



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 Iau, 17 Tachwedd 2011
Thursday, 17 November 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 pwyllgor yn bresennol**Committee members in attendance**

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Bethan Jenkins	Plaid Cymru The Party of Wales
Kenneth Skates	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)

Eraill yn bresennol**Others in attendance**

Meic Birtwistle	Cynrychiolydd Cymru ar Gyngor Gweithredol Cenedlaethol Undeb Cenedlaethol y Newyddiadurwyr Wales Representative, National Executive Council of the National Union of Journalists
David Donovan	Swyddog Cenedlaethol Cymru, yr Undeb Darlledu, Adloniant, Sinematograffeg a Theatr National Officer for Wales, BECTU
Gwawr Hughes	Cyfarwyddwr Skillset Cymru Director, Skillset Cymru
Gwyn Roberts	Cyfarwyddwr, Cube Interactive Director, Cube Interactive
Owain Schiavone	Prif Weithredwr, Golwg360 Chief Executive, Golwg360
Martin Shipton	Cadeirydd Cangen Caerdydd a De Ddwyrain Cymru, Undeb Cenedlaethol y Newyddiadurwyr Chair, Cardiff and South East Wales Branch of the National Union of Journalists
Richard Turner	Pennaeth Marchnata a Chysylltiadau Allanol, Rhaglen Arloesi'r Academi Fyd-eang Head of Marketing and External Relations, Global Academy Innovation Programme
Dr Andy Williams	Ysgol Newyddiaduraeth, y Cyfryngau ac Astudiaethau Diwylliannol Caerdydd Cardiff School of Journalism, Media and Cultural Studies

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**National Assembly for Wales officials in attendance**

Rhys Iorwerth	Ymchwilydd Researcher
Marc Wyn Jones	Clerc Clerk
Annette Millett	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 1 p.m.
The meeting began at 1 p.m.*

**Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions**

[1] **Kenneth Skates:** Good afternoon. Thank you much for coming today. Headsets are available. Channel 1 provides the simultaneous translation from Welsh into English. Channel 0 can be used for amplification. In case they are still on, may I ask you to switch off your mobile phones? They interfere with the microphone system. This is a formal public meeting, so you do not need to press the buttons on the microphone. They will be switched to you automatically when you speak. In the event of an emergency, please follow the ushers. I have received no apologies or notifications of substitutions today. Do any Members wish to declare an interest? I see that no-one does.

**Ymchwiliad i'r Rhagolygon ar gyfer Dyfodol y Cyfryngau yng Nghymru:
Cyfryngau Printiedig a'u Hundebau
Inquiry into the Future Outlook for the Media in Wales: Print Media and
Unions**

[2] **Kenneth Skates:** Thank you very much of your statements and submissions. They provided a great deal of information. We are looking for solutions to the problems, and you have given us submissions that contain many ideas that we are going to be able to explore. I would also like to thank you for being so candid in your submissions. It is really important that we get that sort of information. I am conscious of the time, so rather than having opening statements, we will go straight to questions. Bethan is going to open with questions about the current state of the media in Wales.

[3] **Bethan Jenkins:** In your papers, you mention, as did some of the independent companies that came to give evidence last week, that the media here in Wales is in crisis. Do you think that things will look more positive in future, or is the situation going to continue in this way? The National Union of Journalists mentioned that decisions are made outside Wales about the situation in Wales. What are your views on that? Can you expand specifically on the problems that Trinity Mirror faces here in Wales?

[4] **Mr Shipton:** This is a very important point, Bethan and members of the committee. With regard to the outlook, you will have seen in our submissions the point we have made that, in Trinity Mirror—and the same applies to other newspaper companies—we now have an annual ritual of announcements of large cuts that have to be made. The area of most concern is that there does not appear to be any strategy for growing the business. Therefore, in order to sustain profits at as high a level as possible, these big media companies are announcing that, over the course of the year, they want to make big cuts. This year, for example, Trinity Mirror made a succession of announcements, with the final one at the annual shareholders' meeting in May when it said that it was going to make cuts of £25 million this year. Our concern is that we have now got to a point where any further cuts are going to very seriously eat in to what we are able to do. That means that there will be very serious further cuts to the core newsroom of Media Wales, for example.

[5] In this recent round of redundancies, there was quite a big hit, but the hit was taken by the production department and by the weekly papers in the Valleys, where we now have a ludicrous situation of 10 reporters producing seven newspapers a week. If that sort of cut continues, you are going to lose those papers. In fact, if the sort of cuts we have become used to happen next year, the very strong likelihood is that those papers will go. Then, there will be cuts into the core newsroom, which will have a very serious impact on what the company can produce in terms of the *Western Mail*, the *South Wales Echo* and the *Wales on Sunday*. Therefore, unless there is some change in direction, we are very fearful for the future.

[6] With regard to the decisions being taken outside Wales, of course, these companies—Trinity Mirror being one—are public limited companies that are headquartered outside Wales. As far as they are concerned, Wales is essentially a branch office. Therefore, the strategic decisions are taken outside Wales and have been for many years. When it comes to the round of cuts, what happens is that the company or the group, centrally, will say to individual managers based in the respective subsidiaries that they want them to cut a certain amount of money this year. It is then up to those managers to decide how those cuts are imposed.

[7] However, ultimately, the problem we face is that managers in Wales are not accountable—or not responsible—for these decisions. We also find that it is very difficult to hold these big players to account. For the past three years, together with other colleagues from the NUJ, I have been attending the annual shareholders' meeting of Trinity Mirror. We try to put questions to Sly Bailey, the chief executive. However, they arrange matters so that all of the questions are fielded by the non-executive chairman, who has a background in the car industry. So, Sly Bailey, despite the fact that she earns a huge amount of money—which is a cause of considerable concern to many of us, because she is rewarded very handsomely for the cuts she has imposed—

[8] **Bethan Jenkins:** She is rewarded for failure, I think you said in your paper.

[9] **Mr Shipton:** She was paid £1.7 million last year, and yet, as we point out in our submission, the size of the group in terms of the number of people it employs has halved since she took over a few years ago. Our concern is to try to make these people who are making these strategic decisions, which have a huge impact on the media in Wales, accountable. Therefore, we are obviously very grateful to this task and finish group and to the National Assembly for allowing us to air these concerns in public.

[10] **Mr Birtwistle:** We request that this committee attempts to call these people to account here. There is no point—and the same is true of broadcasting—your having the controller of the BBC in Wales come here because it is not he who is making these decisions. He is implementing cuts that have been passed down to him. The same is true, to some degree, with regard to the crisis in S4C, because the current crisis in terms of funding and the undermining of its independence has been brought about by the Department of Culture, Media and Sport in London and acceded to in a dirty deal by the BBC in London. So, these decisions are being taken outside Wales.

[11] It is quite interesting that the situation, as I think we would agree, has worsened in the nearly 30 years I have been in the industry. Previously, broadcasters were largely independent in the way that they operated. You had a federal ITV structure that meant that HTV Wales and the West was, to a large degree, independent. You had BBC Wales, which, to a large degree, operated autonomously, as did the other nations and regions of Britain to a much greater degree than happens now. Things are now much more centralised, and we have seen what has happened to S4C and the way it has been cut off at the knees, basically. So, the broadcasters and Wales are no longer in control of their futures, or their destinies. At a time when we have seen a massive increase in political devolution in Wales, we have seen a massive decrease in the cultural and media autonomy of Wales.

[12] **Bethan Jenkins:** When we had evidence from S4C, it did not imply that it minded who made the decisions. I asked about devolving broadcasting, for example, to where the political levers are. It said, 'Well, that's not for us to make a decision on'. Going round the table, what would be your views on where processes and decisions are made on a political level, as well as on a strategic company or broadcasting level?

[13] **Mr Donovan:** Thank you, Chair, for the opportunity. I would like to come in at this point. Forgive me, I do not have responsibility for print, thank the Lord. I would like to thank

you all anyway for asking us to come in front of you today to present our evidence. I would also like to thank the National Assembly for its commitment to get behind S4C and the campaign to support the call from the National Assembly for a proper, full and meaningful review. You were full square on that, and we thank you for that support as well. I would like to make one little aside about the infamous midnight deal that was arrived at by the Secretary of State and Thompson is what has brought us all here. In answer to your question about whether we need to consider where we will go, we will have S4C and we will have broadcasting in Wales, but we will not have the type of broadcasting that we deserve. Each of the submissions that have been presented to you that I have read lacks vision, equality of opportunity, a desire to talk about Wales to the rest of the world and to talk about Wales to Wales. We welcome the opportunity, therefore, to redress some of that, and I noticed the Chair's comments about frankness. We are looking for frankness, because we believe that that is not what you are getting from other departments at the moment.

[14] To come back to the notion of responsibility, responsibility is fundamental to democracy. Accountability is fundamental to the democratic process. Can you tell me what is democratic or responsible about the decisions that we have to pick up the responsibility for in Wales? At the very least, we desire anybody in control of any of our main media organisations should be required to address politicians in Wales with some meaningful teeth as to what those decisions were and what they were based on. It is difficult in terms of asking Rhodri to come from the BBC to defend the BBC's position. If Rhodri were to say to me that he had run the argument within the trust, we all know that once that decision was made, collective responsibility would apply. How on earth could he come before you and say what he might mean? There is a difficulty there. Therefore, you have to target your questions where the responsibility for those decisions lies. I am sorry; I am taking up too much of your time.

[15] **Dr Williams:** To give you an answer to the first question that you posed, namely where things are headed and whether things might get better, I will add a bit of context to what Martin told you about the current state of affairs. To understand where things are going, you need to look at what has been done over the past 10 years, and I am talking about Trinity Mirror now, although the other big four newspaper companies have operated in similar ways. It has cut and cut; I cannot emphasise how much it has cut in terms of the resources in the newsroom. Ten years ago, there were 700 editorial and production staff at Media Wales, but this year, there are 135. Circulation of the national newspaper is going through the floor. It is a clear worry, as it has lost 25,000 copies in the past 10 years. If trends continue, and I see no reason why they should level out, there will be a crisis point very soon. It will not take another 10 years, because advertisers will stop going to the newspaper if not enough people are reading it or if there are not enough eyeballs on the page.

[16] Its plans to turn things around, as Martin suggested, will not work. They are more of the same. At a corporate level, it is more consolidation. At the local level, it is more cuts. These are the things that have caused the problems in the first place. The other big hope, and it is just a hope—it is not even a market strategy—is to monetise the website, but if you look at the advertising revenue that Trinity Mirror regionals make and have made over the past 10 years from web advertising, you will see some growth, but nothing compared with the huge losses in print advertising. It is no answer.

[17] **Kenneth Skates:** It is not as much about business models as it is about accountability and responsibility for the decisions of the business—

[18] **Dr Williams:** You cannot separate them—

[19] **Kenneth Skates:** Apart from the big four, other media organisations have been cutting and cutting in the same business model, where there is a profit motive in news, in print news, at least, there are problems. I think that Americans named McChesney and Nicols

identified the fact. They basically said that advertising revenue cannot sustain newspapers any longer. We will move on to look at models and new models shortly; that is really important.

