



THE FUTURE OF WELSH BROADCASTING

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Sefydliad Materion Cymreig
Institute of Welsh Affairs

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INTRODUCTION

In association with the Ofcom Wales office, on 7 May 2008 the IWA convened an expert seminar to examine the future of Welsh broadcasting in the context of two documents:

- Ofcom's second review of public service broadcasting.
- The IWA's *Wales Media Audit*, undertaken with the support of the Welsh Assembly Government.

The seminar was chaired by Ian Hargreaves, Senior Partner, Ofcom, and included the following contributors:

Ofcom

- Sue Balsom, Ofcom Content Board Member for Wales
- Rhodri Williams, Director Wales, Ofcom
- Kate Stross, Director of Content, Ofcom

IWA

- Geraint Talfan Davies, Chair, Institute of Welsh Affairs
- John Osmond, Director, Institute of Welsh Affairs
- Nick Morris, Research Officer, Institute of Welsh Affairs

Broadcasters

- Tony Dowling, Managing Director, Real Radio South Wales
- Elis Owen, Managing Director, ITV Wales
- Iona Jones, Chief Executive, S4C
- Rhodri Talfan Davies, Head of Marketing, Communications and Audiences, BBC Wales

Independent producers

- John Geraint, Creative Director, Green Bay Media
- Ron Jones, Executive Chairman, Tinopolis
- Euryng Ogwen Williams, Boomerang

Independent commentator

- Steve Hewlett, Media Guardian

The speed of technological change and, in particular, the imminence of digital switchover – where Wales is towards the front of the queue – means that the Ofcom review will be highly influential in reshaping public service provision in the coming decades. It will, of course, affect the future of ITV Wales, but it could also have significant implications for the BBC and S4C.

The Scottish Government has established a Scottish Broadcasting Commission to develop its own thinking. In Wales in early 2008 the Assembly Government's Heritage Minister Rhodri Glyn Thomas commissioned the Institute of Welsh Affairs to produce an audit of the media in Wales, published in June as *Media in Wales: Serving Public Values*.

The Digital Opportunity, the Phase 1 report of Ofcom's second review of public service broadcasting, was published in April 2008. It suggested that there were four broad approaches or models that could be adopted when considering the future of broadcasting in Wales. These are summarised as follows, with suggestions on ways they might be interpreted in the Welsh context:

Model 1: Evolution

- BBC and S4C remain the cornerstones of public service broadcasting provision.
- Commercial public service broadcasters retain special roles.
- Obligations reduced over time or new sources of funding for public service broadcasters.

This model aims to support ITV Wales news, current affairs and other programmes, alongside BBC and S4C. It would require support from ITV plc in order to maintain plurality (i.e. choice) in news and current affairs provision. Under this scenario costs will exceed benefits for ITV news by 2009, but not for ITV plc as a whole before 2012. In the short term this model would ensure a viable ITV Wales service. However, in the longer term, new funding sources would be required, either from the UK or the Welsh Assembly governments. The model would mean:

- A plurality in news only if economically viable.
- No new entrants or innovation.
- No direct increase in production from, or portrayal of, Wales at the UK level.
- No incentive for non-BBC local television services to emerge within Wales.

Model 2: BBC / S4C only

- BBC is the sole UK-wide public service broadcaster.
- S4C continues to operate in Wales.
- There is an extended role for the BBC to fill market gaps.
- Competition to the BBC relies on the market.

Under this model ITV 1 Wales would disappear, although ITV 1 would continue as a UK-wide non-PSB commercial channel. There would be limited plurality, and competition for quality in English language television broadcasting in Wales would also be limited unless new commercial entrants emerged (which would be unlikely). However, S4C would continue as a publicly funded institution delivering Welsh language output.

Lack of competition for viewers would reduce the incentive for the BBC to invest in high quality, non-network programmes for Welsh viewers. However, we could expect BBC Wales network investment, for example in the Doctor Who series, to continue as in recent years.

As with Model 1, local television would be unlikely to develop across Wales, although a market-based response might emerge in Cardiff and Swansea, possibly linked to the Digital Dividend Review.

Model 3: BBC / C4 / S4C plus limited competitive funding

- BBC / C4 / S4C are core institutions.
- Channel 4 remit is extended, with new funding.
- Some long-term but transferable funding for further plurality.

Under this model ITV would lose its public service broadcasting obligations. A Funding Agency would be established to provide limited competitive funding devoted to English language programmes, including news, in competition with the BBC in Wales and to help increase Welsh production for the networks.

