

The Wales Media Crisis: Can The Welsh Newspaper Industry Survive?

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It is for me a great honour and pleasure to address the members of this distinguished Society, which for more than a quarter of a millennium has helped keep alive an entity as precious as the culture of Wales.

The theme of my talk today is one that is causing mounting concern within our country and which goes to the heart of the ability of our communities to communicate with each other: to know what is happening in the elected bodies that represent us, most particularly our thirteen-year-old National Assembly; and to contribute to the national debate over the wide range of issues that emerge organically in a flourishing democracy.

For me personally, the location of this meeting has a significance of its own. My family is from Pembrokeshire, but I was brought up in London and went to school in Hammersmith. My first ever job, in the months before going to university, was in a bank that is virtually round the corner from this building. The job was a lowly one, but my ambitions lay elsewhere, and I had no idea at the time that nearly forty years later I would be so preoccupied with the link between the profession I rejected and the one I have been a part of for the whole of my adult life.

After gaining an English degree at York, I did a postgraduate diploma course in journalism studies at what was then University College, Cardiff, having resisted a career adviser's attempt to enrol me on a training scheme for prison governors. I never speculate about where that other alternative path may have led, and have felt privileged to be a newspaper reporter ever since. One of the urgent questions arising out of the situation I am going to outline is whether my successors will have the opportunity to do the same.

The first part of my working life was spent on a well-respected morning paper in the north-east of England called the *Northern Echo*. Based in the un-dynamic market town of Darlington, which nevertheless played an important role in the development of the railways, the paper punched above its weight. Under the editorship of Harold Evans, it campaigned for the posthumous pardon of Timothy Evans, the Merthyr Tydfil man wrongly convicted and executed for the murder of his baby daughter in Notting Hill. When I worked there from the late 1970s onwards, there was still encouragement and funds available for investigative journalism. On one occasion, I persuaded the editor to send me to San Francisco for eleven days to investigate what turned out to be a seriously dodgy Californian company that wanted to build two toxic waste incinerators on Tyneside and Teesside. Helped by the American Freedom of Information Act, we published a supplement to the paper headlined 'Damning Trail of Incompetence', handed the evidence to groups opposing the incinerators on public health grounds, and helped get the planning applications turned down. This kind of story — this kind of campaign — was, and should be, the bread and meat of newspaper journalism. I have referred to one example that I was personally involved in, but there are countless others where

national, regional, and local papers have performed a vital service in pursuing the public interest.

But something has gone badly wrong with the newspaper industry, and the assumption I and many others had that it would always be there can no longer be taken for granted. Indeed, there are grounds for believing that, unless there is radical intervention, we are approaching the endgame.

What I now want to do is talk about the very real threats to the survival of journalism that exist in Wales and Britain today. I'm not talking about the threat of journalists being murdered. I'm not talking about repressive regimes that plan to close down newspapers. What I'm referring to is the long suicide of the newspaper industry coupled with increasing public apathy about the quality of the news they access.

When I was a teenager, I used to look forward to Sundays so I could read the *Sunday Times*. It was full of investigative surprises. You couldn't be sure what the paper would contain, but you knew it would be worth waiting for. The 'Insight' team was legendary. One week there would be a superbly-researched exclusive about local government corruption in a provincial city, the next week there was likely to be an excellently-sourced account of dirty dealings by the CIA or revelations about undercover operations in Northern Ireland. Even the colour magazine was likely to contain serious reportage rather than the lifestyle padding we are offered today. There were occasions when the *Sunday Times* would work in tandem with 'World in Action', the leading current affairs programme on ITV, to jointly expose some wrongdoing or injustice. It was material of this kind that inspired me to become a journalist.

Today, the content of all newspapers is much different. There is depressingly little investigative work done, certainly of the scale undertaken when Harold Evans was editing the *Sunday Times*. It is deemed to cost too much money, both in terms of employing journalists who may take months to complete an investigation, and in legal costs to defend the libel writs that are likely to flow in your direction if you upset the rich and powerful. Nevertheless, when I started my career in journalism more than thirty years ago, I had no idea that change in the content of British newspapers would be as drastic as it has been.

Most newspapers began to lose their way around the mid-1980s. Seduced by the success of a new generation of women's magazines, newspaper owners decided their titles should seek to ape the style of such magazines. As I have already mentioned, I used to work in the north-east of England. For me, a watershed decision was made by the editor of the *Evening Chronicle* in Newcastle when he decided to lead the front page, not with a dramatic murder that had gripped the city's imagination, but with a shopping story. I was working for the *Northern Echo*, thirty-five miles south, but the consternation among journalists in the *Chronicle* newsroom was replicated in my own office and among my own colleagues. All of us sensed that something significant had happened when the decision to prefer the shopping story was taken. We realized that it wasn't just an aberration, and that things were going to change in a way we would not relish.