[20] **Dr Williams:** I have a bit of sympathy for that, but it is not the whole story, because, over the past 10 years, Trinity Mirror has been making pots of money as well, which have not been reinvested into the newsroom. I do not think that it can be trusted.

[21] **Kenneth Skates:** It is motive, essentially.

[22] **Dr Williams:** It is the level of profit that it has been creaming off—

[23] **Kenneth Skates:** The corporatisation of news, basically.

[24] **Dr Williams:** Yes.

1.15 p.m.

[25] **Bethan Jenkins:** That is what I wanted to come on to, really. I know that I am concentrating on Trinity Mirror, but I have seen that, since 1999, it has made £161.425 million in pre-tax profits, and, as you said, I wonder if any of that money was reinvested. Obviously, with the cuts to journalism, the quality of journalism cannot be sustained, and that is down to the motivation of profit.

[26] **Dr Williams:** That is entirely the case, yes. Some of the money obviously has been reinvested—Trinity Mirror has invested in technology, and has created a multimedia newsroom, and to deny that would be foolhardy. However, it has not reinvested any of those very large profits in human resources, and that is where the democratic value of news comes from: warm bodies in the newsroom who are able to play the scrutinising and information-provision roles that make news different from other commercial products.

[27] **Mr Shipton:** A further point that is important to make is that Trinity Mirror, as a private sector company, would probably take the view that it is none of your business what it does. We need to rebut that firmly, because one of the points made in our submission is that newspapers are national and community assets, and should be declared as such. A company can just shut a paper down, even though it may have existed for 100 or 150 years, without any real consultation, taking advantage of the employment laws in this country, which enable companies to do that within either 30 days or 90 days, if it is making more than 100 people redundant. It is really not enough. That is why, although we are aware of the limited powers of the National Assembly and the Welsh Government, we think that it is important for you to engage with companies like Trinity Mirror. These assets are important in underpinning Welsh democracy, but also, decisions that are made by companies like Trinity Mirror have consequences for the public sector. If a company shuts a paper down or makes people redundant, it is the public sector that has to pick up the tab in paying people's welfare payments, as well as losing revenue from the tax that they would pay. So, we want to kill dead this idea that what the private sector does has no impact on the public sector.

[28] **Mr Birtwistle:** For example, in broadcasting, traditionally—and this is still the case—media feed on other media. The first thing that would be done in the old days is that you would turn to the print media to see what stories it was running, and what it had come up with. Now, that would include online media to some extent, but still, you have to have other means of collecting information. When you look at Wales, the BBC is key because it provides news in Welsh and English via Radio Cymru, S4C and BBC Wales, as well as its online material. However, there have to be other outlets for news stories; there has to be a degree of plurality within the system, because it becomes extremely dangerous if everybody is feeding from the same pool, as it were. All the ideas are just being regurgitated. There needs to be a

degree of cross-feeding, of questioning, and of disagreement. A small degree of healthy competition is very useful in this situation. As Martin says, media outlets are not unrelated—they are all in some way or another integrated, and if one outlet collapses, the system would be further undermined. Again, it is unbelievable, as my colleague has said, that the Secretary of State at the Department for Culture, Media and Sport has done what he has to S4C, against the will, as far as we can see, of the whole of Welsh political life, and the whole of Welsh civic society. He has got away with tearing up an agreement that has existed for nearly 30 years without any reference to the people of Wales, or to its broadcasting industry. The man should be brought here and forced to explain why he has done what he has done. That is not about you having power over broadcasting—it is about you being able to ask those difficult questions.

[29] **Dr Williams:** While you have him here, ask him about the £25 million that is being spent on local television in places where the news is not needed as much as it is in places such as Port Talbot, which has lost its local news station. There has to be democratic value.

[30] **Bethan Jenkins:** I have another question on citizen journalism and user content. Can that be a credible alternative to what currently exists? I know that there is a conflict of opinion in terms of whether that is useful or not, or whether it might downgrade quality, to some extent.

[31] **Dr Williams:** It depends on the context in which that citizen journalism takes place. If it takes place in the context of community-based, local or perhaps even non-profit news, it could be a real boost to society to have collaborative journalism taking place, where citizens and professional journalists interact, share skills and develop contacts and converse with each other. That could be a boon to democracy. However, in the current commercial sector, I do not think that it can be anything other than exploitative. You see it in relation to the way in which the big newspaper companies have written it into their business plans, almost explicitly as an excuse to cut more staff, and that is really worrying.

[32] **Mr Shipton:** I think that the way in which some newspaper companies have operated is quite cynical in terms of wanting part of their newspapers to be filled by users—‘user-generated content’ is the way that they describe it. It is basically just about getting free copy. While, as Andy said, there is a place in very local community news outlets for community news, you will not get very high calibre material, in terms of holding authorities to account, unless you have well-trained professional journalists. This is the real concern, and it extends into the business of news consumption migrating online. For a newspaper or an online operation to exist, it needs a lot of advertising revenue. That does not seem to be available to provide many jobs. So, existing newspaper-related websites, such as Walesonline, are sustained because, at the moment, sufficient profits are derived from selling advertising in print. Standalone websites will not be able to provide many jobs. That is the problem. That extends into the issue relating to the people on all of the courses being run by universities to train journalists. Where on earth will they get jobs in the future? If we have a society that is entirely dependent on the private sector to provide journalism—leaving the BBC and S4C aside—it will mean that there are far fewer people doing the job of journalism at a time when, arguably, there is cause for more journalism.

[33] **Kenneth Skates:** I would like us to move on.

[34] **Bethan Jenkins:** I am not sure whether Gwawr wants to say something on skills.

[35] **Ms Hughes:** Yes. I would also like to refer to some of the other questions in terms of the skills and training agenda. As a sector skills council, Skillset Cymru is concerned with the skills, education and training of the sector in Wales. We cover 12 sectors within the creative industries as a whole, having fairly recently taken on fashion and textiles and publishing.

[36] In relation to local journalism and the journalism agenda, Skillset's work over the last few years, with reference to higher education specifically, has been focused on ensuring that students entering courses, whether a degree or a masters programme, are more informed about our industries. Another issue for the sector is that much of the information, research and labour market intelligence on the sector in Wales is derived from Skillset sources, in terms of skills, the size and shape of the sector and so on. However, it is about ensuring that those entering universities are informed about what is available within the industries based on our LMI. I am not talking only about journalism, but across the sectors. It is a converged environment and individuals need to be well informed on the decisions that they make regarding their careers.

[37] I also want to refer to the industry investment that goes into training in Wales at the moment, which is not specifically focused on publishing or journalism. The only current non-publicly funded major investment in training comes from members of the trade association Teledwyr Annibynnol Cymru, which is directly matched by S4C investment. That amounts to almost £0.5 million per annum. That is direct industry investment into training, managed by Skillset Cymru. For the past few years, that funding has been matched with other sources of funding, such as Welsh Government funding made available to sector skills councils, or, more recently, a large-scale European-funded programme called Skills for the Digital Economy that we have secured in Wales.

[38] Therefore, in any discussions between the BBC and S4C, we need to ensure that that funding stays in place, because—especially in relation to the European social fund—it equates to £4.5 million directly invested in skills over 4.5 years. That is not just for the traditional sectors of TV, film, interactive media and animation—it is cross-platform these days, because we have agreed with the broadcasters that this funding can be invested in cross-industry sector skills development. So, I would urge the Welsh Government to assist us in that respect. We are holding discussions with the BBC and S4C, but we would appreciate support to ensure that that funding stays in place. If that funding goes, we are left with hardly any non-publicly funded—that is, funding not from higher and further education and the Wales union learning fund—investment in training in the sector in Wales.

[39] **Janet Finch-Saunders:** BECTU is calling for continued strong regulation and the retention of the current system for enforcing intellectual property rights. Can you expand on this? Some say that the communications Bill should deregulate the media and relax the system of intellectual property rights.

[40] **Mr Donovan:** Our paper makes clear our difficulty with that. I would be happy to respond. I read with interest S4C's proposals for moving forward, and it refers to this notion of where the current intellectual property rights lie. The result of previous legislation causes it some difficulty in how properly to exploit this. There are critical discussions to be had in terms of our current policy. It is easy to measure intellectual property rights as a measure of success of Government funding, but it is more difficult to measure it in the context of the industry's wellbeing and creativity. The old model—we may come back to discuss this—vested most of those rights with S4C, but the individuals with had the ideas held those rights as well. That was part of the early initial conversations about where the balance lay. The current model, as proposed by S4C, means that you can have a good idea that will be your intellectual property right, which will give you some muscle in the negotiations, but you will inevitably be forced to go to one of the large companies. Whether you are a freelancer going to that company with a marvellous idea or you work for that company, the intellectual property right rests with the company. The problem that S4C is seeking to draw attention to is that possibly not enough is being made of the authority and the ability to exploit that.

[41] The conclusion in our document talks about authority being the bedrock of why we

are where we are, and why intellectual property is correct. We see no need to move away from that. In fact, the whole industry would be calling out for this, because we are notionally at a crossroads. What we have has served us well, but we are looking into the abyss at what will destroy the very creativity that the intellectual property was meant to recognise. In other words, intellectual property has been seen to provide something of a financial benefit to whoever owns it. However, the intellectual property is important of itself in allowing individuals to capture the essence of their inventiveness and creativity and, therefore, to build confidence and income to move forward to the next stage of their career.

1.30 p.m.

[42] **Ms Hughes:** In the research that Skillset Cymru has done recently on skills needs, IP is top of the agenda, in addition to such key areas as finance, business and leadership and management. So, IP is of critical importance. The data that have come back from our research on the sector in Wales show a lack of basic understanding of IP skills. If companies are to progress in this area, they will at least need a basic understanding of what IP means. That is from recent statistics that have just come back to us from research that we recently conducted. In the programmes that we are investing in at the moment—including what I have just mentioned in terms of the S4C and TAC investment, in addition to the European funding—IP runs through every single one. That ranges from new entrants' training in universities—students need to understand what IP means if they are to set up businesses in Wales, they need to understand as freelancers and as prospective new employers—to freelancers and to production companies. New companies need to have a real understanding of the basic level as well as the top level. So, it is of critical importance in terms of developing skills and training in that area.

[43] **Mr Donovan:** I support that. The issue for us, in the context of how we best exploit the creativity of people in Wales, is about knowledge and understanding of expertise. If you look at the BECTU document, you will see that it refers strongly to the fact that the small number of large companies and other people involved in broadcasting simply do not see it that way. These companies fail to accept the notion that a modern company, consistent with the commercial marketplace, has to be based on fair play and knowledge of everybody throughout the company. At the moment, we have companies in Wales that do not even have a redundancy policy and see no need for one. The notion that Gwawr has referred to is about the fact that knowledge is power. It is about understanding quite clearly where you stand in that marketplace and what you can do with that knowledge. Unfortunately, the short cut is being taken that this is an opportunity for us simply to shore up the shareholders, who we have a responsibility to elsewhere.

[44] **Janet Finch-Saunders:** Going back to governance and scrutiny, which the NUJ has said must be addressed with extreme urgency, what do you feel should be in the communications Bill? How should it reflect the particular models of governance that you think we should be looking at?

