

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Cymunedau, Cydraddoldeb a
Llywodraeth Leol](#)

[The Communities, Equality and Local
Government Committee](#)

04/11/2015

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Motion under Standing Order 17.42 to Resolve to Exclude the Public
from the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn
ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in
the committee. In addition, a transcription of the simultaneous interpretation
is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Alun Davies	Llafur Labour
Jocelyn Davies	Plaid Cymru The Party of Wales
John Griffiths	Llafur (dirprwyo ar ran Gwenda Thomas) Labour (substitute for Gwenda Thomas)
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Gwyn R. Price	Llafur Labour

Eraill yn bresennol
Others in attendance

Simon Curtis	Equity
David Donovan	BECTU
Ian Jones	Prif Weithredwr, S4C Chief Executive, S4C
Huw Jones	Cadeirydd, S4C Chairman, S4C
Paul Siegert	Undeb Cenedlaethol y Newyddiadurwyr National Union of Journalists

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

Chloë Davies	Dirprwy Clerc Deputy Clerk
Rhys Iorwerth	Y Gwasanaeth Ymchwil Research Service
Claire Morris	Clerc Clerk

*Dechreuodd y cyfarfod am 08:59.
The meeting began at 08:59.*

Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datganiadau o Fuddiant Introductions, Apologies, Substitutions and Declarations

[1] **Christine Chapman:** Welcome to today's meeting of the Communities, Equality and Local Government Committee. Can I just remind Members and witnesses that if they have any mobile devices, they should be switched to 'silent' because they do affect the transmission? We've had apologies today from Gwenda Thomas, and John Griffiths is attending in her place. There are also apologies from Rhodri Glyn Thomas.

[2] **Jocelyn Davies:** And Bethan.

[3] **Christine Chapman:** She's not—

[4] **Jocelyn Davies:** Sorry; of course, she was substituting and now she's not.

[5] **Christine Chapman:** She's been substituting; she's not a full member. Okay, thank you.

09:00

Ymchwiliad i'r Adolygiad o Siarter y BBC: Sesiwn Dystiolaeth 1—S4C Inquiry into the BBC Charter Review: Evidence Session 1—S4C

[6] **Christine Chapman:** The first item today is our inquiry into the BBC charter review. This is the first evidence session, and we have with us our first panel, who will be S4C. I would like to give a very warm welcome to our witnesses, Huw Jones, chairman, S4C, and Ian Jones, chief executive, S4C. So, welcome to you both. We have a number of questions for you. Obviously, we've had your written evidence. So, if I can just start off. Could you explain

to what extent you're confident that your voice is being sufficiently heard as part of the charter review process?

[7] **Mr H. Jones:** A gaf i ateb yn Gymraeg, os y caf, i gychwyn? Rydym mewn trafodaeth gyson gyda'r adran diwylliant yn Llundain. Rydym wedi cyfarfod â'r Ysgrifennydd Gwladol, ac rydym wedi cyfarfod â'i swyddogion sawl gwaith. Rydym hefyd mewn cyfarfodydd gydag Ymddiriedolaeth y BBC, ac, wrth gwrs, pwrpas y cyfarfodydd yma ydy ceisio sicrhau bod achos S4C yn cael ei glywed ac yn cael ei ystyried. Rwy'n meddwl ei bod hi'n deg i ddweud bod y sylw mawr yn nhrefodaethau siarter y BBC, wrth gwrs, ar y BBC ei hun—mae hynny yn naturiol—ond mae yna ddatganiadau wedi cael eu gwneud ynglŷn ag effaith ariannol bosibl setliad y drwydded deledu ar S4C, sef ei bod hi'n rhesymol i gredu y dylai unrhyw doriad y mae'r BBC yn ei wynebu hefyd fod yn berthnasol i S4C mewn perthynas ag arian y drwydded. Felly, mae hynny wedi rhoi egwyddor yn rhan o'r drafodaeth gyhoeddus, ac er ein bod yn deall efallai o ble mae'r rhesymeg yna wedi cychwyn, rydym yn meddwl ei bod hi'n bwysig iawn bod ystyriaeth annibynnol yn cael ei rhoi i anghenion gwasanaeth S4C ac, yn sgîl hynny, yr anghenion ariannol. Felly, yr hyn rydym ni yn ei obeithio ydy, yn ystod yr wythnosau a'r misoedd nesaf, y bydd hi'n dod yn fwy amlwg beth yw'r goblygiadau o'r trafodaethau ynglŷn â'r siarter ac ynglŷn â'r drwydded, a hefyd beth

Mr H. Jones: I will answer in Welsh, if I may. We are in regular discussion with the Department for Culture, Media and Sport in London. We've met the Secretary of State, and we meet officials and we've done so many times. We're also holding meetings with the BBC Trust and, of course, the purpose of these meetings is to seek to ensure that the case of S4C is heard and taken into account. I think it is fair to say that the great attention in the negotiation on the BBC charter is on the BBC itself—that's quite natural, of course—but statements have been made on the possible financial impact of the licence fee settlement on S4C, namely that it should be reasonable to think that any cut suffered by the BBC should also apply to S4C in relation to licence fee funding. Therefore, that has put a principle in place as part of the public debate, and although we do understand where that rationale came from, we do think it's very important that independent consideration should be given to the service needs of S4C and, in light of that, the financial needs of S4C. What we hope, therefore, during the next few weeks and months is that it will become more apparent what the implications of charter discussions and discussions on the licence fee will be, also, what the implications will be of the discussions around the

yw'r goblygiadau sy'n deillio o setliad gwariant cyhoeddus cyffredinol y Llywodraeth, sydd yn cael ei gyhoeddi ddiwedd y mis yma, a beth fydd effaith hynny ar yr arian sydd yn dod gan y DCMS, ac, yn gyffredinol wedyn, a fydd yna sylw annibynnol yn cael ei roi i anghenion S4C. Felly, dyna lle rydym ni arni ar hyn o bryd.

Government's comprehensive spending review, which is to be announced at the end of this month, and what the impact of that will be on the funding available from DCMS, and, more generally speaking, whether independent consideration will be given to the needs of S4C. So, that's where we are at present.

[8] **Christine Chapman:** Okay, thank you, Huw. What do you think Welsh Government and the BBC should do in respect of representing your interests? I mean, is there anything else that they need to be doing in this?

[9] **Mr H. Jones:** Wel, eto, rydym ni mewn trafodaethau cyson gyda Llywodraeth Cymru. Rydym yn gwerthfawrogi'r gefnogaeth sydd wedi cael ei rhoi a'r galw sydd wedi cael ei roi am sylw ac ystyriaeth briodol i S4C. Rwy'n meddwl ei bod hi'n bwysig bod llais Llywodraeth Cymru yn cael ei glywed mewn trafodaethau ynglŷn â'r siarter, a byddem yn argymhell bod y Cynulliad ei hun a'r Llywodraeth yn cymryd pob cyfle posibl i sicrhau bod llais Cymru a'r mynegiant o anghenion unigryw yr unig sianel deledu Gymraeg sydd yna yn y byd yn cael ei fynegi ac yn cael ystyriaeth lawn.

Mr H. Jones: Well, once again, we are in regular discussion with the Welsh Government. We appreciate the support that's been given and the calls that have been made for appropriate consideration of S4C. I do think it's important that the voice of the Welsh Government should be heard in negotiations on the charter, and I would recommend that the Assembly itself and the Welsh Government should take every possible opportunity to ensure that that the Welsh voice and the expression of the unique needs of the only Welsh-medium television channel in the world should be expressed and should be given full consideration.

[10] **Christine Chapman:** Ian.

[11] **Mr I. Jones:** I ychwanegu at hynny, mae Deddf Cyrff Cyhoeddus 2011 yn gosod dyletswydd statudol ar ysgwyddau'r Ysgrifennydd Gwladol i sicrhau arian digonol i S4C. Nawr,

Mr I. Jones: To add to that, the Public Bodies Act 2011 places a statutory duty on the shoulders of the Secretary of State to ensure sufficient funding for S4C. Now, there is a

mae yna gwestiwn ynglŷn â sut mae'r Ysgrifennydd Gwladol yn mynd i benderfynu beth sy'n ddigonol, ac fel y dywedodd Huw, rwy'n meddwl bod eisiau proses clir, annibynnol o ystyriaethau siarter y BBC i sicrhau hynny. Ac rwy'n gwybod bod nifer o wleidyddion yn gyhoeddus yn ddiweddar wedi galw am adolygiad o S4C. Os yw'r adolygiad hwnnw yn digwydd, yna byddem yn fwy na pharod i gydweithio i brofi ein bod ni'n effeithlon, i brofi ein bod ni'n creu impact, ac i brofi ein bod ni'n llwyddo.

[12] **Christine Chapman:** Okay, thank you. I've got Alun Davies.

[13] **Alun Davies:** Ie, roeddwn i jest eisiau dod mewn ar ymateb cyntaf Mr Jones. Dylwn jest ddweud ar y record fy mod i'n arfer gweithio gyda S4C, jest i wneud hynny yn glir. Rydych chi wedi disgrifio proses wleidyddol, mewn ffordd—proses lle mae trafodaethau'n digwydd rhyngoch chi fel sianel deledu, fel awdurdod, gyda'r polisi i wneud penderfyniadau yn bennaf yn Llundain, achos dyna lle mae penderfyniadau'n cael eu gwneud. A oes yna broses, neu ydych chi wedi bod yn rhan o broses mwy poblogaidd yng Nghymru, lle mae yna drafodaeth gyhoeddus am ddyfodol S4C a dyfodol darlledu yng Nghymru? Achos pan rwy'n ystyried hyn ac yn edrych ar beth sy'n digwydd, mae yna broses lle rydym i gyd yn siarad gyda'n gilydd, mewn ystafelloedd pwyllgor, ac wedyn mewn ystafelloedd cyfarfod yn

question regarding the way the Secretary of State is going to decide what sufficient funding is, and as Huw said, I think there is a need for a clear, independent process of the considerations of the BBC charter to ensure that. And I know that a number of politicians publicly recently have called for a review of S4C. If that review is undertaken, then we would be more than willing to co-operate to prove that we are efficient, that we create an impact, and to prove that we succeed.

Alun Davies: I just wanted to come in on the first response of Mr Jones. I should place on the record that I used to work with S4C, just to make that clear. You have described a political process, in a way—a process where there are negotiations between you as a television channel, as an authority, with policy to make decisions mainly based in London, because that's where the decisions are made. Is there a process, or have you been part of a more popular process in Wales, where there is a public discussion about the future of S4C and the future of broadcasting in Wales? Because when I consider this and look at what is happening, there is a process where we all talk to each other, in committee rooms, and then in meeting rooms in London and Cathays park, but has there been a discussion that is wider than that?

Llundain a Pharc Cathays, ond a oes trafodaeth wedi bod sy'n fwy eang na hynny. A ydy S4C wedi trio sbarduno rhyw fath o drafodaeth gyhoeddus yng Nghymru amboutu beth yw ein hanghenion ni ar gyfer y dyfodol?

[14] **Mr H. Jones:** Wel, mae'r cwestiwn yn un amserol iawn, achos heno rydym yn cyhoeddi dogfen ac yn lansio dogfen yn y bae, o'r enw 'S4C: Edrych i'r Dyfodol', a dyna yn union ydy pwrpas y ddogfen yna, sef gosod allan beth yw'n deisyfiadau ni ar gyfer y dyfodol; beth yw'r heriau sy'n ein hwynebu ni; beth yw'r partneriaethau rydym yn gweithio gyda nhw; a beth yw'r effaith y mae S4C yn ei gael ar draws y wlad. Ond, hefyd, yn awgrymu a sbarduno pobl i gymryd rhan yn y drafodaeth. Rwy'n meddwl eich bod chi'n hollol iawn: dyna yn union sydd ei angen. Rydym yn meddwl mai dyma ydy'r amseru cywir, achos mae'r sylw hyd yma wedi bod ar siarter y BBC. Mae'n iawn i hynny fod wedi digwydd ac yn parhau i ddigwydd, ond mae'r amser yn dod pan fod rhaid rhoi ystyriaeth annibynnol llawn i anghenion S4C yng nghyd-destun y galw a'r defnydd cyhoeddus, a dyna rydym am ei wneud, gan ddechrau heno.

Has S4C tried to initiate some form of public discussion in Wales regarding what our requirements are for the future?

Mr H. Jones: Well, that's a very timely question, because this evening, we are publishing a document and launching that document in the bay, called, 'S4C: Looking to the Future', and that's the exact purpose of that document, namely to set out our aspirations for the future; what the challenges facing us are; what partnerships are in place for us; and what impact S4C has across the nation. But, also, it does make suggestions and will encourage people to participate in that debate. I think you are entirely right: that is exactly what is needed. We think that the timing is right for this, because the coverage to date has all been on the BBC charter. That is quite appropriate, and that will continue to happen, but a time will come when we will have to give full, independent consideration to the needs of S4C in the context of the public demand and public requirements, and that is what we will do, beginning this evening.

[15] **Christine Chapman:** Okay, I've got John first and then Jocelyn, and I'm going to bring Mike in, then.

