

# **A New Future for Welsh Language Broadcasting: S4C's Response to the Communications White Paper**

## **1. Introduction**

- 1.1 This paper sets out S4C's response to the Government's Communications White Paper. S4C welcomes the White Paper's reaffirmation of its rôle and of the important contribution which public service broadcasting more generally makes to the cultural and economic health of Wales and the rest of the UK. S4C's response includes proposals for strengthening and extending the public services it provides. It also includes more detailed comments and suggestions on the White Paper's specific policy and regulatory proposals.
- 1.2 S4C believes that the communications industries have a vital contribution to make to the efforts to strengthen and modernise the Welsh economy. The current difficulties being faced in some of Wales' traditional industries only serve to underline the importance of developing the knowledge based industries, of which the audio visual sector is one of the strongest in Wales. Alongside the development of an advanced communications infrastructure, S4C also believes that its digital services have an important contribution to make in support of the efforts to boost skill levels and to improve the competitiveness of Welsh industry more generally. S4C looks forward to working in partnership with a range of organisations to strengthen this rôle still further in future.
- 1.3 S4C is committed to ensuring that its services continue to inform, educate and entertain in the new digital broadcasting landscape that the White Paper describes. The S4C Authority is, however, concerned that S4C will only be able to fulfil this vital rôle if it is provided with the finance and appropriate powers to do so. S4C believes that Welsh language broadcasting has now become an established and valued element within the UK's rich heritage of public service broadcasting. But as the White Paper makes clear television and the role of public service broadcasters is changing rapidly. Welsh language broadcasting needs to keep pace with these changes. The paper, therefore, sets out the case for an increase in core funding sufficient to enable S4C to fulfil its plans for a comprehensive digital service. The aim must be to build on its success to date and to ensure that S4C can compete on a level playing field in an increasingly competitive multi-channel environment.

## 2. The Future of Welsh Language Broadcasting

### 2.1 Public Service Broadcasting in Wales

- 2.1.1 S4C welcomes the crucial and wide-ranging role which the White Paper envisages for public service broadcasters in the digital age. Public service broadcasting has a particularly valuable contribution to make in the case of a small country like Wales. It is likely to remain the most effective means of ensuring that Wales continues to have a 'voice' in a multi-channel environment increasingly dominated by powerful commercial interests. Television remains one of the more powerful manifestations of culture and national identity. With its concentration on indigenous programming it also makes a vital contribution to the creative industries in Wales. This ability to realise the potential of Wales' creative and performing talent is likely to become even more valuable in future given the increasing economic pressures faced by Wales' more traditional industrial sectors.
- 2.1.2 In the absence of a commercial alternative, S4C believes that its Welsh language public broadcasting service plays an even more crucial role. It provides a powerful means of reflecting and promoting what is possibly the most distinctive aspect of Wales' cultural heritage. S4C's activities also serve to ensure that that heritage is as much about innovation and creative excellence in the new media as it is about more traditional forms. The development of digital services opens up a range of new opportunities, including an expanded Welsh language service. But the increased number of channels ensures that the service will face much stiffer competition for viewers.

### 2.2 S4C Digital Plans

- 2.2.1 S4C is committed to improving its service in order to meet this challenge. Its digital service already provides for a wider range of interests than can be accommodated within the 32 hours a week of Welsh language programmes broadcast on analogue. But all aspects of the digital service, and all programme genres, will need to be strengthened if S4C is to provide the distinctive programmes and services that will provide the key to attracting viewers in a multi-channel environment. S4C's priorities include:
- **Children** - broader provision for children through established favourites such as *Planed Plant*, *Rownd a Rownd* and *Sali Mali* as well as through new programmes that will reflect the important rôle that television can make in support of young people learning the language.
  - **Drama** - building on S4C's successful track record for drama series such as *Tair Chwaer*, *Y Wisg Sidan* and *Pam fi Duw*, thus providing greater opportunities for Welsh writers and other creative talent.
  - **News and Current Affairs** - improved coverage of the issues that matter to Wales, as well as a continuing commitment to broadcasting within peak hours a news bulletin able to draw on the international resources of the BBC.

- **Cultural Festivals** - extended coverage of events in and surrounding the national Eisteddfodau and other cultural festivals.
- **National Assembly for Wales** - continuing, comprehensive coverage of the proceedings of the National Assembly on S4C2.
- **Co-productions** - enriching the schedule with a greater range of international co-productions that build on S4C's acknowledged international expertise in the fields of animation and documentary series.
- **Digital College** - developing this uniquely Welsh service which harnesses the power of digital television to promote and deliver lifelong learning throughout Wales and beyond.

