



**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, 3 Tachwedd 2011
Thursday, 3 November 2011**

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(Teledu a Radio)
Inquiry into the Future Outlook for the Media in Wales: Broadcasters (Television and Radio)

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

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

Aelodau'r grŵp gorchwyl a gorffen yn bresennol
Task and finish group members in attendance

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 grŵp gorchwyl a gorffen) Labour (Task and finish group Chair)

Eraill yn bresennol
Others in attendance

Rhodri Talfan Davies	Cyfarwyddwr, BBC Cymru Director, BBC Cymru Wales
Iestyn Garlick	Cadeirydd, Teledwyr Annibynnol Cymru Chair, TAC
John Geraint	Cyfarwyddwr Creadigol, Green Bay Creative Director, Green Bay
Phil Henfrey	Pennaeth Newyddion a Rhaglenni, ITV Cymru Head of News and Programmes, ITV Wales
Huw Jones	Cadeirydd, S4C Chairman, S4C
Terry Mann	Rheolwr Gorsaf GTfm, Radio Cymunedol Cymru Station Manager GTfm, Community Radio Wales
Gareth Williams	Teledwyr Annibynnol Cymru TAC

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

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Gwyn Griffiths	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Rhys Iorwerth	Ymchwilydd Researcher
Marc Wyn Jones	Clerc Clerk

Dechreuodd y cyfarfod am 12.36 p.m.
The meeting started at 12.36 p.m.

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

[1] **Kenneth Skates:** Thank you for coming to the meeting. The meeting will be conducted bilingually—you can use the headphones for the translation from Welsh into English on channel 1 and to amplify the sound on channel 0. Can whoever still has their mobile phone switched on please ensure that it is switched off? Please do not feel the need to touch the microphones; they will come on automatically. In the event of the fire alarm sounding, please follow the ushers' directions—I hope that we will be okay.

[2] There are no apologies and no substitutions. I invite Members to make declarations of interest. I see that there are none to be made.

12.37 p.m.

**Ymchwiliad i'r Rhagolygon ar gyfer Dyfodol y Cyfryngau yng Nghymru:
Darlledwyr (Teledu a Radio)
Inquiry into the Future Outlook for the Media in Wales: Broadcasters
(Television and Radio)**

[3] **Kenneth Skates:** I thank the witnesses for providing their papers in advance of this session. If it is okay, we will commence immediately with the questions on this matter. I will start. Given the substantial cuts facing the BBC and S4C, and given the uncertainty regarding the future of the channel 3 licence, how do you see the overall media provision in Wales developing in the coming decade?

[4] **Mr Jones:** Dechreuaf o safbwynt yr hyn sy'n digwydd gyda S4C. Mae S4C wedi cael blwyddyn anodd, yn sicr, ond mae'r datblygiadau yn y 10 niwrnod diwethaf yn rhai positif. Maent yn golygu ein bod yn gallu edrych ymlaen, yn sgîl y cytundeb newydd rhyngom ni ac Ymddiriedolaeth y BBC, at sefydlogrwydd. Mae hynny'n beth pwysig oherwydd, heb y cytundeb hwnnw, ni fyddai sicrwydd ariannol o gwbl y tu hwnt i 2013. Felly, mae'n gam mawr ymlaen. Wrth gwrs, mae cyllid yn dynn, a bydd hynny'n her sylweddol i ni ac i'r cynhyrchwyr sy'n cyflenwi rhaglenni i ni o ran darparu gwasanaeth a fydd wrth fodd y gwylwyr.

Mr Jones: I will start from the perspective of what is happening at S4C. The channel has had a difficult year, certainly, but the developments of the past 10 days have been positive. They mean that we are able to look forward, following the new agreement between us and the BBC Trust, to a period of stability. That is important because, without that agreement, there would be no financial certainty at all beyond 2013. So, this is a major step forward. Of course, finances are tight, and that will be a significant challenge for us and the producers who make the programmes for us in terms of providing a service that will satisfy the viewers.

[5] Mae technoleg yn cynnig cyfleoedd i arbed arian. Bydd rhaid inni ddod o hyd i bob ateb technolegol posibl i sicrhau hynny. Bydd cael y systemau gorau posibl yn eu lle o ran cydweithio gyda chynhyrchwyr yn golygu effeithlonrwydd. Bydd gweithio gyda'r BBC i ddod o hyd i ddulliau o arbed arian drwy gydweithio, lle bo hynny'n briodol, yn bwysig hefyd, ac yr ydym yn edrych ymlaen at yr her honno.

Technology offers opportunities to save money. We will have to find all possible technology-based solutions to ensure that. Having the best possible systems in place for collaboration with producers will make for efficiency. Working with the BBC to identify means of saving money through collaboration, where appropriate, is also important, and we look forward to that challenge.

[6] Mae gofynion ychwanegol arnom. We have additional requirements. The

Mae'r heriau sy'n wynebu'r iaith Gymraeg yn rhai sylweddol, ac felly mae'r cyfryngau Cymraeg yn wynebu heriau sylweddol. Beth yw'r gwasanaeth Cymraeg delfrydol i ddiwallu holl anghenion siaradwyr Cymraeg dros y degawd nesaf? Ni fydd y cwestiwn hwnnw'n un hawdd i'w ateb, ond mae'n rhaid inni fod yn eang ein huchelgais i gyflawni hynny.

[7] Mae cwestiynau hefyd o ran rôl S4C a'r cyfryngau newydd, a'r rheini'n rhai anodd eu hateb. Mae ein cylch gwaith yn sôn am deledu yn fwy na dim byd arall. Beth yn union y dylem ei wneud i sicrhau bod lle effeithiol a byrlymus i'r Gymraeg yn y cyfryngau newydd i gyd? Mae hwnnw'n fater sy'n cael ei drafod ar hyn o bryd, a byddwn yn cyhoeddi adroddiad gan ein fforwm cyfryngau digidol yn fuan. Mae hynny'n gyfle i ymgynghori â chylch eang o bobl ynglŷn â'r hyn ddylai rôl S4C fod.

[8] Mae'r cyfryngau newydd yn anrffod yn rhai sy'n tueddu at y rhyngwladol. Maent yn tueddu i fod eisiau defnyddio ieithoedd rhyngwladol, felly mae cael lle i'r Gymraeg ynddynt yn her fawr ac mae'n rhaid inni ddod o hyd i atebion priodol. Rhaid i'r Gymraeg fod yn a rhaid i S4C chwarae ei rôl.

[9] Yr wyf yn gobeithio hefyd y gall y sector cynhyrchu yng Nghymru barhau i fanteisio ar y buddsoddiad y mae S4C yn ei wneud drwy'r cynhyrchwyr yn y diwydiant. Yr ydym yn amcangyfrif bod dros 2,000 o swyddi yng Nghymru yn deillio, yn y bôn, o fodolaeth S4C. Mae'n bwysig bod y rheini'n parhau a'n bod yn cynnal cymaint o swyddi ag sy'n bosibl yn yr economi greadigol yng Nghymru. Mae ein buddsoddiad mewn sgiliau yn rhan bwysig o hynny a gobeithiwn, drwy'r cronfeydd newydd yr ydym yn eu creu ar gyfer buddsoddi mewn cyfryngau digidol a chyd-gynrychiadau, y bydd hynny hefyd yn gyfraniad ariannol pwysig i'n helpu i wynebu her y 10 mlynedd nesaf.

[10] Mae'r sicrwydd yr ydym wedi'i gael yn sgîl y cytundeb gyda'r BBC yn mynd â ni hyd at 2017. Wedyn, bydd cwestiynau mawr yn codi yn sgîl siarter newydd y BBC yn 2017 a'r Ddeddf gyfathrebu yn 2015. Felly, mae cyfle inni edrych ymlaen at hynny, i ragweld lle fyddwn ni erbyn hynny, ac i

challenges facing the Welsh language are considerable, which in turn means that the Welsh media face considerable challenges. What would be the ideal Welsh-medium service to meet all the needs of Welsh speakers over the coming decade? That question will not be an easy one to answer, but we must have wide ambition to achieve that.

There are questions, too, about the role of S4C and the new media, and they will be difficult to answer. Our remit refers to television more than anything else. What exactly should we do to ensure that the Welsh language has an effective and vital place in all new media? That is a matter that is currently being discussed, and we will publish a report by our digital media forum soon. That represents an opportunity to consult a wide range of people about what role S4C should have.

The new media inevitably tend towards the global picture. They tend to want to use international languages, so finding a space for the Welsh language is a great challenge and we must find appropriate solutions. The Welsh language must be there and S4C must play its role.

I also hope that the production sector in Wales can continue to benefit from the investment that S4C is making through producers in the industry. We estimate that more than 2,000 jobs derive, essentially, from the existence of S4C. It is important that those jobs continue and that we maintain as many jobs as possible in the creative economy in Wales. Our investment in skills is an important part of that and we hope that, through the new funds we are creating for investment in digital media and co-productions, this will also be a significant financial contribution to help us to face the challenge of next 10 years.

The assurances that we have received from the agreement with the BBC take us up to 2017. Then, huge questions will arise as a result of the new BBC charter in 2017 and the communications Act in 2015. Therefore, we have an opportunity to look to the future, to predict where we will be by then, and to

ystyried yr hyn yr ydym am ei gael allan o'r trefniadau newydd yn 2017. consider what we want to get out of the new arrangements in 2017.

[11] **Mr Davies:** I support much of what Huw said and I certainly welcome the recent agreement between the BBC Trust and the S4C Authority. I think that it was a sensible, balanced agreement that respects the unique roles of both broadcasters and allows us to get on with the matters in hand, which are the delivery of programmes and services to audiences.

[12] I do not think that there is any doubt that we are in an enormously challenging period. I say that from looking within the industry at the financial climate, but also externally at the consumer and the audience environment. Certainly, the announcements that we have made in the last three weeks have sought to try to protect those parts of BBC Wales's national mission that we think matter most. So, we have been clear about trying to protect our investment and commitments in terms of journalism, our support for contemporary culture and music, investigative journalism and a number of other what we would call priority areas. In this economic climate, the role of journalism becomes that much more important and heightened.

[13] We are seeing changes in digital technology and digital adoption, with the rapid growth of mobile web usage across the UK and in Wales, and the increasing availability of high-speed broadband, even in Wales, although there are clearly exceptions. These changes mean that, while it is important to protect key areas, we also need to explore new possibilities in terms of how we deliver our public services and our public mission. I would echo what Huw said: I think that much of that work can be done in partnership with S4C, with the independent sector and with a whole range of other national institutions. What I would like to underline today is that, at a time of such financial challenge, inside and outside the industry, I think that there is a particular responsibility on the BBC, with its scale, its relative funding stability, and its particular role, to reach out to a whole range of partners across Wales, to see what can be done by working more closely together.

[14] **Mr Henfrey:** From ITV's point of view, and I think that I speak for all three of us, and everyone in this room, when I say that we want to see a flourishing Welsh media. ITV in Wales continues to play an important part in that. You are right that there is uncertainty and, from a Government and commercial point of view, uncertainty is not a good thing. It is a question of how you find your way to that certain path. The licence renewal process has begun. ITV wants to be a public service broadcaster and we are continuing our discussions with Government and Ofcom surrounding the renewal of the channel 3 licence as we look beyond 2014. That is three years away, but you are right in saying that it creates an ambience of uncertainty.

12.45 p.m.

[15] We want to see the decisions relating to commercial public service broadcasting licences and engage with Government on them. We believe that licence renewal is the best way forward in the challenging financial climate with lots of uncertainty that Rhodri and Huw are describing. The best route to certainty and the continued provision of the services that ITV provides in Wales and around the UK is through licence renewal. That is certainly my mission. In a Welsh context, that would mean the continuation of a highly valued and trusted service that is deeply respected by viewers in Wales. ITV plays an important role in the current media scene in Wales.

[16] **Mr Mann:** My perspective is probably rather different. It is reassuring to hear some of the previous contributions, particularly on ITV wanting to continue its Welsh output and on S4C's stability and its collaboration with the BBC being convivial when the media was trying to paint it otherwise. My perspective is more to do with radio. In radio, the main challenge, as seen by some people, is how it will convert to digital, because there is no quick fix. There is

no Freeview equivalent for radio; there is DAB, which is largely unsuitable for smaller radio stations, but it is generally acknowledged to be unsuitable. It is also out of date, in the sense that it involves MPEG-2 coding. The world is now catching up. I do not think that we have benefitted from being first with this technology. We are stuck with MPEG-2 and no upgradable software, with several million radios that cannot be modified to the system that everyone else is taking on, called DAB+, which is the advanced audio coding that allows you to squeeze twice as many stations onto each multiplex. That is not so much of an issue in Wales; the issue here is building multiplexes, getting the funding to do that and getting the coverage. The BBC is obliged to use commercial multiplexes to retransmit Radio Wales and Radio Cymru wherever they appear, but it is uncertain how much of Wales will ever be covered by DAB at a local level. That is a major issue.

[17] At the moment, I am running a station called GTfm, which is the first community station in Wales. It is the only station that was part of the Radio Authority's experiment on access radio in 2002. The formula for community radio was found to be successful. It has been encouraged in Wales by the Welsh Government. We broadcast all shades of opinion; we have people of every political persuasion on our station. The founding manager, Andrew, put local journalism at the heart of the station when he set it up. We have a steady throughput of politicians. The station is the same age as the Assembly, and has enjoyed a lot of support, financially and in terms of encouragement. The Assembly is one of the few governmental organisations that actively supports, and says that it actively supports, community radio; we welcome that.

[18] There are now nine community radio stations in Wales. One of the strengths of community radio is also one its weaknesses, namely marketing. The strength is that no two stations are alike. I was involved in setting up independent local radio in Wales as a young new recruit at Swansea Sound in 1974. There is a feeling of *déjà vu*, in that I see a little bit of that situation here; everyone has the best station and everyone is doing the right thing, but, in community radio, there is no common denominator. There is no obligation to provide local news, for example, or any particular kind of popular programming. It is what you apply for; you apply to Ofcom and say that you are going to do whatever it is—radio that is of interest to the community—and if it likes the idea, it gives you a frequency and a licence and you carry on. That is a weakness if you are trying to market the station. As commercial radio becomes larger, and largely moves out of Wales in some cases, there is a great opportunity for us to market ourselves locally. However, we are unable to do that effectively because we are all different. What is the common denominator? In small radio stations, the issues are the technical issues of conversion to digital, which just does not fit in its current format. Community level radio is probably encouraged in Wales because it is the only affordable model in many communities. The Government accepts that, which we welcome, but those are the kinds of challenges that we face.

[19] **Kenneth Skates:** Regarding the difference between production and provision, the issue is alluded to in S4C's submission. However, with regard to production, is ITV Wales able to commit to the current levels of production of four hours of news and 90 minutes of non-news per week? Are you able to commit to any increases on that? Are you looking at the transfer of management and operations of the ITV Wales website to Wales?

[20] **Mr Henfrey:** I will take those questions in turn. The first thing to say is that the public service requirement that we supply is no drain on the public purse, as we are not publicly funded. We operate in a commercial environment, and the amount of money that ITV makes helps to subsidise the programmes that we make for public service television. In answer to your question, we have a licence commitment until the end of 2014 to deliver four hours of national news for Wales and 90 minutes of programmes, most of which are shown during peak time and which continue to perform extremely well. However, the question that you alluded to at the beginning is one of uncertainty. Yes, our minds are focused on that for

the next three years, but they are also starting to turn to what occurs in the future. What we want to do is to engage with Government and Ofcom to see how we get to a continuation of that service in a digital environment, in a way that is affordable and economically viable in the long-term, because that gives certainty. That is the conversation that we want to have, but on whether I can commit to the programmes and the news that we make now, I can absolutely do that. We want to engage in conversations to see how we can see those continuing as part of the licence renewal process.

[21] **Kenneth Skates:** On the website front, is the ITV Wales website currently operated and managed centrally from London?

[22] **Mr Henfrey:** No. Speaking frankly, I think that our website is underperforming and could do better. From our perspective, what we do in television translates very well into the new digital age. What we are looking at right now is how we make our digital offer for Wales better than it is. This is probably not the environment in which to reveal our plans on that, but we have plans for early 2012 to make that service more relevant, to reach more people and to be much better than it currently is. That will be operated and editorially managed from Cardiff.

[23] **Kenneth Skates:** Previous witnesses have accused the major media institutions of not fully grasping the implications of devolution. Is that fair comment?

[24] **Mr Davies:** The extent of BBC Wales's political coverage and news coverage since devolution has expanded quite significantly. We very recently announced plans to extend that specialism with the appointment of a new economics correspondent and a new culture correspondent. So, I think that the seriousness with which the BBC treats the devolved picture in the UK has matured a lot over the last 10 years. There has been significant progress in the way in which network television news and radio news cover the devolved nations, although I would suggest that there is still room for improvement. However, the accuracy of that coverage has improved markedly.

[25] I would also point to an extremely significant shift in the geographical dispersal of BBC network production. In Wales, we have gone from a position, 10 years ago, where about £8 million to £9 million was spent in Wales on network production to a position where the figure last year was closer to £65 million to £70 million. So, there has been very significant growth following the success of key programmes such as *Doctor Who*, *Torchwood*, *Sherlock*, *Merlin* and *Upstairs Downstairs*. A range of factual and drama programming would not have happened had the BBC not grasped fully the implications of devolution.

