

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

Wednesday 13 January 2010

Session 3

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CONTENTS

Wednesday 13 January 2010

Col.

DECISION ON TAKING BUSINESS IN PRIVATE	3003
SUBORDINATE LEGISLATION	3004
Adoption and Children (Scotland) Act 2007 (Modification of Enactments) Order 2010 (Draft).....	3004
Adoption and Children (Scotland) Act 2007 (Modification of Subordinate Legislation) Order 2009 (SS1 2009/429)	3004
SCOTTISH LOCAL NEWSPAPER INDUSTRY	3007

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

1st Meeting 2010, Session 3

CONVENER

*Karen Whitefield (Airdrie and Shotts) (Lab)

DEPUTY CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

COMMITTEE MEMBERS

*Claire Baker (Mid Scotland and Fife) (Lab)
*Aileen Campbell (South of Scotland) (SNP)
*Ken Macintosh (Eastwood) (Lab)
*Christina McKelvie (Central Scotland) (SNP)
*Elizabeth Smith (Mid Scotland and Fife) (Con)
Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

Ted Brocklebank (Mid Scotland and Fife) (Con)
Hugh O'Donnell (Central Scotland) (LD)
Cathy Peattie (Falkirk East) (Lab)
Dave Thompson (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Ted Brocklebank (Mid Scotland and Fife) (Con)

THE FOLLOWING GAVE EVIDENCE:

Martin Boyle (Cardonald College)
Paul Holleran (National Union of Journalists)
Adam Ingram (Minister for Children and Early Years)
Michael Johnston (Johnston Press plc)
Jim Raeburn (Scottish Daily Newspaper Society)
Bill Steven (Scottish and Universal Newspapers Ltd)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Nick Hawthorne

ASSISTANT CLERK

Emma Berry

LOCATION

Committee Room 1

Scottish Parliament

Education, Lifelong Learning and Culture Committee

Wednesday 13 January 2010

[THE CONVENER *opened the meeting at 10:00*]

Decision on Taking Business in Private

The Convener (Karen Whitefield): I open the Education, Lifelong Learning and Culture Committee's first meeting in 2010. I wish everyone present a happy new year and hope that they all had a good Christmas and new year recess.

Before we begin, I should mention that Margaret Smith has given her apologies, as she is unable to attend today's committee meeting. I also understand that Ted Brocklebank will join us later for our session on local newspapers. In addition, I understand that we will be joined later by Claire Baker, who has been unavoidably delayed.

Agenda item 1 is a decision on whether to take in private agenda item 6, which relates to our continued consideration of the committee's forward work programme. Is that agreed?

Members *indicated agreement.*

Subordinate Legislation

Adoption and Children (Scotland) Act 2007 (Modification of Enactments) Order 2010 (Draft)

Adoption and Children (Scotland) Act 2007 (Modification of Subordinate Legislation) Order 2009 (SSI 2009/429)

10:01

The Convener: Agenda item 2 is evidence taking on two items of related secondary legislation, of which one is an affirmative instrument and one is a negative instrument.

I am pleased to welcome to the committee the Minister for Children and Early Years, Adam Ingram. He is joined by Paul Wilson, who is policy manager in the getting it right for looked-after children team. I understand that the minister will make an opening statement.

Adam Ingram MSP (Minister for Children and Early Years): Good morning, everyone. I add my best wishes to committee members for the year ahead.

I am grateful for the opportunity to outline why the Government seeks the committee's support for the orders, which make a number of necessary consequential amendments to primary and secondary legislation. The majority of those amendments simply replace references to the Adoption (Scotland) Act 1978 with similar references to the Adoption and Children (Scotland) Act 2007. The orders also make amendments due to the introduction of permanence orders. Let me take this opportunity to explain some of those changes. I will not cover them all, but I am happy to answer any questions on other amendments.

Along with changes to references in primary legislation to the Adoption and Children (Scotland) Act 2007, the draft Adoption and Children (Scotland) Act 2007 (Modification of Enactments) Order 2010 will make four changes to that act that we have identified as being required. The majority of those modifications are cosmetic changes to deal with supplementary words or subparagraphs that remained during the drafting of the act.

However, the draft order also includes one material change to the 2007 act. In discussions with stakeholders, we identified a potential omission in the drafting of section 109 of the 2007 act, which prescribes applications to the courts that must be heard in private. We are taking this opportunity to correct that omission. Persons who are affected by a permanence order, such as

those who have had or currently have parental rights and responsibilities for the child, can be given leave of the court to apply for a revocation of the order. Such applications would not currently be subject to the same provisions of privacy as all other proceedings. Therefore, the order will amend section 109 to include reference to proceedings relating to an application under section 98 of the 2007 act. That will ensure that all proceedings for permanence orders will be heard in private.

The draft order will also make some changes due to the introduction of permanence orders, including an amendment to the Foster Children (Scotland) Act 1984 to ensure that persons who have had all their parental responsibilities and parental rights extinguished by a permanence order are not to be considered as suitable foster carers.

An amendment to the Children (Scotland) Act 1995 is also required due to the introduction of permanence orders; the amendment ensures that the conditions under which referral to a children's hearing is made include circumstances in which a child is the subject of a permanence order and their behaviour is such that special measures are necessary for their adequate supervision.

All the amendments made by the Adoption and Children (Scotland) Act 2007 (Modification of Subordinate Legislation) Order 2009 are straightforward technical amendments, such as ensuring that legal aid is available in emergency situations when a court is considering a permanence order, or ensuring that information on spent convictions can still be gathered when assessing somebody for the purposes of adoption under the 2007 act.

The amendments that I have highlighted, along with the other minor changes to legislation that are made in the orders, are both important and necessary to allow the process of planning for permanence to operate in the existing legislative environment. I am happy to answer any questions that the committee has on the orders.

The Convener: Thank you for that explanation of the Scottish statutory instruments that are before the committee today. I am sure that this is a rare occurrence in the committee, but it seems that we have no questions to ask you on changes to the legislation. That is possibly because the committee previously considered the policy impacts of the legislation in great detail.

Under the next item on the agenda, I invite the minister to move motion S3M-5466.

Motion moved,

That the Education, Lifelong Learning and Culture Committee recommends that the draft Adoption and Children (Scotland) Act 2007 (Modification of Enactments) Order 2010 be approved.—[Adam Ingram.]

Motion agreed to.

The Convener: Item 4 on our agenda is consideration of the Adoption and Children (Scotland) Act 2007 (Modification of Subordinate Legislation) Order 2009 (SSI 2009/429). There have been no motions to annul the order and the Subordinate Legislation Committee had no recommendation to make on it. If there are no comments, does the committee agree that we have no recommendation to make on the order?

Members indicated agreement.

The Convener: I thank the minister for his attendance. I suspend the meeting briefly to allow the minister and his official to leave, and the next witness panel to join us.

10:08

Meeting suspended.

10:10

On resuming—

Scottish Local Newspaper Industry

The Convener: The fifth item on our agenda is the committee's consideration of the Scottish local newspaper industry. This morning, we will take evidence from a number of witnesses, including Jim Raeburn, director of the Scottish Daily Newspaper Society; Michael Johnston, divisional managing director of Johnston Press plc in Scotland; and Bill Steven, managing director of Scottish and Universal Newspapers. I thank the witnesses for attending the meeting and for their written submissions, which committee members have found useful.

Before we begin, I believe that Aileen Campbell would like to declare an interest.

Aileen Campbell (South of Scotland) (SNP): I just want to put on record that in 2007 I wrote a weekly column for *The Scotsman*, which is owned by Johnston Press. I refer members to my entry in the register of members' interests for further information.

The Convener: Thank you for that.

To begin with, could the witnesses outline the current state of local newspapers in Scotland? What are your main concerns and what difficulties are you facing?

Bill Steven (Scottish and Universal Newspapers Ltd): I will kick off by giving members a flavour of the current situation. I am sure that the committee will agree that a strong and vibrant local press best serves everyone, from individuals and communities to local and national Government. However, the challenges that our industry has had to face over the past 18 months have been unlike anything that we have ever faced before. I might be able to give you an idea of those challenges by looking at our main platforms and highlighting the impact of advertising revenues, in particular, on our business; I will also touch on circulation and other sources of revenue. I should point out, though, that we still employ more than 300 people, from Blairgowrie to Dumfries in the south of Scotland, with an additional army of local correspondents and photographers.

In 2009, print recruitment advertising in Scottish and Universal Newspapers fell 56 per cent year on year. Property advertising across our whole portfolio has fallen by approximately 57 per cent year on year. Motor advertising, which has also proved to be a difficult area as a result of consolidation in the market, has fallen 21 per cent

year on year. Local display or retail advertising—in other words, advertising by local business in all our areas—is 15 per cent behind year on year. Other classified ads, including entertainment listings, births, marriages and deaths and services, have fallen about 14 per cent year on year. Overall, year on year, advertising in our newspapers has fallen by about 28 per cent. We have not witnessed such a situation in decades, and it has raised serious challenges for our business.

Although circulation is falling, the situation is not as bad as we had first envisaged, and we will probably end the year with a 6 per cent year-on-year decline. The revenue side will probably level out, mainly as a result of cover-price increases and the decline in volume. All in all, I would say that circulation across Scotland, particularly for local newspapers, is still performing reasonably well.

As for other revenues, the leaflets and inserts that come with many titles, which form an important part of our business, are 43 per cent down year on year; in other words, that particular side of our business has virtually disappeared.

Other S and UN revenues, which are made up of reader holidays and reader offers, are 30 per cent down. There have been real challenges throughout our business. Looking further into 2010, we believe that the economy is still fragile. The numbers that we are producing, even at this moment in time, still concern us.

10:15

Michael Johnston (Johnston Press plc): The picture for Johnston Press in Scotland is very similar to the one outlined by my colleague from Scottish and Universal Newspapers. I emphasise the statistics that Bill Steven has just given the committee. If we consider the situation throughout Scotland for Johnston Press's newspaper division and compare the first six months of 2009—I cannot give you figures for the second six months at this point because our year has just ended—with the first six months of the previous year, jobs advertising is down 56 per cent, property advertising is down 66 per cent, motor advertising is down 32 per cent, and display advertising, which is principally things such as retail, is down 26 per cent. In overall terms, Johnston Press's Scottish advertising revenue was £11.7 million down in that six-month period, which is 38 per cent down, year on year.