## 2.3 Public Service Benefits

- 2.3.1 As well as aiming to improve programme standards, these priorities also reflect S4C's commitment towards securing the wider range of benefits that public service broadcasting can bring to the community it serves. Not the least of these are the economic and employment benefits. S4C's commissioning policy has resulted in a strong independent production sector with clusters of activity and expertise in North and West Wales as well as the South East. S4C is anxious to secure further economic benefits for the audio visual sector by harnessing the additional creative opportunities surrounding multimedia technologies.
- 2.3.2 S4C's coverage of the National Assembly provides a useful adjunct to the growing emphasis on active and participative citizenship. It is one of the more effective means of ensuring that people of all ages and all backgrounds can gain a better understanding of the democratic debate underway in Wales and of the areas where they may wish to contribute. Digital television also offers new opportunities to improve access to television services for people with a disability. S4C will continue to improve its services for people who are deaf or hard of hearing or are blind or partially sighted. S4C will also continue to extend its subtitling services, so that its programmes can be enjoyed by non-Welsh speakers as well as the Welsh speaking population for which they are primarily intended.
- 2.3.3 The Wales Digital College demonstrates the powerful rôle that digital television can play in support of lifelong learning. It highlights the unrivalled power of television as a medium for promoting and providing access to lifelong learning for all, irrespective of geographical location or social background. As a platform for a wider range of electronic services, digital television also holds open the prospect of breaking down the digital divide which can otherwise surround initiatives that depend on ownership of personal computers. Welsh language television is also one of the most effective underpinning the wider policy of support for the Welsh language. Imaginative and colourful series for children are a powerful resource in support of the curriculum requirements that every young person should have the opportunity of learning Welsh.
- 2.3.4 S4C also has a contribution to make to the wider efforts being made to promote a positive image of Wales and the UK overseas. S4C is increasingly prominent and successful on the world stage. Its four Oscar nominations are perhaps, the most notable examples. S4C also has a range of international co-production partners. And its programme sales arm is helping to ensure that programmes made in Wales are a further element in the UK's rich heritage of public service broadcasting enjoyed throughout the world.

## 2.4 Funding Requirements

- 2.4.1 S4C therefore welcomes the broad, comprehensive and exciting vision for public service broadcasting that the White Paper describes. Many elements are reflected in its own plans for ensuring that Welsh language broadcasting can flourish in the digital age. S4C is, however, seriously concerned that the level of core funding it receives from Government at present will not be sufficient to enable it to deliver on these plans and to maintain the highest standards across all its services. S4C already faces a range of financial pressures. Having originally been funded to provide an analogue service of some 30 hours a week it now broadcasts on S4C digital for more than 80 hours every week. It has already developed a range of new services, including S4C Digital, coverage of the National Assembly, the Wales Digital College and the S4C website without receiving any additional core funding. In order to ensure its availability on all digital platforms S4C is also spending in excess of £2million per annum on additional transmission costs.
- 2.4.2 The challenge faced by S4C in delivering these services will in future be greater still. S4C will be operating in an increasingly competitive broadcasting environment where the need to provide distinctive and high quality programmes will be even more marked. The core set of services that all public service broadcasters will be expected to provide, including a greater range of interactive services, are likely to be yet more comprehensive and costly. S4C is fully committed to harnessing its commercial powers so as to contribute towards the cost of developing these new services. It welcomes the White Paper's support for greater commercial flexibility. But any commercial revenue will, for the foreseeable future, need to be supplemented by a step change in S4C's core funding if these services are to be delivered as the White Paper envisages.
- 2.4.3 S4C therefore argues strongly that the opportunity of the forthcoming Broadcasting Bill should be seized to place Welsh language broadcasting, and the communications industries in Wales that support it, on a sound financial footing for the new digital age. S4C believes that this could be achieved in part by an increase in funding that reflects the additional costs associated with the new digital platforms-as provided for within existing broadcasting legislation. The plans for an enhanced digital service set out above will also require additional investment if they are to be fully realised. S4C hopes that this paper has served to underline some of the wider benefits that this crucial investment would bring.

