



Welsh Affairs Committee

Oral evidence: Broadcasting in Wales, HC 450

Monday 14 December 2015

Ordered by the House of Commons to be published on 14 December 2015.

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Members present: David T C Davies (Chair); Chris Davies; Dr James Davies; Carolyn Harris; Gerald Jones; Antoinette Sandbach; Liz Saville Roberts; Mr Mark Williams.

Questions 46-122

Examination of Witnesses

Witnesses: **Rhodri Williams**, Director, Ofcom Wales and **Peter Davies**, Director of Content Policy, Ofcom, gave evidence.

Q46 Chair: Mr Williams, very nice to see you again. We know each other quite well, of course, but this being a committee we will keep it formal. Mr Davies, very nice to see you again as well. I thank you both for coming to the Welsh Affairs Committee to contribute to our inquiry on broadcasting. We have a number of questions. We will try to get through them in about 40 minutes if we can.

Can I start off by asking you this: in one of the pieces of evidence, I have a quote from Ofcom talking about the importance of diversity in the media and plurality in news, would you agree that diversity and plurality are not the same thing? To me, diversity is about showing different opinions and representing different viewpoints, and plurality is just about making sure that there is more local news than there currently is. Is that a fair definition?

Peter Davies: I think plurality is a bit more to do with ownership and editorial control and a range of voices, so I think there is quite an overlap between diversity and plurality. But you are right; they are not the same thing.

Q47 Chair: Would you say, then, that in offering all sorts of local news, which the BBC now does—BBC South East Wales, BBC Cardiff, all this sort of thing—that is adding to plurality, as I would define it anyway?

Peter Davies: I would not say it was adding to plurality, no, because it is still coming from the same place as the rest of the BBC.

Chair: Right.

Peter Davies: You can then get into debates about internal plurality. I think it all depends on where the editorial control rests. Some people might argue that the BBC has a single voice as an organisation. Other people would argue that the editorial control rests with the

head of news for a particular area or nation and that that is internal plurality; dancing on the head of a pin a little bit.

Q48 Chair: Do you think the BBC fulfils its charter requirement to offer diversity of all sorts of different opinions within the broadcasting that it does?

Peter Davies: I am not sure I am qualified to comment on what the BBC offers. Obviously it offers a range of services in Wales.

Q49 Chair: You spoke about a decline in plurality in Wales in the third review of public service broadcasting. What do you think has led to that?

Peter Davies: There has certainly been a consolidation in the radio industry. There are now fewer radio players in Wales than there were. The press is also in decline.

Q50 Dr James Davies: You have just referred to decline but, arguably, one area of success has been community radio stations. I think there are more than ever and it is now 10 years since the first one started. What is your assessment of the role they play in Wales or the UK in general?

Peter Davies: We are very committed to community radio. We think it does a great job. We now have 230 stations around the UK and quite a number in Wales, as you know. They obviously vary a lot in what they are trying to do. Some are very focused on geographic communities, others more on communities of interest. I would say that they offer a lot in terms of social value, particularly in volunteering and providing access to their communities and building that sense of community. I think they add less in terms of plurality of journalism because they cannot afford to employ professional journalists.

Q51 Dr James Davies: Point FM is in my constituency. They tell me that they feel there isn't a level playing field, essentially, in that they are looking to move to DAB and they would quite like some help—from the BBC as it happens—with news production. Is there anything in that vein that you think I can tell them that will assist them to grow and plan for the future?

Peter Davies: In terms of the BBC, that is not really for us but obviously a question for charter review and how the BBC is planning to help local journalism. In terms of DAB, we are currently running 10 trials around the UK for small-scale stations to allow them the opportunity to go digital. That is so far proving very successful. It was an open invitation for stations around the UK. Sadly, we did not get any from Wales. We were rather hoping we would. That will allow a station or group of stations in an area to buy the equipment to allow them to broadcast on DAB; we think for around £6,000. That is a one-off capital cost. They then have ongoing costs for renting the transmitter site and the electricity. It should be much, much cheaper than the existing DAB and we think that will allow community radio stations to go digital.

Dr James Davies: That is interesting. Thank you.

Q52 Antoinette Sandbach: There appear to be calls from some commercial operators to remove the seven hours of local content requirement, particularly around DAB services. What impact do you think that will have on plurality and diversity?

Peter Davies: There are two elements to that. We had a request from Ed Vaizey, the Minister, to look at options for deregulating commercial radio but, within that, to think about how local news might be preserved. We are currently doing that. That will be presented to the Minister by the end of February. I think it will then be for DCMS to consult if they want to on those options and to bring forward legislation. We will present a range of options, which we are still working through but bearing in mind the importance of news.

The other element is on digital, where at the moment there is no requirement for any local content at all, so the content is on DAB by virtue of being a simulcast of the analogue. As we move more and more towards digital listening, even without any switchover decision by Government, there will be a tipping point where operators decide, because they do not have to do it on digital that they might go just digital and give up their analogue so that it gets them out of having to do all of that local content. That is another one of the things that we will be talking about in this report in terms of putting options forward to protect localness in a digital world.

Q53 Antoinette Sandbach: We understand that digital switchover is not likely to happen until 2020, so what impact is this going to have in awareness in particular?

Peter Davies: Impact of?

Antoinette Sandbach: The domain and the switchover.

Peter Davies: A switchover should not have too much of an impact on stations or listeners. The good thing that is happening there is that the coverage is being built out so that both stations and listeners have the choice of listening on digital, where they get a greater range of stations, or on analogue. It is maintaining that consumer choice for longer. The BBC is currently building out its DAB network to 97% across the UK. That will happen early next year. The local stations are also building out, which will carry Radio Wales, Radio Cymru. That still leaves an issue in Mid Wales that Roger and I have been talking about to DCMS and the BBC this afternoon, looking at technical options for filling that coverage gap in Mid Wales for Radio Wales and Radio Cymru.

Q54 Antoinette Sandbach: Having experienced the last 5% of broadband I think the last 3% of radio might be similar, so I am encouraged to hear that.

The topographical issues, which we referred to about problems of broadcasting in Wales, you feel are becoming overcome at the moment and we need not be concerned about that?

Peter Davies: I think it is getting there—FM will not be switched off until digital matches FM—but there is still some way to go. The last stage of that from the BBC will have to wait until the new charter settlement.

Q55 Chris Davies: As someone who represents Mid Wales, where are we and how long and what are you planning; in no particular order?

Peter Davies: At the moment, the BBC's network coverage of Mid Wales is improving. I know they have been building transmitters over the past year. I think that process has gone as far as it will do under the current charter. There is then a further phase—the BBC call it

phase 5—which is dependent upon the charter review process. That is a matter for DCMS and Government and the BBC; not for us.

In terms of the build-out of the local commercial network, to be honest I think in Mid Wales it is not going to go very far because they are commercial operators and it is just not commercially viable to build out. There are then two possible solutions, one of which involves the BBC and Radio Wales and Radio Cymru in finding a technical solution to allow them possibly to add those stations to the BBC national transmitters. The other possible solution is the one that I was talking about earlier for small-scale DABs. For community stations, either existing or new, there may be cheap ways that they will be able to set up on DAB in the future.

Chris Davies: Okay. So watch this space.

Q56 Carolyn Harris: Going back to radio and coverage, it is concerning that the Institute of Welsh Affairs consider that despite FM coverage not being uniform—it is 87% in Wales—the DAB coverage is estimated to be 65%; way below FM. Is it a risk that there is a disservice being done to Welsh radio as a result of the digital switchover?

Peter Davies: I think they are comparing different things. I think the FM figure they are talking about is probably a BBC figure. I am not sure about that. But it goes back to what I was saying that, for commercial radio certainly, it is a commercial decision as to whether to roll out or not. In areas of North Wales, South Wales and West Wales, coverage is being improved for the existing multiplexes as a result of an agreement between the commercial operators, the BBC and Government. All three of those have put extra money in to build out coverage in those areas.

For Mid Wales it remains a problem, which is why we are looking at these solutions for the BBC. For commercial radio I think it is a question of cost, which is why these small, cheap solutions might possibly give them a route to go DAB in the future, but I think we are a little away from that yet.

Rhodri Williams: I might add that the difficulty here is one that has been inherited over a long period of time from when digital radio was first introduced. The decision at that time for Radio Wales and Radio Cymru to have a must-carry obligation, which was put on commercial operators to bring those services to audiences in Wales, has left us in a position now where there is a gap to be made up. As Peter quite rightly says, the commercial sector has no incentive to do that and we are trying to fix a problem that was made for whatever reason at the time. It is not one that has an easy and quick solution.

Q57 Antoinette Sandbach: It is a disservice then?

Rhodri Williams: To be honest, it happens with all kinds of services that they start in urban, densely-populated areas. Broadband was mentioned earlier; mobile coverage is another example. For a long time there was a discrepancy between digital television and analogue television in Wales. A given amount of time I think is reasonable for coverage to improve and for it to roll out but, clearly, there does come a point when people will say—

Antoinette Sandbach: “Why aren’t I having the same as everyone else?”

Rhodri Williams: To be fair, that is something that audiences in Wales tell us, write to us about on a regular basis.

Q58 Antoinette Sandbach: As an aside, there is a certain irony if you cannot pick up Radio Cymru on DAB in Pendine, which we can't, and there are west-facing valleys and Pendine where I can pick up Irish stations with ease and delight. This is unfortunate, I think.

