



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol: Grŵp Gorchwyl a Gorffen ar Ragolygon ar gyfer Dyfodol y Cyfryngau yng Nghymru **The Communities, Equality and Local Government Committee: Task and Finish Group on the Future Outlook for the Media in Wales**

Dydd Mercher, 7 Rhagfyr 2011
Wednesday, 7 December 2011

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r grŵp gorchwyl a gorffen yn bresennol

Task and finish group members in attendance

Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Rhodri Glyn Thomas	Plaid Cymru (yn dirprwyo ar ran Bethan Jenkins) The Party of Wales (substitute for Bethan Jenkins)
Kenneth Skates	Llafur (Cadeirydd y Grŵp) Labour (Group Chair)

Eraill yn bresennol

Others in attendance

Natasha Hale	Pennaeth Diwydiannau Creadigol, Cyfarwyddiaeth Busnes, Menter, Technoleg a Gwybodaeth Head of Creative Industries, Directorate for Business, Enterprise, Technology and Science
Edwina Hart	Aelod Cynulliad, Llafur (Y Gweinidog Busnes, Menter, Technoleg a Gwyddoniaeth) Assembly Member, Labour (The Minister for Business, Enterprise, Technology and Science)
Ron Jones	Cadeirydd Panel y Diwydiannau Creadigol a Cadeirydd Gweithredol Tinopolis CCC Chair of the Creative Industries Panel and the Executive Chairmand of Tinopolis PLC

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol

National Assembly for Wales officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Marc Wyn Jones	Clerc Clerk

Dechreuodd y cyfarfod am 11 a.m.

The meeting began at 11 a.m.

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions**

[1] **Kenneth Skates:** Many thanks for attending. I have received apologies from Peter Black, and Rhodri Glyn Thomas will substitute for Bethan Jenkins.

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[2] **Kenneth Skates:** We have quite a few questions to get through, so we will head straight into those, if that is okay. I will begin by asking about broadband. Could you give the committee an update on the next generation broadband project?

[3] **The Minister for Business, Enterprise, Technology and Science (Edwina Hart):** I am afraid not. We are currently undertaking the procurement process for the project. It remains on schedule and we hope to roll out the programme successfully, as we have already indicated. I do not know whether you want any more general comments about broadband, which Ron would be able to help with. I see that you do.

[4] **Mr Jones:** The project, which has now been under way for quite some time, still

needs to be monitored quite carefully. The proposals that have been committed to by the Government are sensible. The commitment is to provide 30 Mb of broadband across the whole of Wales. It is important that we do not become sidetracked into 100 Mb provision, even as an ambition, if that ambition takes away from the success of the paramount need to provide adequate broadband coverage to the whole of Wales. It is undeniable that there will be few institutions and companies, let alone individuals in Wales that have an immediate need for 100 Mb. If we are to develop a truly digital Wales that encompasses the lives of all our people, then that 30 Mb will be the priority. That is where most of the external advice is coming from. The advice has been that we should not take our eyes off this particular ball.

[5] **Kenneth Skates:** Janet, would you like to discuss the Hargreaves report?

[6] **Janet Finch-Saunders:** In a response to a written question in 2011, the Minister said that an action plan and a timeline to implement the Hargreaves review would be completed by October 2011. What are the latest developments in this regard?

[7] **Edwina Hart:** The mapping exercise has now moved into the procurement stage. We have undertaken internal mapping; this is just to mop up the areas that need to be mapped externally. I think that I am correct in saying that, Natasha, am I?

[8] **Ms Hale:** Yes, absolutely. The specific plan that was referred to was the plan that is being developed by the sector panel in terms of its recommendations on how we should deliver the recommendations of the Hargreaves review and implement them. Those are sector priorities that are currently in draft form with the chair of the sector panel.

[9] **Edwina Hart:** We have also been looking at some of the other Hargreaves recommendations in terms of what we could do in relation to seed funding. I am likely to be making an announcement on those issues later this week, as they are particularly important for the sector.

[10] **Janet Finch-Saunders:** We have taken quite a lot of evidence and, during those evidence sessions, many witnesses have said that the Welsh Government's response to the Hargreaves review has been too slow and has lacked urgency and clarity. How would you respond to the criticisms that have been raised?

