



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

**Yr Is-bwyllgor Darlledu
The Broadcasting Sub-committee**

**Dydd Mercher, 10 Rhagfyr 2008
Wednesday, 10 December 2008**

Cynnwys
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Phase 2 of Ofcom's Review of Public Service Broadcasting—Evidence for
Committee Inquiry

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Paul Davies	Ceidwadwyr Cymreig Welsh Conservatives
Nerys Evans	Plaid Cymru (Cadeirydd yr Is-bwyllgor) The Party of Wales (Sub-committee Chair)
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Sue Balsom	Aelod o'r Bwrdd Cynnwys ar gyfer Cymru, Ofcom Content Board Member for Wales, Ofcom
John Howells	Cyfarwyddwr Diwylliant, Llywodraeth Cynulliad Cymru Director for Culture, Welsh Assembly Government
Alun Ffred Jones	Aelod Cynulliad, Plaid Cymru (Y Gweinidog dros Dreftadaeth) Assembly Member, Labour (The Minister for Heritage)
Stewart Purvis	Partner, Cynnwys a Safonau, Ofcom Partner, Content and Standards, Ofcom
Rhodri Williams	Cyfarwyddwr, Cymru, Ofcom Director, Wales, Ofcom

Swyddogion Gwasanaeth Seneddol y Cynulliad yn bresennol
Assembly Parliamentary Service officials in attendance

Lara Date	Dirprwy Glerc Deputy Clerk
Stefan Sanchez	Clerc Clerk

Dechreuodd y cyfarfod am 9.00 a.m.
The meeting began at 9.00 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Nerys Evans:** Bore da, a chroeso i'r cyfarfod llawn cyntaf o'r Is-bwyllgor Darlledu, sy'n is-bwyllgor o'r Pwyllgor Cymunedau a Diwylliant. Croesawaf yr Aelodau, swyddogion ac aelodau'r cyhoedd.

Nerys Evans: Good morning, and welcome to the first full meeting of the Broadcasting Sub-committee, which is a sub-committee of the Communities and Culture Committee. I welcome Members, officials and members of the public.

[2] Mae cyfieithiad ar gael ar sianel 1 y clustffonau, ac mae modd chwyddleisio'r sain ar sianel 0. Gofynnaf i bawb sicrhau bod ffonau symudol, BlackBerrys ac yn y blaen, wedi'u diffodd. Nid oes ymarfer tân wedi ei drefnu ar gyfer y bore yma, felly, os clywn y

Interpretation is available on channel 1 of the headsets, and amplification is available on channel 0. I ask everyone to ensure that mobile phones, BlackBerrys and so on, are switched off. There are no fire drills scheduled for this morning, so, if we hear the

larwm, bydd y tywysyddion yn dangos i ni ble y dylem ymgynnull.

alarm, the ushers will show us where to assemble.

[3] Nid ydym wedi derbyn ymddiheuriadau, ac nid oes eilyddion. Mae'n rhaid i Paul Davies adael yn dilyn y sesiwn gyda'r Gweinidog dros Dreftadaeth; ni fydd ar gael ar gyfer yr ail sesiwn, gydag Ofcom.

We have received no apologies for absence, and there are no substitutions. Paul Davies has to leave following the session with the Minister for Heritage; he will not be available for the second session, with Ofcom.

9.01 a.m.

**Cam 2 o Adolygiad Ofcom o Ddarlledu Gwasanaeth Cyhoeddus—
Tystiolaeth ar gyfer Ymchwiliad y Pwyllgor
Phase 2 of Ofcom's Review of Public Service Broadcasting—Evidence for
Committee Inquiry**

[4] **Nerys Evans:** Yng nghyfarfod diwethaf yr is-bwyllgor, penderfynasom gymryd tystiolaeth gan Lywodraeth y Cynulliad, a chraffu ar ei hymateb i gam 2 o adolygiad Ofcom o ddarlledu cyhoeddus, a hefyd i graffu ar Ofcom ac ar y sylwadau y mae wedi eu derbyn ar yr adolygiad hwnnw.

Nerys Evans: At the sub-committee's last meeting, we decided to take evidence from the Welsh Assembly Government, and to scrutinise its response to phase 2 of Ofcom's review of public service broadcasting, and also to scrutinise Ofcom and the comments that it has received on that review.

[5] Diolchaf i'r Gweinidog dros Dreftadaeth a Chyfarwyddwr Diwylliant Llywodraeth Cynulliad Cymru, John Howells, am ddod i'r cyfarfod. Gwahoddaf y Gweinidog i wneud sylwadau agoriadol.

I thank the Minister for Heritage and the Welsh Assembly Government's Director for Culture, John Howells, for attending this meeting. I invite the Minister to make some opening comments.

[6] **Y Gweinidog dros Dreftadaeth (Alun Ffred Jones):** Diolch am y gwahoddiad i ddod i'r pwyllgor y bore yma. Croesawaf y ffaith bod y pwyllgor wedi'i sefydlu. Mae angen trafod y datblygiadau sydd wedi digwydd yn ystod y misoedd diwethaf.

The Minister for Heritage (Alun Ffred Jones): Thank you for the invitation to come to committee this morning. I welcome the fact that the committee has been established. The developments that have happened over the last few months need to be discussed.

[7] Pan gyhoeddodd Ofcom ei argymhellion ym mis Medi, yr oedd yn amlwg bod goblygiadau difrifol i Gymru, ac i ITV Cymru. Yr ydym wedi gweld colli swyddi ers hynny. Er nad yw darlledu wedi ei ddatganoli, yr ydym yn ymwybodol o oblygiadau hyn i Gymru, o safbwynt cadw amrywiaeth o raglenni i wylwyr di-Gymraeg.

When Ofcom published its recommendations in September, it was obvious that there were serious implications for Wales, and for ITV Wales. We have seen job losses in the meantime. Although broadcasting is not a devolved issue, we are aware of the implications of this for Wales, from the point of view of maintaining a variety of programmes for non-Welsh-speaking viewers.

[8] Felly, er mwyn ceisio ymateb i hyn yn briodol, sefydlais grŵp ymgynghorol, o dan gadeiryddiaeth Huw Jones, cyn brif weithredwr S4C. Fel y gwyddoch, yr aelodau eraill oedd Geraint Talfan Davies, Julie

Therefore, in order to respond to this appropriately, I set up an advisory group, under the chairmanship of Huw Jones, the former chief executive of S4C. As you know, the other members were Geraint Talfan

Barton a Kevin Morgan. Hoffwn dalu teyrnged i'r grŵp am wneud gwaith cynhwysfawr mewn amser byr. Mae'r grŵp wedi adrodd yn ôl, ac mae ei adroddiad wedi llywio ymateb y Llywodraeth i Ofcom.

Davies, Julie Barton and Kevin Morgan. I wish to pay tribute to the group for doing comprehensive work in a short period of time. The group has reported back, and its report has steered the Government's response to Ofcom.

[9] Nid oes diben i mi fynd drwy'r adroddiad, gan y byddwch yn fy holi, mae'n debyg, ar ymateb y Llywodraeth, ac ar yr adroddiad ei hun, o bosibl. Fodd bynnag, mae'r ymateb yn tanlinellu'r angen i Ofcom a Llywodraeth y Deyrnas Unedig ddarparu cymhelliad ariannol i sicrhau parhad darpariaeth newyddion a materion cyfoes i Gymru, yn ogystal â rhaglenni cyffredinol. Yr ydym yn awgrymu y dylai'r ddarpariaeth honno gael ei sianelu drwy ryw fath o sefydliad comisiynu yng Nghymru.

There is no point in my going through the report, as it is likely that you will be asking me questions about the Government's response, and about the report itself, possibly. However, the response underlines the need for Ofcom and the United Kingdom Government to provide a financial incentive to ensure the continuation of news and current affairs provision in Wales, along with general programming. We suggest that that provision should be channelled through some kind of commissioning institution in Wales.

[10] Ni chredaf fod angen i mi ddweud mwy na hynny, heblaw i ddweud ein bod yn ystyried bod y sefyllfa yn un argyfyngus, ac y gallai ddatblygu'n fwy argyfyngus yn ystod y blynyddoedd nesaf. Mae'n eithriadol bwysig, felly, ein bod ni yng Nghymru yn datgan barn—neu fwy nag un barn efallai—ynghŷn â'r hyn a ddylai ddigwydd. Dyna pam ei bod yn bwysig—er nad yw darlledu wedi ei ddatganoli—fod y Llywodraeth yn mynd i'r afael â'r materion hyn, a dyna pam y croesawaf sefydlu'r pwyllgor hwn, er mwyn i chi, fel Aelodau Cynulliad, hefyd gael cyfle i fynegi barn ar y sefyllfa ac ar y materion hyn. Edrychaf ymlaen hefyd at weld argymhellion Ofcom i'r Llywodraeth a, maes o law, ymateb y Llywodraeth i hynny.

I do not believe that I need to say more than that, except to say that we believe that the situation is critical, and that it could be exacerbated over the next few years. It is therefore crucial that we in Wales express an opinion—or more than one opinion perhaps—on what should happen. That is why it is important—even though broadcasting is not a devolved issue—that the Government addresses these issues, and that is why I welcome the establishment of this committee, so that you, as Assembly Members, also have an opportunity to express an opinion on the situation and on these matters. I also look forward to seeing Ofcom's recommendations to the Government and the Government's response to that.

[11] **Nerys Evans:** Diolch. Dechreuwn ar y cwestiynau. Pa mor ddifrifol yw'r sefyllfa bresennol o ran darlledu cyhoeddus yng Nghymru?

Nerys Evans: Thank you. We will start on the questions. How serious is the current situation with regard to public service broadcasting in Wales?

[12] **Alun Ffred Jones:** Credaf ei bod yn ddifrifol iawn drwy'r Deyrnas Gyfunol, ond mae'n fwyfwy felly yng Nghymru am amryw o resymau. Un rheswm yw'r bygythiad i'r gwasanaeth newyddion a materion cyfoes ar ITV. Ni wyddom beth fydd yn digwydd, ond y gred gyffredinol yw y gallai ITV gerdded i ffwrdd o'i oblygiadau fel darlledwr gwasanaeth cyhoeddus ac, os yw hynny'n digwydd, un gwasanaeth newyddion yn unig a ddarperir yng Nghymru, ac un y BBC

Alun Ffred Jones: I think that it is very serious throughout the UK, but it is even more so in Wales for various reasons. One reason is the threat to the news and current affairs service on ITV. We do not know what will happen, but the general belief is that ITV could walk away from its obligations as a public service broadcaster and, if that happens, only one news service will be provided in Wales, and that would be the BBC's service. That would not be acceptable

fyddai hwnnw. Ni fyddai hynny'n iach nac yn dderbyniol am nifer o resymau. Mae angen amrywiaeth o leisiau.

[13] Fodd bynnag, mae'r adroddiad yn tynnu sylw at y ffaith bod y swmp o raglenni cyffredinol yn Saesneg yng Nghymru hefyd yn crebachu a bod hynny yn golygu nad oes gwasanaeth cyflawn i wylwyr di-Gymraeg yng Nghymru. Mae'r sefyllfa yn cael ei wneud yn waeth oherwydd sefyllfa'r papurau newydd. Mae'r ffigurau'n dangos mai dim ond rhyw 15 y cant o bobl Cymru sy'n darllen papurau newydd a grëir yma yng Nghymru. Mae hwnnw'n wahanol iawn i'r sefyllfa yn yr Alban, ac mae'n golygu nad yw darllenwyr di-Gymraeg yn cael bod yn rhan o drafodaeth gyffredinol am wleidyddiaeth neu am gymdeithas yma yng Nghymru. Dyna pam mae teledu ac amrywiaeth o raglenni a gwasanaeth newyddion efallai yn bwysicach yma yng Nghymru nag ydynt mewn rhannau eraill o'r Deyrnas Gyfunol a pham mae angen sicrhau'r amrywiaeth hwnnw o leisiau.

