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Foreword

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Iona Jones

Over the past 25 years, S4C has played a unique role in the UK's public service broadcasting system.

Today the strategic direction of the channel is being influenced by factors - linguistic, social, technological and political - which were impossible to foresee 25 years ago. We have had to move quickly to address the new context.

By 2009/10 the move to digital broadcasting in Wales will be complete and S4C will become a wholly Welsh language channel for the first time, without having to broadcast Channel 4 output.

Three years ago, in preparation for this turning point and in the face of

competition from hundreds of other television channels, we put creative excellence at the heart of all of S4C's activities. Live events, sport, music, drama and factual programming all feature strongly in our schedules.

The audience has responded positively with the growth in the number of people watching over the past two years an indication of the awareness of the standards being set by the service. We also achieved industry recognition with numerous awards, including international success for the drama series *Con Passionate*, winner of the prestigious Rose D'Or award.

Our creative excellence strategy extended to our brand identity. To enable S4C to stand out amid the plethora of other channels, we undertook a wholesale rebrand in 2007, the first for 13 years. The new brand is contemporary and fresh, yet distinctly Welsh. It has already won several awards at both UK and European levels.

Another key change has been to the relationship with the independent production sector, creatively and commercially, through a new development policy and the reassignment of programme rights.

Drama Y Pris



“Mixed-economy broadcaster”

S4C has been described as a “thoroughly modern mixed-economy broadcaster.” In what is a unique UK funding model, the channel is financed by three distinct revenue streams – Government grant, BBC licence fee and commercial monies.

Despite the pressures on commercial activity, the stability provided by a statutory funding formula has enabled S4C to plan for the future and deploy resources in line with its new creative strategy.

The channel has been a driver for growth in the independent production sector in Wales. S4C's activities support more than 2,200 jobs in Wales and contribute £87 million to the Welsh economy.

Additionally, our Strategic Partnership with the BBC, announced in autumn 2006, is an important milestone - an example of two public service broadcasters collaborating for the benefit of audiences in Wales. BBC Wales has made a significant contribution to S4C over a quarter of a century; the new editorial and financial arrangement allows the two broadcasters to plan effectively for the future.

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With the expansion of digital services, our strategic aim has been to build a presence for S4C on every major platform. In addition to being on all three digital platforms in Wales, S4C Digidol is currently available to viewers outside Wales on digital satellite, on broadband and on internet protocol television. In addition to be streamed live on broadband, our programmes are also available as part of our video-on-demand service.

These new platforms provide S4C with



S4C Reception area

an opportunity to make our content available to new audiences and consequently deliver a greater return for the public investment in the channel.

Creative and commercial catalyst

The key question, of course, is has all this change borne fruit?

We now have a robust management system in place and have reinvigorated our internal operation with a streamlined approach. We have worked in partnership with the production sector, offering strategic leadership, clarity of requirement and transparency of operation.

Creative and commercial freedom has been promoted externally. The Welsh production sector is remodeling itself to support S4C's creative requirements and take advantage of new markets in the UK and internationally.

There has been a great deal of support externally – in Westminster, the National Assembly for Wales and regulatory body Ofcom. There is recognition of S4C's place in the UK public service broadcasting ecology. A report by the House of Commons Culture, Media & Sport Committee published in November 2007, stated:

"We are encouraged by S4C's optimism about its ability to provide public service content in the future. S4C demonstrates

that a broadcaster with direct public funding and a tightly defined remit can deliver public service content without having its editorial independence compromised."

Ultimately, the test is in relation to consumers.

There are positive signs. In addition to audience growth, our audience in peak is getting younger: 31% of the audience was under 45 in 2006 compared to 25% the previous year.

The web is increasingly important. In 2007, we received more than 13million hits on our website and increasing use is being made of the broadband service.

To the future, we want to expand our children's output. A public consultation has demonstrated a will for separate children's channels and we hope to launch such a service – subject to Government approval – next year.

We will also be looking more closely at the programme schedule to identify where we can build on our strengths. The emphasis on visual flair and entertainment will continue and the next creative strategy will be designed and implemented by 2009.

I am confident of S4C's role as a catalyst for creative and commercial activity and that we can look towards the future with renewed confidence.