[26] **Bethan Jenkins:** Yr ydym wedi derbyn gwybodaeth sy'n awgrymu nid nad ydych yn deall datganoli, ond bod angen mwy o atebolrwydd yng Nghymru ym mhob elfen o'r sector. Dywedwyd hynny yn y dystiolaeth y tro diwethaf inni gynnal pwyllgor ar y mater hwn. Y cwestiwn yw: a ddylem ddatganoli'r pŵer dros ddarledu, ynteu a oes ffyrdd eraill o weithredu'r system, er enghraifft, newid Ymddiriedolaeth y BBC neu annog mwy o gydweithio ar draws y sector? Hoffwn wybod eich barn ar hynny.

Bethan Jenkins: We have received information that suggests not that you do not understand devolution, but that there may need to be more accountability in Wales in every part of the sector. That was said in evidence the last time that there was a committee on this issue. The question is: should we devolve power over broadcasting, or are there other ways of operating the system, for example, by changing the BBC Trust or by encouraging more collaboration across the sector? I would like to know your opinion on that.

[27] **Mr Davies:** I fod yn gwbl onest, nid oes gennyf farn gyhoeddus ar y cwestiwn o

Mr Davies: To be completely honest, I do not have a public opinion on the question of

ddatganoli darlledu i Gymru. Mae'r setliad diweddar rhwng Ymddiriedolaeth y BBC ac Awdurdod S4C yn ddiddorol iawn o ran faint o reolaeth olygyddol sy'n parhau i fod yng Nghymru er bod yr arian yn dod o Ymddiriedolaeth y BBC. Mater i wleidyddion yw ystyried a ddylid datganoli ymhellach. Mater i Ymddiriedolaeth y BBC fyddai ymateb i gwestiwn o'r fath.

whether broadcasting should be devolved to Wales. The recent settlement between the BBC Trust and the S4C Authority is very interesting with regard to the amount of editorial control that remains in Wales despite the fact that the money comes from the BBC Trust. It is a matter for politicians to consider whether there should be further devolution. It would be up to the BBC Trust to respond to such a question.

[28] **Mr Jones:** Hoffwn ychwanegu at hynny—er mai'r un ateb sydd gennyf, yn y bôn. Nid mater i ni yw penderfynu pwy sydd â'r cyfrifoldeb dros ddarlledu. Yr ydym yn delio â'r sefyllfa fel ag y mae. Un o'n hamcanion yw ceisio sicrhau nid yn unig ein bod yn llwyddiannus fel darlledwr, ond ein bod, fel sefydliad, drwy ein gweithgareddau darlledu, yn gwneud cyfraniad at weithgareddau sydd wedi eu datganoli, sef yr iaith, diwylliant a'r economi. Mae'n rhaid inni fod yn ofalus yn hyn o beth, gan fod gennym gylch gwaith statudol sy'n dweud beth yn union yr ydym i fod i'w wneud ac ar beth yr ydym i wario ein harian. Fodd bynnag, mae'n fater o synnwyr cyffredin ein bod, drwy gydweithio a thrwy weithio mewn partneriaeth â chyrrff fel Bwrdd yr Iaith Gymraeg a'r mentrau iaith, yn gallu gwneud llawer o les i'r iaith Gymraeg. Yn amlwg, os ydym yn llwyddo fel gwasanaeth, yr ydym yn llwyddo i gyfrannu at un o amcanion y Cynulliad a'r Llywodraeth.

Mr Jones: I would like to add to that—although my answer will, essentially, be the same. It is not for us to decide who has the responsibility for broadcasting. We are dealing with the situation as it is. One of our objectives is to ensure not only that we are successful as a broadcaster, but that we, as an organisation, through our broadcasting activities, contribute to activities that have been devolved, such as the language, culture and the economy. We must be careful in this regard, because we have a statutory remit that states exactly what we are meant to do and on what we should spend our money. However, it is a matter of common sense that we, by collaborating and by working in partnership with bodies such as the Welsh Language Board and the *mentrau iaith*, can do a lot to benefit the Welsh language. Clearly, if we succeed as a service, we are able to contribute to one of the objectives of the Assembly and the Government.

[29] Yr wyf wedi sôn eisoes am sgiliau, ac mae hwn yn fuddsoddiad yn yr economi yng Nghymru, sy'n digwydd oherwydd ein gwaith darlledu. Yr ydym am weithio mewn partneriaeth, lle mae hynny'n bosibl, gyda chyrrff sy'n cael eu hariannu gan Lywodraeth Cymru er mwyn cael yr effaith fwyaf posibl ac er mwyn sicrhau bod pobl yn sylweddoli gwerth yr effaith honno. Felly, mae nifer o bartneriaethau a llawer o drafod, ond efallai nad oes digon o wybodaeth yn cael ei rhannu ynglŷn â hyn. Tra bo'r drafodaeth fawr ynglŷn â datganoli yn mynd rhagddi, mae pethau yn digwydd a dylem ymfalchïo ynddynt.

I have talked already about skills, and this is an investment in the economy in Wales, which happens as a result of our broadcasting work. We want to work in partnership, where possible, with bodies that are funded by the Welsh Government in order to have the greatest possible impact and in order to ensure that people realise the value of that impact. Therefore, there are a number of partnerships and there is a lot of discussion, but perhaps not enough information is being shared about this. While the big debate about devolution takes place, things are happening and we should take pride in them.

[30] **Mr Henfrey:** I echo what Huw and Rhodri have said with regard to devolution being a matter for politicians. Once again, it is a question of managing what we have before us. It is important to recognise that the current system delivers distinct content on channel 3 for the devolved nations. In a Welsh context, as you said, we deliver four hours of national news and

90 minutes of programmes. That is very distinct from the licences in England. In terms of accountability, I am very comfortable in having that dialogue with the Assembly. Broadcasting is not a devolved issue, but I am very aware of the fact that it is an important issue in Wales and I am aware of the important role that ITV plays in the Welsh media landscape. So, I am very comfortable having conversations such as this, on a formal or an informal level. It is about working with the structures that you have and understanding the direction of travel—there is a clear direction of travel. Our programming and the way in which we organise ourselves absolutely says that we understand the differences in Wales compared with 10 years ago. We see that every single night on the screen in our coverage of events here and with our specialist correspondents in health, education and so on. As Huw and Rhodri have said, regarding the impact of devolution, and whether broadcasting should be a devolved matter, that is really a question for you. In answer to the question of whether we make things work with the structures that we have, I think that we do.

1.00 p.m.

[31] **Kenneth Skates:** May I come back on something that you said, Rhodri? I note that you are taking on more journalists to cover various areas, and there is a pledge to increase political coverage in the news. However, you will be losing *am.pm*, and *Dragon's Eye* will be transferred—

[32] **Mr Davies:** Perhaps I can clarify what has happened. All parts of BBC Wales's output will be facing efficiency savings over the next five years—there is no part of our output that is exempt. However, in terms of protecting priority areas, news is facing the lowest savings challenge of any programming area, and we have made clear that our expectation in terms of investment in political output is that it will be maintained. I suspect that it will actually increase, but we have said publicly that it will certainly be maintained.

[33] As with any broadcasting service, the nature of the output evolves—among a number of examples, we have decided that *Dragon's Eye* will come to an end next summer, and a new programme with politics at its heart will launch in the autumn, produced by the independent sector. Clearly, that has a staffing implication, but in terms of BBC Wales's investment in journalism, it is absolutely maintained. As far as *am.pm* is concerned, we have announced that the Wednesday edition will come to an end next year, but the Tuesday edition will continue. The simple reason for that is that, when we look at our savings, what we have tried to do in a whole range of areas is protect our peak-time services, so in a number of examples—and it is true of current affairs programmes on the radio, as well—it is about moving resource from times of the day when there are very low levels of viewing to improve the impact of our peak-time services. So, the Wednesday edition of *am.pm*, and, frankly, the review that we are doing of the spring conferences coverage, are examples of where we are questioning our off-peak output, partly in order to protect those parts of the schedule that really deliver the impact with audiences. However, there is absolutely no question of BBC Wales in any sense withdrawing its commitment to political coverage. We will in fact be bringing in two additional daily reporters for politics, which will enable our political faces to have a more consistent relationship with individual services and stations. I think that we will see significant benefits, but clearly there are changes, as there would be even if there were no savings—editorial changes from year to year always happen. That is just a normal process of editorial review.

[34] **Kenneth Skates:** Do you believe that user-generated content through platforms such as YouTube, blogs and social media can be used to plug gaps in the mainstream media in covering Welsh politics and culture, particularly from a journalistic perspective?

[35] **Mr Davies:** I can give a view. I think that the blogosphere in Wales was an important addition to political discourse and debate, and that is to be encouraged. My personal view is that it is additive—I do not think that it will ever replace the importance of authored, impartial

editorial coverage of our political institutions and political issues. Do I think that YouTube could ever play a role in replacing mainstream coverage? I doubt it. It has a role, but it is an inconsistent experience for audiences, it is inconsistent in quality, and interestingly, what we have seen over the last five or six years is that while there has been substantial growth in the use of digital platforms and services like YouTube, radio and television audiences are at all-time highs. What we have seen is that these technologies are largely additive and complementary rather than substituting traditional services.

[36] **Mr Henfrey:** In some ways, you can look at television as the lifeblood of social media, as Rhodri alluded to. Something like a billion tweets have been sent in Britain, and their focus is television. Having said that, are there things that we can learn from social media? There are, absolutely. As we are looking to the new web service in Wales and across the UK, we are looking at that sense of people being always connected, and how that changes things. The broadcast is always on transmit mode, and social media enables a more two-way interaction, which is very exciting. From a broadcasting point of view, when Ofcom, say, asks the question, ‘Who do you trust?’, the broadcasters come out on top by a massive margin, compared with the internet, or even newspapers. Why is that? It is because we are regulated in a way that requires us to be accurate and impartial. An exciting prospect, if we have the regulatory certainty that we are asking for is, would be to invest in the future, taking those values of broadcasting into the digital world, so that consumers can get an ITV brand that they trust and they know is going to be impartial, and get it online when they want it so that they can interact with it. That is a really exciting promise for the future. The policy levers to try to achieve that are here: it is a question of whether we can grasp the prize.

[37] **Mr Jones:** Nid pwynt newyddiadurol yw hwn, ond pwynt ynglŷn â photensial creadigol YouTube mewn perthynas â'r iaith Gymraeg. Mae diffyg deunydd Cymraeg ar YouTube ac un o'r heriau i ni yw gweithio allan sut i ryddhau mynediad i bethau y mae S4C wedi'u comisiynu dros y blynyddoedd er mwyn iddynt gael eu defnyddio'n greadigol gan y gymuned ar-lein. Mae problemau hawlfraint ar hyn o bryd, ac mae'n rhaid inni fynd i'r afael â hwy er mwyn i'r cyfrwng hwn fod yn gartrefol â'r Gymraeg.

Mr Jones: This is not a journalistic point, but rather a separate point regarding the creative potential of YouTube in relation to the Welsh language. There is a lack of Welsh-language material on YouTube and one of the challenges that we face is to work out how to release access to material that S4C has commissioned over the years so that it can be used creatively by the online community. There are copyright problems at the moment, and we must tackle them so that this medium can sit comfortably with the Welsh language.

[38] **Kenneth Skates:** We will now move on to talk about the technological infrastructure that serves Wales. What should the priorities be as regards strengthening that base? Terry, could you start with your views on that?

[39] **Mr Mann:** Someone has to make a decision about digital radio and grasp the nettle. All the commentators are saying that digital audio broadcasting is out of date before it has gone on the air, which is not helpful. The BBC is totally committed to the DAB roll-out, and has been leading on that, and has been since it was invented, which is commendable. Last week, the BBC said that it was going to bring DAB—and presumably the UK national networks—to communities of 5,000 and more. There would be quite a few communities in Wales that would not be big enough to qualify, and it is an enormously bumpy place, which makes it difficult. DAB is not a total solution, however you re-engineer it—even if you squeeze more channels onto it by changing the coding and take a hit on 2 million or 3 million sets becoming redundant during the switchover period. Unless that happens, it is going to die, because there are not enough channels available in the large UK conurbations. Even if there were a policy of allowing stations, such as mine, to participate for nothing, or for a pound a year, just to encourage us to be on DAB—the transmitter footprints do not match, but assuming I could do that—there probably would not be enough channels in the Cardiff area to

get us all on anyway, and we are not a congested market compared with many of the English markets in bigger cities. Therefore, DAB definitely needs to be upgraded to DAB+ somehow, a bit like HD has been added suddenly to the Freeview specification at the last minute, taking away a complete multiplex to do it. Somebody had the right idea that the medium would probably be redundant before it finished rolling out in London—because London will be the last place to be converted, or among the last, next year. We take it for granted that we have Freeview. We have worked out how to do it and pioneered it about a year ago, so it is old hat to us, but the entire UK has not converted and London is yet to do so, but that is a much easier fix than radio.

[40] The BBC has experimented with digital radio mondiale. It is an individual radio station system, so you can add a digital signal on a different frequency to the existing station signal. My station owns a small, 100 W, FM transmitter, overlooking Pontypridd on a farmer's land. More of the spectrum will become available when the BBC goes to DAB—although there is an issue as regards how much of the BBC in Wales should be forced to go to DAB only in 2015, because a lot of places will not be covered if that happens. There may even be a case for strengthening the FM coverage of Radio Wales, for example, despite the DAB roll-out, because Wales is a different kettle of fish. DAB is not going to work unless it is modified and DRM is potentially a technology that we could all use because it is like an identical transmitter set-up really, except that it broadcasts a stereo digital signal. However, it broadcasts just one signal and it is your signal. You could put it on your existing mast, albeit on a different wavelength. When FM frequencies become available, when the big stations move to DAB—if that happens, in 2015 or thereabouts—some of the FM band could be reallocated to DRM transmission of local radio. My suspicion is that the UK Government will probably want to save some of it and sell it to taxi firms and other people who would love to use it, because it is a great wave band to be on if you are using a two-way radio. However, the other bit could be kept for local, community and commercial radio. Actually, there is a third way, and that is to make more spectrum available for small-scale radio on FM, but also make some available for digital conversion.

[41] The question is whether, by 2015, the whole world will have moved to smart devices as the method of delivery. I suspect that all of us are trying to second-guess this one, because the age of 'we broadcast, you listen' has gone. Potentially, as soon as the internet was invented that could have gone, but now it actually has gone. We transmit on the internet courtesy of the University of Glamorgan, which relays our programmes, and we have listeners all over the place who listen on smart phones. I am wondering whether I will ever need to convert to digital and whether FM and smart phones will be my future broadcasting medium.

[42] **Kenneth Skates:** Do any of the TV broadcasters have a view on this?

[43] **Mr Davies:** On radio? [*Laughter.*]

[44] **Kenneth Skates:** No.

[45] **Mr Davies:** I do have a view on radio.

[46] **Kenneth Skates:** You can talk about radio if you want, but I am thinking specifically about the technology infrastructure in Wales.

[47] **Mr Davies:** I endorse much of what has just been said. Clearly, the DAB issues in Wales are quite distinctive, particularly for the BBC in terms of the lack of commercial multiplex availability for Radio Wales and Radio Cymru. It may well be that DAB+ offers part of the solution to tackling that. Your suggestion that we should extend FM coverage of Radio Wales is one that we have already accepted. We have announced that we are going to extend FM coverage of Radio Wales at Christmas. It is probably the first FM extension within

the BBC for quite some time, so that 200,000 potential listeners in south-east Wales can receive Radio Wales in FM for the first time. If nothing else, that symbolises the difficulty we are having in cracking the DAB nut.

[48] With regard to infrastructure, the quality and coverage of fixed broadband and, increasingly, mobile broadband are key public policy issues for Wales. In particular, mobile delivery of broadband and smart phone penetration in Wales and across the UK mean that there is a very different relationship growing up between traditional broadcasters and the end user. Where I would differ in my view is that I do not think it means the end of the old relationships. Traditional radio listening is still hugely popular, as is traditional television viewing. However, what you see among a certain significant proportion of the population is that, on top of that, they have very high expectations in terms of the delivery of much more on-demand as-you-go mobile content, and we have to meet those expectations.

[49] I have two other points to make, if I may. First, in thinking about a communications Bill, there is scope to look at why the public service broadcasters are paying platform operators such significant amounts of money that could be invested in content simply for carriage on those systems, when, by and large, these channels are the ones that drive most of that platform's viewing and offer the most value. That is a significant amount of money, certainly in the BBC's case, and I suspect in the case of S4C as well, that could be diverted straight into content investment.

[50] My second point is related to mobile technology and all the new devices and platforms. The access and prominence of Welsh public services on those new technologies is a critical issue. One of the reasons BBC Wales and S4C have been so effective in reaching audiences over so many years is the prominence of those services in traditional analogue forms. We need to ensure that that same access and prominence is maintained on emerging platforms.

[51] **Kenneth Skates:** Peter, can you take up the next stage with regard to a communications Bill?

[52] **Peter Black:** Yes, I was going to come to that anyway, because that is the next big challenge in broadcasting terms. What would be your priorities from a communications Bill? Rhodri, you have already outlined a couple of things, but perhaps the rest of you could set out some priorities as well.