[11] **Edwina Hart:** I do not agree with them in any shape or form; they are absolutely wrong. Ron, do you want to comment on that point?

[12] **Mr Jones:** We need to put Ian Hargreaves's review into context. When Ian did that valuable piece of work to look at the creative industries, in essence, he was concentrating on certain aspects of it: film, television and digital media. One thing that became apparent very early on in the creation of the creative industries panel was that the huge majority of employment at the moment in the sector in Wales is in other areas. So, one of the priorities of the panel has been to ensure that, in implementing the Minister's new strategy, all of those sub-sectors are equally well served. Within that, the Hargreaves report has a very important role to play. Most of the elements that Ian dealt with are implemented or are in the process of being implemented. I am sure that Natasha and I could go through them in detail with you if you wish us to do so.

[13] This is not an easy sector to reform. There is a lack of information, historically, about what the sector comprises, a lack of knowledge about the true economic impact and a lack of a sense of direction in terms of identifying those sub-sectors where economic growth can really be made a significant part of the future of our economy. The best example that I can think of is in the area of film and television, which inevitably had quite a major role in the Hargreaves review. In practice, it is an industry in a deflationary period extending over

several years, which has been accentuated by the cuts in public service broadcasting budgets. So, in purely economic terms, these will not be great providers of growth over the next several years. I can identify those areas that we believe have growth potential, and I can identify the types of companies within the creative industries sector where that growth can be helped and supported, but they are not necessarily a direct link to the Hargreaves report, which looked at a particular part of the creative industries.

[14] **Janet Finch-Saunders:** That leads me on to my final question on this issue. Other witnesses have expressed concerns that the support provided by the creative industries panel has been too focused on economic benefits, rather than cultural ones. Is that a fair criticism?

[15] **Edwina Hart:** A lot of people are focused on cultural issues across Wales. My panel is the only panel that has really focused on issues to do with economic development within the sector, which you would expect it to do in terms of where it is lodged within the economy. It was important that we recognised that when we established the creative industries panel in order to look at the business requirements that were there. We work well with culture officials and other organisations, but our aim is to create jobs, future investment and sustainability in all the creative industries sectors that we cover. Do you want to add anything, Ron?

[16] **Mr Jones:** There has been a lack of intellectual integrity over the years when looking at Government support and involvement with the creative industries generally. We do lots of things in Wales that we regard as being essential for the cultural health of our country. Like it or loathe it, we have support for books, the opera and a series of things that are necessarily funded by Government because there is market failure, and which fill a huge void in our cultural capital. All we are trying to do is to encourage people who are coming to Government for support to be honest about why that support needs to be provided. If there is a cultural need—I can give an example of an industry that has recently moved from potentially being an economic sector to a cultural sector—we can have sensible discussions, because we can then look at what the priorities of the heritage department are in terms of the culture that it chooses to support, and which areas the Minister can identify as being drivers of economic growth. I understand why people do not like this rather more rigorous approach, but I would like to think that it is at the heart of providing value for money for Government and for Wales in terms of the things that we fund that are culturally relevant to us.

[17] **Janet Finch-Saunders:** Another concern that has been brought forward is that broadcasting and media do not seem to figure in the enterprise zones agenda.

[18] **Edwina Hart:** It has been discussed by the creative industries sector panel, and its view was not about a single location. I have taken the views of the sector. Do you want to add anything, Natasha, as you had the discussion?

[19] **Ms Hale:** The point is that not all the sectors are the same. The point with creative industries is that there has been vast growth of the creative industries in terms of new enterprises being created. Those enterprises are all over Wales, much more so than in the case of many other sectors. To decide that we want to focus on a specific area for the development of the creative industries did not seem appropriate to the panel. Ron can comment further on this, but the panel suggested something that was digital and covered all of Wales in support of the creative industries, rather than something that focused on one area, because that is not where the creative industries businesses are—they are all over Wales.

[20] **Mr Jones:** My company is a good example of this. We are based in Llanelli. There is no commercial disadvantage to us of being based in Llanelli. Mr Thomas knows Llanelli very well, and will know therefore that there is no shortage of buildings. Fundamentally, it is not an industry that will be particularly well supported by having individual geographical areas that are defined as being for local creatives. There is an argument that the last thing that

creatives need is Government intervention in terms of planning of facilities and so on. The things that make the creative industries work are going to be based around the provision of technology and infrastructure, which allow us to build up these companies across the whole of Wales, and, secondly, the provision of a much better and more focused education and training system that ensures that we have the skills in Wales that can service these new industries.