'Gifted' access to the existing public service broadcasting spectrum could help subsidise non-BBC provision in Wales where funding is tight, although commercial ITV1 slots would be preferable in order to maximise the reach and impact of any Wales programming.

At the same time Channel 4's remit would be extended and remaining public services would be met by transferable funding agreements. There could also be a possible use of S4C2 evening hours as a mini-licence. All this might stimulate a spread of activity across Wales, particularly in areas not addressed by the BBC and S4C, such as local news provision in towns and cities. There would be a possibility of new entrants to emerge to fill the news vacuum left by end of ITV 1 Wales, although this could not be guaranteed. The scale of any new activity would depend upon the level of funding available.

Model 4: Broad Competitive Funding

- BBC is the core institution.
- Long-term transferable funding supports all competition to the BBC.

Under this model existing providers or new entrants could receive support from the same Funding Agency as would be set up under Model 3. All public service broadcasting content outside the BBC could be funded, including S4C and the Gaelic Media Service. Supply contracts would be advertised, either across Wales as a whole or, if appropriate, at a regional or local level. This approach opens a wide range of possibilities.

For example, there could be a new Channel 3 licence structure for Wales separately, that is no longer includes the West of England. There could be guaranteed slots within Channel 3 for Wales public service broadcasting in Wales, licensed and funded separately. All commercial revenues might be retained by the Channel 3 licence holder, likely to be ITV plc, on the assumption that ITV provided the sustaining service. The Channel 3 licence holder could also benefit from public service broadcaster status via prominence on the electronic programme guide.

Licence-fee money which is currently funding the digital switchover could become available in Wales from 2010, when switchover is completed, and could be used to support public service broadcasting production outside the BBC. Other sources of funding are also possible at either UK or Wales levels.

At the opening of the seminar the participants were presented with the following questions:

1. Is it agreed that there is a problem with, or threat to public service broadcasting in Wales? Does it feel more like a challenge rather than a digital opportunity?
2. What is the threat? Is it (i) risk of loss of competition to the BBC; (ii) a weakening of public service broadcasting purpose or delivery; (iii) a further undermining of the democratic infrastructure; (iv) a weakening of the television production sector and the creative economy; or a combination of all of these?
3. Do the four Ofcom models adequately frame the debate and the potential options for Wales?
4. If not, what other models could be on the table?
5. What are the challenges to the current broadcasting ecology concerning English language broadcasting? What is the attainable future for Wales in terms of ITV, Channel 4, and Channel 5? What role, if any, should S4C have to play in providing solutions to these challenges? What are the risks involved in widening S4C's remit?
6. Where do the new media and alternative platforms fit in? What would constitute a specifically Welsh vision for the role of the new media?
7. What would a good outcome for Wales look like if we peer ahead to the Ofcom final statement in early 2009? And within that, what actions are necessary to put in hand between now and then by the other participants: Westminster Government, Welsh Assembly Government, the broadcasters and the independents?

The following is an edited version of the transcript of the seminar.

THE SEMINAR

Ian Hargreaves, Senior Partner, Ofcom

Until recently we've had a reasonable level of plurality or competition in public service broadcasting. However, things are changing. The structures that have delivered plurality and competition are in the process of breaking down. Therefore we need to decide what, if anything, we wish to put in place of the existing structures. There are other issues we need to address as well, including the promotion of democratic engagement through the media, and developing the creative economy.

John Geraint, Creative Director, Green Bay Media

I would like to highlight the value of ITV Wales's role in commissioning programmes from the independent sector. This is a subtler question than ensuring a range of commissioners. Different stations have different ways of approaching the audience. So, for example, the approach, style and tonality of BBC Wales is very different from ITV Wales. We'd lose something extremely important if ITV Wales ceased commissioning documentary programming. It has also enabled us to engage with and lever money from the international market, for example with National Geographic, which otherwise would not have been possible.

Elis Owen, Managing Director, ITV Wales

From ITV's point of view our objective is to try to keep as much public service broadcasting on the channel in the short to medium term as possible, based around news and current affairs. Our agenda is news driven more than anything else.

Iona Jones, Chief Executive, S4C

What Elis has just said reveals a lot about the problem we face which is that plurality has become too heavily focused on news. In Wales plurality needs to be extended to include important genres such as drama which is very much part of defining our nation going forward. English language drama has been lost to ITV Wales for some time, although not through the medium of the Welsh language I'm happy to say. Children's programming is another priority area of priority. Factual programmes reflecting the rural community and our industrial heritage are areas we've largely ignored in the debate because of the focus on news. We are very supportive of ITV Wales as a company supplying plurality to S4C in terms of current affairs, but we mustn't allow the ITV Wales issue to limit the discussion on plurality.

