

# Response to DCMS Review of S4C

## S4C in Context: A comparative overview

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## Comparative Overview of Selective Minority-Language and Smaller Public Service Broadcasters

### About the Centre for Media and Culture in Small Nations, University of South Wales

The Centre for the Study of Media and Culture in Small Nations coordinates research on the creative industries in Wales through the frame of small nations globally. It is based in the Faculty of Creative Industries but operates across the University of South Wales. Currently celebrating its tenth anniversary, the Centre delivers excellent multi-disciplinary research by working closely with arts, industry and policy partners to understand better the challenges and opportunities facing the creative industries in Wales.

### About this submission

The Centre for Media and Culture in Small Nations committed to undertake this research in June 2017 in anticipation of the independent review of S4C which was subsequently announced in August 2017. It is a summary of our more extensive findings. We have structured this response thematically to reflect the priorities and key questions identified in the DCMS' terms of reference. This research contributes to our understanding of S4C as a minority-language public service broadcaster by situating it in a comparative context alongside selected international public service broadcasters (PSBs). S4C was the very first minority-language broadcaster in the world and there remain very few direct comparators. However, we have identified several minority-language PSBs in Europe, Australia and New Zealand which yield meaningful comparison with S4C. Our approach has been to undertake detailed desk research identifying and analysing relevant annual reports, governance documents, mission statements and, where possible, statutory and regulatory documents pertaining to the selected PSBs. In addition, we have drawn on the work of the European Broadcasting Union and on academic research on PSBs in small nations. Our analysis is structured around four key elements: the PSB's remit; its governance and accountability arrangement; its funding; and its core partnerships with other organisations. These selected international PSBs are:



Wales



Australia



Catalunia



Galicia



Switzerland



Ireland



Norway



Scotland



Finland



New Zealand

These research findings make an intervention in the analysis of the changing ecology of minority-language public service broadcasting and present international evidence to inform debate on the future shape of S4C.

## Remit

In this study we have adopted as a convention that reference to the remit of a service relates to the statutory or legal requirements that applies to a public service broadcaster/provider within the territory where the service is delivered, while a mission is a statement of core aims, objectives and aspirations developed by the broadcaster/provider.

In our review of the remits, two key elements emerged. Firstly, the degree to which the remit made the promotion and advocacy of the minority-language and/or culture a statutory requirement of the broadcaster, as opposed to being a broader aspiration of the broadcaster and expressed in a mission statement. Several minority-language broadcasters have specific statutory requirements not only to promote the language but also to give voice to speakers of minority-languages in order better to inform the wider citizenry.

Secondly, the extent to which these broadcasters were moving towards a model of public service media (PSM) reflecting the realities of the present age of convergence. As long ago as 2002, the European Broadcasting Union's Digital Strategy Group noted that 'as a consequence of the new environment, if they take no action, there is a risk that public service broadcasters will find themselves marginalized, or relegated to simply providing television services'.

**Finding: S4C currently has a remit that reflects a requirement to provide Welsh-language programmes as opposed to a wider remit that would require it to promote the Welsh language through its activities both on and offline. While S4C has engaged in digital innovation, in practice its remit does not reflect the converged age but it needs to do so to remain relevant to the practices and expectations of contemporary audiences.**

*"The Welsh Authority (S4C) shall have the function of providing television programme services of high quality with a view to their being available for reception wholly or mainly by members of the public in Wales."*  
2003 Communications Act

*"The principal function of SBS is to provide multilingual and multicultural radio, television and digital media services that inform, educate and entertain all Australians and, in doing so, reflect Australia's multicultural society."*  
SBS Act