The bigger short-term challenge that Johnston Press is facing in Scotland is the sharp economic downturn in 2009. As a newspaper group, we are not overoptimistic for the current year. We see some signs that there may be a recovery but, as

Bill Steven outlined, it is brittle. We are not by any means forecasting a sudden and strong recovery. We think that 2010 will be difficult and that, given Scotland's exposure to the public sector and the importance of public sector advertising to our newspaper company, life will be extremely difficult in 2011, as has been signalled by the Government with regard to the spending situation.

Our second major area of concern is the migration of classified advertising to the web. There is structural change in our industry. I am sure that we will come on to talk about how the local press in Scotland is meeting that challenge. Looking at the figures, it is fair to say that we can see that a lot of the migration has happened already. There will still be some migration of classified advertising to the web. We have done some internal research on the migration of classified advertising away from print products. From 2005 to this year, we believe that the Johnston Press Scottish newspaper companies have lost about 28 per cent of advertising revenue as a result of that structural change. On an annualised basis, the impact in Scotland for Johnston Press is about £14 million in 2009, against what we could have anticipated in 2005. It is a significant figure.

There are really two further problem areas that our newspaper industry faces. I have touched on one, which is what the public sector is doing with regard to print advertising. The second area of concern is that, being commercial companies, we do not seek or receive any subsidy, but we play in a difficult marketplace against companies that receive significant subsidy. The BBC is a major player in Scotland. It has increasingly looked to local news and to our local areas—to local websites and so forth—and it has licence fees in excess of £3 billion a year, to which the local press simply does not have access. What also causes us difficulty is that organisations such as STV have increasingly looked to the possibility of public subsidy. We will talk about independently financed, new consortia in a minute. In addition, the Scottish Government, through the work of the Scottish Broadcasting Commission, has considered the possibility of a Scottish channel. Clearly, another subsidised outlet would be a challenge for us.

The Convener: Many issues have been raised in both those answers, and a number of those points will be covered by other questions during this morning's session.

Mr Steven indicated that circulation figures are not quite as dire as had originally been anticipated. However, it is true that local newspapers' circulation figures have been declining over the past 30 years. Can you give us an indication of your projections for future

circulation figures? What do you think is causing the reduction in the number of people who are buying local newspapers? What challenges do you face in that regard?

Bill Steven: There are many challenges, and it is hard to make forecasts about circulation figures. The decline was less in the last quarter of 2009 than it was in the first three quarters, which suggests that it is slowing down. You are right to say that the figures have been falling over the years, but our titles have all been in a position of strength. Across Scottish and Universal Newspapers, our titles have penetrations of 70, 80 and 90 per cent into local communities, and I am sure that the same is true of Johnston Press. We started from an extremely high point. It is true that we are declining, but we are managing that decline.

The readership of many titles is growing even though, in some instances, circulation might be falling, as papers are being shared around families more and are being picked up more in pubs and so on. They are more accessible to more people.

With regard to circulation, the important thing is to get the marketing mix right. Local news—about which we will talk from a journalistic point of view shortly—is key to everything in those titles. That is what we produce; it is our unique selling point. Week in, week out, local news gathering is what sells newspapers in local communities. Some local communities are harder to penetrate than others, sometimes because those communities are new. For example, it took a long time for *The Irvine Herald and Kilwinning Chronicle* to establish itself in Irvine new town, but sales of that title have grown from 3,000 copies to more than 11,500 copies. We are still fighting decline in that area but, over time, that title has shown substantial growth as a result of our support for those local communities.

We must work hard and ensure that we are putting in the effort on the news-gathering side to ensure that we maintain the circulations that we hold at the moment.

Michael Johnston: I echo those views. In Johnston Press, there has been a long-term challenge with regard to circulations, and it is certainly the case that daily circulations are much more challenged than weekly circulations are. In the weekly press, there have been long-term declines over the past 30 years, as the convener said, but the situation has varied considerably between various communities. As a general rule of thumb, the smaller and more remote a community, the better its newspaper's circulation has held up. We are particularly challenged in the central belt, where there is greater competition, and in larger communities, in which there has been more growth in competitor media. It is certainly the case

that our papers continue to have a huge penetration in their markets, as is the case with Scottish and Universal Newspapers. In places such as Fraserburgh and Stornoway, we have 90 per cent penetration. The papers are hugely well regarded and turned to by the vast majority of people in those communities. The Newspaper Society has shown that around 82 per cent of people turn to a local newspaper in a week.

With regard to how we have developed our products, the online world obviously gives local newspapers a huge opportunity. While our businesses continue to be driven principally by the print product—which I believe will remain fundamental for many years to come—we have worked hard to build our web presence.

The majority of our titles in Scotland have a complementary website that does some of the same things as the newspaper but also provides complementary and additional services. Those have done tremendously well in the marketplace and we are finding that the number of users has risen dramatically in the past five years as those sites have come online. Nevertheless, the fact remains that significant investment is required to develop a digital business and to maintain our print businesses. If we are challenged by both the economic environment and distortions in the marketplace through subsidies for other businesses, that makes our long-term survival extremely difficult.

Jim Raeburn (Scottish Daily Newspaper Society): The decline in the circulation of weekly newspapers is not as pronounced as the decline in the daily newspaper sector. Some time ago, I conducted a study of circulation movement in weekly newspapers between 2001 and 2005 and found that, over five years, the decline was 1 per cent. Okay, the world has changed since then and people are saying that the figure is bigger now, but there is remarkable stability over a fairly long term among weekly newspapers.

Understandably, there is a great focus on sales of the printed newspaper, which are very important. However, we need also to look at how many people are reading newspaper content. If we measure readership in terms of newspaper purchases and online reading, the readership of local newspapers is still formidable.

The Convener: What proportion of your income is made up of the money from the sale of your newspapers, and what proportion comes from the other things that you do, such as advertising? Can you give the committee a rough breakdown in percentage terms of your overall income?

Michael Johnston: Any comparison of revenue from circulation with revenue from advertising will depend, to an extent, on whether you are talking

about a daily newspaper or a weekly newspaper. For both, advertising revenue remains fundamental. For a daily newspaper, in the current climate, something like 70 to 75 per cent of the revenue comes from advertising. For a paid-for weekly newspaper, the figure might be 80 to 85 per cent, and for a free newspaper it is 100 per cent.

Bill Steven: The position is similar for Scottish and Universal Newspapers. We receive about 82 per cent of our revenue from advertising.

The Convener: That helps the committee to understand just how crucial advertising is in the context that we are discussing today, particularly as the recession bites and lots of people feel that they cannot afford to advertise.

Michael Johnston: We have talked a bit about how local newspaper companies are responding to market change and structural change and being proactive in the digital arena. In our daily newspaper business in Scotland, where we have driven our digital business hard and have invested substantially in it, online advertising contributed around 10 per cent of our total advertising revenue in 2009. That is a very strong position by both United Kingdom and American standards. In America, it is quite an achievement for newspapers with digital businesses to receive 10 per cent of their revenue from online advertising. However, that 10 per cent is a tiny proportion of the overall revenue and, given the revenue declines that we have seen during the current recession and over the past five years, you can see the real challenge that we face.

10:30

Bill Steven: The S and UN point of view is similar to Michael Johnston's. We do not have quite as good a figure as 10 per cent—online revenue is probably about 7 per cent for S and UN. Just because papers have a digital badge, they are not immune to what has happened in 2009. The digital sector is finding it very difficult to monetise the sites at the same level that we once achieved. Even in the digital arena, it is proving difficult to monetise them at the level that we want to achieve, given the investment that has been made.

The Convener: What impact is the growing use of the internet having on local newspapers? I know that Scottish and Universal has invested heavily in the *Airdrie & Coatbridge Advertiser's* digital site, which is excellent, but you get very little return for that investment, and you are competing not just with other local titles but with other sources of information and news. What issues are facing newspapers? What needs to be done for you to get a better return on your investment?

Michael Johnston: The fundamental challenge is that people expect content for free in the digital arena. Content is very expensively gathered, and it is easily spread on the internet. High-quality, properly researched journalism—the sort of local journalism that my company, Bill Steven's company and all the other Scottish companies are doing every day—cannot continue to be given away for free. Increasingly, there will be a move towards charging for certain content. I do not believe that all content will be charged for, given that some commodity content, as it may be termed, is not unique, but the unique content will have to be charged for.

There is an unbalanced system in Scotland, and that applies to the rest of the world, too. The people who are making money out of the content are not the same people who are generating content—although I make no criticism of those people. Search engines have a fundamental role to play in the digital landscape, but it is the local press who are out gathering the news and who are the first source of news. The problem in the digital arena is that news is easily picked up by other organisations and spread for free. The BBC website will contain quite a bit of local news from the Edinburgh area or whichever area of Scotland is of interest to you, but I am quite sure that the BBC did not originate that content.

I have five journalists in Glenrothes, seven in Leven and more than 20 in Falkirk. I am not aware of the BBC having any journalists in Leven or Glenrothes. I believe that it has a journalist who goes to Falkirk occasionally—in fact, I know, because they phoned me and asked me whether they could go today.

Bill Steven: I echo what Michael Johnston has said. If we could somehow monetise our content, that would be a major step forward. Michael is running some trials with some titles to see how effective it might be. If we could introduce pay walls, that would enhance the local press immensely. As you have said, convener, we have invested heavily online. All our 16 titles across Scotland have their own dedicated website, and the content on those sites is unique. No one else can gather that news in those local areas. If we consider how best to monetise those sites, there could be a solution. Advertising online will remain difficult, however.

There are areas of hope with some platforms and verticals. For instance, it is possible to build a reasonably strong platform with recruitment. We use Scotcareers, and our recruitment ads and upsells feed in there. That is a portal. The same goes for motors, which we share with Road Record.

We still have certain areas of strength. Across our websites, we have 300,000 unique users a

month. Coupling that with the 660,000 readers that we have across S and UN gives you an idea of our readership who are looking for the content across our 27 local newspapers.