But I would turn to another sort of technology now. I understand that Sharon White has referred to the digital divide as something that has become more serious within the last two or three years because more public services, per se, not just broadcasting, are dependent on the availability of broadband. Of course there is the 5% and more in Wales; there are those areas where, because of topography or whatever, it is very difficult to get to. There is an issue with broadband. I know it is quite a wide rollout but a very low take-up. There are concerns about take-up of broadband. Given that there is more and more use of these of these platforms for broadcasting, what are the issues of that into the future for public access? Also, how do we measure our listeners and viewers? That does not seem to be appearing either and the younger generation is using these sorts of platforms far more.

Rhodri Williams: In terms of the availability of broadband, we can be reasonably confident that within the next two years we will get very close to universal coverage. The current Superfast Cymru project, which is funded by the UK Government, the European Union and the Welsh Government, is aiming to get to 96% availability and they are not saying it stops there. They are saying that once we get to that, further schemes will be needed—and some of those are already in train—to get to that last 4%. Again there is that question of the time lag between when it is available in Swansea, Newport, Wrexham and Aberystwyth and when it is available in rural areas, but I think we will get to a much better position then.

On the question of the take-up, that is clearly worrying but again, substantial allocation of resources has recently been made to it in order to drive that specifically in the business community because, at the end of the day, that is why the Government has intervened in the first place. It was to ensure that small businesses could maintain their competitiveness by having access to broadband. I would not say that the situation is critical. The statistics I see from BT and the Welsh Government show that at about 12 months after a service becomes available take-up levels are pretty close to those throughout the rest of the UK; give it a year and then people do take it up.

Peter, I was going to turn to you to answer the question about measuring audiences accessing content by digital means.

Peter Davies: It is quite difficult to measure, to be honest. The standard industry measures—which is BARB for television and RAJAR for radio—are not that granular so it is quite difficult to drill down into smaller areas to see what people are using. I know that the TV measuring body, BARB, are looking at ways of improving their measurements. I think they are planning to do something early next year in terms of measuring audiences on broadband. It is something called Project Dovetail that they are planning to roll out, so hopefully that will provide us with more information.

Liz Saville Roberts: I would hope there is a sense of urgency with this because it affects all broadcasting, doesn't it?

Peter Davies: Absolutely.

Liz Saville Roberts: I know this is not your remit but BARB does seem particularly fitted to measure those viewers who are accessing Welsh medium. It does not measure below the age of four and it does not measure outside Wales. So there is something—

Q59 Chair: Can I pick up on that? I do not understand why this is so difficult. I have made the odd speech on YouTube and I know exactly how many people have viewed it. I do not understand what the technical problem is in knowing whether somebody has watched online on S4C. I would have thought it was very straightforward but apparently it is not.

Peter Davies: As you say, it is not really my area but in some ways it is easier to measure on broadband than it is on traditional television but, even then, if somebody has the TV on you do not know how many people are sitting in the room watching it or whether they have gone off to make a cup of tea or whatever. It is still a fairly rough proxy but you can get far more accurate figures from broadband because the broadcasters know how many streams are being accessed; whereas on television, with the traditional BARB measurement, it is a panel of 6,000 homes across the whole of the UK with a box attached to your TV. Again, you are supposed to press a button when you come into the room and say you are watching. But it is such a small sample and it is very costly to do, so when you try to drill down into that and pro rata it for how many of those homes are in Wales and how many in certain parts of Wales, then it becomes a very approximate measure.

Chair: Sorry I didn't mean to interrupt.

Liz Saville Roberts: No, that is fine. I just learnt about BARB last week and it becomes very significant in discussing who is viewing what and the numbers of them. Evidently we have these other platforms now, which are going to be more significant, and we do not seem to have any handle on them at all.

Q60 Chair: It is not for me to float recommendations but it is surely reasonable to think that perhaps all of us ought to be getting together to find some way of measuring online audiences, because it is going to have a very important effect on advertising and everything else, isn't it?

Peter Davies: Absolutely, and I think that is happening; that is exactly what BARB is working on at the moment.

Q61 Chair: Rhodri, can I ask one other thing: how confident are you? You sounded very confident that everyone is going to have broadband in two years' time. Many of my constituents in rural Monmouthshire are less confident in the ability of BT and the Assembly to deliver this but do you think I can go back and reassure them?

Rhodri Williams: Yes. I don't think there are any significant geographical variations other than between those premises that are difficult to reach and those that are not. There are premises that are difficult to reach in all parts of Wales. Obviously there are more of them in predominantly rural areas, because they are further from either the BT exchange or the new cabinets that BT are providing to take the fibre closer to the premises but I think, given time, that project is on time to deliver 96% of premises in Wales getting a

broadband connection capable of delivering 24 megabits per second and above; in most case 30 megabits per second and above.

Q62 Chair: Are you confident that Openreach are treating all providers of broadband equally? Some have suggested that BT gets more favourable treatment, shall we say, although this is certainly hotly denied by Openreach and BT themselves. Do you have a view on that?

Rhodri Williams: What I can say is that there certainly are concerns about the performance of Openreach in delivering its targets, both its wholesale targets to the service providers who are buying their service and to the public, who are in many cases having to wait a long time to have faults repaired or to have new services provisioned. There are concerns about it. It is impossible to deny that. It is the subject of a large piece of work that Ofcom is currently undertaking, the digital communications review, and hopefully in the New Year we will be coming forward with some recommendations for improvements in this area. I think again, to quote our chief executive, the status quo is not acceptable at the moment and we will be looking for improvements next year.

Chair: We will look forward to that.

Q63 Antoinette Sandbach: Has the statement that there should be a 10 megabits per second minimum Universal Service Obligation, effectively, bridged the gap about any concerns that there might be for people to access digital services because, if there is a Universal Service Obligation, any household that does not have it would be entitled to request it?

Rhodri Williams: Yes. We have yet to see the small print of what that will involve and we are working closely with Government towards that. One of the things it will do is create a funding mechanism, which is what happens in other areas of activity such as post where there is a Universal Service Obligation or in standard landline telephony. So, yes, that is certainly going to help. I would expect in some cases in Monmouthshire, but in other parts of Wales as well, it is not going to be delivered by fibre. It is going to have to be delivered by means other than that. We already have an extensive amount of wireless broadband delivered by SMEs across Wales who have seen the opportunity; have seen that it is going to take a long time for BT and the Superfast Cymru project to get there. They have taken advantage of that, have provided wireless solutions, and going forward those wireless solutions will be able to provide the faster speeds I mentioned earlier. As a case of last resort—although I think some of the satellite providers would not want to be seen in that light, but I think generally customers tend to see them in that light—in some cases we are going to have to rely on satellite provision. Between all those, as you state, Chairman, I am optimistic about the ability to deliver high-speed and reliable broadband to all premises in Wales.

Q64 Chris Davies: I am delighted to hear of your confidence in the delivery of broadband, only because two hours ago in the House I met representatives of British Telecom who tell me that in Brecon and Radnorshire they will not be able to deliver 96%; they certainly will not be able to deliver 100%; it will be 86% maximum that they are able to deliver, so neither the suppliers nor now myself are as confident as you are. I am wondering where your confidence comes from.

Rhodri Williams: The 96% figure of course is taken across the whole of Wales, so that is across all premises in Wales. Now you are not going to get 96% in each local authority in each parliamentary constituency. There will be a variation. The more difficult premises to reach are going to be in constituencies like your own that are more rural, but I think that mix of technology I was talking about is going to play a significant part in that. There was a story—I don't know whether it was the subject of a press release; I read it on the way up on the train this morning—about superfast broadband reaching a village in North Wales called Nazareth, which is particularly remote but fibre to the premises is enabling people in that village to take advantage of these faster services. On top of that, we have new technologies coming along. BT are currently trialling one in Swansea called G.fast, which allows delivery of very fast speeds over traditional copper connections. It is going to take time and it is not going to be easy in all cases, but I stick to my optimism that we will get there in the end and that the end is not too far away. I think by 2017 we are going to be between 96% and 100%.

Q65 Gerald Jones: My question is about regulation. You will have seen that there is a suggestion in the Government's Green Paper that, as part of the charter review, the responsibility for the governance of BBC content transfers to Ofcom. What are your views on that? In particular, what do you think the impact would be on Welsh broadcasters?

Peter Davies: I think they outlined a number of options in the Green Paper, one of which was a revised BBC Trust. Another was a new OfBeeb. The third was the regulation coming to Ofcom. In the latter two of those, there was also a proposal for an enhanced BBC unified board. At the end of the day it will be for the Government to decide on that. I don't think we have a particular view. There are some things around standards that our chief exec has said we might be more suited to take on. Other things around setting strategy and budget are much more around governance, which would be for the BBC unified board. Then there is a grey area in the middle around who holds the BBC to account for whether it is delivering on its remit. Sir David Clementi has been appointed by DCMS to look into the whole question, and he is due to report in February.

In terms of the impact on broadcasters, I guess it rather depends on where it comes out. I am not sure it should have that much impact. There are pros and cons to each model. There are advantages of having all the regulation done by one particular body and having a more level playing field. Equally, there are arguments that the BBC is a special case and should be separately regulated and it would be a mistake to try to lump it all together. I am not sure we have a particular view.

Chair: Well, not one you are going to share.

Peter Davies: We will wait with interest.

Gerald Jones: There is one suggestion at the moment specifically around the content, but thank you.