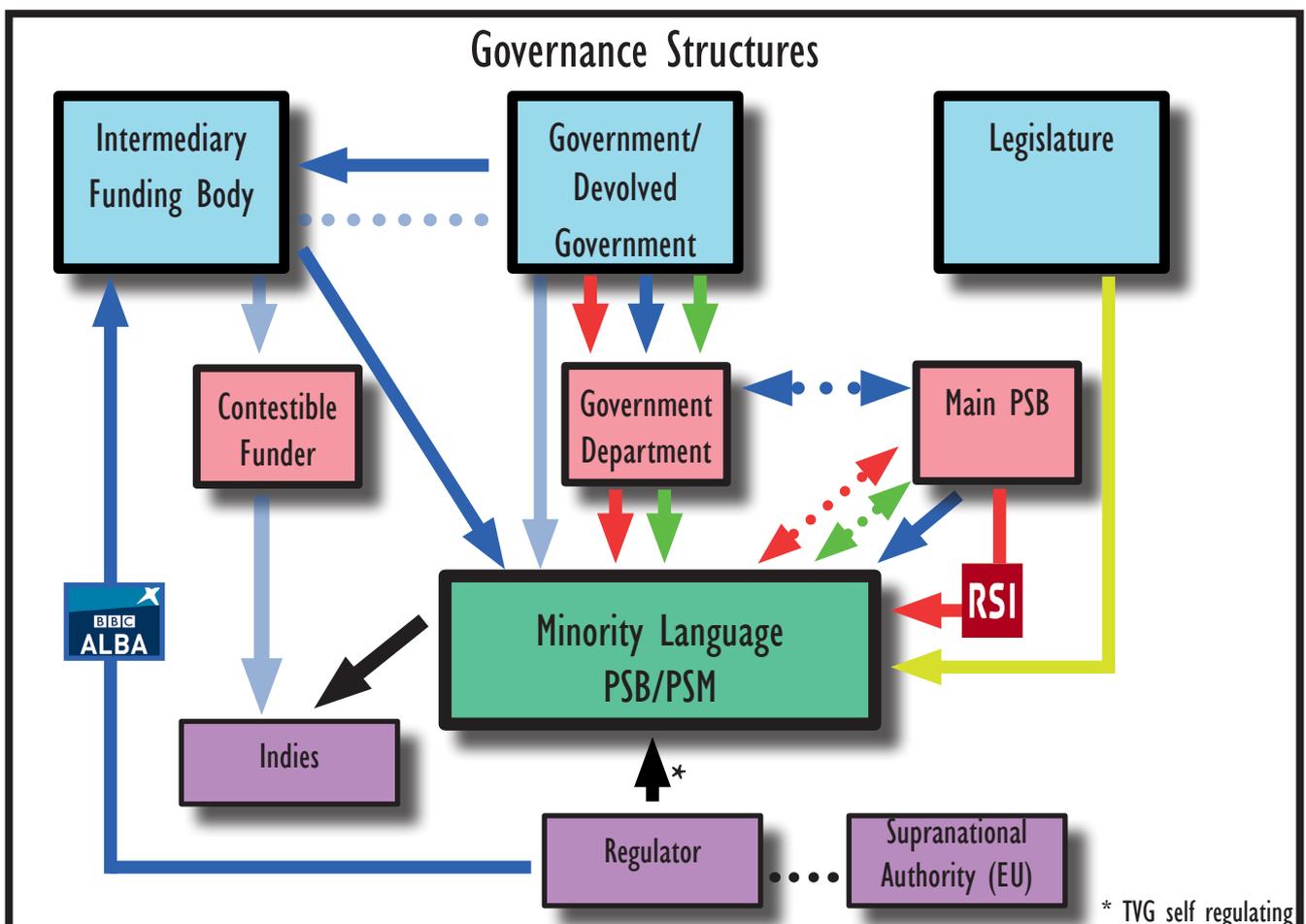
*"Public service broadcasters must rise to meet the challenges of the new environment. Their present structures will not do. They have to adapt themselves, in order to play their full and rightful part in the new media environment".* EBU

*"The function of Public service has to include the right measures to reduce the digital divide along the passage to the information society and guarantee universal access to... knowledge...information...and cultural expression"* CCMA

