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Rhyngwladol | Culture, Communications, Welsh Language, Sport, and International Relations Committee

Effaith costau cynyddol / Impact of increasing costs

Ymateb gan Undeb Cenedlaethol y Newyddiadurwyr / Response from National Union of Journalists

## **National Union of Journalists (NUJ) submission to the Senedd Culture, Communications, Welsh Language, Sport and International Relations Committee Inquiry into the impact of increasing costs on the sectors**

September 2022

The Welsh newspaper industry has been left especially vulnerable to an economic shock brought on by the cost of living crisis. Despite the concentration of investment in online products and falling circulation for paid-for newspapers, print remains a crucial source of revenue. For example it was responsible for 75% of revenue in 2021 for Reach plc, the publishers of the *Daily Post*, the *Western Mail*, the *South Wales Echo*, the *South Wales Evening Post* and a series of weekly titles, as well as the website *WalesOnline*.

Inevitably readers in the midst of a cost of living crisis are going to question a newspaper purchase, when much of the same content is available free online and when the original journalism in newspapers has been reduced by waves of redundancies. The cost of newsprint has also been rising sharply, with the constant threat that publishers will seek to protect their profits by raising prices and cutting jobs and consequently content. The *Western Mail* has already seen Welsh content pages reduced, while content from Reach's non Welsh newspapers has been used instead.

Such cutbacks and losses in circulation are likely to be permanent. Newspaper publishers have grown used to regular high profits, ever since technical innovation transformed the industry, destroying many well paid printing jobs. They have become unwilling to accept the more modest profits found in other industries and will almost certainly keep cutting until it is too late, with too few journalists and too few readers and nothing left but a website that doesn't generate enough income to sustain itself.

The Covid pandemic meant journalists worked from home rather than the newsroom. This has led to publishers, like Reach, closing and selling local offices and moving to a hub model where journalists work from home, but can catch up with colleagues in the nearest hub. In the 1970s, Port Talbot had five local newspapers, but now has none. Pre-pandemic, Port Talbot was notionally served by the *South Wales Evening Post* based in Swansea. Now the nearest newspaper office is the Cardiff hub. Local newspaper offices mean the paper is rooted in and part of the community. Without this local coverage becomes dictated by press release from organisations.

Some of the hardest-hit journalists have been freelancers, as budgets for paying them are too often seen as an easy place to make savings. Many have attempted to diversify to survive but one of the many difficulties has been the over-bureaucratic Sell2Wales public procurement platform when it is used for a small contract, such as a photographer doing tourism promotional work for a local authority. Sell2Wales contracts often also have copyright grab clauses and onerous indemnity clauses.

These are usually just "off the shelf" contracts, so it is likely that those doing the procurement do not always understand the implications. But deliberately or otherwise, they amount to the acquisition of rights in perpetuity without being willing to pay the value of such a comprehensive licence.

Newspaper journalism is increasingly low-paid work, with young journalists on inadequate starting salaries frequently leaving the industry and being replaced by fresh recruits yet to become disillusioned. Consequently the NUJ has many members struggling to pay soaring rents, an area where government intervention to stop real hardship is urgently needed.

Disillusionment also stems from the changing nature of the job, with less actual getting out and reporting and more office-based work generating “clickbait” for websites. Except that the latest economy drive is to encourage more working from home rather than the office. Of course this worked when it had to during the pandemic and can continue to work well for some. But for many, working from home means working in unsuitable accommodation, with little of the companionship and shared learning traditionally found in journalism. Working from home also costs money, including heating costs which are still expected to rise sharply, even with government intervention. These can easily outweigh travel to work costs. These additional costs are borne by the journalists with no home working allowance being offered by the employer.

Disabled people and those with long-term health conditions, including long Covid, are particularly likely to suffer physical and mental impacts of an insecure work environment. Mental health is also inevitably impacted.

Turning briefly to the magazine sector, the Welsh Books Council has already warned that some Welsh language magazines could lose funding in order to give others the larger grants that they will need to keep going in the face of rising costs of paper. The rising costs of energy (and everything else) will have a further impact. The only way of avoiding this is to increase the money that the Welsh Government gives to the Books Council for magazine funding. Again, the damage caused by magazines closing down will be long-lasting. Reviving titles or creating new ones will at best take time and at worst prove impossible as readerships are hard to find again once they are lost.

In the broadcasting sector, we have already seen consolidation in commercial radio, with jobs lost and Wales-wide and local news services discontinued. This trend is unlikely to be reversed.

In commercially-funded public service television, Ofcom has begun the process of agreeing new 10-year licences for Channel 3, including the ITV Wales licence. Ofcom has proposed to the Department of Culture, Media and Sport that the licences are offered to their existing holders with the same requirements for news and other programmes as at present.

The NUJ does not accept, as is sometimes suggested, that the ITV Wales licence is of no commercial value to ITV plc. The company clearly wishes to maintain its dominant position, as was demonstrated when it bought out the UTV licence at a price designed to ensure there would be no better offers. Any attempt to reduce through negotiation the obligations attached to the ITV licence should be resisted. It is a wealthy and profitable company but it could well start looking for savings if advertising revenues are falling next year. Advertising budgets tend to be one of the first things to shrink going into a recession. They are also one of the first things to recover as a recession ends.

BBC Wales and S4C are both largely dependent on the television licence fee for their income. The licence fee has been frozen and inflation will therefore hit hard. The two broadcasters are supreme examples of public service providers, especially in the Welsh language, but also by supporting an eco-system of sporting and cultural events. They deserve to be protected from further cutbacks. The Welsh Labour/Plaid cooperation agreement includes a commitment to a devolved broadcasting and communications authority with work started by an expert group with a one million pound budget.

The decision on whether to devolve broadcasting resides in Westminster and the money being used to look at this could revitalise journalism in Wales.

Channel 4 continues to provide an alternative voice, including through high-quality journalism, including coverage of Wales. The NUJ completely opposes its proposed privatisation.