### 3. S4C's Detailed Response

#### 3.1 S4C Remit

- 3.1.1 S4C welcomes the White Paper's reaffirmation of its rôle and endorsement of the contribution Welsh language broadcasting makes to public service broadcasting in the UK. S4C believes that its remit, encompassed in the general duties to:

*“provide S4C as a public service for disseminating information, education and entertainment”*

*“ensure that a substantial proportion of the programmes broadcast on S4C are in Welsh and that the programmes broadcast on S4C between 6.30 pm and 10.00 pm consist mainly of programmes in Welsh: and*

*“ensure that the programmes maintain a high general standard in all respects and a wide range in their subject matter.”*

has stood the test of time. S4C does, however, believe that the forthcoming broadcasting Bill should be used to modernise and simplify the legal framework within which it operates. Although the general duty set out above still holds good it needs, for example, to be amended to include the possibility that S4C might operate more than one public service. This would involve removing the statutory obstacles which prevented S4C from delivering its coverage of the National Assembly on S4C2 as a public service. S4C would expect to consult widely as part of the process of developing new services. It otherwise suggests that in future its ability to deliver public services should be subject only to the constraints of capacity and resources. This could be achieved by granting S4C the power to provide additional public broadcasting services on its digital capacity (or on any additional capacity which is provided for this purpose). It should be open for these to be funded from the public service fund or from other sources.

- 3.1.2 **Commercial Powers** - S4C welcomes the White Paper's support for its commercial activities. S4C is anxious that the barriers to the further exploitation of its commercial potential should be removed. At present S4C is only able to engage in commercial ventures that are incidental or conducive to the discharge of its broadcasting function. This requires particular care to ensure that proposed commercial ventures are not ultra vires. S4C proposes that this regime be simplified so that it can engage in commercial ventures via commercial subsidiaries provided that there is no direct or indirect subsidy from the public service fund. S4C looks forward to developing this new legal and commercial regime in more detail with DCMS.
- 3.1.3 The forthcoming legislation should also be used to reflect changes that will be required given the likely situation following analogue switch-off. Channel 4 will then be available throughout Wales. The legal provisions governing the broadcast of Channel 4 programmes on S4C will then no longer need to apply.

## 3.2 S4C Public Services

- 3.2.1 S4C welcomes the proposals for protecting and promoting public service broadcasting within a more competitive broadcasting environment where the number of broadcast channels and the means of accessing those channels are likely to go on increasing. S4C welcomes the safeguards and accompanying obligations that are proposed for the public service broadcasters in this changing environment. It believes that on the whole these strike a balance between the need to maintain and build upon the rich heritage of public service broadcasting in the UK as well as providing viewers with greater diversity and choice through the growth in new commercial services. S4C welcomes the principles of universal access and affordability which are intended to underpin regulation in this area. It also welcomes the safeguards, including due prominence and must carry obligations, which it believes will enable these aims to be realised.
- 3.2.2 **Public service obligations** – S4C welcomes the statutory safeguards that are proposed for public service broadcasters, including the must carry and due prominence obligations. S4C would, however, seek confirmation that these obligations will apply to both of its public service channels (S4C digital and S4C2). S4C would urge that further consideration be given to linking the must carry obligations to the proposal that OFCOM should create a universal service fund to support the costs of meeting these universal obligations. The Secretary of State should retain the power of determining the services to which the must carry obligations should apply. He should exercise such a power with view to balancing the desirability of ensuring access to all public services on every broadcasting platform on the one hand against the associated costs to the broadcaster on the other. This could become critical were the number of platforms to increase significantly in future and if each sought to pass on carriage costs to the broadcasters.
- 3.2.3 **Due Prominence Obligations** – the proposals concerning the prominence that should be given to public service broadcasters on electronic programme guides (EPGs) has a particular relevance in the case of channels such as S4C that are required to carry a broad range of programming. The policy governing EPGs also has important implications for areas of the country like Wales, where there is only very limited competition between digital platforms. Information presented on EPGs is increasingly broken down by programme category and frequently conveyed in a manner that tends to accord a particular prominence to those channels that only carry programmes within that category. It is not possible to classify S4C according to any single category of programmes. Part of its output is aimed at children, part at those interested in sport, part at those interested in music and so on. Already it is clear that children in digital homes consider the EPG to be a prime source of information about the ability of programmes of interest to them. S4C is the only provider of Welsh-language programmes for children. Its children's strand *Planed Plant* does not however appear as an option when the children's category on the EPG menu is selected. In an already difficult environment, the likelihood of a Welsh language option being selected is thereby reduced. Similar considerations will increasingly apply in drama, film and other programme categories. If EPGs are to be helpful tools for viewers rather than marketing tools for certain channels the powers suggested for OFCOM in this area should be sufficiently flexible and powerful to deliver a level playing field for all.