Ron Jones, Executive Chairman, Tinopolis

I choose to take a slightly longer-term perspective. In the discussions we've had to date there's been a concentration on the role of institutions in ensuring plurality of public service programme provision. However, if we look at the longer term trends we can see a movement from a print-based economy in transmitting information, education and entertainment, first to radio and to television and now more and more through the internet. It's time we re-defined the public services that people are going to want in future. I think we're being over optimistic if we imagine that our current institutions can provide the content to provide what Wales will need in the future. Consumer behaviour is already demonstrating that we will be looking for content which is fundamentally different in the future. The question is whether the emerging global economy in the provision of content can work for a country as small as Wales. The fact is that production costs will be way out of line with the revenue that can be earned from providing those services. Many businesses like ours are already unashamedly producing programmes for global brands, from Rolex to Volvo. That is not an economy that is designed to serve the public service interests of people in Wales.

I think it's time to step back and ask ourselves what is the content our people are going to want to access. How can that be provided? Where is the market failure? And how do we address that issue of filling that gap? If we don't take that approach then we will lose a very major element of those things that are characteristically Welsh. Fundamentally it's about what the punters will want and I'm not convinced that we are looking into the medium term let alone the long term and acknowledging what the future relationships between the market and content are going to be.

Ian Hargreaves, Senior Partner, Ofcom

What specifically do you feel we have missed in the debate so far in terms of the list of what people want? We've mentioned news of course, but also drama and children's programming.

Ron Jones, Executive Chairman, Tinopolis

Well if you look at what we can sustain in broadcasting over the long term, the genres we can probably sustain in creative terms are news, current affairs, sport, and live programmes and events. But anything beyond that is going to be an economic challenge. John Geraint will know from working at the high cost end of documentaries how difficult they are to achieve with the monies already available inside Wales. Once

you move into traditional drama and music programming it's a real struggle. We have to make a special effort to try and provide them. But they won't be sustainable without financial help. Now the only people with the money at the moment are the broadcasters. We also need to engage with the new methods of dissemination.

Steve Hewlett, Media Guardian

Why do you say that those sorts of services which, almost by definition operate on a much lower cost basis and are much more flexible, are not commercially sustainable?

Ron Jones, Executive Chairman, Tinopolis

Because we work in that field and even at what I call production values which are well below what we were used to in traditional television, quality is expensive, sustaining the services is expensive.

Steve Hewlett, Media Guardian

Do you think a local market could develop which might become sustainable on its own?

Ron Jones, Executive Chairman, Tinopolis

No I don't. The issue facing us is that Welsh-based content inevitably appeals to a relatively small number of people. Iona Jones will be the last to argue that her programmes are designed for a mass Welsh audience. The beauty of the system that we've had until recently is that all the broadcasters could take a niche approach to public service content provision. I'm afraid these days are over.

Steve Hewlett, Media Guardian

I still struggle with ITV's version of the economics of regional provision. Surely it's possible to run a commercially financed television station in Wales, especially if it had access to programmes such as Coronation Street and Emmerdale as part of its mixture? As a single London plc ITV sees all these things as a cost base and seeks to cut them back. But I struggle with the sheer implausibility that a nation of 3 million people can't support a commercial television station. In the US at least there are cities with a sixth of that population that have got three commercial stations, not just one.

Rhodri Talfan Davies, Head of Marketing, Communications and Audiences, BBC Wales

News is clearly critical, but if you look across our public service broadcasters in Wales, without exception each of them is reaching far more people with local non-news programming than with their news programming. So although the political and democratic debate will tend to focus on news provision, there is huge public value being delivered outside of news and we shouldn't lose sight of that.

I also agree partly with Ron in the sense that we do need to look ahead - we shouldn't just look at how the current broadcasting ecology is working. A good example of what happens if you don't anticipate market changes is the mistakes that were made with digital audio broadcasting (DAB) in the mid 1990s. There was a lack of appreciation of how the market might develop, and how different services might be carried. As a result we now have an inbuilt failure in that a lot of people within Wales are denied access to core public services including the BBC's national services.

Clearly we need competition, but it's not the whole story. You can have competition across a range of services from a range of suppliers, but what is the value of that if the

system is not delivering an audience? I would question whether there is always a direct correlation between competition, plurality and quality. The *Today* programme on Radio 4 is not driven by competition, for example. It's driven by a commitment to public service. So competition and plurality are not always the be all and end all. The reach and impact of services can sometimes be just as important.