[21] **Kenneth Skates:** Before we move on from this subject area, you mentioned, Mr Jones, that you could identify areas where you estimate that there will be growth in the short term. Are you able to elaborate on that?

[22] **Mr Jones:** Yes. Let me start by being negative again about my own industry, which is television. The entire market for television is not going to change fundamentally over the next several years. The major customers—the broadcasters—are in place around the world; the major providers of content—the producers—are in place. There are established business models that are now in operation. However, across a whole range of new digital industries, these new business models and these new market networks are not yet in place. You would have heard the same thing from someone coming here to talk about life sciences. The future dynamic of the industry is driven by the fact that the market is not yet established.

[23] Arguably, if we can concentrate our efforts in the creative field in these areas, and provide them with the right infrastructure and skills support, then we can actually play a part in these new industries. We have some very good, but very small, companies in this sector in Wales, and there is no reason why they cannot become major players because they are competing typically against companies like themselves, from London, other countries and so on. It is that lack of an established market that gives us the opportunity, and that opportunity for operating in these new almost wild west-type market conditions will be there for possibly the next five to seven years. So, that is the time frame within which we can really do some damage for Wales if we get our act together. It is not an easy task, but at least there is an opportunity for us. There are areas where we have particular skill sets because of our tradition and heritage in these industries and we can do reasonably well. It calls for Government assistance, and not just in the begging-bowl sense. We can talk about policies on procurement and so on, which can encourage these industries to be innovative and provide them with the opportunity to build their own skills. These are potentially very exciting areas for the economy in Wales.

[24] **Kenneth Skates:** Thank you. Rhodri Glyn would you like to ask about the support for the creative industries?

[25] **Rhodri Glyn Thomas:** Diolch yn fawr iawn, Gadeirydd. Yn y lle cyntaf, derbyniaf yr hyn yr oedd Ron Jones yn ei ddweud. Mae adroddiad Hargreaves yn ymwneud â darlledu a ffilm yn bennaf, ac yn bennaf darlledu, felly gadewch i ni roi'r adroddiad hwnnw i'r naill ochr am eiliad, ac edrych ar y farchnad newydd hon o ran y diwydiannau creadigol yng Nghymru, sef y farchnad ddigidol.

Rhodri Glyn Thomas: Thank you very much, Chair. In the first place, I accept what Ron Jones said. The Hargreaves report is to do with broadcasting and film mainly, principally broadcasting, so let us put that report to one side for a moment, and look at this new market in terms of the creative industries in Wales, namely the digital market.

[26] Mae'r diwydiannau creadigol yng Nghymru wedi datblygu mewn cyd-destun gweddol gysurus, yn y dyddiau pan oedd darlledu cyhoeddus yng Nghymru yn llewyrchus iawn, pan oedd adnoddau ar gael, pan oedd cwmnïau yn gallu cael eu sefydlu

The creative industries in Wales have developed in quite a comfortable context in the days when public broadcasting in Wales was very profitable, when resources were available, when companies could be established in the wake of the companies that

yn sgîl y cwmnïau a oedd eisoes yn bodoli ac yr oedd gan y cwmnïau hynny ddiogelwch a sicrwydd. Mae'n gyffrous, ond mae'n farchnad llawer anos erbyn hyn. Yr ydym yn sôn am gwmnïau bach heb fawr o gefnogaeth. Mae'r Gweinidog wedi dweud bod y strwythurau bellach yn eu lle i gefnogi'r cwmnïau hyn. Mae Ron wedi cyfeirio at hynny'n gyffredinol yn ei ateb i'r Cadeirydd. Beth yn union yw'r strwythurau hyn sy'n mynd i alluogi'r cwmnïau bach hyn i ddatblygu i fod yn arweinwyr yn y farchnad, ac i sicrhau bydd yr hyn sydd wedi'i sefydlu dros yr 20 mlynedd diwethaf o ran y diwydiannau creadigol yng Nghymru yn parhau i ddatblygu? Yn amlwg, ni allwn ddibynnu ar y sbardun a oedd yn dod o ddarlledu cyhoeddus yng Nghymru.

were already in existence and those companies had security and certainty. It is exciting, but it is a much more difficult market by now. We are talking about small companies that do not have much support. The Minister has said that the mechanisms are already in place to support these companies. Ron has referred to that generally in his answer to the Chair. What exactly are these mechanisms that will allow these small companies to develop to be leaders in the market, and to ensure that what has been established over the last 20 years in terms of the creative industries in Wales will continue to develop? Evidently, we cannot depend on the spark that came from public broadcasting in Wales.