[14] **Nerys Evans:** Bu i chi dalu teyrnged i'r grŵp, sydd wedi cwblhau'r gwaith mewn amserlen dynn, a bu i chi ymateb i ymgynghoriad Ofcom. Beth yw eich prif bryderon am ddyfodol darlledu yng Nghymru?

[15] **Alun Ffred Jones:** Credaf fy mod wedi cyffwrdd â'r rheini eisoes. Y perygl uniongyrchol yw hwnnw i'r gwasanaeth newyddion ar ITV. Credwn fod hwnnw wedi ei sicrhau am y pedair blynedd nesaf os bydd ITV yn dymuno cadw ei drwydded darlledu gwasanaeth cyhoeddus. Fodd bynnag, mae'r swmp o raglenni o gwmpas y newyddion yn crebachu, ac mae hynny'n beryglus iawn. Mae'r adroddiad hefyd yn tynnu sylw at y ffaith bod cyn lleied o raglenni yn deillio o Gymru am Gymru. Mewn ffordd, mae gwasanaethau teledu, radio a phrint yn dal drych i fyny i gymdeithas. Credaf mai Shakespeare oedd y cyntaf i ddweud rhywbeth tebyg. Maent yn dal drych i fyny i ni fel pobl, ac maent yn dal drych i fyny i gymdeithas ac i genhedloedd. Os nad oes rhaglenni, nid ydych yn cael cyfle i weld eich hun. Mae angen amrywiaeth o leisiau ar gyfer hynny. Beth bynnag yw gogoniant y BBC, nid yw'n beth iach i gael monopoli o'r math hwnnw. Felly, mae sicrhau'r amrywiaeth

or healthy for various reasons. You need a diversity of voices.

However, the report underlines the fact that the bulk of general programmes in English in Wales is also shrinking, which means that there is no comprehensive service for non-Welsh speakers in Wales. That situation is made worse by the print media's situation. Figures show that only around 15 per cent of people in Wales read newspapers that are produced in Wales. That is very different from the situation in Scotland, and it means that non-Welsh readers cannot be part of a general discussion on politics or society in Wales. That is why television and a variety of programmes and a news service are even more important in Wales than in other parts of the UK and why we need to ensure that diversity of voices.

Nerys Evans: You paid tribute to the group, which completed the work within a tight timetable, and you responded to Ofcom's consultation. What are your main concerns about the future of broadcasting in Wales?

Alun Ffred Jones: I think that I have already touched on those. The direct threat is to the news service on ITV. We think that that has been safeguarded for the next four years if ITV wishes to keep its public service broadcasting licence. However, the bulk of programmes around the news is shrinking, and that is very dangerous. The report also underlines the fact that so few programmes are made in Wales about Wales. In a way, television, radio and printed media hold up a mirror to society. I think that Shakespeare was the first to say this. They hold a mirror up to us as people, and they hold a mirror up to society and to nations. If there are no programmes, you do not have a chance to see yourself. You need a diversity of voices for that. Whatever the glory of the BBC, it is not healthy to have that kind of monopoly. Therefore, ensuring that diversity is all important, and the danger is that that will not happen. I think that the report notes that there will be significant losses over the next few

hwnnw'n hollbwysig, a'r perygl yw na fydd hynny'n digwydd. Credaf fod yr adroddiad hefyd yn tynnu sylw at y ffaith y bydd colledion sylweddol yn ystod y blynyddoedd nesaf o safbwynt y nifer o raglenni a grëir yng Nghymru. Mae'n sôn am golledion o tua £25 miliwn i £30 miliwn y flwyddyn mewn gwerth, sydd yn golled sylweddol iawn.

[16] **Paul Davies:** Pam gredwch fod ITV mor bwysig i Gymru?

9.10 a.m.

[17] **Alun Ffred Jones:** Nid wyf eisiau ailadrodd fy hun, ond fe wnaf. Mae'n bwysig bod mwy nag un gwasanaeth newyddion a materion cyfoes. Nid wyf yn meddwl bod unrhyw un yn dadlau â hynny. Mae'n bwysig cadw gwasanaeth newyddion arall, o ryw fath, yng Nghymru. Mae ITV hefyd yn parhau i ddenu cynulleidfa sylweddol ac, yn ôl y dystiolaeth, mae'n denu cynulleidfa wahanol i'r BBC, er enghraifft. Mae'n bwysig bod gwasanaeth newyddion i wasanaethu'r bobl hynny ac felly bod y gwasanaeth hwnnw, ar hyn o bryd yn sicr, ar sianel ITV. Dyna argymhelliad y grŵp a'n hargymhelliad ni. Mae gan ITV gynulleidfa go sylweddol ac felly, er mwyn i'r newyddion gyrraedd cynifer o bobl â phosibl, mae'n bwysig bod gwasanaeth newyddion ar ITV.

[18] **Paul Davies:** Sut ydych yn gweld sefyllfa ariannol bresennol ITV?

[19] **Alun Ffred Jones:** Nid oes gennyf wybodaeth fanwl am hynny ond mae'n weddol amlwg y bu ITV yn awyddus iawn i gael gwared ar ei ddyletswyddau fel darlledwr cyhoeddus, gan ddweud nad yw'n gwneud digon o elw i gynnal y dyletswyddau a'r gwasanaethau hynny. Dyna y mae ITV yn ei ddweud, ac mae Ofcom wedi cytuno â'r farn honno yn ei adroddiadau diweddar, a dyna pam y gwnaeth ganiatáu i'r gwasanaeth grebachu. Mae adroddiad y grŵp ymgynghorol hefyd yn cadarnhau'r gred honno. Wrth gwrs, mae'r cwestiwn a fydd ITV yn ildio ei drwydded darlledwr cyhoeddus yn fater arall, ac mae dwy farn am hynny, ond nid oes gennyf unrhyw wybodaeth am hynny.

years in terms of the amount of programmes produced in Wales. It is talking about losses of around £25 million to £30 million a year in value, which is a very significant loss.

Paul Davies: Why do you think that ITV is so important to Wales?

Alun Ffred Jones: I do not want to repeat myself, but I will. It is important that there is more than one news and current affairs service. I do not think that anyone is arguing against that. It is important to sustain another news service, of some description, in Wales. ITV also continues to attract a substantial audience and, according to the evidence, it attracts a different audience from the BBC, for example. It is important that there is a news service for those people and therefore that that service, certainly at the moment, is on the ITV channel. That is the group's recommendation and ours. ITV has quite a substantial audience and therefore, in order for the news to reach as many people as possible, it is important that there is a news service on ITV.

Paul Davies: How do you view ITV's current financial situation?

Alun Ffred Jones: I do not have detailed information about that, but it is fairly evident that ITV has been very keen to get rid of its responsibilities as a public broadcaster, saying that it is not making enough profit to support those responsibilities and services. That is what ITV is saying, and Ofcom has agreed with that view in its recent reports, which is why it has allowed the contraction of the service. The advisory group's report also confirms that belief. Of course, it is a matter of debate whether ITV will give up its public broadcasting licence and there are two distinct opinions on that, but I do not have any information about that.

[20] **Paul Davies:** Sut ydych chi'n credu y gallwn wneud yn siŵr bod ITV yn parhau â'i oblygiadau darlledu gwasanaeth cyhoeddus?

Paul Davies: How do you think that we can ensure that ITV continues with its public service broadcasting obligations?

[21] **Alun Ffred Jones:** I raddau, mae honno'n ddyletswydd i Ofcom ond sydd, yn y pen draw, yn ddewis i ITV. Yr hyn sy'n bwysig yw ein bod ni yng Nghymru, a ni fel Llywodraeth, yn mynegi barn er mwyn ceisio sicrhau, pe bai'r gwaethaf yn digwydd, fod gennym ryw fath o strwythur a fyddai'n gallu ymateb i sefyllfa argyfyngus o'r fath.

Alun Ffred Jones: To a degree, that duty falls on Ofcom, but, in the end, it will be for ITV to decide. It is important that we in Wales, and as a Government, express our opinions to try to ensure that, if the worst were ever to happen, we had some sort of structure in place that could respond to such a critical situation.

[22] **Paul Davies:** Beth ydych am weld Ofcom yn ei gyflenwi o ran y setliad darlledu gwasanaeth cyhoeddus?

Paul Davies: What do you want to see Ofcom delivering in relation to the public service broadcasting settlement?

[23] **Alun Ffred Jones:** Mae wedi'i nodi yn ein hymateb ein bod yn credu mai rhan o'r ateb fyddai sefydlu comisiwn darlledu yng Nghymru a fyddai'n gyfrifol am gomisiynu rhaglenni—rhaglenni newyddion o bosibl, neu efallai raglenni mwy cyffredinol. Os yw ITV naill ai'n methu â chyflenwi gwasanaeth newyddion neu'n gwrthod gwneud hynny, yr argymhelliad yw y byddai comisiwn o'r fath yn gallu comisiynu gwasanaeth newyddion gan ddarledwr neu ddarledwyr annibynnol. Yn sicr, er mwyn cyflawni hynny, byddai'n rhaid defnyddio arian cyhoeddus. Dyna ran o'r ateb i hynny.

Alun Ffred Jones: It is noted in our response that we believe that part of the answer would be to establish a broadcasting commission in Wales that would be responsible for commissioning programmes—possibly news programmes, or perhaps more general programmes. The recommendation is that if ITV were either to fail or to refuse to deliver a news service, such a commission could commission a news service from an independent broadcaster or broadcasters. Certainly, to achieve that, public money would have to be used. That is part of the solution on that.

[24] **Nerys Evans:** Cyn mynd ymlaen at gwestiynau am adroddiad y grŵp ymgynghorol, a ydych wedi, neu'n bwriadu, cwrdd ag ITV i drafod ei ddyfodol yng Nghymru?

Nerys Evans: Before moving on to questions about the advisory group's report, have you met, or do you intend to meet, ITV to discuss its future in Wales?

[25] **Alun Ffred Jones:** Nid wyf yn credu bod y Llywodraeth yn bwriadu cyfarfod â neb o ITV ar hyn o bryd. Yr ydym mewn trafodaethau cyson ag ITV yng Nghymru, yr ydym wedi cyfarfod â'r darledwyr eraill i gyd, ac yr ydym yn dal i drafod hynny. Mae'n bwysig ein bod yn cadw'r drafodaeth honno'n fyw wrth i bethau ddatblygu yn gyflym yn y maes hwn.

Alun Ffred Jones: I do not think that the Government intends to meet anyone from ITV at the moment. We are in regular discussions with ITV in Wales, we have met all the other broadcasters, and we are still discussing that. I think that it is important that we keep that discussion alive as developments can happen quickly in this field.

[26] **Peter Black:** Minister, has the Government accepted the report of the broadcasting advisory group in its entirety?

[27] **Alun Ffred Jones:** Yes, the Government has endorsed the recommendations as set out in the report.

[28] **Peter Black:** May I therefore direct you towards the elements in relation to English-language television provision, and particularly the recommendation to set up a separate English-language television station for Wales? What would that cost?