The Convener: Do you agree that, through the service that you provide in championing local issues and causes, you bring something different from other news providers, whether that is a council website providing straight information or the BBC taking a story? It always strikes me that my local papers run with issues that they think are particularly important to people in Lanarkshire. There is no doubt that the *Wishaw Press* and the *Airdrie & Coatbridge Advertiser* have been responsible for changing decisions because of campaigns that they have run. They do that because they have an investment in those communities. Do you agree?

Bill Steven: I certainly do. The important thing is that people expect local newspapers to do exactly what you are talking about—represent people and take on such challenges. A couple of good examples of that from our titles relate to the national health service. Local newspapers generated a lot of activity in relation to Ayr and Monklands hospitals. The voice that the papers put across was not our voice; it was the voice of the people that made things happen and got the issues across. That is what we are there for and it is what we are good at. A local newspaper is really all about representing individuals in the community.

Aileen Campbell: We heard some figures about the proportion of revenue from advertising. Has the proportion that you invest in journalism declined? What profit margins are there in the companies? There might be changes in that, given the differences in the revenue from advertising.

Bill Steven: It is difficult for me to talk about profit levels. On profit and loss, we are now closed for the year end, but profits are declining—there is no question but that they are down substantially. On investment in journalism, I can talk from an S and UN point of view and I know that Paul Holleran will give evidence later. S and UN recognises the importance of newsgathering. That has been at the forefront in the board, which is trying desperately not to reduce the journalistic skills in S and UN. We have had to consider the portfolio of offices in the company and we have reduced the number of local offices by seven this year. We have gone down from 22. That affects some areas. For example, Airdrie was going to become a North Lanarkshire hub, but we have lost two offices there. Hamilton will be a South Lanarkshire hub and East Kilbride and Rutherglen will fold in. However, in doing that, we have maintained every single newsgathering job. We have lost no journalists through those measures.

That has been our aim and effort. We recognise that the paper must survive. It is difficult to withdraw from the bricks and mortar and that is a big challenge and risk, but I would much rather keep the journalists on the ground, which is what we have managed to do. From an investment point of view, we have not reduced the newsgathering ability at all in S and UN and we are desperately keen to maintain it.

Michael Johnston: In the newspaper business, the two biggest costs are the newsprint and the people, who are the largest cost by far. In my business, across the piece in Scotland, journalists are by far the biggest cohort or proportion of workers. If I look across the road to *The Scotsman*, where I am based, we spend about £14 million a year on journalism, which is by far our biggest expenditure. We have about 200 journalists there. Throughout Johnston Press in Scotland, about a third of staff are journalists. Journalism is a huge investment for us and is key.

I am a journalist by training and I came through the school of hard knocks. I started on a local paper and I have worked in newspapers and in radio and television, so I have worked in the various media. In my company, journalism is fundamental—we are nothing without it. It is a huge investment. However, it is also a cost and, in a time of constrained revenues, we have to look at all our costs. Unfortunately, journalism has not been immune to cuts, although they have been made by looking very hard at everything we do. Although it has been painful and unpleasant for everyone who works in my organisation, we have ensured that the newspapers and other products that we put out continue to carry the best of journalism in Scotland, to be of value to the readers and to be unique.

Ken Macintosh (Eastwood) (Lab): I want to continue the convener's earlier line of questioning. You were talking about the proportion of revenues that advertising constitutes, particularly in the weekly press. At one point, you mentioned a figure of 75 to 80 or 85 per cent. Of that, how important are public sector advertising and public information notices?

Bill Steven: They are very important. They are a very important part of the mix for our titles and they bring in a substantial amount of income.

Ken Macintosh: What percentage do they represent?

Bill Steven: Across the S and UN portfolio, they represent about 7 per cent of our income.

Ken Macintosh: Is that 7 per cent of 100 per cent or 7 per cent of the 85 per cent that was mentioned earlier?

Bill Steven: Seven per cent of our advertising revenue comes from public information notices across Scotland.

Ken Macintosh: How about public sector jobs?

Bill Steven: Advertising for public sector jobs probably brings in less to our recruitment revenue. The proportion is running at about 3 per cent.

Ken Macintosh: Are the figures similar for Johnston Press?

Michael Johnston: Yes. Public sector expenditure is fundamentally important to print newspapers. We are probably a little bit more exposed than Bill Steven. The figure that I had in mind is of the order of 12.5 per cent for all public sector expenditure.

Ken Macintosh: Clearly, jobs advertising has already migrated to the internet. I notice that there is now an agreement that you advertise them on your local websites, if you have them. Can you bring the committee up to date on what has been negotiated or agreed in that area and what sort of impact it has had on revenue?

Michael Johnston: I am sorry; are you talking about myjobscotland?

Ken Macintosh: Yes. I am really talking about public sector jobs. I could be wrong, but I believe that the local and weekly newspaper industry has agreed to advertise public sector jobs on its websites. Is that right?

Michael Johnston: I think that Mr Cook's evidence is not entirely correct; I know Mr Cook quite well. The situation with myjobscotland is that the portal is up and running and part of the landscape. We had an opportunity to enter into a limited trial with the website. I believe that that was also the case with Scottish and Universal Newspapers. It is not a partnership because it was only a three-month trial. Having thought long and hard about how it sat with our business, we decided that it was important to engage. We have therefore tried to engage with the public sector and the Convention of Scottish Local Authorities. In fact, I think that COSLA would say that we have engaged.

We felt that it was important to enter into the trial. There was no significant revenue; we could either be in it or not, so we decided that we should be inside the tent and see how it progressed. It has given us an interesting insight into the project. That is the current situation. There was a trial and that is now completed for us. I believe that a couple of media outlets came to the trial later and might still be running. We got a little bit of money although it was not significant revenue. Some people said that they would do it for free because it was important and they felt as if they should be involved.

Bill Steven: That is exactly the S and UN situation. It is important to recognise the success of the trial, not so much in terms of monetary value, but in driving throughput to myjobscotland via our local websites. That is really what it was about for us; it let people see how we can generate responses through our local websites. It was not about a single focus on myjobscotland; it was about getting bases out into local communities so that people could see and measure the responses that we could drive through local websites as well as through myjobscotland.

10:45

Ken Macintosh: Financially, there is not much in that for the weekly newspaper industry.

Michael Johnston: Such things must be entered into with the view that, in the longer term, a good service will command a reasonable price. Johnston Press told myjobscotland that we would be unable to continue to provide the same coverage and support that we gave it for the three-month trial. We would have to be paid fairly. The digital world is different from the world of print. The pricing may have been done in a different way, but our input would have to be rewarded. In the trial, the reward was taking part; it was not financial.

Jim Raeburn: It is interesting to consider why COSLA went to the newspaper companies, given the year's experience with myjobscotland. From what I gather, myjobscotland has been very successful in generating large numbers of internal applicants from local government, but it has failed in attracting applicants from outside, which is why it needs partnership. It is all very well for COSLA to claim that it is saving local authorities £X million per annum, but is it delivering the quality and range of applicants that they would expect to draw using the established newspaper media?

Ken Macintosh: Absolutely. People will be aware of other weaknesses of any internet application system that generates hundreds of applicants but perhaps finds it difficult to assert individual criteria.

It is clear that local authorities also have a duty to establish value for money. That is one issue. The issue of advertising public notices is now out for consultation. How important is that? I suppose that it is the crucial part of public sector advertising. I think that Mr Johnston suggested in his submission that local authorities could save roughly £6 million. That would be a substantial income loss to the weekly newspaper industry.

Michael Johnston: The figure is of that order.

Ken Macintosh: Have public sector placements elsewhere successfully migrated to the internet?

Michael Johnston: Are you talking about public information notices or recruitment?

Ken Macintosh: Not recruitment—just public information notices.

Michael Johnston: We think that a fundamental democratic issue is involved. On experience elsewhere, I am not aware of public notices that are purely on state-controlled websites that are paid for by the state, but I know that the Westminster Government considered the issue. Parliamentary select committees considered it and the Government responded. The UK Government's view was that the public information notice legislation should stand and that there should be no relaxation. In Scotland, there is consultation about a proposed relaxation.

What happened when the regulations that affect licensing notices were changed provides an alarming taste of what might happen in Scotland. Licensing notices were traditionally advertised in local newspapers. They got good coverage and were well read. There was a change about 18 months ago and all licensing notices were lost to the local press—councils immediately withdrew them. I find that an interesting development in Scotland at a time when the Parliament is concerned about alcohol abuse and the Government has said that that is a key policy area. The concerns are focused on availability of alcohol, who is providing it and where the outlets are, yet it is nigh on impossible for most people in Scotland to know whether a pub is opening next door to them within the next three weeks, because the licensing notices are simply not in the public domain any more.

Ken Macintosh: The strongest argument that I saw in your submission was about the reach of local newspapers, for which the figure is 82 per cent, compared with that of the internet, where people have to look for information, as opposed to having it put in front of them. I thought that that was a particularly strong argument when it comes to parliamentary, public or local government information. Where did the 82 per cent figure come from? Is it from a newspaper industry survey?

Michael Johnston: The figure comes from the UK-wide body that represents the local press in England and Wales and, through affiliation, the local press in Scotland. The Newspaper Society has done a considerable amount of research over the past two years. The 82 per cent figure is from one of its most recent pieces of research.

Ken Macintosh: The convener said earlier that it was impossible to predict exactly what will happen, but I want to get an idea of what would happen if the current trends continued. Do you think that the current trends will continue as

dramatically as they have done in the past year or so? My local papers include the *Barrhead News* and *The Extra Glasgow South & Eastwood*. The *Barrhead News* has a pretty healthy circulation. Public sector advertising might be only 10 per cent of revenues. Advertising revenues have fallen because of the recession, but they will go back up again. How bad would things have to get for such papers to be forced to close or for your companies to consider closing them?

Bill Steven: We witnessed a dramatic change in 2009. We have gone from a level of income that was up there to one that is down there, and our cost base is still here. We have taken a view in S and UN. We closed two free newspapers—the *Ayrshire World* and the *North Ayrshire World*. Some of our other frees will come under major pressure to try to make a contribution. We are still under severe pressure as far as the income line is concerned. It is about forecasting that trend—when will it change, when will there be an upturn and will recruitment improve? Even if we come out of recession, recruitment will still lag behind that. Recruitment naturally will take a lot longer to come back to being a strength. Property is still very difficult. If you talk to estate agents, they say that it is proving very hard to sell houses. Money is still hard to come by and it is not available. The scrappage scheme most definitely helped car sales, but what we are seeing in the motor industry is consolidation. We will end up with a couple of main players as some of the smaller guys disappear—the bigger chaps, if you like, will pick up those franchises. When we look ahead, it is still very difficult to see exactly where our income line can take a severe upturn.