[27] **Edwina Hart:** We are very pleased that we have a full sector team in place, which will help us in all these areas. We have the advisory panel, which Ron chairs, that is looking distinctly into the areas that you have raised, and, of course, we have very good joined up working with Government departments, such as heritage and the Department for Education and Skills.

11.15 a.m.

[28] However, some issues are highlighted by the creative industries sector panel. I have already alluded to the need to get our act together in terms of what training is required for these industries. We have had an interesting discussion with the sector about digital training and how companies in this field feel about where we were with regard to training. Technology is moving so quickly that we have to have mechanisms in place so that when young people are being trained they are training along the right lines. The panel has an interest in those ongoing discussions.

[29] The other area to look at is funding, which is important for small and medium-sized enterprises because some of these companies are tiny. You are talking about two or three people that are, sometimes, at the cutting edge of development. So, we have to be smarter about funding. Hence we are looking at new funding packages. They are eligible for other funding packages that we have in the department as well. It is a question of giving them the direction of training in this area.

[30] There is also the wider issue that Ron referred to about procurement. Procurement is turning out to be a big issue for all my sectors, in terms of procurement policy and how procurement is dealt with. That is my take on your comments. I am sure that Ron and Natasha might want to add some more.

[31] **Mr Jones:** Do you want to talk about the fund?

[32] **Ms Hale:** I just want to talk about the mechanisms. We have had a shift in the department now from where we were a year ago. We have a full creative industries team, wholly focused on the sector. We have senior managers focused on each different area and we have just appointed a digital media manager—a senior manager focusing only on digital media. So, those types of mechanisms have shifted from where we were a year ago. We are meeting as many of the small digital companies as we can in Wales, and are in the process of

doing that over the next year. The funding mechanisms that are in place work for the sector. We are now signed up to the audio-visual state aid agreement, an agreement that we were not signed up to a year ago. Our funding mechanisms can work for that sector now. In terms of the internal mechanisms, and how we can support the sector, we are much better placed now than we were 12 months ago.

[33] **Mr Jones:** Hoffwn gyfeirio at un elfen o'ch cwestiwn, sef bod y twf ar yr ochr deledu yn arbennig wedi datblygu'n uniongyrchol o arian cyhoeddus a oedd ar gael drwy ein darlledwyr cyhoeddus. Mae'n deg dweud, wrth edrych yn ôl ar y cyfnod hwnnw o haelioni, nad yw'r cwmnïau i gyd wedi llwyddo i fanteisio ar y cyfle a roddwyd ger eu bron i ddatblygu ffordd o wneud busnes a fyddai'n dod ag elw yn ôl i Gymru drwy weithio ar draws y byd. Credaf, pan ddown i mewn i'r oes ddigidol a rhai o'r diwydiannau creadigol newydd hyn, bydd yn rhaid cofio eto mai'r sector sy'n gwario fwyaf yn y meysydd newydd hyn yw'r sector cyhoeddus. Felly, mae dau beth yn codi. Yn gyntaf, credaf fod yn rhaid i'r sector cyhoeddus sylweddoli beth yw effaith tymor hir y gwariant mae yn ei wneud yn y meysydd hyn. Mae cyfle i ariannu cwmnïau newydd mewn ffyrdd na fydd y farchnad yn ei wneud, efallai, am rai blynyddoedd. Ochr arall y geiniog yw bod yn rhaid i'r Llywodraeth hefyd fod yn fwy parod i ddweud yn gyhoeddus nad yw'n ddigon da bod y cwmnïau bach hyn yn dod yn orddibynnol ar gefnogaeth y sector cyhoeddus. Mae angen i'r cwmnïau sy'n derbyn cefnogaeth ddangos fod ganddynt gynlluniau penodol ar sut i werthu eu gwasanaethau a'u creadigrwydd tu fas i Gymru. Dylai'r holl broses o benderfynu pam ddylai un cwmni dderbyn cefnogaeth ac nid un arall ystyried y ffaith bod ganddynt gynlluniau ar gyfer gwneud rhywbeth sydd o werth i Gymru, ac nid cadw'r arian hwnnw yng Nghymru yn unig. Mae angen i ni edrych am ddiffiniad o werth ychwanegol crynswth sy'n ystyried faint o arian sy'n dod mewn i Gymru o'r tu fas. Mae hwn yn allweddol oherwydd ni allwn gael diwydiannau sy'n hollol ddibynnol ar Gymru a chredu ein bod yn creu economi gref i'r wlad. Ni allwn wneud hynny.