[53] **Mr Henfrey:** Our priority is licence renewal and the continuation of the services we provide in Wales at a price that makes it affordable and sustainable. That is absolutely my priority as I sit here. Licence renewal is the key public policy priority.

1.15 p.m.

[54] **Mr Jones:** Mae'n gyfle i ni gael trafodaeth ynglŷn ag a yw cylch gwaith statudol presennol S4C yn briodol ar gyfer yr oes aml-gyfyngol ddigidol i roi hawl clir i ni fod yn flaengar yn y maes cyfryngau newydd. I'r graddau bydd ein dull ariannu wedi ei newid gan y Bil Cyrff Cyhoeddus, sy'n mynd drwy'r Senedd ar hyn o bryd, mae'n gyfle i ni ystyried sut y byddai modd, yn y Ddeddf nesaf, i roi sicrwydd yn ôl ynglŷn â'r dyfodol pellach. Mae hynny yn mynd i fod yn drafodaeth ddiddorol yng nghyd-destun y cytundeb newydd yr ydym wedi ei gael gyda'r BBC, ond mae'n briodol i ystyried beth yw sail statudol gyllidol S4C. Mae lle hefyd i ddadlau bod ein gweithgareddau masnachol yn gallu bod yn rhydd o rai cyfyngiadau sydd yn bodoli ar hyn o bryd ynglŷn â beth gawn ni wneud a beth na chawn ni wneud.

Mr Jones: It is an opportunity for us to have a discussion about whether S4C's current statutory remit is appropriate for the multi-media digital age to give us a clear right to be innovative in the field of new media. To the extent that our method of funding will be changed by the Public Bodies Bill, which is going through Parliament at present, it is an opportunity for us to consider how, in the next Act, we can restore certainty about the more distant future. That will be an interesting discussion in the context of our new agreement with the BBC, but it is appropriate to consider what the statutory financial basis of S4C is. There is also room to argue that our commercial activities can be free of some restrictions that exist at present in terms of what we can and cannot do.

[55] **Mr Mann:** In terms of community radio and speaking for myself and GTfm, the regulator, Ofcom, has some sympathy with the deregulation of community radio. I do not mean that the deregulation of commercial radio has led largely to local radio disappearing. It is not that. We are over regulated, which Ofcom accepts, largely because of the lobbying of the commercial sector when we were set up. There was a degree of protectionism, which you can understand, especially in small-scale commercial areas such as Pembrokeshire, for example. The licensee is a commercial radio station running a local radio service and it is protected from any community station setting up and charging for advertising. If you wanted to set up a community station in Pembrokeshire, you would be allowed to do so under Ofcom rules, but you would not be allowed to accept any kind of advertising or sponsorship revenue.

[56] I have some sympathy with that, because I have set up a number of small-sized commercial stations. You cannot get grants and you live and die on your income. However, in areas where there is not a large overlap with a struggling small-scale commercial station, then stations such as ours should not have the 50 per cent rule. At the moment, only 50 per cent of our income, in any given year, can come from one particular source. Advertising and sponsorship is one source for the purposes of the Act. At the moment, we are nowhere near 50 per cent. Probably about 35 per cent of our income comes from advertising, sponsorship and commercial activities, but, because they are all in one pot, there is the potential for that in our business plan. We are trying to become more self-reliant, as much as possible, without reinventing commercial radio. We are trying to live on our own wits a bit more, rather than asking for handouts from Government, local government or whatever. I can see a situation developing in which the 50 per cent rule could be a problem. Ofcom is already being creative with people who have that certain problem by using volunteer hours as a bartering chip. However, it would be nice if the regulation in the next communications Act deregulated those aspects of community radio regulation that the regulator accepts are heavy handed.

[57] **Peter Black:** The UK Government has already announced that it intends to take a deregulatory approach in the communications Bill that will focus on economic growth and on making the UK content industry competitive globally. Obviously, you would be in favour of that. Do other witnesses think that that approach is suitable for Welsh circumstances?

[58] **Mr Davies:** I think that broadcast and content creation are a strong economic success story both in Wales and across the UK. However, you need to ensure, and this is a personal

view, that in any new communications Act the public service dimensions of broadcasting are not lost. So, yes, we should be promoting effective competition, investment and innovation but universal access to major public service broadcasters and content is just as critical. We need to ensure that we do not lose sight of that in the deregulatory theme that is emerging.

[59] **Mr Henfrey:** From our perspective we probably work in one of the most heavily regulated industries. ITV is probably one of the most heavily regulated companies in Britain. Is that conducive to commercial success? Not necessarily. We have been talking for the first half an hour about uncertainty and an uncertain future caused by structural changes in the marketplace, changing behaviours and new ways of getting, contributing and creating content. In that environment, I think that you regulate at your peril. At the moment, the current regulatory regime sits behind where the marketplace is, and there is a real danger that, if you approach this from the perspective of regulating the market, that will also constrain the market. The issue for policymakers is how they create a regulatory regime that enables commercial companies to make the best of the uncertainty, that frees them to exploit the opportunities that quite clearly exist and that gives them the fleetness of foot to adapt and react when things inevitably change, while, at the same time, balancing that, as Rhodri is saying, with public purposes and so on. The universality of what the three broadcasters in Wales supply is very important.

[60] I keep coming back to the licence—it is my theme—but that sort of certainty gives universality: everyone knows what they have, and it gives us a base from which to work to exploit the opportunities that come forward. However, the more regulation there is, in my experience, the less that you are able to do that as a commercial company.

[61] **Kenneth Skates:** I will bring Bethan in here.

[62] **Bethan Jenkins:** Yr wyf am ofyn cwestiwn ynglŷn â'r cwotâu sydd yn dod allan o Lundain. A ydych yn meddwl y bydd hynny'n newid mewn unrhyw fodd gyda'r Bil newydd? Yr wyf wedi clywed rhai cwmnïau annibynnol, er enghraifft, yn dweud y dylent fod yn gwtâu rhanbarthol yn hytrach na chwotâu o Lundain er mwyn newid eu ffocws. A yw hynny'n rhywbeth sy'n eich poeni? Yn ogystal, ynglŷn â radio a dadreoleiddio, mae problemau mawr yn bodoli ar hyn o bryd lle mae diffyg darpariaeth drwy gyfrwng y Gymraeg ar radio masnachol. A fydd hynny'n cael ei fygwth os bydd dadreoleiddio yn y sector hwn?

Bethan Jenkins: I want to ask a question in relation to the quotas that are coming out from London. Do you think that the new Bill will change the situation to any extent? I have heard some independent companies, for example, saying that they should be regional quotas rather than quotas from London in order to change their focus. Is that something that concerns you? In addition, in relation to radio and deregulation, there are great problems at present where there is a lack of Welsh-language provision on commercial radio. Will that be threatened if there is deregulation in this sector?

[63] **Mr Mann:** May I take up the point about radio? As someone who has spent most of their career in commercial radio, which now wants to call itself commercial radio, I was probably the only person in it who was happier when it was called independent local radio, because of the public service commitment. That is why I have jumped ship for the third time and moved over to community radio, because it is genuinely local radio and public service is at the top of the agenda. It would be fair to say that the commercial radio sector has lobbied for 20 or 30 years for deregulation. I regret the fact that it does not feel that operating real local radio stations in local communities is something that it wants to do. That is due to market forces, I suppose.

[64] Should there be some regulation that requires stations in Wales to broadcast in the

Welsh language? Yes, I think that there should be. We run a community station in Pontypridd. It is a largely English-speaking area, but, like everywhere else, it has a vibrant Welsh-learning scene. I find it really encouraging, from what is an outsider's point of view, to some degree, because I was brought up in England, but my auntie is Welsh and comes from Upper Boat, which is down the road from the radio station that I now run, so it is a small world. However, I find the whole issue of Welsh-language broadcasting to be a lot healthier than it was in 1974 when I was helping to set up Swansea Sound, when the regulator said, 'You will have at least 8 per cent of your output in Welsh'. That was the Gwendraeth valley effect; it was not for the city so much as the hinterland behind it. It was a regulatory requirement. We over-provided; we provided daytime news bulletins, headline bulletins and a number of other things in Welsh voluntarily. They were well received, because it was an active use of the language rather than just satisfying the commitment. At our station in Pontypridd, we have increased our dedicated Welsh-language output hours from four to six a week in the last year or two, because volunteers have come along who are bilingual youngsters in school who speak Welsh well and want to speak it outside school.

[65] As to whether there should be a restriction that forces people to transmit in the Welsh language, I do not know. In television, things are rather different, because we have S4C. With radio, my personal view is that there should be a requirement for some Welsh-language output or something that encourages the take-up of Welsh in Welsh-speaking areas, or even Wales as a whole. That is a personal view, though.

[66] **Kenneth Skates:** I am conscious that our time is passing quickly, so I politely ask witnesses to be as precise as possible in their answers.

[67] **Mr Jones:** Yn fy marn i, mae cwotâu yn gweithio. Yr oeddwn yn darllen adroddiad Channel 4 y diwrnod o'r blaen, ac mae'n cynnwys cyfeiriad at y ffaith bod cyfresi penodol wedi'u comisiynu er mwyn cyrraedd ei thargedau ar gyfer yr Alban, Gogledd Iwerddon a Chymru. Yr wyf yn clywed gan gynhyrchwyr annibynnol bod y gyriant hwn mewn cwotâu a thargedau yn arwain at waith ac at ddrysau yn agor na fyddai wedi eu hagor fel arall. Hyd yn oed os nad ydynt yn gwotâu, mae'r holl deimlad o reidrwydd neu ddyletswydd yn arwain at bethau yn digwydd. Mae'r BBC wedi bod yn flaengar iawn yng ngogledd Lloegr, ac yn awr, yn y pentref drama yng Nghymru, gwelwn effaith y canfyddiad hwn mai dim rhywbeth i Lundain yn unig yw'r diwydiant teledu.

Mr Jones: In my opinion, quotas are working. I was reading a Channel 4 report the other day, and it includes a reference to the fact that specific series have been commissioned in order to meet its targets for Scotland, Northern Ireland and Wales. I hear from independent producers that the drive in quotas and targets leads to work and doors opening that would not otherwise have opened. Even if they are not quotas, the whole feeling of necessity or duty leads to things happening. The BBC has been very innovative in northern England, and now, in the drama village in Wales, we see the impact of this perception that the television industry is not just something for London.

[68] Hoffwn gyfeirio at un peth penodol am reoleiddio yng Nghymru ac am farchnad rydd mewn cysylliad â'r Gymraeg. Mae'r ffaith bod S4C wedi gollwng yr hawliau i'w rhaglenni i'r sector annibynnol yn beth da, mewn ffordd, o ran sbarduno cynhyrchwyr annibynnol i feddwl yn fasnachol. Fodd bynnag, oni bai eu bod yn defnyddio'r hawliau hynny i ecsbloetio y tu allan i S4C, mae problem, oherwydd ni all y deunydd hwnnw gael ei ecsbloetio gan S4C ar bethau

I would like to refer to one specific thing about regulation in Wales and a free market in relation to the Welsh language. The fact that S4C has released the rights to its programmes to the independent sector is a good thing, in a way, in encouraging independent producers to think commercially. However, unless they make use of those rights to exploit outside of S4C, there is a problem, because that material cannot be exploited by S4C on things such as

fel YouTube er budd diwylliannol y Gymraeg. Mater o drafodaeth yw, efallai, i lacio'r telerau masnach presennol fel ein bod yn gallu sicrhau nad yw rhaglenni yn cael eu rhewi mewn rhyw gwpwrdd yn rhywle, ond eu bod yn mynd allan, yn ogystal â sicrhau bod cynhyrchwyr yn parhau i allu ecsbloetio hawliau rhyngwladol lle mae gwerth iddynt.

YouTube for the cultural benefit of the Welsh language. This is matter for discussion, perhaps, to loosen up the current commercial terms so that we can ensure that programmes are not frozen in some cupboard somewhere, but go out, as well as ensuring that producers can continue to exploit international rights where they have a value.

[69] **Peter Black:** You have already said that greater devolution of broadcasting is down to us and not down to you. A number of previous witnesses have talked about the Government's frameworks for public service broadcasting needing to better reflect the devolution settlement. I note that, in the settlement for S4C, the Welsh Government will be involved in appointing members of the board. What further changes do you think may improve accountability in terms of the Welsh Government and the Assembly for broadcasting in Wales?

[70] **Mr Davies:** I am going to be pretty tentative in my answer, because this really is not a matter for the BBC management. If anyone were to comment on this, it would be the BBC Trust. I echo what Huw said earlier, namely that there are legal and statutory lines of accountability, but, certainly over the last 10 years, BBC Wales has always stood ready to speak with the Assembly and the Welsh Government and to contribute actively to the debate on broadcasting. Where that might lead with regard to Government policy on the devolution of broadcasting is for others to judge.

[71] **Mr Jones:** Un peth yr hoffwn ei ychwanegu yw y byddai'n fuddiol i ganfod beth y mae'r rheiny sy'n galw am ddatganoli darlledu wir eisiau ei gyflawni. Beth yw'r canlyniadau yr ydym yn chwilio amdanynt? Os nad yw datganoli yn digwydd dros nos, pa ffyrdd eraill sydd ar gael i sicrhau'r canlyniadau hynny fel ein bod yn gweithio'n adeiladol i sicrhau bod cyfraniad darlledwyr i fywyd cyhoeddus Cymru mor effeithiol â phosibl, a bod y teimlad hwn o atebolrwydd—hyd yn oed os nad yw'n atebolrwydd statudol—yn weithredol real.

Mr Jones: One thing that I would like to add is that it would be beneficial to work out what exactly those calling for the devolution of broadcasting want to achieve. What are the outcomes that we are looking for? If devolution does not happen overnight, what other methods are there to secure those outcomes so that we work constructively to ensure that the contribution of broadcasters to Welsh public life is as effective as possible, and that that feeling of accountability—even if it is not statutory accountability—is functionally real.

[72] **Bethan Jenkins:** Pe baech yn gofyn y cwestiwn yn ôl i ni, gyda phobl yn yr Adran Diwylliant, y Cyfryngau a Chwaraeon yn Llundain yn gwneud penderfyniadau dros ddyfodol sianel iaith Gymraeg, byddwn i'n cefnogi datganoli oherwydd o leiaf wedyn bydd y pŵer dros ein sianel Gymraeg yn llwyr gyda Gweinidogion o Gymru sy'n deall y system yn llawer gwell na mae Jeremy Hunt yn ceisio—neu nid yn ceisio—deall y sefyllfa. Dyna lle y byddwn i'n credu y byddai gan S4C ddiddordeb o ran datganoli darlledu.

Bethan Jenkins: If you were to ask the question back to us, with people in the Department for Culture, Media and Sport in London making decisions over the future of a Welsh-language channel, I would support devolution because at least then the power over our Welsh-language channel would lie completely with Ministers from Wales who understand the system much better than Jeremy Hunt is trying—or not trying—to understand the situation. That is where I would think that S4C would be interested in the devolution of broadcasting.

1.30 p.m.

[73] **Mr Jones:** Wrth gwrs, mae holl ddarlun S4C wedi cael ei liwio gan yr hyn sydd wedi digwydd yn y flwyddyn ddiwethaf a'r ffaith bod newid ariannol wedi digwydd. Dyna a newidiodd fis Hydref diwethaf, yn fwy na dim byd arall: newidiodd y ffordd y mae S4C yn cael ei hariannu. Mae'r newid hwnnw yn awr yn gweithio drwy'r system. Y cwestiwn yw: pa mor aml y bydd hynny'n digwydd? Dyma'r rheswm y bu imi gyfeirio at y Ddeddf gyfathrebu. Ar hyn o bryd, nid yw darlledu wedi ei ddatganoli, felly yn y Senedd y bydd y drafodaeth ar y ddeddfwriaeth. Gobeithiaf weld sefydlogrwydd o ganlyniad i ddeddfwriaeth a chytundebau tymor hir fel nad yw'r problemau tymor byr yn codi eto.

Mr Jones: Of course, the whole picture with regard to S4C has been coloured by what has happened over the last year and the fact that there has been a financial change. That was what changed last October, more than anything else: there was a change to the way in which S4C is funded. That change is now working its way through the system. The question is: how often will that happen? That is why I referred to the communications Act. At the moment, broadcasting is not devolved, so the discussion on the legislation will take place in Parliament. I hope to see stability as a result of the legislation and long-term contracts so that those short-term problems do not arise again.

[74] **Kenneth Skates:** I would like to move on to discuss new business models.

[75] **Bethan Jenkins:** Hoffwn edrych i'r dyfodol ac edrych am atebion drwy ystyried ffyrdd newydd o weithredu; er enghraifft, drwy sefydlu cwmnïau newydd—efallai gallai'r Llywodraeth roi arian i helpu cwmnïau bach i ymsefydlu. Yr ydym yn ymwybodol bod cwmnïau mawr yn y sector annibynnol wedi tueddu i ennill mwy o gontractau na chwmnïau bach. A oes modelau newydd, amlblatfform, y gallwn eu hystyried yng nghyd-destun ffonau smart, er enghraifft? Yn lle edrych yn ôl, mae angen inni edrych i'r dyfodol a datblygu atebion newydd ac unigryw.