[45] **Mr Shipton:** Ideally, there is a need to take on board the point that I was making a few minutes ago about the fact that it is not acceptable, especially in times when the future of the media is at stake, for public limited companies, or whatever they may be, to be completely outside any kind of regulatory framework. There is a need to hold these companies to account, because the assets that they have and the news outlets that they are responsible for ought not to be regarded as simply their property. They should be regarded as national and community assets. Therefore, the people who are responsible for these companies ought to be held to account, in my view, both by the National Assembly, if they are operating in Wales, and by Parliament in Westminster.

[46] **Bethan Jenkins:** I think that you said in your paper that the Welsh Affairs

Committee and this committee could have a parallel discussion.

[47] **Mr Shipton:** Yes, exactly so. That is absolutely necessary, because we are reaching a point now where the good times—if they were good times—have gone, when these companies were providing quite a lot of employment and making profits, and when the publications and outlets were not at risk. We have now reached a point where these outlets are at risk and there needs to be some kind of regulation and accountability.

[48] **Mr Birtwistle:** A number of possibilities have arisen from events that we have seen recently. We have been arguing some of these things for a number of years—for example, with regard to the authorities that are responsible for scrutinising the BBC and S4C. One thing that we have consistently argued is that they need to be much more independent from management structures. If they are going to scrutinise these bodies, there has to be a degree of distance between them. Obviously, they need to speak to the senior management, but there has been a tendency for one or two people in these organisations to have access to the people who are supposed to be scrutinising them. As trade unions, we have consistently argued that we wanted to go in and speak to the BBC Trust, for example. We have only just achieved that in relation to the S4C issue, and we did it jointly with the Welsh Language Society, on behalf of the broadcasting unions. In the past, however, we have not been able to speak to the BBC Trust. We represent the people who make the programmes, and the authorities of these bodies are not willing to talk to us. They do not have to believe what we have to say, but they should at least let us into the room to express an opinion. That should also be the case with other elements of civic society: there should be some degree of openness. There has been a tradition whereby a very small number of senior staff at the BBC and S4C have had access to the authorities that are supposed to be scrutinising them. Some of those authorities are not in a position to come to any balanced view as to what is going on. That situation needs to be looked at.

[49] One thing that we heard from the Welsh Language Society was that it had made a specific complaint about Radio Ceredigion and a number of independent broadcasters in west Wales, which are increasingly reducing their community element and their use of the Welsh language. When the Welsh Language Society requested that the Minister for Education and Skills, Leighton Andrews, look into this issue, he went to the Office of Communications, which replied that it had no powers to intervene on questions of content. This is a ridiculous situation. In the past, the Independent Broadcasting Authority and the Independent Radio Authority, which was part of it or devolved from it at some stage, had the power to look at questions of content. That power has now been removed. Therefore, no-one is looking at this area at all. These people are licensed to make money, and they appear to have no responsibility to the communities that they are making money from. That is another area to look at.

[50] On scrutiny, we have given evidence to bodies here at the Assembly on a number of occasions and we have also done so at Westminster. We need to have an integrated system, maybe comprising those two elements. Scrutiny has to happen regularly, and evidence has to be collected so that we can all agree that we have lost so many hours, so many programmes and so many jobs. We can then look at the thorny issue of coverage and the people who are employed. We can look at the quality and quantity of output, which would enable you, namely politicians, to hold broadcasters to account. We could have a more structured and regularised system of scrutiny.

[51] **Mr Donovan:** I am aghast that you would invite us here and not believe us, of course. Please do not think that we are ungrateful for this opportunity, but the point is that there has been a lack of willingness to discuss matters with the unions. After all, we represent over 6,000 people who work in this industry. We hope that this is the beginning of many more meetings between us and, quite frankly, I do not mind if there are opposing views. In fact, it is

incumbent upon us to meet those challenges and allow you to make an informed decision.

[52] **Kenneth Skates:** We will now move on to future and new business models. This is an issue on which the NUJ and Dr Williams provided us with good information. First, I will address the use of public subsidies. Can they be used, should they be used and, if so, should they be used for current titles, such as the Trinity Mirror titles, or for not-for-profit titles or new models? Secondly, the possibility of using co-operatives, not-for-profit community enterprises and so forth has been mentioned. How viable are these?

[53] **Dr Williams:** On the first question, based on the evidence of existing media conglomerates' own financial statements, I fear that we would be throwing good money after bad if we threw public money at them. That would be incredibly unwise, due to the way that they have used the Welsh newspapers as a kind of cash cow for the City of London and, as Martin rightly said, for the rather large pay packets of executives. On whether funding non-profit social enterprises would work, we will have to test that. The only way that we are going to find that out is with seed money and experimentation.

[54] **Kenneth Skates:** Does it exist anywhere in the world, as far as you are aware?

[55] **Dr Williams:** Trust funded projects exist. There are some non-profit co-operative local newspapers. The one that springs to mind, and is often cited in the UK, is a Scottish one, the *West Highland Free Press*. Non-profit co-operatives exist in the magazine sector: the *New Internationalist*, for example, is a co-operative provider of niche leftist development news that is successful. There are a couple that are springing up in Wales at the moment. I believe that you have had a submission from *Port Talbot Magnet*, which I have links with myself and wish to support. Experimentation, proper debate and blue-sky thinking are what are needed about new business models and possible ways of sustaining news in non-profit ways. I would suggest even using hybrid models—part advertising and part non-profit. The difficulty you would face if you had partly advertising-sustained news and partly publicly funded news is that it would throw up all kinds of problems with competition. If you had *Port Talbot Magnet* sustained partly by advertising and partly by public money, whatever form that public money took, it would be difficult for the *South Wales Evening Post* in Swansea that would be vying for the same advertisers, pretty much.

[56] **Mr Birtwhistle:** The problem we currently face is that there are black holes developing in local coverage in Wales. In terms of the Valleys, we have lost newspaper offices in Aberdare, Ebbw Vale, Neath and Port Talbot. In north Wales, we have examples in Rhyl, Prestatyn and a series of other ones. We have seen newspaper closures, for example, *Yr Herald Cymraeg*. There are big holes developing and, added to that, are the cutbacks at BBC Wales and so on, so the coverage is becoming less. To go back again to the question of local television, we are scared, as a union at UK level, and suspect that what is going to happen is *i'r pant y rhed y dŵr*—money follows money—and the big metropolises, if that is the plural of 'metropolis', are going to attract those local television operations, whereas areas like Aberdare and Ebbw Vale are just not going to achieve enough size in terms of population and money in order to do that.

[57] **Kenneth Skates:** There is basically not the market.

[58] **Mr Birtwhistle:** There is not the market and that is going to further exacerbate the problem because they are going to suck up more of the advertising revenue.

[59] **Mr Shipton:** There is one scenario that is not unlikely in the coming years, which is that Trinity Mirror will seek to turn the *Western Mail* into a weekly newspaper. At that point things will get very serious indeed because Wales would be at risk of losing what styles itself as the national newspaper of Wales. We can say that it does not sell well in north Wales,

however, it is, perhaps, the only newspaper that takes, shall we say, a national view of Wales, so, in that sense it is a legitimate title. If all the developments that are taking place here, in terms of the accrual of extra powers and so on, are met with a situation where Wales will be the only country in Europe without a national newspaper, that is something that needs to be taken seriously. At that point, what we have suggested in our submission is that the National Assembly or Welsh Government ought to use their good offices to try to ensure the continuation of a national daily paper. That might involve Trinity Mirror being taken out of the picture. One can envisage the possibility of some kind of workers' buy-out perhaps, then maybe at that stage a need for some kind of financial assistance.

[60] **Kenneth Skates:** We need to start looking at this now.

1.45 p.m.

[61] **Mr Shipton:** We need to start looking at this now because my fear, and the fear of many of our members, is that, based on what has happened in the past, we are likely to be faced with an announcement one day, out of the blue, that this is what the proposal is. We want this matter to be looked at and considered now, before such an announcement is made.

[62] **Kenneth Skates:** So, effectively, we, the Assembly, but also the Welsh Government, need to start looking, not just at Trinity Mirror and the *Western Mail*, but the papers in the north and across Wales with regard to the foundations for new media ownership models now.

[63] **Mr Shipton:** That would be extremely valuable.

[64] **Dr Williams:** You could start with the news holes, which Meic just mentioned, because there are no competition issues there.

[65] **Kenneth Skates:** Just before we move on, I want to ask briefly about bulk sales. In my view, there is a civic duty, particularly for public bodies, to ensure that their staff are properly informed. For example, in my view, local authorities should not be handing out free papers to all residents at enormous cost, when they do not even provide impartial analytical news to their own staff who serve the public. With regard to bulk sales, in your view, would it be possible to place an onus on local authorities or any public body to take newspapers, perhaps in exchange for advertising revenue so that they do not have to pay for statutory adverts, and, as good practice, to not just leave piles of papers in their offices, but to distribute them to their staff so that we have a better informed public body? Is that possible? Thereby, if you had bulk sales from that, you would increase circulation and, with it, potentially, advertising revenue. Is that a possibility?

[66] **Mr Shipton:** It sounds like a potentially very good idea to me.

[67] **Mr Birtwistle:** We would have to think about that, but, yes, it sounds like it could be useful. We think that there is a role for council free sheets, but they should be secondary to a properly independent press.

[68] **Kenneth Skates:** There is nothing stopping them from taking out advertising features in papers. They could take out five to 10-page advertising features, as the private sector often does that.

[69] **Mr Birtwistle:** It is very complicated. The problem that we then get back to is that we could be in a situation with some of the owners, particularly the most unscrupulous, who have been using Wales as a cash cow. They have just taken the money and run, and have run down the quality of the service. As has been suggested, if we were to do that, we could be just chucking good money after bad. It is very tricky to get the right balance between

independence and plurality and the use of public money and how that interferes with what is left of the market.

[70] **Mr Shipton:** That is where the notions of regulation and accountability come into play. Obviously, anything of the kind that you are suggesting would be acceptable only in return for cast-iron guarantees from the proprietors of the publications concerned.

[71] **Kenneth Skates:** I am going to look into this; I think that it could be worth exploring. Before we move on to Peter, on Skillset, you talked about the importance of skills for new media businesses to thrive in Wales. Is the support provided by the Welsh Government in this regard sufficient for new media businesses to succeed?

[72] **Ms Hughes:** With regard to the Department for Education and Skills, we have had an excellent relationship with the Welsh Government. We collaborate jointly with DfES on various aspects of our work, and we have taken advantage of the workforce development programme, which is a specific programme that you are probably aware of to develop the skills of businesses. We have used valuable labour market information generated from that programme to inform our own LMI, so we have regular up-to-date information on the skills needs of the sector. So, that is gathered by the Welsh Government's specific programme. There has been investment and investment in the various initiatives, so Skillset is informed by industry. In the past, we have informed the Welsh Government as to what the needs are and it has come to the table and offered several different programmes. It has been successful, but the sector is quite large, so you need a considerable amount of investment. However, we have also matched the Welsh Government funding with industry investment, which I referred to earlier. So, it has been quite a useful partnership.