Another point is that Wales can and should make a significant and distinctive contribution in the delivery of global programming and we shouldn't lose sight of that.

Tony Dowling, Managing Director, Real Radio South Wales

I think it's fair to point out that the commercial radio market in Wales is reliant on national advertising, although Real Radio, the Guardian Media Group's radio station in south Wales, is less reliant than most. We're very much a Welsh radio station even though we are run by a UK-wide group. We employ six journalists for instance who broadcast two 20 minute news programmes during prime time, at 1pm and 5pm. The people who work for the radio station are keen on what might be described as the spirit of public service rather than necessarily what is officially thought to be public service. At the same time we have to grow an audience. News doesn't appear to drive our audience, so consequently there is pressure to move away from it. If you're going to set up to be a public service provider you have to insulate yourself from market forces to some extent.

Euryn Ogwen Williams, Boomerang

I think Iona used the phrase about broadcasting 'defining the nation going forwards'. That is really the problem of the moment because it is difficult to see it happening in the future. What we are seeing is very rapid change with the creation of a Welsh deficit in broadcasting. Somehow we have to create a system to fund the sort of content that people recognise as necessary to their lives. That will require some pretty hard definitions because we aren't where we were 20 years ago. Looking at our situation historically the advent of S4C injected a freakish nature into our funding mechanisms that probably distorted the Welsh position totally. We would have reached this position a lot sooner but for that.

Geraint Talfan Davies, Chair, Institute of Welsh Affairs

There are a number of issues here. The first is that on the Welsh language side we have a relatively settled solution. There is a space in terms of frequencies, and funding out of taxation through the Department of Culture, Media and Sport is agreed. However, there has never been a corresponding settlement for English language provision in Wales.

Secondly there's a trade off between the volume and impact of programming between channels. One of the things that surprised us when we examined the data was that ITV Wales is broadcasting twice as much non-news output in peak-time (6pm to 9pm) as BBC1 Wales. The figures are some 50 hours a year in peak on ITV Wales compared with 26 hours a year in peak on BBC1 Wales. A third problem is how do we actually get a handle on the future and get ourselves beyond our comfort zone in terms of future provision. We have an opportunity to try and shape the structure for our own needs with a greater degree of control in our own hands rather than be in the situation of simply reacting to structures that are made elsewhere.

John Osmond, Director, Institute of Welsh Affairs

I think two wider issues are worth underlining, both of which will be well understood around the table. The first is that despite all the forces of globalisation, and the technology that is driving broadcasting, the nature of the feelings of Welsh people are in some ways going in the opposite direction. That is to say, there is a greater recognition

of Welshness, a wish can be seen and felt amongst people for more Welsh-specific messages. Of course, similar changes are affecting other parts of the UK as well, reflected in part by devolution and the knock-on impact in England itself. However this is defined and articulated, it represents a huge change over the last few decades and we should not underestimate its strength.

The other point I just want to underline is the reality of media consumption in Wales, and especially the print media. We are familiar with a deep-seated structural problem of Welsh communications that only between 10 and 15 per cent of our population read a morning newspaper published in Wales. The rest read London papers that on the whole do not cover Welsh issues at all. I think this reality, part of our democratic deficit, is largely unrecognised outside Wales. It certainly comes a surprise to most visitors.

Ian Hargreaves, Senior Partner, Ofcom

I think those are powerful points with which few if anybody around the table would disagree. As a regulator Ofcom is faced with the question: "What do we do about it"? How do we peer into the future? How do we understand what people want and are prepared to pay for, and are prepared to prioritise? Is there another different way of thinking about what would be right for Wales? OFCOM needs to be told clearly if there is something else that needs to be on table.

Kate Stross, Director of Content, Ofcom

Researching the future is inherently problematic because it's very hard for people to imagine. I think we've got strong data on the present but to some extent you have to look at the future by inference and general trends. It's terribly difficult not only to predict the rate at which new technologies will penetrate but also the way in which people will use them. Our thinking about the four models has been driven by the economics and the growing deficit there is in terms of funding for public service content provision outside the BBC. An interesting question for us is do we have to have the same model across the entire UK? With the current state of broadcasting devolution it is difficult to think about different models in different parts of the UK. It's quite difficult in structural legislative terms to think about different models in different places.

John Geraint, Creative Director, Green Bay Media

But haven't we already got a different model in Wales with S4C? So why can't Wales have a different model that suits its needs rather than fit within one of four prescribed Ofcom models?

