

MEDIA WALES

29 November 2011

Ken Skates AM
Chair
Task & Finish Group on the future of the media in Wales
Communities, Equality & Local Government Committee
Cardiff Bay
Cardiff CF99 1NA

Dear Ken,

Please find below our responses to your questions:

- 1 According to Dr Andy Williams' projection, if the circulation decline of the Western Mail continues at the current rate, no-one will be left buying the paper in 10 years' time. Do you accept this projection as accurate?**

No. This is simplistic, unscientific analysis of the newspaper market and we wouldn't comment on such speculation.

- 2 How much longer, in your view, will the Western Mail be published as a daily paper?**

We have no plans to stop publishing the Western Mail as a daily paper.

- 3 When the NUJ referred to speculation that the Western Mail could be turned into a weekly paper, a statement from Trinity Mirror said there were no plans to make such a change. Under what circumstances could such a change take place? How low would the Western Mail's circulation have to fall before such a change was considered?**

As per our previous answer, we have absolutely no plans to stop publishing the Western Mail as a daily paper.

- 4 What plans, if any, does Trinity Mirror have to halt circulation decline in its Media Wales titles?**

It is part of our normal business practice to have detailed plans and strategies to promote the sales of our newspapers.

- 5 Does the Trinity Mirror board accept the argument that having a national daily newspaper is an essential requirement of Welsh democracy?**

Trinity Mirror understands the important role the Western Mail plays in Welsh life and is determined to ensure it constantly provides the best possible service to readers and advertisers.

- 6 On November 17, following the announcement of job cuts and title closures at Birmingham, Trinity Mirror said it had offered the relevant titles for sale before making the closure announcement. Does this indicate a change of policy by the group, which has previously refused to offer titles it intends to close for sale?**

We've done this a number of times and there is no 'policy' as such - it very much depends on the market place.

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- 7 Are you able to give a guarantee on behalf of Trinity Mirror that Media Wales titles would be offered for sale if at any future stage there was a plan to close them or, for example, to turn the Western Mail into a weekly – and that a reasonable period of time would be allowed before such a plan would be implemented?**

This is a hypothetical question. We have no plans to close or sell the Western Mail or to turn it into a weekly paper.

- 8 How have redundancies in the newspaper sales and marketing departments affected the company's ability to maximise circulation?**

We have introduced new structures and systems as part of the changes we have made which allow our marketing and newspaper sales functions to work more efficiently.

- 9 The Western Mail styles itself the national newspaper of Wales. Yet there are parts of Wales where it is not easy to buy the paper. Why is that the case? Does Trinity Mirror have a policy of not wanting to promote the Western Mail in North Wales in order to protect the Daily Post?**

Throughout its history, as now, the Western Mail has sold more copies in south and west than in north Wales. There is no policy of not wanting to promote it because of the Daily Post. The papers serve very different market segments.

- 10 The NUJ has told us that since 1999, Trinity Mirror has had more than £161m in pre-tax profits from Media Wales. What has happened to the money, and how much of it has been invested in Wales? How does Trinity Mirror justify the very high profit margins nudging 40% enjoyed at Media Wales until quite recently? Was it irresponsible to achieve such results through cuts in editorial and other staff?**

As a plc, all our relevant financial details can be found in one of the four financial reporting announcements we make throughout the year - the Prelim results in March, the Interims Results in August and either of the Interim Management Statements, in May or November – or in the Trinity Mirror Annual Report.

- 11 The NUJ and Dr Andy Williams were very critical of Sly Bailey's level of remuneration – last year it was more than £1.7m – describing it as obscene and a reward for failure. Given the performance of the group in terms of circulation, revenue, numbers employed and share price since she became chief executive, do you agree that they have a point?**

We're not going to comment on the NUJ's anecdotal opinions.

- 12 Does Trinity Mirror accept that it was a serious strategic error to give away virtually the entire contents of its newspapers free online? Other newspapers do not publish virtually all their content free online and there appears to be evidence that circulation decline is less as a result. Does Trinity Mirror have any plans to change policies in this respect, and if not, why not?**

Our online approach has seen the creation of WalesOnline from scratch to become the biggest commercial news website in Wales, the only major alternative to the BBC Wales online news channel. This is a very significant success story for Wales.

In addition, this debate is being played out across the media world: the issue of if, how and when to charge for online content. Trinity Mirror has consistently stated that there are no plans to begin charging for general online news content, although there may be scope for charging for specialist content in some cases.

- 13 Shortly after Sly Bailey took over as chief executive, she said the aim was to have 20% of advertising revenue from digital within a short space of time. Why has that ambition not been realised?**

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14 Why is the circulation decline of the Western Mail so much more marked than that of the Daily Post?