[73] That is the skills and education side of things. Then there is the Department for Business, Enterprise, Technology and Science, which is the business development side of things. There have been various initiatives in that respect, such as the intellectual property fund and so on. In every case of a programme being offered by both divisions we have collaborated with both divisions to ensure that skills and training are being addressed. One successful scheme was a collaboration between ourselves, the Department for Education and Skills—or Department for Education, Lifelong Learning and Skills, as it was at the time—and the Department for Business, Enterprise, Technology and Science. It was a talent attraction scheme, which you may have heard of. It is a high-level scheme to train executive producers in television to win network productions. That was an excellent partnership between Government and industry. That has now led to productions being secured on network television. That was one example that I would like to encourage more of in the future. We are getting there in terms of collaboration between both departments of the Welsh Government and ourselves.

[74] The Skillset Wales national board includes industry members—there are 11 employees on it—and the other seven are from the unions, the trade associations, the broadcasters and the two divisions of the Welsh Government, DfES and BETS. They are sat around the table. That has assisted the relationship between industry and the public agencies of Government departments, but there is still a feeling that training and skills are slightly disjointed. Skillset would like to be the strategic voice on skills, and for the Government to trust Skillset Wales to be the voice on skills, because we have everybody covered on our national board. We deal with everybody who is concerned with or supportive of the industry. That is an issue that I would like the Government to look at seriously.

[75] We have also worked with the creative industries panel, which was set up fairly recently. I know that it is encouraging better collaboration between the economic and the education departments of the Welsh Government.

[76] **Mr Donovan:** As well as working with and recognising the work of Skillset Wales—we work with it closely—the unions are very grateful for the Wales union learning fund. It is critical, it fills a gap, and we collaborate with it. It is fundamental that your investment in training—if it is not to be wasted—has to be based on the information provided by Skillset Wales and the unions. The Wales union learning fund fills a niche, and we are very grateful for that.

[77] **Ms Hughes:** We also want to make sure that there is not duplication. We need to ensure that the labour market information gathered by Skillset Wales is the LMI that industry and Government uses.

[78] **Peter Black:** We have touched on some of the issues raised by the Hargreaves review. What are your general views in response to that report? I know that BECTU has some strong views on it.

[79] **Mr Donovan:** We were incensed, quite frankly, that we were not asked to provide evidence for the Hargreaves report. We have major problems and therefore we believe that, from the outset, the Hargreaves report was flawed. Over 6,000 people who do the job in Wales were not accounted for and were not asked for their opinion. I would pose this question to you: if Hargreaves was correct and the model for the sector is vibrant and is the way to go, why is it that we have a crisis among our major broadcasters, and why are there redundancies and a reduction in output by the major companies that he believes are the way forward? I pose that question to you, but, clearly, we have already answered it in a sense.

[80] **Peter Black:** When we had the broadcasters here none of them wanted to address Hargreaves, which was quite telling.

[81] **Mr Donovan:** It is. It is almost like the emperor's new clothes, and that is why I welcome the Chair's offer to be frank with you. There are a number of issues in this room that are invisible. One is whether the model suits creativity and the people of Wales, or whether it suits an easily identifiable commercial marketplace.

[82] Chair, if I may, I will hand you this document, 'Mind the funding gap', which is research that was commissioned by the National Union of Journalists and BECTU into the funding gap. There is a funding gap, and there is a problem. We are not ignoring that. It talks about levies. When I mentioned levies a few years ago, the response was like the wind passing through a western town. The Institute of Welsh Affairs—

[83] **Kenneth Skates:** Time is precious, so I am glad that you have mentioned levies. I was hoping that we could explore that. Unfortunately, time is of the essence.

[84] **Peter Black:** Is that a common view on Hargreaves?

[85] **Mr Donovan:** Sorry, I do not wish to implicate my colleagues.

[86] **Ms Hughes:** In terms of skills and training, we collaborated and had an input into the review. However, it was a shame that it focused purely on higher education, and did not look at workforce skills and the huge amount of skills development and training that is happening there, or the gaps in terms of skills and training for the existing workforce.

[87] **Peter Black:** You have emphasised that the large percentage of the investment in the creative industries comes in match funding from organisations such as S4C and Teledu Annibynnol Cymru. How confident are you that this level of funding will continue in view of the cuts that S4C faces over the next few years?

[88] **Ms Hughes:** We have secured the S4C and TAC funding for next year. It has not been confirmed for 2013 onwards. If you take our skills for the digital economy programme, that runs up to 2015, so we need to secure funding for the remainder of that period. We are in discussions with both broadcasters, and they will continue over the next few months.

[89] **Peter Black:** Are those hopeful discussions?

[90] **Ms Hughes:** Yes, the discussions so far have been extremely positive. They did relate to next year's funding, but the signals are good and that they are committed to skills and training. They see the benefits of their investment of the past few years as well, and what it has done for the sector in Wales. We have been extremely pleased to have that S4C investment, because it is the only pure broadcaster investment towards training in Wales.

[91] **Peter Black:** As we are running out of time, perhaps I can finish by asking each of you to address what should be the remaining overall priorities of the Welsh Government in attempting to address the decline in the Welsh media. Is there anything that you specifically want to emphasise? Many of the powers are not devolved, of course.

[92] **Mr Birtwistle:** We have dealt with a number of them, but one key issue that we have not looked at—and this is a tricky one—is the way in which the UK media ignores us. It ignores you, it ignores Wales, and the problem is that, increasingly, as we have seen a decline in the Welsh media, more people will be taking their information from the UK media—if not the international media, to speak of Mr Murdoch's empire. So, they need to be made to address Wales, and to address the nations and regions of Britain. For example, in the past, the big newspapers would have had a correspondent here. My understanding is that none of them currently have a correspondent here in Wales.

[93] **Mr Shipton:** No, they do not.

[94] **Bethan Jenkins:** *Guardian Cardiff* ended as well, did it not?

[95] **Kenneth Skates:** It is the same across the UK. I worked for the *Express* in Manchester, and its local correspondent has gone, and the *Daily Mail's* has gone.

[96] **Mr Birtwistle:** The BBC has made efforts, albeit sporadic, to deal with this question of how it represents the various elements and cultures of Britain. It has a way to go, but it has attempted to deal with that. ITV needs to be kept up to the mark on this, but specifically the newspapers, because a lot of them are just not there.

[97] **Mr Shipton:** One of the problems is that, despite the fact that there is hardly any Welsh content in these newspapers, a significant proportion of people in Wales continue to buy them. As long as people continue to buy newspapers produced in London with no Welsh news, the proprietors will not be interested in putting anything Welsh in them.

[98] **Mr Birtwistle:** It brings us back to the levy question as well, specifically with regard to Mr Murdoch.

[99] **Dr Williams:** The response has to be twofold. You have to monitor the situation carefully, as suggested earlier, and that includes political monitoring, but it also needs independent, annual research. You need to look at the Pew state of the media report in the United States, which is very well respected and well funded; it looks at the kind of questions that we have been addressing in this committee so far. We also have to do serious long-term research into creative responses and new business models that include, and have built into them, seed money in order to test some of these ideas out, because that is the only way that we will find business models that might actually work.

[100] **Mr Donovan:** There is a substantial list of what we want. We have spoken about accountability, and, above all, we would like you to be more sceptical about the evidence that you take. You need to be more robust in taking evidence, because this industry is quite difficult to quantify. When you speak about the creative industries, how do you measure success? That is why, originally, we set out on the intellectual property trail. You have to ask yourself: is what is happening good for the development of a creative sector in Wales, which, coincidentally, could be vital to the economic development of the new Wales, or not? You have had evidence put before you by the broadcasters, and I think that it is clear that we are sceptical about that evidence. We have been clear with you on that. I would not expect you necessarily to take my word for it at this moment in time, but have a look at the evidence and ask some of the questions that arise out of the scepticism that we place before you.

2.00 p.m.

[101] **Kenneth Skates:** Gwawr, do you have any final comments?

[102] **Ms Hughes:** We want to see the Welsh Government continue with investment and support for the skills and training agenda, from new-entrant level right through to the freelance community and the production sector. That has happened in the past, but we face new challenges at the moment, so we would like to see that continued investment in the work that we do. Obviously, we would also like your support in securing S4C and BBC funding post 2012.

[103] **Kenneth Skates:** Thank you for coming here today. I have not made this many notes in shorthand since I reported on the north Wales child abuse inquiry. You have given us a lot of information, that is for sure, and a lot of ideas in your submission.

2.01 p.m.

**Ymchwiliad i'r Rhagolygon ar gyfer Dyfodol y Cyfryngau yng Nghymru:
Cyfryngau Newydd a Diwydiannau Creadigol
Inquiry into the Future Outlook for the Media in Wales: New Media and
Creative Industries**

[104] **Kenneth Skates:** I welcome the next set of witnesses. Thank you for coming today. I have some brief housekeeping announcements: please turn your mobile phones off if you have them on, because they interfere with the microphones. This meeting will be conducted bilingually, so on channel 1 of the headsets there is translation from Welsh to English, and on channel 0 there is amplification. If there is any sort of an emergency, please follow the ushers. We will not ask for opening statements, if that is okay—we will go straight into questions, because we are time-limited. Janet, would you begin?

[105] **Janet Finch-Saunders:** Good afternoon. Can you tell us more about the impact of technological developments, consumption patterns and the convergence of platforms on the media landscape in Wales? Do these developments present us with any opportunities to strengthen the Welsh media in the future?

[106] **Mr Turner:** Shall I kick off? Thank you for inviting me. I am very pleased to be here. Yes, I think that there are some significant trends, which I pointed out in my paper, I think. The obvious one that we all know about is converging technology. I do not think that we need to discuss that too much—we all know that it is happening. One of the other key areas of potential concern for the committee is what I call the convergence of global cultural content, the Americanisation or Disneyfication of content—one could use that term; I hope

that Disney is not listening. That is definitely happening. Despite the plethora of new digital channels and online platforms, and the apparent availability of much more digital media content in Wales, whether created in Wales or anywhere else, the actual availability in terms of breadth and plurality in representing Welsh culture and society is threatened by these developments. Having said that, I believe that there is an opportunity. Talking about key consumption patterns and trends, one thing that I have observed through working in lots of different areas of the creative industries is that, despite that Americanisation threat, Europe is different—we are multi-lingual, we are much more regional, we have nations within nations, and we have the desire to be represented much more fully within our media. We also have the desire for user-generated content, which comes through from technology and the capability to do that. So, the key opportunity is for Welsh media to differentiate itself, not by trying to compete with mass American media, but by having content that is local and specific, that is developed in the local language and is relevant to Welsh society and culture. It should build on the democracy and the ever-increasing capability and strength that Wales has as a nation, and aim to produce that content to the highest-quality level. That creative content does not have to be bought or consumed by the Welsh population alone; if it is of the highest quality, it will be of interest across the world and will help promote the Welsh brand.

[107] **Janet Finch-Saunders:** The paper from Golwg360 states that the biggest challenge is trying to give the company a firm commercial base. How can that be overcome?

[108] **Bethan Jenkins:** Perhaps Golwg360 could answer that.