[16] **John Griffiths:** Bore da, Huw; bore da, Ian. In terms of the debate around what is sufficient funding and the independent review that's been suggested, and what you've just said, Huw, about the process that you'll be going through, I just wonder how all that relates to the plans of S4C in terms

of relocation. There's a big picture there that's important in many different ways, isn't there? And timing is crucial to these major restructuring exercises. So, there's a lot swirling around at the moment, I think, in terms of S4C's plans, the funding that's necessary, and the timing and the uncertainties of the charter review and other processes. So, I don't know if you could say a little bit about the context of all of that, and to what extent you can be confident that you'll be able to go ahead with the plans that you have.

[17] **Mr I. Jones:** Thanks, John. Despite everything—despite the insecurity over our finance—I think we're in a reasonable place at the moment. We've coped with massive cuts over a four-year period, which amount to about 36 per cent of a cut. That's taken £65 million out of S4C over a four-year period, but we're still creating economic impact. For every £1 we spend, we create about £2.09 gross value added for the economy. That's about £117 million impact in Wales. In terms of efficiencies, our overheads are about 3.98 per cent, which is a third of the average public sector overheads, which stand at about 11.3 per cent, and, by working closely with the independent production sector, our costs of commissioning have come down 39 per cent within the last four years. Remember that 81 per cent of the finance that S4C gets flows straight into that independent private sector. So, that's the background, and I think we're in a reasonable place.

[18] In addressing relocation specifically, it was always intended, before we made a decision to relocate, that that relocation had to be cost-neutral. When the authority approved the relocation to Carmarthen, it was actually better than cost-neutral. Therefore, any future funding settlement for S4C should not affect the decision to move to Carmarthen.

[19] **John Griffiths:** Diolch yn fawr.

[20] **Christine Chapman:** Jocelyn, and then Mike.

[21] **Jocelyn Davies:** You've mentioned several times 'independent consideration' and 'independent review'. What do you mean by that? What, in your mind, would constitute an independent consideration?

[22] **Mr H. Jones:** It would be good to think that there was an objective account taken, or an objective view taken, of the challenges facing a Welsh-language broadcaster for the next five or 10 years—taking everything into account in terms of the way the media are developing, the opportunities

there for a media organisation to do more, the challenges facing the language and what the needs of today's Wales are in terms of the Welsh language, and then to put that together.

[23] **Jocelyn Davies:** I can understand that, but independent of what? That is what I mean: what would you imagine—?

[24] **Mr H. Jones:** It's independent of the BBC charter review process. That is what's meant.

[25] **Jocelyn Davies:** I see. Right, okay.

[26] **Mr I. Jones:** We don't want it to get lost—the BBC's got a budget of £3.5 billion to £3.7 billion; we've got a budget of £83 million. They've got a huge scale and scope; we've got a smaller scale and scope, and we want it to be a separate consideration. Under the current agreement between the authority and the BBC Trust, we have editorial, managerial and operational independence anyway and, therefore, we feel that there should be independent consideration.

[27] **Jocelyn Davies:** So, not part of—. I see.

[28] **Christine Chapman:** Okay. Mike, did you have a question?

[29] **Mike Hedges:** Diolch, **Mike Hedges:** Thank you, Chair. Good Gadeirydd. Bore da. Mae'n flin gyda morning. I do apologise that I will be fi, ond fe fydd y cwestiwn yn asking my question in English. Saesneg.

[30] We've talked about an independent review, and you've talked about it. If you wanted to run before the BBC charter review, surely it has to start fairly quickly. Who would actually set up this review? We've talked about having this independent review, but who would actually set it up and when would it need to report back in order for it to be before the BBC charter review? Can I just add a welcome from the people of Murrison for the fact that you've brought *Pobol y Cwm* back to five nights a week? [*Laughter.*]

[31] **Mr H. Jones:** Mae'r cyfrifoldeb **Mr H. Jones:** The responsibility for am sicrhau arian digonol i S4C yn securing sufficient funding for S4C is gorwedd ar ysgwyddau'r a matter for the Secretary of State for Ysgrifennydd Gwladol dros Culture, Media and Sport in

Ddiwylliant, y Cyfryngau a Chwaraeon yn San Steffan. Felly, mi fyddai o fewn gallu'r Ysgrifennydd Gwladol i gynnal proses neu adolygiad i edrych ar y cwestiynau yma. Rydym ni wedi bod yn trafod hyn ac wedi gofyn i'r Ysgrifennydd Gwladol a fydd hyn yn digwydd, ac rwy'n meddwl bod y peth o dan ystyriaeth, ond nid ydym ni wedi clywed ar hyn bryd a fydd hyn yn digwydd. Ond mi fyddai hynny yn un ffordd o ddangos bod yna ystyriaeth deg yn cael ei rhoi i anghenion S4C ac mae nid jest mater o adio ymlaen rhywbeth i'r broses ynglŷn â chorff arall ydy darparu arian digonol i S4C.

Westminster. Therefore, it would be within the gift of the Secretary of State to conduct a process or a review to look at all of these issues. We have been discussing this and we have asked the Secretary of State as to whether this will happen, and I think that it is being considered at present, but we haven't heard as of yet whether it is to happen. But that would be one way of demonstrating that fair consideration is given to the needs of S4C and that providing sufficient funding for S4C isn't just a bolt-on to the process relating to another body.

[32] **Mr I. Jones:** Can I add to that, Mike, that we need to be clear that S4C has, in effect, three sources of funding and one indirect source of funding? The first source is from the Department for Culture, Media and Sport, which is about 8 per cent of our budget, and that's being considered under the comprehensive spending review, which will probably be announced towards the end of this month. The second source of funding is under the licence fee. Now, we feel that it's unlikely that we'll find out what that source of funding is until after charter renewal. So, once the scale and scope of the BBC is determined, they'll know how much funding they have, and then we'll be able to finally establish what our funding is, and that's 90 per cent. That's unlikely to be until sometime—mid to end—next year. So, that starts to complicate things already. The third source of funding—about 2 per cent of our income—is from commercial revenue. But let's not forget that, under the statutory agreement that's been in existence since 1982, the BBC in Wales have supplied 10 hours a week of programming to us, and they have a figure of about £19.4 million that they place on that. So, let's not forget that, because any cuts to the BBC centrally may affect that as well.

[33] **Christine Chapman:** Okay. Thank you, Mike. Peter.

[34] **Peter Black:** Thanks, Chair. The Secretary of State for Culture, Media and Sport, John Whittingdale, is on record as saying that it's reasonable that S4C should make the same kind of efficiency savings asked of the BBC more

widely. The question, really, is: is that reasonable and what would be the implications for S4C if that was to come about?

09:15

[35] **Mr H. Jones:** I think it's not unreasonable to expect all public bodies, at a time of general cuts—. It's not unreasonable to think that S4C should do everything within its power to pursue efficiencies, and we certainly want to do that; we don't want to avoid that responsibility. We do argue, though, that, given the scale of the cut that S4C has already received since 2010, which Ian has already referred to, it's appropriate to take that into account in considering what scope there may be for efficiencies. So, our starting point would be that, and then, following on from that, we would want to make sure that we're talking about a level playing field, and that's why we're talking about the option of reviewing the activities and the funding together.

[36] **Mr I. Jones:** That read-across, as it were, is embodied in a letter between the Chancellor of the Exchequer, John Whittingdale and the director-general of the BBC, which was sent on 3 July this year. There's a paragraph that refers to S4C in that letter and that read-across. There's also a line in that paragraph that says it's for the Government to make up any shortfall. Now, we've been engaging with the DCMS, as we're engaging with the BBC Trust, as well, to discuss what that means, and we'll continue those discussions over the next weeks and months.

[37] The other document that pertains to that is a BBC document that was released a couple of months ago called 'British, Bold, Creative' and the BBC, in that document, refers to cuts and says that any cuts in the nations would be less than cuts elsewhere. So, a number of those factors, we need to take together.

[38] But can I just make two simple points? If you look at the four elements of financing that I outlined earlier, the BBC's statutory provision will be affected by any internal BBC discussions, whether the money goes down, or it goes up. Under the CSR, we've had to model cuts between 10 per cent and 40 per cent of the funding from the Government. The read-across has many interpretations in George Osborne's letter and the range of interpretations is between cash flat and a 20 per cent cut. Now, at the highest level—I'm not saying that there are cuts—across everything, you could look at a cut of about 50 per cent to S4C's budget over a four or five-year period.

[39] **Mr H. Jones:** I think the key thing there is, at this moment, this level of uncertainty as to what the financial outcome is likely to be. The range is considerable and we're still in the process, therefore, of trying to engage with the BBC Trust, on the one hand, to see what their interpretation is of how this might end up, and then of course, we're expecting what is going to be the outcome of the comprehensive spending review as far as the other element is concerned.

[40] **Peter Black:** Okay. I mean, it's—. Sorry.

[41] **Mr I. Jones:** Sorry. I was just going to add, as Huw said already, there really needs to be fairness, and fairness for us is taking account of the 36 per cent cuts we've had to date and fairness is not from today onwards.

[42] **Peter Black:** Okay. I think—

[43] **Alun Davies:** Are you confident that that happens?

[44] **Mr I. Jones:** Confident?

[45] **Alun Davies:** That that will happen.

[46] **Mr I. Jones:** Well, we can only engage with Government to discuss and with the trust to discuss and we are engaging with them and trying to do everything we can to ensure that that gets taken account of.

[47] **Peter Black:** I think it's possible that Tony Hall was referring to the regions, internally, of the BBC, as opposed to S4C. If I could just play devil's advocate for a minute, say I was John Whittingdale—I take a deep breath when I say those words—as Secretary of State for Culture, Media and Sport, he has no understanding of Wales; he has no proper understanding of S4C's role in Wales; he's not a Welsh speaker and most probably hasn't lived in Wales. But, he's taking a look at S4C and he can see a fairly significant amount of money—nothing compared to what the BBC is getting—going to S4C, but he also sees that you're not really reaching out to the vast majority of Welsh speakers in terms of your programming and your figures and the figures that you're getting. Do you think that a reasonable response to John Whittingdale would be to try to expand your reach in terms of how you're actually achieving? Maybe he thinks you're underperforming. Do you think that's a reasonable approach?

[48] **Mr I. Jones:** I'll go first on that. We actually are expanding our reach—

[49] **Peter Black:** In England.

[50] **Mr I. Jones:** —if you look, year on year, across the UK, we're at 605,000 under the Broadcaster's Audience Research Board figures, and that's weekly reach. That is an increase year on year. It's actually at the level, now, that it was at about five or six years ago. All broadcasters at the moment are facing challenges, and the key challenge is the huge technological changes, which are driving people to view across platforms. There is no composite figure for any broadcaster that says, 'On television there's x number of reach, online there's y number of reach and altogether it equals to z'. Our increase online year on year is 31 per cent. So, I would say we are performing well at the moment in the midst of other broadcasters, but we're all having issues with—. I think there's around—. We came down 6 per cent in Wales. Other broadcasters are coming down 7 per cent, some 12 per cent. We're all facing the same issue of this migration of viewership to online.

[51] **Peter Black:** I understand that. As you've already said, you're a unique product in the sense that you're the only Welsh-language channel. You're there to communicate, represent, and to provide a service for Welsh speakers. Within Wales, you're not achieving that. You're actually growing more in England than you are in Wales. Would it not be reasonable to say that, in light of that performance, you really need to improve your performance in Wales?

[52] **Mr I. Jones:** I would disagree with that, Peter. I think that, if other channels were increasing dramatically in Wales and we were going down dramatically, I would agree with that, but I think we're all facing the same issue.

[53] **Mr H. Jones:** And, of course, if we had somehow managed to surpass our reach figures year on year on year, at a time of receiving a 36 per cent cut, the response might well be, 'Well, why do you need the money? You can do without it'. Clearly, there is some sort of correlation between the two elements, and the fact that we are now, unfortunately, having a percentage of 57 per cent—which is an increase on 53 per cent, as it was—of programmes that are now repeats in the schedule is an indication of the pressures that we're under. But I think, on the question of S4C's effect and its impact, yes, it's partly about who's watching and how many people are using it, but it is so much also about the long-term impact on the language

and on the economy. You think of the impact of the children's service, Cyw, for example. We're not there just to chase ratings. If we were a purely commercial broadcaster, we would be, but we're not. We spend millions every year on a children's service because it's unique and because it has a unique impact on strengthening the ability of children in Wales to acquire the language at an early age. That's part of being a public service. So, we reject attempts to put us in a box that says 'Your success is measured purely by reach' or whatever. It is part of it, and it's important that we do make sure that we reach as many people as possible, and I can assure you that that's part of the interrogation that the authority provides the executive on a monthly basis.

[54] **Peter Black:** Okay. I think that's a fair answer. Just very briefly coming back to this transparent process or review to help the Secretary of State ascertain what is meant by 'sufficient funding', what do you define as 'sufficient funding'?

[55] **Mr H. Jones:** Sufficient funding derives from an agreement as to what the service is meant to achieve. One of the purposes in publishing this document tonight, 'S4C: Edrych i'r Dyfodol Looking to the Future', is not just about defending what we have, but it's about looking at what we could be doing in future in terms of making sure the impact of our content maximises itself on all the platforms available. It's worth reading. I won't précis it now. If you have an agreement—'Yes, we want all this to happen and yes, there's some analysis'—then you might be able to arrive at a figure. We have not put a figure on what is 'sufficient funding', but we do think it's for Government, who are the ultimate guarantors of S4C's existence and funding—the UK Government in this instance. They should be able to take an objective, reasoned view, based on evidence, that that is sufficient funding to deliver that sort of service.