Q66 Chair: I sense you are not going to go further than this, but would you say that all these proposals are workable, or that any of those proposals would be workable?

Peter Davies: Yes, I think any of them could be workable.

Q67 Chris Davies: The draft Wales Bill amends the office of the Communications Act 2002 with regard to Ofcom. This includes requiring Welsh Ministers to appoint one executive member of Ofcom and for Ofcom to lay its annual report before the National Assembly. Are you content with those provisions in the draft Bill?

Rhodri Williams: Yes. There has been discussion for some time about changing the composition of the Ofcom board so that it better reflects the reality of a devolved UK, doing that being mindful of the fact that Ofcom is of course accountable to Parliament. We see the eventual appointment of members representing Scotland, Wales and Northern Ireland on the Ofcom board as being an asset; as being a strengthening of our ability to represent the interests of citizens and consumers in the devolved nations.

As it happens, our annual report is sent to the Assembly, to Assembly Members, to the Government, on an annual basis. For many years now we have made it clear that we would be very happy to come and give evidence whenever called; particularly, to go to talk about what we intended doing within a particular calendar year and how we think we did 12 months down the line in comparison with what we said at the beginning. We would welcome that extra degree of accountability, so that we would give evidence to an Assembly Committee in the same way as we give evidence to Parliament and a plethora of Select Committees on a regular basis. We think it is part and parcel of being accountable to the public.

Q68 Chris Davies: Do you think the proposal goes far enough in the draft Wales Bill? Would you like to see further control via the Assembly rather than by Parliament?

Rhodri Williams: That is a question for you and Members of the Assembly rather than for me but, certainly, we are very happy with the proposals as they are now and look forward to making them work.

Chair: Thank you both very much indeed, that was much appreciated; and for answering the questions so succinctly, thank you.

Examination of Witnesses

Witnesses: **Angela Graham**, Chair, Media Policy Group, Institute of Welsh Affairs and **Hywel Wiliam**, Member, Media Policy Group, Institute of Welsh Affairs, gave evidence.

Q69 Chair: Ms Graham, Mr Williams, thank you both very much for coming along today and giving evidence from the IWA, which is a body we all know and respect of course. Could I start by asking about your written evidence in which you refer to market failure in Wales, which is obviously quite a strong term to use? How do you define market failure and why do you use such strong terminology?

Angela Graham: We use such strong terminology because of the seriousness of the media situation in Wales. We did not feel it would be right to use a weaker term. The IWA audit covered more than broadcasting and I know that you are only looking at broadcasting. When you survey across the media in Wales, we felt that we had to talk in terms of market failure.

Q70 Chair: Could I tease a little bit more out of you, perhaps? Give an example of how the market is failing. To be devil's advocate, we are still getting lots of Welsh language

television and broadcasting and lots of English language broadcasting pertinent to Wales so, although the hours may have gone down a little bit, one might argue that that is not a market failure, just an inevitable consequence of a tight budget.

Angela Graham: I would like Hywel to come in on this as well, of course, but I think to look at the media landscape in Wales in terms of broadcasting and think that it is being adequately served is, in our view, impossible because of the contraction not only of spending but of genre. For instance, in the oft-quoted speech given by Lord Tony Hall in April last year, he acknowledged that there were genres that were not being served in the English language, which were drama, entertainment, comedy and culture. We would encourage people to unpack that term “culture” because once one does unpack the term “culture”, one realises that means the arts. There is no dance, there is no opera, there is no folk music in the English language, and then when you look a little bit further there is no agriculture, there is no business, and there is no religion. What else is missing? There are quite a few things once one starts to see—sorry?

Hywel Wiliam: Arts, for example.

Angela Graham: Well, I said arts but—

Hywel Wiliam: Science as well.

Angela Graham: Science, there is no science in the English language.

Q71 Chair: I will ask a provocative question again. Do you think that perhaps this is because so much is put into broadcasting in Welsh and are you suggesting—

Angela Graham: No.

Chair: No? You are not suggesting for one minute that resource needs to be taken away from Welsh language broadcasting towards English language Welsh broadcasting?

Angela Graham: Not for one second, no.

Q72 Chair: No, okay. How does it compare not so much with Scotland or Northern Ireland but with other regions of England?

Angela Graham: It still compares poorly, at least I think that the service in Wales remains inadequate in the English language. Maybe Hywel would like to go further about the market failure point.

Hywel Wiliam: Angela made the point, of course, that our media audit looks at wider issues than just broadcasting. Certainly, in the context of provision of services, we saw market failure being a consequence of the nature of the market that you are trying to serve where you have scattered populations and difficult terrain to cover. The general economics of communication services comes into play. For example, if you look at the provision of Freeview in Wales, everybody can receive the services provided by the public service broadcasters, which are publicly funded after all. When it comes to the commercial services, unless you get your services from a main transmitter—and Wales has over 200 relays as well as about eight main transmitters—from the relays you will get only about half the number of services you would get from a main transmitter. That is not an issue that is unique to Wales but it is going to be a factor anywhere that service providers are

going to be reluctant to invest where they are not going to get a commercial return in quite the same way.

Q73 Liz Saville Roberts: You described the situation very well, I think. Thank you very much. In what way do you feel that the people of Wales are impoverished and what are the consequences of having, effectively, a service that boils down to news and sports?

Hywel Wiliam: Yes, as we concluded in the first section of the media audit, in a way you have two limbs in this sense. At the risk of maybe contradicting myself and my previous statement, in broad terms the availability of services in Wales has greatly improved, regardless of the issues that we are talking about in regards to the market situation. Broadly, there has been a great improvement in access to services but, in terms of the provision of content for Wales, we are seeing quite a serious crisis emerging and maybe a possible decline in the content that is available for viewers and listeners in Wales in relation to the polity of Wales and Welsh society.

Can I just add a point on the market failure issue? Coming at it from a slightly different angle, you mentioned Welsh language broadcasting. It seems to me that Welsh language broadcasting is an example of where you have to provide from the public sector because, left to the market alone, there would probably be no provision. That is another example of what we mean by market failure. It is not necessarily a criticism of markets; it is just more of a factual statement about how markets operate.

Chair: I appreciate that.

Q74 Antoinette Sandbach: Given that you identify those failings, effectively even in the public service broadcasting in English provision, do you think that there is something around the public purposes for the BBC that could be changed, which could improve that provision in Wales or address that failure that you have identified?

Angela Graham: In particular, we note the two parts of the current provisions, which are the representation of Wales to the UK and the catering for Wales itself. We see that there is a lot of room for improvement in both of those. I do not know that we have a view about changing the purposes precisely.

Hywel Wiliam: No. I know there has been a lot of discussion about maybe simplifying the purposes in some way, but we see this possibly as a slightly retrograde step in the context of Wales. We think we are going to be better off where purposes are more specific and more able to describe the requirements, possibly, of viewers and listeners in Wales. We would hesitate, oddly, to go down the route of brevity. We would hesitate to do that; rather that there still would be sufficient description of what audiences required.

Q75 Antoinette Sandbach: How content are you about the current charter review process and the consideration that is being given specifically to Wales in that charter review process?

Angela Graham: We do not feel able to comment about the whole process of charter review because obviously we are not party to every aspect of that. We can comment on what is in the Green Paper, the BBC public purpose representing the UK, its nations, regions and communities section. Could I draw your attention to the last paragraph of that? We were just looking at this. It talks about provision for indigenous languages in the United Kingdom and we feel that this part of the Green Paper needs particular attention

from this Committee. It says, “Audience reach has been falling across some indigenous language services over the last few years, particularly in Wales, and these services come at a cost. Cost per hour of indigenous language radio content in Scotland and Wales is considerably higher than cost per hour for English-speaking content, which raises concerns about value for money”. We are just slightly concerned that some people have misread that and got it mixed up with the cost per head of providing indigenous language services.

Antoinette Sandbach: I think we had evidence on that in our last session.

Angela Graham: You have had evidence on that, okay.

Q76 Antoinette Sandbach: Apart from that Green Paper comment, what are your other concerns particularly around the charter review process for Wales?

Angela Graham: We feel in general that the process, as far as we know about it, has been reasonable. There have been consultations and opportunities. The IWA would like to submit material to the Clementi review. It is not so easy to find out how to do that, but we are getting there.

Chair: We are happy to try to find out for you if we can do that.

Angela Graham: Yes, we would very much like to put some material forward to that.

Q77 Liz Saville Roberts: Considering the savings that BBC Wales is expected to make in the region of £10.7 million by 2017, and looking then at the spend on English medium local programmes and also on the Welsh programmes, you have stated in your written evidence—and I think the First Minister of Wales said this as well—that Wales should receive an additional £30 million. I would like to come back to three things: how this figure was reached, what we could then do with that figure to make things better and, as an attachment to that, are there any issues with commissioning, that commissioning has become over-centralised in London and that is part of the problem; that we are not seeing more regional considerations?

Hywel Wiliam: I think we start with the statement of principle. The figure you mentioned, of course, is presented by the First Minister, so we are not necessarily a party to the calculations that his team may have made. We were broadly willing to accept the principle that BBC Wales should receive more funding but we, as I say, were not a party to the detailed calculations.