[34] **Rhodri Glyn Thomas:** Yr wyf yn cytuno'n llwyr. Credaf byddai'n astudiaeth ddiddorol pe bai rhywun yn edrych yn ôl dros y chwarter canrif ddiwethaf ar faint o

Mr Jones: I wish to refer to one element of your question, that is, that the growth in television in particular had developed as a direct result of the public money that was available through our public service broadcasters. It is fair to say, looking back at that period of generosity, that not every company has succeeded in taking advantage of the opportunities that were put before them to develop business models that would bring back profits to Wales by working on a global level. I believe that, when we enter the digital age and some of the new creative industries, we will, again, have to bear in mind that the sector that spends most in these new areas is the public sector. Therefore, two issues arise from that. First, I believe that the public sector needs to realise what the long-term impact of its expenditure in these areas could be. There is an opportunity to fund new companies in ways that the market may not be doing for a few years. The other side of the coin is that the Government must also be more willing to say publicly that it is not good enough that these small companies become over-dependant on public sector support. The companies that are supported should demonstrate that they have specific plans in place on how to sell their services and creativity outside Wales. Further, the whole process of deciding why one company should receive support and not another should consider the fact that they have plans for doing something that is of value to Wales, not only retaining that money in Wales. We need to look for a definition of gross added value that takes account of the funding coming into Wales from outside. This is crucial because we cannot have industries that are entirely dependent on Wales and believe that we are creating a strong economy for the country. We cannot do that.

Rhodri Glyn Thomas: I agree completely. I believe that it would be an interesting study if someone looked back over the last quarter of a century at how much of a permanent

gyfraniad parhaol a wnaed gan nifer o'r cwmnïau hyn a noddwyd gan y sector cyhoeddus. Mae rhai sydd wedi bod yn flaengar, fel yr ydych wedi awgrymu.

contribution has been made by a number of these companies that were funded by the public sector. There are some that have been progressive, as you have suggested.

[35] Yr wyf yn derbyn y pwynt bod rhaid i'r cwmnïau digidol hyn fod yn hunangynhaliol, ond mae un elfen o'u gweithgaredd a fydd yn gwbl sylfaenol i'w llwyddiant, sef yr hyfforddiant yr ydych wedi cyfeirio ato. Hynny yw, ni fydd cwmnïau bach sy'n cyflogi llai na phump o bobl mewn sefyllfa i sicrhau bod cynlluniau hyfforddi mewnol yn bodoli. Hwyrach mai dyna fydd y cyfle i nawdd cyhoeddus o'r wladwriaeth wneud gwahaniaeth i'w datblygiad. Mae nifer o dystion wedi awgrymu wrthym fod llawer o waith y mae angen ei wneud i greu'r math o hyfforddiant a fyddai'n galluogi'r cwmnïau hyn i symud ymlaen a datblygu.

I accept the point that these digital companies will have to be self-sufficient, but there is one element of their activities that will be absolutely fundamental to their success, namely the training that you referred to. That is, small companies that employ fewer than five people will not be in a position to provide internal training schemes. Perhaps that is the opportunity for public support from the state to make a difference to their development. Many witnesses have suggested to us that there is a lot of work to be done to create the kind of training that would enable these companies to move forward and develop.