S4C Impact on Welsh Economy

S4C's Contribution to the Welsh Economy

Meryl Cubley

S4C is one of the UK's five public service broadcasters, providing a mixed-genre Welsh language schedule of drama, factual, children's, news, sport, events, entertainment and culture. Programmes are produced by commercial independent production companies as well as by BBC Wales and by ITV Wales.

A key economic driver in Wales, S4C supports more than 2,200 full-time equivalent jobs, generating £87m of added value for the Welsh economy.

The channel (which in 2007 had a budget of £96m, of which £90m was directly funded by the Department of

Culture, Media and Sport with additional revenues raised through advertising and international sales), has proved a catalyst for the development of a vibrant independent television sector in Wales. As a commissioner-broadcaster, the bulk of S4C's budget is spent on programmes and related services.

Those who campaigned for the channel to be established, such as the late

...S4C operates in a changing linguistic environment. Today 21% of the Welsh population speak the language and the number of young Welsh speakers continues to rise...

Gwynfor Evans, saw it as a necessity in the battle to keep the Welsh language alive, rather than a boost the creative industries sector. Yet some of Wales's most successful production companies were created and subsequently flourished as a result of S4C.

Tinopolis's listing on the London Stock Market and its takeover of TV Corp would be unlikely on both counts if S4C had never existed, as it was almost exclusively dependent on the Welsh language channel for its revenues in the early days. Other creative players such as Boomerang, Barcud Derwen and Green Bay have all cut their commercial teeth at the channel, enabling a focus outside of Wales for revenues, whilst continuing to invest in nurturing Welsh talent, in the form of editors, cameramen and graphic designers. Without S4C, these talented and skilled individuals would have been lost to Wales and Welsh Broadcasting.

Since 2004 S4C has changed the way it operates and engages with the independent sector. Developing transparent terms of engagement designed to encourage competition within a healthy marketplace that understands S4C's requirements, has resulted in over 80% of its total spending in Wales being within the independent production sector.

According to the Economic Impact of S4C on the Welsh Economy 2002-2006, with details of employment supported by S4C, over a quarter (605) of roles were in the independent production services, with a further 536 working for sub-contractors. The channel also supported 287 jobs in the hotels, retail and wholesale sectors.

There are some 30 independent suppliers to S4C in Wales. Other programmes - such as the news and the nightly soap opera *Pobol y Cwm* - are provided by the BBC (funded by the licence fee) and by ITV Wales. There are subtitles available for non Welsh speakers, learners and the deaf and hard of hearing.

S4C employs 186 people but it supports more than 2,000 jobs externally, contributing impressively to the Welsh economy.

S4C operates in a changing linguistic environment. Today 21% of the Welsh population speak the language and the

Tinopolis produces 'Wedi 7' magazine



S4C Impact on Welsh Economy



Boomerang produces S4C's children's links

number of young Welsh speakers continues to rise. During the 1990s there was a 50% increase in the number of 5 to 24 year-olds who could speak Welsh, with an additional 158,000 Welsh speakers living in other parts of the UK.

...at Digital Switchover in Wales in 2009/10, S4C will become a wholly Welsh language channel...

John Walter Jones, chair of the S4C Authority, the body which governs S4C, says that, 'S4C's primary duty is to invest in original television programmes of a high quality...this investment is also having a positive impact on the Welsh economy and is to be warmly welcomed.'

At Digital Switchover in Wales in

2009/10, S4C will become a wholly Welsh language channel. The digital service, S4C Digidol, currently broadcasts more than 80 hours a week of Welsh language programmes. And with children's provision being a hot Public Service Broadcasting topic, the S4C Authority has recently undertaken a public consultation on proposals to set up a Welsh language children's channel. Subject to government approval, S4C hopes to launch this new service in 2008.

*S4C is available throughout the UK on Sky 134 and on broadband. In Wales it is available on Freeview, satellite and cable. All data and statistics used are from the independent report, the Economic Impact of S4C on the Welsh Economy 2002-2006, published October 10th, 2007, commissioned by the S4C Authority and conducted by DTZ with the support of Cardiff University.