We certainly could give thought to the ways in which that sum could be used. For example, if you look at the situation going back to 2006-07, in our media audit we identified that, at that time with television, spend for English-language television in Wales was at around about £24 million or £25 million. We have identified that, by the time you get to 2014-15, that spend had reduced to about £20 million, so straight away there is a shortfall by our analysis. Equally, even things like the spend on S4C’s strategic partnership with BBC Wales, the 10 hours it supplies under statute, had been reduced in value by a million. There has also been a reduction in the online spend that BBC Wales makes. There is a package there of around £5 million to £6 million of reductions in spend.

In the first instance, we would certainly recommend that we would revert back to the situation of 2006 in terms of basic resources, but that is just a basic level service. It is not aspirational in its nature. It is just providing the kind of minimum that viewers and listeners in Wales should expect in the English language and in Welsh. If you were to go a step further and become aspirational, you would think, “What are the whole range of genres that by Tony Hall’s admission, for example, are not being catered for for viewers and listeners in Wales?” Then you could look at drama, comedy, and the arts. We have very little in the way of children’s programmes. There is no religion and no science at the moment. If you were to take that package together and start by focusing, for example, on drama, if I were to hypothetically look at that, say you thought that English speakers in Wales should have maybe three or four high-quality drama series on television every year produced for viewers in Wales, that is going to be, say, an extra £10 million in the pot straight away. If you were then to look at that other package of programme genres I described, you might want to find another £5 million there. It soon mounts up to the sort of £30 million figure that has been alluded to, as well as things like the Ideas Service that the BBC have been alluding to, the online provision and things like interactive content, and so on.

Angela Graham: And radio.

Hywel Wiliam: And, of course, in radio where again a small increase in spend could have a dramatic impact on the nature of the service. If you take Radio Wales, for example, it might choose, if it had additional resources, to provide a slightly more regionalised version of the service, maybe a Radio Clwyd or radio down in South Wales, for example.

Q78 Liz Saville Roberts: Just to come back, is there an issue with commissioning as well? Has commissioning in the BBC become over-centralised in reflecting a London-centric point of view as opposed to a regional centric point of view?

Angela Graham: Yes, in our opinion. This is not an easy thing to tackle because nobody is accusing commissioners of deliberately doing down the interests of Wales, but if we look at the results you judge by the results. You think there must be a way of adjusting the practice of commissioning to give Wales a bigger bite at the cherry. For instance—and this is not IWA policy—if you outsource some commissioning to Scotland or Wales or Northern Ireland and the means of communication so that all the commissioners were not in London all the time, it is not difficult in our view to change this. It is a matter of will.

Hywel Wiliam: We would also add to that the argument about the spend. It is not as if you are reducing then the amount of money that could be spent on network programming. You are simply providing leverage for other parts of the UK to contribute. In other words, if a commissioner based in Cardiff had access to funding to go with that role, that would mean that you would still get the same quantity of spend on network production but that some of the decision-making, along with the leverage that the money would bring, would mean that that gave a slightly different perspective on the total network output. You could then replicate that model in other nations and regions of the UK.

Q79 Dr James Davies: In your written evidence, you referred to the fact that you feel that the BBC has skewed its expenditure towards Scotland. I wonder if you could expand on that, please.

Hywel Wiliam: It is a difficult one. It is a reference at that point to the way in which, perhaps because of political developments, because of the nature of where we are at the moment in terms of the developing policy in the UK, it is possible that the BBC has had to shift its focus a bit to look more towards Scotland. Equally, hopefully we would see in a revised engagement in Wales that there is more noise happening down in Cardiff, and in Wales generally, which might draw the BBC back to looking more at provision here as well. Certainly, recent visits by Tony Hall and the Trust, for example, would suggest that engagement is happening in Wales as well.

Q80 Dr James Davies: From your point of view, it is just a case of highlighting it and ensuring fair distribution of investment?

Angela Graham: Yes.

Q81 Chris Davies: Can I jump back slightly? I must say I was not too happy with your explanation, Mr Wiliam, of the £30 million extra in your submission. Every department, every organisation, could ask for more money and could say it needs more money, and it appears that you have gone along with the First Minister's figure. You just appeared—and I am sure it is not the case—to pluck out of the air where £10 million out of that £30 million would come from and £5 million and so on. I feel that that is a little bit disappointing. I thought we might have had few more specific facts coming out of you there. I do not know if you want to explain a little bit further, but you are the people in the industry and not the First Minister. As I say, I am sure there could be cuts in the back room that could make some savings that would not add up to that £30 million and so on.

Hywel Wiliam: There are several issues there. First, we recognise, of course, that the BBC is facing enormous cuts, as you have already described. What we are talking about here is a redistribution internally within the BBC rather than accepting that the total cake may be reducing. Equally, we feel that up to now it is arguable that Wales has not had the resources to develop a broadcast service for Wales, in the way that would be desirable and in a way I think that the senior management and now the Trust are recognising in the BBC. The society, the nature of the broadcasting, which we feel that viewers and listeners in Wales deserve, by the BBC's own admission, has not been fully fulfilled.

Chair: I think I have that, then, but just to be clear—

Hywel Wiliam: I was going to say that the point is, I agree that how you cut the cake then is subject to a whole host of criteria. It could be somewhat arbitrary, but you have to look at what kind of service you would like to provide at the end of the day. When we picked a figure there, for example, for drama, we made certain assumptions about the cost per hour of drama. The cost per hour of drama varies hugely. If we went by, for example, the S4C figure—which is £200,000 or less per hour—that gives you a very different result. If you took network-style drama at £800,000 per hour, do you see what I mean? You could make drama at any amount of spending, so you could easily inflate that figure of £10 million up to £15 million or £20 million, depending on how ambitious the service is. We recognise there has to be a balance, of course, in terms of resources. I apologise if the reasoning seems somewhat fluid there, but it is to do with the nature of how the industry works and also the end result in terms of productions.

Q82 Chris Davies: There would not be a need to stop at £30 million; you could have five drama programmes if you take it to £80 million and so on?

Hywel Wiliam: Common sense suggests that we have to be realistic about the lack of resources the BBC is facing.

Q83 Chair: Can I just clarify that because I did wonder about it? To use your cake analogy, it is not so much the size of the cake that you are arguing about, you are taking the cake as it is and saying that the slice that goes to Wales is not big enough and, by inference, other parts of the United Kingdom are getting a bigger slice of the cake than they really ought to have?

Hywel Wiliam: The whole cake is going to reduce in size anyway, but the slice for Wales is certainly not adequate to reflect the—

Chair: But is the slice, therefore, going to other parts of the UK too large?

Angela Graham: I do not think that is our job to say.

Chair: It is important. You see what I mean? Either you are arguing that the cake is incorrectly cut up or you are arguing that the cake is too small. It was your clumsy analogy, I know.

Hywel Wiliam: There is another level to it, of course, which is that there is a zero sum argument as well. That is linked to the previous point you made about commissioning, which is that if you were to decentralise commissioning and take with it some commissioning spend, you could have your cake and eat it. You could hit both targets because you could say, “Okay, you can produce programming at the higher rate of cost per hour”, as we were describing, more like network-type budgets. Then that could fulfil the role of not only providing good quality drama for Wales but also good quality drama that could be provided for the network. You could do both. The mistake perhaps is to be too rigid about separating network spend from local spend in thinking about how viewers and listeners use the medium.

Q84 Chris Davies: How much of a concern is the increasing dependence on the BBC to provide English language content?

Angela Graham: It is a concern because you started your previous session with a question about plurality and diversity and we do not want to see any pressure that weakens plurality.

Hywel Wiliam: It is an interesting situation in Wales because we have several public service broadcasters. We have ITV providing a Channel 3 service for Wales and its parameters are very specific relating to its licence. ITV does that, and I think that contribution is very important and very welcome. That was the concern historically in, for example, the second Ofcom review about the lack of plurality if that service was lost. If we now take that service as in place and licensed until 2024, if we look back then on the BBC, we have a competitor there providing a full news and current affairs service and, of course, both those broadcasters in turn provide content for S4C. For example, in current affairs where you have lively competition, in effect, between “Y Byd ar Bedwar” provided by ITV and the range of programmes provided by BBC in Welsh on S4C. It certainly is a take on plurality but I think a very important one.

Q85 Liz Saville Roberts: We have talked earlier about how the BBC has prioritised funding for news and current affairs, which is, of course, critical, but it does not seem that they have done it very well, given that almost a third of people cannot name the First Minister and there is a general unawareness of civic aspects, civic matters that affect every aspect of our lives. I would argue that this lack of answerability and this lack of scrutiny is a democratic deficit that starves democracy in the end. Given that we are in this position, would you agree with this? What do you think we should be doing about it?

Angela Graham: Well, there are many factors to this. One is that it takes time for the devolutionary settlement to filter through to people. I do not know that it is fair to assign all blame to broadcasters for what the public picks up and does not pick up. Perhaps Hywel would like to comment on the reach on that.

Hywel Wiliam: It is interesting because in a way you have quite complex, quite porous issues in relation to the geography of Wales and the distribution of population in Wales that adds to these factors. Interestingly, they are factors that I know this Committee has identified in previous studies looking at broadcasting in Wales in previous reports; for example, the whole issue of overlap where people near the borders might be getting their media from England. Now, of course, we have complexities in that they might be getting their media through online provisions of versions of the press from London and so on where the issues about Wales are not reported. There are structural features of the communications market that, for example, the Electoral Commission has reported on in the past where they have argued that it is all too easy to completely avoid content about Wales if you choose to do so. This is not through any fault of any individual; it is just more to do with the structural ways in which people obtain their media.