[36] **Edwina Hart:** I do not think that we disagree with the fact that there is a lot to be done in terms of the training agenda—it is one of the agenda items that they are grappling with in the sector. You made a good point, because it applies not only to small firms in the creative industries, but to other specialist areas where they have difficulties with affording the training, developing training and so on. That is an issue that we will have to look at.

[37] In terms of the wider sectors, such as the large anchor companies in telecoms, for instance, they train people anyway. So, if they train more, and they then go into the supply chain, that is quite easy: we are talking about something very difficult when you consider the scales that are involved. The sector itself is currently looking at training requirements and there have been some good discussions.

[38] **Ms Hale:** One of the key things is that a lot of public money has been spent on training in the creative industries over the past few years, yet we are still having the same conversations about not having the people trained. If you look at the figures, however, you will see that there has been a lot of investment here. So, one of our areas that the panel is specifically keen on is to do with where we are spending the money, what value we are getting out of it and whether we are creating the people required for the jobs. Are we demand-led? Are we being led by demand from the industry? If not, why not, and how can that be changed?

[39] **Mr Jones:** Mae'r Gweinidog wedi gofyn inni edrych ar sut byddai'n bosibl newid y system addysg a'r system hyfforddi sgiliau fel eu bod yn gweithio â'r cwmnïau llai hyn. Un esiampl yw'r posibilrwydd o edrych ar system o brentisiaeth lle mae cwmnïau bach yn gallu gweithio os oes cefnogaeth yn ein sefydliadau addysg uwch a phellach, i weithio ochr yn ochr â'r gwaith ymarferol. Mae tuedd ambell waith inni ddrysu addysg, hyfforddiant mewn sgiliau a hyfforddiant mewn swydd. Mae cael y rheini i gyd yn iawn yn rhan bwysig o hyn.

Mr Jones: The Minister has asked us to look into the potential for changing the education and skills training systems so that they work with these smaller businesses. One example is the possibility of looking at a system of apprenticeship where small companies can work if they have the support of our higher and further education institutes, to run in parallel with the practical work. There is sometimes a tendency for us to confuse education, skills training and on-the-job training. Getting all of those right is an important part of this.

[40] Mae potensial bellach, drwy reolau Ewropeaidd newydd ar gaffael sy'n caniatáu, gyda gwariant cyhoeddus, i rai o'r pethau hyn gael eu cynnwys mewn cytundeb. Ond, fel y mae'r Gweinidog wedi dweud, mae hwn yn faes hollol newydd i'r Llywodraeth edrych arno yn y ffurf hon, ac ofnaf y bydd y gwaith yn hir ac yn boenus.

Potential exists, through new European procurement rules that allow, in the case of public expenditure, for some of these things to be included in an agreement. However, as the Minister has said, this is an entirely new area for the Government to look at in this form, and I fear that the work will be long and painful.

[41] **Rhodri Glyn Thomas:** The only other element that I would touch on is monitoring, but I presume from the answers that we have had that that system or structure of monitoring will be very clear.

[42] **Edwina Hart:** Yes. Very clear.

[43] **Kenneth Skates:** May I just ask about co-ordination and Government capacity? I wish to take up something that the Institute of Welsh Affairs talked about, that is, its belief that the Welsh Government and the Welsh civil service need to build up their expertise and capacity. Is this something that you would agree with? If so, are there any plans to increase the expertise and capacity of the Welsh Government?

[44] **Edwina Hart:** I think that Natasha has outlined what we are doing in our sector; we are increasing our capacity to deal with the creative industries in the widest sense with all the appointments that we have. I think that we are fulfilling our obligations quite clearly in that regard.

[45] In the broadest sense, I would say that we are doing quite well in the Government in terms of our understanding of the sector and everything. Perhaps Ron or Natasha would like to add something.

[46] **Mr Jones:** My instinct as an outsider is that the Government is looking to have in place almost a new geometry of Government in terms of using people from outside in specific areas of policy and consultation. It is not an easy task, because finding the right match between people and the needs of Government—by that I also mean the civil service—is not straightforward, but the work that has been done to date in trying to find these new alignments has great potential. Being a one-day-a-month civil servant was never high on my list of things to do but, coming at it from outside, I found working with Natasha and her team and others in the department quite rewarding and interesting. I sense that, within this department certainly, there is a new mood of finding ways of making Government work better with the private sector. That is reassuring. It is not going to be easy, but the Minister is to be commended for the way in which she is trying to put this in place. It is an interesting approach.