## Governance

Governance structures reflected the fact that the minority-language broadcasters we surveyed had two distinct forms. Firstly, several broadcasters were embedded as distinct services within larger PSBs as in the case of BBC Alba and NRK Sápmi. Secondly, we looked at self-standing PSBs with relative degrees of autonomy ranging from TG4 and CCMA, the Catalan Media Corporation as wholly autonomous broadcasters through to S4C which historically has functioned as a separate authority, but following a change in its funding arrangements, has secured its continuing independence through an Operating Agreement with the BBC. This agreement, which came to an end with Charter renewal, enabled full accountability for the use of licence fee income, while preserving the independence of S4C. Licence fee income now accounts for most of S4C’s funding and the current level has been set, in agreement with the BBC, until 2022. The duty to ensure sufficient funding of S4C remains with the Secretary of State under the 2011 Public Bodies Act. However, the legislation does not set out a transparent process to be followed by the Secretary of State in relation to this duty.

Our research also revealed that where a remit required promotion of the language and culture as a statutory obligation, governance and accountability structures tended to reflect this. For example, Māori Television works closely with Te Māngai Pāho (a Crown Entity which functions as a language stakeholder group that has responsibility for the promotion of Māori language and culture) on quality assurance. This means that a full-time Te Reo Commissioner reviews and monitors the language quality and quantity requirements of their productions and programmes. Every programme funded internally and by Te Māngai Pāho has a rigorous language plan attached to it while every external production is assigned a Māori language consultant who monitors language quality and quantity.



On its website, the EBU sets out its core values and those of its PSB Members in two statements, with an operating model based on six key concepts: Universality, Independence, Excellence, Diversity, Accountability and Innovation. It emphasises the importance of PSBs being independent of government. They can act as impartial broadcasters in the public interest but do not function as state broadcasters. However this may be problematic where the broadcaster is funded directly by government.

Within a broadcaster, distance between operational management and independent oversight is a hallmark of good governance. But we found that in several minority-language broadcasters there was not always a clear separation between management and governance and this raised concerns about a broadcaster's overall capacity to be seen as thoroughly independent. However, we also found instances where there was a clear commitment to ensuring substantial representation from non-executive board members appointed independently through a relevant Ministry. For example, members of the Board of TG4 are appointed by the Minister for Communication, Marine and Natural Resources. There are 10 non-executive members and one executive member (the Director General), on this Board.

**Finding: Independence is a hallmark of good public service broadcasting and this should be reflected in the clarity of S4C's governance structures, its relationship with government, and the need to maintain its independence in relation to the BBC. If S4C moves towards a Unitary Board it will be essential to ensure that the externality of non-executive members, their selection and their number continue to be specified in statute. Non- executive members should continue to be in the majority but their number should be proportionate to the size of the Board as a whole.**