Q86 Liz Saville Roberts: Would you be of the opinion that a “Welsh Six”, where the English-medium news was seen through the glass of the needs of Wales, which it does through the medium of Welsh for Welsh news and on the same model, of course, as the “Scottish Six”, would be a way of addressing this?

Hywel Wiliam: I think your point about S4C is well made there. That happened seamlessly, quite naturally, from the beginning of the service, that people in Wales, Welsh speakers, were quite happy with a single integrated programme looking at Welsh news, UK news and international news, as you say in quite a seamless way. There has been discussion obviously in this context of a so-called “Scottish Six” and whether that would work in Wales. Interestingly, the BBC is also looking at—well, certainly, there has been consideration of—for example, an opt-out to Radio 2, the idea that you reach a certain number of listeners with Radio Wales in English language. There could still be a significant constituency there of people who have not been using that service but probably would listen to Radio 2, so an opt-out on Radio 2 could be very effective. I know it is something that the BBC is giving active consideration to and certainly something we would support.

There is a case for a “Welsh Six”, but I think it is also fair to look at the success we have had in terms of the growth of audiences for both “Wales Today” and ITV’s “Wales at Six”. When you combine the two together, there has been quite a significant increase in reach as documented in our audit. Again, that is to be praised.

Angela Graham: It would be interesting to see what happens when the BBC's Ideas Service comes to fruition or maturity. We have to wait and see about that. They have also been talking about a dedicated online service for Wales, but we do not know yet how they see that content or what deficiency that would make up for, if anything.

Q87 Carolyn Harris: Good afternoon. I was delighted with your comments about the seriousness of the situation. I entirely agree with you and—to use another pun—it was music to my ears. The DCMS Minister recently informed the House that S4C was more generously funded than any other media organisation relative to its audience. Naturally, I completely disagree with that and I feel that S4C and Welsh broadcasting, in general, is viewed as a poor relation if not an ad hoc by the DCMS. Do you feel that the DCMS Minister has fulfilled his statutory obligation in reviewing funding for S4C, especially in light of the recent cuts?

Angela Graham: Well, we have recommended that S4C's funding be very carefully protected. We would like to see a review of S4C, which would allow for full consideration of all the factors relating to the channel. We feel that, unless the channel is properly funded, its standards will have to drop.

Hywel Wiliam: Obviously, we have news now of the most recent cut to the DCMS proportion of funding for S4C and that amounts to about 26%. It is quite a serious cut on top of the historic cut that S4C had to take through the original CSR agreement back in 2010-11, which was 36% in real terms. We are concerned that cuts of this kind will inevitably impact on the quality of the programme service and make it more difficult to reach audiences.

Chair: That was a very concise answer. We have about six more questions, so if we keep them at that level of conciseness we will be fine.

Q88 Liz Saville Roberts: Can I ask, concisely: how should we be measuring S4C's viewing figures because BARB does not seem to do it very effectively?

Angela Graham: That was an interesting conversation before us. I think they covered it. I do not think I have anything to add to that.

Hywel Wiliam: It might be worth making the point, though, that we should not perhaps be focusing just on audience figures and that we should take a wider view of S4C's role as a public service broadcaster, its impact on the Welsh language in Wales and also its economic and cultural impact. If you take all these measures into account as well as things like the audience appreciation for the service—which, according to the audience appreciation indices, has always been consistently higher than the UK average for most of its programming—it is worth looking at it as a package of measures. Maybe taken over time the authority, S4C's regulator, reports on a package of measures in its annual reports every year. It is focusing far wider than just on one issue of reaching audiences.

There are encouraging signs. For example, reach outside Wales, which is something we noticed in our audit, has significantly improved. This may be due to the fact that S4C is becoming more widely available. For example, it became available on Virgin Media as a platform last year. Availability via the BBC iPlayer has also been a significant factor, which I think points to the future in how audiences may be changing and how they are now picking up their content. That has been a very worthwhile collaboration between the

two public service broadcasters that is delivering real dividends in terms of audience impact.

Chair: “Y Gwyll” is now on Netflix.

Hywel Wiliam: Yes, as well. Yes.

Q89 Liz Saville Roberts: The Culture Minister has recently said that S4C was more generously funded than other media organisations. This is where the numbers of viewers becomes critical. This is a simplistic interpretation. How do we overcome that interpretation when it is so easy to make those comparisons?

Angela Graham: It is surprising how often that statement is made. I always think I am missing something. I think one simply has to keep looking at the service in its totality, as Hywel suggested, and keep saying, “Why are you measuring it in that way?”

Hywel Wiliam: For example, the economic impact of the broadcaster is very significant. S4C basically kick-started the independent sector in Wales. That has created huge benefits way beyond just broadcasting in the Welsh language, if you think about the success of those independent companies internationally and then think about things, like “Y Gwyll” and “Hinterland” and the success that has had not only across the UK but internationally as an idea started by S4C that grew into a co-commission eventually and with additional funding has grown to be able to service international markets.

Angela Graham: If I could add it is also about what a society values. It is value beyond economic measures.

Chair: Okay, Roath Lock. Are you going to ask anything about Roath Lock?

Liz Saville Roberts: Was I going to ask something? No, I was not going to ask anything about Roath Lock.

Chair: No, you were not. Okay, not to worry.

Q90 Chris Davies: Why has there been such a decline in portrayal on network television?

Angela Graham: That may be linked to commissioning decisions because, when you commission content, if the Welsh are not portrayed in the content then clearly there is something that goes wrong at that point. I think that would be the main reason why there has been a decline in portrayal.

Q91 Chris Davies: Therefore, as the commissioners tend to be based in London, do you think there is lack of understanding of the Welsh audience from London commissioners and, therefore, we should have commissioners from Wales?

Angela Graham: Yes.

Chris Davies: A straight answer there.

Chair: We like straight answers. Whether I agree with them or not, I wish we had more.

Angela Graham: Well, I am trying. You said hurry up so I—

Chair: Not from you.

Chris Davies: It was so succinct I will not come back on it. Thank you very much.

Liz Saville Roberts: I said I was not going to ask you about Roath Lock, but shall we—

Chair: Why not then?

Q92 Liz Saville Roberts: Yes, and we will extemporise on this. Evidently, we have had “Dr Who” and “Casualty”. We went to see these studios and they have brought an incredible economic boost to Wales. What do you perceive—rather than me talking about it—as the pros and the cons of having these national iconic programmes coming out of South Wales?

Angela Graham: I do not see that there are any cons. Why would there be a con with having that sort of wonderful production centre in your country? It is an economic benefit. It helps training and so on. It should not impact on the provision for Wales itself. I am trying to be concise.

Q93 Liz Saville Roberts: Do you think there is any risk that what is spent on those fantastic programmes is partly a reason for not arguing in favour of more to be spent in Wales?

Hywel Wiliam: Although they are related, they are separate issues. Obviously, we welcome the economic impact and the impact on the freelance community in Wales and on the wider creative economy. They are all very, very valuable contributions and it is terrific to see programming of this quality emerging among the UK networks and around the world. What would be terrific now would be to add to that; if you had a commissioner or commissioners based in Cardiff or in Roath Lock, say, working in drama that could do both; that would fulfil that network requirement but do so in a way that would maybe enhance portrayal on the network as well. It does not have to be all the time. It can be maybe a proportion of the output, but it would be a terrific boost.

Chair: That is great, thanks.

Q94 Antoinette Sandbach: You described the division of responsibilities between the BBC Trust and the BBC executive as unsatisfactory and in need of reform in order to better reflect the new constitution of the United Kingdom, and that these changes ran right against the tide of devolution and need to be reversed. Can I take it then that your view is that the Welsh voice is not sufficiently heard within the BBC’s governance structure and, if that is not what you meant, what did you mean?

Hywel Wiliam: In a sense, these are issues again about which we would be very interested to contribute to the Clementi review and the forthcoming work that he is doing.

Antoinette Sandbach: We are having an inquiry here and we would like to know.

Hywel Wiliam: Yes, of course. We think that the existing structures are perhaps somewhat weak compared with how you could have structures that would be more effective, in terms of being able to reflect views of listeners and viewers in Wales to the BBC and also to Wales. It is unfortunate in a way because in the audit we talk about a possible BBC Trust for Wales and linked to that a service licence model but, of course, it is not clear whether

there will be a BBC Trust. We know that there is still a lot of flux here in terms of the kind of structures that we could end up with, a unitary board and perhaps a separate regulator.

Q95 Antoinette Sandbach: You would like to set up a duplicate trust in Wales? The structure has an unsatisfactory division of responsibilities, you said?

Hywel Wiliam: No, we would see a strengthened unit in Wales that would have more authority; in particular, if there was to be a service licence for BBC Wales, that the body in Wales that oversees that would replace the current functions of the BBC Trust and of the advisory committee, but that body then would have responsibility for delivery of that service licence in the first instance. It is a better form of accountability within the organisation. We talk quite a bit about the centralisation and the centralised nature of the BBC as an organisation. We see improved structures like this as a way of overcoming those issues and improving on internal communication in the BBC.

Q96 Antoinette Sandbach: What is your view then of the creation of an independent board of governance—it has been called OfBeeb, in other words an Ofcom—particularly given the fact that Ofcom does have its base in Cardiff?