The advent of the shopping story signalled what became an increasing reliance by newspapers on easy content that panders to commercial interests. I

remember being shocked, years ago, when news stories began to run about people who appeared in TV advertisements. It was part of the relentless slide into what I describe as 'junk journalism'. My working precept has always been that news is a piece of information that someone doesn't want to see published: the rest is advertising. Today, regrettably, a high proportion of material that gets into newspapers is content that has been provided by the public relations industry on behalf of clients who want to see their name in print. Very often, this is in the form of spurious surveys conducted about some fatuous consumer topic that has been sponsored by a PR company's client. Often they are not even bona fide opinion surveys that could withstand the slightest methodological scrutiny, but have been cobbled together from the unanalysed results of some internet questionnaire before being submitted to news desks as if they were based on robust research.

Some people are still carrying out robust academic research, however, and much that is relevant to my theme has been undertaken at the Journalism Department of Cardiff University by people for whom I have the utmost respect. Professor Bob Franklin, Dr Andy Williams, and others studied the impact on newsrooms of the changes that have occurred in recent years. The data they collected was used to great effect by the Guardian journalist Nick Davies in his book *Flat Earth News*, an excellent critique of the contemporary newspaper industry.¹ He paints a picture of journalists metaphorically chained to their desks, having to produce more and more copy and having little time to check facts. In many cases, material supplied by PR agencies is appearing in newspapers virtually untouched, because the reporters have such a heavy workload to undertake. As a result of such pressures, they inevitably rely more and more on unchallenging material that is supplied to them free of charge by organizations with a vested commercial interest.

All of this, of course, has been exacerbated by the cost-cutting that has taken place, initially in pursuit of higher profits and now in a desperate fight for survival. Most small newspaper companies have been swallowed up by the giants like Trinity Mirror, the group for which I work, Northcliffe Newspapers, part of the *Daily Mail* group, Newsquest, and Johnston Press. Each of these groups has primarily been interested in maximizing their short-term profits, and the only way they were able to achieve this was by slashing the number of people they employ and in the process damaging or even destroying the newspapers they own.

Since Sly Bailey took over as chief executive of Trinity Mirror in 2003, we have been subjected to relentless and ruthless cost-cutting that has seen jobs go, weekly titles close, and papers get smaller. By late 2008, our Chapel (office branch) of the National Union of Journalists had become so concerned that we decided it was time to raise our fears about the future of the *Western Mail* and its sister titles formally with the National Assembly. In January 2009, I gave evidence to a sub-committee of the Assembly in my capacity as Chair of the union's Cardiff and South East Wales branch.

I outlined how we believe the crisis is such that there is not merely a threat to many hundreds of jobs, but to an essential element of Welsh democracy. The loss of the *Western Mail*, for example, would be a very considerable blow to Wales.

1 Nick Davies, *Flat Earth News* (London: Vintage, 2009).

In November 2008, the editorial department at Media Wales was faced with an announcement of the fourth round of redundancies since the end of 2003. There were seven job losses and offices at Aberdare, Ebbw Vale, and Neath were shut. The Neath and Port Talbot Guardian newspapers were shut down. The announcement of the job losses and office closures was quickly followed by a letter to all staff from Trinity Mirror's chief executive, Sly Bailey, in which she revealed that the group was encountering cash-flow problems arising from difficulties in making loan interest repayments to the bank and pension contributions. Consequently, said Ms Bailey, we would not receive a pay increase in 2009.

For most members of the union, and the wider workforce, this came as a considerable shock. It raised elemental fears about whether the company would survive. It seemed especially odd in a year when we had undergone a major change to an integrated newsroom, with journalists working across newspaper titles and with greater emphasis on web journalism, including videos. We had also moved into a new purpose-built office in the centre of Cardiff.

The temptation was to see the crisis affecting the company simply as a manifestation of the recession. Yet, although the difficulties had clearly been accelerated by the economic downturn, the conditions for the crisis affecting the newspaper industry had been in place for a long time. Declining circulations, unsustainably high profit expectations, falls in advertising revenues, and uncertainty about how to secure sufficient volumes of future digital (web-based) revenue had combined to prompt grave concern.