Bethan Jenkins: I would like to look to the future and look for answers by considering new ways of operating; for example, by establishing new companies—perhaps the Government could provide funding to help small companies to become established. We are aware that large companies in the independent sector have tended to secure more contracts than small companies. Are there new, multi-platform models that we could consider in the context of smart phones, for example? Instead of looking back, we need to look to the future and develop new and unique solutions.

[76] **Mr Jones:** Mae hynny'n gwestiwn mawr ac nid yw'n gwestiwn i'r cyfryngau yn unig, ond i ddiwydiant yn gyffredinol. Mae gan bron bob busnes y potensial i ddefnyddio'r cyfryngau newydd i wella'u busnes. Mae cydberthynas rhwng y sgiliau sy'n cael eu meithrin ar gyfer y cyfryngau a'r sgiliau y gellid eu defnyddio mewn busnes yn fwy cyffredinol oherwydd bod cyfathrebu drwy'r cyfryngau newydd mor allweddol i lwyddiant busnes. Yr wyf yn croesawu'n fawr iawn y ffaith bod Llywodraeth Cymru wedi blaenoriaethu'r maes hwn, oherwydd mae potensial ar gyfer twf sylweddol. Mae darlledwyr yn gallu bwydo i mewn i'r broses honno. Cyfeiriais yn gynharach at y gronfa ddigidol; mae cyfle i'r arian hwnnw weithio ochr yn ochr gyda'r arian a ddaw o ganlyniad i gynlluniau Llywodraeth Cymru. Gobeithiaf y gwelwn hynny yn digwydd a gobeithiaf y

Mr Jones: That is a big question and it is not only a question for the media, but for industry in general. Nearly every business has the potential to use new media to improve its business. There is a relationship between the skills that are developed for the media and the skills that can be used in business more generally because communication through new media is vital to the success of businesses. I warmly welcome the fact that the Welsh Government has prioritised this field, because there is potential for considerable growth. Broadcasters can feed into that process. I referred earlier to the digital fund; there is an opportunity for that money to work alongside the money that will be provided as a result of the plans of the Welsh Government. I hope that we will see that happen and I hope that it will be beneficial. With regard to skills, I have

bydd yn fuddiol. O ran sgiliau, yr wyf wedi cyfeirio eisoes at y ffaith bod arian S4C ac arian Ewropeaidd yn darparu buddsoddiad sylweddol iawn mewn sgiliau.

[77] Mae'n rhaid i'r cwmnïau eu hunain ddod o hyd i ffyrdd o ryddhau gallu creadigol. Yn y gorffennol, yr ydym wedi manteisio'n uniongyrchol ar gyfleoedd mewn meysydd newydd—teledu digidol yn benodol—ond yn gynyddol, yr ydym yn gweld budd o ganlyniad i'n buddsoddiad yn y sector annibynnol. Mater i gynhyrchwyr a chwmnïau unigol ydyw i ddod o hyd i'r cyfleoedd hynny.

[78] **Mr Davies:** Mae rôl arbennig i'r BBC yn y fan hon. Mae'n rôl hanesyddol, ond mae'n cynyddu. Bu i'r BBC fuddsoddi yn natblygiad darlledu sain ddigidol, iplayer a gwasanaethau ar-alw. Gobeithiwn weld lansiad YouView flwyddyn nesaf, sy'n ddatblygiad rhyngweithiol. O ganlyniad i sicrwydd ariannol a maint y BBC, mae potensial gennym i greu cyfleoedd i gwmnïau eraill fanteisio arnynt. Gall BBC Cymru wneud mwy i rannu'r arbenigedd a'r wybodaeth sydd gennym o ran datblygiadau yn y farchnad gyda mwy o rhanddeiliaid amlwg. Fel dywedodd Huw, mater i'r cwmnïau eu hunain yw penderfynu sut y maent am fanteisio ar y cyfleoedd hynny.

[79] O ran rôl y Cynulliad a'r Llywodraeth, mae'r buddsoddiad sydd wedi cael ei wneud eisoes o ran band eang sefydlog yn bwysig dros ben ac yn gosod seiliau cadarn ar gyfer datblygu'r farchnad. Mae honno'n rôl allweddol i'r Llywodraeth.

[80] **Mr Henfrey:** Rhodri mentioned the creation of YouView. It is always difficult and dangerous to predict, but, from an ITV perspective, we see the opportunities in that customer to customer relationship. It is about broadening the base of the model. A lot of emphasis in Wales, understandably, is in and around broadcasting. Broadcasting and broadcasters are going through a transition, and, as I have said, we are well-placed to make that transition into this digital environment. To answer the question about what Government can do, in many ways, it is often about Government not being in the way.

[81] **Bethan Jenkins:** Beth yw eich barn am y syniad o deledu lleol? Gwn fod cwmni Telegop yn Abertawe wedi lansio teledu lleol, ond nid yw'n cael arian ar gyfer hwnnw. A fydd hynny o fudd i Gymru? Ar y llaw arall, oherwydd y bydd creu teledu lleol yn golygu cymryd arian o drwydded y BBC,

already referred to the fact that S4C's money and European funding provide a considerable investment in skills.

The companies themselves must discover ways of releasing creative ability. In the past, we have taken direct advantage of opportunities in new areas—particularly digital television—but increasingly, we are seeing that it is as a result of our investment in the independent sector that the benefit is reaped. It is a matter for producers and individual companies to find those opportunities.

Mr Davies: There is a particular role for the BBC in this. It is a historical role, but it is expanding. The BBC invested in digital audio broadcasting, iplayer, and on-demand services. We hope to see the launch of YouView next year, which is an interactive development. Due to the financial security and the size of the BBC, we have the potential to create opportunities for other companies. BBC Wales can do more to share that expertise and information on developments in the market with more key stakeholders. As Huw said, it is a matter for the companies themselves to decide how they will take advantage of those opportunities.

With regard to the role of the Assembly and the Government, the investment that has already been made in fixed broadband is extremely important and provides a solid foundation on which to develop the market. That is a key role for the Government.

Bethan Jenkins: What do you think of the concept of local television? I know that Telegop in Swansea has launched local television, but it does not receive money for that. Will that be of benefit to Wales? On the other hand, given that the creation of local television will take funding from the BBC

a fydd hynny'n gweithio yn erbyn yr hyn yr ydym yn ei wneud yng Nghymru, yn hytrach na'n helpu ni?

[82] **Mr Davies:** Pwy a wŷyr? Yr wyf yn llai sinigaidd am y cynllun hwn nac eraill. Credaf fod y syniad o redeg cynlluniau peilot dros y misoedd a'r blynyddoedd nesaf yn bwysig. Mae union natur y gwasanaeth a'i ddarpariaeth, a sut caiff ei ddosbarthu, i gyd yn gwestiynau agored. Credaf, yn reddfol, y byddai darpariaeth ar-lein efallai'n fwy addas ar gyfer y math hwn o wasanaeth na darpariaeth deledu. Wedi dweud hynny, mae'r BBC yn barod i fuddsoddi £25 miliwn mewn darpariaeth teledu. Serch hynny, yn reddfol, teimlaf y bydd yn fwy tebygol, dros amser, y bydd y math hwn o ddatblygiad yn un ar-lein, yn hytrach na datblygiad darlledu. Fy marn bersonol yw hynny, wrth gwrs.

[83] **Mr Jones:** Yn reddfol, buaswn yn croesawu unrhyw beth sy'n rhyddhau creadigrwydd lleol. Byddai hynny'n ein helpu mewn byd lle mae'r cyfryngau rhyngwladol yn pwysu mor drwm arnom. Felly, mae unrhyw beth sy'n sbarduno creadigrwydd lleol i'w groesawu. Mae cwestiynau mawr ynglŷn â chyllid, megis pa mor bell y bydd yn mynd, ac felly mae'n hollol briodol ac adeiladol i gael cynlluniau peilot, fel ein bod yn dysgu gwersi. Yr ydym ni'n barod i arbrofi ac i greu partneriaethau gyda chyrrff sy'n meddwl bod lle i weithio ar cyd ar hyn. Cawn weld ynghylch hynny.

[84] **Bethan Jenkins:** Ai dyna beth y mae S4C lleol yn ei wneud?

[85] **Mr Jones:** Na, mae S4C lleol yn fodd i greu partneriaethau gyda sefydliadau sy'n gweithio drwy gyfrwng y Gymraeg, megis y papurau bro, er mwyn helpu i ledaenu'r budd a all ddod o hynny. Mae hynny'n waith sy'n mynd rhagddo. Cawn weld sut bydd hynny'n datblygu.

[86] **Janet Finch-Saunders:** How would you describe your relationship with the Welsh Government and what are your views about the way in which the Welsh Government is currently engaging with the media sector and broadcasting organisations in Wales?

[87] **Mr Davies:** I deal regularly with the Welsh Government. I found it constructive on a number of issues, certainly the tangible one of the development of the Roath lock studios. There was a constructive and useful relationship with regard to its understanding of the significance of the project and of its ambition, and its ability to support that aspiration. It was

licence fee, will that work against what we are doing in Wales, instead of assisting us?

Mr Davies: Who knows? I am less cynical about this scheme than others. I think that the idea of conducting pilot schemes over the next few months and years is important. The exact nature of the service and its provision, and how it will be distributed, are all open questions. My gut instinct is that on-line provision would perhaps be more appropriate for this kind of service than television provision. Having said that, the BBC is willing to invest £25 million in the provision of television. However, my gut instinct is that it is more likely that, over time, this sort of development will be an on-line one, rather than a broadcasting one. That is my personal opinion, of course.

Mr Jones: I would instinctively welcome anything that encourages local creativity. That would be of benefit to us, in a world where the international media have such an impact upon us. So, anything that encourages local creativity is to be welcomed. There are huge questions about funding, such as how far the funding would go, and it is therefore entirely appropriate and constructive for there to be pilot schemes, so that we can learn lessons. We are willing to experiment and to create partnerships with organisations that think that there is room for joint working on this. However, we will see about that.

Bethan Jenkins: Is that what S4C local is doing?

Mr Jones: No, S4C local is a means of creating partnerships with organisations that work through the medium of Welsh, such as the *papurau bro*, in order to spread the benefits that can come from that. That is work in progress. We will see how that develops.

very ‘can do’ in that sense. In terms of the broader broadcasting issues, that is more of a work in progress. There are clearly developments going on in Scotland, where there is probably a clearer Government policy agenda with regard to broadcasting. I would say that there is probably less clarity right now in terms of what precisely the Welsh Government’s view is on the appropriate response in Wales.

[88] **Mr Mann:** Our relationship with the Welsh Government has always been very good in Community Radio Wales. The station I have inherited, GTfm, because it was the pioneer of community radio in Wales, enjoyed a good relationship with Jane Davidson, particularly, as our local Assembly Member throughout that period. We developed local news coverage and were one of the few non-BBC broadcasters, S4C excepted—we were certainly one of the very few outlets in the radio sector—to attempt to explain the context of Assembly decisions, laws and policies, how they differ from UK Government decisions, and to help our audience understand who does what. With the referendum, we were very involved in trying to explain the background to it, just to try to get lay people to work out which Government does what. Often, they do not actually know; it is improving, but there is a lot of ignorance about which bit of Government—local government, Welsh Government, or national Government in Westminster—actually does what. Trying to explain that is quite hard, really. We do that and we have received a lot of encouragement from all sorts of aspects of Welsh Government, particularly on the administrative side. Recently, the community radio sector in Wales has been given a network. We did not ask for it, actually—we were given it, and it has been extremely helpful. That computer network enables us to talk to each other on a national intranet, and was pioneered by the Welsh Government to help us, which was a very perceptive thing to do, I thought.

[89] **Janet Finch-Saunders:** We have Tudno FM in Llandudno—a very good community radio station.

[90] **Mr Henfrey:** I would describe the relationship as constructive and positive. It is probably fair to say that the Welsh Government shares our concerns about the regulatory uncertainty that now surrounds the channel 3 licence and, like the Welsh Government, we believe that the licence renewal should be a key priority for the UK Government. I would hope that the Welsh Government would be pressing for that, as we would.

[91] **Mr Jones:** I have referred to some of the mechanisms for partnership that already exist. One thing in particular that I would like to say is that, in the last 12 months, during the debate about S4C’s independence, the Welsh Government has been forthcoming and solid in its contribution, and we welcome that very much. Going forward, it is as much a challenge for us to make sure that we communicate our messages effectively with the Government, bearing in mind that it is a non-devolved area. We want to do that. I met the First Minister two weeks ago, as a catch-up, and that sort of thing will be increasingly important as we move through these next years.

[92] **Janet Finch-Saunders:** Ian Hargreaves saw barriers that he felt were preventing Wales from taking advantage of digital opportunities in the media, including a lack of motivation within companies, a lack of support from broadcasters, and a lack of expert business support from the Welsh Government. Are those valid criticisms?

[93] **Kenneth Skates:** [*Inaudible.*]—if that is okay.

[94] **Mr Jones:** The lack of support for companies to take advantage of digital opportunities, is it?

[95] **Janet Finch-Saunders:** Yes.

[96] **Mr Jones:** I would not think that that is entirely fair. In terms of the funds that we are putting in place now for co-production, for example, although they are not strictly digital only, they have to do with exploiting new opportunities in new markets, and that is something that we are doing over and above our statutory remit. The digital fund is the same. These are resources that have been made available from our commercial reserves, and this is something that we are doing over and above what we have to do. It is a partnership between broadcasters, producers and Government. If it has not been perfect, then we have to find ways of improving it, but these are challenging markets, and there is no easy solution. I am hopeful that our new chief executive, Ian Jones, will be joining us before too long, with international experience of broadcasters who have had to face up to these challenges in many other markets, so I hope that we will be able to take advantage of that expertise.

[97] **Janet Finch-Saunders:** What about the lack of motivation from companies? Does anyone want to come in on that?

[98] **Mr Davies:** I am not quite sure what sits behind that.

[99] **Kenneth Skates:** Essentially, how far along are you in terms of delivering on the recommendations made by Professor Hargreaves?

1.45 p.m.

[100] **Janet Finch-Saunders:** [*Inaudible.*]—the Welsh Government has responded to it. He believes that there has been a lack of support from broadcasters and a lack of motivation from companies, along with a lack of expert business support from the Welsh Government.

[101] **Mr Davies:** Sorry, I am slightly confused, because I am not quite sure whether we are talking about online development or the digital economy in its entirety—that is, broadcasting and all other forms. The trouble is that ‘digital’ is rather a loose word that can apply to all sorts of platforms. If I may, I will answer in a non-broadcasting, interactive, mobile, online sense. There are a number of companies—certainly, Cube Interactive Ltd here in Cardiff—that have done a significant amount of work on the development of the BBC’s UK online services. In Wales, the opportunities in terms of the BBC’s online services are fewer, simply because so much of our investment is focused on journalism, which is managed in-house. However, historically, with the development of the Doctor Who sites and a whole range of other sites, there has been key input from commercial digital producers. I am not sure, however, that that was what Ian was getting at in the report.

[102] **Janet Finch-Saunders:** How do you feel the Welsh Government is responding to Ian Hargreaves’s report?

[103] **Mr Davies:** I would echo what was said earlier. I have certainly found, not in the time that I have been in this role, but from before, that the Welsh Government is showing increasing interest in the development of broadcasting, and an increased understanding of its sectoral value in the wider creative industries, as well as an understanding of the value in investing in infrastructure. I sense among Ministers and in the Government more widely an appetite to capitalise on the strategic potential of the creative industries in Wales. I have only found that to be a positive experience, I have to say.

[104] **Janet Finch-Saunders:** What about the Hargreaves report? Do you feel that the Welsh Government is responding to it in any way?

[105] **Mr Davies:** In the specific elements that relate to BBC Wales, clearly, there were questions in the Hargreaves report on the accountability of BBC Wales and the role of the audience council and the role of the trust. Again, those would be matters for the trust. In terms

of our preparedness to meet with the Government and to share our experience to work collaboratively on sectoral development and training, those are all conversations that are happening. Certainly, there is growing expertise within the Welsh Government in terms of training requirements and investment in the sector. While I suspect that we are not yet at the end of the journey, I have certainly seen a marked difference since Ian's report.

[106] **Mr Henfrey:** I would just make the wider point that the broadcasters are but a small part of the creative industries in Wales. As one of the broadcasters in Wales, I always have been and always will be happy to engage with this report and the people behind it. If we can help and share our expertise in that, we would be absolutely happy to do so.

[107] **Janet Finch-Saunders:** Moving on to media training skills, do you have any views on what the Welsh Government, Skillset Cymru and other organisations are doing in this regard?

[108] **Mr Jones:** I think that Skillset Cymru is doing an excellent job. Of all the skills councils that I have seen, it has been proactive in identifying the needs of Wales. Specifically, as I have referred to previously, the major convergence fund investment that it has secured was achieved on the back of a substantial contribution or investment by S4C in skills, a willingness on the part of S4C to work in partnership with the rest of the industry, and by Teledwyr Annibynnol Cymru and its members, who have made an entirely voluntary contribution to this scheme. I cannot remember how many millions it is worth over four years, but it is a very substantial sum. It has been very effective in working out what it should be spent on, and it has taken a broad view based on international needs and specific Welsh needs, with consideration of the short-term and the long-term needs. So, I am very supportive of Skillset Cymru. I should declare an interest as I was its Chair in Wales some time ago. However, it is good news.