Hywel Wiliam: Yes, it is a complex structure, a complex web that is being created potentially. If you take, for example, the situation that S4C has now with the operating agreement and the present law of the BBC Trust, there is an operating agreement between those two bodies. We do not know if there is going to be a body to replace the BBC Trust, so we do not know when S4C comes to renegotiate the operating agreement who will be the parties to that agreement. That is just one example of the complexity of the situation.

Antoinette Sandbach: Your answer to my specific question about OfBeeb?

Hywel Wiliam: Because if you think about it, it would be preferable for the authority, therefore, to deal with an independent body that would then in turn be responsible for, for example, administering the licence fee in Wales rather than a unitary BBC board. Otherwise, we would have to deal with a unitary body rather than a separate regulator. The separate regulator could be OfBeeb or it could be Ofcom and, in terms of independence, those options are preferable to having to just deal directly with a unitary board.

Q97 Chris Davies: You already raised the service licensing model. Do you think that would be of benefit to Wales or a detraction?

Angela Graham: Yes, we do.

Hywel Wiliam: Yes. We envisage, for example, a situation of greater flexibility for the management of the BBC to deliver across the whole range of services, to be able to manage the service for Wales as a whole. At the moment, the service of BBC, BBC Wales, BBC One Wales and BBC Two Wales are annexes of existing service licences for BBC One and BBC Two as a whole respectively, whereas there are separate service licences at the moment for Radio Cymru and Radio Wales. It is a curious mixture. We would think that it would be better that that be combined into one comprehensive service licence that would take in online as well. It would allow the management far greater flexibility in terms of the creative allocation of resources.

Q98 Dr James Davies: In your recent media audit, you called for increased scrutiny of Welsh broadcasting by the Welsh Assembly. How would that work, do you think? How would you see it working?

Angela Graham: One thing that we have recommended is that, working within the current set-up, what can the Welsh Assembly do to take more oversight on responsibility for media? We have suggested that the broadcasters supply annual reports, not the annual report of each organisation but reports written to criteria set by the Welsh Assembly. Then there would need to be an organ that can receive those and hold to account the broadcasters. We would be very keen to see that because we chose to do the audit, for example. We chose to do the audit because no one else was doing the audit. Even a simple exercise like collecting information about the media in Wales has been done by us. That would be one thing.

Personally, I have been impressed by the level of engagement of Welsh AMs. The inquiry that is going on at the moment in Cardiff has been very interesting to follow. It has enlivened the whole debate around these issues. I think I sense an appetite among AMs to take as much interest as they can and to seek mechanisms that will allow them to have responsibility.

Q99 Dr James Davies: Essentially, you like the concept but the mechanism is not entirely clear at this moment in time?

Angela Graham: We can suggest mechanisms, for instance, there should be a permanent media monitoring body. It is for the AMs to decide what mechanisms they would choose, but that would be another thing. At the moment, the inquiries that happen about broadcasting are very useful but they are temporary. They report and then they move on. There is no permanent body looking after the media so that is what we would like to see as well.

Q100 Dr James Davies: Of course it is difficult with it not being devolved as an issue, isn't it?

Angela Graham: Yes, it may be difficult but it does not seem to be impossible to find some movement within current—

Dr James Davies: Yes, I understand.

Chair: Right. Well, thank you very much indeed. We have just about managed that on time as well and we do appreciate those succinct replies, which is a message that may get picked up by others throughout. Thank you very much indeed.

Hywel Wiliam: Thank you very much.

Examination of Witnesses

Witnesses: **Sian Powell**, Lecturer, School of Journalism, Media and Cultural Studies, Cardiff University, and **Dyfrig Jones**, Lecturer, School of Creative Studies and Media, Bangor University, gave evidence.

Q101 Chair: Ms Powell, Mr Jones, diolch yn fawr am ddod heddiw. Gwaetha'r modd, rhaid gwneud hyn yn Saesneg, as there are no facilities here to do it in Welsh. Thank you for coming along. Could I ask the leading question to you both? What do you make of the general health of broadcasting in Wales?

Sian Powell: I think I would say that there is a particular significance to the role of broadcasting in Wales due to the lack of a national press and the democratic deficit. As we have already heard this afternoon, there continue to be concerns about the way that Wales is reflected in terms of broadcasting. Wales has changed a significant amount over the last 15 years with the opening of the National Assembly and devolution and the continual development of devolution. I feel that, yes, the way that Wales is represented is a concern. I think it has already been mentioned that perhaps there is a lack of understanding of devolution among the Welsh public, and perhaps broadcasting should play a greater role in terms of reflecting how Wales is governed. Plurality is also an issue since so much is dependent on the BBC in Wales, and that continues to be an issue.

Q102 Chair: Is that because the BBC is pushing local newspapers out or are they filling a gap that has been created because local news is disappearing?

Sian Powell: I think that is a general trend. That is not unique to Wales. The BBC is trying to fill a gap. I am not saying that they are taking over from anyone else. It is just that in Wales we are dependent on the BBC. I think it was mentioned earlier that, in terms of market and commercial opportunities in Wales, they are not there, so everyone would turn to the BBC naturally for their news.

Dyfrig Jones: I agree. I do not know how much I have to add to what Sian had to say or what the previous speakers had to say. The one worrying trend is that, between the IWA doing media audits back in 2006, 2007, 2008 and this latest media audit, the situation has got worse, not only in the decline of commercial media but in the consolidation of public service broadcasting, let's say, through S4C being funded through the licence fee. The situation is not only bad, it is bad and it is getting worse.

Q103 Chris Davies: Just out of interest there, if I may, from you personally, looking at your resumé you were evidently involved in broadcasting in S4C. Now you have gone out of that and left S4C. Was that because you saw the situation getting worse or because there were other better paid challenges ahead?

Dyfrig Jones: No, I was a member of the S4C authority, which is an appointment that DCMS makes, and they chose not to reappoint me for a second term. It was not through choice.

Q104 Chris Davies: It was not, there we are. I do apologise then. I shall not inquire further into grief. As a Welsh Member of Parliament, one tends to get blamed for many, many things? Some of them are slightly out of our control because they are Welsh Assembly run. It is terribly difficult in Wales—and I sympathise with what you are trying to do—to get the public to understand what is dealt with by what. I have been a county councillor. I stood for the Welsh Assembly. I am a Member of Parliament here. They are different roles but, when I have spent the last two and a half years knocking on doors, it is clear that people do not understand exactly the differences. How we get that over, I just do not know but, with people like you, I am sure you will find the conclusion and I will help in any which way.

There is no Welsh representative on the Culture Secretary John Whittingdale's group of charter review advisers. Is this a concern or should it be a concern for the people of Wales?

Sian Powell: I think the passage in the Green Paper about the minority languages has already been dealt with, but that perhaps suggests a lack of understanding of the context of broadcasting in Wales. Assuming that S4C is value for money I think is looking at things in the wrong way, because S4C does not exist in a multichannel context. It is the only Welsh language channel. Perhaps if there was a stronger Welsh voice those kinds of issues would have greater understanding, but I think that that particular passage has already been touched on.

Dyfrig Jones: I think it is absolutely an issue of concern. If we go back to the period when I was still a member of the S4C authority, I was there when the 2010 CSR was happening and when the deal was done to fund the vast majority of S4C through the licence fee. I think that shows you what goes wrong when you do deals in London without thinking about the impact on Wales. That was very much a deal that was sketched out in a room within spitting distance of here without even discussing it with S4C. It was done because it was a good deal for DCMS, it was an acceptable deal for the BBC and it was a terrible deal for S4C. The danger is that we will go down the same road again with the charter review. It is a significant risk and I am very glad that this Committee has picked up on broadcasting at this point. I think it is important that we have influential Welsh voices feeding into charter review and being able to flag up potential problems before they happen rather than having to deal with them after they have happened.

Q105 Chris Davies: We have heard a lot in the information sessions today, and evidently everything has been geared towards S4C. But we have a very strong BBC Wales, of course, which is delivered via the medium of English, but it is still strongly followed and has Welsh news as well as national news, and so on, and Welsh programmes. How do you think BBC Wales is doing as opposed to S4C?

Sian Powell: Yes, that is another consideration, of course, that needs to be taken into account. As Dyfrig was saying, I think if Wales was represented more strongly in these discussions, BBC Wales' place would also be taken into further account. BBC Wales also produces news programmes for S4C, obviously. You were also mentioning earlier how to make people more aware of devolution. I do not think that it is a failing of BBC Wales that those kinds of information and those news items are not getting across. They are doing the best with the resources that they have in a sense, but I would completely agree that a greater Welsh representation would mean that the specific and the unique significance of broadcasting in Wales, economically and culturally, would be taken into more account.

Dyfrig Jones: Again, to go back to the work that the IWA has done over a period of years, I had to check when Geraint Talfan Davies' book "English is a Welsh Language: Television's Crisis in Wales" was published, and we are going back to 2009. If you look at the period between maybe 2009 and now, it was flagged that this is a concern that BBC Wales, yes, does lots of excellent stuff, but reflecting Wales through the medium of English, creating English-medium programmes about Wales, was a matter of concern. It had been in decline. This was mapped out against very serious and significant decline in ITV. This was a problem. We are going back six years when this was identified very prominently.