[56] **Mr I. Jones:** What we don't want to be is a second-class citizen. Let's give you an example of that. Huw's mentioned 57 per cent repeats at this point in time. When I first started at S4C in 1982, our target was 20 per cent. So, that's a huge difference. Secondly, we're the only public service broadcaster, as far as I'm aware at the moment, that doesn't have a high definition service. We have to have sufficient funds to go back on HD. Last year, there was a seven or eight-month gap between new drama series. I think that's totally unacceptable. Huw mentioned Cyw. We have had to cut kids programming over the past three or four years to fit everything into the finance that we have available. I think we need the finance to be able to go

back on HD, to try and reduce our repeats, and to make sure that, whatever the audience needs and wants—and they do want a regular supply of drama—we're able to supply that.

[57] **Christine Chapman:** Okay, thank you. John—is it on this point?

[58] **John Griffiths:** Yes, it is—

[59] **Christine Chapman:** Because I've got Gwyn then next.

[60] **John Griffiths:** It's on the sort of funding issues. Obviously, we're in a very difficult time for public spending, and that's likely to continue for quite some time. S4C has already seen substantial cuts, as you've mentioned, and faces further difficulties. The 2 per cent figure you mentioned, in terms of the three sources of income—do you see any significant scope for driving up income from that source?

[61] **Mr I. Jones:** Well, let me put the context around that, John. When S4C shared the airwaves with Channel 4 programmes in English, that figure was substantially higher. The figure at the moment represents around £2 million. If you went back six or seven years ago, or eight years ago, it was probably around £10 million, and the reason for that is that advertisers tend to buy things in bulk. So, they were buying space for the English-language programmes that were on the S4C airwaves and the Welsh-language programmes. Since Channel 4 has had its own digital channel in Wales, that figure's come down dramatically, but what's positive out of that is that local spend in Wales from advertisers on S4C has increased dramatically over the same period. Therefore, the scope, I would argue, is limited and specifically in terms of ad sales and sponsorship.

[62] **Christine Chapman:** Okay, thank you. Gwyn.

[63] **Gwyn R. Price:** Good morning. To what extent is there a danger that S4C and its funding could come to be regarded by the BBC as part of its overall commitment to Wales and minority language rather than as a separate service in its own right, and what can be done to ensure that this isn't the case?

[64] **Mr H. Jones:** I think that's a very important question. I think, clearly, the principle underlying the existence of S4C is that this is a service that is set up on a unique basis. It's the only one available and, therefore, it should

be considered in its own right, whatever happens more broadly within the BBC. The guarantor of that is either legislation, primary legislation as we've had in the past, or, as we have at the moment, the operating agreement that exists between the S4C Authority and the BBC Trust. That specifies the funding that is drawn down from the licence fee for S4C until March 2017.

[65] What we are very keen to get an understanding of is what's going to follow that. We assume, and we will—. We would encourage everybody around this table and who would be interested in the subject to ensure that there is a focus on the need for an equivalent agreement—an arm's-length agreement—between two independent bodies, which is what we have at the moment. That gives you transparency, then. That lasts for a specific period of time. It would be for at least, I assume, five years. Then, whatever the BBC does elsewhere in Wales is a separate matter. So, at the same time, this agreement has allowed the BBC Trust to have an oversight, if you like, of ensuring that S4C spends the money for the purposes for which it's intended and we have a process by which we meet the trust every year in order to, if you like, give them that assurance. But it is an agreement between two independent bodies. The funding is identified clearly. There is no discretion within the BBC for that to be eroded and to be used for other purposes. That sort of agreement, that sort of system, has to be replicated for the future.

09:30

[66] **Gwyn R. Price:** So, you'd like that, really, ring fenced for yourself.

[67] **Mr H. Jones:** Well, the term 'ring fencing' has connotations that create difficulties. It's an agreement between two bodies in which there is a funding element that is clear.

[68] **Gwyn R. Price:** You should be a politician. [*Laughter.*]

[69] **Christine Chapman:** Okay. Thanks, Gwyn. Janet.

[70] **Janet Finch-Saunders:** Thank you. Good morning. In its response to the Green Paper, the BBC Trust suggests that it is opposed to funding protection for certain services, as this could be a very concerning step towards editorial interference. To what extent does this viewpoint undermine S4C's calls for its share of the BBC's funding to be protected?

[71] **Mr H. Jones:** We think that the relationship between the S4C Authority

and the BBC Trust is close, possibly, to being unique. The fact of the matter is that S4C's purposes are very much in line with the BBC Trust's own public purposes; both bodies are there to serve the public by delivering television/media services. That's what made it possible to come to an agreement whereby the BBC could satisfy itself that the money being spent on S4C was money that was going towards the fulfilment of the BBC's own public purposes.

[72] We've also been able to create a structure whereby the BBC's trustee for Wales has become a member of the S4C Authority. That, again, is a unique structure that has been made available. So, I think that we can argue that the kind of relationship that exists between S4C and the BBC at the trust and authority level is sufficiently unique that it doesn't, in itself, create a precedent for anything else. Have I understood your question correctly? I think that that's what you—

[73] **Janet Finch–Saunders:** Yes. That's good.

[74] **Christine Chapman:** Alun.

[75] **Alun Davies:** Rwy'n becsu, ambell i waith, aboutu'r perthynas gyda'r BBC, achos mae annibyniaeth S4C yn gwbl bwysig. Un o'r pethau sy'n pryderu fi, ambell i waith, yw bod ein diwylliant a'n llais ni fel Cymry Cymraeg yn cael eu diffinio gan y BBC, a bod ein diwylliant ni yn dod yn ddiwylliant corfforaethol, oherwydd yr unig ffordd rydym ni'n gallu mynegi ein hunain yw trwy ffynonellau gwahanol y BBC, naill ai trwy newyddion—. Mae'n anodd iawn meddwl am unrhyw un sy'n darparu newyddion yn Gymraeg ar wahân i'r BBC. Wedyn, petai'r BBC yn dechrau cael yr hawl i fynnu bod S4C yn gweithio mewn ffyrdd gwahanol er mwyn rhoi sicrwydd i'r BBC bod arian y trwydded yn cael ei wario yn y ffordd y licien nhw, wel, mae'n anodd

Alun Davies: I am concerned, sometimes, about the relationship with the BBC, because S4C's independence is vital. One of the things that concerns me, sometimes, is that our culture and our voice as a Welsh-speaking Wales is defined by the BBC, and that our culture is becoming a corporate culture, because the only way that we can express ourselves is through the different sources of the BBC, either through news—. It's very difficult to think of anybody who provides news in Welsh apart from the BBC. Then, if the BBC were to begin to have the right to insist that S4C works in a different way in order to provide assurances to the BBC that the licence fee money is being spent in the way that they want, well, it is very

iawn, wedyn, i ddiffinio S4C fel corff annibynnol.

[76] **Mr H. Jones:** A gaf i gymryd un rhan a chei di ddod yn ôl? Ar ail ran y cwestiwn, rwy'n meddwl dyma pam mae'r cytundeb gweithredol rhyngom ni a'r BBC mor bwysig. Achos rydych chi'n gallu edrych ar beth mae hwnnw'n ei ddweud—ac nid yw'n fanwl yn dweud, 'Mae'n rhaid i S4C gwneud hyn a hyn o oriau; mae'n rhaid ichi gwneud y newyddion mewn ffordd fel hyn a fel arall'—ac mae o'n debyg iawn, iawn i beth fyddai *remit* S4C yn y Ddeddf seneddol yn edrych, sef gwasanaeth eang yn gwasanaethu'r cyhoedd, et cetera, et cetera. So, mae'n *high level* ac mae hynny'n iawn, ac rwy'n meddwl bod hi'n—. Wrth gwrs, rwy'n cytuno'n llwyr pe bai yna fath arall o gytundeb, lle mae hi'n amlwg fod yna hawl olygyddol, yn y bôn, i ddylanwadu ar y cynnwys, byddwn ni'n gwrthwynebu hynny.

[77] Cyn belled ag y mae llais y BBC ar S4C yn y cwestiwn, mae'n drafodaeth adeiladol. Efallai, Ian, a wyt ti eisiau dweud sut mae'r drafodaeth ynglŷn â *Newyddion* wedi datblygu dros y flwyddyn neu ddwy ddiwethaf? Mae wedi bod yn un dda iawn, rwy'n meddwl.

[78] **Mr I. Jones:** Fe ddof i at hynny. Mae gennym ni berthynas dda ar bob lefel—gyda'r awdurdod a'r ymddiriedolaeth a chyda'r *exec* yng Nghaerdydd. Mae gennym ni fwrdd

difficult, then, to define S4C as an independent body.

Mr H. Jones: Could I take one part of that and then I'll pass it over? On the second part of your question, I think this is why the operating agreement between ourselves and the BBC is so important. Because you can look at what that has to say—and it doesn't in detail say, 'S4C has to provide so many hours; you have to provide news in one way or another'—and it is very similar to what S4C's remit would look like in the parliamentary Act, namely a broad service serving the public, et cetera, et cetera. So, it's high level and that's fine, and I think that it is—. Of course, I agree entirely that if there were another kind of agreement, where it's clear that there's an editorial right, essentially, to influence the content, then we would oppose that.

As far as the voice of the BBC within S4C is concerned, that is a constructive debate. Perhaps, Ian, would you like to tell us how the debate on *Newyddion* has developed over the past year or two? It's been very positive, I think.

Mr I. Jones: I'll come to that. We have a good relationship at every level—with the authority and the trust and with the *exec* in Cardiff. We have a joint partnership board that looks at

partneriaeth ar y cyd sy'n edrych ar effeithlonrwydd a sut i gydweithio i wneud yn siŵr bod ein hadnoddau'n mynd ymhellach. Ond yr unig reswm, uwchlaw hynny, fod gennym ni berthynas dda yw bod gennym ni annibyniaeth; ni sy'n gwneud penderfyniadau golygyddol, ni sy'n gwneud penderfyniadau rheoli, a ni sydd yn gwneud penderfyniadau gweithredol, a dyna pam rydym ni'n awyddus, fel y dywedodd y cadeirydd, fod hynny'n parhau. Ta beth yw'r drefn yn y dyfodol, mae hynny'n bwysig tu hwnt. Mae'n bwysig ein bod ni'n annibynnol wrth wneud penderfyniadau. Mae hefyd yn bwysig i'r diwydiant yng Nghymru fod yna blwraliaeth, fod yna ddewis mewn democratiaeth; mae hynny'n bwysig.

[79] I fynd yn ôl at yr enghraifft y gwnaeth Huw ei chrybwyll, pan gychwynnais i yn y swydd, bron i bedair blynedd yn ôl nawr, cawson ni sgwrs gyda'r BBC ynglŷn â symud *Newyddion*—ei symud o 7.30 p.m. i 9 p.m. Nawr, yn y gorffennol, byddai hynny wedi bod yn sgwrs anodd iawn i'w chael, ond mi oedd hi, oherwydd ein cytundeb ni, ac oherwydd ein hannibyniaeth olygyddol ni, yn sgwrs adeiladol. Fe wnaethom ni gydweithio â grŵp o fewn y BBC i edrych ar oblygiadau symud *Newyddion*, ac aethon ni mor bell â chydweithio ar y cynllunio ac yn olygyddol hefyd, ac mae hynny'n bwysig, ac roedd yn adlewyrchiad o'r annibyniaeth honno. Rŷm ni'n awyddus iawn, fel y

efficiency and how to collaborate to ensure that our resources go further. But the only reason, beyond that, why we have a good relationship is that we have independence; we make editorial decisions, we make management decisions, and we make the operational decisions, and that is why we are keen, as the chair has said, that that continues. Whatever the process is in the future, that is extremely important. It's important that we are independent in making decisions. It is also important for the industry in Wales that there is plurality, that there is choice in a democracy; that is important.

Going back to the example that Huw mentioned, when I began in the post, nearly four years ago now, we had a discussion with the BBC on moving *Newyddion*—moving it from 7.30 p.m. to 9 p.m. Now, in the past, that would have been a very difficult conversation to have, but, because of our agreement, and because of our editorial independence, it was a constructive discussion. We worked with a group within the BBC to look at the implications of moving the *Newyddion* programme, and we went as far as collaborating on the planning and the editorial sides, too, and that is important, and that was a reflection of that independence. We are very keen, as I said, to see that

dywedais i, i weld yr annibyniaeth yna'n parhau, ta beth yw'r strwythur llywodraethiant yn y dyfodol.

[80] **Mr H. Jones:** Mae'n werth hefyd jest crybwyll rhai o'r buddiannau sydd yn dod o'r bartneriaeth. Un o'r rhai pennaf yw'r ffaith bod rhaglenni S4C nawr ar yr iPlayer. Mae hynny wedi digwydd drwy drafodaeth adeiladol. Mae yna gost i'r peth, ond mae'n gost deg, ac mae hynny'n golygu bod S4C yn cael mantais unigryw o fodolaeth yr iPlayer i fynd â rhaglenni yn ehangach.