[109] **Mr Davies:** I echo that. BBC Wales is also firmly embedded in Skillset and work closely with it in shaping the training agenda. We refer in our evidence to a new initiative that we have just launched, called apprenticeships in creative and digital media, where 24 apprentices will receive on-the-job training, formal training and 12-month placements in BBC Wales and with the independent sector. The value of Skillset is the way that it looks at the interdependencies across the sector. So, rather than having training specifically in the BBC or with the independent sector, we give people a range of experiences across different types of organisations so that they get that breadth of experience on the job.

[110] **Kenneth Skates:** On training, I note from the submission that one of the interesting aspects was the mention of a single media centre for Wales, and the talk of a hub, which sounds like it could have massive potential to draw skills providers, independent producers and other broadcasters together. Is it viable? If it is viable, how desirable is it?

[111] **Mr Davies:** I do not know whether it is viable. To explain the context, the technology infrastructure at BBC Wales is in a pretty desperate state and requires tens of millions of pounds of new investment over the next period. So, that is the context in which we are looking at what our premises and technology needs are. In parallel with that, there is the ongoing discussion with S4C as to whether there are opportunities for back-office collaboration to try to reduce running costs and prioritise investment in content. Clearly, there are potentially other partners within the sector who might be interested in creating a single media centre. So, rather than having duplicative technology practices spread across Cardiff or elsewhere, you converge them on a single site. As you say, the collaborative benefits of that, in terms of training, ideas and potentially co-commissioning in the future, would be significant. However, it will only happen through a partnership approach. I am thinking of the days when the BBC would throw up enormous new citadels, but, in this climate, the availability of capital is tight.

[112] **Kenneth Skates:** Who are the key partnership providers?

[113] **Mr Davies:** The model in Salford is different to previous projects the BBC has undertaken, because rather than it being a stand-alone BBC site, the university, ITV, and a whole range of smaller independent companies and facility providers are there. That type of integrated creative community is more of a sustainable model than a BBC centre. I hope that we can approach this in a collaborative way.

[114] **Kenneth Skates:** Is there potential to have more than one hub? Could you have two hubs in Wales, or is there not a market or a base for that?

[115] **Mr Davies:** Clearly, we need investment across Wales, but, the benefits of having some level of co-location and community around one location—a significant cluster, or a significant hub—realistically, in this current climate, and through to 2017-18, cannot be underestimated.

[116] **Bethan Jenkins:** Mae gen i ddau gwestiwn, un i ITV ac un i'r BBC ar bethau hollol wahanol. Mae llawer o straeon yn y newyddion wedi bod ynglŷn â'r cysyniad newydd o awr o newyddion ITN, 20 munud o newyddion Cymraeg a 15 munud o newyddion rhyngwladol. Beth yw eich mewnbwn i'r broses hon? A gawsoch chi fynegi barn ynglŷn â pha fath o raglen ddylai honno fod? Os felly, beth odd eich barn am hynny?

Bethan Jenkins: I have two questions, one for ITV and the other for the BBC on completely different things. There have been many stories in the news in relation to this new concept of a news hour on ITN, 20 minutes of Welsh news and 15 minutes of international news. Can you explain your input into this process? Have you expressed an opinion on what kind of programme this should be? If you have, what was your opinion on that?

[117] **Mr Henfrey:** We should never shy away from trying to do things better. It is an editorial review, and it is about creativity. It is not about asking the question of what we should or should not do with our news programme between 6 p.m. and 7 p.m. We are asking how we can do it best, how we can best compete and how we can best reach people, given the changes in user behaviour, and so on. That is the foundation for it. There is nothing to be overly concerned about, as this takes place all the time with programmes.

[118] Regarding where we are in the process, we have put together some pilot programmes, which we have looked at, and we will continue to make more pilot programmes. No decisions have been taken. If you are asking whether the end outcome will be a distinctive programme from its English counterpart, if I can put it that way, the answer is 'yes'. Whether that is something that I am fighting for—I use the word 'fighting', but it is not a battle; it is a given. This is all about creating a national programme for Wales that sits in the 6 p.m. to 7 p.m. slot that has an impact, reach and relevance. Those are the guiding factors that sit behind all of this.

[119] So, no decisions have been taken, and were certain decisions to be taken, they may well need regulatory approval as well. So, we are a long way from that sort of process.

[120] **Bethan Jenkins:** Is there a timeline for making a decision on this?

[121] **Mr Henfrey:** We are looking to make a decision this side of Christmas about what form that hour might take. However, there are also powerful reasons to keep it as it is—it is not a failed hour by any stretch of the imagination. You make changes often at your peril, as other programmes might have seen. So, it is about striking a balance between competing pressures, and I can say unequivocally that we will end up with a programme of which Wales

can be proud and that is distinctive from what goes out in the English regions.

[122] **Bethan Jenkins:** Dyma fy nghwestiwn olaf, gan fy mod yn cymryd llawer o amser. Codais y cwestiwn hwn yn nadl diweddar Plaid Cymru am ddarlledu. Clywsom gan reolwr BBC Cernyw ei bod yn edrych ar yr arian y mae Radio Cymru yn ei gael o gymharu ag arian radio Cernyw. Felly, a fydd y toriadau yn golygu y bydd adrannau'r BBC yn cael eu gosod yn erbyn ei gilydd? Beth yw eich barn am y dyfodol, pan fydd mwy o gyllidebau yn cael eu torri yn anochel oherwydd yr hinsawdd ariannol, ac am y ffaith y gallai hynny greu tensiynau o fewn y BBC?

Bethan Jenkins: This is my final question as I am talking up a lot of time. I raised this question in Plaid Cymru's recent debate on broadcasting. We heard from the controller of BBC Cornwall that she is looking at the funding that Radio Cymru receives compared with the money for Radio Cornwall. Therefore, will the cuts mean that BBC departments will be set against each other? What is your thinking on the future, when more budgets will inevitably be cut because of the financial climate, and on the fact that this could create tensions within the BBC?

[123] **Mr Davies:** Efallai ei bod yn anochel yn yr hinsawdd sydd ohoni fod rhai tensiynau mewnol rhwng gwahanol adrannau a gwahanol rannau o Brydain. Penderfynodd y BBC yn fwriadol i beidio â chynnal rhyw fath o 'salami-slicing', ac yr oedd llawer o bendroni ynglŷn â sut y byddai arbedion yn gweithio mewn gwahanol fannau. Yn amlwg, mae gan radio lleol yn Lloegr lai o arian na gwasanaethau cenedlaethol. Mae rhesymau cwbl synhwyrol pam mae felly y mae. Mae rôl a natur gwasanaethau cenedlaethol yn wahanol gan fod ganddynt ystod eang o raglenni o safbwynt eu ffurf a'u categori. Mae'r rheini'n fwy costus, ac felly mae mwy o fuddsoddiad yn y newyddiaduraeth. Felly, mae'n amlwg pam byddai gwahaniaeth yn y cyllid.

Mr Davies: Perhaps it is inevitable in the current climate that there are some internal tensions between different departments and different parts of Britain. The BBC deliberately decided not to undertake any salami-slicing, and there was much deliberation over how savings would work in different areas. Local radio in England obviously has less money than national services. There are completely logical reasons why that is the case. The role and nature of national services are different as they have a wide range of formats and categories of programmes. These are more costly, and therefore there is more investment in the journalism. So, the reasons for a difference in the budget are obvious.

[124] Fodd bynnag, mae'n sicr yn gyfnod heriol. Gallaf eistedd yma'n ceisio esbonio blaenoriaethau golygyddol, ond mae'r ansicrwydd ar hyn o bryd i aelodau unigol o staff ledled y BBC yn sylweddol. Mae'n anochel yn yr hinsawdd sydd ohoni y bydd rhai pryderon yn cael eu codi. Efallai y byddem yn gobeithio y byddai pawb yn cadw'n dawel, ond nid wyf yn meddwl fod hynny'n rhesymol yn yr hinsawdd bresennol a chyda'r lefel o ansicrwydd presennol.

However, it is certainly a challenging period. I could sit here and try to explain editorial priorities, but the current high level of uncertainty for individual members of staff across the BBC is substantial. It is inevitable in the current climate that some concerns will be raised. We might perhaps hope that everyone would keep their counsel, but I do not think that that is reasonable given the current climate and the current level of uncertainty.

[125] **Kenneth Skates:** It is now 2 p.m. which is perfect timing. I thank you for attending. You will all receive a transcript of today's meeting to check for accuracy.

*Gohiriwyd y cyfarfod rhwng 2 p.m. a 2.07 p.m.
The meeting adjourned between 2 p.m. and 2.07 p.m.*

[126] **Kenneth Skates:** Good afternoon, gentlemen. Thank you for coming today. This

meeting is conducted bilingually, and you can use your headphones to amplify the sound, on channel 0, or for Welsh-to-English translation, on channel 1. I remind everyone to turn off their mobile phones, because they interfere with the microphones. In the event of a fire alarm, please follow the directions of the ushers. Before we begin, could you all introduce yourselves?

[127] **Mr Geraint:** I am John Geraint, the creative director of Green Bay Media.

[128] **Mr Garlick:** I am Iestyn Garlick, chairman of TAC. I also run an independent production company called Antena.

[129] **Mr Williams:** I am Gareth Williams. I am a TAC council member, and I am also chief executive of a company called Rondo Media.

[130] **Kenneth Skates:** Excellent. We will proceed immediately with the questions. TAC states in its evidence that the independent sector is doing 'fairly well' at present. Bearing in mind the considerable funding cuts that the BBC and S4C will be making to their programmes over the next five years, how optimistic are you about the future of the sector?

[131] **Mr Garlick:** The TAC membership has addressed the cuts, not just over the last year, but over the last years, successfully. There were huge financial problems when S4C decided to go digital before anyone else. We coped with that as a sector, and I believe that we will cope with this as well. However, it will not be easy, and we need to lobby the Department for Culture, Media and Sport to ensure that the £7 million funding that might not be available after 2015 is still available. I am hopeful that the sector will certainly survive and, possibly, flourish.

[132] **Mr Williams:** Os caf ychwanegu at y pwynt hwnnw, yr ydym wedi gweld, ers i'r Athro Hargreaves gyfeirio ato yn ei adroddiad, nifer helaeth o gwmnïau cynhyrchu yng Nghymru yn llwyddo tu hwnt i S4C a thu hwnt i Gymru hefyd. Os oes gennych amynedd i wrando, yr oeddwn yn meddwl ei bod yn werth gwneud rhestr i chi weld peth o'r dystiolaeth hon. Mae gennym gomisiynau newydd gan Channel 4 i Cwmni Da, llwyddiant ysgubol *Rastamouse* i Dinamo—efallai eich bod yn ymwybodol ohono—Green Bay yn gwneud nifer fawr o gynyrchiadau rhyngwladol llwyddiannus, Telesgop yn gwneud rhaglenni dogfen newydd i BBC Four a Channel 4 a dwy gyfres ddrama o *The Indian Doctor* i BBC One gan Rondo. Mae Tinopolis, wrth gwrs, yn cynnwys cwmnïau llwyddiannus megis Mentorn, sy'n gwneud *Question Time* a chynyrchiadau Karl Pilkington. Mae Boomerang wedi gwneud nifer helaeth o gynyrchiadau rhwydwaith yn ddiweddar.

Mr Williams: If I may add to that point, we have seen, since Professor Hargreaves referred to it in his report, a large number of production companies in Wales succeeding beyond S4C and beyond Wales's borders too. If you have the patience to listen, I thought that it was worth drawing up a list for you to see some evidence of this. We have new commissions from Channel 4 for Cwmni Da, the sweeping success of *Rastamouse* for Dinamo—perhaps you are aware of it—Green Bay producing a large number of successful international productions, Telesgop making new documentary programmes for BBC Four and Channel 4 and two drama series of *The Indian Doctor* for the BBC One by Rondo. Tinopolis, of course, includes successful companies such as Mentorn, which makes *Question Time* and Karl Pilkington productions. Boomerang has recently undertaken a vast number of network productions.

[133] Yr ydym yn anghofio, weithiau, yn enwedig gan fod Hargreaves wedi dwyn sylw yn ei adroddiad at orddibyniaeth posibl ar nifer cyfyngedig o ddarlledwyr yng

We tend to forget, especially given that Hargreaves highlighted in his report the possible overdependence on a limited number of broadcasters in Wales, that the sector is

Nghymru, bod y sector bellach yn gweld nifer o lwyddiannau mawr. Wedi dweud hynny, nid oes unrhyw beth o'i le ar gwmnïau sy'n gweld S4C neu BBC Cymru fel eu prif gorff comisiynu. Mae nifer helaeth o gwmnïau yn Lloegr a thu hwnt yn ddibynnol ar gyfran gymharol fach o gyrff comisiynu. I gynhyrchwyr newydd a chyfarwyddwyr ifanc sydd â thân yn eu boliau ac sydd am wneud cynnwys yn y Gymraeg, dyna'r lle naturiol iddynt weithio.

now achieving great successes. Having said that, there is nothing wrong with companies that see S4C or BBC Wales as their main commissioning body. A large number of companies in England and beyond are dependent on a relatively small number of commissioning bodies. For new producers and young directors who have a fire in their belly and who want to make programmes in the Welsh language, that is the natural place for them to work.

[134] Yn naturiol, mae pryder ymysg nifer yn y sector annibynnol am swyddi ar hyn o bryd. Mae hynny'n adlewyrchiad uniongyrchol o sefyllfa ariannu S4C a'i allu i gyflawni nifer o gytundebau craidd ac i fuddsoddi.

Naturally, there is concern at the moment among many in the independent sector with regard to jobs. That is a direct reflection of S4C's funding situation and its ability to secure a number of core contracts and to invest.

[135] Y pwynt olaf yr wyf am ei wneud yw pa mor allweddol y bu'r sector wrth fuddsoddi yn y diwydiant, boed mewn talent, lleoliadau, adnoddau neu'n staff newydd yn datblygu yn y cwmnïau. Felly, mae gennym glwstwr—cyfeiriodd Hargreaves ato fel clwstwr cymharol iach—â photensial i dyfu'n llawer ehangach.

The final point that I want to make is how crucial the sector has been when investing in the industry, whether it is in talent, locations, resources or staff being developed within the companies. So, we have a cluster—Hargreaves referred to it as a relatively healthy cluster—with the potential to grow a great deal more.

[136] **Mr Geraint:** I am going to take a slightly different tack—we are members of TAC after all. I want to issue a challenge to broadcasters, independent companies such as Green Bay, and you as politicians interested in this. There is an enormous amount of truth in what has just been said, but it is unfortunate that we are in a position where, in a sense, we are all trying to manage decline. Would it not be great instead if, as a confident outward-looking nation, we were able to stamp our vision on the media? Would it not be a good thing for Wales to be able to find ways to represent Welsh experience to ourselves, in both of our languages, and outside of Wales, in ways that we are failing to do at the moment?

[137] Green Bay is part of the story that Gareth outlined, and it is not in my interest to negate that. However, there is a crisis. Ten years ago, we had plurality of provision in television and a rounded reflection of Welsh life, not just in journalism and political programmes, but in all aspects that touch upon your constituents' concerns. On ITV Wales, BBC Wales and a well-funded S4C, I think that we have slipped backwards. I do not think that I heard in the previous session real evidence from the broadcasters that they have a vision for what Wales is now, beyond simply reacting to the uncertainties and the structural changes in the marketplace, which we all know about.

[138] **Kenneth Skates:** So, basically, you would accuse the big broadcasters of blanking a vision of where we need to be in 10 years' time. Is that primarily where the problem is?

[139] **Mr Geraint:** I am not accusing anybody. I am saying that we all have a responsibility in this, and, as I said in my paper, I recognise that independent companies have their own responsibilities. We need to challenge ourselves; we have not been good enough, and we need to step up to that plate. There is a challenge to us in Professor Hargreaves's report. The broadcasters must not see it simply as a matter for politicians with regard to the regulatory framework, and then for the independent companies with regard to skills development and

pushing the commercial entrepreneurial approach forward. We are partners in this together, and we must all take responsibility. I think that Professor Hargreaves is telling us that we have not been doing that.

[140] **Kenneth Skates:** Let us talk about some challenges. TAC refers in the paper to the potential proliferation of Wales-originated content of all kinds through online services. This will bring benefits and challenges. Will you expand on what the challenges are?

2.15 p.m.

[141] **Mr Garlick:** As has been previously said, the online issue brings in the linguistic problem that we have. I am not saying that we should ignore it, but it is like when you are in a room with some people who do not speak Welsh; you will naturally speak English, because that is the way to get your message across. That is one of the problems that we have to face with the use of Facebook, YouTube and so on: it is not a medium that is particularly friendly to the use of the Welsh language. I am not saying that you cannot use it, because of course you can—I do it myself to a certain extent, but, being of a certain age, I am not a great one for Twitter. The linguistic problem is one of the greatest challenges, and I have no answer at the moment to how to get over that.

