The National Assembly for Wales Communities, Equality and Local Government Committee Task and Finish Group inquiry into the future outlook for the media in Wales.

University of Wales Global Academy: submission

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University of Wales Global Academy

Established by the University of Wales, in 2008, the Global Academy aims to stimulate innovation in Wales through increased collaboration between the private sector and universities within Wales and throughout the world.

<u>This submission does not reflect the views of the University of Wales nor the Global Academy. This submission reflects only the views of its author Richie Turner</u>

The terms of reference for the inquiry are: "To look at the future outlook for various media platforms in Wales by exploring:

1. **The current state of the media in Wales and how new technology and other developments are impacting on this, in the context of continuing concerns about the future of the Welsh broadcast and print media;**

It is perhaps important to begin by clarifying what we mean by the media in Wales. Media means different things to different people. Media in its broadest sense includes all forms of communication channels through which news, entertainment, education, data or promotional messages are disseminated. Media in its broadest sense includes traditional platforms such TV, newspapers and other publishers, radio, bill board advertising, direct mail as well those creative industries most easily encompassed within the new and emerging digital media sectors such as software development, gaming, social networking, mobile phone and smart device applications.

Clearly there is an increasing convergence of technology, both hardware based devices and software based applications, which Wales needs ensure is applied for social, economic, cultural and political benefit. Perhaps more crucially there is also a convergence of global cultural content generation that currently represents a threat to the state of media in Wales. The availability of hundreds, indeed thousands of new TV, radio and online media channels over recent years via cable, satellite, mobile telecommunications and the internet gives the false impression that media in Wales is more diverse and offers the apparent opportunity for growth in global markets. Conversely I would argue that media in Wales is under threat from a homogenisation of content that is increasingly 'American', and is certainly not grounded in Welsh culture.

Huw Jones, S4C Chairman, is his recent keynote address to the IWA conference on broadcasting in Wales, touched on this issue when referring to how to support the Welsh language in the new social media world where English (commonly Americanised English is the norm). In short there are two main drivers within the media in Wales (and the rest of the world). Firstly the convergence of technology and global 'American' influenced cultural content (as already outlined). Secondly the significant increase in the supply of digital channels and online platforms coupled with an increased demand from consumers for more localised and user generated content. In other words demand from consumers is becoming more and more segmented and culturally fragmented. The second of these trends offers Wales, and other small culturally independent nations, opportunities to effectively compete and differentiate themselves against the 'Disneyfication' and 'Facebookisation' of all media in Wales.

Globally new technology is enabling and empowering people to create their own media content and disseminate that content directly themselves. This is changing the business models of media (which I discuss in more detail later) but is also encouraging the creation of more local and regionally relevant content. Across Europe there is clear evidence that consumers are utilising the vast numbers of digital and online platforms now available to them but only if this increased availability also comes with increased access to content which is provided in their own language, features news and entertainment from their own community, region or nation and allows users to interact directly with the media content.

As a bilingual nation Wales is well placed to benefit from the need to supply multi-lingual, locally created and locally relevant media content. The majority of our creative industries companies are already highly familiar with producing bilingual content. These skills should enable Wales to be at the front of the curve in terms of technological and cultural innovations in media content creation and delivery, not only in Wales but across global markets especially in Europe and Asia.

This position then represents existing, more traditional media in Wales with major questions about their long-term sustainability and role. As market and audience share will continue to be eroded by more and more new media entrants Welsh media should aim to compete by providing the highest quality content which has local/ Wales specific relevance but which is also of interest globally. Commercial media in Wales must be able to sell its content into the global market in order for the sector to sustain itself against declining home market incomes.

The current state of the broadcast TV sector in Wales is a good case in point. All PSBs in Wales are facing tough budget settlements for the foreseeable future. This is already having significant knock-on impacts to the independent production sector in Wales as witnessed by the recent cutbacks at Boomerang +. There is a very real danger that these cuts in commissioning budgets, particularly at BBC Wales and S4C, will lead to a reduction in the quality of TV programmes made in Wales. If that happens then Welsh media will face even greater threats to its audience share from globally better resourced programme makers. A simple solution might be to reduce the quantity of TV programmes produced in Wales in order to protect production budgets and thereby quality. I believe that would be entirely the wrong approach as Wales needs more high quality media output not less.

Therefore the only options which remain are for the Welsh TV sector to become more efficient and innovative. The new funding arrangements between the BBC and S4C must now be regarded as an opportunity to share resources, significantly reduce operating costs and enhance creative collaborations. Sharing premises, transmission costs and administrative support services should result in significant savings which to can be immediately transferred to frontline commissioning budgets. Providing the independent TV sector with much longer future budget plans and enabling a higher proportion of co-commissions would also both save money and perhaps lever in investment from outside of Wales.

The independent TV production sector in Wales is currently economically fragile and is facing a very difficult few years ahead. The 'super indie' model (as put forward several years ago) has not proved successful with all but Tinopolis Group and Dinamo Productions remaining highly dependent upon S4C commissions. This is not to say the sector has not tried to diversify its markets and continues to try but largely the independent TV production sector in Wales could not survive without Welsh PSB commissions. Everything possible must be done to protect programme making budgets in order to ensure Wales retains and hopefully increases the diversity and plurality of high quality programmes.

2. What the priorities should be from a Welsh perspective as the UK Government brings forward proposals for its Communication Bill.