3.2.4 **S4C digital capacity** – S4C welcomes the guarantee that its digital terrestrial capacity should be maintained. This guarantee needs to extend across the whole of its existing capacity of half a digital multiplex, which enables coverage of the National Assembly for Wales to be broadcast on S4C2 as well as providing scope for commercial services alongside the main S4C Digital service.

3.2.5 **Spectrum pricing** - S4C recognises the desirability of ensuring that broadcasters use the spectrum allocated to broadcasting as efficiently and effectively as possible. Under current arrangements any move towards requiring S4C to pay for the spectrum it uses could only be achieved at the cost of the programme service. Given that it is funded from the Exchequer, S4C would suggest that it either be excluded from such arrangements or the Exchequer be required to increase the funding it provides to S4C with a view to receiving it back in due course. This could have implications for S4C's funding formula.

### 3.3 **S4C Authority**

3.3.1 S4C believes that it provides an excellent example of the principle of self-regulation in action. As well as regulating programme content the S4C Authority faces the unique challenge of providing a strategic vision for a minority language channel in an increasingly competitive broadcasting environment. S4C welcomes the suggestion that it should continue to fall to the S4C Authority to interpret its unique remit and agrees that any backstop powers regarding the remit should as now fall to the Secretary of State to exercise.

3.3.2 **Regulatory Responsibilities** – With the advent of a powerful new regulator S4C believes that it will be essential to be as clear as possible as to respective roles. The Authority's detailed responsibilities include:

- interpreting the S4C remit and setting the corporate strategy aimed at delivering that remit
- monitoring compliance against ITC and S4C programme codes
- upholding and protecting S4C's political and editorial independence
- assessing S4C's performance against its remit and objectives
- keeping the nature of Welsh language broadcasting under review in a fast-changing world
- monitoring and assessing financial risk in line with Turnbull principles
- holding management to account
- developing and publishing programme codes that reflect the particular circumstances of S4C as a broadcaster.

3.3.3 **Detailed Codes** – In order that it can discharge its unique remit it is essential that the S4C Authority maintains the ability to develop more detailed programme codes, of particular relevance to the audience it serves, to supplement those produced by OFCOM. This is particularly important with regard to the issue of language. S4C's language policy is a matter which attracts a fair degree of public interest and is of crucial importance in establishing the linguistic character and identity of the channel. Taking a view on this matter is an essential and unique feature of the Authority's responsibilities.

3.3.4 In constitutional terms, the rôle of the S4C Authority will in future be even more closely comparable to that of the BBC Board of Governors. In order to maintain the arms length principle, S4C believes that it is essential to maintain this comparability in any future legislative changes. It will be important therefore to ensure that the principles that govern the relationship of OFCOM and the BBC should apply equally to the Authority. Just as, for example, it should fall to the BBC Governors to interpret political impartiality requirements for the BBC, so should it fall to the S4C Authority to provide the same function for S4C. The Authority looks forward to continuing to oversee the work of S4C within a more streamlined regulatory structure in future. It welcomes the prospect of working with the other regulatory bodies to define the detailed workings of this structure with a view to ensuring maximum transparency, the highest possible standards and full accountability to viewers.

### **3.4 Policy/Regulatory Framework**

3.4.1 S4C believes that a flexible and responsive regulatory framework remains one of the key ingredients necessary to maintain broadcasting which is diverse and pluralistic and which continues to inform, educate and entertain according to the high standards that have traditionally been associated with television in the UK. S4C welcomes the challenge of ensuring that these high standards should continue to apply to Welsh language programmes as well those in English. It appreciates the arguments in favour of a single regulator encompassing all aspects of the rapidly converging communications technologies. S4C does, however, believe that the arguments in favour of a single regulator are stronger in respect of economic matters than they are with regard to content. S4C is, therefore, particularly encouraged by the White Paper's support for the principle of self-regulation. It believes that this is an important defence against the potential risk to plurality and free speech which could otherwise surround the establishment of a single regulator of content on all the broadcast media. The S4C Authority attaches great store to the continuing need to ensure that broadcasters have a degree of discretion in the way they interpret and apply any centrally determined guidelines.