Between January and June 1994, and January and June 2008, average daily sales of the *Western Mail* declined from 68,590 to 37,152. Over the same period, average daily sales of the *South Wales Echo* declined from 82,117 to 44,624, and of *Wales on Sunday* from 65,567 to 42,763. Yet the decline in circulations had not been matched by an equivalent decline in profits.

In the 1980s, regional newspaper groups in the UK aspired to make a profit return on turnover of around 10%. Expectations had since been raised much higher. In 2003, Media Wales had a turnover of £54.3m and made a profit of £16.2m. That was a 29.91% profit return on turnover. In 2004, turnover was £55.3m and profit £19.6m, a 35.47% profit margin. In 2005, turnover was £55.0m and profit reached a peak at £21m, a margin of 38.21%. In 2006, turnover was £52.1m and profit £18.9m, a margin of 36.33%. In 2007, turnover was £50.2m and profit £15.4m, a margin of 30.74%. So far as Media Wales was concerned, high profit levels had been maintained not by increasing revenue but by shedding labour. In 2003, Media Wales declared that it had 826 employees. By 2007, the number of employees was down to 553. In the course of 2008, we estimate there were at least a further 65 job losses. A total of 1,200 job losses across Trinity Mirror occurred in 2008 and 44 titles closed. According to Trinity Mirror's 2007 accounts, the total shareholder dividends paid out in the year amounted to £63.7m. The total dividends paid out over a decade amounted to £520m.

I told the sub-committee that all the indications were that newspaper circulations would continue to decline. Management has been unable to reassure us about future advertising revenue from the website. Despite the widely perceived understanding within the industry that profit margins will fall, Trinity Mirror has been unable to

provide a coherent narrative to investors about the future. Instead, the board relies on cost savings to maintain profit levels as high as possible. In 2008, Ms Bailey announced cuts amounting to £20m across the group, and a further £20m was cut in 2009. I told the sub-committee that the impact of continuing cuts would continue to impair the quality of the group's newspapers, contributing to a continuing downward spiral.

That wasn't the end of it, of course. At the Trinity Mirror annual shareholders' meeting in 2009, when I was one of around twenty NUJ members who obtained proxy passes from shareholders so we could ask serious questions of the group's directors about their future strategy, we learnt the extent of the debts that had to be repaid over the next few years. The net debt of the group at that time was £388m, in addition to which there was a deficit in the pension funds of £275m. The group's non-executive chairman, Sir Ian Gibson, and the finance director, Vijay Vaghela, made it clear to us that there would be further cuts. Profit margins needed to be high so the debt could be repaid.

The downward spiral continues. With almost messianic fervour, newspaper companies embraced the internet without knowing how to make money from it. In common with many others, we began putting our content free online, instantly devaluing in financial terms the information and commentary we offer to the public.

Most people now expect information for nothing. Very rarely do they give a thought to what it costs to bring that information to them. Traditionally, people were prepared to pay a relatively modest sum to buy a newspaper. At £2.20, even the most expensive paper sold in Britain – the *Sunday Times* – costs less than a pint of beer. Yet if the game plan is gradually to phase out printed newspapers in favour of web publications – a superficially attractive transition that would enable media companies to save very significant sums by cutting out the need for investment in new printing plants, together with the headache of mounting newsprint and distribution costs – there is no sign that the advertising revenue available will be able to sustain even the kind of reduced editorial operations we have now.

With every local newspaper that is shut, with every local office that is closed down, communities are the poorer. The pattern is for journalists to retrench to centralized newsrooms, inevitably more remote and less able to cover the events and stories that are of significance to local people. And readers are not stupid. They recognise the loss of a local flavour, the increasing blandness of the content, the result of 'churnalism' dependent on commercial and other vested interests who want to push their products or their ideas – and they stop buying the papers in droves.

What we are now faced with in Wales, the rest of the UK, and the United States, is the obliteration in many places of effective and reliable sources of local news. Of course there are other factors at work: the worrying tendency of many young people, and sometimes their elders as well, to live in self-absorbed bubbles divorced as much as possible from the real world; the faster pace of life that for some makes keeping up with current affairs seem a luxury that can't be afforded. But to a very large extent, newspapers have been the victims of their owners' greed for unsustainably high profits and a trivialization process fuelled by cost-cutting.