The papers serve very different market segments and as such are affected differently by market conditions.

15 What were the factors that led to the editorial redundancies at Media Wales announced in July 2011?

These changes were part of new, more efficient systems of workings introduced as we constantly seek to optimise our resources in very challenging market conditions.

16 What was the difference between the company's expected and actual revenues in the first six months of 2011?

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17 In the spring of this year, Trinity Mirror announced its intention to make £25m in savings this year. What was the level of savings sought by Trinity Mirror from Media Wales? What degree of leeway was Media Wales given in terms of the level of cuts to be made? How did you decide where to impose the cuts?

Media Wales devises its business plans based on its budgeted revenues, costs and objectives.

18 From past experience, it is quite likely that Trinity Mirror will announce its intention to make further savings of a similar magnitude next spring. What cuts would you envisage making at that time? The NUJ has suggested that further cuts would be likely to entail title closures. Do you agree?

Again, we wouldn't comment on hypotheses and speculation, but, as ever, if we had any plans our staff would be the first to know.

19 Given declining circulation and the recent cut in the number of journalists working in the Celtics' (weekly papers) district offices, how do you see the titles' short to medium term future?

All of our actions are designed to give these the titles a sustainable and profitable future.

20 Do you accept that closing down local newspaper offices has a negative impact on circulation – and that the closure of offices in Neath, Aberdare and Ebbw Vale had such an impact?

These offices were closed a number of years ago and the reasons and background to this were explained when we attended the previous media inquiry in 2009.

21 When you gave evidence to an earlier Assembly inquiry in 2009, you said space would be taken for “reporters' surgeries” in towns where offices had been shut. Has this happened, and if not, why not?

This did not prove an effective strategy for us in terms of the best use of our resources to provide the best possible papers for the communities.

22 Do you believe 10 journalists, now reduced to nine, five of them trainees, can adequately cover the geographically distinct areas which represent the seven Celtic weeklies? If so, what commitment can you give to minimum levels of coverage of courts, crime and local government, the traditional cornerstones of good weekly papers? How are those areas - and others - meant to be covered properly when half the available staff are trainees and some (if not all) of them live in Cardiff? How much time is made available for journalists in the Valleys to get out and about, discover their patch and get to know and make proper local contacts?

Our team of journalists in our district offices and multimedia newsroom in Cardiff are managed in the most effective way possible to produce the best possible newspapers.

- 23 Do you agree that generic copy shared across several titles ultimately contributes to killing the identity of individual papers and aggravates further the issue of declining circulation?**

The shared copy across the titles is in addition to specific ultra-local content, not at the expense of it. We expect to introduce even more ultra local copy next year.

- 24 Given the higher than average number of Valleys homes without an internet connection, if weekly titles are closed, is there not an increased danger of people becoming disenfranchised through a lack of distinct local news about their area? Also, given the readership demographics of Media Wales' titles, if older readers abandon the papers, is it not highly unlikely that they would be replaced by younger ones?**

We believe it is important for the future of the business that as well as serving newspaper readers in these communities that we also deliver local content online, which we will continue to develop.

- 25 Are Trinity Mirror's policies in Wales contributing towards a growing democratic deficit and how does that square with the group's alleged commitment to the communities its papers serve? Who should be held to account for Trinity Mirror's actions in Wales since 2003?**

We are committed to serving our readers and advertisers in Wales in the best possible fashion and have regular dialogue with our stakeholders to this end.

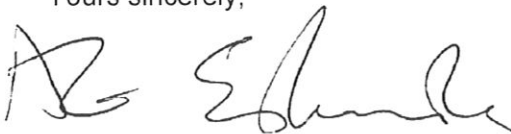
- 26 Do you agree with the view that Trinity Mirror's business model (particularly in relation to its Welsh titles) is no longer fit for purpose? What, apart from more cuts, does Trinity Mirror's future business strategy consist of? What policies for growth does it have?**

We are continually reviewing the business and all of our actions are designed to give our portfolio in Wales a sustainable and profitable future. The changes we have made across the business in recent years are all made with the best interests of our newspapers and websites at heart, within the context of the most difficult trading conditions in living memory.

- 27 Given that Media Wales submitted a bid for National Assembly money to produce a Welsh language news website, the company is presumably not averse to the idea of accepting public funds for news provision. Can you envisage a future in which newspapers like the Western Mail could only survive with some form of public subsidy?**

While we believe that the independence of commercial regional publishers is vital, as demonstrated by our bid for the Welsh language news website, we have an open mind to projects which involve public funds for news provision.

Yours sincerely,



Alan Edmunds

Managing Director, Media Wales Ltd
Editor, Western Mail