[29] **Alun Ffred Jones:** There is a range of choices set out in the report. If you are talking about eventually having a full-blown channel, in a sense, it is like asking ‘How long is a piece of string?’, but the figure of £50 million has certainly been mentioned. However, the report also makes it clear that we should at least be aiming to fill that gap of £25 million to £30 million per annum as the probable loss over the next few years through BBC cutbacks and the loss of ITV programming in Wales. So, that should be filled with some sort of public subsidy.

[30] There are different options, and if you were merely—and I say ‘merely’ but it is no mean feat—trying to ensure that there was a quality news and current affairs service on ITV, you would be talking about a much smaller sum of money. However, if ITV decides to keep its news service, you could still use that money for general programming. I would emphasise that possibility more strongly than the report does. The loss of a news service, and current affairs programming alongside that, would be disastrous, but general programming coming from Wales, made in Wales for English-language viewers, is just as important.

[31] **Peter Black:** Obviously, you have a number of options, and I am not completely clear about which option you would favour or how you would take that forward. Do you have a view as to how you would like to see English-language programming going forward?

[32] **Alun Ffred Jones:** It depends on the context and the circumstances. In an ideal world, I would like to see a strong and vibrant ITV service. That was the situation not so long ago. It provided an alternative voice and competition to the BBC. The world has changed and is likely to change further, and, in that context, we recommend a commissioning body that will ensure that a certain amount of news programming is provided in Wales. You ask what I favour: I favour a situation in which there are alternative voices to the BBC providing coverage in Wales, be that in news, current affairs, drama or general programming.

[33] **Peter Black:** So, you would look to the commissioning body to ensure that range of provision, would you?

[34] **Alun Ffred Jones:** Yes, and, in future, as technology develops, people will probably receive news and other entertainment through other means and technologies that I know nothing about. There is mention in the report of that possibility and of the fact that the commissioning body might be looking to new technologies for future development.

[35] **Peter Black:** Thank you. The report mentions a concern about the quality of programming. How important is that, and how do you gauge it for present programming? Are you satisfied with the present output and quality of broadcast journalism in Wales?

[36] **Alun Ffred Jones:** I think that it would be dangerous for me to make any comment on the quality of journalism in Wales. However, on the quality of programming, it has been established that people want programmes made in Wales and people value them, but they are also keenly aware of the quality of those programmes, and I think that they recognise cheap programming. It is therefore important that standards are maintained at a certain level. You cannot fool people by providing cheap and cheerful programming. Viewers are very sophisticated, so it is important that the quality of programming, in whichever field, is of a sufficient standard that people are comfortable with it and do not feel that it is somehow inferior. They do not want to feel as though the programmes made in Wales are of an inferior quality, and will do because they are made merely for Wales. That is why it is important to keep a watch on the quality.

9.20 a.m.

[37] **Peter Black:** Do you envisage the fund commissioning quality programmes as opposed to the 'I'm On Caldey Island, Get Me Out of Here!' type of reality television programmes?

[38] **Alun Ffred Jones:** It is not for politicians to decide on the quality or the nature of programmes. There are all types of programming. Some are cheap and some are more expensive, and I hope that there would be a full range of programming provided.

[39] **Peter Black:** I understand that, but if we are commissioning using public sector broadcasting funds, some of which may be public money, would you look for a higher quality of programme rather than the reality TV show that we get as a staple?

[40] **Alun Ffred Jones:** It is not up to me to comment on that, but that money might well attract funding from outside Wales. That is one suggestion or possible scenario in the report. By doing so, we will get more diverse programming not only to be broadcast in Wales but also, hopefully, on the UK networks. We should be looking at that as another aspect of this scenario, because very few programmes originating from Wales are to be seen on the UK network. That imbalance is almost as frightening as the imbalance within Wales in relation to programming for English-language viewers, if not more so.

[41] **Peter Black:** How do you envisage the Welsh media commission being funded, and what would its brief be?

[42] **Alun Ffred Jones:** Broadcasting is not a devolved issue and, as such, it would be wrong for the Welsh Assembly Government somehow to take on the role of funding such a commission. However, if core funding were available, it would be right to look at how we could add value to that. So, it is a matter for the UK Government, because the whole issue of public service broadcasting is a UK Government issue. It affects not only Wales but all other parts of the UK, so there must be a UK solution to it.

[43] **Peter Black:** Do you envisage that funding coming from outside the block grant?

[44] **Alun Ffred Jones:** Yes, certainly.

[45] **Peter Black:** Do you envisage licence fee money or taxpayers' money being used?

[46] **Alun Ffred Jones:** We have studiously refrained from commenting on that matter, and that is the position that we take. It is a matter for the UK Government to address, and we must look to it for guidance on that. Ofcom has commented on possible funding sources, and there may be others, some of which are referred to in the report, such as added advertising income.

[47] **Peter Black:** What influence do you hope the Welsh Assembly Government could have over the members of the media commission?

[48] **Alun Ffred Jones:** In relation to appointing them?

[49] **Peter Black:** Yes, appointments, not how it is run.

[50] **Alun Ffred Jones:** Again, because this is not a devolved issue at the moment, we do not think it appropriate for the Welsh Assembly Government to appoint that commission, although it would undoubtedly have a role in advising it.

[51] **Peter Black:** You are a consultant on other appointments in broadcasting.

[52] **Alun Ffred Jones:** Certainly, and I envisage our being fully consulted on the nature of the commissioning body as well.

[53] **Peter Black:** Okay. The report refers to S4C and states that its statutory funding should be dedicated to its core purpose. It also states that the two established broadcasters in Wales could offer to share many operational facilities and resources with a new channel operating in Wales, such as transmission engineering, research marketing, HR and finance facilities. Have you discussed this proposal with the BBC and S4C? If not, what do you believe their response would be?

[54] **Alun Ffred Jones:** I discussed the issue of partnership working in general with Mark Thompson of the BBC, and that is one of the hot topics of debate at the moment, namely shared facilities to protect basic core costs. However, that is a general discussion that is going on across the industry. So, if you were envisaging an English-language channel in Wales at some future date, you would be looking to one of the broadcasters for partnerships in order to save on transmission costs and other costs.

[55] In terms of S4C funding, we sincerely believe that, as the committee reported, S4C has a particular remit in Wales. It is the only channel for Welsh speakers, and it has to cover the full range of programming, from children's programmes to serious documentaries to a news service. We believe that that should be protected, because, as I said, it must provide such a wide range of programming, and that case must be made robustly. Anything that is provided for English-language viewers in terms of public service broadcasting must be over and above that.

[56] **Nerys Evans:** Cyn imi ddod â Joyce i mewn i holi ymhellach ynglŷn â chyllido, mae'r pwyllgor, yn ei ymateb i'r ymgynghoriad, hefyd wedi argymhell cronfa neu gorff comisiynu. Beth, yn eich tyb chi, yw'r amserlen o ran cyflwyno corff o'r fath?
Nerys Evans: Before I bring in Joyce with further questions on funding, the committee, in its response to the consultation, also recommended a commissioning fund or body. What, in your view, would be the timetable for the introduction of such a body?

[57] **Alun Ffred Jones:** Nid wyf yn gwybod, gan fod hynny'n dibynnu ar benderfyniad Llywodraeth San Steffan. Mae'n debyg y byddai angen deddfwriaeth o ryw fath i wneud hynny. Nid yw corff o'r fath yn cael ei sefydlu ar chwarae bach. Y perygl, os nad yw'n cael ei sefydlu, yw y gallai'r sefyllfa ddirywio heb ddim i lenwi'r bwlch. Dyna'r perygl ar hyn o bryd, a dyna pam ei bod yn ofynnol i ni, fel Llywodraeth, a lleisiau eraill, yr wyf yn gobeithio, bwysu ar Lywodraeth San Steffan i weithredu, a hynny'n gynt yn hytrach nag yn hwyrach.
Alun Ffred Jones: I do not know, as that would depend on a decision by the Westminster Government. It is likely that legislation of some kind would be necessary to do that. Setting up such a body is a significant task. The danger is that, if it is not established, the situation will deteriorate without anything in place to fill the gap. That is the danger at the moment, and that is why we as a Government and, hopefully, other voices should press the Westminster Government to act, sooner rather than later.

[58] **Joyce Watson:** Government-directed funding for broadcasting exists in Scotland through BBC Alba, through the Northern Ireland production fund and, of course, through S4C in Wales. At present, the Assembly Government funds the creative industries and the Arts Council of Wales. Can you explain why you do not think that the Welsh Assembly Government should fund PSB in Wales through the Welsh media commission?

[59] **Alun Ffred Jones:** It is because this is not a devolved matter, and it would be foolish

for the Welsh Assembly Government to start core funding public service broadcasting when it does not receive any money through the block grant to do so. Since it is not a devolved issue, this is a matter that the UK Government must address across the UK. We have said that there are issues in Wales that would not apply, to a certain extent, across the devolved nations, and those issues need to be addressed, but it is a UK Government decision at the end of the day.

[60] **Joyce Watson:** Ofcom has a number of priorities to consider, for example, Channel 4's bid for £150 million and concerns about PSB in Scotland, Northern Ireland and the English regions. Why, therefore, should Wales have more public money for PSB, when it already has S4C, with its direct public funding of around £95 million?

[61] **Alun Ffred Jones:** As I said, S4C exists to cover the needs of the Welsh-speaking population in Wales and it has to cater for all of the different aspects of broadcasting and programming for Welsh speakers. It would be wrong to set that against the needs of English speakers in Wales, as if you were making it a trade-off and saying, 'You can have a bit of that for the English-language viewers'.

9.30 a.m.

[62] There is certainly an imbalance with regard to programming provided from Wales for Welsh people who do not speak Welsh in terms of general programming. It is not so much the case with the news at the moment, although that could become an issue. We have instigated this report and made representations to Ofcom to ensure that English speakers in Wales are provided with a proper range of programmes. As I said, it is more important in Wales because of the situation with the newspapers. You need to hold a mirror up to society, and one of the ways of doing that is through television and radio. You need a variety of voices; I am sorry, the analogy of the mirror now falls apart, but you get my meaning. *[Laughter.]*

[63] **Joyce Watson:** You have answered questions on many occasions about the funding and the fact that it is not devolved to Wales, and you have declined to say directly where you think the funding for the Welsh media commission should come from. You are a Minister of the Welsh Assembly Government, so I ask you whether you, as a Government, are saying that you are not going to make any suggestions or comments about where the funding should come from and that we have just become passive recipients of the Westminster decision?

[64] **Alun Ffred Jones:** I am sorry to repeat myself, but broadcasting is not a devolved matter, and it would be wrong for me to speculate as to where the money should come from. However, suggestions have already been made by Ofcom about the possible sources of revenue, and there are a few other ideas proposed in the advisory group's report. All of those are possibilities. It would be wrong for the Government in Wales to take on the core funding of such a service, but, after that, there are all sorts of ideas. For example, through the Arts Council of Wales, the Government in Wales funds the Film Agency for Wales. The work produced by it might provide part of the service on a channel in Wales if such a channel were to be established. Therefore, there are ways in which a Government could perhaps complement programming on the channel in Wales, but, at the moment, I do not think it should be responsible for the core funding and the arrangements.

[65] **Joyce Watson:** Although I accept the argument that the Government should perhaps not be responsible for the core funding for programmes for an English-speaking audience in Wales—we have already said that £95 million goes directly to S4C—my question was more direct: has the Government itself formed a view, and, if so, will it give that view to Westminster about where the money should be drawn down from? If it is not, we are saying that whatever Westminster says is fine. That is the crux of the argument here; does the Government, and do you as a Minister, have a view, and, if so, are you expressing that view to Westminster?