[142] **Mr Williams:** Mae'n allweddol dod o hyd i'r ffyrdd mwyaf effeithiol a chreadigol o gael cyfleoedd newydd i gynhyrchwyr cynnwys, a chynhyrchwyr cynnwys i'r platfformau sydd gennym ar hyn o bryd, lwyddo mewn meysydd ehangach. Mae'r hyn mae John yn cyfeirio ato yn hollol gywir: yr ydym yn edrych ar fframwaith o ostyngiad sylweddol yn yr incwm ar gyfer darlledwyr yng Nghymru, yn ôl ffigurau Ofcom. O ran adroddiad Ofcom, gyda llaw, yr ydym yn sôn am lefelau uchaf gwyllo teledu y pen yng Nghymru. Rhaid cofio'r cyswllt hwnnw. Mae defnyddwyr trwm yng Nghymru o bob math o gynnwys, ac o edrych ar gyfanswm gwariant darlledwyr gwasanaeth cyhoeddus yn gostwng, gydag ITV, y BBC ac S4C hefyd yn edrych ar lefel o ddirywiad, mae'n rhaid inni gymryd ein cyfleoedd ein hunain i ddod o hyd i ffyrdd eraill o ddatblygu ein cynnwys.

Mr Williams: It is crucial that we find the most effective and creative ways of securing new opportunities for content producers, and producers of content for the platforms that we currently have, to succeed in wider areas. What John mentioned is entirely right: we are looking at a framework of significant reduction in the income for broadcasters in Wales, according to the figures that Ofcom released. By the way, the Ofcom report is talking about maximum levels of television viewing per head in Wales. We have to bear that context in mind. We have heavy users of all sorts of content in Wales, and in looking at the reduction in the total expenditure of public service broadcasters, with ITV, the BBC and S4C also looking at a level of decline, we have to take our own chances to find other ways of developing our content.

[143] Mae cyfyngderau, wrth reswm, ar yr hyn sydd ar-lein. Yr oeddech chi, Bethan, yn rhan o fforwm cyfryngau San Steffan yn ddiweddar pan oeddem yn edrych ar deledu lleol. Yr oedd grŵp o bobl yno a oedd yn dadlau ynghylch blaenoriaethau teledu lleol. Mae rheoleiddio, a mynd ati mewn modd teg a chystadleuol i ddod â chyfleoedd masnachol i bobl, yn her fawr. Ond, o fewn y gymuned gynhyrchu yng Nghymru, credaf fod gennym nifer o gwmnïau ac unigolion sy'n barod i'w hwynebu.

There are limitations, of course, on what is available online. Bethan, you were part of the recent Westminster media forum when we looked at local television. There was a group of people there arguing about the priorities for local television. Regulation, and how to go about it in a fair and competitive way that will bring commercial opportunities to people, is a significant challenge. However, I think that, within the production community in Wales, we have a number of companies and individuals who are ready to face it.

[144] **Mr Geraint:** Perhaps it is because I am a natural optimist that I tend to see opportunities where Iestyn sees problems. Green Bay was commissioned by the BBC last year to produce a comprehensive and authoritative history of Wales. We are going from 30,000 years ago right up to the conversation that we are having at this moment. We are making that programme in English only for the BBC. Our presenter, Huw Edwards, is fully bilingual, and almost all of the production team is able to work in Welsh. It is a tragedy, in my eyes, that we are not able to make a Welsh-language version of that series. It is a historic issue, I think, because there has been a view that if something is being made for S4C, it will be made for S4C only, and if it is being made for the BBC, it would not necessarily have a version in Welsh. Looking to the future and to a closer partnership between the BBC and S4C, we must ensure that bilingualism is an advantage for us. When we look abroad, to Europe, people are used to producing programmes and media content in more than one language. It is a very cost-effective way of doing it; there are markets out there that respond to it and we really need to take advantage of those opportunities.

[145] **Mr Williams:** Yn ychwanegol i hynny, o ran y cyfleoedd sy'n amlygu eu hunain o ran yr hyn mae'r darlledwyr yn dweud yw eu blaenoriaethau o ran cynnwys, mae'n rhaid iddynt weithio gyda'i gilydd. Gwelais yn yr adroddiad y bydd y toriad ar gyllideb Radio Cymru yn golygu y bydd yn anodd iawn iddo roi sylw i rywffaint o'r digwyddiadau llai yng Nghymru am ei fod yn gorfod blaenoriaethu digwyddiadau cenedlaethol. Wel, os yw S4C a'r cwmnïau cynhyrchu annibynnol yn y digwyddiadau hyn, mae'n gwneud synnwyr iddynt gynhyrchu ar gyfer Radio Cymru hefyd, fel bod cyfle arall i wylwyr, defnyddwyr a gwrandawyr fwynhau'r cynnwys hwnnw.

Mr Williams: In addition to that, as for the opportunities coming to the fore with regard to what broadcasters say are their content priorities, they will have to work with each other. I saw in the report that the cut to Radio Cymru's budget means that it will be very difficult for it to cover some of Wales's minor events, as it will have to prioritise national events. Well, if S4C and the independent production companies are at these events, it makes perfect sense for them to produce content for Radio Cymru, too, so that viewers, users and listeners have another opportunity to enjoy that content.

[146] Yn y pen draw, ni chredaf y bydd y gwylwyr a'r gwrandawyr yn dweud, 'Nid wyf am wylwyr'r rhaglen mae Huw Edwards yn ei gwneud; yr wyf am aros i weld y fersiwn Saesneg yr wythnos nesaf', neu 'Fe glywais yr eitem yna ar y radio'r wythnos o'r blaen'. Nid wyf yn credu mai dyna fydd eu hagwedd; credaf eu bod yn fwy soffistigedig na hynny a'u bod yn gweld cyfle. Credaf fod DQF y BBC yn gwneud un peth yn glir, sef bod eisiau manteisio ar allu'r BBC i ddefnyddio pethau ar sawl plattform.

Ultimately, I do not believe that viewers and listeners will say, 'I won't watch that programme that Huw Edwards is making; I'll wait to see the English version next week', or 'I heard that item on the radio the other week'. I do not think that they will adopt that attitude; I think that they are more sophisticated than that and can see an opportunity. I think that the BBC's DQF makes one thing clear: there is a need to take advantage of the BBC's ability to use things on several platforms.

[147] Un enghraifft yw'r gyfres *The Indian Doctor*. Ni fyddai Rondo wedi gallu cynhyrchu'r gyfres heb y cynllun denu talent, a gefnogwyd gan y Cynulliad. Heb fuddsoddiad i'n galluogi i wneud y cynhyrchiad yn y lle cyntaf, ni fyddai modd gwneud ail gyfres—yr ydym newydd orffen ffilmio ail gyfres. Ni fyddai modd wedi bod i wneud hynny pe na fyddai BBC daytime, adran y BBC a wnaeth ei gomisiynu yn

One example is the series *The Indian Doctor*. Rondo could not have produced the series in the first place without the talent attraction scheme, which the Assembly supported. Without investment to enable us to do the production in the first place, we would not be in a position to make a second series—we have just finished filming the second series. We could not have done that if BBC daytime, the BBC department that originally

wreiddiol, BBC Cymru ac adran ddrama'r BBC am ariannu'r gwaith ar y cyd. Bydd y ddrama ar gael ar BBC daytime, ar BBC Wales ac ar BBC 2 yn gynnar yn y nos. Mae hynny yn ddefnydd effeithiol o gyllideb, gydag un rhaglen yn cael ei ddefnyddio ar sawl plattform. Bydd modd i S4C a'r BBC ddod i gytundeb i wneud mwy o bethau fel hyn, gyda'r sector yn gweithio ochr yn ochr â hwy.

[148] **Mr Garlick:** Yr wyf yn cytuno â'r hyn mae'r cyfeillion wedi dweud. Mae enghreifftiau yn y ffenestr gomisiynu diweddaraf lle mae S4C wedi comisiynu rhaglen ar Ynysoedd y Falkland. Bydd y BBC yn gwneud fersiwn Saesneg ac S4C yn gwneud fersiwn Gymraeg. Mae hynny yn iawn, wrth gwrs. Yr wyf yn gwybod bod ITV Cymru yn parhau yn rhan o'r drafodaeth ar wneud rhaglen ar Ambiwlans Awyr Cymru. Bydd ITV hefyd yn gwneud fersiynau Cymraeg a Saesneg os bydd yn ennill y comisiwn. Fodd bynnag, ni chredaf mai dyna oedd y cwestiwn gwreiddiol. Yr wyf yn meddwl mai gofyn oeddech ynglŷn â gweithio ar-lein. Yr wyf yn dal i gredu, o ran gweithio ar-lein, bod gennym broblem ieithyddol, ond ni fyddaf yn dechrau ffræ gyda John yn y fan hon am hynny.

[149] **Kenneth Skates:** What you say is interesting. You are indicating that in five or 10 years' time we will see vast amounts of production available bilingually, which will enable the proliferation of Welsh products outside of Wales, but will also ensure that the Welsh language is exposed fully in Wales. Bethan, did you have a further question on this?

[150] **Bethan Jenkins:** My question is on commissioning, if you want to carry on.

[151] **Kenneth Skates:** No—you ask your question.

[152] **Bethan Jenkins:** Yn wyneb y toriadau i S4C ac i'r BBC, a ydych o'r farn bod cwmnïau llai yn cael yr un cyfleoedd a chwmnïau mawr? Yr ydym yn cofio agenda'r Llywodraeth flaenorol, gyda'r pum cwmni mawr. A ydych yn credu, o ran proses gomisiynu S4C a'r newidiadau yn y BBC, bod cwmnïau bach yn gallu meithrin sgiliau ar gyfer y dyfodol ar gyfer y plattform? A oes angen ailasesu sut mae'r comisiynu'n digwydd, felly?

[153] **Mr Garlick:** Ni fyddai'n iawn i mi, fel cadeirydd Teledwyr Annibynnol Cymru, gael fy nhynnu i ddadl ynglŷn â chwmnïau

commissioned it, BBC Wales and the BBC drama department had not wanted to jointly fund the work. The drama will be available on daytime, BBC Wales, and the BBC 2 network early in the evening. That is an effective use of the budget, with one programme being used on several different platforms. It will be possible for the BBC and S4C to come to an agreement to do more of that, with the sector working alongside them.

Mr Garlick: I agree with what my colleagues have said. There are examples in the recent commissioning window where S4C has commissioned a programme on the Falkland Islands. The BBC is going to do an English-language version and S4C a Welsh-language version. That is quite right, of course. I know that ITV Wales is still part of the discussions about doing a programme on the Wales Air Ambulance. ITV will also do Welsh-language and English-language versions if it wins that commission. However, I do not think that that was the original question. I think that you were asking about working online. I still think that we have a language problem in terms of working online, but I am not going to start an argument with John here about that.

Bethan Jenkins: In light of the cuts to S4C and the BBC, do you think that smaller companies get the same opportunities as larger companies? We remember the agenda of the previous Government, with the five major companies. Do you think, in terms of the S4C commissioning process and the changes to the BBC, that smaller companies can develop skills for the future for the platform? Is there a need to reassess how commissioning is done, therefore?

Mr Garlick: It would be not be right for me, as chair of TAC, to get drawn into an argument about smaller and larger

mawr a bach. Yr unig beth y gallaf ddweud yw bod 31 o gwmnïau yn cyflenwi deunydd i S4C eleni. Yr oedd 52 o gwmnïau wedi cyflenwi dros 1,000 o syniadau yn y ffenestr gomisiynu gyntaf. O'r 52 o gwmnïau, yr wyf yn credu bod yn agos at 36 neu 37 wedi eu comisiynu. Felly, mae'n rhaid symud oddi wrth y syniad o'r pum cwmni mawr. Mae'n wir y cafodd y pum cwmni arian datblygu. Defnyddiodd y cwmnïau hynny'r arian datblygu i ddatblygu. Nid wyf yn deall pam fod hynny'n beth drwg.

[154] **Mr Williams:** Mae'n bwysig cywiro un peth. Yr oedd strategaeth ddatblygu S4C yn cynnwys cytundebau datblygu i bum cwmni ar y pryd, sef Green Bay, Presentable, Tinopolis, Cwmni Da a Boomerang. Serch hyn, ni chyfeiriwyd atynt fel 'gwmnïau mawr', oherwydd yr oedd amrywiaethau yn bodoli ym meintiau'r cwmnïau. Mae angen gwneud hynny'n glir, oherwydd camddechonglir hynny weithiau. Mae'r sector yng Nghymru, yn gyffredinol, yn elwa o gael cwmnïau o bob siâp a strwythur a gall bob un fanteisio i'r eithaf ar gyfleoedd sy'n bodoli.

[155] **Mr Garlick:** Yr wyf yn cytuno bod y broses dendro yn gwneud pethau'n anodd i gwmnïau llai, gan fod y broses dendro yn un gymharol gymhleth. Mae angen nifer o bobl i weithio arno. Os bydd S4C yn parhau ar hyd y llwybr o ddefnyddio tendro, bydd yn rhaid iddi edrych ar yr ffordd mae'n cael ei wneud ac ar y strwythur, a'u symleiddio fel bod tendro'n agored i bawb.

[156] **Bethan Jenkins:** Nid wyf yn erbyn y ffaith bod y cwmnïau mwy yng Nghymru yn bodoli, gan fod rhaid inni ddatblygu'r diwydiant. Fodd bynnag, yr wyf yn poeni, os ydym yn edrych i'r dyfodol, am y gallu i ddatblygu sgiliau ac ennill contractau. A yw hynny'n mynd i fod yn anoddach? A oes rhywbeth y gall y Llywodraeth ei wneud—ceiso rhoi cyllideb at ei gilydd, er enghraifft—i helpu?

[157] **Mr Williams:** Yr ydym yn gweld enghreifftiau o hyn yn digwydd gyda darlledwyr eraill. Mae Channel 4, er enghraifft, wedi cychwyn yr *alpha fund* yn ddiweddar. Prif bwrpas y gronfa honno yw bod y sianel yn cyflwyno i'w chadwyn

companies. All that I can say is that there are 31 companies providing material to S4C this year. There were 52 companies that provided over 1,000 ideas in the first commissioning window. Of the 52 companies, I believe that around about 36 or 37 have been commissioned. Therefore, we need to try to move away from the idea of the five major companies. It is true that five companies were given development funding. Those companies used that development funding to develop. I do not understand why that is a bad thing.

Mr Williams: It is important to correct one thing. S4C's development strategy included development agreements for five companies at the time, namely Green Bay, Presentable, Tinopolis, Cwmni Da and Boomerang. However, they were not being referred to as 'major companies', because the size of the companies varied. We need to make that clear, because that is sometimes misinterpreted. The sector in Wales, in general, benefits from having companies of all shapes and sizes and all of them can take full advantage of the opportunities that exist.

Mr Garlick: I agree that the tender process makes things difficult for smaller companies, because the tender process is relatively complex. You need several people to work on tenders. If S4C continues to go down the route of using tenders, it needs to look at the way that it is done and the structure and simplify them so that tendering is open to everyone.

Bethan Jenkins: I am not against the fact that the larger companies in Wales exist, because we have to develop the industry. However, I am concerned, if we are looking to the future, about the ability to develop skills and win contracts. Is that going to be more difficult? Is there something that the Government can do—putting together a funding package, for example—to help?

Mr Williams: We have seen examples of this happening with other broadcasters. Channel 4, for example, established the alpha fund recently. The main purpose of that fund was for the channel to introduce to its chain of suppliers new producers who had not

cyflenwyr cynhyrchwyr newydd sydd heb gynhyrchu rhaglenni i Channel 4 o'r blaen. Mae'r sianel yn ymestyn y rhwyd o ran y rhai sy'n cynhyrchu ar ei chyfer. Mae'r dystiolaeth o'r ffenestr gomisiynu gyntaf yn awgrymu bod 25 o gwmnïau unigol yn cael eu henwi fel rhai sydd wedi ennill cytundebau ar gyfer S4C. Mae'r cwmnïau hynny'n cynnwys ambell i gwmni sy'n newydd i gynhyrchu i'r sianel. Mae manteision o ran gallu cwmni mwy i gynhyrchu swmp o waith at bwrpas tendr sy'n sylweddol o ran nifer yr oriau a'r rhaglenni sy'n gorfod cael eu darparu. Fodd bynnag, mae gwerth i gael mewn cwmnïau sy'n gwneud rhaglenni eithriadol o arbenigol, sydd â safonau cynhyrchu ofnadwy o uchel iddynt. Mae cwmnïau yng Nghymru hefyd yn arbenigo mewn *genres* arbennig. Mae cwmni John Gwyn, Aden, er enghraifft, yn gwneud rhaglenni natur ac awyr agored arbennig iawn. Ni ddylem roi cwmnïau mewn *pigeon hole*; mae'r darlun yn fwy cymhleth na hynny.

worked for Channel 4 before. The channel is casting the net wider in terms of those who are producing programmes for it. The evidence from the first commissioning window suggests that 25 individual companies are named as having gained contracts for S4C. Those companies include some that are entirely new to producing programmes for the channel. There are benefits to larger companies' ability to create a volume of work for the purpose of a tender that is significant in terms of the number of hours and the programmes that have to be provided. However, there is also value in smaller companies making niche programmes that have exceptionally high production standards. There are also companies in Wales that specialise in certain genres; John Gwyn's company, Aden, for example, makes superb nature and open-air programmes. We should not pigeon-hole companies; the picture is more complex than that.