In Wales, there probably hasn't been a time since it was established when the

Western Mail wasn't a punchbag. In the early years, of course, it was seen by working-class people working in the mines and steelworks as the organ of their oppressors. One former Welsh Labour MP, who stood down at the last general election, regularly referred to the paper as the 'Coalowners' Gazette' when currying favour with the less media-friendly of his party colleagues. Later, the paper was noted for its antipathy towards Welsh nationalism and its sycophancy towards the Royal Family. That's no longer the case, I'm pleased to say. Nor is it a 'Tory rag', as one of the unsuccessful Welsh Labour leadership contestants in 2009 told party members during closed party hustings meetings. Despite all of the cuts we have endured, I continue to believe that the *Western Mail* is an invaluable resource for news about Wales. It is the only paper that tries to take a national view of our nation. Its survival is, however, under threat.

There is already concern about the democratic deficit that exists in Wales because so many people choose to buy newspapers that are produced in London and have virtually no news from Wales in them. If there is ignorance now about the goings-on at the National Assembly, and how the policy agenda in Wales differs from that in England, how much worse would it be without the *Western Mail*? There are those who think that blogging and so-called citizen journalism will fill the gaps created by newspaper closures. I disagree profoundly. Without trained journalists to provide quality control, people will be even more at the mercy of vested interests that want information conveyed in a way that is advantageous to themselves.

I am not saying that non-journalist specialists have nothing interesting to say, and of course there are examples of non-journalists breaking stories that the mainstream media either haven't got or won't publish. But in the main there is a fundamental difference between the trained journalist and the blogger who likes to comment on events as they occur. If trained journalists are not providing the raw information on which bloggers can comment, the system of reliable news reporting will fall apart and there will be a huge vacuum that will undoubtedly be filled by the vested interests.

Now, there is an optimistic school of thought that argues we are in a golden age where citizens through web forums are able to express their views in a way that has never previously been open to them, and that this represents an enhancement of democracy. Of course I would not seek to turn the clock back and prevent such sites from operating, but I do wonder about the quality of debate. Generally speaking, there is a demonstrable qualitative difference, in my view, between the views expressed in letters that are published in serious newspapers, and the shoot from the hip comments posted on the same newspapers' websites. At our Wales Online website, there is no pre-moderation before comments appear beneath the stories to which they refer. Very often, the views expressed would make Attila the Hun appear to be a Guardian-reading progressive. If a story appears about asylum seekers, you can guarantee that BNP supporters will have a field day with the racist and bigoted comments they post. It is a serious bone of contention for me that while legally delicate stories that I write are quite rightly subjected to the rigorous scrutiny of our libel lawyers, members of the public can post offensive comments on our website with impunity. Of course, they will be taken down if

someone complains or if one of our team spots material that is unacceptable. But the material will be up there for a period when it should never have been published. Often, people with progressive views will be disinclined to post comments that detract from the reactionary consensus because of legitimate concerns that they will be subjected to virtual bullying because of their views.

The bullies are often out in force. When during the European Parliament election campaign in 2009 I wrote a story revealing that the BNP was using a warehouse in Welshpool as a clearing house for 27 million leaflets, the racist party urged its members to send a barrage of protest emails to the *Western Mail* and to post messages on our website. One message that went up accused me personally of inciting people to burn down the warehouse. I quickly protested and insisted the comment was removed, but I was in the ridiculous position of having been labelled by my own newspaper's website.

Press freedom can only exist if there is a press, and the press is diminishing in its quantity and output. The outlook appears bleak, and the prognostications are not good. At the end of his book, *Flat Earth News*, Nick Davies quotes a passage from another apocalyptic book about the future of journalism by John Nichols and Robert McChesney, *It's the Media Stupid*. The passage reads:

The type of political culture that accompanies the rise of the corporate media system worldwide looks to be increasingly like that found in the United States: in the place of informed debate or political parties organising along the full spectrum of opinion, there will be vacuous journalism and elections dominated by public relations, big money, moronic political advertising and limited debate on tangible issues. It is a world where the market and commercial values overwhelm notions of democracy and civic culture, a world where de-politicisation runs rampant, and a world where the wealthy few face fewer and fewer threats of political challenge.²

Is there a way of avoiding what seems the inevitable demise of a once great industry, so essential for the functioning of democracy? In the NUJ we are at least talking about the problem and considering the feasibility of alternative business models that could come into play if and when the corporate media giants implode.