- [66] **Alun Ffred Jones:** Speaking for the Government, the answer is ‘no’.
- [67] **Joyce Watson:** Okay. Thank you.
- [68] **Peter Black:** To slightly reformulate Joyce’s question, you have adopted this report as Government policy—
- [69] **Alun Ffred Jones:** The formal Government position is in its response: whatever it says is the Government’s view.
- [70] **Peter Black:** Yes, but you are advocating a Welsh media commission, and, although we all accept that, as broadcasting is not devolved, it must be funded from outside the block grant, do you not think that, having adopted that model, it is now a matter for the Government to make a business case to the UK Government and to fight for that in the best interests of broadcasting in Wales?
- [71] **Alun Ffred Jones:** Do you mean to fight for the establishment of a commission?
- [72] **Peter Black:** Yes, to fight for the establishment of a commission and for the public service broadcasting fund, which we need for plurality of broadcasting in Wales. You are saying, ‘Here is our report; it is now up to the UK Government’, but is it not your role now to put together a business case to the UK Government and to fight for that position?
- [73] **Alun Ffred Jones:** The answer is ‘yes’, and that is why we have already met with Andy Burnham and why we are proposing to meet with him again. We are also trying to arrange a meeting with James Purnell. We will be presenting this case through any avenue that is open to us. The argument is very well made in the report and we will have to avail ourselves of any opportunity to press the case. I am sorry; I did not mean James Purnell—I meant to say Stephen Carter, the Minister for Communications, Technology and Broadcasting.
- [74] **Peter Black:** Is it not a part of that business case to have some clear idea of which options are the most favourable for Wales and arguing the case of those options with the Minister?
- [75] **Mr Howells:** This is a tricky technical issue and Ofcom has highlighted that there is a range of possible funding avenues. We are not in a position to provide much advice to Ministers in relation to how much money would be generated by selling off digital spectrum; that is a matter for Ofcom in the first instance. It is pretty hard to come to a firm view on these questions until Ofcom has come to the next stage of its deliberations and given advice to Government—to the Welsh Assembly Government as well as to the Westminster Government. Ministers will need to come to decisions on that broader evidence base at the end of the day. We are not quite there yet, because Ofcom must now consider the responses to this round of the consultation, and then develop advice for Government. You could ask Ofcom about where it stands on that process, but we are not quite there yet.
- [76] **Nerys Evans:** Mae rhai o’r elfennau hyn, wrth gwrs, yn dechnegol ynglŷn â chronfa’r trosglwyddiad digidol. A oes gennych farn ynglŷn â’r cyllid hwnnw? **Nerys Evans:** Some of these elements, of course, are technical regarding the digital switchover fund. Do you have an opinion about that funding?
- [77] **Alun Ffred Jones:** Mae hynny wedi cael ei gydnabod yn adroddiad Ofcom ac yn adroddiad y grŵp ymgynghorol fel un o’r **Alun Ffred Jones:** That has been recognised in Ofcom’s report and in the advisory group’s report as one of the possible sources of

ffynonellau posibl ar gyfer ariannu darlledu gwasanaeth cyhoeddus. Mae hynny'n ddewis i Lywodraeth.

funding for public service broadcasting. That is a choice for Government.

[78] **Paul Davies:** Fel Llywodraeth, yr ydych wedi derbyn yr argymhellion yn adroddiad yr ymgynghoriad. Pryd ydych yn meddwl y byddwch yn gallu dechrau cyflwyno rhai o'r argymhellion hyn fel Llywodraeth?

Paul Davies: As a Government, you have accepted the recommendations in this consultation report. When do you believe that you will be able to start implementing some of these recommendations as a Government?

[79] **Alun Ffred Jones:** Pwrpas sefydlu'r pwyllgor oedd ein cynorthwyo i gyflwyno'n hadroddiad a'n hymateb i Ofcom, ac mae hynny wedi digwydd. Dyna ran ffurfiol y broses. Bydd Ofcom, fel y deallaf, yn adrodd yn ôl i'r Llywodraeth yn gynnar yn y flwyddyn newydd. Nid yw ein rhan yn hyn wedi gorffen; credaf fod yn rhaid inni gynnal dialog gyda Gweinidogion Llywodraeth San Steffan. Credaf hefyd bod angen i'r drafodaeth ddigwydd yn gyffredinol yng Nghymru a'r tu allan.

Alun Ffred Jones: The purpose of establishing the group was to help us to formulate our response to Ofcom, and that has happened. That is the formal part of the process. My understanding is that Ofcom will report back to the Government early in the new year. Our part has not been completed; I believe that we will then need to have a dialogue with Government Ministers in Westminster. The discussion should also be held generally in Wales and beyond.

[80] **Paul Davies:** Beth yw eich dealltwriaeth chi o amserlen Ofcom i benderfynu sut y bydd darlledu gwasanaeth cyhoeddus yn cael ei ddarparu? Mae'n debyg y gallai'r penderfyniadau hyn gael eu cymryd mor gynnar â Chwefror. Ai dyna yw eich dealltwriaeth chi?

Paul Davies: What is your understanding of Ofcom's timetable for deciding how public service broadcasting should be delivered? These decisions could potentially be made as early as February. Is that your understanding?

[81] **Alun Ffred Jones:** Cewch gyfle i ofyn i Ofcom yn y man; byddai'n well ichi ofyn i gynrychiolwyr Ofcom.

Alun Ffred Jones: You will have an opportunity soon to ask Ofcom; it would be better for you to ask the Ofcom representatives.

[82] **Paul Davies:** Beth yw eich dealltwriaeth chi?

Paul Davies: What is your understanding?

[83] **Alun Ffred Jones:** Fy nealltwriaeth i yw bod Ofcom yn bwriadu adrodd i'r Llywodraeth yn gynnar yn y flwyddyn newydd ac y bydd y Llywodraeth, mae'n debyg, yn gwneud rhyw fath o ddatganiad yn ystod rhan gyntaf y flwyddyn. Bydd hwnnw'n ymwneud â materion ehangach na darlledu gwasanaeth cyhoeddus yn unig, fel y deallaf, a chredaf fod yn rhaid inni aros i weld beth yw'r datganiad hwnnw cyn y gallwn benderfynu a oes angen gweithredu pellach.

Alun Ffred Jones: My understanding is that Ofcom will report to the Government early in the new year and that the Government will probably make some kind of announcement in the first part of the year. I understand that that will involve broader issues than public service broadcasting, and I believe that we will have to wait to see what that announcement is before we can decide whether there is a need for further action.

[84] **Nerys Evans:** Mae Llywodraeth Llundain wedi gofyn i'r Arglwydd Carter

Nerys Evans: The Government in London has asked Lord Carter to undertake a major

gynnal adolygiad mawr o'r hyn a elwir yn 'Digital Britain'. Disgwylir cyhoeddiad interim ym mis Chwefror. A oes rôl i Lywodraeth y Cynulliad yn hwn? Yr ydych wedi cwrdd ag ef i drafod—

review of what is called 'Digital Britain'. The interim findings will be published in February. Is there a role for the Assembly Government in this? You have met him to discuss—

9.40 a.m.

[85] **Alun Ffred Jones:** Cwrdd â phwy?

Alun Ffred Jones: Met whom?

[86] **Nerys Evans:** Yr Arglwydd Carter.

Nerys Evans: Lord Carter.

[87] **Alun Ffred Jones:** Nid ydym wedi cyfarfod Arglwydd Carter eto, ond deallaf ei fod, efallai, yn dod i Gymru, felly yr ydym wedi dechrau trafodaethau am ei gyfarfod.

Alun Ffred Jones: We have not met Lord Carter yet, but I understand that he is, perhaps, coming to Wales, so we have begun discussions about meeting him.

[88] **Nerys Evans:** A fydd hynny'n digwydd mewn pryd i fwydo i mewn i'r adroddiad interim cyn mis Chwefror?

Nerys Evans: Will that happen in time to feed into the interim report before February?

[89] **Alun Ffred Jones:** Dyna'r cynlluniau ar hyn o bryd, ond nid oes gennyf ddyddiad penodol ar gyfer y cyfarfod hwnnw. Gobeithiwn gyfarfod Andy Burnham hefyd cyn hynny.

Alun Ffred Jones: That is the plan at the moment, but I do not have a definite date for that meeting. We also hope to meet Andy Burnham before that.

[90] **Nerys Evans:** Un o argymhellion y Pwyllgor Darlledu oedd gofyn i Lywodraeth y Cynulliad sefydlu strategaeth cyfathrebu sy'n fwy eang na ddarlledu. A yw'r Llywodraeth yn ystyried yr argymhelliad hwnnw i gynnwys band-eang a'r diwydiannau creadigol mewn strategaeth sy'n fwy eang na darlledu yn unig?

Nerys Evans: One of the Broadcasting Committee's recommendations was to ask the Assembly Government to establish a communications strategy that was wider in scope than broadcasting. Is the Government considering that recommendation to include broadband and the creative industries in a strategy that is wider than just broadcasting?

[91] **Alun Ffred Jones:** Ydy, mae'r Llywodraeth yn ystyried hynny, ond nid oes gennyf fanylion nac amserlen.

Alun Ffred Jones: Yes, the Government is considering that, but I do not have details or a timetable.

[92] **Nerys Evans:** I gloi, mae gennyf gwestiynau ar y rhwydweithiau a pha mor bwysig ydyw i weld Cymru ar y rhwydweithiau. A fedrwch roi sylw ar darged y BBC o 5 y cant a thargedau Channel 4?

Nerys Evans: To close, I have questions on the networks and the importance of seeing Wales on the networks. Can you comment on the BBC's target of 5 per cent and Channel 4's targets?

[93] **Alun Ffred Jones:** Mae hwn yn fater sy'n cael ei grybwyll yn yr adroddiad. Cofiwch mai isafswm yw'r targed o 5 y cant ar gyfer y BBC, nid uchafswm. Credaf mai amcan y BBC yw cyrraedd y nod hwnnw erbyn 2016, ond yr ydym yn argymhell y dylid anelu i gyrraedd y targed hwnnw erbyn 2012. I fod yn deg, mae'r BBC yn cymryd camau breision i gyrraedd y targed hwnnw. Fodd

Alun Ffred Jones: This is a matter that is mentioned in the report. Please bear in mind that the 5 per cent target for the BBC is a minimum, not a maximum. The BBC's aim is to meet that target by 2016, I believe, but we are recommending that it should aim to meet it by 2012. To be fair, the BBC has taken great strides towards meeting that target. However, it is just as relevant to the other

bynnag, mae hi'r un mor berthnasol i'r sianeli eraill. Gwelwch yn yr adroddiad bod ffigurau brawychus o ran faint o raglenni sy'n deillio o Gymru, ac yn cael eu gwneud yng Nghymru, ar gyfer y rhwydweithiau. Credaf mai llai nag 1 y cant yw'r ffigur bresennol, sy'n dangos y diffyg cydbwysedd o safbwynt cynhyrchu rhaglenni, heb sôn am raglenni sy'n adlewyrchu Cymru ar y rhwydweithiau Prydeinig. Felly, mae ffordd bell i fynd.

[94] **Nerys Evans:** Diolch yn fawr iawn. Gwelaf nad oes unrhyw gwestiynau pellach. Diolch yn fawr am eich amser ac am eich tystiolaeth, Weinidog.

[95] Symudwn ymlaen i dderbyn tystiolaeth gan Ofcom. A ddewch i'r bwrdd, os gwelwch yn dda? Croeso i'r Is-bwyllgor Darlledu. Croesawaf Stewart Purvis, partner cynnwys a safonau Ofcom, Rhodri Williams, cyfarwyddwr Cymru, a Sue Balsom, aelod o'r bwrdd cynnwys ar gyfer Cymru. Fe'ch gwahoddaf i wneud rhai sylwadau agoriadol.