[158] **Mr Geraint:** I will come at it from a slightly different angle, in terms of the work that I do with Zoom Cymru, which is a charity that works with young people, particularly those in disadvantaged areas in Wales, to give experience of the audio-visual industries. There is an enormous amount of talent among our young people. They have an increasing confidence with digital media; these days, they are able to produce them themselves. There is a big question for us, as a matter of public policy, as to how we create a bridge between that talent and the fully funded or well-monetised content that we see, whether it is with small or big companies, or the broadcasters; that is the gap that needs to be filled.

[159] On the pattern of S4C's commissioning, I think that the channel has been through an enormously difficult period in the last 18 months; we all know about that. I am heartened by the appointment of Ian Jones, because I think that he will bring a fresh vision to the channel. My concern is that we are still commissioning according to an old pattern, and I am not sure that that pattern is sustainable in the new economic model. I am not sure that the old pattern was the right one to deliver the services that Welsh-speaking audiences need in the first place. There is going to have to be a big realignment at some point, and I would imagine that when Ian is fully in post and has an opportunity to examine this issue in the round, a different pattern of commissioning and schedule will emerge. At the moment, we are in danger of rearranging the deck chairs.

[160] **Bethan Jenkins:** How possible is that given that the documents have been published and the commissioning is happening now? Ian Jones will be coming in at a later stage, so to what extent is it possible for him to have ownership and to change the commissioning strategies when programmes have to be on our screens in the meantime?

[161] **Mr Garlick:** S4C had to do something. The job was initially advertised this time last year; one would have assumed that the new chief executive would have been in place by now. That did not happen; the process went on and on. In the end, S4C had to do something, otherwise it would have had a massive hole in its schedule. Initially, it had a window of three months, because it thought that that would not bind the new chief executive's hands. It now

appears that the period is going to be longer. Nobody could have scripted this catalogue of events; such a script would have been refused by S4C had I submitted it. These things have happened, and S4C had to do something. I do not think that it is impossible for Ian Jones, when he gets there, to rearrange the deck chairs.

[162] **Kenneth Skates:** We must move on. John, in your evidence, you state that television remains the dominant cultural force and that it is the one that brings the most economic benefits. Do you think that that will be the case in five or 10 years' time?

2.30 p.m.

[163] **Mr Geraint:** I am not a prophet and I do not have a crystal ball, but I think that television is probably much more robust and longer lasting than we sometimes think. The pattern in the United States is that the main networks, which have been in a multi-channel environment for decades, are still winning the largest share of viewing figures. The fact that television viewing is peaking in terms of the amount of time that we spend in front of the television, despite all the other options that we now have, means that it is here for some time to come.

[164] **Mr Williams:** Absolutely. If you look at the predictions for growth in areas of the population in Wales, there was a recent announcement about the predicted huge growth in the 65-plus category. One thing that people aged over 65 do is watch an awful lot of television. We are going to be seeing a significant increase in that age group by 2035 and we know that they are very heavy users of traditional forms of media; there is nothing wrong with that.

[165] **Kenneth Skates:** We must move on to the communications Bill. Bethan, can you ask your questions on that?

[166] **Bethan Jenkins:** Mae ffocws yn y Bil cyfathrebu ar ddadreoieiddio. Beth fyddai hynny'n ei olygu i'r sector annibynnol yng Nghymru? Pa effaith fyddai hynny'n ei gael arnoch fel busnesau yn y dyfodol?

Bethan Jenkins: There is a focus in the communications Bill on deregulation. What would that mean for the independent sector in Wales? What impact would that have on you as businesses in the future?

[167] **Mr Williams:** Yr oeddwn yn gwranddo ar y sesiynau tystiolaeth cynharach, ac yn gweld bod trafodaeth am gwotâu. Mae'n destun pryder mawr wrth weld nifer o bethau da iawn sydd wedi cael eu gwneud i geisio gwrdd â rhain, a bydd darlledwyr yn fwy atebol o ran cwrdd ac ymateb iddynt. Mae rhaglen *Delivering Quality First* y BBC yn gosod cryn bwyslais ar allu cenhedloedd fel Cymru, Gogledd Iwerddon a'r Alban i gynyddu eu presenoldeb. Mae hynny'n sicr yn digwydd oherwydd yr awgrymiadau gan Ymddiriedolaeth y BBC a'r ymchwil a wnaethpwyd. Byddai cael gwared ar hynny a'r ffaith nad yw'r Bil cyfathrebu yn credu ei fod yn ddigon pwysig i ddarparu neu reoleiddio cwotâu yn gêm berygl iawn. Mae'n anodd iawn, ond mae'n bwysig dros ben wrth gyflawni hyn bod darlledwyr cyhoeddus yn cymryd y pethau hynny o ddifrif ac yn eu hystyried yn ofalus, gan ei

Mr Williams: I listened to the earlier evidence sessions, and saw that there was a discussion about quotas. It is very concerning when you see some of the very good things that have been done to try to meet them, and broadcasters will be more accountable in terms of meeting and responding to them. The BBC's *Delivering Quality First* programme places great emphasis on the ability of the nations of Wales, Northern Ireland and Scotland to increase their presence. That is certainly happening because of the suggestions by the BBC Trust and the research that has been done. Getting rid of all of that and the fact that the communications Bill does not think that it is important enough to regulate or to provide quotas is a very dangerous game. It is very difficult, but it is very important in delivering this that public broadcasters take those things seriously and take them on board, because it is very

bod yn bwysig dros ben er mwyn gwireddu potensial y sector cynhyrchu yng Nghymru.

[168] **Bethan Jenkins:** I gadarnhau, a ydych yn meddwl bod y cwotâu o dan fygythiad yn sgîl y Bil newydd hwn sy'n mynd drwy San Steffan, neu a ydych yn hyderus y bydd digon o lobïo gan bobl fel chi yn golygu y bydd y cwotâu hynny'n parhau?

[169] **Mr Williams:** Yr ydym wedi gweithio'n galed dros y flwyddyn diwethaf o ran sicrhau annibyniaeth sefyllfa ariannu S4C tu hwnt i 2015, a byddwn yn gwthio'n gryf i gadw'r cwotâu yn rhan allweddol o'r Bil cyfathrebu wrth inni symud ymlaen. Mae hynny'n bwysig iawn i Gymru.

[170] **Mr Garlick:** Mae'n bwysig ein bod yn lobïo'n galed yn ystod y blynyddoedd nesaf ynglŷn â'r Bil cyfathrebu er mwyn gosod seiliau statudol i'r cwotâu hyn. Mae'r cwotâu yn iawn cyn belled ag eu bod yn cael eu defnyddio, a phryder arall yw nad yw pobl yn cyrraedd y cwotâu hyn bob tro.

[171] **Mr Williams:** Mae o ddiddordeb i ddarlledwyr gan eu bod yn buddsoddi'n helaeth ym Maenceinion, bae Caerdydd a'r Alban ac mae'n bwysig iawn eu bod yn gweld rhyw fath o elw o'r buddsoddiad hwn, sef eu bod yn gweld yr ardaloedd hynny'n cryfhau ac yn cael gwared ar y ragdybiaeth eu bod yn ei wneud achos eu bod yn gorfod ei wneud. Mae hynny'n newid diwylliant wedyn.

[172] **Bethan Jenkins:** I ychwanegu at hynny, a ydych yn credu bod gan Llywodraeth Cymru a Llywodraeth San Steffan berthynas ddigon cryf i drafod pethau fel hyn? Yr ydym yn gwybod fod y Gweinidog wedi ymateb i lythyr Jeremy Hunt ynglŷn â'r Bil cyfathrebu, ond beth yn fwy all Llywodraeth Cymru ei wneud i wneud yn siŵr bod llais Cymru yn gryf yn y broses hon, o gofio nad yw darlledu wedi cael ei ddatganoli?

[173] **Mr Geraint:** Mae'n bwysig sicrhau bod San Steffan yn cydnabod yn y Ddeddf, os yw'n bosibl, fod dimensiwn i'r cenhedloedd o fewn y Deyrnas Unedig yn hyn i gyd. Dyna beth sydd wedi bod ar goll weithiau yn y gorffennol. Er bod nifer o

important in order to achieve the potential of the production sector in Wales.

Bethan Jenkins: To confirm, do you think that the quotas are under threat because of this new Bill going through Westminster, or are you confident that sufficient lobbying from people such as you will mean that those quotas will continue?

Mr Williams: We have worked hard over the past year to secure the independence of S4C's funding situation beyond 2015, and we will push hard to keep the quotas as a key part of the communications Bill as we move forward. That is very important for Wales.

Mr Garlick: It is important that we lobby hard in the next few years on the communications Bill in order to put these quotas on a statutory basis. The quotas are fine as long as they are used, and another concern is that people do not always reach these quotas.

Mr Williams: It is of interest to broadcasters because they are investing heavily in Manchester, Cardiff bay and Scotland and it is very important that they see some return on this investment, namely that they see those areas strengthening and get rid of the assumption that they are doing this because they have to. That then changes the culture.

Bethan Jenkins: To add to that, do you believe that the Welsh Government and the Westminster Government have a strong enough relationship to discuss such matters? We know that the Minister has responded to Jeremy Hunt's letter regarding the communications Bill, but what more can the Welsh Government do to ensure that Wales has a strong voice in this process, bearing in mind that broadcasting is not devolved?

Mr Geraint: It is important to ensure that Westminster acknowledges in the Act, if possible, that there is a dimension for nations within the United Kingdom in all of this. That has sometimes been missing in the past. Although a number of Acts have

Ddeddfau wedi cydnabod bod dimensiwn o gynhyrchu rhaglenni tu allan i Lundain, nid yw hynny wedi mynd cyn belled â chynhyrchu tu allan i Loegr. Dyna'r dimensiwn y mae'n rhaid inni ei gydnabod a lle mae'n clymu i mewn i'r cwestiwn o gwotâu i Gymru, yr Alban a Gogledd Iwerddon.

[174] **Mr Garlick:** Credaf fod y lle hwn yn y gorffennol wedi bod ychydig yn dawel ar y pwnc hwn, ond, yn sicr dros y flwyddyn a hanner diwethaf, mae'r pleidiau i gyd wedi dod at ei gilydd ac wedi derbyn bod darlledu yng Nghymru ac yn yr iaith Gymraeg yn bwysig. Mae'r gefnogaeth y mae'r lle hwn wedi'i rhoi i hynny'n sicr wedi gallu llywio barn y Gweinidog yn Llundain ychydig. Rhaid imi gyfaddef, pan fu imi ei gyfarfod dros flwyddyn yn ôl, yr oedd yn ofnadwy o ffwrdd-â-hi gyda mi ac ychydig yn ddi-hid ynghylch yr hyn a oedd yn digwydd. Felly, mae'r ffaith eich bod wedi dod y tu cefn i'r broses hon yn sicr wedi helpu, a gobeithiaf y bydd hynny'n parhau.

[175] **Mr Williams:** Credaf fod dealltwriaeth ehangach fod perspectif Cymreig, ac un peth y gallai'r Cynulliad gynnig cymorth enfawr inni yn ei gylch yw'r penderfyniadau a wnaethpwyd ar sail un set o ffigurau, sef y ffigurau gwyllo, yn erbyn gwariant. Mae modd edrych ar werth cyhoeddus rhaglenni o'r fath—ac mae darlledwyr eraill eisoes yn gwneud hynny—ar yr effaith mae eu cynhyrchu mewn gwahanol lefydd yng Nghymru yn ei chael ar yr ardaloedd hynny, ac ar y lefel o werthfawrogiad ymysg gwahanol garfannau'r gynulleidfa. Fodd bynnag, nid oes gennym dystiolaeth ddigon cryf ar hynny. Byddai'r darlledwyr eu hunain yn elwa o gael tystiolaeth llawer cryfach o ran sut mae mesur rhai o'r pethau hyn, fel nad ydym eto'n wynebu sefyllfa lle mae Gweinidog yn edrych ar un set o ffigurau'n unig, sef ffigurau gwyllo—ac yr ydym i gyd yn gwybod am y dadleuon ynglŷn â pha mor gywir, anghywir, cyson neu anghyson yw'r rheini. Felly, rhaid inni edrych y tu hwnt i'r rheini, fel ein bod ni, erbyn 2016-17, mewn sefyllfa llawer cryfach wrth ymgyrchu a lobio dros beth yn union yw gwerth a phwrpas darlledwr fel S4C.

acknowledged that there is a dimension of producing programmes outside of London, that has not gone as far as producing outside of England. That is the dimension that we have to acknowledge and that is where it ties into the question of quotas for Wales, Scotland and Northern Ireland.

Mr Garlick: I think that this place has in the past been a little quiet on this issue, but, certainly over the past 18 months, all of the parties seem to have come together and have accepted that broadcasting in Wales and through the medium of Welsh is important. The support that this place has given to that has certainly been somewhat able to steer the opinion of the Minister in London, who, I must admit, when I met him over a year ago, was very offhand with me, and did not seem to be particularly concerned about what was happening. So, the fact that you have got behind this process has certainly been of assistance, and I hope that that continues.

Mr Williams: I think that there is a wider understanding that there is a Welsh perspective, and one thing with which the Assembly could offer significant assistance is the decision made on the basis of one set of figures, namely the viewing figures, against expenditure. It is possible to look at the public value of such programmes—and some broadcasters are already doing that—to look at the impact their production in various parts of Wales has on those areas, and at the level of appreciation within various cohorts of the audience. However, we do not have robust enough evidence on that. The broadcasters themselves would benefit from having far more robust evidence with regard to measuring some of these things, so that we do not again face a situation where a Minister only looks at one set of figures, namely the viewing figures—and we are all familiar with the arguments about how accurate, inaccurate, consistent or inconsistent those figures are. So, we need to look beyond those figures so that we, by 2016-17, are in a far stronger situation when we are campaigning and lobbying on the value and purpose of broadcasters such as S4C.

[176] **Bethan Jenkins:** Pwy gredwch chi ddylai wneud ymchwil o'r fath? Ai'r darlledwyr eu hunain neu'r Llywodraeth ddylai wneud y gwaith, neu a ddylai pobl ddod at ei gilydd i gasglu data er mwyn ffurfio barn?

Bethan Jenkins: Who do you think should be doing that kind of research? Should it be done by the broadcasters themselves or by the Government, or should people come together to collect data in order to form an opinion?

[177] **Mr Williams:** Byddech yn elwa'n fwy o wneud hynny gyda'ch gilydd, neu gallech chi fod mewn perygl o gael chwe set wahanol o wahanol bethau yn gwrthdweud ei gilydd. Felly, rhaid cysoni hynny gymaint â phosibl. O'r hyn yr wyf yn ei weld, ac o ddarllen ymateb y Pwyllgor Dethol ar Faterion Cymreig, er enghraifft, a oedd yn awgrymu'n gryf y dylech chi gael rhan amlychach yn y trafodaethau hyn, credaf fod y darlledwyr a'r Llywodraeth i'w gweld yn ddigon parod i symud ymlaen ar hyn.

Mr Williams: You would benefit more by doing it together, or you would be in danger of having six different sets of different things, all contradicting each other. So, we need as much consistency as possible. From what I have seen, and having read the response of the Welsh Affairs Select Committee, which clearly suggested that you should have a far more prominent role in these discussions, the broadcasters and the Government seem perfectly happy to move on with this.

[178] **Mr Garlick:** Mae cymaint o adroddiadau wedi'u paratoi ond nid oes llawer o ddim byd wedi digwydd yn eu sgîl. Felly, byddem yn hoffi'ch gweld chi'n bod yn geffyl blaen ac yn ysgwyd rhywfaint ar y bobl hyn.

Mr Garlick: So many reports have been drawn up but hardly anything has happened as a result of those reports. Therefore, we would like to see you taking a leading role and shaking these people up a little.

[179] **Kenneth Skates:** Peter, would you like to ask about the new business models in Wales?

[180] **Peter Black:** Yes. On the new business models, is it viable to set up a low-cost, online business in Wales that could serve to strengthen the Welsh media in all forms? What are the barriers that are preventing that from happening?

[181] **Mr Williams:** I was thinking about this at the recent Institute of Welsh Affairs conference. Wil Stephens gave us some far-reaching ideas about what kind of business models would potentially work online. What seems to be holding a lot of these back are regulatory matters, financing matters and a culture that has tended to be fairly conservative, in that it tends to veer more towards the more traditional forms of media in Wales. So, that is a landscape that probably needs to change. My hunch is that, with the emergence of these local television options, people will try to find online models. There seemed to be a consensus in the IWA conference and in the Westminster media forum conference that this suited the online environment better than the traditional media environment. Let us see whether we can make some of those work.

[182] We are then facing challenges because people are not thinking about it as an offshoot of the traditional broadcast commissioned programme; it has a life of its own. Yesterday was the seventy-fifth birthday of the first BBC broadcast television programme, and I was thinking about that meeting when they sat down and asked themselves, 'What are we going to put on this?' We have been debating the sustainability of the local television models. What are we going to include in them? What we should do is focus on something that radio does not do, and the type of ideas that they were coming up with for those first broadcasts included ballet, growing chrysanthemums, and making models out of matchsticks. That was a challenge back then, and we have a challenge today. The social network works because it works on its own terms, and is not an add-on or tie-in. Sometimes, when you hear

broadcasters talk about online potential, it is like watching your uncle dance at a disco. They are coming to it from their own particular perspective, which is of course coloured by how much they can afford to spend on it, and how it is linked to their other forms of more traditional broadcasting. There are entrepreneurs such as Wil Stephens out there who have their own ideas independent of those broadcaster models.