BBC produces Y Faenol Festival



Interview with Menna Richards Controller of BBC Wales

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Jack & Gwen Torchwood



You can be in another country on a different continent. You switch on the television only to find that *Doctor Who* has transcended the time zones to appear on the screen in front of you.

For the people of Wales, though, *Doctor Who* is much more than an ageless Time Lord fighting evil across the universes. They love the fact that this hugely popular series is made in Wales and, when the credits roll, it's the BBC Wales logo which tells the world that Cardiff - and, indeed, the rest of Wales -

is one of the most innovative and fertile media centres in Britain, if not the whole of Europe.

"*Doctor Who* has been a phenomenal success. And we at BBC Wales are extremely proud to be able to say that we make it. Bringing such a familiar and much-loved series back to TV screens was a big risk - but it has certainly been worth it. Because of productions like this, BBC Wales has deservedly secured its place on an international map," says BBC Wales Controller, Menna Richards.

But while BBC Wales's productions are seen and heard by an international audience, the Corporation remains at the heart of life in Wales.

Its presence at events such as the National Eisteddfod - the BBC's biggest outside broadcast after Wimbledon - or the Royal Welsh Show keeps the Corporation in touch with the grassroots of Welsh life. And, from village football matches played on Saturday afternoons to the great sporting occasions at the Millennium Stadium in Cardiff, BBC Wales is at the heart of the nation's sporting life.

...at present, BBC Wales produces around 200 hours of radio and TV output each week, yet there is a significant challenge to meet the demands of the audience in the digital, on-demand world...

Not only is it a major employer at its centres across Wales but its creative impact on the nation is also significant. Indeed, BBC Wales is the biggest employer and probably the biggest influence on the development of the creative industries in Wales and plays a significant role indirectly in tourism and innovation as well as nurturing new skills and talent in Wales.

At present, BBC Wales produces around 270 hours of radio and TV output each week, yet there is a significant challenge to meet the demands of the audience in the digital, on-demand world.



Richie Phillips and daughter Gwennan, *Coal House*

At the centre of that output is a commitment to reflecting life in Wales. *Wales Today*, for instance, is the most popular news programme in the nation, attracting more than 250,000 viewers daily.

One of BBC Wales's most recent notable successes was the ambitious and exciting *Coal House* project in which three Welsh families swapped the luxuries of the 21st century and saw themselves being transported back to the South Wales coalfield of 1927. The multi-platform project that encompassed BBC Wales's television, radio and online services proved a phenomenal hit with audiences, both in and outside Wales. The first episode attracted a huge audience of 420,000 - BBC Wales's highest non-news and non-sport audience for six years.

But BBC Wales also takes Wales to the world. The well-established BBC Cardiff Singer of the World competition is seen worldwide and the coveted prize will catapult the winner to a sparkling international career.

Significantly, the BBC's spend on network production in Wales has exploded with *Doctor Who*, *Torchwood* and *Tribe* all made by BBC Wales.

The first episode of *Torchwood* achieved the highest ratings for a BBC Three programme and was the highest-ever rated non-sport programme to air across

all channels in digital history.

Uniquely, BBC Wales operates in two languages, producing some of S4C's most popular programmes, including news, sports programmes, political debates such as CF99 and the BBC's longest running soap, *Pobol y Cwm*.

BBC Radio Cymru reaches 170,000 listeners weekly while the Welsh language online service, *BBC Cymru'r Byd*, has a full news and sport service on-line, as well as a magazine section, featuring a discussion forum, features, columnists, games and interactivity as well as a live streaming of Radio Cymru enabling Welsh

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Coal House families



speakers around the world to enjoy its services.

On-line developments are important for the BBC in Wales, where the audience wants to watch, read and listen to services when and how they want to.

In future, the BBC will develop fewer but more high-impact programmes which are distinctive from those of other broadcasters but still appeal to viewers.

"BBC Wales is leading by example, through innovation, developing first-class teams to compete with the best anywhere in the world. There is a need to build on that success using expertise and knowledge to stake our claim for new network productions and for future commissions," says Menna Richards.

"The BBC announced recently that a further £20-£40m of investment will come to the Nations and Regions and we have to ensure we get a slice of that money for future projects.

"This commitment to investment will ensure that BBC Wales can continue to produce world-class programmes that enrich the lives of our audience. It's a very exciting prospect."