[96] **Mr Purvis:** Thank you, Chair. As you said, I am Stewart Purvis. I am described as the partner for content and standards at Ofcom, which means that I am a member of the full-time executive of Ofcom, and my responsibilities range across broadcasting in the content sense and the system under which the broadcasting code applies to broadcasters in the UK. With me are my colleagues Rhodri Williams, who is the director for Wales, and Sue Balsom, who is the member of the content board for Wales. Perhaps they could offer us a line or two on their roles.

[97] **Mr Williams:** Yr wyf yn cynrychioli Ofcom yng Nghymru ar draws y rychwant eang o gyfrifoldebau sydd gan Ofcom. Hefyd, gan edrych y ffordd arall, yr wyf yn cynrychioli Cymru yn Ofcom gan sicrhau bod barn nid yn unig Aelodau Cynulliad, ond y cyhoedd, a sefydliadau eraill, yn cael ei chlywed yn Ofcom, ac yn delio ag unrhyw gwestiynau sy'n codi yn sgîl hynny.

[98] **Ms Balsom:** I am the content board member for Wales. Members will know that the content board is the main forum in Ofcom, with statutory duties and powers under the terms of the Communications Act 2003. I have been the member for Wales since Ofcom's inception—indeed, slightly before that, since 2003. As I say, we have statutory powers and duties in all matters relating to content and standards, so it is the main forum within Ofcom for all broadcasting issues and policy.

[99] **Nerys Evans:** Diolch am eich amser y bore yma mewn cyfnod mor allweddol i ddarlledu yng Nghymru. Ar yr ymgynghoriad diweddar, beth yw natur yr ymatebion yr

channels. You will see in the report that there are quite frightening figures on the number of programmes that originate in Wales, and are made in Wales, for the networks. I believe that the current figure is less than 1 per cent, which shows the lack of balance in relation to the production of programmes, not to mention programmes that reflect Wales on the British networks. Therefore, there is a long way to go.

Nerys Evans: Thank you very much. I see that there are no further questions. Thank you for your time and your evidence, Minister.

We will move on to receive evidence from Ofcom. Will you come to the table, please? Welcome to the Broadcasting Subcommittee. I welcome Stewart Purvis, the Ofcom partner for content and standards, Rhodri Williams, the director for Wales, and Sue Balsom, the member representing Wales on the content board. I invite you to make some opening remarks.

Mr Williams: I represent Ofcom in Wales across the wide range of responsibilities that Ofcom has. Also, looking the other way, I represent Wales in Ofcom and ensure that the views not only of Assembly Members, but of the public, and other institutions, are heard in Ofcom, and deal with any questions that arise from that.

Nerys Evans: Thank you for your time this morning during such a critical period for broadcasting in Wales. On the recent consultation, what is the nature of the

ydych wedi eu derbyn i'r adolygiad ar ddarlledu gwasanaeth cyhoeddus yn gyffredinol, ac, yn fwy penodol, yma yng Nghymru?

responses that you have received to the review of public service broadcasting in general, and, more specifically, here in Wales?

[100] **Mr Purvis:** There has been a welcome response so far. We have a few latecomers—among them some rather large broadcasters. However, of the submissions that we have received—and I will perhaps ask Rhodri to go through them, to give you a sense of the range—there are several well-thought-through and well-argued papers, not least from the Assembly, the Welsh Assembly Government and the Broadcasting Sub-committee. There are some interesting themes developing, and there is a like mind developing in some areas. However, what is really welcome is the range of submissions that we have received, and perhaps Rhodri could give you some idea of that range.

[101] **Mr Williams:** Yn ogystal â'r rhai yr ydych yn gyfarwydd â hwy, yr ydym hefyd wedi derbyn tystiolaeth gan bwyllgor ymgynghorol Ofcom yng Nghymru—sy'n annibynnol ohonom ni fel swyddogion, ac sy'n mynegi barn glir ar faterion fel hyn—Bwrdd yr Iaith Gymraeg, Undeb Cenedlaethol y Newyddiadurwyr, S4C, Plaid Cymru, Democratiaid Rhyddfrydol Cymru, a Teledwyr Annibynnol Cymru, gan gynnwys rhai o'r cynhyrchwyr annibynnol yn uniongyrchol, megis Green Bay a Tinopolis. O fyd crefydd, yr ydym wedi derbyn tystiolaeth gan Eglwys Bresbyteraidd Cymru; mae'r corff hwnnw i'w ganmol am gysylltu'n gyson â ni ynglŷn â materion polisi cyhoeddus. Yr ydym hefyd wedi derbyn tystiolaeth gan un Aelod Seneddol a dau unigolyn.

Mr Williams: In addition to those that you are familiar with, we have also received evidence from Ofcom's advisory committee in Wales—which is independent of us as officials, and which expresses a clear view on such issues—the Welsh Language Board, the National Union of Journalists, S4C, Plaid Cymru, the Welsh Liberal Democrats, and Welsh Independent Producers, including some of the independent producers directly, such as Green Bay and Tinopolis. From the world of religion, we have received evidence from the Presbyterian Church of Wales; that organisation is to be praised for contacting us regularly on public policy issues. We have also received evidence from one Member of Parliament and two individuals.

[102] Felly, mae rhychwant eang o dystiolaeth wedi cyrraedd yn barod. Yr hyn sy'n gyffredin i bob darn o dystiolaeth yw bod pryder ynglŷn â'r gostyngiad yng nghynnyrch ITV yng Nghymru, a ddaw i rym yn 2009. O ran newyddion, ceir gostyngiad o bump awr ac 20 munud i tua phedair awr, ac o ran rhaglenni heblaw newyddion, ceir gostyngiad o bedair awr i awr a hanner.

Therefore, a wide range of evidence has already arrived. What is common to every piece of evidence is that there is concern about the reduction in ITV's output in Wales, which will come into force in 2009. In the case of news, there will be a reduction from five hours and 20 minutes to about four hours, and in the case of non-news programmes, there will be a reduction from four hours to one and a half hours.

[103] Credaf fod mwyafrif yr ymatebwyr yn cydnabod y pwysau ariannol sydd ar ITV. Maent yn derbyn erbyn hyn nad dychmygu problem y mae pobl yn ei wneud yn y fan hon, ond bod problem economaidd sylweddol. Ers inni ddechrau ar y broses honno, mae'r sefyllfa wedi gwaethygu oherwydd y wasgfa ariannol. Credaf felly fod pobl yn derbyn y bydd trwydded ITV ar gyfer Cymru a'r gorllewin yn colli arian rywbryd

I believe that the majority of respondents acknowledge the financial pressures on ITV. They accept by now that people are not just imagining a problem here, but that there is a significant economic problem. Since we started that process, the situation has deteriorated because of the credit crunch. Therefore, I believe that people accept that ITV's licence for Wales and the west will lose money sometime during 2009, as our

yn ystod 2009, fel yr awgrymodd ein hadroddiad cyntaf.

first report suggested.

[104] Yr hyn y mae pobl yn ei ddweud wedyn, o dderbyn y dadansoddiad, yw bod angen dod o hyd i ryw fath o ddarpariaeth arall a allai sicrhau amrywiaeth ym myd darlledu gwasanaeth cyhoeddus yng Nghymru yn y dyfodol.

What people are then saying, having accepted that analysis, is that there is a need to find some kind of alternative provision that could ensure plurality in the world of public service broadcasting in Wales in the future.

9.50 a.m.

[105] Mae'r rhan fwyaf o'r dystiolaeth yn canolbwyntio ar ryw fersiwn o'r hyn yr ydym yn ei alw yn drydydd model yn ein hadroddiad, ble mae elfen o ariannu cystadleuol, ond yn ceisio cyfuno hwnnw, mewn ffordd, gyda pharhad o'r system bresennol sy'n bodoli yn y model gyntaf. Yn hynny o beth, mae barn gref o gyfeiriad y lle hwn ac o'n pwyllgor ymgynghorol o blaid hwn. Mae ein pwyllgor ymgynghorol yn cael ei alw'n wahanol bethau, er enghraifft, comisiwn darlledu, comisiwn cyfryngau neu gorff comisiynu ar gyfer cynnwys gwasanaeth cyhoeddus. Yn wahanol i'r Alban, lle mae barn glir ar rwydwaith ar gyfer yr Alban, un o nodweddion pob un o'r cynigion hyn yw bod pobl yn teimlo bod angen ymateb hyblyg na fydd y corff a fydd yn dod i fod o angenrheidrwydd yn cael ei gyfyngu i gynhyrchu rhaglenni teledu a bod yn ddarlledwr yn yr ystyr hwnnw, ond efallai yn gallu comisiynu cynnwys mewn meysydd eraill os oedd hynny'n cael ei weld yn briodol.

The majority of the evidence focuses on some version of what we call the third model in our report, where there is an element of competitive funding, but trying to combine that, in a way, with a continuation of the current system that exists in the first model. In that regard, there is a clear view from the direction of this place and from our advisory committee in favour of this. Our advisory committee is called different things, for example, the broadcasting commission, the media commission or a commissioning body for public service content. In contrast to Scotland, where there is a clear view on a network for Scotland, a characteristic of each of these proposals is that people feel the need for a flexible response that the body that is created should not, of necessity, be restricted to the production of television programmes and being a broadcaster in that sense, but can perhaps commission content in other areas if that is seen as appropriate.

[106] Yr elfen arall sy'n gyffredin i'r rhain yw eu bod i gyd yn tynnu sylw at yr angen i sicrhau bod sbectrwm ar gael fel bod gofod i ddarlledu rhaglenni. Soniwn am raglenni nid yn unig mewn maes newyddion a materion cyfoes ond ar draws y rhychwant o raglenni. Bu i'r Gweinidog wneud y pwynt yn glir yn gynt yn ei sesiwn: er mor bwysig yw newyddion, y mae barn gref gan ymatebwyr ei fod yn bwysig sicrhau amrywiaeth ar draws y sbectrwm o raglenni Saesneg yng Nghymru. Felly, dyna lle'r ydym o ran y dystiolaeth sydd wedi ein cyrraedd.

The other element that is common to these is that they all draw attention to the need to ensure that a spectrum is available so that there is space to broadcast programmes. We are talking about programmes not only in the field of news and current affairs but across the range of programming. The Minister made the point clearly earlier in his session: notwithstanding the importance of news, there is a strong view from respondents that it is important to secure diversity across the spectrum of English programmes in Wales. Therefore, that is where we are with regard to the evidence submitted to us.

[107] **Nerys Evans:** Soniasoch bod consensws ynghylch ymatebion Cymru o ran y ffaith bod Cymru'n cydnabod y problem a'r

Nerys Evans: You mentioned that there is consensus in the responses from Wales in that Wales recognises the problem and the

angen dirfawr i wneud rhywbeth a bod ymatebion y Llywodraeth yn debyg o ran sefydlu cronfa. A gredwch fod consensws ymysg eraill yng Nghymru ar sefydlu rhyw fath o gronfa?