[81] **Mr I. Jones:** Rwy'n meddwl hefyd fod yna lot o gyfleoedd. Os gallwn ni gadw'r annibyniaeth yma, yr annibyniaeth olygyddol, mae yna gyfleoedd gennym ni i gydweithio â'r Beeb yng Nghymru er mwyn sicrhau ein bod ni'n gwneud mwy o bethau fel *Y Gwyll*, a bod pobl yn cael cyfle i weld rhywbeth yn Saesneg ac yn Gymraeg. Rwy'n meddwl bod hynny'n bwysig hefyd. Ond, mae yna lot o gyfleoedd i rannu adnoddau, i gydweithio ac i gyd-gynhyrchu yn y dyfodol.

[82] **Alun Davies:** Rwy'n credu bod hynny'n beth pwysig, ac mae'n bwysig hefyd fod S4C a'r BBC yn gallu rhannu *back-office functions* fel eich bod chi'n gallu cyfrannu cymaint ag sy'n bosibl at raglenni a chreu rhaglenni. Nid oes gen i broblem gyda hynny o gwbl. Y pryder sydd gen i yw petai S4C mewn sefyllfa,

independence continue, whatever the governance structure may be in the future.

Mr H. Jones: It's also worth mentioning some of the benefits of the partnership. One of the main ones is the fact that S4C's programmes are now available on the iPlayer. That has happened through a constructive negotiation. There is a cost attached to it, but it is a fair cost, and that means that S4C has a unique benefit from the existence of the iPlayer to take its programming more broadly.

Mr I. Jones: I also think that there are a lot of opportunities. If we can keep this independence, the editorial independence, there are opportunities for us to collaborate with the BBC in Wales to ensure that we do more things such as *Y Gwyll/Hinterland*, and that people have an opportunity to view things in English and in Welsh. I think that that is also important. But, there are many opportunities to share resources, to collaborate and to co-produce in the future.

Alun Davies: I think that that is an important issue, and it's also important that S4C and the BBC can share back-office functions so that you can contribute as much as possible to programmes and creating programmes. I don't have a problem with that at all. The concern that I have would be if S4C were in a

oherwydd dyna o le mae'r arian yn dod, fod yn rhaid i S4C wneud penderfyniadau na fyddai S4C yn gyfforddus yn eu gwneud, neu ddim wedi eu gwneud, oherwydd anghenion y BBC. Dyna le mae yna bryder.

[83] Rwy'n deall beth sydd gyda chi aboutu'r cytundeb presennol—ac mae pob dim rwy'n ei glywed yn dweud ei fod lot yn well nag yr oedd e—ond a fuasai'n well petai'r cytundeb sydd gennych chi ar hyn o bryd yn rhan o siarter y BBC, lle mae yna sicrwydd gennych, dros gyfnod hir, aboutu'r berthynas a strwythur y berthynas?

[84] **Mr H. Jones:** Mae siarter y BBC yn diffinio beth y mae'r BBC yn ei wneud. Mae S4C y tu allan i'r BBC, felly nid yw'n briodol bod manylion am S4C o fewn y siarter. Beth sydd yn briodol yw bod manylion am ariannu S4C yn digwydd wrth drafod beth sydd yn digwydd i'r arian o'r drwydded deledu.

[85] **Alun Davies:** Ond, mae'r siarter hefyd yn diffinio sut y bydd y BBC yn gweithredu.

[86] **Mr H. Jones:** Ond nid mewn perthynas ag S4C. Dyna pam. Oherwydd bod S4C yn annibynnol, mae'n well i S4C i fod tu allan i'r siarter.

[87] **Alun Davies:** Rydych chi eisiau bod y tu allan iddo.

situation, because that's where the money is coming from, where S4C would have to make decisions that S4C wouldn't be comfortable making, or wouldn't have made, because of the BBC's requirements. That is where I have concerns.

I understand what you're saying about the current agreement—and everything I hear suggests that it's much better than it was—but would it be better if the agreement that you have at present was part of the BBC charter, as you would then have assurances, over a long period of time, regarding the relationship and the structure of that relationship?

Mr H. Jones: The BBC charter defines what the BBC does. S4C is outwith the BBC, therefore it would not be appropriate for the details about S4C to be contained within the charter. What is appropriate is that details about the funding of S4C should emerge as we discuss what happens to the funding from the licence fee.

Alun Davies: But, the charter also defines how the BBC would operate.

Mr H. Jones: But not in relation to S4C. That's the reason. Because S4C is independent, it is beneficial for S4C to be outwith the charter.

Alun Davies: You want to be outside it.

[88] **Mr H. Jones:** Ydyn.

Mr H. Jones: Yes, we do.

[89] **Alun Davies:** Ond, rydych chi, fel awdurdod, yn atebol i *trust* y BBC am wariant arian y drwydded.

Alun Davies: But, you are, as an authority, accountable to the BBC Trust for the expenditure of the licence fee.

[90] **Mr H. Jones:** Mae'r cytundeb gweithredol yn diffinio beth yw'r berthynas yna. Mae o'n fwy tebyg i gytundeb nag unrhyw beth arall, lle mae yna gymal ynddo fo sy'n dweud, *in extremis*, mae gan y *trust* yr hawl i dynnu arian yn ôl, ond mae'n disgrifio prosesau o ran sut y byddai rhywun yn cyrraedd diffiniad o '*in extremis*'. Pan grëwyd y cymal yna, roedd yn ymateb i gadeirydd y *trust* ar y pryd, sef yr Arglwydd Patten, yn dweud, 'Yr unig beth rwy'n poeni amdano fo ydy os ydych chi'n mynd off i Monte Carlo ac yn gwario'r arian i gyd yn fanna'. Felly, hwn ydyw'r Monte Carlo *clause* yr ydym yn sôn amdano. Wel, wrth gwrs, nid oes gennym fwriad i fynd i Monte Carlo, felly mae'n hawdd i ni dderbyn y cymal hwnnw. Rydym yn cyfarfod â hwy. Mae yna gyfle iddyn nhw ein cwestiynu ni, ond natur y cyfarfod ydy adroddiad byr ar bapur a rhyw hanner awr o drafodaeth. Mae yna ddalen gan gadeirydd y BBC yn rhan o adroddiad S4C sydd yn mynd i'r Ysgrifennydd Gwladol, John Whittingdale, fel ar hyn o bryd. Mae'n gymhleth ond yn eithaf soffistigedig, rwy'n meddwl. Mae'n ffordd o sgwario cylch eithaf anodd.

Mr H. Jones: The operating agreement does define what that relationship is. It is more like a contract than anything else, where there is a clause contained within it that says that, in extremis, the trust has the right to withdraw funding, but processes are described as to how one would get to that point of being 'in extremis'. When that clause was drawn up, it was in response to the chair of the trust at the time, Lord Patten, saying, 'The only thing I'm concerned about is if you go off to Monte Carlo and spend all of the money there'. So, this is the Monte Carlo clause that we are talking about. Well, of course, we have no intention of going to Monte Carlo, therefore it's easy for us to accept that clause. We meet with them. There's an opportunity for them to question us, but the nature of that meeting is a brief written report and around half an hour of discussion. There is a page produced by the chair of the BBC as part of S4C's annual report that is then submitted to the Secretary of State, John Whittingdale, as it currently stands. It is complex but quite sophisticated, I think. It's a way of squaring quite a difficult circle.

[91] **Christine Chapman:** Okay. Thanks. We've got just under 20 minutes left. Jocelyn, you had some questions.

[92] **Jocelyn Davies:** Thank you. Some of the things I was going to ask, I think, have been covered, Chair, but I wanted to ask you about the remit. We held an informal stakeholders' meeting that you're probably aware of, and we talked about your statutory remit. It was pointed out to us that some people felt that it was outdated and unsuited for going forward. No doubt, if you had published the document that you're launching tonight last night, we'd probably be able to see something about this in that. What's your view, then, of the fact that your remit as a linear provider should now go and perhaps be redefined as a content provider?

[93] **Mr H. Jones:** Yes, that is what we think should happen. In practice, it's not a huge difficulty, but, yes, we are going to be spending money on content that is not necessarily going to be part of the linear service, and therefore it would give us some comfort that that is considered to be a good thing.

[94] **Jocelyn Davies:** So, that's not a radical change, but because you've got a statutory remit you've got constraints because of that.

[95] **Mr H. Jones:** Yes.

[96] **Jocelyn Davies:** Okay. How are you going to argue your case with the UK Government about the performance and value for money, do you think? We were talking earlier about the reach and the challenges in terms of audience. How are you going to argue your case that it is value for money and that your performance is good?

[97] **Mr I. Jones:** Well, as I said earlier, I think there's a huge jigsaw here. It's not just—as Huw said—about ratings and chasing ratings, but more than that you've got to look at the provision online; you've got to look at the provision for children's programming; you've got to look at the impact on the language; you've got to look at the economic impact; you've got to look at the cultural impact. We're laying out all these arguments in discussions with DCMS, and value is much more than just cost and ratings.

[98] **Jocelyn Davies:** Are you confident that you're able to put that case, and that it will be understood?

[99] **Mr I. Jones:** I think it is being understood, and we are putting it across, and have put it across over the past few years as well.

[100] **Mr H. Jones:** In terms of value for money in terms of the cost of making programmes, I think on all the indicators in terms of what it costs S4C and its own producers to make programmes, it is so low, as compared with network rates, it stands out. The level of our overheads is 3.9 per cent, which is very low. On all those indicators, where it's possible to make comparisons, I think one can look objectively and say, 'Yes, this is a service that is delivering efficiently'.

[101] **Jocelyn Davies:** Can I ask you about the online stuff? I know, from my own viewing, that most of my viewing is probably online now. I'm not a particularly techie person, but even when I'm watching the television it's usually online content that I'm looking at rather than the—. If I'm doing that, I guess most people would probably be moving in that direction, and certainly younger people definitely would. So, what are you going to do, then, in terms of seeing that as a solution? Would you agree that it is a solution—that the online content is a solution?

[102] **Mr I. Jones:** I think that what we have to do is keep up with the times. If you think about when S4C launched, S4C was the fourth television channel. There are hundreds of channels now, and hundreds of online platforms. Back in 1982, the people who set up S4C wanted Welsh to be where Welsh speakers, less fluent Welsh speakers and people who aspired to speak Welsh were, and they were watching the television—one of four channels at that point in time. So, moving forward, we have to have the sufficient finance to enable us to put our programmes and our content on as many platforms as possible.

09:45

[103] Going back to a point that I made earlier on, we've succeeded in the past few years, despite the cuts, to get on more platforms within Wales and outside of Wales, and that's seen our figures go up. We need to do that in future and have the finance to enable us to do that.

[104] **Mr H. Jones:** But I think it's important that linear television is still used by an awful lot of people. In fact, at the moment, the percentage of online viewing as compared with linear is still only about 3 per cent of the total, so

it's increasing, but that's one of the big challenges. We can't afford not to provide a linear service as well as doing all the online stuff.

[105] **Mr I. Jones:** We've got to ride two horses for quite a while. We've got to make sure that we're doing two things in parallel, especially for the younger generation. We've got research that shows that a lot of the under-35s would interact with us on a non-linear basis as opposed to a linear basis, and you've got that classic situation where you've got in the home somebody watching the telly and somebody on the iPad at the same time, and somebody on their computer at the same time. Unfortunately, or fortunately, we've got to be able to provide something for everybody across as many platforms as possible.

[106] **Christine Chapman:** Okay? Thank you. Mark, did you have a question?

[107] **Mark Isherwood:** Predominantly, you've answered the question—again, about platforms, HD and otherwise. I was just going to ask one question, I think. At the informal meeting you heard reference to, which we held with stakeholders a few weeks ago, we heard that the relationship with the BBC was vital for S4C to get prominence on different platforms. How do you respond to that?

[108] **Mr I. Jones:** Well, as I mentioned earlier, we've got a limited budget compared to the BBC's budget: £83 million versus £3.5 billion, £3.7 billion. They've got a huge department, for example, that develops the iPlayer facility. We've got one person internally, and therefore, as I mentioned in response to the question earlier, I think we've got to make sure that we're working in partnership to make sure that our resources go further. Just to point something out about the iPlayer for a moment, this was a discussion that I had two weeks before joining S4C in 2012 with the then director general, Mark Thompson; I floated the idea of S4C's provision being on the iPlayer, and it's taken three years to get to that stage. The effect of that is that, on s4c.cymru, since we've gone on the iPlayer, it hasn't dropped—there are the same number of people viewing s4c.cymru and viewing things online—but with the iPlayer, it's gone up year-on-year from 11,000 a month to 400,000, and that can only be good. Going back to Jocelyn's question, that's what we've got to try and do: work in partnership and make our money and resources go further, so that we can spread it all out and catch as many people as possible.

[109] **Mr H. Jones:** We want to take advantage of everything that the BBC can

help us get to, but there are other things that we'll have to do ourselves. For example, an HD service on Sky is something that we would have to contract for ourselves, so there will be always examples where we can work with the BBC, but there will be others where, if we're an independent service, we have to look after ourselves and pay for it.

[110] **Mr I. Jones:** I'd go further as well and say that that the word 'partnership' is going to be increasingly important over the years, once our finance is determined. By 'partnership' I don't just mean the BBC; I mean international broadcasters, international producers, and different institutions in the public sector and the private sector in Wales. We should be working with as many as we possibly can. That will have a positive impact on the economy in Wales as well if we do that.

[111] **Mark Isherwood:** Have you found a willingness with the BBC to work with you on this basis, developing platform access?