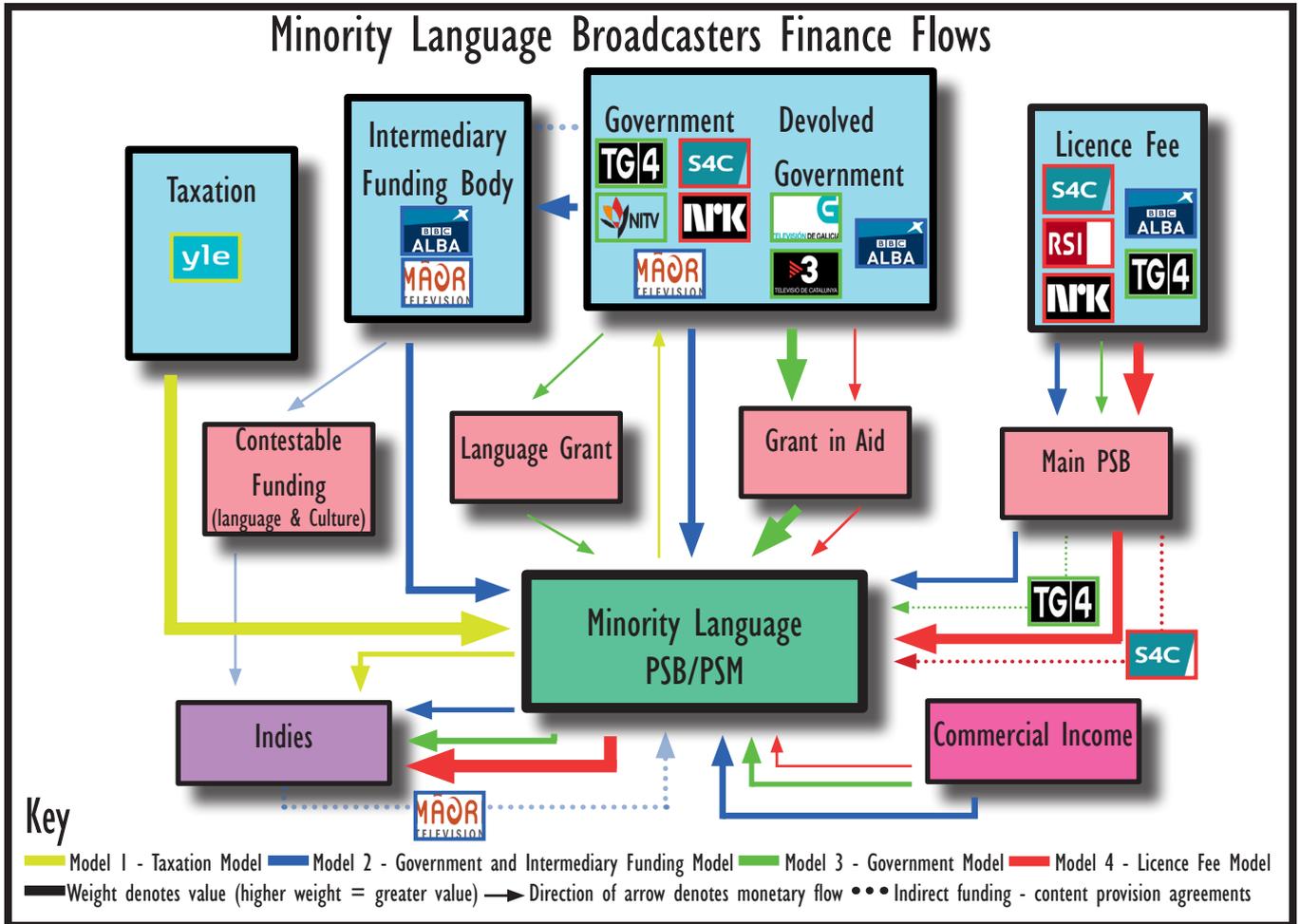
## Funding models

Direct government grants are an important element of funding for most smaller minority-language PSBs. This is in contrast to larger, mainstream PSBs, which tend to be funded by the public via models such as a licence fee, taxation, or a utilities levy. In the case of minority-language PSBs, the requirement for independence is potentially placed under strain where the broadcaster receives funding directly from government.

Commercial income is less prominent amongst most minority-language broadcaster due to the relative size of the available minority-language market and limited scope to exploit rights in minority-language productions. Many broadcasters aspire to increase their commercial income and new technologies and distribution methods may offer alternative revenue sources in the future.

However, in 'Pushing the Boundaries', S4C notes that under current legislation it has to seek the consent of the Secretary of State before it can launch a commercial project that would be funded by its own resources, unless the project is aligned to the core service. This potentially limits its ability to compete but also curtails creative and cultural ambitions.

The diagram below shows the 4 key funding models we have identified in our research. We have attempted to illustrate the sources of funding and the relevant stakeholder bodies responsible for its distribution. The models are formed through the combination of these various elements. For example, in the case of S4C the bulk of its funding is derived from the licence fee via the BBC but with additional funding coming from the UK Government's Department of Digital, Culture, Media and Sport. S4C also generates some commercial income. S4C's funding has changed since 2013/14 from being based almost entirely on a direct government grant to a model where the bulk of its funding now comes from the UK licence fee.