[108] **Mr Williams:** Nid oes unfrydedd. Mae amrywiaethau o ran yr ymatebion, ond yn sicr, mae cyfeiriad y dadleuon yn debyg. Nid oes neb yn dweud y dylid gadael i bethau aros fel ag y maent a pheidio ag ymyrryd o gwbl. Mae unfrydedd ynghylch yr angen am ymyrraeth yn y maes hwn. Fodd bynnag, y mae amrywiaeth o ran y math o ymyrraeth a pha fath o fodel o ddarparu, rheoli neu lywodraethu dylid ei gael. Fodd bynnag, mae unfrydedd ar yr angen am ymyrraeth.

dire need to do something and that the Government's responses were similar with regard to establishing a fund. Do you believe that there is consensus among others in Wales on setting up some kind of fund?

Mr Williams: There is not unanimity. There are differences in the responses, but certainly the direction of the arguments is similar. No-one is saying that we should stick to the status quo and not intervene at all. There is unanimity of view on the need for intervention in this field. However, there are differences about what kind of intervention it should be and what kind of model of provision, management or governance there should be. There is unanimity on the need for intervention.

[109] **Mr Purvis:** Among the latecomers who have just slightly missed our deadline are the BBC and ITV and so we do not have their considered views on those issues. That is important because what we have seen across the UK, not just in the devolved nations, is a tension between what we call the institutions and what we call the flexible options. Often the institutions, which are the broadcasters that we know and understand, tend to say, 'If there is money to be contested, why do we not have it because we could do those things ourselves?'. In the absence of those submissions, it would be wrong to say that there is a consensus. There may be a consensus from Welsh political institutions, but it is not yet possible to say that there is a broader consensus on the funding option.

[110] **Nerys Evans:** Beth yw'r amserlen ar gyfer cyflwyno'ch casgliadau ynghylch darlledu gwasanaeth cyhoeddus? A wyf yn iawn i ddweud y bydd rhywbeth yn cael ei gyhoeddi ym mis Chwefror neu efallai cyn hynny?

Nerys Evans: What is the timetable for the delivering of your conclusions on public service broadcasting? Am I right in saying that something will be published in February or before then?

[111] **Mr Purvis:** As Rhodri has explained, there are two parts to this process and it is worth taking a moment to explain the difference between them. The short-term issues particularly relate to what the licence requirements are on ITV Wales for news and non-news. That is a process in which ITV has made proposals to us. We have examined them and have put our own process into play by putting it out to consultation, which has also just finished. In those matters, Ofcom has the remit and responsibility to make decisions without reference to other bodies.

[112] On the long-term issues, Ofcom has quite limited rights. Its responsibility to the UK Parliament is to provide recommendations and options for Governments and Parliaments, and that is what we will do. Our latest timetable has that being published by the end of January, which is a little bit earlier than originally planned. It is worth mentioning that that is partly because the project known as Digital Britain, which started when the new Minister for Communications, Technology and Broadcasting, Lord Carter, was appointed, aims to take a broader look at digital issues beyond broadcasting, but obviously, the public service broadcasting—or PSB—review will be a part of that. He has announced that he, too, would like to publish early in the new year. Also, the Secretary of State for Culture, Media and Sport, who is one of Lord Carter's bosses, said that he would like to make announcements in the new year. So we seem to be reaching a consensus that there will be lots of announcements

in January and February.

[113] **Nerys Evans:** Soniasoch am y ffaith bod rhai penderfyniadau yn benderfyniadau i chi yn Ofcom a bod rhai yn benderfyniadau i'r Llywodraeth. A allwch ymhelaethu mwy ar hynny? Beth fyddwch chi'n penderfynu yn ei gylch? Beth fydd cylch gwaith y Llywodraeth o ran gwneud penderfyniadau, yn benodol ynglŷn ag ITV a'i ymrwymiad i DGC a dyfodol DGC yng Nghymru, yr Alban a Gogledd Iwerddon, a hefyd o ran cyllido ar gyfer Channel 4 yn y dyfodol?

Nerys Evans: You mentioned that some decisions are decisions for you in Ofcom and that some are decisions for the Government. Can you expand further on that? What will you make decisions on? What will the Government's remit be in terms of making decisions, especially with regard to ITV and its commitment to PSB and the future of PSB in Wales, Scotland and Northern Ireland, and also in terms of funding for Channel 4 in the future?

[114] **Mr Purvis:** In the short term, by the end of January, we will have announced the outcome of the consultation, which will effectively decide the number of hours of news and non-news programmes to be transmitted on ITV Wales next year. That is a fairly clear end point in the light of the discussion, debate and consultation, and ITV knows where it stands for the year. On the longer-term issues, essentially, we have put a whole series of options into the public domain. People have connected with some of them while, frankly, they have ignored others—that is an inevitable part of this process. I suppose that, once we have absorbed the 200-plus submissions so far received, our role is to try to make sense of them all and to offer Governments and Parliaments a narrower range of options, rather than their having to read all 200 themselves. Also, it is to add background, evidence and financial detail about some of the implications, so that Governments and Parliaments can then make considered judgements on the matter. Perhaps Rhodri or Sue would like to add something to that.

[115] **Nerys Evans:** A oes gennych sylwadau i'w gwneud ynglŷn ag amseriad unrhyw benderfyniad gan Lywodraeth Llundain?

Nerys Evans: Do you have anything to say about the timing of any decisions by the Government in London?

[116] **Mr Purvis:** The Queen's Speech made no reference to legislation on broadcasting matters. The Minister for broadcasting, Lord Carter, said that that did not in itself mean that there would or could not be any legislation in the term of the next Parliament. Some things can be done without legislation, but some of the longer-term issues that we have put into the public domain definitely require legislation, so you are then part of the UK Parliament timetable, in a sense. You have to ask, 'Could this be accommodated within the next parliamentary year? Where does it fit with a general election? Would it have to wait for the next election to happen?'. So, there is a little uncertainty around that. However, the main reactions from UK Government Ministers to the broad recommendation options that we put forward will be known early in the new year, and we do not know whether it will thereafter be a short-term process to get to legislation or a protracted process. We have put in the public domain the fact that some issues, such as Channel 4 funding, really cannot wait very long to be resolved. There is growing pressure—I hope that the committee would welcome this—for the issue of the nations and regions to be regarded as a matter of some urgency. The issue of whether or not ITV remains a public service broadcaster has extraordinary implications for the nations and regions. I am not sure that it is always widely understood what it would mean if ITV were to walk away from being a PSB. Holding a PSB licence is a voluntary activity at the end of the day; there is not a law of the land compelling you to hold one, so if you do not want to hold one, you have the right to return it. However, under the existing structure in legislation, it is difficult to see how there could be such services as ITV Wales, Scottish Television or Ulster Television if ITV was not a public service broadcaster. That could be a short-term issue, depending on the tactics deployed by ITV.

[117] **Nerys Evans:** A allwch ymhelaethu ar y pwynt a wnaethoch ar y dechrau ynglŷn â phenderfyniadau y gall y Llywodraeth eu gwneud heb ddeddfwriaeth newydd? Beth yw sgôp hynny?

Nerys Evans: Can you expand on the point that you made at the start about decisions that the Government can take without the need for new legislation? What is the scope of that?

10.00 a.m.

[118] **Mr Purvis:** One principal option is what is described as the BBC partnership option. The BBC has signalled that it is about to publish a series of proposals for how it could partner other PSBs, in other words, ITV, Channel 5 and S4C. However, we do not know the detail of that. We set out a series of suggested tests, such as whether these partnerships would add a really significant solution for the funding gap that seems to be appearing in public service broadcasting and, secondly, whether they would have competition issues. In other words, it is a question of whether the BBC having a greater role in public service broadcasting would be a good thing or a bad thing in terms of plurality, which, in a sense, is an issue that Ofcom has constantly raised as being an element in public service broadcasting. I think that people will wait to see what these BBC partnerships say, and examine them in detail. We certainly will do so. That is a solution, most of which, as I understand, would not require legislation. I think that the implications of that for the nations and regions are quite specific. It is known, for instance, that ITV has been in discussions with the BBC about regional news. The implications of that for the news on ITV Wales, if there were some form of partnership between the BBC and ITV in news provision for Wales, is an issue that is bound to raise interest in the devolved nations as well as in the United Kingdom as a whole.

[119] **Nerys Evans:** Mae gennyf un cwestiwn eto cyn dod ag Aelodau eraill i mewn i'r drafodaeth. Beth yw'r berthynas rhwng eich gwaith chi a gwaith yr Arglwydd Carter ar Digital Britain? Beth yw'r fantais o ystyried darlledu mewn cyd-destun ehangach o ran elfennau digidol yn hytrach na darlledu yn unig?

Nerys Evans: I have one further question before I bring other Members into the discussion. What is the relationship between your work and Lord Carter's Digital Britain project? What are the benefits from considering broadcasting in a wider context in terms of the digital elements, rather than just broadcasting?

[120] **Mr Purvis:** From what Lord Carter has said of his work, there is an issue, which I know is of particular concern in Wales, which is access to broadband, particularly in rural areas. That is very much on Lord Carter's agenda. There is an issue about media literacy, which is an issue over which the UK Parliament gave Ofcom a special responsibility. There is a question as to what exactly media literacy means, and whether it is about understanding the media, being an active user of the media, or about IT skills, which is another area. Digital radio, for instance, which again has quite wide implications for Wales, is another issue. As I understand it, and I met with his team yesterday, there is a framework of issues and I can assure you from my conversation that content for the nations and regions is uppermost in their minds.

[121] **Nerys Evans:** Gwn imi ddweud fy mod wedi gofyn fy nghwestiwn olaf, ond, yn ychwanegol at y cwestiwn hwnnw, sut y mae gwaith yr Arglwydd Carter yn effeithio ar eich gwaith chi?

Nerys Evans: I know that I said I had asked my last question, but, further to that question, how does Lord Carter's work affect your work?

[122] **Mr Purvis:** Ofcom is an independent regulator. It obviously has relations with Government but it is not an arm of Government. Its reputation, such as it is, is based on its independence and the quality of its work. We will continue to put into the public domain

documents of the kind that you have before you and that we will publish in January. Lord Carter and his team will, in a sense, see how the framework works. I am also a member of the digital radio working group, which is yet another process under way, and Lord Carter has to, in a sense, make sense of them and fit them all within a digital framework.

[123] **Nerys Evans:** Iawn. Diolch. **Nerys Evans:** Great. Thank you.

[124] **Peter Black:** What is your view of the importance of plurality in the devolved nations and in Wales in particular? Is plurality more important for Ofcom in Wales than English regional news in England, for example?

[125] **Mr Purvis:** Perhaps I could ask Sue to speak to that in a second, but I will give you my perspective as a full-time member of the Ofcom executive. I have some experience of this. For instance, I did a project for BBC Wales a few years ago, which immediately brought home to me the issue. I attended a briefing in a room just around the corner from here where, each week, the political parties brief the political correspondents. I think that around a dozen of people were in the room and only one of them was not from the BBC. I therefore understood immediately what the issue of plurality means in Wales. That is not to say that there were too many or too few BBC people but the balance between the power of the BBC in Wales and what you might call the under-representation of the non-BBC elements was stark. Perhaps Sue would like to speak to that.

[126] **Ms Balsom:** I echo Stewart's points, but I would also bring into question the issue of the press in Wales because we do not have a pan-Wales daily press. That point has been made in this building and elsewhere, and certainly in all of the submissions. There is a broad understanding within Ofcom of the salience of the issue of plurality in Wales; it is probably more poignant here than in any of the other nations. We are very aware of the issue, and, hopefully, what might come out of the public service broadcasting process and any new models will ensure a degree of plurality, including, perhaps, new players in local television. We are aware that it is a really serious issue. Wales being the only nation within ITV, ITV has a really important role to play that is different here than in the other nations.

