widened the skills base for the creative industries.

Based upon ERP statistics for 2009, these subsectors between them comprise around 730 businesses in Wales, including broadcasters, generating over £500m turnover annually and employing around 6,000 people. When taking into account freelancers and small or early-stage micro-businesses that are not captured by the ERP methodology, it is likely that the economic significance of the sector is greater still.

I am aware of the challenges facing the media sector in Wales and the impact these are having across the sector, from private business such as newspapers and TV production companies, to the larger public service broadcasters. In addition to the well-publicised funding cuts at BBC Wales and S4C, and the substantial job losses that have regrettably resulted there, I am concerned about the consequential impact that these cuts are already having on the independent production sector in Wales. I am also aware of the considerable challenges that the publishing industries are facing and the effects of these on businesses and workforce in the Welsh print media.

## **3. The Priorities From A Welsh Perspective**

The challenge for my department is to help support and safeguard businesses and jobs within the traditional media, while at the same time helping new and existing businesses to adapt and respond to the commercial opportunities offered by new media business models, new technologies and new markets.

To this end a dedicated creative industries team and a sector panel chaired by Ron Jones, Executive Chairman of Tinopolis PLC have been established, to advise on the policies and strategies that the department should prioritise when developing and implementing sector support.

The panel has recommended some clear strategic priorities that will lead the work of my department going forward across all creative industries subsectors, including media. It is intended that these priorities will help to set the strategic direction for Welsh Government provision alongside the ongoing implementation of the recommendations made in Professor Ian Hargreaves’ Report, “The Heart of Digital Wales: A Review of the Creative Industries for the Welsh Assembly Government.” These priorities are:

1. To focus resources on those creative businesses in Wales who sell or licence products and services to markets outside Wales.

2. To ensure that training and education relevant to the creative industries are aligned to the needs of business and the digital economy.
3. To use Government influence to lever in the maximum European and UK support available for the creative sector in Wales, while ensuring that projects in receipt of funds are of high quality and aligned with strategic priorities.
4. To accelerate the growth of digital media businesses in Wales.
5. To maximise the impact that public sector procurement has on the creative industries in Wales.
6. To ensure Wales' Public Service Broadcasters organise their affairs to provide the maximum economic advantages to Wales that can be practically achieved.
7. To monitor economic activity in the sector in Wales in order to enable policy to adjust in a rapidly changing environment.

Through the advice offered by the sector panel and the creative team my department now has the right mechanisms in place to support the sector appropriately.

#### **4. What the Welsh Government is Doing**

The current activities of my department to support the media sector include:

1. Providing financial support to Welsh production companies to produce programming for network commissions and international co-productions.
2. Piloting a brand new Digital Development Fund aimed specifically at supporting businesses within the media, and wider creative sector, to exploit their creative ideas through digital platforms and in international markets.
3. Seeking to leverage the maximum economic value from the public service broadcasters, by working with them to increase their levels of network commissioning from Welsh companies and their wider economic contribution to Wales, and by undertaking research and analysis to inform future policy and strategy development by Government, BBC, S4C and other broadcasters.
4. Carrying out a full analysis of public sector procurement of media services throughout Wales and examining ways in which we can assist Welsh media companies to gain a greater proportion of the contracts on offer.

5. Consulting with leading companies in the digital media industries in Wales, to identify the factors that influence growth and develop appropriate mechanisms to support these industries.
6. Commissioning further research to map the creative industries in Wales, including more detailed analysis of freelance activity and micro-businesses that are not fully represented in existing ERP statistics.
7. Continuing to work on building a strong and economically-focused Wales Location Service (Wales Screen Commission) that can support inwardly-investing TV and film productions and will also assist locally-based businesses and freelancers to access new opportunities.