If you look at the history, if you ask the BBC what has happened in Wales since 2009, the things you will get told at the top of the list are Roath Lock, “Dr Who”, “Casualty”, all great success stories, but still somewhere down the bottom is this real concern about reflecting Wales back to its viewers through the medium of English. It is not to take away from the successes of “Dr Who” and so on. They are great things. They bring in huge economic benefit, huge skills benefit. It is in no way bad for Wales, but it is questionable as to whether that is what public service broadcasting in Wales should be. Is public service broadcasting in Wales “Dr Who”? It is not. It is a great programme that happens to be made by BBC Wales.

Chris Davies: Just one last one, a very quick one, Chairman, if I may?

Chair: Okay. We are going to have to speed up a bit after that.

Q106 Chris Davies: There are some that would say the period you are talking about with the programmes you are talking about—and we heard it earlier—has been the best ever period for broadcasting in Wales. Are you disputing that or just saying it could be better?

Dyfrig Jones: These are great programmes but they are not Welsh programmes. They are great programmes made by Welsh people. I remember going to a producers’ seminar—and we are going back maybe a decade—where Cardiff-based drama producers were saying, “The BBC is treating Cardiff like a cashpoint at the end of the M4”. You have a great idea for a programme in Cardiff. There is a production quota that the BBC needs to fulfil, so what will we do? We will drive down to Cardiff; we will move production down there; we are hitting our quotas. But when you think about the purpose of public service broadcasting, about reflecting diversity of different communities that exist in the UK and exist within Wales, is creating “Dr Who” really fulfilling that public purpose? Yes, it is an excellent programme, but does it do what the BBC is fundamentally meant to do? I would say it is a great thing to be happening in Wales generally but it is not the be-all and end-all of what the BBC is about.

Q107 Liz Saville Roberts: I think that was the question I have been trying to ask the people here earlier: the risk of us conflating the success of something that we all want to be successful with the fact that it is blinding us to something else that we are losing at the same time. Dyfrig—mae’n rhyfedd iawn siarad Saesneg hefo ti, felly maddeua i mi—in light of your experience of having been on the S4C authority in the past, we know about the DCMS cut. We are predicting that there will be cuts coming from other directions as well that will have a direct impact on S4C programming. What do you think that impact will be?

Dyfrig Jones: I think it is potentially catastrophic. As I say, I was still a member of the authority. I think my term came to an end in April 2012, so I was there from the last CSR for another not quite two years. You have to remember that S4C is not a body like the BBC. It does not have a production arm. It commissions all its content. Its admin, its back office, is much, much smaller than you would find in other institutions. It has been cut back to the bone. Back office has been cut back to the bone in a way that is just about manageable but is in no way desirable. Production costs have been drastically reduced. The potential for further cuts without having an impact on the service is a matter of huge concern. If there are further cuts to S4C, I think the service is in danger of being drastically reduced. When we were mapping our options back in 2010, 2011, 2012, there was talk about a black screen for periods of the day. It has got past the point where you

can buy in an additional repeat and hope that the viewers will live with it. It is getting to the point where the service is going to come under fundamental challenge. I think in many ways it is unforgiveable that S4C is being put in that position twice in five years, having been faced with a fundamental challenge to its existence, then overcoming that, dealing with it in I think a very positive and very proactive way, and then five years later being told, “Yes, go off and do it all again”. It is not reasonable to expect S4C to do that, I do not think.

Q108 Mr Mark Williams: Sorry, Chairman, I was detained in the Chamber. What you have just described we saw graphically last week when we visited S4C: the extent to which the backroom side of it has already been pared down very much to the bone hasn’t it? What I was going to ask you was: following the impact of that on what has been hugely successful, the independent production companies throughout Wales with particular concentrations, what is that impact going to be?

Dyfrig Jones: You have to bear in mind that I was a TV producer many, many moons ago and I am not directly involved in it. I am still friendly and I am still familiar with what is going on but not in as much detail, so I would not be able to give you a definitive answer.

My feeling is that production costs have certainly been scaled back and I see this through people that I am friends with who still work in production companies. Production costs have shrunk drastically. There was a movement that predates the last CSR by a good while—it actually goes back to the late 1990s—of attempting to get production companies to consolidate, so getting smaller production companies to join up and become what in the Welsh context is considered as a super indie, although it is still a small production company in a British or global context. I have long expressed concerns about this because, when you start talking about plurality being the big problem of the media in Wales and the answer to all our problems, it is simply that we are going to shove everything together. I think it creates problems with plurality because what you are doing is creating more gatekeepers. If I have a great idea for a TV programme, I cannot take it directly to S4C as I would have 15 or 20 years ago maybe. I now have to go to somebody in a big production company that then will take it. That is part of a much, much longer trend that has been going on, as I say, since the late 1990s, really.

Q109 Mr Mark Williams: But it could be exacerbated, when we talk about 36% cuts over four years—

Dyfrig Jones: Yes, much of the output of S4C now comes from five large companies, ITV Wales and BBC. In fairness to Ian Jones, the current chief executive, he has seen the dangers of this. He has addressed it. There have been movements in the past five years to ensure that there is diversity of supply. Smaller companies are being given access to commissioners and so on. I think it will inevitably be a pressure to say, “Look, it will be cheaper for us if we can do”—what every large company wants is an output deal, is to be told, “Generate X amount of hours for you and we will give you this chunk of our budget every year” and I think that is potentially a very dangerous situation in a country that has problems with plurality.

Chair: Liz Saville Roberts, any further ones on that?

Q110 Liz Saville Roberts: The Culture Minister, Ed Vaizey, has opined that S4C is more generously funded than any other media organisation in terms of the number of viewers it receives. How would you respond to that?

Sian Powell: I do not think that you can compare S4C with other channels in the same way. It does not exist in a multichannel context. It is the only Welsh language channel. In her evidence last week, the Welsh Language Commissioner made the point that the audience size is never going to be able to compete because the viewers are not there. I do not think you can either separate S4C's value for money without looking at the economic value that S4C offers to Wales through the independent companies that Dyfrig was taking about. Culturally as well; the cultural significance of S4C and the economic impact that it has on Wales I think is priceless. I do not think that you can talk about it in terms of value for money in the same way as you can about other channels when you are here in London. It is a completely different thing.

Dyfrig Jones: In fairness to both S4C and the BBC, they do not see it in terms of a very simplistic numbers game. The last I remember was you should measure programmes against four criteria: RQIV, so reach, quality, impact and value for money. Yes, value for money is a consideration, the numbers that watch is a consideration, but it needs to be far more rounded than that. A great example is that the Chair referred to the fact that "Y Gwyll" is now available through Netflix. Now hopefully many thousands, tens of thousands, hundreds of thousands of people might watch it, but those figures will never be reflected when we look at S4C viewing figures. The only headlines we ever see are the ridiculous ones about zero viewing and so on. We need to be grown up about it, I think, which means that we need to have a way of measuring that takes into account the fact that something like "Y Gwyll" starts off as an S4C production and might get X thousand viewers in its first broadcast but is then being shown on BBC Wales, is then being sold internationally, and so on.

Q111 Chair: I am sympathetic to the point you are making but there is a problem with viewing figures and with getting Welsh speakers and learners to watch S4C, which I suspect is partly because of the amount of other programming out there on Sky and the rest of it. Don't we all have a responsibility to remind Welsh speakers you either use it or lose it and that not enough people are using it at the moment?

Sian Powell: I think that is a point in terms of S4C is appealing to a very wide market and has to appeal to the widest age range of all Welsh speakers, from young children to the eldest. The way that those different people come across S4C and watch television nowadays is completely different. I think that that is a challenge that S4C faces in terms of trying to appeal to all those different people and all the different platforms that they might be watching television on. As Dyfrig was saying, there is a problem about catching all those people in a one viewing figure number that you can put on it.

Dyfrig Jones: Nobody wants a television channel or anything else, any other piece of culture that does not have an audience. Nobody gets into making television so that nobody watches it but they have made their favourite programme ever. Everybody wants an audience. It is about how to measure that audience, like I say, in a grown-up way. It is an idea that is based in television that would be broadcast tonight at 7 o'clock and never seen again. It is an utterly outdated way of thinking about it.

Q112 Chair: Absolutely. I accept that completely. Another thought that I have—and it is not an exact parallel—is just as we spoke earlier on about the possibility of a radio station like Radio 2 being able to switch to Wales, given that most radio music stations around the world play a significant amount of English language music—France or Germany, go there, you will hear English songs all the time—should we consider encouraging Radio Cymru to play a bit of Beyoncé alongside Meic and Alun and Plethyn? Great though they are, they are not necessarily going to draw in the younger audience.

Dyfrig Jones: They do. There are fluctuations over the years. They play more; some people are not happy; they play less. They are going through a period now of, some would say, extreme populism, particularly in the afternoon. Certainly with playing, I think it is about finding the right mix, because there are elements of your core audience that you will alienate by playing too much. There is a danger of always chasing this elusive other audience that will be drawn to Welsh language media because a certain amount of it is going to be in English and actually they never come, but what happens is those people who have always been faithful to you get annoyed by being taken for granted and they start finding other things to do with their time. It is a balancing act.

Chair: That is a fair comment.

Q113 Dr James Davies: What are your views about the current operating agreement between the BBC and S4C and would you like to see that continue into the new charter?

Sian Powell: I do not know if I am qualified to answer, but I think the most important thing would be for S4C's editorial and operational independence to be safeguarded for any future plans, or whatever happens to the BBC Trust, so that that is taken into account first and foremost.