Michael Johnston: I very much echo Bill Steven's views. I would disagree that 10 to 15 per cent of revenue is a small part of revenue—it is a pretty fundamental part of revenue. There is a view, which I see in some of the submissions to the committee and which I have heard, about the huge margins of the local newspaper industry. As a senior player in that industry, I assure you that I do not receive bonuses that would allow me to move to Jamaica tomorrow. I also assure you that parts of my business in Scotland are extremely challenged. We are on record as saying that *The Scotsman* would lose money substantially in 2009.

The industry is extremely challenged. It has gone through the toughest year of my career and probably one of the toughest in its entire history. I agree that some revenues will come back, but we do not know how much will come back because there has been structural change. We are commercial companies and are not subsidised, which is a good thing. To ensure a vibrant and continuing Scottish newspaper industry, we have to make a return because we have to be able to invest in our businesses. We must be able to grow

in the digital space, continue to innovate in the print world, produce new products and pay for journalism, which is fundamental to what we do. There are many things to spend money on, so we need to ensure strong revenue streams for our businesses.

Elizabeth Smith (Mid Scotland and Fife) (Con): I turn Mr Steven's and Mr Johnston's attention to community newspapers and the newspapers that local authorities produce. Do they have any way of quantifying how much those publications have affected local newspapers in their businesses?

Michael Johnston: Local authority newsletters and newspapers are a significant problem in certain marketplaces. Particularly in London, some local authority newspapers are being funded as if they were independent newspapers, which causes difficulties. Our experience in Scotland is that, although local authority-funded newsletters and newspapers have been part of the landscape for a period, the frequency of distribution has been such that they have served a different purpose. We have some partnerships—as does Scottish and Universal Newspapers—with some local authorities in which they use sections of our papers to put out local authority publications; we have also used our distribution networks to distribute local authority publications on occasion.

I have no problem with local authority publications provided that they do what they are supposed to do—inform people about local authority issues—and are clearly marked as local authority publications and do not purport to be independent pieces of journalism, because they are clearly not. They serve a purpose, which is to get a marketing message out, and must be a consideration for a local authority as part of its marketing mix.

Local authority newspapers are a challenge because some local authorities have looked to advertising revenues as a way of funding them but, at the moment, they are not a huge challenge compared with the recession, the changes in the digital world and structural change. However, I take issue with their value. It is extremely expensive to put a good newspaper out—I know that because we do it every day. Journalism does not come cheap and newsprint is expensive. I have seen some figures for some of the English publications that show that local authorities are spending in excess of £1 million a year on such projects and, if I was a resident of those local authority areas, I would be upset and baffled by that amount of my money being used to fund competitors to products that have existed for a period and are not subsidised.

Bill Steven: The position is similar for S and UN. The effect is perhaps not the same as what

Michael Johnston stated is happening in London, where local newspapers are under pressure from council publications. Luckily enough, we have established partnerships with a couple of the major councils—North Lanarkshire Council and South Lanarkshire Council, for example. Those councils produce a local newspaper, and they have a strong message to get across to their communities. We are involved in producing those publications, in conjunction with Michael Johnston in North Lanarkshire. They are embedded in our paid title, and we arrange a distribution network for them, so it is very much a partnership. It works well, and the feedback that we get—not only from the councils but, more important, from the readers—is that it is good and the papers contain good content.

11:00

Elizabeth Smith: What are your views about newspapers that are produced by community groups? There seems to be a growth, certainly in my area, in newspapers that come from a specific section of the community, such as a vibrant community council or a group that campaigns on one particular theme. Is that a threat, or do such papers have only a very small readership and therefore do not really trouble the local newspaper industry?

Bill Steven: I am not aware of too many of those papers that impact on our circulation areas, but, as with anything else, the pie is only so big. Anything that comes in and starts nibbling away will eventually have an effect on everybody.

Elizabeth Smith: In your case, it might be a publication such as *The Crieff & Comrie Quair*, which comes out in the *Strathearn Herald* territory. Does that publication cause any problems for you?

Bill Steven: No, it does not—it is a different proposition. What makes up those two titles—the DNA, if you like—is totally different. People would buy the *Quair* for a different reason; it will probably serve a purpose for some individuals.

Elizabeth Smith: Mr Johnston, you made the point that, in terms of content, there is a case for a local authority to produce a newspaper as long as it sticks to what it is supposed to be doing—namely, reporting on council issues. Do you feel that a local authority-produced newspaper would at any stage clash with what local newspapers are producing, in that the content might be too similar? Are such publications now on your territory when it comes to covering one or two specific issues?

Michael Johnston: The problem in London—I am slightly removed from the London market, but I am aware of the experience of other players in the newspaper industry—is that local authorities are putting out papers under the guise of independent

journalism, although they are beginning to pull back as they have to justify best value. The look of those papers is designed to hoodwink readers into thinking that they are reading independent journalism, when in fact that journalism is skewed and takes a particular political line.

I have not seen that in the same way in Scotland. It is important that, if councils are producing newsletters and believe that such a publication is an important part of their mix, the readers are clear about what those publications are. Members of the committee will be aware of the rules on political leaflets, for example—you have to make it clear what you are delivering to people.

Community newsletters have come and gone over many years, and they are part of the landscape. We are entirely dependent on commercial funding, and it would be wrong of me to call time on other organisations that are run in a commercial way, but the journalism in those products is of a different type. It is often less well researched, because it is done as a hobby. Our job is to be in the business for the long term. *The Falkirk Herald* has been published since 1767, and it is not by producing skewed journalism that it has been able to publish for such a long time. It has been at the heart of the community in Falkirk, where I grew up, and it has an independent voice that speaks up for and informs its readers. That does not come cheap—we have to invest to be able to produce such a product.

In the parts of Scotland, and of Edinburgh, where deprivation exists for whatever reason, there are local authority or public sector-funded publications that serve communities and try to create something different and new. In the Western Isles and areas where there is a high preponderance of Gaelic speakers, there are also publicly supported Gaelic publications. In the Outer Hebrides, we are a significant publisher with the *Stornoway Gazette*, which is published predominantly in English, and we see those publications as competitors.

Elizabeth Smith: I have one final question on the issue. Do you see any of the advertising revenue that you think that you have lost migrating to local council and community newspapers? Is there any evidence of that?

Bill Steven: To be honest, no. We have not witnessed that in connection with those publications.

Ken Macintosh: I want to ask about something that you have mentioned already. I gather that you have concerns about the independently funded news consortia, which are currently open for bids. Some people in Scotland may see them as an opportunity, but Mr Johnston described them as a

double-edged sword. Would you like to comment on the impact of the news consortia and what they could mean—good or bad—for weekly journalism?

Michael Johnston: We do see them as a double-edged sword. In an ideal world, we would choose not to have the situation to worry about, but Westminster has clearly made the decision that it wants to pursue independently funded news consortia, so we have looked very closely at the issue. At this point, I am not particularly close to it but I am told that, as things develop, I will be more involved with it. Up to now, it has been a more central JP thing, as it has been about getting consortia together and so forth.

In Scotland, we have thrown our hat in the ring because we want to know more about the consortia and because the STV situation presents us with a challenge. STV is a terrific television channel that was founded on the basis of licence agreements that said that it would provide news, but it now says that it cannot afford to do that even though it would like to. Westminster has been sympathetic to that view and has said that subsidies could be provided to run those services. STV is an important part of the media landscape in Scotland but it has been extremely challenged in recent years. It is suffering from the recession, as we are, and from changes in the television landscape. It is extremely challenged with regard to revenue—it needs more. In its most recent annual report, it describes itself as Scotland's public sector broadcaster and it is quite clear about what it wants to be: it wants to be a BBC, and it wants money to become that.

From a commercial point of view, STV is telling its shareholders that the biggest revenue opportunity is in advertising that is currently carried by local newspapers and in the digital world. We are extremely concerned as we have no doubt that the provision of a significant subsidy to STV will filter through into its commercial classified businesses. We would worry about a competitor having an edge over us because of a significant public subsidy.

We are currently saying that we are going to bid and we are completing the documentation. I believe that Trinity Mirror has expressed an interest in a separate consortium, as well. We will have to wait and see what happens with that. There is a danger that there will be a further significant distortion of Scotland's media landscape. There is already a huge distortion arising from the BBC and there seems to be a view, in some quarters, that the way to sort out the serious distortion arising from the BBC and to cut the power of the BBC, if you like, is to create a second BBC. That is not a view to which I subscribe; I do not agree with that approach at all.

It worries me that there seems to be a view that STV equals Scottish content—or, rather, that Scottish content equals STV. That is not the case. The majority of the content in Scotland is dug out and produced by the local press. If the local press comes under further financial pressure, that will be bad news for Scotland. We are not subsidised and any further financial pressure will have adverse effects on our ability to invest in journalism.

Bill Steven: I echo Michael's points, particularly with regard to STV. As we speak, our bid is in for the regional news pilot in southern Scotland. Scottish and Universal Newspapers is excited about that opportunity. There is a cracking base in Dumfries and Galloway that would help us to extend our footprint into a bigger Borders area. It is a double-edged sword, of course, because a number of groups are bidding and there can be only one winner, which means that someone will be delighted and the other people will not be so happy. However, the opportunity is there and we are moving full speed ahead. We are seriously looking to contend to win.

Jim Raeburn: It is fair to say that the problems facing the newspaper industry have been given quite a lot of attention by the UK Government, Westminster's Scottish Affairs Committee and Culture, Media and Sport Committee, the Office of Communications and this committee. There is a willingness on the part of the UK Government to assist the media, as is shown by the decision to subsidise pilot schemes in three parts of the UK, including Scotland, that are designed to maintain a plurality of regional television news, and by the announcement that was made in late December by John Healey, the Minister of State for Housing and Planning, that all planning applications must be dealt with by local newspapers.