2011 was another torrid year for Media Wales, with a major round of editorial redundancies in the summer that prompted us to ask for a further inquiry by the National Assembly. An all-party Task and Finish group was established that took evidence at public hearings last autumn. In a submission written on behalf of the NUJ's Cardiff and South East Wales branch, I stated:

Within Media Wales, the widespread view of our members is that the newspapers have a limited remaining lifespan. There is speculation that within a relatively short space of time the *Western Mail* will cease to be published as a daily and will become a weekly paper. If

2 John Nichols and Robert W. McChesney, *It's the Media Stupid* (New York: Seven Stories Press, 2000); cited in Davies, *Flat Earth News*, p.396.

that happens, many more jobs will be lost, and Wales will lose its only daily paper that seeks to take a national view of the country.

Members have no faith in the group management of Trinity Mirror, which appears to have no discernible strategy beyond the imposition of cuts to make the annual balance sheet look as healthy as possible. Inevitably, the cuts make it more difficult for those that remain to bring the papers out.

On average, our members at Media Wales have endured one redundancy announcement a year since 2003, as well as the closure of district offices at Swansea, Carmarthen, Neath, Aberdare and Ebbw Vale. Closing the latter three offices that largely served the company's weekly papers preceded significant falls in circulation as reporters were pulled out from the communities they served. Not long after the Neath office shut, the Neath and Port Talbot Guardians ceased publication.

Further cuts took place when the *South Wales Echo* moved from being an evening paper to one published overnight. Altogether, between 2003 and 2011, we estimate that around 100 jobs in the editorial department have been lost — approaching 50% of the baseline total. By our reckoning, there are now 138 journalists employed by the company.

Since 'convergence' in 2008, when Media Wales journalists ceased being employed for a single publication and became responsible for supplying copy to all titles, there has been a policy of getting reporters to supply versions of the same story to more than one title. On a daily basis, therefore, readers will notice barely changed stories appearing in both the *Mail* and the *Echo*. Usually the *Echo* version will be a shorter version of the one appearing in the *Mail*. Obviously such duplication only occurs when there is a Cardiff or Valleys implication for the story that makes it suitable for the *Echo*. This policy has been instituted because there are insufficient writers employed to fill the editorial space available in all titles.

Management told our members that the latest round of redundancies, announced on July 15 2011 and involving 24 full-time equivalent job losses, was imposed as a consequence of a huge downturn in advertising revenue during the first six months of the year. The loss of revenue from public and private sector bodies has been attributed by the company to the poor state of the Welsh economy, with both sectors having fewer jobs to advertise and retail trading being sluggish. Yet the cuts also form part of £25m 'savings' across the group announced earlier this year by Trinity Mirror chief executive Sly Bailey. The announcement of savings of this order has become an annual ritual in recent years, designed we believe to appease the group's lenders and institutional shareholders. The group is heavily indebted, largely, it appears, because of past acquisitions. It is self-evidently the case that the group's businesses are providing

insufficient revenues to meet debt repayments without cuts that are damaging its newspapers.

At Media Wales, local management has been obliged to impose cuts that are having a negative impact on the newspapers. This summer's redundancies have led to a position where ten reporters are providing local news for seven weekly papers. The content of the papers is beefed up in six of the titles by a common section of Valleys news which includes material recycled from Media Wales' other titles and a cross-title sports section. Another section is composed of so-called user-generated material, supplied by non-journalists. The members who work on these titles are doing the best they can to make them attractive to readers, but the low staffing levels inevitably make it much more difficult to produce newspapers of the quality that readers expect and deserve. During the redundancy consultation, the union was told that if cuts were not imposed on the Celtic weeklies, the alternative would have to involve cutting into the Cardiff newsroom, where reporters create copy for the *Western Mail*, the *South Wales Echo* and *Wales on Sunday*.

There were also four job losses in the sports department – three writers and a production journalist. The third area where job losses occurred in the summer cuts was in the editorial production department. There are now significantly fewer production journalists to design pages and sub-edit copy, making it harder to spot mistakes and putting extra pressure on those that remain.

The latest round of cuts has led members to conclude that any further job losses in the editorial department will make title closures all but inevitable. Yet with the Trinity Mirror annually announcing 'savings' equivalent to many millions of pounds, and failing to come up with any credible strategy to end this downward spiral, members now equate pessimism with realism.

One factor that causes considerable anger to our members is the level of executive pay enjoyed by the group's directors. Despite presiding over a group that has shrunk considerably in terms of turnover, profitability and staff employed, Ms Bailey's total remuneration package in 2010 was £1.71m, a rise of £480,000 or 39% since her first full year in office in 2004. Given the group's performance since she was appointed CEO in February 2003, the union has argued that this amounts to a reward for failure.