[47] **Ms Hale:** We are in the process of appointing three senior managers within the creative industries team. They will all be external appointments, purely to get the experience and the skills required for the creative industries into the department. We also have the sector panel, chaired by Ron Jones, who has a huge amount of expertise, and we are in the process of commissioning research into the policy areas and decisions that have been taken by public service broadcasters in Wales and what effects they have had on the sector. Therefore, we are very aware that we need to get the expertise on certain issues when required.

[48] **Mr Jones:** I do not think that we should underestimate the extent to which the legacy issues that built up over the years in a fairly unstructured way within the department—particularly in relation to the old days of the Welsh Development Agency, with different structures, funding mechanisms and accountability for various pockets of public money—are

having an impact on freedom of movement within the civil service and Government today. All we as citizens—and you as AMs—can hope for is that there is a commitment to try to change this and to make it work. It appears to be heading in the right direction.

[49] **Kenneth Skates:** Is there a Welsh Government response to the Institute of Welsh Affairs's calls for a working group to be established to look at proposals or suggestions for the devolution of some responsibilities for the media, particularly broadcasting?

[50] **Edwina Hart:** In terms of the issues around the devolution of broadcasting, we are dealing with some very practical issues in my department that are emanating from the things that have gone on in broadcasting, such as the impact on S4C, the BBC and the creative industries. Obviously, the IWA would love a working group because it would want to be a part of its discussions. I do not know whether Ron wants to comment. I do not think that it would be appropriate for Natasha to do so.

[51] **Mr Jones:** It is an interesting area. Across a whole swathe of public policy, there is this issue of how we deal with non-devolved issues. I wonder whether we are not all searching for a way of providing new methods of accountability and transparency that take into account these new realities of Government. The next several years in broadcasting—I can see where the IWA is coming from—will be giving us a completely new future for S4C, a new BBC charter, a new licence for ITV which, potentially, will not involve Wales at all unless we are careful, proposals for local television, for new media more generally, and film. These are all issues where, unless we are very careful, Wales will not have the right voice. It would be a good idea for the Assembly and the Welsh Government to begin to think about how we find structures that work. I do not sense, in the case of some London-based institutions, a reluctance to get involved.

11.30 a.m.

[52] The BBC Trust is a very good example; it now understands full well that the variable geometry of Government across the UK is going to require it to respond in different ways to the needs of Northern Ireland, Scotland and Wales. So, we can help it; we do not need to be confrontational about this. The old, informal discussions that took place in the days of the colonial Secretary of State and so on can now be done in a much more transparent way. Most people realise that this is coming, and they welcome it. However, it is up to people like your good selves to identify the ways in which that can be made to work.

[53] **Edwina Hart:** The mechanisms will be important, as will the terms of engagement on all of these issues. We have to feel our way forward, as it were, in deciding where we want to go. What was said about the BBC Trust is fair, as it has been very good in terms of openness and transparency. However, we have to watch this agenda very carefully. It is still the case that devolution has come as a shock to certain organisations and to the central Government. It was something that they thought had popped out of the ether in 1999, and the consequences are coming to fruition, in terms of relationships. This is not just about the responsibility of certain departments to engage, including my own. There is a whole range of issues, not only broadcasting, on which we need a level of clarity. That will come over time, as the devolution process develops.

[54] **Kenneth Skates:** Janet, would you like to ask a brief question about the communications Bill? I realise that we are running out of time.

[55] **Janet Finch-Saunders:** Yes. What is the Welsh Government's strategic response to the UK's communications Bill process?

[56] **Edwina Hart:** That is currently being led by another department, not my own.

However, we are having quite a lot of senior-level discussions with my officials on helping with the direction of travel and the response. I would be happy to update the committee when we have explored these issues more fully.

[57] **Janet Finch-Saunders:** Could you say what your priorities are in relation to this?

[58] **Edwina Hart:** That is not my departmental deed.

[59] **Kenneth Skates:** Thank you very much for attending today. A transcript of the session will be sent to you.

[60] **Edwina Hart:** Thank you very much indeed.

*Daeth y cyfarfod i ben am 11.32 a.m.
The meeting ended at 11.32 a.m.*