In Scotland, we would like the Scottish Government to take a view about the market impact on newspapers of its decisions on recruitment advertising and public notices. We know full well that local authority recruitment advertising is disappearing from our papers, and the same will happen with public notices, if the new legislation is passed. We are not asking for public subsidy—newspapers are not in that business—but we believe, for the good reasons that you have heard this morning, that public notices should remain with local newspapers. We would very much welcome your taking that message forward. If you strip out 10 or 15 per cent of the revenue of local newspapers, there will be problems.

Christina McKelvie (Central Scotland) (SNP): Before I ask about competition rules, I would like to pick up on a point that Michael Johnston made earlier about skewed journalism. How does the extent to which newspapers play an important role

in local and national democracy tie in with the view that is prevalent—even just across Lanarkshire—that there is a disparity with regard to political balance in some newspapers? I am delighted with what has been said about *The Falkirk Herald*, because it has a balanced and community-based view. I believe in the fundamental role of newspapers in local and national democracy, but I wonder how it plays out when there is evidence—on occasion—of skewed political balance across publications.

11:15

Michael Johnston: Johnston Press's publications are not political with a capital P, but they are community publications, and we believe that all our local newspapers—certainly the bigger ones—should have a voice and personality. Our papers and editors are certainly not afraid to speak out on community issues as they see them. However, such issues—for example, the various hospital campaigns that publications have run—are very often seen as political issues. Is a newspaper being partisan or political in speaking out against the closure of an accident and emergency department, or is it simply speaking up for the community? I would suggest the latter.

Bill Steven: I echo those comments. In representing the community in such matters, we often walk a fine line. Your view on the matter might be different from that of other panel members.

Christina McKelvie: In many local campaigns in which I have been involved, newspapers have taken the opposite political opinion, which I feel does a disservice to everyone involved in politics and impacts on local democracy. After all, it means that local people do not get the two sides of the story—or, if a mixture of political opinions is involved, the three or four sides of the story. It is good to get your reassurance that you are aware of the issue and are being proactive about it.

Michael Johnston: Johnston Press has an editorial policy. I am not suggesting that it is some kind of black book, but we have an editorial review group, on which I sit as the only management stooge because of my strong interest and background in journalism. The term “review group” might sound slightly Stalinist, but it is not about the tone of newspapers but about our policies, how we engage and, indeed, what our newspapers actually are. Our group is quite clear that our newspapers are community and family newspapers—we do not have page 3 and so on—and are to be read by everyone.

Many of our newspapers have very long histories in their communities and have been and remain very successful in and engaged with them.

You have heard about the huge penetrations that local newspapers have into communities, but the fact is that we are commercially driven businesses whose success stems from having as large an audience as possible in the communities that we serve. If we were party political, we would not be able to sustain either substantial audiences in communities or their respect. That said, although Johnston Press's clear view is that our papers should not be party political—and I am sure that the same applies at Scottish and Universal—they will speak out on the key issues in the community. We have to have a voice; with communities, there is no point in being limp, grey and without opinion. Nevertheless, we have to get it right, because it is really important that we reflect communities' aspirations and hopes.

Christina McKelvie: That is reassuring.

You will be aware of an Office of Fair Trading report published last June that concluded that the current regime was sufficiently robust to take account of the challenges facing the industry. However, in its submission to the committee, the Office of Communications argues that

“a restriction be retained that prevents one person from potentially dominating the news agenda across all three platforms of radio, ‘local’ newspapers (with a 50% or more market ...) and Channel 3 television.”

What is your view on Ofcom's proposal, particularly with regard to radio and cross-media ownership rules?

Bill Steven: We think that the situation is going to be very difficult for businesses and, if we want everyone to survive and if we want to retain as many local newspapers and radio stations as possible, there will need to be more flexibility to allow some of them to work more closely together or indeed to come together as consolidation takes place. No matter whether we are talking about radio or newsprint, the important point is to keep what we might call the front end out there in the communities.

Michael Johnston: Johnston Press has similar views to the other local newspaper companies in Scotland in the sense that it feels that the current rules are too narrowly defined and ignore the facts that the world has moved on, there is a digital universe and there are more advertising outlets. The situation is largely driven by advertising rules, to be perfectly honest. People can focus their marketing money in many places. We would therefore urge a more pragmatic and more relaxed opinion.

Speaking as an operational managing director, I believe that the rules are about mergers and are from a time when lots of deals were done, but we are not in that situation now. I suspect that my chief executive would shoot me for saying this, but

I think that the discussion is all a bit academic. What is important is that we maintain as many local newspapers as possible. Most communities these days are served by only one local newspaper.

Again, the world has changed an awful lot, so towns that have more than one local newspaper are unique. What is important is to maintain the one local newspaper and the one outlet of proper, considered local journalism. My worries go beyond that—I am sure that we will come on to this in a minute—to the pressures that local newspapers face from market distortion, structural change in the marketplace and the recession. What is important to me is that, for example, the *Glenrothes Gazette* survives, not that it should merge with, say, the *Fraserburgh Herald*, which is 300 miles away.

What we are talking about today is sustaining independent local journalism in our communities, which is fundamental in Scotland and really important for our democracy, particularly in a devolved Scotland.

Christina McKelvie: That is very reassuring. You will obviously agree that a newspaper's local identity is very important, as is its village mentality—in a good sense—because the local newspaper represents the local community. Keeping, say, the *Glenrothes Gazette* or the *Falkirk Herald*, which goes back a few hundred years, allows its community to thrive. I am reassured that your commitment will be maintained in that regard—thank you.

Claire Baker (Mid Scotland and Fife) (Lab): I want to pick up on the impacts on journalists, the quality of journalism and the type of changes that we are seeing in local papers. We received written submissions that highlighted concerns that there may have to be job cuts in the future. We have heard evidence this morning that Johnston Press had to make staff cutbacks and that the Trinity Mirror group closed some local offices and created regional hubs. That resulted in a loss of jobs, although we recognise that the company tried to minimise the number of jobs that were lost. How difficult is it in the current climate, when companies are faced with difficult decisions about how to retain journalists, to maintain quality journalism at a local level?

Michael Johnston: As we have said throughout this evidence session, we are commercial businesses, and that is what keeps us going. We must make a margin to be able to invest in our businesses, but the marketplace is extremely tough, which makes us extremely challenged. As I also said, journalism is our major area of expenditure, along with newsprint. Clearly, if we are challenged, we must look at efficiencies across the piece. It is my job to continue to run

Johnston Press's Scottish businesses as effectively and efficiently as possible to ensure that the businesses are viable and sustainable. There are therefore no sacred cows, I am afraid.

As the member suggested, we have no plans on the table for further significant cuts. However, I will always be looking at the business and I have a duty to our employees to ensure that the business is viable. I can make no promises about the future because I do not know where we will sit in two months, a year or three years.

Last year, we knew that things would be tough. We went into the beginning of last year thinking that we had significant challenges ahead, but the situation got worse and worse and harder and harder. We made significant cuts last year: we cut our cost base at The Scotsman Publications by £3 million, including, I am afraid, in the area of journalism. However, those cuts were driven alongside investments. The way that newspapers are put together has changed enormously since I started in the early 1980s. Technology has driven change, and I have no doubt that there will be further technological change.

The committee has an assurance from Johnston Press that we will always engage, consult and speak to employees and their representatives whenever we consider the business and talk about change. I know that the committee will hear later today from Paul Holleran of the National Union of Journalists. He will no doubt have a strong view about employee relations within the business, but I am fairly confident that he will say that such engagement has been important over the past difficult year and will be into the future. We will continue to engage with employees and their representatives at all points throughout the year.

Bill Steven: Like Michael Johnston, we have no cuts planned moving forward to this year, but last year was a big change for us. Similar to Johnston Press, S and UN reduced its cost base by £1.2 million last year. The bulk of that was through office consolidation, but we also lost some staff from the sales side, some admin staff and some production staff. From a journalistic point of view, we made the decision to create hubs and close offices to bring teams together so that we could hold the number of journalist jobs.

We also worked hard with our journalistic teams to fulfil our desire at S and UN to become fully multimedia, which has been achieved. Paul Holleran was involved in that, so he might be able to give the committee some feedback. From a journalistic point of view, the teams across S and UN made some big changes to become truly multimedia, which was a big move for S and UN.

Claire Baker: There is a recognition that the local newspaper sector brings in younger

journalists and takes on trainees in a way that feeds and supports the whole newspaper sector across Scotland. We appreciate that the sector faces financial pressures and is trying to make the right choices to support quality local journalism. Will there still be room within that for recognition of the vital need to bring in younger people?

Bill Steven: I can talk only about how our organisation has dealt with churn within journalism. When Trinity Mirror brought in a job freeze a year and a half ago, everybody came under pressure. However, that has eased as we have changed the business. Over the past six months, when people have left or been promoted within S and UN, we have brought in new guys. We have replaced people, so our resource is sitting at the same level as 18 months ago. We are actively keeping that churn going, and we certainly look to continue to do that in 2010.

Claire Baker: We have spoken a bit about the nature of local publications and the importance of their campaigning role, which Mr Johnston mentioned. In that context, we have had a few mentions of the *Glenrothes Gazette*—possibly because its editor, Gail Milne, is present this morning—and we have a lively local newspaper base in Fife. If journalist and editorial staff were to come under further pressure, how would that affect the ability of local newspapers to carry out their important campaigning function?

From the evidence that we have heard this morning, everyone recognises that campaigning is an important role of local journalism. However, the written submission from Dunfermline Press Limited highlights concerns that it can become quite easy at local level to be—lazy is perhaps not the right word—overtaken by pressures such that people do much more cutting and pasting of information that comes in. How do we ensure that the local newspaper base continues to provide independent and active journalism?

Bill Steven: That is a challenge. The issue is to do with the number of staff who are available in a unit to do the work. The amount of content in some of the weekly S and UN titles gives you an idea of the activity in that market, which involves journalists creating individual stories. In many of our titles and Michael Johnston's, the story count will be extremely high. That is all about activity. There is no question but that, if pressure is put on journalists or that resource is reduced, the effect on the title will be dramatic. It is extremely important that we keep the story count high and retain the ability to respond to challenges in markets, such as campaigning issues that need a bit of time and devotion. Maintaining the quality of the content that we provide to the market each week is about having that resource in the right place at the right level.