In idealistic moments, members contemplate a future for the papers outside Trinity Mirror. Yet there would be serious difficulties involved in achieving such an outcome. Because Media Wales is part of Trinity Mirror, it is likely that any prospective buyer would be expected to include in the purchase price a contribution towards the group's debts beyond the current value of the business. Further problems arise out of recent decisions to transfer significant elements of the business to Liverpool, the Trinity Mirror centre to which Media

Wales management now has to report. The circulation and pre-press functions are no longer controlled from Cardiff, for example, and the marketing department has been reduced to the extent that it now consists of just one person. Apart from representing significant further job losses at the company, such complications underline the fact that decisions about the future of the newspapers will be taken outside Wales.

Since the National Assembly was established in 1999, Media Wales' published accounts show that a total of £161.425m has been earned in pre-tax profits by the company. Little of that huge sum has been invested in Wales. All we have to show twelve years later is a business struggling for survival and the prospect of more of our members sacrificing their jobs so Ms Bailey and her fellow directors can continue to reap obscenely high rewards for a little while longer.

In a parallel submission to the Task and Finish group on behalf of the NUJ's Welsh Executive Council, I wrote:

The crisis facing newspapers in Wales threatens their survival. Large numbers of jobs have already been lost and titles have closed. It seems inevitable that further losses – of jobs and titles – will occur. We believe this is a serious threat to Welsh democracy. Without a vigorous press fulfilling its essential role of holding the powerful to account, the functioning of that democracy will be seriously compromised.

The internet has been hailed as an enabling tool that has vastly extended the ability of ordinary people to express themselves and participate in debate about important issues. Yet we hold strongly to the view that a functioning democracy cannot do without trained journalists. It is especially unfortunate that as the National Assembly and Welsh Government accrue more powers, the future prospects of Welsh newspapers appear so bleak. There have been significant job losses at the four major companies where the NUJ has significant membership – Media Wales, the *South Wales Argus*, the *South Wales Post* and Trinity Mirror North Wales. At all four centres there are concerns among our members as to what the future holds.

In south-west Wales, there have been at least 20 editorial jobs lost from redundancies and non-replacements at the *South Wales Post* since 2009.

Most other papers in the south and west Wales area are now operating on skeleton staffs – the *South Wales Guardian* has only three editorial staff according to recent information.

Even where there haven't been redundancies, there has been a shrinking of staff through non-replacement or not covering maternity leave, such as at the *Western Telegraph* and *Cambrian News*.

The Northcliffe/DMGT group, which owns the *South Wales Post*,

has shut down its regional structures and is now one UK-wide structure. This could lead to a decision being taken on the future of the *South Wales Post*, *Llanelli Star* and *Carmarthen Journal* in London. Given that three Northcliffe regional dailies in England have gone weekly in the past year, this could see the *South Wales Post* going weekly, and/or a merger of the *Llanelli Star* and *Carmarthen Journal*.

At the moment, we believe these titles are all marginally in profit but only at the expense of cutting staff numbers – a lot of the advertising and other functions in Northcliffe are now centralized. A lot of the *South Wales Post*'s advertisement planning, for example, is done in Plymouth, and the *Llanelli Star* and *Carmarthen Journal* are printed in Didcot, while the *Post* is printed at the Trinity Mirror press in Cardiff.

The only area where there has been a slight growth has been in 'lifestyle' magazines run by Northcliffe: one has been taken over (*Swansea Life*) and another created from scratch (*County Life* in Carmarthenshire). Both seem to be attracting high-end advertising, but there is nothing of news value in them.

In the last five years, at least ten editorial roles have disappeared in Trinity Mirror North Wales, either as a result of redundancy or non-replacement. The majority of those roles concerned page production and the redundancies resulted in the loss of a number of experienced sub-editors and page designers. The editorial workforce is now down to something like fifty-two. An earlier restructuring exercise in around 2002 resulted in a number of job losses too.

The remaining workforce produces the *Daily Post* (two editions), *North Wales Weekly News* (three editions), *Caernarfon and Denbigh Herald* (two editions), *Bangor and Anglesey Mail*, *Holyhead and Anglesey Mail*, the various companion websites and the tourism website northwales.co.uk

In terms of newspaper closures, the *Denbighshire Visitor* was scrapped around a year ago. That paper had itself replaced the previously closed *Rhyl and Prestatyn Visitor*, *Abergele Visitor* and *Vale Advertiser* (Vale of Clwyd) newspapers.