[112] **Mr I. Jones:** Absolutely. As Huw mentioned earlier, we're working with them creatively on numerous projects, both trialling comedy, let's say on radio, and we're working with them on developments such as the iPlayer. The BBC are looking to release their archive online via BBC Store at some point. We're looking to be a part of that, but we're also looking—and we'll be announcing something as regards this tonight—at making our own archive available to the widest possible audience.

[113] **Mark Isherwood:** Thank you.

[114] **Christine Chapman:** Okay. Thank you. John, did you have a question? I know we've covered—

[115] **John Griffiths:** I think it's been covered, really, Chair.

[116] **Christine Chapman:** Right. Okay. Mike.

[117] **Mike Hedges:** One question: if we turn to BBC Alba, one of the great successes they have is showing football. They show one full Scottish Premier League game every Saturday night. Have you had any discussions with Sky about showing Swansea's Premier League matches? [Laughter.] I know people may laugh at it here, but that would be its top viewing figures, almost certainly, if you did that. The Scottish Premier League is also on Sky or BT Sport programmes. Have you talked to them about—? They show them three

hours after the match. Have you talked to them about that?

[118] **Mr I. Jones:** I can assure you, Mike, having been born and bred in Swansea, I would be talking to them about everything. In fact, we're talking not just to Sky but to BT and other suppliers about all football games and all sports. The issue for me there, which again is quite a big issue moving forward, is that those rights cost a heck of a lot of money, and in an environment where you've got to have a balancing act between different genres—between kids programming and drama and current affairs and documentaries and sport—we'll be talking to them, but in the context that we have to deliver a balanced service.

[119] **Christine Chapman:** Okay. Thank you. I don't think there are any other questions. Okay. Can I thank both of—? Oh, yes, Huw, of course.

[120] **Mr H. Jones:** Can I make one point?

[121] Mi wnaf droi i'r Gymraeg. Mae hyn yn eich cwestiynau ysgrifenedig chi ond nid ydych wedi ei ofyn fan hyn, sef rhyw sylw am lywodraethiant y BBC ei hun. Rwyf jest eisiau gwneud y pwynt bod cael aelod o Gymru ar y prif gorff llywodraethiant, Ymddiriedolaeth y BBC, wedi bod yn bwysig iawn i ni. Mae o wedi bod yn ffordd y mae'r bartneriaeth newydd yma rhwng y BBC ac S4C wedi gallu gweithio, ond hefyd mae'n golygu bod y llais yna o Gymru ar Ymddiriedolaeth y BBC wedi galluogi bod y *trust* yn gwybod beth oedd S4C—bod y berthynas wedi gweithio. Ac rwy'n meddwl hefyd, wrth edrych ar y gwahanol fodelau sydd o dan ystyriaeth ar gyfer llywodraethiant y BBC yn y dyfodol, bod y syniad y gallai fod yna fodel lle nad oes yna aelod o Gymru arno fo yn un y byddem ni yn meddwl y byddai'r Cynulliad eisiau ei ystyried yn eithaf

I will make this point in Welsh. It's included in your written questions but it hasn't come up this morning, and it's a comment on the governance of the BBC itself. I just want to make the point that having a Welsh member on the main governing body, the BBC Trust, has been extremely important for us. It has been a means by which this new partnership between S4C and the BBC has worked, but it also means that that Welsh voice on the BBC Trust has enabled the trust to be informed about S4C—that that relationship has worked. And I think also, looking at the various models under consideration for the governance of the BBC in future, that the concept that there could be a model where there wouldn't be a Welsh member is one that we would think the Assembly would want to consider very carefully. Our evidence is that

gofalus. Ein tystiolaeth ni ydy bod hwn yn bwysig. Rydym ni yn ddarlledwr cenedlaethol i Gymru. Mae'r BBC hefyd yn ddarlledwr cenedlaethol i Gymru ac i Brydain, yn wahanol i Channel 4, ac mae model llywodraethiant Channel 4 yn cael ei drafod mewn rhai llefydd. Ond mae'r BBC yn darlledu i'r cenhedloedd unigol yn ogystal ag i Brydain yn gyffredinol. Mae'n briodol, felly, byddwn i'n meddwl, bod yna lais i Gymru ar y prif gorff llywodraethiant, a byddem ni yn gobeithio y byddech chi yn cefnogi hynny.

this is important. We are a national broadcaster for Wales. The BBC too is a national broadcaster for Wales and for the UK, unlike Channel 4, and the governance model for Channel 4 is being discussed in certain places now. But the BBC does broadcast to the individual nations as well as to the UK more widely. It's therefore appropriate, I would think, that Wales should have a voice on that main governing body, and I would hope that you would support that.

[122] **Christine Chapman:** Okay. Thank you, Huw. I think that's a point well made. Jocelyn.

[123] **Jocelyn Davies:** Is there a document that you're launching this evening? Do you think you could perhaps share that with us after you've launched it?

[124] **Mr H. Jones:** Yes.

[125] **Christine Chapman:** I think some Members will be attending that as well, I understand. Okay.

[126] Can I thank both of you for coming in this morning? I think it's been a very useful session. We'll send you a transcript of the meeting, so perhaps you can check it if there are any inaccuracies and you could let us know. But, anyway, thank you for attending.

[127] I'm going to just break—if we can close the committee now for quarter of an hour, and we'll have our next panel in then. So, we'll reconvene at 10.10 a.m. Okay. Thank you very much.

*Gohiriwyd y cyfarfod rhwng 09:54 a 10:10.
The meeting adjourned between 09:54 and 10:10.*

**Ymchwiliad i'r Adolygiad o Siarter y BBC: Sesiwn Dystiolaeth 2—BECTU,
Equity ac Undeb Cenedlaethol y Newyddiadurwyr
Inquiry into the BBC Charter Review: Evidence Session 2—BECTU,
Equity and National Union of Journalists**

[128] **Christine Chapman:** If we can make a start, then, this is the second of our evidence sessions for our inquiry into the BBC charter review. So, can I give a very warm welcome to our next panel? We have Simon Curtis, Equity; David Donovan, BECTU; and Paul Siegert, National Union of Journalists. Welcome to you all, and thank you for providing the written evidence. Members will have a number of questions, so if we can make a start on those.

[129] I just want to ask you to what extent do you think that Welsh needs in the charter renewal process are distinct from those of other nations and regions in the UK. I don't know who'd like to start.

[130] **Mr Donovan:** Well, David Donovan of BECTU, then. Forgive me, our written submission will be forwarded to the committee during the course of the afternoon. I think on the information as it is, the BBC have sought to reassure Wales and the devolved nations that the funding settlement should at least allow it to maintain its requirements. I don't think that's sufficient, though. I think, particularly when you look at the settlement for the licence fee, as it is proposed currently, when you consider the further cuts that are being made, and when you consider the critique of Tony Hall himself, it's very difficult to see how the needs of Wales are going to be met under the charter review. And, that, of course, has a massive impact, not only on the BBC and its ability to provide its already criticised English language presentation for Wales, but also, for its Welsh language, and also, the massive impact that this could have on S4C as a stand-alone Welsh language broadcaster.

[131] So, it's difficult to see under this settlement, as it is proposed currently, that Wales is going to enjoy any sort of resurgence, or even to be able to address the existing criticism of the failures of the BBC from its own director general at all.

[132] **Christine Chapman:** Simon or Paul, do you want to add anything?

[133] **Mr Curtis:** I echo all that David said, really. I think it's a shared view

between Equity and BECTU that the settlement isn't sufficient for Wales. There's already an impact on the amount of employment offered to our members within Wales with the money that comes here. Any cut to that will have a further impact on that. Much of the work that's provided for in Wales is provided to people from outside Wales; our members find it incredibly difficult to find work within the BBC here. So, any further cut on that will have a great impact, as it will on S4C.

[134] **Mr Siegert:** I agree. If you look at the money spent on programmes in Wales in English over the last 10 years, funding has fallen by 25 per cent. With the obligation that the BBC now has to pay for licences for the over-75s, that means £750 million comes out of the budget, which is a 20 per cent cut. So, that will mean a 20 per cent cut to the money coming here to Wales, and that will presumably mean a 20 per cent cut to the money that the BBC provides to S4C. Now, at the moment, the BBC provides £75 million to S4C. If you cut that by 20 per cent, my maths isn't great, but I think that would mean £15 million less coming to S4C. I think it will be very difficult for S4C to survive if it has to undergo 20 per cent cuts.

[135] **Christine Chapman:** Okay. Thank you. I know some of these specifics will come up now with other Members. Alun, did you have a question?

[136] **Alun Davies:** Yes. I'm interested in the remit of the BBC. We've had this debate struggling into life in various parts of the UK about what the BBC should be doing in the future. I recognise, and I agree, quite frankly, with the critique that you've laid out this morning, in terms of the funding available to the BBC. But perhaps it would be useful for us to look at the remit for that funding as well. Do you see any argument to either reduce or expand the BBC's remit? Should it be doing more than it's doing at the moment? Should it be doing less? What's your view on that?

10:15

[137] **Mr Donovan:** In terms of the remit for the BBC, we believe the BBC represents excellent value and it is the pinnacle, if you like, of a public service broadcaster around the world. We would oppose any diminution from that. In fact, as I understand—well, from what little I understand of the culture Minister's critique, it is that the BBC is too successful. All the indices that would indicate the success of Sky, BT or Virgin—all of their profit margins have increased dramatically. So, I fail to be moved by the fact that the BBC is causing the distortion in the market place to begin with. I think

the BBC has to continue with its public service remit as laid down by Lord Reith. In actual fact, if you consider that since 2010 the damage that has been done to Welsh-language broadcasting at S4C, because of the significant cuts that have resulted from that settlement, the role of the BBC across the United Kingdom, but particularly in Wales, is more important than ever, in as much as there is a reference point for good quality—it's the BBC.

[138] I think the Institute of Welsh Affairs have made a recent report where they've undertaken the Wales media audit and they are to hold a conference next week. They lay out a coherent case there for reinforcing the remit of the BBC and, in fact, I think it would be a gentle reminder to politicians that the role of the BBC is not just about news and current affairs, but about a whole range of genres that are in significant danger, and they are in danger because the settlement on the licence fee is considered by the Conservative Government to have been settled immediately after they introduced a review of what the BBC is for. If I may, Chair, that was putting the cart before the horse. Maybe it would have been better in hindsight to consider what we all in the United Kingdom believe the BBC should be for and then to have the discussion on the licence fee.

[139] **Christine Chapman:** Before I bring others in, can I just bring in Gwyn because I know that he has a point particular on that? Gwyn.

[140] **Gwyn R. Price:** Just to touch on what the NUJ has said—it said that they see no evidence that the public wants a smaller BBC. So, what could the implications be for Wales if the scale and the scope of the BBC were to be reduced in the future, in your opinion?

[141] **Mr Siegert:** What would be the implication? Well, I think the key issue in the whole consultation process is that the Government has to listen to the public; 96 per cent of the UK population use a BBC service, which is incredible. That's the kind of reach that McDonald's and Coca-Cola would die for. I don't think that the public are sitting around watching *The Great British Bake Off* and saying, 'We wish the BBC did less'. I don't think there's any demand from the public for the BBC to shrink and I think that that's key to the charter renewal. The Government has to listen to the public because the BBC doesn't belong to the politicians or to the director general; it belongs to all of us and everybody out there in Wales who pays the licence fee. So, it's key that that is the thrust of the charter renewal that the public get involved in and the Government listens to the public.

[142] If the BBC was to shrink, the impact here in Wales—. I've already mentioned the impact that it could have on S4C—if the BBC has less money, can it continue to fund S4C? Can it find the £75 million a year? It may not and that may mean the end of S4C as we know it. Also, if the BBC has to start looking at what it does, can it continue to fund a Welsh-language radio station? Can it continue to fund a Welsh-language website? They are the things that, if the BBC here in Wales is shrinking, may become vulnerable.

[143] **Gwyn R. Price:** Thank you. Is that the opinion of the whole panel?

[144] **Mr Donovan:** Yes, it is. I think the BBC finds itself in almost a perfect storm, really. I think the way in which the licence fee settlement has been done in 2010 and most recently this year, has, at best, been an attempt by the BBC to forestall any worse requirements from Government. However, those cuts, as they've been implemented, have already been significantly damaging to the media landscape in Wales. If this proposal continues to go through, it will be significantly more damaging.

[145] I would like to echo what Paul is saying. Look, in terms of S4C, in 2010, the chair of the authority said that if they were to undertake 40 per cent cuts, S4C could no longer deliver on its remit—its legal requirements under the basis on which it was established. What we know is that there have been 36 per cent cuts already. I think the insidious nature of the settlement as it was enacted this year between the Chancellor and Tony Hall is more significant because of the side letter with Whittingdale, in which the Minister suggests that it would be reasonable for S4C to undertake a similar amount of cuts as the BBC. Catastrophic; absolutely catastrophic. It would mean the end of S4C, I believe. I also believe that the settlement coming out of 2010 is still to be played out because of the notion of the shared offices between S4C and the BBC, and the lack, going forward, of any discernible, independent identity for S4C, by which I mean a headquarters, badged as S4C, in the capital of Wales in Cardiff.

[146] **Christine Chapman:** Okay, thank you. Simon, did you have any other comments or any other—.

[147] **Mr Curtis:** No, I think they've been reflected.

[148] **Christine Chapman:** Alun, do you want to come back now?