There are two main priorities for Wales from the UK Government Communications Bill. Firstly Wales must seek to benefit from changes to intellectual property rights (IPR). The Bill needs to reflect the global market for creative content and enable content producers to more easily commercially exploit that content in a range of platforms and markets. Current Codes of Practice tend to limit the ability of either content producers or those who license the content to be free to find new markets and customers.

I support S4C's submission that its current remit as a PSB limits its ability to benefit from secondary exploitation of existing content. Greater flexibility in this area would allow S4C and the Welsh independent TV production sector to collaborate more easily and help generate alternative revenue sources. However it is also vital that any relaxation of IPR laws and regulations within Wales also encourages the involvement the private sector. We need to make sure Welsh PSBs do not dominate the new media market. Wales should create an environment where small, creative and independent digital media companies can gain access to content commissioned by our PSBs and then allow these companies to freely innovate in terms of new products and services they may wish to provide.

The second main priority in the Bill should be for Wales through the National Assembly and Welsh Government to seek greater accountability and responsibility for broadcasting within Wales.

3. The opportunities for new media business models to be built in Wales

The University of Wales Global Academy works with companies to boost innovation in the Welsh economy through, in part, collaborations with some of the leading universities in the world such as MIT. We are constantly seeking new and ground-breaking innovations and business models to apply here in Wales. The creative media sector globally is facing significant changes to its traditional business models particularly in terms of how to generate income in a world where consumers are no longer willing to pay for content they can access for free elsewhere; albeit this content is often accessed illegally.

For new creative media business models and companies to emerge here in Wales we need to provide creative entrepreneurs with a safe test bed to nurture and incubate their ideas. Wales is far too small a commercial market to just expect new creative media companies to compete globally against USA start-ups with markets 300 times our economy. A good example is Vodo set up by film maker and creative entrepreneur Jamie King, based in Swansea. Vodo is a new film distribution network which aims to provide film makers with alternative revenue sources to the current feature film model. It takes into account consumer trends for downloading 'free' films but focuses upon the need to support the creative producer. Vodo's new business model is continually evolving, moving from a donation system to a crowd sourcing system to a hybrid distribution model. Contrast Vodo with a new USA based creative media production fund called Kickstarter. Because of the scale of USA markets and population since 2009 Kickstarter has raised $95M for mainly new film, TV and music products solely through donations. Kickstarter has enabled 13,000 new creative media products and services and received over 1 million pledges. Vodo has the potential to reach a similar scale if Wales backs such innovative media companies in their development and start-up phases.

Another company working with the Global Academy, through the Prince of Wales Innovation Scholarships (POWIS) programme, is Tornado Films who are based in Port Talbot. They are also trying to find alternative film distribution models outside of the Hollywood dominated business model. One of the ways we are seeking to help them is through greater exposure to global markets. In early 2012 we will be taking a delegation of Welsh new media business companies, including Tornado Films, to Silicon Valley in order for them to secure new customers, new investments and benefit from the global media networks based in California. Another POWIS supported company ML4D is trying to bring its new social media innovation 'Loccit' to market against the dominance of global giants such as Facebook. Through dedicated innovation support programmes and collaborating with university research groups across Wales the Global Academy is hoping to provide these companies with the 'leg up' they need to succeed.

There is plenty of scope within Wales for new media business models to be devised but we must try and provide our creative media entrepreneurs with a solid foundation to build their ideas and companies. Promoting a much stronger creative brand Wales internationally would definitely help. Next develop better creative business support programmes for Welsh creative media graduates to encourage them to stay in Wales and commercialise their ideas. Wales has some of the top university courses in digital media but sadly the vast majority of graduates from these courses take jobs in London straight after graduation. It's a creative brain drain we need to urgently address.

4. What the Welsh Government is doing to implement the Hargreaves report recommendations and what other steps could be taken to strengthen the media in Wales in terms of content and plurality of provision."

I fully endorse the recommendations of the Hargreaves Report. In relation to the media in Wales I believe this report highlighted to two key issues for this Review. Media in Wales has an important economic benefit to the economy. Yet the media in Wales must equally play a pivotal role in the social, cultural and democratic aspects of Welsh society.

Wales is a young, fledgling democracy and the media in Wales should be strengthened to grow and support democratic dialogue and debate. We must ensure plurality within our media with higher levels of political media coverage. This cannot be achieved through only BBC Wales and our two daily newspapers. Editorial independence for S4C must be protected and the Welsh Government should lobby hard to protect journalistic resources and Wales based programmes on ITV Wales.

For widespread media plurality Wales should also encourage new business initiatives and platforms outside of our existing key providers. Whilst this inevitably means dividing income generating sources across more media providers it will also enhance the creative and economic environment for innovation. Wales cannot afford to become too protectionist in relation to its current media sector otherwise it may lose its competitive edge.

The Hargreaves Report provides a strong framework for the future. Welsh Government must not retreat to an over simplified position where our media industry is only supported as an economic driver. We need to be clear that some; if not a majority of our media content should be provided to enhance our culture, our heritage and our place in the world. The Hargreaves Report sort to bridge to divide between economically driven creative industries and culturally focused providers yet recently it appears Welsh Government is again treating the two parts separately. Many creative media producers move frequently between the commercial/economic and cultural/subsidised sectors. We need to ensure Welsh Government policies and priorities do not discourage collaboration between media providers as we cannot afford divisions amongst our relatively fragile media sector.