3.4.2 **Underlying principles** – S4C believes that the underlying policy aims (universal access, social inclusion, diversity, plurality, choice etc) which it is intended should inform the regulatory framework should be expressly included in the legislation which governs the work of OFCOM, alongside the more detailed regulatory objectives listed in the White Paper. S4C believes that these principles are sufficiently fundamental to be spelt out in primary legislation and for OFCOM to be under a duty to reflect them in carrying out its remit.

3.4.3 **Universal access** - S4C believes that the universal coverage and affordability tests are the right ones to apply with respect to the switch over to digital. It further believes that these tests should be applied separately and concurrently in Wales and in the other nations and regions of the UK. This will ensure that despite the geographical difficulties, the ability of viewers in Wales to receive the S4C service is no less than the ability of viewers to receive services from the public service broadcasters in the rest of the UK.

3.4.4 **Regulatory Tiers** – S4C believes that the proposal to introduce different tiers of regulation should provides an effective means of reflecting the different levels of public service obligations faced by broadcasters in the UK. It offers the prospect of streamlining and clarifying the existing self-regulatory regime. S4C is happy to confirm that the granting of backstop powers to OFCOM will not lessen its commitment to ensuring compliance with programme codes in any way.

3.4.5 **Invasions of Privacy** – S4C welcomes the suggestion that OFCOM’s powers should extend to the investigation of complaints from individuals concerning their right to privacy. This will provide individuals with recourse to an independent tribunal as required under the terms of the Human Rights Act. As with other complaints under the three-tier system of regulation, S4C believes that such complaints should be addressed to the Authority in the first instance. This would serve to reinforce the principle of self-regulation and ensure that double jeopardy is no longer a characteristic of television regulation in the UK.

### 3.5 **Role of OFCOM**

3.5.1 In order to ensure that self regulation operates as effectively as possible S4C believes that rules of engagement should be developed that set out the manner in which OFCOM would be expected to work alongside the broadcasters. To take one area referred to in the White Paper, S4C (like other broadcasters) is already heavily engaged in efforts to promote training in the creative industries that support it. It also invests considerable amounts in researching the views of viewers. S4C, therefore, believes that there should be a clear understanding reached on how OFCOM can best add value in each of these areas, in addition to that which will be required in relation to regulating programme content. It looks forwards to working with the other existing regulators to contribute to the development of this detailed regulatory framework.

3.5.2 **Internal structure** – OFCOM’s internal structure should reflect the range of specialist functions for which it will have responsibility. It would be in keeping with the principle of self-regulation to avoid duplication in those areas for which the broadcasters will retain the primary responsibility. S4C believes that the breadth of OFCOM’s responsibilities, and the fact that they include aspects of programme content, argue strongly against a single regulator structure. S4C believes it would be much preferable for there to be a chief executive accountable to a board of non-executive directors.

3.5.3 **OFCOM in Wales** – OFCOM’s board needs to have representation able to offer a Welsh perspective. OFCOM also needs to have an administrative structure in Wales that reflects the full breadth of its responsibilities. S4C would also urge that consideration be given to placing OFCOM under a duty to reflect the policy objectives of universal access and affordability within Wales and within the other nations and regions of the UK, as well as on the wider UK level. S4C believes that an advanced telecommunications infrastructure has become an essential tool of economic development, particularly in the case of disadvantaged and dispersed territories like Wales. OFCOMs regulation of the telecommunications sector will, therefore, have a crucial contribution to make in economic development as well as in cultural terms. S4C believes that this should be reflected in an expert advisory structure for Wales. Between them, OFCOM and the National Assembly need to be able to draw upon expert sources of advice able to reflect the distinctively Welsh issues surrounding the development of advanced telecommunications networks and digital services more generally which can then be fed in to OFCOM’s policies and regulatory activities at a UK level. S4C suggests that this input should be over and above the contribution from the consumers of services mentioned in the White Paper.

- 3.5.4 **Media literacy** – developing the concept of media literacy as it applies to Welsh language broadcasting in Wales could have particularly beneficial effects. Welsh language broadcasting is one of the more powerful strands of the Government’s wider support for the Welsh language. One of the other key strands is that every young person is given the opportunity to learn Welsh until the age of 16. The development of media literacy initiatives that develop young people’s understanding of the issues surrounding the images they see on screen, drawing on material broadcast in the two languages, therefore offers the prospect of harnessing the power of television in support of two key educational aims.
- 3.5.5 **Access for disabled people** – S4C would welcome a role for OFCOM aimed at ensuring greater access to broadcast services for people with a disability. S4C is committed to developing its own services in this area. S4C provided a detailed response to the DCMS consultation on this subject.

**S4C February 2001**