[109] **Mr Turner:** I was not expecting you to ask me that question. I will try to answer it, although I am sure that my colleague here would be much better placed than me to do so. Yes, on-line digital markets are incredibly competitive and, to an extent, that is a threat. However, we now have an ability to appeal to the Welsh diaspora throughout the world. So, Golwg360 has the capability to be read by anyone in the world and for cultural contributions to come from anywhere in the world so much more easily, which potentially allows for that greater interaction, whereas it is probably a bit harder to get the *Western Mail* delivered to western California, for example. It is all about opportunities. We can look at the threats, say that we are worried and seek to retract our position into a defensive capability, but I would say that we should focus on the key opportunities and, that way, we will ensure and sustain our media within Wales.

[110] **Kenneth Skates:** Owain and Gwyn, if you want to contribute on the opportunities with regard to convergence and so forth, please feel free to do so.

[111] **Mr Schiavone:** Hoffwn ymateb i'r hyn a ddywedodd Richard. Mae'n iawn, i raddau helaeth. Gallem wneud â chymorth penodol yn y broses o addysgu pobl ynglŷn â nerth a chryfder y we ar lefel fasnachol. Nid yw busnesau bach eto wedi deffro i botensial y we fel cyfrwng i hyrwyddo a marchnata ac nid yw busnesau mwy yn gweld gwerth hysbysebu drwy gyfrwng y Gymraeg. Felly, yr ydym ni fel gwasanaeth yn disgyn rhwng dwy stôl. O ganlyniad, wrth geisio ymateb i'r broblem honno, yr ydym yn edrych yn ofalus ar symud i gyfeiriad mwy lleol, fel ein bod yn gallu ticio'r blwch busnesau llai. Fodd bynnag, ar lefel genedlaethol, nid yw'r busnesau mwy, y rhai sydd â'r arian go iawn, ar hyn o bryd yn gweld gwerth y farchnad

Mr Schiavone: I would like to respond to what Richard said. He is right, to a great extent. We could do with assistance specifically in the process of educating people about the power and strength of the internet on a commercial level. Small businesses are not yet awake to the potential of the internet as a medium of promotion and marketing and larger businesses do not see the benefits of advertising through the medium of Welsh. So, as a service, we fall between two stools. As a result, in trying to respond to that problem, we are looking carefully at moving in a more localised direction, so that we can tick the smaller-business box. However, at a national level, larger businesses, those with the real money,

Gymraeg. Mae angen proses o addysgu a normaleiddio'r defnydd o Gymraeg ar-lein, yn enwedig ymysg busnesau. Felly, mae llawer o waith i'w wneud ar lawr gwlad o ran y gwaith addysgu fel bod pobl yn deffro i botensial y we fel cyfrwng i gysylltu â'i gilydd ac i hyrwyddo'u hunain a'r hyn y maent yn ei wneud.

do not currently see the value in the Welsh-language market. There is a need for an education process and for the normalisation of the use of the Welsh language online. So, there is a great deal of work to be done at the grass roots with regard to educating people so that people are alert to the potential of the internet in communicating with each other and in promoting what they are doing.

[112] **Mr Roberts:** While we see that the opportunities are there, we do not have sufficient impetus to stimulate companies in Wales to move into the digital areas quickly enough. As I alluded in my paper, the major broadcasters are not spending enough in this area and have been preoccupied with internal issues. So, we need to do what we can to create an internal market that will then support an export market. The Welsh Government can do more with regard to its procurement policies, adopting the latitude that EU regulations give in terms of favouring local employment. Moving into areas of productivity improvements, supported by digital provision, will help to create opportunities for businesses to skill-up and develop new applications that they can then take elsewhere. We are in danger of copying what is done elsewhere and being always one step behind, instead of seeing what we can do to be ahead of the curve at times.

[113] **Peter Black:** Many local newspapers have their own websites, some of which include videos and so on. The print media, in particular, sees the online content as a threat to their sales. So, you have situations such as *The Times* charging for access to its website. Is that causing a problem in terms of holding back the conversion of platforms?

[114] **Mr Roberts:** We are in transition. The older generation and the proportion of the population that does not have sufficient broadband are still wedded to the traditional media, whereas the younger generation is moving quickly into social media and new platforms. So, any media provider faces a difficulty in catering to more platforms, as well as audiences that are harder to reach, in the context of economic pressures, which means declining revenues and declining consumer purchasing power. It is a much tougher world than it was traditionally; there are many more challenges to face. You alluded to newspapers and whether they should have content behind a pay wall, whether they should be free or whether they should go for advertising. It is still not clear what the best strategy is; it will differ for different companies. It is a time for experimenting, which means that you need confident institutions that are confident in their sustainability and are willing to take some risks, which we are not seeing at the moment.

[115] **Mr Schiavone:** May I come in on this, because it is quite relevant to what has happened with Golwg?

[116] Mae Golwg wedi wynebu'r broblem hon. Mae cylchgrawn print Golwg yn bodoli ers 23 o flynyddoedd bellach ac mae'n amlwg bod dyfodiad y we wedi bod yn fygythiad i hynny. Y model yr ydym wedi'i adeiladu i ddechrau yw bod gennym ddau gwmni cwbl ar wahân a bod cynnwys y ddau gyfrwng yn unigryw, heblaw am ambell stori yr oedd y wefan yn ei chodi o gylchgrawn Golwg er mwyn hyrwyddo'r cylchgrawn. Dyna'r unig fodel sy'n gweithio ar hyn o bryd. Bydd yn ddiddorol gweld beth fydd yn

Golwg has encountered this problem. Golwg magazine has existed in print for 23 years and, obviously, the introduction of the internet threatened that. The model that we built initially was to have two totally separate companies, with unique contents for both media, with the exception of a few stories that the website takes from the Golwg magazine in order to promote the magazine. That is the only model that works at the moment. It will be interesting to see what happens with *The Times* model and so on,

digwydd gyda model *The Times* ac ati, er bod ganddo gynnwys unigryw.

although it has unique content.

[117] Yr her i ni yw cynnig rhywbeth sy'n well na'r hyn a gynigir gan y BBC am ddim—ni fydd y BBC byth yn mynd y tu ôl i *pay wall*. Mae hynny'n fygythiad i ni ar-lein. Byddai'n amhosibl i Golwg360 fynd tu ôl i *pay wall*. Yr ydym yn llwybr ddibynnol ar gynhyrchu incwm masnachol o hysbysebion ac ati.

The challenge for us is to offer something that is better than what the BBC offers free of charge—the BBC will never go behind a pay wall. That is a threat for us online. It would be impossible for Golwg360 to go behind a pay wall. We are totally dependent on producing commercial income from adverts and so on.

[118] Yr wyf wedi dweud bod bygythiad ac nad ydym yn rhoi cynnwys cylchgrawn Golwg ar y we, ond un peth yr ydym yn edrych arno yw datblygu *app* ar gyfer cylchgrawn Golwg, gan obeithio estyn y cylchgrawn i gynulleidfa newydd. Yr oeddem yn gwerthu'r cylchgrawn ar y we am gyfnod ond yr oedd hynny'n aflwyddiannus i bob pwrpas; yr oedd yn costio mwy i'w lwytho na'r incwm yr oedd yn ei gynhyrchu. Felly, bydd yn ddiddorol, o ystyried y cyfryngau mwyaf newydd—ffonau symudol, tabledi ac ati—gweld a all y cylchgrawn gyrraedd cynulleidfa newydd eto.

I have said that there is a threat and that we do not put the Golwg magazine content on the internet, but one thing that we are looking at is developing an app for the Golwg magazine in the hope of extending the magazine's reach. We did sell the magazine online for a time, but it was, in reality, unsuccessful; it cost more to upload than it generated in income. So, it will be interesting, given the most recent media—mobile phones, tablets and so on—to see whether the magazine can again reach a new audience.

[119] **Bethan Jenkins:** Yr oedd tystion blaenorol o'r BBC ac ITV yn gweld yr elfen ddigidol fel ychwanegiad i'r hyn a wnânt yn gonfensiynol. Dywedodd tyst o'r sector teledu annibynnol ei fod fel wncwl mewn disgo—nad oedd yn deall platfformau sy'n newid. Fel yr ydych wedi dweud, bydd pobl ifanc yn defnyddio'r wasg mewn ffordd hollol wahanol. Beth yw'ch ymateb i fy marn nad ydynt wir yn deall y sefyllfa? Er enghraifft, nid oes arian yn gysylltiedig â fforwm digidol S4C, er mor bwysig yw datblygiadau digidol i'r dyfodol.

Bethan Jenkins: Previous witnesses from BBC and ITV saw the digital element as an add-on to what they conventionally do. A witness from the independent television sector said that he was like an uncle at a disco—he did not understand changing platforms. As you have said, young people will use the press in a totally different way. What is your reaction to my view that they do not really understand the situation? For example, S4C's digital forum has no associated funds, despite the fact that digital developments are so important for the future.

[120] **Mr Schiavone:** Yr oeddwn yn siarad am hyn â rhywun y bore yma. Mae'r BBC yn gweld ei gyfryngau amrywiol fel cyfryngau ar wahân, yn hytrach na rhai sy'n plethu at ei gilydd. Er bod Golwg wedi dechrau fel dau gwmni, erbyn hyn yr ydym yn plethu tipyn, yn rhannu gwybodaeth, yn rhoi *tip offs* i'n gilydd ac yn dewis a dethol beth sy'n mynd ar ba gyfrwng, ac mae hynny i'w groesawu. Gyda'r adnoddau sydd gan y BBC, byddech yn meddwl y gallai un adnodd gyrraedd y tri chyfrwng, ond, o'r hyn a ddeallaf, ychydig iawn o siarad ac ychydig iawn o rannu syniadau sydd rhwng y we, y radio a'r sgrîn.

Mr Schiavone: I was talking to someone about this this morning. The BBC sees its diverse media as separate entities, rather than as interwoven. Even though Golwg started as two companies, we are now more interlinked, sharing information, giving each other tip-offs and picking and choosing what goes on what medium; that is something to be welcomed. Given the BBC's resources, you would think that one resource could be used on the three media, but, from what I understand, there is very little talk and the sharing of ideas between the web, radio and screen.

2.15 p.m.

[121] **Mr Turner:** I would agree with both my colleagues. Gwyn talks about a bigger internal market. It is really important that we do not get pulled in by the concept that it is only the larger media players in Wales, mainly Media Online, the BBC and S4C, that can move forward with digital content. We need to be very careful that they do not dominate the market, but that they use their resources—I mean that in the wider sense, rather than just financial resources—to foster, help, encourage and commission other businesses, so that we have a thriving private digital media sector that is encouraged and supported in terms of risk. That is, they know that they will have backing in what is a risky area.

[122] You talked about S4C's digital forum. The key point here is that none of these major PSBs is an expert in the area; they are not at the forefront of innovation generally. That is not a criticism; it is a way of saying that they have a responsibility to drive forward best practice to widen the consumption of media, because we all know that not many newspapers are read: much more will be read online, via an iPhone or some other digital machine. It is, therefore, companies here and elsewhere that will come up with new ways of doing it and new ways of engaging.

[123] With regard to S4C and getting teenagers and young people to engage with in the Welsh language, give that job to the private sector, working in collaboration, and allow an element of risk and support, and maybe even failure, because if we are encouraging innovation, some things will not work. It is really important that we protect the independent, small digital media sector from what I believe is potential dominance by the big media players. I do not think that it is healthy for our economy, our society or our democracy.