[127] **Mr Purvis:** A member of our advisory group, Glyn Mathias, said at one event that we organised that it was a possibility that by the next Assembly elections in 2011, there might only be TV news for Wales from the BBC. It is not a probability, but it is definitely a possibility, with all the democratic deficit that arises from that.

[128] **Peter Black:** The issue of plurality has concentrated on news to a large extent. How important to Ofcom is other programming and content?

[129] **Mr Purvis:** In our most recent work in the short term, we have unashamedly prioritised news in prime time. We have also tried to emphasise the role of current affairs, particularly in the devolved nations. However, viewers have an expectation beyond news and current affairs, and there is a proud history on the third channel in Wales of programmes about Wales, so much so that I see the advisory groups to the Welsh Assembly Government suggesting that they should be placed in a national archive. I think that that is an interesting idea, such is the scale of that. Perhaps Rhodri would like to speak to that.

[130] One comes constantly to the issue of the viability of the ITV Wales licence and whether it is reasonable and realistic to expect a programme supply arrangement just for Wales when ITV has the ability to become a completely commercial broadcaster without any such requirements. I am often asked how ITV would do that, and I am happy to go into detail, but, ironically, the origins of it lie within this very city because, when S4C put forward an application for its own multiplex space in the original multiplex allocations—that was known as SDN, and it was, in a sense, a piece of multiplex space away from the main broadcasters—

ITV, very smartly, bought that, at a considerable profit for S4C, and all credit to S4C for its initiative. By buying its own piece of digital turf, ITV has a fall-back position, which is to walk away from the public space and go to a commercial space and reach its viewers that way. That space does not deliver as many viewers as the space that it is in at moment does, but it is an option. There are risks in that option, but it has that option.

[131] With regard to the cultural expectations of the people of Wales, perhaps Rhodri and Sue would have a view on that with regard to non-news programming.

[132] **Mr Williams:** A strong view is coming through from many respondents to our consultation that this should not be seen as an exercise that is simply about news. It has to go beyond that. The difficulties that that creates are firstly ones of funding, as even more funding would be required, without pointing in any particular direction as to where it would come from. Wherever it would come from, finding funding, especially in the current economic circumstances, would not be easy. Less of a problem is the issue of where it sits if not within channel 3, within ITV. Some creative solutions are being put forward, so there is a way around that.

[133] If the money becomes available, and if Government decides to find, not necessarily its own money, but a way to do this, clearly, the BBC partnership could have a role to play, and there are other partnerships that could come into play. If that option is available, then a way will be found to make this available to viewers in Wales. That is a second order problem to the key one of whether enough funding partnership resource will be available to maintain plurality across a wider range of programming than simply news and current affairs.

[134] **Ms Balsom:** The significance of non-news programming is recognised throughout Ofcom. In fact, our treatment of non-news regional output in PSB 1 meant that we differentiated between the amount of programming for the nations as opposed to the regions in England. We did what we could then, which was to retain it at three hours, and currently, as Stewart said, a consultation has gone out on how we go forward in the immediate short term. It is certainly recognised, but, as Stewart indicated, it is a question of economics, and ITV makes its case very coherently about the cost of non-news regional programming. We have limited powers to regulate that.

10.10 a.m.

[135] **Peter Black:** Thank you. However, there is a wider debate across the UK that involves the future of public service broadcasting in Scotland, Northern Ireland, and the English regions, as well as in Wales, and the future of Channel 4. Where does Wales rank in Ofcom's order of priority?

[136] **Mr Purvis:** It ranks in its proper place.

[137] **Peter Black:** At the top?

[138] **Mr Purvis:** Nearly. [*Laughter.*] Since we have a chief executive with extensive knowledge of Wales, and Sue is the Wales member of the content board, you should be reassured that issues in Wales are always in our thoughts. It is not for me necessarily to rank the nations or the issues, but you have my personal reassurance—and I spent around two hours with Ofcom colleagues in London yesterday going through all the detail of this yet again—that I have said in public that the issue of the devolved nations is probably one of the most, if not the most, important issue arising from the PSB review. Other people might say that it is the funding of Channel 4; I do not necessarily have an argument about that. However, there is a threat in the short term and the long term to plurality in the devolved nations. I believe that the devolved nations are entitled to expect a greater amount of coverage

than the English regions, but that is not to demean the English regions. We will spell out how we can achieve that and what the options are in the next paper. Government is looking to Ofcom to come up with solutions rather than just a list of problems, which is welcome. However, we should be in no doubt that money is required, and we have to think about whose money that will be, where it comes from, whether it has to be taken from someone else, or can it be genuinely new money through what is sometimes called the 'creative economy'? That is why people are awaiting our conclusions with interest. Finally, I reassure you again that the interests of Wales are very close to our heart.

[139] **Peter Black:** You have just begged my next question. However, we are trying to drill down on this priority issue, and it is all about resources, as you said. You are facing demands: Channel 4 has said that it wants £150 million; the Scottish Broadcasting Commission has bid for £70 million; and the broadcasting advice group set up by the Welsh Assembly Government says that it wants between £30 million and £50 million. How will you balance those different demands?

[140] **Mr Purvis:** The immediate issue is that you might say that, within the total expenditures of the UK and the devolved Governments, such numbers are not necessarily significant, given the amount of spending that goes into other areas. On the other hand, relatively small amounts of money could make quite a difference to some areas, and therein lies the balance. There has been a lot of debate about what is called 'top-slicing', which is perceived as taking money from the BBC. We have gone out of our way to say that, having said that the BBC is the cornerstone of PSB in the UK, why would we want to take money away from it? We have identified moneys that, at the moment, the BBC is responsible for managing on licence payers' behalf, which is sometimes called the 'switchover surplus'. We have said that those sums of money could be put into content. There are also other possible demands on that money. So, that is the situation that we are in. Is this a lot of money or a little money? In the UK, the overall story is about preserving what is best in public service broadcasting. What we hear from Wales and Scotland is that they are about something else. The people of Wales and Scotland are about something better than the status quo, rather than the status quo, and that is understood.

[141] **Peter Black:** Would you expect the devolved Governments to dip into their pockets and pay for some of this?

[142] **Mr Purvis:** That is an option. For example, the Scottish Government has contributed to the costs of BBC Alba, which is the Gaelic service for Scotland. That is a partnership between the Scottish Government and the BBC, and Ofcom has a role in that as well, although not a financial role. So, there is a model there. Obviously, S4C is a model of central Government funding as opposed to devolved funding, although I suppose that that is because there was no devolved Government at the time to fund it. So, that may be a creature of history. There are different ways of doing it. I do not think that either the Scottish Government or the Welsh Assembly Government has offered up money so far.

[143] **Peter Black:** I do not think that that will happen.

[144] **Mr Purvis:** The question is whether the UK Government will offer up some money. At some point, someone will have to offer up some money if any of these options are to become a reality.

[145] **Peter Black:** There is also the impact of the global credit crunch. One thing that we know is that there is not a queue of other people coming to say, 'Well, if the slot becomes available, we will provide a service'. There is no-one knocking on our door saying, 'Please, give us this opportunity'. Even if somebody did that, or if it was happening on another part of the spectrum, it would be very difficult to ensure that they had a schedule of programming

into which you could drop Welsh news, Welsh current affairs programmes and other programming that would attract similar audiences. That is why I think, from our point of view, that it is worth the effort of doing everything that we can to try to keep ITV in the game. However, at the same time, as Stewart said, we must have an alternative plan that would allow those programmes to be created and broadcast if ITV was not in the game. That is something that we will have to think about very quickly over the next six weeks or so and we could possibly have a bit of one and a bit of the other: it is not necessarily ITV and nothing else or nothing else and no ITV; it could be that we could utilise the ITV network for some things, but that we would also need some other provision somewhere else. That is something that we are going to have to be thinking hard about.

[146] **Mr Purvis:** I was going to ask Sue whether she has any views on any non-ITV routes.

[147] **Ms Balsom:** They are obviously going to be evaluated as part of the PSB review. The points are well made that we really need to ensure impact and audience reach, because, otherwise, we could have content that was being broadcast in a vacuum and was not reaching people and we would be failing in our duty if we could not get the best solution to address that. It is worth saying that, while ITV has the option of licence hand-back, the news for Wales is written in to its digital licences until 2014 and so, until such time as the licences change, that should perhaps offer some form of reassurance that the intention is to keep news in the game.

[148] **Nerys Evans:** Ar y pwynt hwnnw, onid yw cyfaddef bod neb arall ar gael os yw ITV yn cerdded i ffwrdd o'r slot yn lleihau eich grym chi fel y rheolydd yn y maes hwn?
Nerys Evans: On that point, admitting that there is no-one else available if ITV walks away from the slot weakens your power as the regulator in this field, does it not?

[149] **Mr Purvis:** We have obviously done a lot of research about this hypothetical situation and we have deliberately kept our counsel on that, because there is no need, at this point, to map out all the implications. Ofcom has the right to re-advertise the licence; it has the right to re-advertise the licence on slightly different terms from the previous licence. Ofcom has quite a wide range of powers. At the end of the day—picking up on what Sue said—we are here not for the broadcasters, but for the public. We are here for the viewer and we have a responsibility to the viewer to try to sustain services. So, if ITV walked away, we would not simply call it a day; we would explore absolutely every option. What Rhodri is saying is that we have not had people queuing up, seeking to replace ITV, but I should say that we have had an idea from the local TV lobby about a network of local stations that, in a sense, you could argue is almost a throwback to ITV, because it started as a series of local licences. However, the funding of those stations is problematic as well. There are people who passionately want to create content about their nations and regions and, if we look at the model of community radio, some of them have found a whole series of relatively small funding lines to create content. However, as Sue said, the issues of reach and impact, of what we have called 'discoverability' in another paper, and of actually knowing that this stuff is out there and from where you can get it, are as big a problem as actually getting the content made.

[150] **Nerys Evans:** A yw teledu lleol yn opsiwn realistig ar gyfer Cymru?
Nerys Evans: Is local television a realistic option for Wales?

[151] **Mr Purvis:** It depends on the version of local television that one examines. Of the versions that have been put to us, there is a very commercial model, of which perhaps the best example is Channel M in the greater Manchester area, which is owned by the Guardian Media Group, which owns the *Manchester Evening News*. Building on that infrastructure, it has created a television channel and it also runs Century Radio, so you have what people talk about as a cross-media or pan-media hub.

10.30 a.m.

[152] At a public event of ours a few weeks ago, it said that it has really struggled to get advertising revenue. That is not to say that there are companies in Manchester that do not want to advertise, but the advertising industry is fairly conservative in where it chooses to advertise. It took quite a long time to cotton on to the fact that the internet might be a good thing for advertising, but once it caught on, the industry charged off down that road. At the moment, if you are looking for the business model for commercially funded local television, there are not many examples of its success, other than ethnically based stations such as the one in Leicester in the east midlands.

[153] The other model is, in a sense, more like the community radio model, in that there are funding streams—community radio is restricted to obtaining half of its revenue from commercial airtime, but there is a lot of volunteer time, and there is no reason for not having lots of volunteers for local television station, too; lots of people would like to be involved. Also, there are public funds of various kinds, within the rules for public funding. I think that this is an interesting area, but I have to say that we do not have many proven models in the UK of where it has worked so far.

[154] **Joyce Watson:** You have covered an awful lot of what I was going to ask about, so my final question is: what is your view of the suggestion that a Wales media commission should be established?