11:30

Michael Johnston: I am delighted that the committee recognises the fundamental role that the Scottish local press plays in developing new journalistic talent and bringing people on. That is my background—I started my journalism on a local paper, although in England rather than Scotland. The local press is of fundamental importance. The committee may have different views on this, but where would we have been without an Andrew Marr, a Jim Naughtie or a Magnus Magnusson, who all came through the Scottish newspaper scene? We have a fundamental role as trainers and developers of journalists; we are the entry point to the profession. As Bill Steven rightly says, if we are constrained as a result of revenue challenges and have to shed staff, those opportunities will obviously diminish. That is a concern.

What is important for us in the local press is to get through the terrible recession that we are in and to ensure that there is recognition that it is us who are on the ground. I will try to mention some places other than Glenrothes. We are on the ground in Dalkeith, Fraserburgh, Montrose and Stonehaven, all of which are unserved by other organisations, publications or news outlets. The application of subsidies that allow other organisations to develop new platforms creates distortion in the marketplace. The independently funded news consortia project and the BBC's Scottish local aspirations are not about creating new journalism jobs. Two years ago, when he gave evidence on the BBC's aspirations for local journalism in Scotland, Ken McQuarrie talked about creating only 12 or so jobs to cover the whole of Scotland. That is less than half the staff that we have in Falkirk and it is half the staff that we have in Kirkcaldy. Those bodies are not talking about creating new, compelling journalism; they are talking about creating new platforms for taking locally originated content from Scotland's vibrant local press and repackaging and redistributing it. That is the real challenge for us.

I might be sounding a bit more gloomy about the IFNC project than Bill Steven. It represents an opportunity, but it is not about large-scale journalism. It is about other opportunities, other outlets and other routes to market. I am sure that there will be some investment in journalism but, fundamentally, the Scottish scene and Scottish democracy are underpinned by the hundreds of journalists who are employed by the local newspaper sector.

Aileen Campbell: We have heard a wee bit about the campaigning nature of a lot of the local papers and many of the submissions mention their cultural importance. Reference has been made to the fact that the Falkirk papers have been on the

go for centuries. What cultural contribution do local papers make to the communities that they serve?

Bill Steven: Local papers make a major contribution to all aspects of life. In the small communities that are served by local papers, cultural awareness is immense. The content of our titles is provided by local people in those communities who serve the area at all levels. What is represented in our titles offers a good balance.

Michael Johnston: Good local newspapers—we have many in Scotland—are fundamental to the fabric of communities. They give them an identity and provide forums. It is no accident that many local newspapers are published on the traditional local market day. It is a way of bringing people together and, although the physical markets have gone in many towns, the newspapers remain as a platform where people can gather views, news and opinion and can engage by writing to the editor or phoning up the journalists. In the digital world, they can engage in real time—that is a great strength of digital services—by making comments and submitting articles or pictures.

There is a huge enthusiasm and passion for those products and we remain fundamental to that. I know of no way in which communities can be brought together and can understand what is going on in their area other than through local newspapers. The biggest sale of the *Evening News* in Edinburgh in 2009 was on the day that we published our primary 1 supplement, which had photos from 283 schools with God knows how many kids—thousands of them. That sort of thing has real resonance. No one else will produce such things and bring people together in that way to celebrate what happens in our communities.

Bill Steven: Not only do we have journalists in the communities, but we also have local correspondents. Our title is probably represented by one person in each village. That person will talk to their next-door neighbour and the neighbour two doors up and feed us the information. The fact that we have a very strong correspondents base, particularly the more parochial we get, is an important and integral part of local newspapers.

Michael Johnston: The local newspaper is often the only group of people that is prepared to take on projects that further create community cohesion. We are desperately keen to get out of the recession, celebrate business success—success breeds winners, who breed success—and encourage and enthuse the business community. *The Falkirk Herald*, for instance, is running the business awards in Falkirk this year and did so two years ago. Such things really make communities feel good and passionate about

themselves. Those are the sort of things that local newspapers do beyond the weekly titles.

I echo what Bill Steven says. In the Johnston Press submission, John Fry mentions the 800 or so staff that Johnston Press has in Scotland. Beyond that, there are many more people who engage and who provide content—pictures and so forth—to our papers.

Aileen Campbell: Will you comment on any communities where the local title has folded? What impact has that had? Is there anything that you can say about that?

Michael Johnston: We have been fortunate in Scotland in that, although there were a few title closures in 2009—Johnston Press closed two free titles in 2009 and Bill Steven outlined some other title closures—they were largely free titles in communities that were also served by a paid-for title. Up to now—and I touch wood—no major title in a major community has closed and left communities unserved. However, if the challenges get worse, that is always a possibility. That is why I am pleased that we can attend the committee and tell you about our industry, because it would be a sad day if such a closure happened. It has happened down south and, from what I read, those communities feel as if their hearts have been torn out. I do not want to become involved in a community losing a newspaper if we can possibly help it, but I reiterate the point that I have made again and again: we are commercial organisations, and we cannot lose money indefinitely. We have to make a turnover, and we have to be able to invest in and develop our business.

Aileen Campbell: You said earlier, Michael, that local reports on the BBC online news are not true local reporting because the BBC does not have a reporter in each town. How, then, can we reconcile the consolidation of newspaper offices and a reduction in their local presence, with the point that local papers are important because of their local footing?

Bill Steven: Consolidating offices does not mean having less activity out in the field. In any office that we have consolidated, the same number of guys are there, with the same number of contacts. They are out in the field and can work remotely. They can send their stories online straight back to the office, without having to come back in. They are still out in their patch—that is the important part. We would not back off the area totally—we would not allow that to happen. The guys are very active in their existing patches, even if office consolidation has happened.

Michael Johnston: Those two things are fundamentally reconciled. If the situation is that a remote organisation relies on a local newsgatherer

to create content that it repackages and distributes as its own, and that leads to the local newsgatherer no longer being able to continue and having to pull out of the community, that is a very sad day. That is the very challenge that we face with market distortion.

Aileen Campbell: We have received an interesting paper from David Hutchison of Glasgow Caledonian University. He raises a number of points about how to explain variations among declining numbers within newspaper chains. Are some local newspapers simply more important to their communities? How would you explain such variation?

Michael Johnston: I looked briefly at David Hutchison's submission—it was on my chair as I came into the committee room. Two of the titles that he cites are Johnston Press titles, and their areas are alongside each other. He uses statistics to question whether titles should be aggregated or retained in big groups. There is a good performance and a poor performance within the same group—the titles that operate alongside each other are the *Buchan Observer*, in Peterhead, and *The Fraserburgh Herald*. Some of the variations are to do with specific local issues.

On the whole, however, I have not seen evidence that local newspaper circulations have been particularly affected by the organisations within which they sit; it is all to do with the enthusiasm of the organisation to produce the newspaper, with the enthusiasm of the journalists, with the ability of the people in the organisation, with the sort of newspaper that is being produced and with whether or not it is true to its community roots. Those newspapers that are closer to their communities or which are in more stable or isolated communities perform better.

I am not an academic, but I read David Hutchison's written evidence and I would be interested to hear more from him. I am not sure that I altogether understand the point that he tries to make.

Aileen Campbell: We have figures on the age profile of local newspaper readers. There are not so many young people reading them. What are local newspapers doing to try to make themselves more relevant to that group of people? Perhaps the immediacy of online content and use is one explanation why young people might not be reading the local newspapers. What are you doing to capture more of that audience?

11:45

Michael Johnston: The local newspaper industry is very much aware of the issue around the age of readers. We are in a period of transition. The creation of local digital sites to

accompany our newspapers has been fundamental to addressing the demographic changes in our communities.

There are several complicated issues. First, we are in a period of transition, so local newspaper companies need opportunities to be viable and to create digital alternatives. Secondly, we need to continue the print products, because they are fundamental. Some fundamental things are, frankly, more in the gift and remit of the Parliament than of local newspaper companies. Those are to do with education standards and reading, how kids behave and the proliferation of video games. One sad thing in our society is that, in many households, younger people are entertained by shoot 'em up video games rather than reading. I have a teenage daughter who is an avid reader, but I also have a son who is a less avid reader and who plays video games. I wish that he was a more avid reader and I certainly work hard to encourage him.

All those issues are deep rooted and are to do with wider changes in society. We have to work hard to keep our products relevant to ensure that we attract people. When people dip in, we need to ensure that we are relevant and that they can engage. Unfortunately, teenagers are a lost world to newspapers. They do not buy newspapers, although they might read their parents' papers. It is important that households have a newspaper in them. I grew up with a newspaper in the household, which is why I have one in mine, I believe. However, as people grow and develop and take more community interest, they come back to the fold.

The demographic will be skewed. Teenagers might buy the paper occasionally for a job or a car but, as they develop, they will get into relationships and be interested in buying a home, moving home or developing a home. They have kids and those kids go to school. They have an interest in whether their bins are being emptied and they are worried about gritted pavements and all those sorts of issues. That is when people engage with the local newspaper. We will not replace "Call of Duty 4", as that is a completely different medium. Our job is to provide local information and news.

Bill Steven: I agree with Michael Johnston. The issue of trying to satisfy that market is not new—it has always been very difficult to do that. We can think back to some of the initiatives such as newspapers in education. We are well aware of the issues of trying to satisfy that market. Michael Johnston touches on an important point that, as kids develop, they develop a need and desire to get their local newspaper. Their life changes. They want to buy a house in their area and they will engage with the paper. It might be a timing issue,

but our research into the demographics shows that we have strong numbers of people at a relatively young age engaged in our titles. It is about timing. The situation might have changed slightly over the years. Online approaches will play an important part, which is why local papers must continue to make progress on their websites to ensure that that engagement continues.

Aileen Campbell: Local papers probably have more positive stories than the national titles do about young people, as they report academic or sporting achievements. That is something to build on.

Bill Steven: Michael Johnston touched on that when he talked about primary school photographs. The activity round a local paper is all about kids. There is a huge input about children and what happens in the local area in schools, playgroups or nursery. There is a big involvement there.

Michael Johnston: A huge issue that we have not touched on is sport and sporting activity, which are fundamental to our newspapers. People come together to play in competitive sports, but they also take part in non-competitive activities such as angling. All those things are covered in local newspapers and that would not happen in the same way without those newspapers.