[149] **Alun Davies:** Yes. It's very useful, actually, hearing that. We're aware

that—. From some of our perspectives, we would say that the Government has been bullying the BBC over a significant period of time and trying to shape the BBC to fit in with the ambitions of Rupert Murdoch rather than the needs of the people of the United Kingdom. But, in terms of what we need from the charter and taking that forward, how would you want to see any new charter reflect the needs and ambitions for public service broadcasting in Wales?

[150] **Mr Curtis:** I think it should be setting the standard. I think that it needs to set the standard for the creative industries here. It's a growth industry here. You know, they've got the facilities, they're going to have brand new facilities in the centre of Cardiff—cutting-edge technology—so, it should be leading the way, and that has to be reflected in how it's funded. At the moment, it will be no more than a flagship with perhaps nothing in it if the funding continues to be cut. It has a fantastic drama village that produces great work, and a lot of drama production is centred here. But it cannot continue to produce that if it's got any less than it's got now.

[151] **Alun Davies:** Can I come back on that? We've seen a fantastic drop in the number of hours produced for Wales, in Wales, from both BBC and the ITV service. Over the last decade or so, we've seen a drop both in the genre of production, we've seen a drop in the number of actual hours, and we've seen scheduling that means that what is broadcast tends to go outside of the peak hours. So, if you look at that, does regulation work, is regulation working at the moment? My guess is that it probably isn't. But, outside of putting in the funding—to the BBC, within BBC structures, I accept and understand that—in your view, would it be useful if the licence fee was used in order to support public service broadcasting in or for other broadcasters? So, that you'd have the licence fee, say, for argument's sake, supporting public service broadcasting on ITV. What would your view be of that?

[152] **Mr Curtis:** We wouldn't agree with that position.

[153] **Alun Davies:** Not at all.

[154] **Mr Curtis:** No.

[155] **Alun Davies:** So, how would you want to see public service broadcasting protected?

[156] **Mr Donovan:** Well, we would want to see the BBC's licence fee being

used for the business of the BBC. ITV, quite clearly, is a commercial broadcaster, and it is doing significantly better financially now than it has for many, many years. We don't see the case for that. And, if I may speak personally, I fail to see Lord Hall's reasoning about putting a notional BBC journalist into local newspapers. I note, carefully, that the local newspapers don't find that attractive and I'm very grateful.

[157] Look, the issue about the charter renewal for me—and this is my opinion, and I speak here as the national officer for BECTU—. We do fail—. Because it is not a devolved issue, I think we've got a failure here of the broadcaster to be able to defend itself, if you consider that the broadcasters are defending themselves. We have our meetings with the director of Wales, we have our meetings with S4C, and, quite clearly, they're as concerned about the proposals as we would be. We have more difficult conversations with them about what those cuts mean in terms of job losses et cetera, et cetera. I would like to see the Welsh Assembly Government re-establish the broadcasting advisory panel, but I'd go on further, because I've had look recently over the letters from the First Minister and the joint statement from Plaid Cymru, Labour and the Liberal Democrats, and I note the synergy between the other devolved nations of Scotland and Ireland about, if I may use the phrase, a frustration of actually being able to influence broadcasting at Westminster.

[158] Is it not time that the Welsh Assembly Government and the National Assembly for Wales consider, alongside the other devolved nations, that there should be a formal role of consultation from central Government in Westminster with the Governments of the devolved nations? I believe that it's time we should have a look at that. I will be frank with you that, in previous years, whenever the notion of devolving broadcasting to the Welsh Government was mooted, I was extremely nervous because it would also have to have some sort of financial settlement, and, if you'll excuse me my Valleys notion, the argument of funding the BBC or some programmes on the BBC versus a local hospital—well, it's going to be a no-brainer, isn't it? The local hospital will win out every time. However, that doesn't mean to say that there shouldn't be a more formal responsibility on Westminster to consult meaningfully and formally with the devolved nations, and I think that's sadly lacking.

[159] If we had that level of political accountability, at the very least, then, BBC Wales could be saying to the BBC nationally, 'Hey, wait a minute, we've got these politicians on our back here.' And the same can be said in

Scotland, and the same can be said in Northern Ireland. It is about accountability, surely. We don't have that confidence. In fact, the evidence is that there is no accountability, let alone for our immediate needs and the needs of the people in Wales in terms of a national public consultation.

[160] Now, as professionals in the industry, we have serious concerns, and, if you ask me what I've come here to say to you today, it's about accountability. You have read all the papers that have been available to me. Every single index is going downwards. S4C Welsh-language broadcasting isn't in danger; it is at a critical stage of whether it can continue to do what it does now. Many of you understand that it has 50 per cent repeats. It can only get worse. Who is going to defend the broadcasters in Wales, flawed as they may well be, if you'll forgive me the phrase? Because we deal with the outcome of all of these cuts—hundreds and hundreds of jobs across Wales; thousands across the United Kingdom. We need to do something different. The responsibility is upon us all to defend public service broadcasting, and the time is now.

[161] **Christine Chapman:** Thank you, David. Is there anything you'd like to add, Simon or Paul? I'm going to bring Alun back in as well. Is there anything you'd like to add to that, or—?

[162] **Mr Curtis:** Just to answer the question about where we saw the future of public service broadcasting, I think—. In an ideal world, we would want S4C and the BBC funded separately. We don't agree with the top-slicing of the licence fee for S4C. S4C should be funded independently. However, of course, in this current model, that's not, seemingly, up for discussion. So, we have to defend its ring-fencing within the settlement because, as David has said so eloquently, even the threat of losing 30 per cent to 40 per cent of its £7 million from the Department for Culture, Media and Sport could be critical on the channel, let alone losing 20 per cent from its main licence fee. From that perspective, it could be devastating.

[163] **Mr Siegert:** Can I just add to that? I think that the smaller you are, the harder hit you are by a percentage cut. Although the percentage is the same, if you're small and losing 20 per cent of that budget, it hits home harder. So, while the BBC as a whole can probably survive with a 20 per cent cut—it will have to stop doing things; it may stop doing Radio 2, it may get rid of BBC Two, but it will survive with a 20 per cent cut—a 20 per cent cut to S4C could finish it off, and a 20 per cent cut to BBC Wales will have a dramatic impact as well. It will mean that BBC Wales cannot carry on doing the things it's

doing, and that's why it's important that the Welsh Assembly and the people of Wales make as much noise as possible because otherwise these decisions are going to be made by the Government in London, who, quite frankly, don't care about what goes on in Wales.

10:30

[164] **Christine Chapman:** Okay. Thank you. John, you've got questions.

[165] **John Griffiths:** Yes. I wanted to ask, Chair, about BBC network productions, the extent to which Wales could be more visible within those network productions, and how Wales, as a country, its landscape and its people are portrayed and represented in those network productions—you know, to what extent you think it's not adequate at the moment, and, if that is your view, how the new charter could ensure that we make progress and that there's an improved position for Wales.

[166] **Mr Curtis:** Well, I think it's very tricky. It isn't reflected. You look at some of the recent successes—and there are very few—that have transferred from being a nationally-made programme to going to network. I think *The Indian Doctor* springs to mind as probably the one example that was then repackaged for network, but only after it had been shown here first. Even when you look at something like *Hinterland*, as a co-production, it has gone to BBC Three. It's not gone to network. I absolutely believe that it deserves to go to network, but the appetite potentially is not geared towards that. I think it's looked at very much as regional programming, which is a great shame. It's difficult to know how that would be fixed because I think that part of it is the appetite of the viewer. You know, the reason I think *Hinterland* went onto BBC Three is because that's where they saw the sort of noir detective series; that was the home for it. But, actually, for the viewing figures that it's achieved, it deserved a wider airing.

[167] There is a difficulty in the fact that if you look at the production base here—if you look at Roath Lock—it is full. It doesn't have spare capacity. The only time it has spare capacity is when *Doctor Who* isn't filming. So, currently, they're filming *A Midsummer Night's Dream* for network, but it's only there because *Doctor Who* isn't. *Casualty* and *Pobol y Cwm* take up full-time space on the set, so there really is only a slot for one thing. So, it does limit what they can make in Wales for Wales, but it also limits what they can make that isn't a generic network programme. The capacity there, I think, does restrict what it can achieve in network production.

[168] **Mr Donovan:** Could I bring it back to the cuts? Part of the problem is the cuts, really, because the media landscape prior to 2010 was problematic but it wasn't as dire as it is now. We've seen a huge reduction in independent production companies, which not only provided commission opportunities to S4C, but to the BBC as well. Increasingly, that landscape has consisted of a small number of larger companies. If you'll forgive me, I'm not a creative, because maybe I'd be up at the BBC at the other end of the camera, so, I'm not creative in that sense, but the one thing that I do know about our respective members is that they are. They're hugely creative. You ask me that question, and, I've got to be honest, I struggle, because I recognise the importance to Wales and its gross domestic product and its overall economy of bringing production here of whatever genre and wherever the target audience is. *Doctor Who* has a worldwide audience, of course. I do recognise the difficulty of coming up with a programme idea that has merit for us in Wales and appreciation, and I watched the Carmarthen coast programme last night—hugely enjoyable—. I believe that the people that could transfer those ideas and come up with the new ideas are either now not working in Wales or working in a very different way. I believe that these cuts have significantly altered and reduced the freelance people and staff people that could be coming up with those ideas. The problem we've got is that you can take as many commissioning ideas as you want to commissioners at S4C or the BBC, whether it's staff—because there is an internal market—but it's down to budgets. The level of budgetary cuts has meant that that cake has got smaller. What the BBC has to do is smaller and less now than what it could do in 2010, and the same for S4C. So, before we do begin to address that seriously—. You mentioned *Hinterland*, which is probably the most successful. *Gavin and Stacey* was seven or eight years ago, but *Gavin and Stacey* arose out of that very vibrant freelance market of Welsh people on the back of a cultural renewing of Wales in the early 2000s, but they're not there any longer; they've either gone elsewhere to work, or they're working on commissions wherever they can. So, the base from which we can get those inventive ideas is much smaller today and these cuts will do nothing but make that smaller again.

[169] Could I say one thing, if I may, about the GDP? We're all interested in the new economy of Wales and clearly, the media is a very important sector of the new economy for Wales, but the impact of these cuts is damaging the ability of our members to earn the sorts of salaries they were earning 15 or 20 years ago. I've got people working for the same amount of money that they were earning 10 or 15 years ago. And I've heard it all. I've been

negotiating with people who tell me, 'Well, have a look down Tesco; see what they're getting paid there'. Fair enough. There is a critique and a discussion. My argument would be, 'Well, people in Tesco deserve more', but that's a much wider debate. The whole issue, though, is this: this industry requires, above all else, to be able to sell itself to whatever audience. It needs quality; it needs high production values. That has a cost attached. These cuts are damaging that very premise of what would see a more successful industry in Wales; a more successful economic industry in Wales.

[170] **Christine Chapman:** Okay. I've got Paul. I don't know if you want to add anything.

[171] **Mr Siegert:** No. I have nothing to add to that particular question.

[172] **Christine Chapman:** Okay, thank you. John, and then I'm going to bring Peter in.

[173] **John Griffiths:** Only very quickly. Just to say that, in terms of the charter process, there's not anything that you would identify that needs to be in there to address those sorts of issues. You think it's the wider picture.

[174] **Mr Donovan:** I think we would need to see more information. It's not sufficient to say that the level of funding for the devolved nations will be adequate; we need to see more on what that actually means. We need to find out if they finally address the disparity of funding for Scotland as opposed to Wales. Those are issues that need to be teased out.

[175] **Mr Curtis:** I would just say that the BBC don't seemingly have an answer. In their Green Paper response, they said that it does need addressing, the amount of programming in the nations needs to be addressed, but the only way it can be addressed is with additional income, with no governance as to where that would come from. So, whilst it's a very simple response of 'More money', even for them, that, basically is, I think, the underlying part.

[176] **Christine Chapman:** Thank you. Peter.

[177] **Peter Black:** Very quickly, in terms of the representation of Wales on the network and Wales being represented on the network, would the decentralisation of the commissioning process for drama contribute to that, do you think, in terms of the BBC? It's all very much centralised at the

moment, isn't it?

[178] **Mr Curtis:** I think it is. I think part of it, also, is the fact that the casting is also very much centralised. The majority of my members within Wales, as I said earlier, find it very difficult to work within Wales. They have to go elsewhere to work. Obviously, they would all love to work for S4C as well, but that also has its difficulties, because there are problems with, seemingly, the same faces on the channel all the time, which is certainly something that S4C have a concern about. But, yes, people have to go elsewhere, so it does leave a vacuum as a representation.

[179] **Peter Black:** So, if the BBC are taking the regions and nations seriously, they need to actually get out there and commission in the regions and nations rather than actually have everything based wherever they're based now—is it London or Manchester?

[180] **Mr Curtis:** I think both. It's incredible to have a—. On the casting perspective, we continue to find it incredible that a drama studio like Roath Lock doesn't have a casting office.

[181] **Christine Chapman:** Paul, I think you wanted to come in.

[182] **Mr Siegert:** I was just going to make a small point, really. I mean, it's great when you see productions like *Casualty* and *Doctor Who* being made here in Cardiff, but if all the people making the programmes are getting on the train from London to come to Cardiff to make it, then it's box-ticking only, and that needs to be addressed. I think there needs to be more pressure put on the BBC to look locally at crewing and staffing productions like *Casualty* and *Doctor Who*, rather than just going to London and putting the same old faces on the productions.