Dyfrig Jones: I would say that, again being there on the margins as this was being discussed last time, I think it was a hard won compromise, the operating agreement. This business of all these different kinds of independents, which we have thrown in, is there as a kind of succour because what we want is true full institutional independence. If I had a wish I would far prefer to see S4C go back to the old system of being entirely independent and directly funded from Government.

As Sian mentioned, the crucial question is: what happens to S4C as we go through charter review in terms of its accountability? One of the big discussions that went on between S4C and the BBC is to whom should S4C be accountable. There was talk at various points of executive members of the BBC sitting on the S4C authority, which was considered unacceptable. At the moment the existence of the BBC Trust is valuable to S4C because it is an arm's length body. It is a non-executive body that S4C is directly accountable to. If the BBC Trust disappears, that creates a very, very important question for S4C, because I think it would be completely unacceptable for S4C to be accountable to the BBC's unity board because they are a clear conflict of interest. The obvious one is something like sporting rights. If S4C is directly accountable to executives in the BBC and rugby rights come up and BBC Wales and S4C both want them, you are creating a situation that is completely untenable there.

Now, if there is an OfBeeb—I think OfBeeb is a terrible name for it—or a separate public service broadcasting oversight body, I think that for S4C to be accountable to them is the

ideal and would be an improvement on the present arrangement. The difficulty is, if we go down the possible third way of complaints stuff being handed over to Ofcom and Ofcom would then not be in the situation really. It would be difficult to make S4C accountable to Ofcom for licence fee spend. As I was saying earlier, the whole charter review process is going on and these discussions about OfBeeb, Ofcom, unity board are going to happen and as it is all being stitched up there will suddenly be a consideration: what do we do with little old S4C? There is a danger that it will be an entirely unsatisfactory arrangement. It is something that everybody needs to keep a very close eye on.

Chair: Any further questions on that?

Q114 Dr James Davies: Only about the BBC Trust model and your views on that.

Dyfrig Jones: My personal view is I think that the BBC Trust has been unfairly maligned, to a certain degree, in terms of a corporate model. The problems of the BBC over the past five or 10 years are not because it has a split between its management board and its non-executive board. It is to do with over-centralisation. I think that my preference would be to see either a reformed BBC Trust or this OfBeeb, where it is essentially the BBC Trust but which has maybe a wider remit and a greater distance between it and the unitary board. Certainly, having that kind of constructive tension between executive and non-executive is a good thing for the BBC.

Q115 Chris Davies: Dyfrig, during your time at S4C authority you were instrumental in developing the new online strategy. I understand that last year saw a 30% increase in online viewing of that. With the recent cuts, do you see that having a detrimental effect to online viewing?

Dyfrig Jones: I would say that you are giving me far more credit than I deserve.

Chris Davies: I am trying to finish better than I started off.

Dyfrig Jones: Well, I am grateful but it was the team at S4C. While I was on the authority, I was the chair of a new media forum that did some preparatory work that led to the current strategy. We were a kind of brains trust of independent people totally from outside S4C that came together and tried to point some general directions. It was people within S4C itself who developed the strategy.

Yes, I think budgets cuts are going to place a huge pressure on online, because it has always been a very tenuous aspect of S4C's offering, for the simple reason that the S4C remit as it is defined in law is that it should provide a television service—and I cannot remember the wording now—so anything that is ancillary, anything that you can clearly link back to the television offering. To a certain degree that has limited what S4C can do. It has never come under legal challenge but I think S4C has always been careful about not overreaching, not going beyond what they are legally entitled to do. When you come to a situation where your budget is maybe going to shrink again, then it is these ancillary things that are always the first to go. I think that S4C is probably going to be wiser than that and they are going to say that you cannot do away with your online offering. It is essential to reaching many new audiences, but it is certainly going to come under threat.

Q116 Liz Saville Roberts: I will try to bring these all together. We were talking earlier on about the way that Wales is covered in news, the scrutiny of politics but also the wider view.

What is your opinion of the potential of a “Wales Six” among the model of the “Scottish Six” to replace the national BBC News at 6 o’clock?

Sian Powell: My research has been comparing “Newyddion 9’s” coverage on S4C with “News at Six” and “Wales Today”. I think that the way that “Newyddion 9” puts international and British news in a Welsh context does make a difference to the way that politics is covered. Following the King report, I think there have been improvements in this regard. Journalists will now signal a headline if it is only to do with England, but it does leave people asking the question about what this means for the NHS in Wales, Scotland and Northern Ireland. In terms of my research, the question that I have come across quite often is: what happens to England in that context because there is not a distinct English news programme? Looking at it through that kind of lens is also quite interesting.

The more divergence there is between policy areas, between the different nations of the UK, the more we need to look at this. If you look at polls that have been delivered in terms of people’s understanding of devolution in Wales, you see that still, 15 years after devolution, half the population do not know that the NHS is devolved. I do not think that journalists are to blame for that. I think if you watched “Wales Today” you will always see a journalist talk about the NHS in Wales and that it is devolved under the Welsh Health Minister, but for some reason there is still something about the complexity of devolution that is not coming across. I don’t know whether it is that, if you miss that bit in the headline that said “the NHS in England”, you would then think that that also refers to the NHS in Wales and whether that does cause confusion.

Q117 Liz Saville Roberts: Of course, it is not always said that it is the NHS in England either. Sometimes it is a second thought, which does bring us back. If we are talking about health and education, which are perhaps some of the most important areas of our lives, that piece of news, that public broadcasting service piece of news, is not clarifying to us in an easy way what is going to affect me rather than what is affecting people over the border. There is something the matter and, in some ways, perhaps there is a potential there to quite easily tweak the way that the news stories of Wales are told to the people of Wales.

Sian Powell: As well the fact that this news service is available to Welsh audiences and that Welsh speakers can get their own “Welsh Six”—as you have said earlier—but it is not available to non-Welsh speakers is difficult. As I said, if you miss that bit wherever it is in the news story about “in England”, those two words, then it can cause complexities. When people are making decisions about which way to vote, then it potentially can cause—

Liz Saville Roberts: Interesting.

Sian Powell: Yes.

Q118 Dr James Davies: Following on from that, from a bit of a parochial point of view from north-east Wales, do you feel that it would help if there was a regional opt-out within Wales? For instance, North Wales has its own news programme so that at least people do not watch north-west England’s news by choice, which is what often happens.

Sian Powell: Yes, I think that is a problem in Wales, of course, and there are differences between Wales and Scotland. I think that that is one of the things is the regional news programme that people can opt in and out of. Yes, that is definitely a concern.

Q119 Dr James Davies: Similarly with radio, I think, because there is no North Wales radio station. It is my view anyway. I touched in a previous session on the fact that the Welsh Assembly, of course, does not have broadcasting devolved to it, but this idea that there could be scrutiny of broadcasting in Cardiff, what are your thoughts about that?

Sian Powell: I think it is really difficult to separate broadcasting from some of the devolved areas, in terms of culture and especially language, to such a degree that it is difficult for the Assembly or for the Welsh Government to be able to create policies without touching upon broadcasting in a certain way. It has been discussed earlier that this is a difficult issue but, because it is difficult, that does not mean that it should not be looked at, that some sort of framework for it should not be attempted.

Q120 Mr Mark Williams: To build on that point, I very much agree with what you have just said, particularly the link with education. One of the strengths of S4C with really young children's TV programming relates to that question that the Chairman asked about the figures. Again, those figures are not included, are they, in S4C's reach?

Dyfrig Jones: No.

Q121 Mr Mark Williams: I think that suggests at least that the Assembly quite rightly dealing with education policy and language policy is an integral part of that, so an Assembly view does need to be heard on those issues.

Sian Powell: Exactly, yes. Also, talking about viewing figures of children's programmes, I was reading somewhere that Welsh language children's programmes are often viewed from outside Wales as well. People have moved across the UK. Welsh speakers live in every area of the UK and do watch S4C, especially children's programmes. Those viewing figures are not collated anywhere.

Q122 Mr Mark Williams: To suggest that you can somehow detach language policy as articulated through an education system and through a broadcaster, therefore, there is a tension there that does need to be resolved, doesn't it?

Sian Powell: Yes, exactly, there is a tension. I fail to see how the Welsh Government can legislate in terms of the language and education without being able to look or touch upon broadcasting.

Chair: Sorry, Dyfrig, I will give you the last word.

Dyfrig Jones: Thank you. One thing I would say is, when we talk about the devolution of broadcasting, I think it is short-sighted to think of it simply as: what can the Welsh Assembly do? The Welsh Assembly takes a very proactive view. They have a great interest in this area. They have done lots of work on it but, if you want to talk about the devolution of broadcasting, you have to talk about serious devolution within the BBC, creating a structure within the BBC that is far, far, far less centralised than it is at the moment. To federalise the BBC I think would be the ideal. I also think the same is true of—we had Rhodri here from Ofcom earlier—breaking up Ofcom to a certain degree,

where they have far greater leeway to be able to award licences on the basis of what they think is Wales' interests rather than how they are being asked to articulate broader British interests within Wales. I think that talk about devolution of broadcasting, yes, the Welsh Assembly has a role to play, but a far, far more important role can be played by the BBC itself breaking up ITV.

Chair: These are big plans, perhaps a bit bigger than we could really get into ourselves, but I do appreciate it. I had better just draw it to a close. We are running a little bit later than I expected. Diolch i'r ddau ohonoch am ddod yma heddiw. Thank you very much.