Rhodri Williams, Director Wales, Ofcom

If you ask the audience how they value the current provision and the plurality that exists within it, 91 per cent say they do, which is one of the highest responses in the UK. That is to say, 91 per cent say that TV is an important source of information about Wales and 91 per cent say it's important for ITV1 as well as BBC to show news programmes about Wales. We need to take into account the future role of broadband and the content opportunities that go with it. And I think that somehow the debate about what we describe as next generation access, high capacity broadband has got to be brought into the mainstream of this debate.

Steve Hewlett, Media Guardian

That's right. At the moment Wales doesn't have a national distribution system. That strikes me as a bigger issue than anything else. Terrestrial television doesn't do it, digital television doesn't do it, and DAB Radio doesn't do it either. I can't think of a clearer case

for identifying a platform that can reach the whole of Wales. I sense there is already a cultural and democratic deficit emerging here which may not be solved without.

Sue Balsom, Ofcom Content Board Member

There's been a huge amount of debate within Ofcom on the four models that have been put forward, in terms of Wales and, indeed, the other nations. There is a sense that something must be done and it needs to be radical. One size does not necessarily fit all. I'm just not sure from our consultation document whether people get a sense of what are the real possibilities in Wales.

Ron Jones, Executive Chairman, Tinopolis

My concern about the four models is the concentration on institutions. We need to balance the institutions and the valuable work they do, against what we see as an inevitable trend towards a very different future. The main change will be the commercial influences on ITV which I think we can see now with some degree of certainty, although no one can guess when the end game begins. But, because of the planning horizon in which OFCOM has to work, this may be the last opportunity we have to look at the system in the round. I think it falls to this generation to try and put a coherent alternative system in place.

Geraint Talfan Davies, Chair, Institute of Welsh Affairs

When I read the four models it struck me that models 1 and 2 were designed to be rejected. Model 1 posits a long lingering death of some of the output that we've been talking about. Model 2 seems to imply an even greater dominance for the BBC in Wales. So the real choice may be between models 3 and 4.

Ian Hargreaves, Senior Partner, Ofcom

It's important to recognise that there are strong advocates of models 1 and models 2, I'm not going to tell you who they are, it's pretty obvious, that model appeals to some, does it appeal to anybody in the room?

John Osmond, Director, Institute of Welsh Affairs

Would it help in addressing these models to say that we must ensure that in future Wales must have its territorial integrity assured so far as Channel 3 is concerned. That is to say, Wales must be treated as a distinct entity within the ITV system and so separated from its present link with the west of England. If this is taken as a given then we would have more options in considering how Wales can be treated within the ITV system.

Ian Hargreaves, Senior Partner, Ofcom

Redefining the ITV franchise with a Channel 3 franchise in Wales is something that could, in theory, happen with any of the four models we've put forward.

Steve Hewlett, Media Guardian

What this discussion comes down to, it seems to me, is that there is a considerable legacy value in the ITV brand in Wales. People like ITV, and watch it in mass numbers. If you were to wave a magic wand you would want to construct a local, Welsh-focused service around key network ITV programmes. One could imagine ITV Wales as a franchise operation owned and controlled locally which was able to sell its airtime and buy ITV programming at a rate that reflected the value of the Welsh audience. As things

are, ITV Wales is simply regarded as a cost centre whose costs should be reduced as fast as possible to the smallest possible number or, if possible, done away with all together. But looking at it from a Welsh point of view, from the other end of the telescope as it were, presents quite an interesting option because it changes the economics. Surely there are perfectly capable entrepreneurs in Wales who could make sense of this?

Ron Jones, Executive Chairman, Tinopolis

Can I say a word in defence of ITV before I put the boot in. The loss of the ITV we had in the period up to the end of the 1980s is possibly the single greatest loss to plurality and to public service broadcasting in Wales. Until the franchise auction of 1990, the service provided by the ITV in terms of the range of programming, meeting audience needs, the quality of programming, providing an industry with a sound training base and churning out quality people all meant it was a key part of the landscape. However, by the time you get to today we have to acknowledge that putting money into ITV is likely to be putting money into business in decline, and there's nothing worse in business than managing decline. When you analyse the underlying economics of the franchise in Wales you're going to be hitting fundamental problems, unless you can cut a deal which is public service driven or involved the acquisition of prime UK programmes.

Ian Hargreaves, Senior Partner, Ofcom

Here's a question: is Steve's notion something which we should look to the market to test? Is there an emergent corporate interest in Wales that might want to test this proposition? Or is this the kind of thing it would be a legitimate for the regulator to do?