[183] **Peter Black:** What you are saying is that, if the local television model is given the regulatory framework to work and flourish, these sorts of things will grow organically.

[184] **Mr Williams:** We will not know unless we give them a chance.

[185] **Peter Black:** There is a possibility.

[186] **Mr Garlick:** There is a strong possibility. They should have that framework, but it has to come from the youngsters, not from somebody like me, who probably was that uncle at the disco. There was a nice story the other day about a company with just three members, and they wanted to show the programme that they had made, and the commissioner said, 'I tell you what, I will come to your edit suite', and they replied, 'No, no—we have brought it with us'. They had their edit suite in a Tesco bag: it was a laptop, and they had edited the whole programme on it. It is that kind of thinking that will get you where you want to go. I am far more traditional.

[187] **Mr Geraint:** Just to mention another new business model, which is not quite where you were, I would encourage the committee to look at the experience of Canada. Every time I go there, I see strong parallels with the situation in Wales. Canada is a bilingual nation that receives television pictures from a very powerful Anglophone neighbour. It sees investment in Canadian content as a bulwark for its own culture. It invests in new media and television programmes, and there are models that show that a relatively small investment from the Welsh Government could have very strong economic and cultural benefits. We have models all over Europe of regional investment funds, where local producers can go to their Government and access funding to build up a portfolio of investment for a large project—a television series could be a new media project—and therefore are able to attract foreign investment, and build up their own business in that region. That is a model that we really should look at. We used to have the Wales creative intellectual property fund; that has come to an end, and we need a successor model. That, in addition to the investment that S4C is now committing to make in these kind of funds, would be a very valuable addition to the armoury that independent producers have here in Wales.

[188] **Peter Black:** The USA is a bilingual nation as well, of course—50 per cent of the nation speaks Spanish.

[189] **Mr Williams:** Looking at some of the successful models in Canada that John was talking about, one was mentioned in the Westminster media forum, which was a broadcaster in Hamilton that had managed to outbid Fox for the terrestrial rights for *Avatar*, which is incredible. The first broadcast of *Avatar* was on a Canadian local channel. It is staggering. I do not know whether Mold TV will get the first sniff of *Tintin*, but we need to get some ambition in terms of where we go with these things.

[190] **Peter Black:** Some commentators have suggested that public service broadcasters should be prepared to open up their platforms to user-generated content in order to retain viewers and strengthen the Welsh media. How would you as independent producers react to that?

[191] **Mr Garlick:** S4C currently has a plan to do that on a strand called *Calon Cenedl*, which initially will be rolled out by the independent sector—we will be making short, five-

minute films on anything, really, and the plan in time is that people will put stuff in. I think that YouTube is fine for that. People can enjoy YouTube and watch it knowing that it is YouTube, but watch it on one of your terrestrial channels and it is not quite so good, is it?

2.45 p.m.

[192] **Mr Williams:** I think that we have to go beyond thinking in that way, certainly in terms of structures. Some companies build up their own online resources, departments and specialist personnel. We are still tending to look at models that are built to service existing contracts that were in the first place commissioned by a broadcaster. I think that we will see what John referred to, namely a new seed of productivity and companies that are not reliant on just those models. They can be the springboard to all sorts of creative output.

[193] The broadcasters do have a role to play, because they have some fantastic content. The sector that produces some of that content will also need to find new ways of selling it and getting it seen elsewhere. There is definitely an international appetite for that; it is reassuring to see so many Welsh companies in the international marketplace, which is full of distributors and people who are looking for content. It is also full of regional financial initiatives. Scotland was very prominent this year in its role in investing in content and in companies' capacity to deliver content without having to go, primarily or only, to a broadcaster. Having Ian Jones come to S4C means that he will bring with him the wealth of having worked with a number of different broadcasters beyond Wales, and beyond England, as John mentioned. That will bring a different perspective, especially to programmes that S4C need not fully fund.

[194] **Mr Geraint:** There is a responsibility that independent producers and broadcasters share to address that gap between YouTube and fully professional, fully funded broadcasting. I was talking about the work with young people earlier. Many of our young people lack the confidence to tell their own stories and to accept that, if they are told, they will be received with the same validity as that given to content that has been produced with much more gloss and funding. That, too, is something that we all ought to be thinking about and doing something about.

[195] **Peter Black:** I have seen an example of a film about drugs produced in Swansea by a group of youngsters. It had fairly high production values; obviously, it was not professional, but it was much better than what you find on YouTube.

[196] **Mr Williams:** We have some fantastic resources—[*Inaudible.*] When we were making a film about Michael Sheen's *The Passion*, we used the phenomenal resources that they have at the Atrium. Glyndŵr University has an incredible studio now. As part of education establishments' courses and curricula, there should be masses of content being produced, not just some single film that has to be produced by the end of term.

[197] **Kenneth Skates:** Could the involvement of education institutions plug the gap that you speak of, particularly if they are allied to local television stations?

[198] **Mr Geraint:** Yes, I think that that is certainly true. I again declare an interest as the current chair of Skillset. Skillset has been very active in creating partnerships with higher education institutions in Wales, finding ways to make their offer much more relevant to the professional sector and ensuring that students sign up for courses that are relevant and can develop into small-scale businesses and, beyond that, into careers in professional media.

[199] **Kenneth Skates:** Potentially, if there were a link between local television and the BBC's idea of a single media centre, you would be able to develop the training and the content. It would make local television work, effectively.

[200] **Mr Williams:** Yes, it could be an alternative.

[201] **Mr Garlick:** There is no reason why not, is there?

[202] **Peter Black:** Green Bay supports the establishment of an independent production fund, and TAC talked about a fund to support new start-up media businesses. Can you expand on what those funds would look like and how they have been a success in other countries?

[203] **Mr Geraint:** I think that I touched on that in the reference to Canada. I certainly think that models are available. It would be a copper-bottomed investment case in economic terms, but there is this cultural dimension to it, too.

[204] **Mr Williams:** There were many good things about the talent attraction scheme—I see that noted under goal 11 for the creative industries in ‘Delivering a Digital Wales’ plan that was sent to us prior to our appearance here. That is worth looking at again, I would think. Also, it would be in the Welsh Government’s interest to partner up with broadcasters such as Channel 4 when it is looking at such initiatives as the alpha fund. There is a common goal in terms of the aspirations on both sides. Initiatives such as that should be given support.

[205] **Mr Garlick:** Like many things, this needs to be simplified. It is complicated. It takes a lot of time to get through the meetings, then there might be another meeting, and then you will meet someone else, then you fill in a form and then you fill in a longer form. In the end, you give up—at least, I have.

[206] **Kenneth Skates:** Janet, will you take up the subject of the Hargreaves report?

[207] **Janet Finch-Saunders:** Yes. One point that he has touched on is concern, or criticism, about the fact that there is no mention of the creative industries with regard to the enterprise zones that have been announced recently. What are your views on that?

[208] **Mr Garlick:** My initial view on the Hargreaves report is that not a lot has happened since its publication, which is disappointing. I also note that he makes great play at one point about the fact that many companies are hanging on to the apron strings of S4C. I think that that is what he said. He makes that sound like a bad thing. There are companies that are run by people who left the BBC and ITV, or HTV as it was, to form an independent television company to work through the medium of Welsh. It was a specific choice and they decided to live either in west or north Wales, where the money is not as good as it could be in England. I do not know why that is viewed as being a bad thing. Having said that, since the publication of that report, many companies have gone out and done more outside, but I think that that was actually happening at that point.

[209] I do not know how to answer your specific question. I feel that there has been a lack of response to his report.

[210] **Mr Geraint:** Listening to the earlier session was quite instructive: the broadcasters seemed rather puzzled as to how to answer your question about that report. Perhaps they should read it. I am sorry; I am biting the hand that feeds more often than I should in this session.

[211] **Bethan Jenkins:** You will not get any more commissions now. [*Laughter.*]

[212] **Mr Geraint:** The urgency that Professor Hargreaves points to in his report does not seem to be coming across to us in terms of its implementation. I fear that there is a pattern, which the report refers to, of the hub that never was. I hope that we will not repeat that. I

know that it takes time and I know that the sector panel on the creative industries may very well be further down the route than those for other sectors in terms of its programme of work, but we are still waiting to hear how that report will be implemented and what the priorities will be. I do not know whether Professor Hargreaves will be giving evidence to you.

[213] **Kenneth Skates:** He is coming to give evidence.

[214] **Mr Geraint:** I am encouraged by that, because he is the person who can answer that question more precisely.

[215] **Mr Williams:** In terms of the sectors, that is why I was very pleased to give those examples early on in the session. Professor Hargreaves was taking a snapshot after collecting his evidence about what the sector was or was not succeeding in doing. There have been many positive examples since he wrote that report, but publicly and within the industry, there seems to be some confusion about what measures are in place to implement the recommendations that he made in the report. We are quite far away from achieving quite a few of the recommendations that he made, which he pushed hard. He was very critical of many aspects of the Welsh Government's intervention prior to that report. However, there is still a role for the Government to play in Welsh broadcasting and in the creative industries.

[216] **Mr Geraint:** One point that I mentioned in my paper was that I feel that Professor Hargreaves took a well-rounded view of the media. The emphasis of his report was economic, but he recognised the cultural dimensions of the media, and I think that the media can make the weather for Wales. They can determine how we see ourselves and how others see us. I hope that, in the implementation, that cultural element will not be forgotten.

[217] **Mr Williams:** This seems to put us on a parallel with S4C and the viewing figures, does it not? It is not just about the viewing figures or the economic impact; other considerations are also in play here.

[218] **Kenneth Skates:** We have a few moments left. Looking ahead to the media of the next 10 years, can you sum up what you think should be done and where you think that we will be in 10 years' time? I did not give you an opportunity to make an opening statement; I would rather give you an opportunity to make a closing statement.

[219] **Mr Williams:** Yr wyf yn awyddus bod pob darlledwr yn cymryd agwedd gwbl gyfrifol tuag at ryddhau cymaint o'u cyllideb â phosibl tuag at gynnwys. Yr ydym wedi gweld ystadegau diweddar sy'n dangos, oherwydd yr amgylchiadau sydd wedi wynebu S4C a'r BBC, fod toriadau sylweddol wedi bod i'r gyllideb gynnwys. Mae'n bwysig iawn bod Llywodraethau'n cymryd y camau priodol i sicrhau bod gwariant ar gynnwys. Mae angen gwariant ar gynnwys. Mae hefyd angen inni ddod o hyd i ffyrdd eraill o ariannu cynnwys ynghyd â chynnwys ar blatfformau eraill ac ar-lein, yr ydym wedi siarad am hynny, nad ydynt yn llwyr ddibynnol ar incwm o ddarlledu. Yr wyf yn gobeithio y bydd hynny yn dod â chyfleoedd eraill i gynhyrchwyr a chyfarwyddwyr yn awr ac at y dyfodol. Gadewch inni fod mewn sefyllfa mewn 10

Mr Williams: I am eager that every broadcaster takes an entirely responsible attitude towards releasing as much of their budget as possible for content. We have seen recent statistics that show that, because of the circumstances that S4C and the BBC are facing, significant cuts have been made to the content budget. It is very important that Governments take the appropriate steps to ensure that there is expenditure on content. That expenditure on content is necessary. It is also necessary for us to find other ways of funding content, including content on other platforms and online, which we have discussed, that are not just dependent on broadcasting income. I hope that that will bring about other opportunities for producers and directors both now and for the future. Let us not find ourselves in a situation in 10 years' time with a story of decline or

mlynedd heb stori o ddirywio a chyllidebau yn mynd am i lawr, ond bod gennym ddiwydiant sydd ar bob lefel yn werth ei gynnal a gwerth ei ddatblygu yn bellach. Yr wyf yn dueddol o fod yn optimist, fel John; mae cyfleoedd yma, ond pe baem yn rhoi'r gorau i'r dadleuon hollbwysig o ran pa ddylanwad sydd gan ddarlledwyr cyhoeddus yng Nghymru a gallu'r sector i gynhyrchu tu hwnt i Gymru ac yn rhyngwladol, byddai hynny'n drueni mawr.

[220] **Mr Garlick:** Yr ystyriaeth bwysig yn y dyfodol agos yw sut bydd y bartneriaeth hon rhwng y BBC ac S4C yn gweithio. Os na chawn honno'n iawn, waeth inni heb ag edrych cyn belled â 10 mlynedd i'r dyfodol. Mae'n rhaid sicrhau bod yr annibyniaeth y maent yn dweud y bydd yn digwydd yn digwydd. Hefyd, mae'n rhaid i ni nid yn unig ystyried lle mae'r BBC yn dweud bod yn rhaid i S4C gwtogi yn yr un modd ag y mae'r BBC yn cwtdogi—mae S4C eisoes wedi cwtdogi 36 y cant. Mae cwmnïau yn y sector annibynnol sydd yn gweithio i S4C wedi cwtdogi 40 a 60 y cant yn eu cyllidebau. Peidied y BBC â dechrau rhoi rhagor o reolau arnom.

[221] Yn ogystal â hynny, os yw'r BBC yn ystyried bod yn rhaid gwneud toriadau yn hyn a'r llall, pam nad oes byth sôn am y BBC yn symud rhai agweddau o'i waith at S4C? Mae sôn o hyd am S4C yn symud tuag at y BBC ac adrannau o S4C yn dod allan o S4C a mynd at y BBC. Mae gan S4C, yn Llanisien, adeilad arbennig sydd yn darparu gwasanaethau manylder uwch. Nid yw BBC Cymru'n darparu hynny ar hyn o bryd. Pam nad oes byth sôn am edrych ar hynny? Nid oes fyth. Mae i gyd yn mynd un ffordd. Os ydym yn dechrau'r berthynas felly, nid oes llawer o obaith iddi.

[222] Hefyd, yn sydyn, mae sôn am fwrdd partneriaeth ar y cyd a fydd yn cyfarfod bob chwarter. Mae'n bwysig iawn bod lle i'r sector annibynnol arno, oherwydd os bydd yn trafod cynnwys, mae'n rhaid i'r bobl sydd yn cynhyrchu cynnwys fod arno. Mae'r bregeth drosodd.

[223] **Mr Geraint:** I came into broadcasting because, very many years ago, something happened to a neighbour of ours that was quite astounding: she appeared on television. For a working-class boy growing up in the Rhondda valley, that was completely outside my

shrinking budgets, but with an industry that is, on every level, worth maintaining and developing further. I tend to be an optimist, like John; there are opportunities here, but if we were to give up on the crucial arguments in terms of the impact that public broadcasters have in Wales and the sector's ability to produce outside Wales and internationally, that would be a great shame.

Mr Garlick: The important consideration in the near future is how this partnership between the BBC and S4C works. If we do not get that right, there is no point in us looking 10 years down the line. We have to ensure that the independence that they say will exist will do so. In addition, we must not only consider where the BBC says that S4C has to make cuts in the same way as the BBC is doing—S4C has already made cuts of 36 per cent. Companies in the independent sector that work for S4C have made cuts of 40 and 60 per cent in their budgets. The BBC should not start imposing additional rules on us.

In addition to that, if the BBC considers that cuts must be made in this and that, why is mention never made of the BBC moving some aspects of its work to S4C? There is always talk of S4C moving towards the BBC and S4C departments coming out of S4C and moving to the BBC. S4C has an extraordinary building in Llanishen that provides high-definition services. BBC Wales does not provide HD at present. Why is looking at that never discussed? It never happens. It always goes in one direction. If the relationship starts on that basis, there is not much hope for it.

In addition, quickly, there is mention of a joint partnership board that will meet every quarter. It is very important that the independent sector is represented on that board, because if it is to discuss content, the people who produce content must be there. The sermon is over.

experience. Everyone agreed locally that what she had said had been good, but, equally, everyone agreed that the way she had said it had been a problem, because ‘She did sound very Welsh, didn’t she?’. The reason she sounded very Welsh was that no-one else in the media did in those days. There was no Radio Wales, no Radio Cymru, very little English-language television in Wales and no unscripted voices of ordinary people appearing on mainstream media.

3.00 p.m.

[224] In looking 10 years ahead, my fear is that we will have a plethora of voices—we will have YouTube, Twitter and blogs—but that we will not have in mainstream media—and there will still be mainstream media—the kind of rounded representation of Welsh experience that we had about 10 years ago. Many of the things that existed 10 years ago are under financial pressures or have already disappeared. It was interesting that you had to ask ITV whether it would be able to commit to as many as four hours of news and 90 minutes of other programming. Ten years ago, it was doing 10 hours a week. We are slipping backwards and it is happening almost without a cry from people like you. We need to hear your voices defending the right of our people to have their experience represented in the media. We need sensible and pragmatic business models to do that and we also need a commitment from broadcasters; we need all of those things. However, we need that challenge to be put out there.

[225] **Kenneth Skates:** Thank you very much. On that note, I thank you for coming and also for being very optimistic in an age of so much gloom. You will receive a copy of the transcript of this meeting to check for accuracy. I think that that is it. Thank you very much. Diolch yn fawr iawn.

*Daeth y cyfarfod i ben am 3.01 p.m.
The meeting ended at 3.01 p.m.*