[183] **Mr Curtis:** We also find it very difficult. The difficulty comes from the Ofcom definition of what is regional broadcasting. For us, front-of-camera talent isn't included in the definition, so actually they can make a programme with a BBC Wales badge, but it doesn't have to be made with Welsh actors. That criterion isn't in there, and Ofcom are seemingly unwilling to move on that point because the broadcasters don't want to move on that point.

[184] **Christine Chapman:** Okay. Peter, do you want to continue?

[185] **Peter Black:** Yes. That's something we can maybe raise with them

when they come in front of us. Moving on to funding, what's your view on the UK Government's suggestion that the current licence fee system is regressive? How would you like to see the BBC funded?

[186] **Mr Donovan:** We'd like to see a continuation of licence-fee funding. Absolutely. That is the fairest way. I mean, the number of times—. The value of the BBC for its annual licence fee—what is it, 40p a week, something like that? It's tremendous. I do have discussions with colleagues of mine, friends in the village, and we have this discussion about whether the licence fee is good value, and the same people pay £60 to Murdoch every month. I mean, it's bizarre, isn't it? If you look at the range that the BBC delivers, it is tremendous value.

[187] I think the difficulty is that the BBC hasn't always taken the care to engage properly with the viewers and therefore have a relationship with the viewers, because had they done that meaningfully it would be the viewers who would be up in arms that the BBC is in danger. I think that the proposals that are being mooted now are particularly difficult, especially when there's no evidence that Westminster or any Government has taken serious consideration of a levy on the other major non-public-service broadcasters. In the joint paper with our colleagues in the NUJ, BECTU advocated some years ago a levy on all these non-PSB broadcasters, and that is a document I'd be happy to circulate to you. On top of that, since then, there have been the huge implications for the mobile phone: there is a debate to be had here. The difficulty is that that debate is being phrased in a way that's targeting the BBC on a premise that the BBC is not good value, and therefore is somehow in need of doing away with.

[188] **Mr Siegert:** I don't think that the current way of collecting the licence fee is perfect, but I don't think at the moment there's an alternative method. There's been talk about collecting it along with the council tax. I think that's something that the NUJ would like to see more information about. I think the licence fee needs dragging into the twenty-first century inasmuch as we shouldn't be calling it a tv licence, because clearly it funds far more than television these days. And, as we've heard—and this is something that the Government is addressing—you should also have to have a tv licence if you are watching catch-up television, so, if you're watching stuff on the iPlayer, because, as we know, people don't have to have a licence at the moment to watch catch-up programmes. It has cost the BBC £150 million, which is money that they've got to find between now and 2017.

[189] **Christine Chapman:** Okay. Simon, anything to add?

[190] **Mr Curtis:** No.

[191] **Peter Black:** I think we've covered my other question in great detail already.

[192] **Christine Chapman:** Sorry?

[193] **Peter Black:** My other question's been covered in detail.

[194] **Christine Chapman:** Okay, we can move on then. Jocelyn, you had some questions.

[195] **Jocelyn Davies:** You've mentioned 2010 several times, the cuts since 2010. So, is that when you identified that the rot started to set in? Because you've painted a pretty bleak picture: the freelancers gone, salaries either frozen or dropping in real terms, and so on; the creative people leaving because they have to work elsewhere. But I think it's about three or four times now that you've mentioned 2010.

[196] **Mr Donovan:** Well, yes, and that's disappointing, because I had hoped to come here and not allow my cynicism to poke through so evidently. [*Laughter.*]

[197] **Jocelyn Davies:** Do you know what? I was thinking I'd love to play poker with you at some point, because I think I'd be able to tell if you had a good hand. [*Laughter.*] But there you are. You have mentioned it. I'm assuming that things had probably started to deteriorate before then. So, what are your views, then, on the BBC's commitment to cut funding for the nations less than other areas in the future as a recognition, I suppose, of some of the concerns that you're raising?

10:45

[198] **Mr Donovan:** Well, BECTU's view is that that is wrong. I mean, what we're crying out for—. The BBC itself has already identified the failure of the BBC to carry out its remit within the charter currently for Wales. So, the difficulty is going to be, and the question for Lord Hall is: how are we going to address that? And the question for Rhodri up here is: how are we going to do something about that when we've got further cuts? That is the problem. It

is not sufficient for a modern democracy to put up with, 'Well, we'll cut you less'. We've come here today to give evidence on the basis of Wales, but this is obviously across the whole of the United Kingdom. This deal is significantly bad for the whole of the United Kingdom. The argument would be that it could be dramatically worse for us in Wales.

[199] To go back to your point, I wasn't trying to avoid the question at all. The criticism, or critique, that we've had about broadcasting goes back to the middle of 2000, certainly, with the analogue switch-off and the development by S4C of its digital platform at that time, and switching off the ability for them to use Channel 4. So, the genesis, if you like, for some of those problems goes back earlier. They came to a peak, clearly, at a critical time for S4C in 2010, but the important reference of 2010 is the manner in which the settlement was done in a back room, in a telephone call between the Chancellor and the director-general. We were assured that that was a one-off and that it would never happen again, and here we are, five years later, and it's happened again. Will we be here in five years' time? Well, I'll be here and I hope that we won't be talking about the same thing.

[200] **Christine Chapman:** Okay. Simon.

[201] **Mr Curtis:** I agree. I think that you've hit the nail on the head in the fact that they've pledged to protect broadcasting for the nations and regions, but only protecting it insofar as 'We'll cut you less'. If there is a commitment to that—. Channel 4 have made a commitment to increase their provision within the nations and regions by 9 per cent by 2020 as part of their recent settlement. They've made a firm commitment to increase the actual output within the nations and regions. We're unsure as to how that will manifest itself, but I think to say, 'We're going to protect things by cutting less' isn't really protection. It's not, for us, an argument at all.

[202] **Jocelyn Davies:** We heard earlier that—was it 90 per cent of S4C's money that actually goes out to independent—

[203] **Mr Curtis:** Yes, they don't physically make anything themselves.

[204] **Jocelyn Davies:** I think it was something like 90 per cent. So, that's what affects your members, in effect, is it, the spend of S4C? So, are you seeing the industry withering because of this lack of funding to commission independently?

[205] **Mr Curtis:** I think budgets are tightening. I think that they are trying to—. Certainly, S4C have made a big investment this year into drama, but the investment has come at the expense of their investment in *Pobol y Cwm*, from our members' perspective, with the cutting of the omnibus, and the original cut down to four episodes, which is now back up to five. It was robbing Peter to pay Paul, in one way. They were saving on budgets for drama in one aspect and investing it down somewhere else. But, the budgets are tightening, and what's being given out to the independent producers is diminishing, which means that they are trying to produce more for less, which then impacts on cast size, spend and income for our members.

[206] **Jocelyn Davies:** And Paul, your members?

[207] **Mr Siegert:** Our members are not really affected, because they're journalists, so they're producing the news for S4C, and that's—

[208] **Jocelyn Davies:** Are they independent?

[209] **Mr Siegert:** No, they're employed by the BBC, so they're not affected. But, if I can just come back to the question that you raised about did the rot set in in 2010—

[210] **Jocelyn Davies:** Well, that was more about pulling his leg, actually. I think he's had far too much of his own way since he came in this room. *[Laughter.]*

[211] **Mr Siegert:** Honestly, there have probably been 10 years of non-stop cuts at the BBC; why 2010 was so significant was that dirty deal that David talked about. But, even then, at the time, Mark Thompson, the director-general, said that these cuts were severe and the BBC could not survive any more cuts. Fast forward five years, and we're about to undergo another 20 per cent of cuts. But, we've been very negative for the last half an hour or so, and we've talked about the cuts and what it could mean for the future of the BBC, but let's be clear, the whole point of the licence fee settlement is that we haven't got a figure yet. We're all assuming that the figure won't be any higher than the current £145. We know that the BBC has got to pay for the licence fee for over-75s, so we know that's £750 million that they've got to find, but it's possible that the Government could say, 'Okay, we're going to set the licence fee at £160 as the base figure'. So, let's not be negative. That's the whole point of the negotiation and the consultation. So, we need to go out there—you guys, the public, the unions and say, 'Listen, Mr

Cameron, Mr Osborne, £160 would enable the BBC to flourish'. If you look at any surveys that have been carried out with the public, the public say they're willing to pay more for their licence fee if it protects the programmes that they love. So, maybe we need to be a bit more positive, rather than have this doom and gloom about the cuts that are coming. We need to go out and fight and have the argument that actually, the licence fee is too low and let's fight for a higher one. Perhaps I've been on the sherry too much. [*Laughter.*]

[212] **Jocelyn Davies:** It's a bit early. [*Laughter.*]

[213] **Mr Siegert:** I'm from Norfolk. [*Laughter.*]

[214] **Christine Chapman:** Okay, thank you. Any other questions, Jocelyn?

[215] **Jocelyn Davies:** No. I suppose we could start some sort of dialogue about—. You know, there was quite recently—actually, it was on the BBC because I heard it on the radio, about what being British is, and the BBC and sharing the BBC, when they were asking people on the street, was one of the things that they named that was important to them about being British.

[216] **Mr Siegert:** And not just in Britain. You go anywhere in the world and you mention the BBC—you know, in India, in Africa—everyone has heard of the BBC, and that's something that we should be proud of and that's why we should fight to protect the BBC.

[217] **Christine Chapman:** Okay, thank you. Janet, did you have some questions?

[218] **Janet Finch-Saunders:** Yes. To what extent and how should any new governance structure for the BBC specifically reflect Welsh interests?

[219] **Christine Chapman:** Who'd like to start?

[220] **Mr Siegert:** It's a fairly short answer. At the moment, we think we're in the dying days of the BBC Trust; we think that will probably be abolished as part of the charter renewal, so there'll be another body that oversees the BBC. I think I'm right in saying, at the moment, that there is somebody from Wales on the BBC Trust, but they're appointed by Whitehall, Westminster. So, I think that needs to change; it's pointless having someone in London deciding who's going to represent the Welsh on the trust, or whatever replaces the trust. So, certainly, I would like to see that written down in the

charter renewal—that the Welsh are represented, but the Welsh Assembly decides who’s going to represent them, rather than London. Also, I think there needs to be more representation on whatever replaces the trust from the trade unions—I clearly would say that—but also the general public. You know, it’s the public that pays for the BBC. I said earlier it’s the public that the BBC belongs to, so rather than having a trust full of people selected by the Government, it needs to be a trust made up of more normal people, if I can put it that way.

[221] **Janet Finch–Saunders:** Some of that did come out during our workshop—you know, the round the table discussions we had. To what extent and how should any new accountability arrangements include a direct accountability to Welsh licence fee payers?

[222] **Mr Curtis:** I think we’ve touched on it already.

[223] **Mr Donovan:** We would say through the Welsh Assembly.

[224] **Mr Curtis:** Yes, if there’s to be greater accountability. Certainly, S4C, as the national broadcaster of Wales, it needs to be accountable to the National Assembly. I notice, in their evidence, that they are accountable to Westminster, but who makes them accountable in Westminster? That was the issue—I don’t want to go back to 2010—but that was the issue in 2010.

[225] **Mr Donovan:** I may. [*Laughter.*]

[226] **Mr Curtis:** Yes—my predecessor. It was the fact that there was no accountability; nobody was making them accountable for what they did, and I think that has to change, because I think people need to see. And perhaps it will go some way towards support of both broadcasters, in that it’s got to reflect the nation in which they live, and if the decisions on that basis are being made by people who don’t live here, then it’s not going to be reflective and people are going to have criticisms of the output of the BBC. If different decisions are being made, I think there needs to be greater accountability.

[227] **Christine Chapman:** Okay, David, did you want to come in?

[228] **Mr Donovan:** Can I echo that? I mean, that is the reality—we all talk about accountability, but in reality what does it mean? Politicians in the bay here, you are our accountable representatives. It is more logical to me that you should be consulted, because that is the eminence, if you like, of

accountability, surely. Because, at this moment in time, it doesn't appear to me that the Government in Westminster believes they need to be accountable to anyone, hence the deals that are done over the telephone. So, the accountability, like it or lump it, has to come to our local elected representatives. I understand there may well be huge financial implications to that, but why don't we just start with the very notion of a responsibility to consult formally and properly with our local representatives?

[229] **Christine Chapman:** Finished, Janet? Okay. I know John had a supplementary on this.

[230] **John Griffiths:** I was just interested actually, Chair, in the mechanism by which we might achieve representation of the public on the trust, or whatever succeeds the trust, because, obviously, who would you select to represent the public? And I was thinking back to the days of the National Viewers' and Listeners' Association, and Mary Whitehouse, as the head of the organisation, claiming to represent a large number of people with concerns in terms of television film production and output. So, it might be quite tricky to get the right level of representation of the public that really was representative of the wider public rather than perhaps a particular organised group.

[231] **Mr Curtis:** I think there is—is it the audience panel? The BBC has the audience panel.

[232] **Mr Donovan:** And the Voice of the Listener and Viewer.

[233] **Mr Curtis:** But, it's how they fit into the structure. If it is just a forum to which members of the public can come and voice their concerns and everybody goes, 'Thank you very much; we'll consider that' that's not a fully representative body. Whether that needs to be developed as part of that—maybe.

[234] **Christine Chapman:** Okay. Shall we move on, then? Mark, you've got some questions.