[124] **Bethan Jenkins:** With regard to the communications Bill, Richard, you have told us that it is important for Wales to benefit from any changes in intellectual property rights as, in this way, small media companies could gain access to PSB content and use it as the basis for innovation. Can you tell us more about that particular element?

[125] **Mr Turner:** One of the problems for us, which representatives who spoke in an earlier session talked about, has been with the regulation of intellectual property rights in the media industry, in as much as contractual arrangements, whether they are for the creative content producer or those who license content, have tended to restrict the ability and even vision to commercialise those very products in different ways. Taking S4C as an example, I support its current assertion that it is somewhat restricted within its remit to commercialise. We know that it has a huge, amazing catalogue of content, and my first suggestion is that that needs to be digitised. Obviously, that takes resources, but it is something that we should look at. The second situation is that we now have terms of trade in which it is the content producers—that is, the independent television production companies—that own the content rather than S4C, and it is for them to commercialise it. However, if you look at what has happened during the changes of the past five or six years in television, you will see that they have not been majorly successful in commercialising it. I suppose that what I am saying is that, rather than having it all in one place, where it has not worked, only for the buck to be passed to another group in terms of commercialising the content, we should free the boundaries and allow a different situation to develop. One of the examples that I would give is the amount of content that S4C would have if it were digitised and freely available to anybody to commercialise it—that could be Welsh companies, or it could be games companies in south-east Asia, or media companies anywhere else in the world. That would provide additional revenue to S4C and to the media in Wales. So, I suppose it is about recognising that the existing regulations and laws were made in an environment before we could even imagine the technological advances that have happened. We need to pre-empt where we will be in 10, 15 and 20 years in terms of freeing-up that content. If it is done well,

it can bring money as well as creativity into the economy of Wales.

[126] **Mr Roberts:** I do not have evidence that S4C has resisted that kind of approach.

[127] **Mr Turner:** I think that it is supportive of wanting that to happen.

[128] **Mr Roberts:** That is what I was going to say. Unless there is a remit issue, from my understanding, there is an open door to come and talk along those lines, which is a good thing.

[129] **Mr Schiavone:** Y diwylliant sy'n bodoli ar-lein yw diwylliant o rannu cynnwys. Yr ydym yn darparu penawdau newyddion i unrhyw wefan allanol sydd eisiau eu defnyddio achos mae hynny'n helpu i yrru traffig atom ni. Yn yr un modd, yr ydym yn cydweithio efo S4C. Soniais yn fy mhapur ein bod yn defnyddio uchafbwyntiau pêl-droed *Sgorio* fel rhan o'n hadroddiadau chwaraeon. Mae S4C yn awyddus i weld mwy o hynny'n digwydd, achos mae'n hapus cyhyd â'i bod yn gallu monitro faint o bobl sy'n gwyllo'r rhaglenni—nid yw ots os yw pobl yn eu gwyllo ar wefan S4C neu ar wefan Golwg360, neu lle bynnag. Mae eisiau annog mwy o hynny o fewn y cyfryngau yng Nghymru fel eu bod yn plethu'n agosach.

Mr Schiavone: The culture that exists online is one of sharing content. We provide news headlines to any external website that wants to use them as that helps to send traffic to us. In the same way, we work with S4C. I mentioned in my paper that we use the football highlights of *Sgorio* as part of our sports reports. S4C is keen to see more of that happening, as it is happy as long as it can monitor how many people are watching the programmes—it does not matter if people watch them on S4C's website or Golwg360's website, or wherever. That needs to be encouraged within the media in Wales so that they are more closely linked.

[130] **Bethan Jenkins:** I have another question directed at Richard. You say that the Welsh Government should seek greater accountability and responsibility for broadcasting through the communications Bill. You have written a document on your efficiency and innovation review of S4C, which highlights many problems within S4C, such as a culture of secrecy and political naivety, and you also mention the word 'dictatorial'. Due to the issue not being devolved, we have not had the ability in Wales to scrutinise S4C in the way that you had access to staff and people working for S4C. How could we improve the governance of not only S4C, but other public service broadcasters if the structures of governance were more accountable to this place as opposed to Westminster?

[131] **Mr Turner:** Yes, I did write that report. I should inform the task and finish group that, encouragingly, S4C aims to publish that report so that we can have that wider debate.

[132] In relation to the issues surrounding accountability and governance across the media, I suppose it is about matching how Wales is growing as a democracy. At the moment, it is not a devolved responsibility, but because of this discussion and discussions that are happening, Wales, increasingly, will want to have not only a say in what goes on in broadcasting, but proper accountability and responsibility. This is a potential area for shared responsibility and accountability, but it is crucial that public sector broadcasters that have a remit to cover Wales should be encouraged to have a dialogue with the National Assembly for Wales and the Welsh Government in order to see their role not just purely in terms of economic development, which is very important, but in terms of the cultural development of Wales and its political aspects. We are a fledgling democracy and it is important that the media in Wales supports that. We had a situation a couple of years ago where significant criticisms were made of the media across the UK for not fully covering what was happening in Wales in terms of its politics.

[133] **Bethan Jenkins:** Is it enough to encourage them to engage with us? You have not mentioned any structural changes to encourage them to talk to us.

[134] **Mr Turner:** I do not quite know how you would put this in a constitutional framework, but I would say that public sector broadcasters covering Wales should be formally held accountable and encouraged to come and report to you on an annual basis as to what is going on. However, as discussed previously, maybe it should not just be those directors who are responsible for Wales, but the senior management of those organisations with headquarters outside of Wales. They should be encouraged to come to Wales more to hear about what we are doing. The key point for me about the effectiveness of any media organisation in Wales is not that we have any problem in terms of talent, aspiration or desire; it is about governance. We need to ensure that we have the highest regard for the best governance of all our institutions in Wales, including the media, and that is how we will become more successful.

[135] **Bethan Jenkins:** A oes gennyh farn ar hynny?
Bethan Jenkins: Do you have a view on that?

[136] **Mr Schiavone:** Yr wyf o blaid datganoli cyfrifoldeb cymaint â phosibl, nid yn unig ar lefel genedlaethol, ond i lefel fwy lleol fyth. Ar ddiwedd y dydd, po fwyaf yw'r datganoli, a'r mwyaf lleol yr ydych yn mynd, mwyaf fydd y ddealltwriaeth fydd gennyh o'r diwylliant ac o'r cyfryngau sy'n berthnasol i'r bobl.
Mr Schiavone: I am in favour of devolving responsibility as much as possible, not only at a national level, but to an even more local level. Ultimately, the more devolution there is and the more localised you get, the more understanding you will have of the culture and the media that are relevant to the people.

[137] **Bethan Jenkins:** A fyddai hynny'n haws o ran Golwg a sut yr ydych yn gweithredu neu, oherwydd bod yr arian yn dod oddi wrth Lywodraeth Cymru, nid yw mor anodd ichi o ran hyblygrwydd?
Bethan Jenkins: Would that be easier for Golwg and how you operate or, because the funding comes from the Welsh Government, it is not as difficult for you in terms of flexibility?

[138] **Mr Schiavone:** Ar hyn o bryd, nid yw mor berthnasol inni gan fod yr arian yn dod yn weddol uniongyrchol. Felly, yr ydym yn atebol i Lywodraeth Cymru. Fel yr wyf wedi sôn yn y papur, yr ydym yn awyddus i ffiltro i lefel fwy lleol o lawer ac i'r broses honno fod yn un lle'r ydym yn cael ein cynghori gan bobl ar y lefel leol honno, yn hytrach na'n bod yn dweud wrthynt beth y maent ei heisiau; byddent yn cyfrannu i'r cyfrwng, fel petai. Mae pethau fel papurau bro yng Nghymru wedi llwyddo ar lefel leol iawn, gan mai'r bobl, i bob pwrpas, sy'n rheoli eu cynnwys. Felly, fel y dywedais, byddwn yn annog cymaint o ddatganoli â phosibl.
Mr Schiavone: At present, it is not as relevant to us because the funding comes to us fairly directly. So, we are accountable to the Welsh Government. As I have mentioned in the paper, we are eager to filter it down to a much more local level and for that process to be one in which we are advised by people on that local level, rather than us telling them what they want; they would contribute to the media, as it were. Things such as *papurau bro* in Wales have succeeded on a very local level because it is the people, to all intents and purposes, who control the content. So, as I said, I would encourage as much devolution as possible to take place.

[139] **Mr Roberts:** On the communications Bill point, it is not clear what will be in it, but, generally speaking, it will follow the process of a paper coming out, then there will be consultation and a response. The danger is that, because certain aspects are not devolved, we will not get a genuinely strategic response from Wales that addresses the whole remit of what the communications Bill could cover and also addresses the deficiencies that previous

panellists have talked about in terms of the pressures that local media organisations are under. So, it is an opportunity, notwithstanding the fact that it is not devolved, to have a cross-cutting—by which I mean across the Welsh Government departments of heritage, the economy and so on—‘Digital Britain’ type of approach, saying, ‘This is what we think that the section of the communications Bill for Wales should look like’. We should at least get that strong voice into the process. Whether it is listened to is another matter, but at least we should know what we are asking for in a strategic way.

[140] **Kenneth Skates:** We will move on to new business models for media. This is directed largely at Cube, because of the evidence that it provided. You state that recent events involving public service broadcasters in Wales have not been conducive to the growth of the indigenous new media sector. What needs to happen for that to change?

[141] **Mr Roberts:** I specifically picked out the broadcast media simply because, if you remember, the Hargreaves review identified a large proportion of money that was spent by those bodies in the sector, and so they have an important role in terms of generating pull or demand for this sector. I do not think that they should have the sole responsibility for it, but that any small or large companies that flourish as a result of that have a responsibility to export, grow and address new markets as well, but they have an anchor role. So, the point that I was making was simply that the events at S4C, the budget cuts at the BBC, the fact that there has been a lot of reorganisation and there have been moves to Salford and centralisation, to some extent, of how digital media are commissioned, have meant that local opportunities have been more constrained and, therefore, that pump-priming effect has not been evident in the last 18 months or so.

2.30 p.m.

[142] **Kenneth Skates:** I will ask about citizen journalism. Golwg’s submission is quite favourable about the role of citizen journalism, but different views have been expressed so far. How do you respond to the criticism that citizen journalists, instead of being philanthropic Columbos, are actually opinionated busybodies?

[143] **Mr Schiavone:** Mae rôl y cyfryngau proffesiynol yn gwbl allweddol, ac mae angen elfen gref o olygyddiaeth broffesiynol ar unrhyw gynnyrch *citizen journalism*. O’r enghreifftiau o arbrofi sydd wedi bod yn y maes, maent wedi bod yn rhy annibynnol, os rhywbeth, ac nid oes glud i gadw popeth at ei gilydd. Dyna pam yr ydym yn meddwl bod gennym ni rôl allweddol o ran cyflwyno newyddion lleol ar-lein. Dylai newyddiaduraeth broffesiynol fod yn graidd i’r peth, a dylid wedyn goresawu llais y bobl ar lawr gwlad. Mae’n fodel anodd ei gynllunio, oherwydd ei fod yn dibynnu ar ewyllys da pobl a’u hawydd hwy i gynhyrchu deunydd a thrafod materion. Serch hynny, mae’n fodel sy’n gweithio mewn rhannau eraill o’r byd ac yn fodel sydd wedi gweithio o fewn lleiafrifoedd ieithyddol eraill fel Gwlad y Basg.