Iona Jones, Chief Executive, S4C

We have a tried and tested model in S4C's relationship with Channel 4. Could not the same pattern be followed in the relationship of Channel 3 in Wales with Channel 3 in the wider UK, or perhaps England? In assessing the models and focusing on functions rather than institutions there will obviously be a need for a funding body which would be accountable for public money. I strongly believe there will be a need for a statutory funding formula for all sorts of reasons. We need an ability to plan which is so important in investing in creativity and innovation. It is also necessary to maintain the very important principle of an arms length relationship with politicians and government.

Another element then is a commissioning function, somebody somewhere has to decide what content the audience will be offered, based on an understanding of those audience needs which obviously change from time to time. At the same time the process has to promote creativity - so that the content is compelling - and sustainable business models.

A third function is to promote innovation in broadcasting and distribution. I've no doubt at some point in the future broadcasting may well drop off and we will just call it all distribution. I think it's worth reminding ourselves of the cost of broadcasting, the cost of actually getting programmes into the home through the digital broadcasting infrastructure, satellite and so on. A very interesting question in the Ofcom report is how many distribution platforms should public service broadcasters be using?

What I'm suggesting is that you need to test the four models against these functions. It may well be that the name of the institutions which will perform these functions will be the BBC, S4C and Channel 4.

Ian Hargreaves, Senior Partner, Ofcom

Does this mean Iona that you are motivated towards models 3 and models 4 here because model 1 only has some of the things you've identified, model 2 has fewer of

them, while model 3 has perhaps most of all of them depending on how you see the funding agency, and model 4 is the most open model of all?

Iona Jones, Chief Executive, S4C

Well I'm happy to say that we are somewhere between 3 and 4, subject to Authority approval I should add.

Rhodri Talfan Davies, BBC Wales

You have to take a view on the value of large-scale PSB institutions versus a 'contestable' model geared around very tight definitions of specific content and genres. There is a value in PSB institutions having some flexibility to interpret how public service delivery should evolve in response to the audience and technology. These aren't things that can always be captured in any statute or royal charter. I would question, in relation to models 3 and 4, how bodies that received funding that way could think forward, beyond simply delivering a very tight definition of PSB.

Kate Stross, Director of Content, Ofcom

If you were to tackle the ITV issue in the way Steve describes by creating some kind of new architecture for ITV Wales, then maybe you have a sort of hybrid between models 1 and 3. This would have some interesting new characteristics if the economics were such that you could in fact find new sources of revenue that ITV Plc and the existing networking arrangement doesn't tap into. The interesting point about this different way of thinking about ITV is that it really all hinges on whether you can find new revenue sources that ITV Plc doesn't effectively tap into at the moment. Alternatively you could offer more flexibility for the affiliate in Wales to opt in and opt out and to produce much more programming specific for its audience. However, this would depend on the price which it buys the programmes from the core mother network. If you simply drop that price then you risk damaging the core mother network which, as we've seen, is already having difficulties.

Ron Jones, Executive Chairman, Tinopolis

I think one of the problems with models 3 and 4 is that they genuinely lack intellectual integrity. They pre-suppose the BBC remains effectively untouched and we provide an entirely new funding and deliverable form of content. These problems lead to my vote going to none of the above.

Ian Hargreaves, Senior Partner, Ofcom

So because models 3 and 4 don't pre-suppose a top slicing of the licence fee, you regard them as lacking plausibility?

Ron Jones, Executive Chairman, Tinopolis

I think they lack plausibility because they leave the BBC effectively to do its own thing. They would be free to do pretty much what they want, because they are the people who define public service broadcasting. And I think in a more complex environment that is not sustainable. We can't go back to the old days when the BBC told you what you were going to put out. I think we should find mechanisms whereby we identify the current public service spend in Wales by the BBC and look at whether they should play a part role or a full role in delivering that to audiences. I am not a great believer in the sanctity of the BBC. We have to find ways of detaching elements of what BBC Wales does and making that more locally accountable. I would like to concentrate on the content we need and let the institutions follow it.

Ian Hargreaves, Senior Partner, Ofcom

And would you say the same for S4C funding? It's logical then, that your argument would also mean making S4C's funding contestable, though for a different reason - because S4C is a Wales governed institution?

Ron Jones, Executive Chairman, Tinopolis

Yes. We have stated we are a bi-lingual nation. And I think in that environment you have to take all of our content and throw it into the same pot. Now I think we will always have a situation where we will need more content in Welsh than in English to be produced in Wales because of the impact of other English language service from outside. But for us to try and defend the present balance between the two would pre-judge an issue that needs much more consideration.