Kenneth Gibson (Cunninghame North) (SNP): We all want a healthy and vibrant newspaper industry, which is obviously why we are here today. Mr Steven said it very well when he said that it is important to respond to the challenges that the industry faces, so I want to look forward and try to clarify the picture a wee bit.

I am interested in the variations in circulation. For example, I was fascinated to see in D C Thomson's submission that the *Sunday Post*'s circulation has fallen by 32 per cent over five years, whereas the circulation of the *Aberdeen Citizen*, which is in the same stable, has fallen by only 5 per cent, even though it is a daily and the *Sunday Post* is a weekly. I know that you said that weekly papers are less likely to suffer.

David Hutchison is, incidentally, a constituent of mine. His evidence talks about the *Airdrie & Coatbridge Advertiser*'s circulation declining by 24 per cent and that of *The Shetland Times* declining by 1 per cent. He seems to be saying that the more local a paper is, the greater its relative circulation and saturation will be, and the more likely it is to be able to pick up on all those stories that we have heard about.

There is a variety of newspapers in my constituency. For example, *The Arran Banner* is one of those papers that has at least 90 per cent saturation and there is virtually no one who does not buy it. I think that it sells more copies than there are adults on the island because it sells a

few hundred on the mainland. One of my mainland papers also does well and achieves a high saturation, but the other one covers quite a large area of perhaps 50,000 to 60,000 adults, and its penetration is a lot less. Is there a balance to be struck in ensuring that a newspaper is truly local? A few months ago, I watched a Channel 4 programme in which a gentleman who owns a number of titles down south said that the key to ensuring that his papers remained profitable was not to expand geographically, because that made local people feel that a paper was no longer about all the little things in their area, such as photographs of their children or the local scout troop or whatever. Where is the balance to be struck?

Bill Steven: The more parochial a paper is, the stronger it becomes. Michael Johnston might have touched on that.

Kenneth Gibson: I agree with that.

Bill Steven: If we go into an area like Airdrie, the situation becomes more intense and it becomes tougher to identify communities, so we have to work a lot harder at it. That is where the challenge is. The decline in circulation in Airdrie over a number of years has highlighted that. Okay, some years were worse than others, and so we are at the number that we are at. However, it is improving and changing.

Mr Gibson is spot on; we must work in the area that we identify as the paper's footprint. If we start extending out of that area, the content will become irrelevant to the reader, which is a big issue. It is about working hard to make sure that we understand fully the communities that we represent each week.

Michael Johnston: Mr Gibson highlights the truism that the papers that serve more isolated and defined communities have probably held up better than those in the central belt that are more in flux. You cite *The Arran Banner* and *The Shetland Times*, which are in isolated and remote communities.

The other side of the challenge for those papers is advertising revenue. I know the *Shetland Times* people very well and they are concerned about advertising revenue because there is less of it in Shetland than in the big central belt circulation areas. They still have significant costs and so they feel a decline in revenue particularly harshly. I am not suggesting that *The Shetland Times* is not a vibrant title—it is a strong local newspaper—but everyone is facing the same challenges.

On the point about some of the bigger declines in circulation in the central belt, some of them might be to do with local issues, but it is certainly the case that in the metropolitan areas, where there is a proliferation of media, the local

newspapers have had a tougher job. That is why it is so important for the cohesion of those communities that there is a viable local paper that is able to run itself in a commercially successful way.

Kenneth Gibson: The quality of a newspaper is, obviously, vital. Earlier, Mr Steven said that *The Irvine Herald and Kilwinning Chronicle* increased its circulation from 3,000 to 11,500. I am aware of that, as the paper covers an area that is just outside my constituency. However, I understand that the *Irvine Times* has declined by roughly the same amount that the other paper has risen by—it used to outsell *The Irvine Herald and Kilwinning Chronicle* by three to one, but now the situation is the other way around. That shows what good quality journalism that tries to make a paper exciting and important to a local community can do.

We have to live with the fact that we are not going to be able to uninvent the internet. D C Thomson found that 35 per cent of the readers of *The Courier and Advertiser* were over 65 and only 16 per cent were under 35. I appreciate all of the challenges that you mentioned in response to Aileen Campbell's questions, but journalists and editors—who do not always want to put their names to statements that they have reason to believe that their employers might be unhappy about—have told me that newspapers have cut off their own noses by rushing towards the internet. *Time* magazine had a big article last year about how the rush to put free stuff on the internet has devalued news for many people and that some people feel that they have a right to free news at any time, which means that it is difficult to go back to the point at which publications were charging for news.

If you put content on the web that is not in the weekly newspaper, some people will just not buy the weekly newspaper because they can get the same thing online. I know that plenty of people read the local newspapers in my area online. I personally prefer to leaf through a newspaper; I do not like to read any news online. However, some people say, "If I can get more online, why should I pay for a newspaper?" You are not going to be able to generate the same level of advertising revenue from your online business that you do from the newspapers. I do not think that any online newspapers are making money at this point. How can you ensure that you do not cannibalise your own business?

Bill Steven: That is difficult, and involves a balancing act. Scottish and Universal Newspapers will probably change direction over the next year. At one stage, all the content of an edition of a newspaper such as the *Ayrshire Post* would be available online by midnight of the night on which

it was published. That might change. We are not going to introduce a pay wall, but we might restrict some of the content that is available online. However, the guys who select what content goes on the website will be the local guys in that paper's office. The editor and the team will decide what they want to put online, when they want it online and how best they can cross-promote the stories in the paper and the online stories—by, for example, teasing stories earlier, which is something that we have not been doing that well. We have not been using the internet effectively as a tool to promote the printed property. Over the next 10 to 12 months, you will see a big change in Scottish and Universal Newspapers in that regard.

Kenneth Gibson: In his written submission, David Hutchison—who will appear before the committee next week—says that, in the good times, some newspapers

"were more concerned to go on the acquisition trail and to reward senior executives with remarkable generosity, rather than to invest in journalism and journalists on their papers."

Have newspapers struck the proper balance with regard to dividends, executive remuneration and well-resourced journalism? I listened to what you said earlier about the emphasis on journalism. How would you respond to the suggestion that, before the recession, local newspapers and their owners were not looking forward far enough?

Michael Johnston: It is on record that even my own group made a number of ill-advised acquisitions. As an operational manager, I regret that, because it has had a huge impact on the business. However, the reality is that we are where we are today, and we need to talk about how we move forward. There are issues in the newspaper industry that we could spend time talking about, just as there are issues in the banking industry that we could spend time talking about. Were executives overpaid? I do not have a view on that; I certainly was not one of them. Were dividends too high? The dividends were what was deemed to be appropriate at the time. The company has shareholders who had every opportunity there.

We possibly did not invest enough in journalism. Looking at the here and now, and moving forward, I want to ensure that the businesses that I am responsible for are sustainable and can continue to function in a viable way. Journalism is fundamental to what we do. I recognise journalism as being not only a significant cost but a significant attribute of our business.

12:00

Kenneth Gibson: In countries that have bucked the trend of declining circulations, it is all about

high quality, lively journalism, as well as the localism that we spoke about earlier.

Michael Johnston: It always has been. If we were able to turn the clock back and start again, people would be hoping with crossed fingers that the internet did not exist. However, it does exist, and we question whether it was right that there was a rush by everyone to put content online for free. Nonetheless, we are where we are, and we are making revenues online. The problem arises if we cut off an online audience that increasingly is not engaging in print. Is extending our reach and our communities the right thing to do commercially? Probably not. Is that the right thing for journalism? Probably not. Our journalists have a bigger audience today than they have ever had before. With the combination of print and online, they are reaching more people. It is a difficult situation to be in, and I am sure that in future there will be charging for certain content.

Kenneth Gibson: Christina McKelvie asked earlier about political bias in journalism. You are not seriously trying to say that there is no political bias in our local newspapers and that they just respond to local campaigns and stories. No one around this table would take that seriously. I do not think that local papers have the sledgehammer propaganda for or against a political party that we have seen recently in editorials in the *Daily Mail* and *The Sun*, or, in last week's *Daily Record*, against a rebel faction within a political party. Surely you accept that although local papers may not slant their editorial in favour of one political party or another, they do so by omission. For example, one political party would simply not appear, regardless of what they put into the local paper. Having lived in the circulation area for one of your newspapers, the *Glasgow South and Eastwood Extra*, for 16 years, I have to say that that is one newspaper that falls into that category. When I read that paper, I thought at times that I was living in Putin's Russia. That might sound over the top, but although local papers can be great—for example some of the papers in my local area, which cover everyone—you cannot tell us that all local newspapers give equal weight to everyone's views and an unbiased presentation. They do not.

Michael Johnston: Perhaps I could dissect what you said. First, it is not the strategy of Johnston Press to publish party-political newspapers. I am happy to talk to you after the meeting about the issues that you mention, but our group strategy is not to be party political. However, as I said earlier, it is important that our newspapers have a voice and speak out on issues that the newspaper believes to be important to the community. Those issues could well be identified as party political, but I strongly disagree that

Johnston Press is in the game of publishing newspapers that are party political.

Kenneth Gibson: Indeed.

The Convener: That concludes the committee's questions. We have had quite a lengthy session.

12:05

Meeting suspended.

12:16

On resuming—

The Convener: We come to our second panel of witnesses of the morning—although we have moved into the afternoon now. I thank the witnesses for sitting through the previous evidence and for staying with us beyond 12 o'clock. We are joined by Paul Holleran, who is Scottish organiser with the National Union of Journalists; and by Martin Boyle, who is programme co-ordinator for journalism at Cardonald College. I am grateful to you for your written submissions.

We will move shortly to questions from members, but it would be helpful if you would, having listened to the evidence so far today, reflect briefly on the issues that you think face the newspaper industry in Scotland, particularly the local print media.

Paul Holleran (National Union of Journalists):

I am not sure that I can do so briefly, but I will do my best, given that the previous evidence session overran. I worked in weekly newspapers in Scotland for more than 25 years—I have worked for most of the papers in Lanarkshire at one stage or another. I know the industry very well, having worked in production as well as on the editorial side, and I have worked as a full-time union official for the past 15 years. I know the industry inside out—I know the ups and downs. I know many individuals in the industry, too, including the three gentlemen who gave evidence earlier. I will try not to say too many disparaging things about them.