Mr Schiavone: The role of the professional media is crucial, but there needs to be a strong element of professional editorship on any citizen journalism content. On the basis of experiments already held, they have been too independent, if anything, and there is no glue to keep everything together. That is why we believe that we have a key role in terms of providing local news online. Professional journalism should be at the core of it, with the voice of people at the grassroots then being included. It is a difficult model to plan, because it depends on people’s goodwill and their willingness to generate content and discuss issues. However, it is a model that works in other parts of the world and has been successful within other linguistic minorities such as the Basque Country.

[144] Fel y dywedais yn gynharach, mae model eisioes yn bodoli i raddau helaeth yng

As I said earlier, a model exists in Wales to a large extent in the form of the *papurau bro*.

Nghymru ar ffurf y papurau bro. Ar hyn o bryd, mae'r papurau bro yn gweld y we fel bygythiad, ond nid nod papurau bro yw gwneud elw masnachol; eu nod yw darparu gwasanaeth cymunedol. Mae mynd ar-lein yn gyfle i bapurau bro gyrraedd cynulleidfa ehangach o bobl sydd, o bosibl, wedi symud i ffwrdd o'r ardal. Y peth cyntaf a wnaif wrth fynd adref i fy ardal enedigol yw codi'r papur bro i weld pwy sydd wedi cael ei benblwydd neu bwy sydd wedi priodi. Unwaith bob dau neu dri mis y mae hynny'n digwydd. Petawn i'n gwybod bod newyddion lleol o fy ardal enedigol ar gael ar-lein, yr wyf yn sicr y byddwn i'n edrych ar hynny bob dydd. Mae rôl bwysig yma o ran rhoi llais cendlaethol a rhynglwadol i faterion lleol.

The *papurau bro* currently see the web as a threat, but their objective is not to make commercial profit; their objective is to provide a community service. Going online is an opportunity for the *papurau bro* to reach a wider audience that has, possibly, moved away from the area. The first thing that I do when I go back home is pick up the *papur bro* to see who's had his or her birthday or who's got married. That happens about once every two or three months. If I knew that there was local news from my area available online, I am sure that I would look at it every day. There is an important role here in terms of giving local issues a national and international voice.

[145] **Mr Turner:** Wales's history of *papurau bro* should place it in a fantastic position to encourage citizen journalism or the availability of locally generated content and to not be threatened by shifting platforms from print to digital media or the internet.

[146] **Kenneth Skates:** Do we need to draw a distinction at this point between citizen journalists offering information about local communities—which is, essentially, what local community newspapers offer—and their role in investigating, interpreting and analysing events and issues? Citizen journalists can do the task well in terms of local news information, but it is really for the professional journalist to do the other, and we need to distinguish between those two roles.

[147] **Mr Roberts:** Yes, that is right. *Papurau bro* would not see their role as holding local councils to account.

[148] **Bethan Jenkins:** That would be interesting to see.

[149] **Mr Schiavone:** Rôl y *citizen journalists* yw dwyn materion at sylw'r newyddiadurwyr proffesiynol fel eu bod hwy wedyn yn gallu gwneud eu gwaith. Y stori fwyaf poblogaidd ar Golwg360 yn y mis diwethaf oedd Tesco yn dod i Aberystwyth, gan fod hynny'n berthnasol i lawer o ardaloedd eraill hefyd. Mae'r ymateb wedi bod yn anhygoel. Felly, mae materion lleol iawn yn gallu bod yn berthnasol ar lefel fwy eang o lawer.

Mr Schiavone: The role of the citizen journalist is to bring matters to the attention of professional journalists so that they can, then, do their job. The most popular story on Golwg360 in the last month was Tesco coming to Aberystwyth, because it is also relevant to other areas. The response has been amazing. Therefore, local issues can be relevant on a much broader level.

[150] **Peter Black:** I am sure that most citizen journalists would love to have their stuff taken up by national newspapers. Do you think that they actually see that as their role? Do you not think that they also have a role in interpretation? They might not be journalists, but they try to interpret, do they not?

[151] **Mr Roberts:** They have always seen their role traditionally as providing news about the community, but if, through the adoption of new technology, they can give away or syndicate that content easily to a broader audience, I do not think that they would resist it.

[152] **Kenneth Skates:** I want to ask about the brain drain that Richard Turner mentioned in the evidence—the brain drain of young graduates going straight to London. What needs to be done to halt that? Do you believe that we could halt it through the BBC’s suggestion of creating a single media centre, or an enterprise zone, or more than one enterprise zone, and the creation of media hubs? Would that offer an option for young graduates, and, indeed, all young people with a passion for getting involved in the media?

[153] **Mr Turner:** I am quite passionate about this. I believe that there is a significant creative brain drain out of Wales. Across Wales, we have a number of universities—Swansea Metropolitan University and the University of Glamorgan in particular—that run five-star rated creative industries courses in certain areas, whether it is computer-generated imagery or animation or other forms of the media industry. I have seen at first hand how a whole year’s cohort that is about to graduate will do a showcase in London and will move en masse. What we need to do is embed entrepreneurship into courses throughout the three years that people are undertaking their degrees, and their Masters.

[154] **Bethan Jenkins:** Does that happen currently?

[155] **Mr Turner:** It does not happen enough. They are occasionally discrete aspects within courses, and maybe they are the sessions that the students do not turn up for, because they are more interested in being animators than setting up a business. It is about planting seeds. We cannot barricade the Severn bridge and say that creative industries graduates are not allowed to leave. What we have to do is create an environment where they believe that they can be as successful—and perhaps, in the longer term, more successful—by staying in Wales. We should plant the seeds of entrepreneurship and follow it up with dedicated, creative entrepreneurship programmes, which I think need to continue. There was a pilot run by the Welsh Government and NESTA called Insight Out, which developed cohorts of young, creative entrepreneurs. Most of them, I am pleased to say, are still here, trading and trying to make their businesses work. It is about nurturing and incubating them and convincing them of the benefits. We talked about intellectual property right at the beginning; if you go to London, and you work for a big company, it will use your creativity to develop intellectual property that will belong to that company, not to you. So, perhaps in the short term you will get a nice salary and interesting work, but in the long term, you will be moved on by the next influx of young people. Stay here, encourage creativity, commercialise your own intellectual property—

[156] **Kenneth Skates:** Does it pay?

[157] **Mr Turner:** There are successful businesses. Obviously, setting up your own business, as I know, having done it on several occasions, is not easy. Sometimes they work, and sometimes they do not. The key point is to create an environment in which there is a proper structure of creative business support that nurtures and understands those businesses and is flexible, not clunky. We need something that appeals to creative people, so that they want to run their businesses here. If we keep more people here then, for every 10 new businesses that are started, maybe one will last five to 10 years and start to grow and develop, and then we will have a healthy level of plurality and competition within our digital media sector.

[158] **Mr Roberts:** There are three parts to this answer. The first is along the lines that Richard described: we can perhaps teach a bit more of a fusion of commercial aspects with the creative process, giving people that entrepreneurial skill and confidence. For example, we know from the Hargreaves report that the IP fund is no more, and there will be more of an emphasis on digital investment, so I think that the boot camp idea—the seed camp idea—where you get a combination of mentoring, space, advice and support services would be conducive to that kind of activity. However, we are kidding ourselves if we imagine that all

graduates, or even the majority of graduates, are actually going to be entrepreneurs. The second part of my answer would be that, through an inward investment strategy, we would ideally embed some big media presence in the drama village or wherever it should be, so that people have somewhere where they can aspire to work, to get their foot on the ladder in the creative sector. That would allow them to learn about best practice and would also give them security.

[159] **Kenneth Skates:** So, a single BBC media centre could—

[160] **Mr Roberts:** I am not sure that that is the answer. Take Sky, which is investing in drama. Can we get Sky to invest in Wales rather than in Manchester? What can we do to embed one or two more blue-chip employers in Wales?

[161] **Bethan Jenkins:** I have heard the flipside of what you said about encouraging people to stay in Wales. I have heard about people going to London or America and coming back with more expertise.

[162] **Mr Roberts:** That was to be my third point. It is absolutely right that people should go off to London and New York. However, what can we do to encourage them to come back? How can we make Wales a really attractive place, not only in which to live, but in which to invest and employ people? Also, where is the pool of skills and skilled labour that organisations know that they can find when they get here? I do not think that we have that right now, certainly in terms of digital media.

[163] **Mr Turner:** In response to the question of how to bring these people back, my philosophy is based on the fact that it is much harder to bring someone back than it is to encourage them to stay initially. Yes, it is really important that these people go to work elsewhere in the UK and I would encourage them to work globally. One of the best ways in which we can create a flagship to encourage inward investment opportunities is to promote brand Wales as a creative brand much more strongly around the world. I am lucky in my current role. I go to many places around the world to promote Welsh business and the Welsh economy. I do this throughout America and south-east Asia. Wales is the least well known country within the United Kingdom. Scotland is very well known, and everyone knows about Ireland. However, people say ‘Wales, England’, and I say, ‘No, no, no’. Gradually, things are changing, but we need to be more confident.

[164] If you have a major cluster of organisations—whether it is through the BBC or through a physical clustering of other big companies—that encourages inward investment, it is important that the excellent, creative content that is being produced in Wales is then promoted in the big hubs around the world. Obviously, California would be one of those, New York and the Boston area would be another, and some others would be locations in south-east Asia such as places in China, Hong Kong and Singapore. We need to make people aware that we are competing at the highest level on a global basis, and that brand Wales is open for creative business. That way, we can persuade people for the right reasons, rather than potentially enticing them only with cash, which has been our usual method.

[165] **Mr Schiavone:** Hoffwn wneud un pwynt yn dilyn ymlaen o’r hyn a ddywedodd Richard ynglŷn â hunaniaeth Gymreig a brandio Cymru dramor. Mae’r iaith Gymraeg yn rhan allweddol o hynny, yn fy marn i. Mae pob un ohonom wedi gweld yr effaith mae actorion sy’n siarad Cymraeg wedi’i chael, yn ogystal â grwpiau cerddorol sy’n canu yn Gymraeg ac sy’n boblogaidd iawn

Mr Schiavone: I would like to make a point that follows on from what Richard said about Welsh identity and branding Wales overseas. The Welsh language is a key part of that, in my view. All of us have seen the impact that actors who speak Welsh have had, as well as the bands that perform in Welsh and that are very popular overseas, in Japan and so on. Therefore, the Welsh language is a part of

dramor, yn Japan ac ati. Felly, mae'r iaith Gymraeg yn rhan o'r hunaniaeth honno. Cytunaf â phob peth arall a ddywedwyd gan y tystion eraill. Mae cynnig cyfleoedd i bobl yn gwbl allweddol—swyddi diddorol a chyfleoedd i bobl wneud enw i'w hunain ar lefel genedlaethol yng Nghymru ac ar lefel ranbarthol. Mae'n bwysig, felly, i annog pobl ac i gynnig cyngor a chefnogaeth wrth iddynt geisio creu'r cyfleoedd hynny i'w hunain, boed hynny'n annibynnol ac yn llawrydd neu fel rhan o gwmni. Mae technoleg yn datblygu'n gyflym iawn ac mae'n anodd cadw i fyny â'r dechnoleg ddiweddaraf. Felly, mae cynnig cymorth ymarferol i bobl yn hynny o beth yn rôl allweddol arall y gallwn ei chyflawni.

that identity. I agree with everything else that the other witnesses said. Offering opportunities to people is vital—interesting jobs and opportunities for people to make a name for themselves at a national level in Wales, and at a regional level. It is important, therefore, to encourage people and to offer advice and support as they try to forge those opportunities for themselves, whether on an independent and freelance basis or as part of a company. Technology develops very quickly, and it is difficult to keep up with the latest technology. Therefore, offering practical support to people in that context is another key role that we could fulfil.