The group made a commitment at the time of the *Denbighshire Visitor* closure to produce two editions of the *Daily Post* (covering north-east Wales and north-west Wales) to make up for the loss of coverage in north-east Wales as a result of those closures. Those two editions continue to be published.

The Welsh language paper *Yr Herald Cymraeg* closed about five years ago and was replaced with a smaller weekly supplement inside the *Daily Post*.

In the last five years, district offices have closed at Porthmadog, Pwllheli, Holyhead, Bangor, Denbigh, Rhyl and Colwyn Bay.

Other weekly papers in north Wales have also experienced cuts

in staff. This we believe has led to a situation where the remaining staff have unmanageable workloads. In these circumstances managements have devised strategies to make a little go a long way – but increasingly they are left with papers short on stories and a difficulty in producing items of interest to a general readership. Typically a title will provide several pages of genuinely local news and sport and be padded out with stories from nearby towns and villages and features on health, for example, that are common to the titles in the group.

These are usually put together in one office by a couple of journalists and subbed centrally. The closure of offices has made titles more remote from communities they purport to serve. As circulation declines demonstrate, people know when they are being short-changed.

There are, in fact, several reasons why newspaper circulations have been in decline over a long period, and the trend has been ably documented by many academics. But it is our view that the crisis has been exacerbated as a result of serious strategic mistakes made by the groups that own newspapers published in Wales. These groups have applied the same policies in Wales as in the rest of the UK. At a time when high levels of profit were being made, investment should have been undertaken in quality journalism. Instead, damaging cuts were made so profits would rise even higher. Another major error, we believe, was to put the entire news content of newspapers online free of charge on the mistaken assumption that digital advertising revenues would match those from print. This has encouraged people to believe that information should be readily available free of charge. One consequence of such a policy has been the acceleration of newspaper circulation decline, and with it the decline in the number of workers employed in the industry. The same mistake, incidentally, was not made in other European countries.

To indicate the scale of the decline, at the opening seminar of the Leveson inquiry into the phone-hacking scandal in London on October 6, media analyst Claire Enders estimated that 40% of jobs in the UK regional press have gone over the last five years.

It is often rather loosely implied that the decline in newspapers is being offset by an upsurge in news content available online. We argue there is little evidence that this is happening in Wales. Jobs lost at newspapers are not being replaced by online providers. Indeed, so far as we are aware there are no stand-alone news websites anywhere in the world that provide more than a handful of jobs for journalists: the advertising revenue simply isn't available. Instead 'news not spots' are developing, where newspaper coverage has ceased and no alternative has filled the vacuum. Cuts that have already been made mean there will be significantly fewer career opportunities for journalists in Wales. The summer cuts this year at Media Wales

involved a cull of recently trained reporters, most of whom are likely to be lost to the industry. This new development is bad news also for the talented young students who pay high fees to do the postgraduate course in newspaper journalism at Cardiff University, regarded for decades as one of the premier courses of its kind in the UK and beyond.

Given the threat to the survival of newspapers in Wales, we believe the National Assembly and Welsh Government should do what they can to protect them. Recognising the important role that newspapers play in Welsh democracy, we submit that they should be seen as community and national assets. Their fate should be seen as too important to be left solely to the whim of groups managed from outside Wales.

Clearly neither the National Assembly nor the Welsh Government have formal regulatory roles so far as the Press is concerned. But the fact that this inquiry is taking place is itself a reflection of the importance accorded to the future of the Welsh media by AMs, for which we are grateful. The National Assembly and the Welsh Government have the moral authority that derives from their status as the legislative and executive arms of Welsh democracy. And they are stakeholders in the newspapers by virtue of their (still) large advertising spend.

We believe the National Assembly and the Welsh Government could assist Welsh newspapers' chances of survival by declaring them community and national assets, and by opening a dialogue with the groups that currently own them. During such a dialogue, it could be put to the groups that if at any stage they consider further title closures or if, for example, they intend to turn a daily paper into a weekly, they should be prepared to offer them for sale to parties who would be prepared to carry on publishing them. At such a point the National Assembly and the Welsh Government could act as honest brokers with a view to ensuring the survival of the threatened paper or papers. This could entail the injection of public money on the proviso that any trading surplus was reinvested in quality journalism.

Traditionally, there has been an aversion to any kind of state involvement with the newspaper industry – especially from proprietors who resent any interference with their ability to do as they please. That may have been appropriate when there was no threat to the industry's survival. But at a time when the very future of newspapers that have served Wales for many years is in doubt as a consequence of a combination of factors, we believe the public interest favours sympathetic intervention of the kind we have suggested.