[235] **Mark Isherwood:** Thank you. It's mainly a question for Simon. What evidence does Equity have to support the statement in its evidence to us that

[236] 'S4C, in receiving its funding from a top slicing of the BBC licence fee is now no more than a balance sheet figure to support the BBC's commitment

to the Nations and Regions’?

[237] **Mr Curtis:** Purely from our impression of how it looks on the balance sheet for the BBC. The BBC annual report makes very little mention of S4C as an important entity. It literally seems to us, on the balance sheet, that it just appears as a token expenditure amount, and there was a direct criticism of the fact that viewing figures had dropped and they needed to report that because it was due to—what was the phrase they used? They had a responsibility to point out good value for the licence fee, and that if that’s what’s being spent on S4C and the viewing is dropping, then that needed to be pointed out. It was a purely reflective viewpoint from us; when you look at the balance sheet for the BBC spend, S4C literally—not a by-line; it’s more than that—just appears as a number on a balance sheet rather than a firm commitment to wanting to work within the accounts they have published.

[238] **Mr Siegert:** To put it bluntly, the BBC would rather not have anything to do with S4C, so how can that attitude be healthy for a thriving S4C? It can’t, and it’s clearly wrong. The BBC’s been forced to fund it, so it’s a box-ticking exercise rather than something they care passionately about.

[239] **Mr Donovan:** As I understand it, the responsibility for the funding rests with the BBC in London and not locally. The difficulty for us with that very proposal, which happened in a previous settlement—

[240] **Mr Siegert:** 2010? [*Laughter.*]

[241] **Mr Donovan:**—was the very fact that S4C holds a unique position in the whole world of media broadcasting. It was the most successful example—the Welsh language—of any country’s linguistic broadcaster. It was immensely successful. They were selling programmes all over the world. In Wales, we accrued the benefits of that; we had world-class animation et cetera, et cetera. I think, for me, perhaps sadly, I like to consider that S4C was something to be extremely proud of, and that identity was as important as what it delivered. Everybody wanted it to deliver value, of course; we’re all used to that balance sheet these days. But, as important as that was, it was a recognition within the United Kingdom of the primacy of the Welsh language and the importance of the language and its culture to Wales.

[242] The worry I had about the money coming from the BBC—and I’m not an accountant—if it comes out of the BBC licence fee, is that S4C would begin to disappear; that the balance sheet wouldn’t accurately reflect the

requirements of S4C or the benefit of S4C, and, further than that, that we would be in danger of losing that very important identity for all Welsh speakers in Wales, but I would argue, for English speakers in Wales as well. And we've seen that, because the proposals of now sharing playout with the BBC in the BBC's new offices are going to increase the notion that S4C no longer exists.

11:00

[243] In fact, under the current proposals, they've got to move down to Carmarthen. They portray it in the way of going back to the heartland or the roots of Wales, but essentially, we'll have gone, in a period of eight to nine years, from having something that you could take from—. People used to come from Catalonia and from South America to see this manifestation of the culture and the language of a people and you could take them to Parc Tŷ Glas. It will no longer be there. When the S4C staff who transfer to the BBC—and this is just my interpretation—walk into the BBC, it will be a BBC pass that they will be swiping to get into the building. The best that we could hope for, I believe, would be a T-shirt that says S4C on it. Forgive me, I may be overdramatizing it, but the point I'm trying to make is that S4C was important for Wales for a whole range of reasons—linguistic and cultural—and because of the settlements that we've been trying to manage, it's like sand slipping through our fingers.

[244] **Mark Isherwood:** Will you promise to wear your T-shirt in five years' time?

[245] **Mr Donovan:** I've got a range. It'll probably say '2010, never again'.
[*Laughter.*]

[246] **Mark Isherwood:** Given the responses that you provided initially to that Equity statement, what do you believe could be done to address this during charter discussions, noting, for example, the evidence that we heard from S4C earlier about the work that they are doing in partnership with the BBC in terms of accessing iPad, and developing content and sharing services? Also, and I'll play devil's advocate here, but the small-l liberal argument is that consumers, with a wide choice of providers and platforms, choose how to spend their money accordingly, and being told that they've got to pay for something that they may not choose to access much goes against the grain. So, how do we, in that sense, emphasise not just the costs, but the social and economic benefits, which I think is what David's been talking about?

[247] **Mr Curtis:** Part of the concern that comes from our members is the fact that, if the BBC reduce their comment on S4C to basically, I think it is, 'indigenous minority language provision'—. I take your point about the fact that somebody in London, paying their licence fee, says, 'Why should I be paying for S4C?' That decision has been made and it was neither the BBC's decision nor S4C's decision that that took place. But I think they need to trumpet the fact that they do work together and they work together very effectively in certain areas and make more of it—that they are creating—. Too often, I think, from our members' perspective, they see the BBC and S4C at loggerheads with each other, scoring cheap political points off of each other in order to justify their existence, while, actually, they're funded from the same pot. Whilst they're fighting for their independence, they are trying, within the confines of their funding, to provide best value for Wales. Neither part of that should be relegated to a by-line. The BBC are paying for S4C; that is what is happening now. So, don't push it aside and don't devalue what you are providing to the Welsh broadcaster because, to people in Wales, it's important. They want to see the spend. The majority of the licence fee income that comes in through Wales is spent in Wales. That's not the same throughout the UK. The majority that's made in Wales is spent in Wales. So, they want to see that the BBC value from the money that comes is spent on product and value for Wales.

[248] **Christine Chapman:** David.

[249] **Mr Donovan:** I think the difficulty arises out of the previous settlement. On S4C, the premise of the cuts was austerity and the necessities of 2010. I've been saying to you that the situation that S4C was in then and the situation it is in now are different. It was not funded by the licence fee per se; it was funded by central Government. That's what we want to go back to. When we hear that austerity has ended, we want to see S4C's funding returned to the levels pre-2010. That's what we want to see. The settlement that introduced S4C to the enhancement of Welsh life was vitally important, and it is no less important now, simply because of the multiplicity of opportunities. There is some irony, isn't there, that S4C's greatest success recently—and I did say that all the indices were down—was its reach into England and people accessing it through various means in England? We have to go back to ask ourselves, 'Why S4C at all?' S4C was a manifestation of the desires of the Welsh people and one MP in particular, and we brought about the changes that brought it into our lives. We are richer for that, the Welsh language is better for that, and we don't see—BECTU doesn't see—why we

have to renege on that settlement. It might be uncomfortable for politicians here, or in Westminster, to hear the notion of a trade unionist calling once again for a return to anti-austerity, but I will make that call unashamedly because of the importance of S4C to Welsh culture and life.

[250] **Christine Chapman:** Thank you. Mark.

[251] **Mark Isherwood:** One very quick point. I think, in your earlier evidence you referred to Assembly Members as local representatives. What engagement are you having with the 40 Welsh MPs, who are also local representatives, but have a direct voice in Westminster, which we don't?

[252] **Mr Donovan:** The NUJ and BECTU have got a campaign, and we've had lobbies of Parliament and we are in touch with MPs as well. Clearly, this is broadly cross-party in the sense that there are many thousands of people, and lots of elected representatives, that see the value of the BBC. So, we are not just making these criticisms or recommendations here; we're doing it across the United Kingdom as well. In fact, we're happy to do it, because we believe that it is appropriate that you've asked us to give evidence here. This is an opportunity for us because the unfortunate fact is, it appears to me, that the Welsh and the United Kingdom viewing public won't realise, until it's gone, the value of public service broadcasting. I'll just come back, once again: that is important for the BBC; it is doubly, particularly, very, very, very, very important for S4C.

[253] **Christine Chapman:** How many 'verys'? [*Laughter.*] Okay, we've got a couple of minutes now, and I know Mike Hedges wanted to come in. I don't know if Jocelyn wants to come in—.

[254] **Jocelyn Davies:** I think it's been covered.

[255] **Christine Chapman:** Okay, well, I'll leave it with Mike.

[256] **Mike Hedges:** S4C have highlighted, and from what you've said, you obviously agree, that security of funding and operational and editorial independence are the key issues during the charter discussions. What do you think should be done to ensure that the charter effectively deals with these issues, and are there any other key issues you would like to throw in there as well?

[257] **Christine Chapman:** Paul, do you want to come in first?

[258] **Mr Siegert:** On the key issues, not so much S4C, but I think we're all here to support the BBC. All three of us, obviously, as trade unionists, believe passionately in what the BBC has done and continues to do, but also, we're not stupid, we know that it has its own faults and flaws.

[259] Certainly, from the NUJ's point of view, we would like to see any charter renewal peg the amount of money that senior managers can earn. We think £150,000 is more than enough for a senior BBC manager, and there should be fewer senior managers as well. So, no senior manager earning more than £150,000 and fewer of them. And, as I said, we also believe that it needs to be more democratic; it needs to listen to its staff more and listen to the public more. I think BBC managers need to understand where the money comes from. I think, too often, it's just a magical pot of money that appears every year and they don't realise that it's coming from the license fee, it's coming from hard-working men and women that are paying that license fee, and, too often, they fritter it away. They would rather spend money on making someone redundant—giving them this magical pot of money—rather than trying to redeploy them. So, I would like to see more emphasis put on that and making sure that people understand where the money comes from.

[260] **Christine Chapman:** Okay. Simon, anything to add?

[261] **Mr Curtis:** I think that we've covered most of the points. It is just greater investment—there needs to be investment to make sure that they can maintain the high standards that they currently produce and what that brings back. It goes back to this magic pot of money. I think part of that is making sure that that's effectively represented across the whole of the UK, and that it isn't centred. If you look at the proportion of the license fee spend, it is spent in London; it's not evenly spread throughout the UK. And, going back to what Paul said earlier, a cut of 20 per cent to London's funding, whilst it is quite significant, is much more of a cut here and I think that has to be protected and the investment increased.

[262] **Christine Chapman:** Okay. David.

[263] **Mr Donovan:** Well, that's the second shock I've had. I hope you don't think that my relationship with S4C is so cosy. I can honestly say to you that my responsibility as the national officer for Wales is to represent the interests of my members, whether they be freelance, whether they're staff in the BBC or staff at S4C. And the point about that is that I don't think I've agreed an

awful lot with the authority over the last eight or nine years, okay? In fact, I'm on record as requesting the resignation of certain members of the authority. So, that's my cards on the table.

[264] There are two arguments when you come to S4C: one is the argument that says that it's important to look after the funding of S4C in terms of its ability to undertake its duties, its statutory obligations; but the other argument is one that is based on the passion and desire of a nation, isn't it? I come from the Swansea valley; my mother and father spoke Welsh to each other and spoke English to us as kids. So, I grew up—. I can understand Welsh, but I speak it with embarrassment.

[265] Does dim hyder gyda fi, ti'n I have no confidence, you see?
gweld?

[266] The issue is this for me: I will fight for my members any day of the week, and I will use the arguments and the evidence that I have available to me to run that argument, but the different argument about S4C cannot be underestimated. Or overestimated. Look, S4C provides a level of identity for a modern Wales that was second to none. People used to come from all over the world. So, what we need to see in S4C—if I wanted to be a little critical of the current management in Wales, whether it's in the BBC or S4C—is I'd like to see them stick up for Wales. I'd like to see a little bit less—important though it is—to the balance sheet. I'd like to see a little bit more heart and a desire to explain to people, as has been indicated by the leaders of three parties in the Assembly, to the Chancellor of the Exchequer and to Whittingdale, what it means.

[267] I've read the phrase 'S4C provides an element of Welsh life that is very important'. We need to see more of that, don't we? We need the argument to be made for S4C that goes outside the boundaries of, 'Is it good value?' Because, many years ago, people like my mother and father thought you shouldn't speak Welsh because you've got to get a job in English. That landscape has changed. It changed in great part because of S4C, and I'm saying to you, as a primarily English-speaking Welshman, 'We must fight for it', but we must fight with passion and desire as well as the economics.

[268] **Christine Chapman:** Okay, thank you. I think that's a very—

[269] **Jocelyn Davies:** We should let him have the last word. [*Laughter.*]

[270] **Christine Chapman:** Yes, exactly. I think that's a very powerful end to the committee's deliberations. Can I thank the three of you? It's been an extremely interesting discussion this morning. It's very useful for our deliberations in this inquiry. So, can I thank you very much for attending? We will send you a transcript of the meeting. If you can check that, if there are any inaccuracies, we can make sure that those are addressed. Thank you very much for that.

11:13

Papurau i'w Nodi Papers to Note

[271] **Christine Chapman:** Before I close the meeting, I just want to invite the committee to note some papers. There are a number of papers there regarding the fourth Assembly legacy inquiry from Ministers, and there's one from the Presiding Officer. Paper 8 particularly is correspondence from the Minister for Public Services in relation to an event on Welsh local government finance. This is a seminar that will be hosted by the Welsh Government and the Welsh Local Government Association. It will focus on how local government in Wales can respond to funding pressures. So, again, I just want to remind you of these papers to note.

11:14

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cynnig:

Motion:

bod y pwyllgor yn penderfynu that the committee resolves to gwahardd y cyhoedd o weddill y exclude the public from the cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in 17.42(vi).

accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[272] **Christine Chapman:** Can I now invite the committee to move into private session so that we can discuss some of the evidence from this morning? Okay? Thank you.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 11:14.

The public part of the meeting ended at 11:14.