[166] **Kenneth Skates:** Peter, could you take the next set of questions, please?

[167] **Peter Black:** Yes. With regard to implementing the Hargreaves review, the paper from Cube says that the pace of change is slow, from a private sector viewpoint. What more could the Welsh Government do to instigate change?

[168] **Mr Roberts:** I am mindful of the fact that there has been a change of Government, which always comes with a change of emphasis. That is the nature of the beast. The civil service moves at a slower pace, I am sure for good reasons, than a small private company. How can you speed that up? I am not sure. You just have to set some demanding timelines and stick to them, I guess.

2.45 p.m.

[169] **Mr Schiavone:** Yr wyf yn gallu cydymdeimlo â'r hyn mae Gwyn yn ei ddweud. Fel y dywedais yn y pwynt diwethaf, mae'r dechnoleg yn datblygu yn gyflym felly mae'n bwysig bod cwmnïau yn gallu ymateb yn gyflym neu byddant yn disgyn ar ôl yn gyflym. Serch hynny, nid wyf yn gwybod beth yw'r ateb, mae'n rhaid i mi gyfaddef.

Mr Schiavone: I can sympathise with what Gwyn has said. As I said in my last point, the technology is developing swiftly and therefore it is important that companies are able to respond quickly or they will fall behind quickly. However, I do not know what the answer is, I must admit.

[170] **Mr Roberts:** A better answer would be that I am a big believer in the Welsh Government setting the direction, but outsourcing as much as possible, unless there is a clear argument why it should not. The idea that you bring as much as you can into the civil service is not a good one, generally speaking.

[171] **Mr Turner:** My comments on the Hargreaves report are wider. I totally recommend its findings. I welcomed the report. I thought that what Professor Ian Hargreaves did well was to bridge the increasingly unhealthy divide that existed between the economic benefits of the media in Wales and the other benefits, of which we are all aware, in that the media plays a vital role in the social, cultural, political and democratic aspects of society. Although I have sympathy with colleagues in the Welsh Government whose job is to promote the economic development of media in Wales, I believe that there has been a recent retrenchment of the position. Hargreaves gave us a way to look at the two aspects together.

[172] I understand that if colleagues and Ministers are charged with developing the economy and economic aspects and one of the key sectors is the creative industries, their remit is to do that. However, we also have Ministers and colleagues in Welsh Government whose job is to promote culture and heritage and to see the wider benefits of the media. I feel that, at the moment, we are moving back to a position where those actions are somewhat compartmentalised: they are in boxes, not acting in that overall way. It is not a criticism, in as much as I understand why the creative industries panel is charged with promoting and encouraging economic development within those sectors. However, we need to take the guidance that Hargreaves gave us, which is that there is a flow between those involved in creativity and the media in Wales. People work from different perspectives: they have a creative drive, they want to make money, which allows them to be more creative, and they work in different sectors, some of which are more subsidised than others. We have to remember that the television industry, which is regarded as being on the commercial side, is primarily a subsidised industry in Wales.

[173] Rather than focusing on the differences, I would encourage the Welsh Government to see Hargreaves as a way forward. There are lots of significant recommendations in that report, and yet, to date, I have not seen major progress on tackling those issues. Those who work in theatre, film, television and those who write for all those different industries are not bothered about who commissions them, as long as they can express their creativity. So, to create false walls between the economic benefits of the media industry and the social, cultural and political benefits of the media industry is not useful. I would like it if your task and finish group could encourage people to put out the hand of collaboration across those two drivers. They are equally important and we need to ensure that, as we push for more plurality and diversity in our media sector, we also sustain them economically because, otherwise, they will not be around for the long term. To have only one, to me, is a false economy.

[174] **Peter Black:** Cube also refers to the impact of ‘connected television’ such as *YouView*, stating that this could lead to a further marginalisation of content from and about Wales. Has the Welsh Government’s response to such developments been sufficient, and what more could be done to prevent this further marginalisation?

[175] **Mr Roberts:** I am not sure that there has been a response to that specific point.

[176] **Peter Black:** That just about sums it up. [*Laughter.*]

[177] **Mr Roberts:** What we are seeing is convergence and thinking that looks at broadband and pipes, which seems to be the way in which Digital Wales is looking at it. That is all well and good and important, as we should not have 26 per cent—or whatever the figure is—of the population without access to broadband. In terms of how pure content creation media companies have struggled in the recent climate with the advertising downturn, those companies that manage services that are delivered with a subscription payment—in other words, distribution companies such as Sky TV, Virgin Media and the mobile telephone companies—have a greater ability to plan ahead to make investments in the longer term. Some of these companies are moving into content. What we do not have in Wales are companies of that scale in that sector that can look after the Welsh consumer’s interests.

[178] With regard to the view held by Ofcom and DCMS, I will give an example in terms of mobile technology. A few years ago, licences—the area I used to work in—would be granted on a population coverage basis. As long as 80 to 85 per cent of the population was covered, that was fine, which meant that you could have whole areas of Wales without any mobile signal, and that remains a problem even today. So, from a Welsh point of view, having five networks is possibly not the best idea—perhaps two good networks would be better. We do not have the luxury of having that type of debate, but the move into new platforms is

reminiscent of the same type of centralised decision-making, which we are likely to be lumbered with the consequences of if we are not careful.

[179] **Peter Black:** Okay. Does anyone else want to add to that? I see that no-one does. What do you think the remaining overall priorities of the Welsh Government should be in terms of attempting to address the decline of Welsh media, considering that many of those powers are not devolved? You could use this opportunity to make a closing statement on anything that you want to draw to our attention that you have not already done so. Who wants to start?

[180] **Mr Schiavone:** Fel pwynt eithaf cyffredinol, mae'n gyfnod eithaf ansicr o ran y cyfryngau Cymreig. Mae llawer o newidiadau'n digwydd i bersonel allweddol, ac yr ydym i gyd yn ymwybodol o'r toriadau. Fodd bynnag, mae'n bwysig ein bod yn edrych ar hyn fel cyfle i addasu, gwella a chryfhau'r cyfryngau yng Nghymru. Mae'r cyfryngau yn dod yn llawer agosach erbyn hyn ac maent yn asio i raddau helaeth oherwydd y cyfryngau newydd, ac mae hynny i'w groesawu. Mae cydweithio yn bwysig ymysg gwahanol gyfryngau, ond mae angen sicrhau bod plwraliaeth ac annibyniaeth yn cael eu cynnal. Hwnnw yw'r pwynt pwysicaf o ran y ffordd y gallai'r Llywodraeth fod yn gweithredu, sef annog yr ysbryd o gydweithio ond gan sicrhau plwraliaeth ym mhob maes hefyd.

Mr Schiavone: As a fairly general point, it is a fairly uncertain time for the Welsh media. There are many changes to key personnel, and we are all aware of the cuts. However, it is important that we look at this as an opportunity to adapt, improve and strengthen the media in Wales. Media companies are now becoming much closer and they are harmonising to a large extent because of the new media, which is to be welcomed. Joint working between different media is important, but we need to ensure that pluralism and independence are maintained. That is the most important point regarding the way in which the Government could operate, namely to encourage the spirit of joint working while also ensuring pluralism in every area.

[181] **Mr Roberts:** To come back to my point about having a strategic view of the sector, 'plurality' is a word that is often used, but sustainability is also a question that we need to answer in terms of how viable some of these media companies are in the long-term. We need to have a strategic view and I hope that the outcome of this process will contribute to that.

[182] **Mr Turner:** To start with S4C, I would strongly seek to protect its editorial independence. You should also be aware that your role is to monitor how the funding relationship with the BBC pans out over the next few years, inasmuch as we know where we are with the initial deal, but you will need to keep the BBC centrally in London under close scrutiny as to how that is funded.

[183] We have not mentioned ITV at all, but it is absolutely crucial that the Welsh Government lobbies very hard on it. ITV is a public service broadcaster, but it is also a commercial organisation. We need to not only keep the investment in journalistic resources and standards that ITV Wales brings in terms of plurality, but see an increase in its spend in Wales. The Welsh Government has a very key role in saying that it is watching what is happening as well. At the widest level, it needs to encourage creative competition—to create an environment in which good ideas have an opportunity to flourish, so that Wales can start to say, 'We are a genuinely open, collaborative, ideas-driven media sector, so, if it is a good idea, we will find someone to back it and support and nurture you and, if it doesn't work, hey, you gave it a try and we'll try the next one'. So, although I have talked about keeping an eye on S4C's editorial independence, protecting its funding, encouraging ITV, and BBC Wales taking a significant cut in its funding, I would also caution against assuming that all of our media future is with our key media players. I would caution against protectionism. Generally, innovation and creativity will, I think, be the way that we ensure that Wales has a diverse,

highly creative and highly plural media industry, rather than retrenching to protect only what we have now.

[184] **Kenneth Skates:** Briefly, ITV Wales has served Wales brilliantly over the years. Would it be inappropriate or appropriate for the Welsh Government to support the renewal of a licence for it?

[185] **Mr Turner:** I suppose that, for the Welsh Government to support the renewal of the licence, we would like to see a clear manifesto commitment from ITV Wales to not only its current investment, but significantly upping that. If it said it would produce x more hours of Welsh-based programmes, protect journalistic standards and ensure that journalists have the capability to create plurality within television news—which is a major threat to Wales at the moment—then perhaps that would be the case.

[186] **Kenneth Skates:** So it should engage now, basically?

[187] **Mr Turner:** Yes. It is a question of asking, ‘If we support you, what are you going to guarantee for Wales for the future?’ Support has to be on the basis of deliverables.

[188] **Kenneth Skates:** However, it is mutually beneficial.

[189] **Mr Turner:** It would be mutually beneficial, if it was based on key deliverables. I think that is about more provision, not just maintaining existing provision.

[190] **Mr Roberts:** I would say not to spend public money supporting essentially old-world institutions, when we know that we are not moving fast enough into the new platforms and giving the younger generations the formats that they are looking for.

[191] **Kenneth Skates:** Thanks very much coming along today and thanks for your submissions as well. It was excellent material and it was extremely helpful. Thank you.

*Daeth y cyfarfod i ben am 2.58 p.m.
The meeting ended at 2.58 p.m.*