[155] **Mr Purvis:** In the three models that we put forward, the first is described as an evolutionary model, and that is the one in which ITV would still have a role to play. What we see coming forward is an element of that model and an element of the competitive funding model. The culmination of this is to see a situation in which there is a UK-wide, short-ish term solution involving ITV, and that does not rule out, in the nations, top-up funding, additional funding or some other element—whatever you want to call it—overlying that model. That is emerging as an interesting combination from the submissions so far received.

[156] The model in the middle relies heavily on Channel 4 achieving some of these ambitions. We have not talked about Channel 4 very much. In some of the documentation from the Welsh Assembly Government and the sub-committee, I sense a feeling that Channel 4 is not really in the nations-and-regions business—that it is not in its DNA. I think that that is true—I have done a lot of work for Channel 4 over the years, so I am fairly close to that DNA—but that is not to say that, in renewing its funding, Channel 4 cannot be required to have the nations play a role. We do not have many nationalised industries left—well, actually, we do; they are called banks—but, apart from them, Channel 4 is a nationalised industry, so it is for the nation to decide what it wants from Channel 4. That is another element and another possibility.

[157] The model that has been picked up, which I have spent a lot of time looking at, is the Broadcasting Commission of Ireland model. The Broadcasting Commission of Ireland happens to be the regulator—the Ofcom of Ireland—and it also allocates the money. Having looked at funding models, I am struck by the fact that the models do not have to be bureaucratic. We held an event in London a few weeks ago to which I drew in the Broadcasting Commission of Ireland and various other funding bodies, and I asked, ‘Does Melvyn Bragg have to be the chairman; does there have to be a committee of the good and great; does there have to be hundreds of staff?’. The answer is that the Broadcasting Commission of Ireland has six employees, and it does its work relatively efficiently. We have clarified that it does not have to be bureaucratic, but it does have to have the money, and that is the issue.

[158] **Nerys Evans:** Beth yw'ch barn am awgrym grŵp ymgynghori'r Llywodraeth ei bod yn bosibl negodi slot sianel 3 ar gyfer PSB? Beth fyddai barn ITV am hynny?

Nerys Evans: What is your view on the suggestion by the Government's advisory group that it is possible to negotiate a channel 3 slot for PSB? What would ITV make of that?

[159] **Mr Purvis:** That is really only an issue from 2014 onwards. As Sue pointed out, ITV currently has a series of digital licences that give it responsibilities and rights. Given the importance that I have seen it attach to the distribution that these platforms offer, it will not want to offer them up unless there is something in return.

[160] Reading the technical report from the Welsh Assembly Government's advisory group, I noticed a sort of anticipation that 'it always has to be this way', and I do not think that that is right. Ultimately, it is for Government, Parliament and regulators to decide the exact allocation of spectrum, which is a public asset. There have to be long-term contracts and licences to enable people to operate within that system, but you do not have to slice the spectrum cake in exactly the same way every time it comes up for renewal. Does anybody else want to add to that? I see that you do not.

[161] **Nerys Evans:** Beth yw'ch barn am ymrwymadau presennol darlledwyr gwasanaeth cyhoeddus i gyflenwi cynnwys o Gymru ar y rhwydweithiau?

Nerys Evans: What is your view on the commitments of the public sector broadcasters to network supply of content produced in Wales?

[162] **Mr Purvis:** We welcome the BBC's commitment to increase content from the nations from 2016 onwards. Like others, we have wondered whether it could not happen a little earlier. As you probably know, we have recommended that the out-of-London requirement on ITV is reduced to its level of a few years ago; again, that is part of the reality process. In terms of Channel 4's involvement, I note what has been said from this place about the relatively low figures of Channel 4 content from the nations, and I think that the point is well-made and well-understood at Channel 4 as well. What we have said is that it is difficult to expect Channel 4 to reconfigure itself while its future funding is unclear. I accept that there is a point of view that says, 'What's that got to do with it?', because we are talking about how the existing money is spent. So, there is no consensus around that.

[163] As the biggest public broadcaster, the BBC has understood and has rightly stepped up to the plate to take the lion's share of the responsibilities. We have adjusted ITV's out-of-London requirement appropriately, but there is no nations requirement on ITV. On Channel 4, the issue is still in play.

[164] **Ms Balsom:** I think that the strongest push-back we have had in terms of PSB 2 has been the issue of Channel 4, and it has been one of the most emphasised points to come out of Wales.

[165] **Nerys Evans:** O ran cynnyrch rhwydwaith y BBC o Gymru, yr ydych yn pendroni pam nad oes modd dod â'r targed ymlaen. Chi yw'r rheoleiddwyr, felly beth sy'n atal y BBC rhag dod â'r targed hwnnw ymlaen a pham nad ydych yn gwthio'r pwynt hwnnw yn fwy gyda'r BBC?

Nerys Evans: Regarding the BBC's network content from Wales, you wonder why the target could not be brought forward. You are the regulators, so what is preventing the BBC from bringing this target forward and why are you not pressing that point more with the BBC?

[166] **Mr Purvis:** We deal with the BBC management on this and with the BBC Trust, which regulates parts of the BBC. We have not run a public campaign about this issue. Questions have been asked, but, on the other hand, if you look at the interests of Wales, the

BBC's provisional decision to move the production of *Casualty* from Bristol to Cardiff would seem to be the type of step that everyone would welcome in terms of production in the nations. I spoke at a meeting in Bristol a few weeks ago, and it was not a very popular idea, but that is the way that these things go. There are, understandably, questions about why it takes so long, and it probably falls to the BBC management and the BBC Trust to answer that.

[167] **Nerys Evans:** Yr ydych wedi crybwyll ymrwymadau Channel 4 i gynnwrch o Gymru. Oni ddylai Cymru fod yn deilwng o gael rhan sy'n cyfateb â phoblogaeth Cymru, sef 5 y cant, yn hytrach na 3 y cant? **Nerys Evans:** You mentioned Channel 4's commitments to supply content from Wales. Should Wales not be entitled to a population-based share of 5 per cent, rather than 3 per cent?

[168] **Mr Purvis:** That is an important point of view, which will be returned to, but no decision has been made on it so far. It has become connected with the issue of funding, although some people think that it should not be connected with funding. The views that have been put forward from this building will be heard in London.

[169] **Nerys Evans:** Beth oedd y rhesymeg dros nodi 3 y cant fel targed? **Nerys Evans:** What was the rationale for identifying 3 per cent as a target?

[170] **Mr Purvis:** I am trying to remember; I am sure that there was logic to it. I can openly say that, within Ofcom, there has been a discussion about it since it became public. However, given the staff cuts and the programme budget cuts that are going on inside Channel 4, one has to be a little understanding that this is an organisation under enormous financial pressure. Whether we have been too understanding about it is a matter of opinion, but that is the balance. It is not a case that Ofcom has not noticed or does not care—it is about Ofcom trying to find a way forward in quite difficult financial circumstances.

[171] **Peter Black:** In the first Broadcasting Sub-Committee, we took evidence on your first review. We received very strong evidence in relation to community radio, which, as you know, manifests itself differently in Wales, largely because of the topography of Wales and the difficulty in getting a signal over a wider area. It was felt that the criteria that you applied, in terms of issuing community radio licenses, may be appropriate to England, but not so appropriate to Wales. For example, Wales might require longer licences or more scope in terms of the strength of the signal to get across to reach certain areas. Do you think that, given Wales's unique approach to community radio, the right to issue those licences might be devolved to either the Welsh Assembly Government or a Welsh body?

10.40 a.m.

[172] **Mr Purvis:** Perhaps Rhodri can talk about the specifics in Wales, and I will try to give a UK overview.

[173] **Mr Williams:** Generally, where straightforward community radio stations are concerned, there is little difficulty. There have not been problems; we went around the UK issuing invitations for people to establish community radio stations, and as long as they can prove that they are fit and proper people to hold those licences and show that they can maintain them, those licences are granted. So, there is no issue about groups in Wales not being granted licences where they want them. In that sense, the process—it is a long and drawn out process, I admit—has worked reasonably successfully.

[174] What has created a problem more recently is that out of Wales's first community radio station in Pontypridd, GTFM, has grown another community initiative that uses radio. It uses it on a peripatetic basis and moves from the Rhondda valley to the Cynon valley to the

Taff valley, but is run as one concern. There is no doubt that this delivers the same benefits to the community as straightforward community radio, but, technically, in licensing terms, it is not community radio; it is using a restricted service licence. For historic reasons and for practical reasons, in terms of the amount of work involved in being able to issue those licences, the cost of peripatetic, restricted service licence broadcasts is far greater than that of running a permanent community licence in one place.

[175] The point has been made to us by Andrew Jones, who is the founder-director of GTFM, who now runs these services in Rhondda Cynon Taf, and by the Deputy Minister, Leighton Andrews, whose constituency, as it happens, has one of these in it, but who has also been keenly involved in providing funding for this kind of activity through Communities@One, that we need to look again at the licensing regime to see whether there is a way of facilitating this. We are taking that on board, and will look at it again, but the Communications Act 2003 sets out the terms of the various licences that are offered, so we cannot simply say, 'From now on, we are going to charge tuppenny-ha'penny for this'. It is not as simple as that, but we are aware of the difficulties, and we have spent time with the RCT community radio experiment. We are supportive of it, we think that it does good work in those areas, and we will look at whether the licensing regime can be amended to make it more affordable for people who want to do it in that way.

[176] **Mr Purvis:** I should say that Ofcom is rather proud of its and of the community radio sector's achievements. It is mostly a success story, but occasionally there are disappointments, such as the station in Cardiff, which I visited, and which appeared to me to be going well and which had a good representation of ethnic groups, suddenly was not there. Inevitably, lessons are being learned all the time. There is a slightly wider issue about radio in Wales, in particular, the issue of how decisions are made, and perhaps Sue would like to speak to that.

[177] **Ms Balsom:** Today's discussions focused primarily on television, but if you look at commercial radio, you will see that it is a challenging economic situation and we have a fragmented pattern of commercial radio here. The decisions for licensing both commercial and community radio are taken by the Radio Licensing Committee. For Wales, the Wales representative, which is me, is invited to the committee meetings. Yesterday, for example, Rhodri and I attended a meeting where quite an interesting decision was made, which is now in the public domain, whereby the licence for north and mid Wales was allocated to Real Radio. As you know, Real Radio also operates in south Wales. It is a very interesting development because, for the first time, that gives us the potential for a pan-Wales commercial radio station. Therefore, I think that that is quite an interesting development.

[178] **Mr Purvis:** The documentation surrounding that decision is all in the public domain. We have to absolutely explain how Sue and colleagues came to that decision. There could, potentially, be legal challenges had we not used due process and so forth. Representatives of Ofcom, such as Sue and Rhodri, are always happy to come here and answer your questions about how certain decisions were made. Therefore, there is representation and accountability while, in a sense, fitting within a kind of UK framework.

[179] **Nerys Evans:** Mae hynny'n cloi'r sesiwn graffu y bore yma. Diolch yn fawr am eich presenoldeb. Bu'n gyfarfod gwerthfawr iawn. Edrychwn ymlaen at gael eich hadroddiad. Anfonir trawsgrifiad o'r cyfarfod hwn atoch er mwyn i chi gadarnhau'r cywirdeb ffeithiol. **Nerys Evans:** That concludes this morning's scrutiny session. Thank you for your attendance. It has been a valuable meeting. We look forward to receiving your report. A transcript of this meeting will be sent to you so that you can check the factual accuracy.

[180] Diolch yn fawr i'r Aelodau am eu Thank you to Members for their attendance.

presenoldeb. Mae'r cyfarfod yn awr ar ben. The meeting is now closed.

Daeth y cyfarfod i ben am 10.46 a.m.
The meeting ended at 10.46 a.m.