John Osmond, Director, Institute of Welsh Affairs

Can I just add to that we should also look ahead, say ten or twenty years and consider the potential impact of political events on the BBC. If the SNP won their referendum what would happen to the BBC? Then what would happen to us? Left in the rump, as it were, of England and Wales. And maybe in that kind of scenario what we've just heard may be our last best hope.

Geraint Talfan Davies, Chair, Institute of Welsh Affairs

I think that Ron has stated a view which is not institutionally based and I can understand the integrity of that. I'm just wondering where it sits in terms of practicalities of what's likely to happen elsewhere. How would such a model spread around the rest of the UK? Perhaps a more realistic possibility is a much more decentralised BBC. Certainly, it would be worthwhile for Wales to take a view of whether it would want the BBC to be very different structurally to what it is now.

Euryn Ogwen Williams, Boomerang

I don't think what Ron is saying is revolutionary. It actually is just applying a logic to where we are at the moment. Very soon all of the BBC will be available all over the place on whatever distribution platform you need. All I think Ron is arguing is that we should think creatively about what is a coming digital opportunity.

Ian Hargreaves, Senior Partner, Ofcom

So, just to be clear, in political terms this is a full devolution of powers over broadcasting to Scotland, Wales and Northern Ireland. Of course, that is not a new idea, but one that you're saying it's time has come, or is about to come?

Ron Jones, Executive Chairman, Tinopolis

I take the view that with devolution it is not sustainable for broadcasting to remain forever a London, House of Commons driven service. As we see more and more things being devolved, broadcasting seems one of the more obvious, because of its intimate connection with audiences and constituencies and with accountability.

Steve Hewlett, Media Guardian:

Ron's proposals are very much along the lines of model 4, but adding all the resources that are available for public purposes by broadcasting and beyond. Effectively he wants them corralled into one place in Wales. You would have one public purposes authority,

call it what you will, which is accountability, but in an arm's length way. That's one way of going about it. Another way would be to ask the question: just as you could imagine theoretically ITV Wales being an affiliate of ITV, why shouldn't BBC Wales be an affiliate of the BBC?

Ian Hargreaves, Senior Partner, Ofcom

Well there's a question.

John Geraint, Creative Director, Green Bay Media

As we are radically re-thinking the next 20 years, I've got a sticking plaster solution. Maybe it answers Steve's question about where English language content. This is for an independent funding agency for Wales, based on the Canadian model. Like Wales, Canada presents a long flank to a very powerful English-speaking neighbour. And what the Canadians have done is build an infrastructure of a dozen or more funds which support the creation of Canadian content. So what you might do for Wales, let's say, is if you're looking to create two hours per week of public service content, to replace what is now missing from ITV, you create an independent production fund. With an average commissioning cost of £60,000 an hour, this would come to £6 million per annum. Throw in a big impact drama once a year, and call it £8 million. The Assembly Government, let's say, comes up with £4 million on a match fund basis. ITV, or whoever wants to show this content, comes in with a licence fee, say 35% of the total costs of that and you may attract private funding, possible on an advantaged basis, who would invest in the IP content and potential for international services and secondary sales in the UK. So that's some flesh on an idea which could be developed in many different ways. Now the question is, would ITV take that content in Wales, even at 35 per cent of its true value? You argue that you could put some coercion on them to do so. Could that content be taken elsewhere? Would it become attractive, for instance, for Channel 4 to take network from Wales on that basis?

Ian Hargreaves, Senior Partner, Ofcom

In your view does this idea sit more comfortably in one model or another?

John Geraint, Creative Director, Green Bay Media:

Well I think it sits in potentially in model 3 if you continue to require ITV to have public service obligations in Wales.

Iona Jones, Chief Executive, S4C

I think it's very important to remember that there's a hundred million pounds worth of extra money coming into the creative economy in Wales because of the current structure [of S4C] over and above the Welsh Assembly's block grant. However, we have autonomy in terms of our strategy, and our decision-making is focused on Wales and on doing the best we can for the Welsh production community and the Welsh creative economy. I think that is an important differential compared to colleagues in the BBC and ITV and it would be really interesting to know if Elis had more autonomy how he would spend the money that he's got. Would the decisions and the outcomes be very different? I assume so.

Elis Owen, Managing Director, ITV Wales

They probably would.

Iona Jones, Chief Executive, S4C

So there's an issue around how much autonomy that the current institutions have before you go as far as Ron is suggesting.