**Taxation Model** – For example, since 2013 direct taxation of individuals and corporations has been the source of YLE’s (Finland) funding operated through an independent fund which sits outside state budget negotiations. In addition, YLE is barred from raising income from advertising and sponsorship.

**Government and Intermediary Funding Body Model** – For example, Māori TV is funded through the New Zealand government and through Te Māngai Pāho. BBC Alba receives funding from MG Alba, an arms-length intermediary body funded by the Scottish Government which has a duty to ensure that persons living in Scotland are provided with a wide and diverse range of high quality programmes in Gaelic. It is regulated by Ofcom and also receives funding as part of the BBC through a share of the UK licence fee.

**Government Model** – Direct grant from government forming the source of funding as in the case of Catalunya’s CCMA (TV3) or Ireland’s TG4.

**Licence Fee Model** – Licence fees form the prime source of funding for broadcasters such as RSI (Switzerland) supplemented by commercial income.

**Finding:** S4C’s ability to develop its commercial income would likely be increased if it had the freedom to develop new revenue sources without requiring explicit consent each time. This could be achieved through a general enabling order issued by the Secretary of State. The move towards PSM itself could offer commercial as well as creative opportunities. Realistically, however, the bulk of S4C’s future funding, like other minority-language broadcasters, will need to come from the public purse.

## Partnerships

The minority-language broadcasters we surveyed, including S4C, have a range of partnerships with other broadcasters, industry partners (including independent production companies and trade associations) and cultural organisations.

Since 2006/7 S4C and BBC have formally operated the Strategic Partnership which was renewed twice, with the most recent agreement running to March 2017. Although the statutory supply had been in existence since the creation of S4C in 1982, the Strategic Partnership for the first time placed a value on that supply and established a joint planning framework. A new Operating Agreement would presumably cover the matters dealt with through the former Strategic Partnership agreement.

S4C's partnerships with BBC and the indie sector has already delivered digital innovation. In 2012, for example, *Y Liff* (produced by Cube for S4C) was the first programme to include a second screen interactive game for children in the UK. Subsequently, this format was used in *Ludus*, an award-winning children's multiplatform programme produced by Cube and Boom Kids for CBBC.

While the minority-language broadcasters we surveyed varied from being either publisher or producer broadcasters, overall there has been an increasing move towards sourcing programme supply from independent production companies. The activities of minority-language broadcasters, along with the independent producers, make a major contribution to the indigenous economy and culture often in non-metropolitan areas. This helps deliver geographic spread in the creative economy, high-value jobs, and skills for language communities beyond urban areas. NITV, for example, has placed strategic importance on upskilling young aboriginal people to enter the industry.

Several minority-language broadcasters we identified are members of the World Indigenous Television Broadcasters Network (WITBN), which provides members with cost effective opportunities to share programming. Rights ownership in the UK means that it has been harder for S4C to participate fully in programme exchange schemes.

However, S4C has co-commissioned with some other WITBN members notably TG4 and BBC Alba. In 2015 and 2016, the three broadcasters announced a modestly funded collaboration for a pilot lifestyle format series. TG4 has also co-commissioned productions with BBC Northern Ireland to produce content serving the Irish-speaking audiences of Northern Ireland.

Aligned to its children's content priority, NITV continues its partnership with the Australian Council for Educational Research, which will see two major projects delivered to the channel over the next two years. NRK Sápmi collaborates with Giellatekno at the University of Tromsø on language aids and translation programs. The aim is to provide language technology on their web pages so that Sápmi content will be more easily accessible to the public.

Sport is a unique area for many minority-language broadcasters and offers distinct value in partnerships. For example, the Ladies Gaelic Football Association's relationship with TG4 (including sponsorship and coverage of matches), helped make the 2017 Ladies Gaelic football final the highest attended women's sporting event in the world in 2017 delivering TG4 its highest viewership ever.

**Finding: There are substantial benefits in partnership working for small minority-language PSBs that have limited funding. Partnerships enable them to deliver their remits fully and creatively while producing high-quality original content, innovating across new technologies and platforms, and supporting indigenous production through leveraging added value externally.**