The idea of declaring newspapers national and community assets is an attempt

to devise some kind of regulatory protection for newspapers. At present, the owners of newspapers are able to shut them down overnight, without even being obliged to put them on the market to see if anyone else would wish to produce them. The Trinity Mirror has even had a policy of refusing to sell the titles of newspapers it has closed.

A free press that scrutinizes powerful institutions is an essential ingredient of a healthy democracy: closing newspapers therefore undermines democracy. Some newspapers in Wales have already been lost and the industry is now fighting for survival. Declaring newspapers as national and community assets would send out a message that they play a vital role in society and are more than commodities to be closed at will by their owners without giving others the chance to run them.

In practical terms, it would be good if the Welsh Government monitored the Welsh newspaper industry much more closely than it has in the past, using its good offices to do what it can to secure continued publication when a newspaper is at risk by liaising with its current owners and other interested parties including the relevant trade unions. In such circumstances, the Welsh Government could act as an 'honest broker', helping the parties to explore whether a new ownership model would enable the newspaper to carry on.

It would also be a positive move if consideration was given to extending the provisions of the Localism Act to include newspapers under the designation 'community assets'. Under the Act, community councils and local voluntary and community organizations will be able to nominate local land or buildings to be included where their current primary use furthers the social well-being or social interests of the local community. The effect of inclusion will be to require the owner of the property to notify the local authority when intending to dispose of a listed asset, so triggering a moratorium period during which community interest groups can apply to be treated as potential bidders. The owner will be able to begin the sale process after an interim period of six weeks if no bidder has come forward; if a written bid is received in that time then the full six-month moratorium period will apply.

I am suggesting the adaptation of this provision to provide newspapers facing closure with a stay of execution pending the investigation of potential alternative ownership models.

The danger is that time is running out, and the longer these matters are discussed without contingency plans being drawn up to rescue our threatened newspapers, the more likely we are to lose them.

The stark nature of the threat was underlined in March this year, when Trinity Mirror published its results for 2011. Turnover for the group was down to £746.6m from £761.5m in 2010, while pre-tax profits were down by 40% to £74.4m, almost exactly the 10% profit return on turnover figure that newspaper companies aspired to in the 1980s. Unfortunately that doesn't take account of the huge liabilities the group has to factor in to its financial profile. The deficit in the group's pension funds rose by £55m last year to £172.6m, while the group's net debts stood at £221.2m at the end of 2011. The group has a schedule of repayments it has to make to its lenders, and what many of us found disturbing was that in order to secure a refinancing deal with lenders in the United States it had to reduce its annual

pension deficit payments from £33m a year to £10m a year for the next three years. Without such a reduction having been agreed by the pension fund trustees, the group would have been in serious trouble.

We are now in a position at Media Wales where we not only have to make a profit on our own account, but we have to provide revenues that contribute towards the paying off of considerable debts that have accumulated as well as the pensions deficit. In March 2012, a further £15m 'cost savings' across the group was announced. Inevitably this will mean more redundancies that will make it even more difficult for us to provide readers with the service they deserve.

There are signs that legislators are finally waking up to the existential crisis of the newspaper industry. Coincidentally, on 25 April this year [2012] there were debates on the crisis both in the House of Commons and the National Assembly. In the Commons, the Conservative MP Louise Mensch called on the Government to consider ways in which public subsidies could be offered to local newspapers, while at the Assembly the Conservative AM Angela Burns set out her concerns and said politicians had not asked enough questions about what was happening to the Welsh media. Then last Thursday it was announced that Sly Bailey had resigned as Trinity Mirror's chief executive and would be leaving before the end of the year. Astonishingly, she has been paid more than £14m in the nine years she has been with us, during which time the value of the group's businesses has declined from more than £1bn to just under £80m, more than 100 newspapers have been shut, the number of employees has halved and the share price has crashed from £3.80 to 30p. No wonder there were whoops of joy when news of her departure broke.

But losing a chief executive seen by most employees and media commentators as a disaster will not solve the problems faced by the *Western Mail* and the rest of the newspaper industry in Wales. The way things are going, we will be lucky to have a newspaper industry left in five years time, and that could be too generous a time-span, especially if the Welsh Government removes the obligation on public bodies to advertise public notices in newspapers.

The only hope, in my view, is for a new business model to be developed which involves some kind of public subsidy for newspapers that perform the vital public service of holding the powerful to account.