Sue Balsom, Ofcom Content Board Member

I think John Geraint's 'sticking plaster' solution is a very interesting one given EU Convergence funding in Wales. If somebody was really quite clever and could put this together, you would get match funding pound for pound. It is after all part of nation building and as part of the democratic deficit, we have a very strong case for some subsidised broadcast content, but then there's the question of where you might put it. Here in Model 3, in the short term we have two Welsh language digital channels and at the moment S4C 2 evening hours are sold commercially. At present those S4C2 evening hours are not used for Wales but they could be.

Iona Jones, Chief Executive, S4C

Well it's actually a matter for Ofcom and we are very happily engaged in a discussion about the re-configuration of S4C2.

Rhodri Talfan Davies, Head of Marketing, Communications and Audiences, BBC Wales

I'm not going to be defensive about the future of the BBC. But it's worth going back to the current public purposes of the BBC and what it is currently delivering. Audiences in Wales want a mix of both UK and local content. The BBC's radio networks, for example, are more popular in Wales than they are anywhere in the UK. Moreover the BBC network TV channels are more popular in Wales than anywhere else in the UK. So we need to clear what it is we're trying to fix if we're looking at the BBC settlement.

The second point I would make is we shouldn't lose sight of the benefits that accompany being part of a large scale UK organisation. BBC newsgathering is one, new media is another, also the BBC National Orchestra of Wales. Some people can talk about a federalised system for the BBC and there are pressures in this direction. And the BBC is already changing. We are already looking at how the BBC network news deals with reporting the nations, and there is a network supply review looking at how network production is devolved to the regions and nations.

Ian Hargreaves, Senior Partner, Ofcom

One thing that we haven't considered is whether S4C has a role to play outside or beyond Welsh language provision.

Iona Jones, Chief Executive, S4C

Although we have all been pushing the boundaries of our remit, S4C is a very specific animal. The money is there specifically for the purpose of Welsh language broadcasting. Recent online developments have been forced through by audience and technological demands. There is a very interesting debate around the nature of linguistic content and I was going to take issue with Geraint earlier about S4C being a settled matter. It is not that settled from where I've been sitting. Even within the Welsh speaking audience there's a really interesting dynamic at work in changing attitudes, towards Wales and Welshness and the direction of the nation.

What we've been discussing around a fifth model, a Wales model if you like, is obviously a very exhilarating prospect. I think it reflects the emerging maturing of the debate in Wales. This Ofcom review is an historic opportunity to define a media policy for Wales

and that is a challenge. We have got something very interesting emerging out of our debate, which I think goes much further than retaining or even maximising existing institutions.

John Geraint, Creative Director, Green Bay Media

Another thing we've failed to focus on is the network question. And that is a really important question for the health of sustainable production businesses here. When Geraint Talfan Davies was in control of BBC Wales he used to say network was not an option, it was a necessity because the audience demands it, the talent demands it and the business demands it. What the Welsh audience needs and wants is to see it's experience and its concerns reflected beyond our own borders, in network programming. I think we must look at what the BBC is doing. We must ensure that the targets are hit. We would like to see the independent sector sharing very fully in the success of in-house BBC Wales productions. We must also look to Channel 4 which has been very successful in putting up a smoke screen and saying that, because it's been friendly to S4C, it's ticked its box. I would also look to ITV and Five, because I think they are trading at a commercial advantage in terms of effectively public investment. These network questions are crucial to the continuing health of the Welsh independent sector.

Nick Morris, Research Officer, Institute of Welsh Affairs

I will just say that in Wales we should bear in mind the technical side of things, which is a greater challenge to us than most of the rest of the UK. Earlier we talked about Singapore's broadband fibre network as a model for Wales but Singapore is smaller and more evenly urbanised than Wales. We need to be conscious of not only what is possible with technology but what we can afford.

Rhodri Talfan Davies, Head of Marketing, Communications and Audiences, BBC Wales

We need to keep an eye on the distant horizon. We can't just focus on the maintaining the existing institutional set-up. Technology and audiences will change. We need to think about content delivery as much as about content production. Ultimately the essential question is how do we maintain the reach and impact of PSB services in Wales.

Ron Jones, Executive Chairman, Tinopolis

On a practical level the next step is really in the hands of OFCOM. All I say is don't be frightfully British and give us a sub-set of a British solution, but also don't be frightfully Welsh and give us a solution based around our love of institutions and quangos.

Ian Hargreaves, Senior Partner, Ofcom

I've found the debate we've had enormously interesting and helpful. I've followed these discussions in Wales pretty closely over the last decade. In the early days Wales didn't seem comfortable talking through these issues. But now I think we're seeing a growing willingness to do that. Thank you very much.