We have to learn from history, while looking forward in order to gauge how far we can progress and how we can take opportunities. I am keen to talk about how the industry can move forward and address some of the issues that have already been raised with the committee. The title of the inquiry contains an implication of the decline of the industry. The big decline has been in profits, and Bill Steven made the point graphically when he was speaking earlier, indicating with his hands how much they have fallen.

Interestingly, the BBC and other broadcasters are now being seen as rivals. When newspapers were making massive profits in recent years, with up to a 50 per cent profitable return in some

cases, there was no view that the BBC would be a major rival, and there were no great concerns about public subsidies. There was a dearth of investment and a lack of strategic approach when times were good, but the financial circumstances were among the best of any industry in the western world. The profitable returns were massive compared with those of other industries. For most companies, healthy figures might be between 8 per cent and 11 per cent return. In recent years, it was between 35 and 50 per cent for weekly newspaper groups—until the recession.

Michael Johnston said that we should look at bankers, but perhaps we should also look at the relationship between the banks and the newspaper companies. After all, companies that were making profits looked to make further acquisitions and expand to become the largest groups in the UK; the banks gave them the money to do so, and many of those acquisitions were made without due diligence. Now, as the recession has kicked in, the black holes that are appearing are having a major impact on the companies' ability to maintain papers.

However, we in the NUJ—which is with its coverage of England, Scotland, Wales, Ireland and most of western Europe, able to take a broader view of the industry's workings—feel that Scotland has been fortunate: no papers have closed and the difficulties do not seem to be on the same scale as those being faced down south. Much of that is down to the fact that journalists and people in the industry who belong to the NUJ have worked extremely hard to maintain relationships. For example, I have very good working relationships with Michael Johnston, Bill Steven and a number of other employers in Scotland and, when we try to deal with problems, we sit down and engage with each other.

Although the decline in profits is the driving force behind all this, there are other aspects on which I am keen to engage with the committee. The first relates to what might be described as a duality in the industry. The balance that has been struck over the years between the claims of the circulation and editorial camp, which has always argued that it is more important and that the way forward is more investment in and more promotion of the newspapers themselves, and the advertising camp, which has always argued that advertising is more important and should be promoted, has been skewed by the fall in advertising revenue, and that is now having a major impact.

Secondly, opportunities have been missed in maintaining standards not just with regard to newspapers but in broadcasting in general. The fact is that other broadcasters have moved with the times. They have looked at what is happening

on the internet and are now providing, for example, a 24-hour news service. They have also tried to move into local areas, which, it could be argued, is not part of their remit. However, many newspapers are now thinking that they need to compete with such services. With the profits that they were making seven or eight years ago, the newspapers had a massive opportunity to take on and invest in convergence and to ensure that their websites and other aspects of broadcasting enhanced the papers. I found it interesting that towards the end of his evidence Bill Steven more or less admitted that the industry has not taken those opportunities; it certainly has not used the internet cleverly, engaged with it properly or used it to promote news and newspapers in the way that it should or could have done. In my opinion, it has not used the new technology to its full extent and now, as we have seen with initiatives at Westminster, there is clamour for public money to attempt to protect not only news and current affairs but plurality in broadcasting.

The issues are many and complicated. The NUJ is a very positive organisation and very constructive in working in partnership. I have to say, though, that the past year has been the most depressing that I have had since I left school and joined the industry, and much of that is down to major mismanagement of investment and in decision making. We still have a number of concerns, some of which the committee has already raised this morning, and I will elaborate on them if I get the chance to do so.

Martin Boyle (Cardonald College): My background is slightly different, in that I have worked in the local and national press but now educate and train not only people who are trying to get into the industry but journalists who are already in the industry and who want to develop their skills, including the convergence skills to which Paul Holleran has just referred.

I think that the main message that emerged from the first evidence session was about the vast importance of the local press. It was certainly heartening to hear the unanimity in that respect.

One thing that it is useful to think about is the collective cultural and historical memory of an area. That is certainly how I would think of a local newspaper—it provides the collective memory over a long period of time. We heard about the fantastic example of *The Falkirk Herald*, which has run for a long time. From my experience of working for the *Greenock Telegraph*, I know that that newspaper is embedded in the area—almost everyone looks at, talks about and knows about it. So many areas are reliant on their local newspapers.

Another phrase that is very useful, and which has been used a lot, is “democracy deficit”. It is

useful to have heard so many people talk about that. Bloggers do not go to court rooms, Parliament or fatal accident inquiries; local journalists on the ground are the ones who can do that type of job. Crucially, from my point of view, they are the ones who are trained in shorthand and media law and so on, and can genuinely perform their role to a high level. Those are the journalists who the major newspaper groups are able to provide. Journalism of that quality, which is about questioning the elite and questioning what happens in other areas, is absolutely vital and has to be protected.

Paul Holleran mentioned convergence. In many ways, this is an exciting time, although it is also a depressing time. People say that last year was their hardest year ever. We cannot get away from that; we have to recognise it. As we look towards convergent media, it is hard to talk about only newspapers—they are going to have to change. In the next five to 10 years, we will have to find new business models. When we come out at the other end, we will look radically different to how we looked when we went in.

First, we want to see the survival of newspapers, which Bill Steven and Michael Johnston talked about. We have been lucky that we have not lost any major papers in Scotland so far. We have been much worse hit down in England and we do not want to get to that position here. Beyond that, we want to move towards developing the training and quality of our journalists in order to ensure that what we have in the future is what we have traditionally had in Scotland: a genuinely high-quality press. We need that at local level. I hope that we can see innovation in this respect—genuine innovation has to arise through these difficult times.

We have started to see more and more support for the Sarkozy idea of giving newspapers to people when they turn 18 and so on. If something like that ever comes about, I hope that the local press will be included in it. Everyone could be given a copy of their local paper when they get to a certain age. Encouraging that level of readership would develop the ideas of democracy, cultural identity and so on.

On public service news in Scotland, I think that there will, to some extent, be a huge missed opportunity, with one winner and many losers. If the massive network of fantastic local journalists that we have throughout Scotland could be tapped into to provide local news throughout Scotland, we would have arguably one of the strongest news networks in Europe. I hope that we will still get something like that. This is a time of huge challenge but also of opportunity. I welcome the opportunity to continue with this, because it is vital.

The Convener: Thank you for that. I want to ask a question before I allow Ken Macintosh to ask about public information notice advertising. Mr Holleran said that there has sometimes been an imbalance between advertising and journalism in the content of newspapers. People in my constituency have told me that although they still enjoy reading local publications such as the *Wishaw Press* and the *Airdrie & Coatbridge Advertiser*, there is too much advertising in them. They are really not interested in a lot of it, because they want the news; they want to know what is happening in their communities. Although the recession is creating real challenges for the newspaper industry, might one of its benefits be a rebalancing between the journalistic content of the newspaper and what is advertised in it?

Paul Holleran: There has always been a recognised tradition that papers should have set percentages of editorial content and advertising. We would welcome as much advertising as possible if it was counterbalanced by more editorial content—it would pay for more journalists and more pagination. Everyone in the industry would welcome that. There is a balance to be struck in that respect. One of my concerns, which is tied into that, is that I am getting a lot of complaints from one section in one group that as soon as the journalists have finished their paper for the week, they are being given advertising supplements and other supplements to write and edit, which increases their workload and stress levels. One of the difficulties that companies have is that they have to look for more revenue to try to maintain the number of staff that they have.

A balance needs to be struck, because journalists want to go out and meet people such as MSPs, which is what journalists should be doing. Rather than being stuck in the office writing advertising supplements, reporters should be out listening, and meeting and building contacts, which is the way to achieve a balanced press. Unfortunately, many journalists find themselves in the position of being completely overstretched because their publication has insufficient staff or because they are being given additional work to do for commercial reasons.

12:30

Ken Macintosh: I want to ask both witnesses for their views on public information notices and public sector advertising in general. How important is that revenue stream to the local newspaper industry?

Martin Boyle: To echo what was said earlier, I think that such advertising is vital. As I said, the local press plays a vital role. We do not want to move towards a subsidised, Government-funded press—that has become clear—but there are

ways in which the local press can be supported. Rather than having a fully subsidised press, continuing with the type of thing that Ken Macintosh mentioned to support the local press would allow us to ensure that we have a local press that is strong and remains independent. That is vital.

Paul Holleran: For the purposes of both revenue and access to information, it is essential that such information continues to be provided through local papers. Particularly in areas of Glasgow where there are low levels of take-up of the internet—less than 40 per cent of households, I think, which is particularly low compared to elsewhere in the UK—it is important that such notices appear in local newspapers. Job advertisements also let people know what is going on in local government. If jobs are being created that people perhaps agree with or disagree with, they are educated about their existence by reading about them in the paper. Such notices provide an education process as much as anything else. If those notices were to vanish, we would have a big democratic deficit, which would be a problem.

Some employers have told me that advertising revenue has plummeted over a matter of months. Revenues are down between 18 per cent and 30 per cent. If 10 per cent of revenues come from local government, the discontinuation of such notices will just exacerbate the situation. We have a dual concern about the information that such notices provide and the financial aspect.

Martin Boyle mentioned the need to look at future models. I think that we need to look at models of ownership, models of partnership and models of regulation. For example, the reason why STV, which is an independent television company, has had to make an application to provide a new service is that its licence to cover an area ties in certain criteria that must be met, which includes a certain amount of news and current affairs. That is why STV is now promoting its new initiative. Although we do not want the local press to rely on Government income because that would not be healthy for the press, there needs to be some kind of recognition that independent broadcasters and weekly and daily newspapers have a role in covering what is happening in our country. If regulation required those who own newspapers and independent television or radio stations to meet certain standards, perhaps all such organisations could fall into that category of support. That might be controversial, but it should certainly be considered as a future model.

Martin Boyle: We need to be well aware of the fact that information poverty is a real danger. With an ageing population, we need to ensure that people have access to vital information.

Another point that is becoming increasingly recognised is that the internet has removed serendipity from the finding of information. In the past, people stumbled across things in a magazine or newspaper that they might have found hugely entertaining or interesting or important to them. The reality now is that people go online and use Google to search for the one thing that they want to know about. That has been a remarkable change in how we find information.

Ken Macintosh: As I said earlier, there is a strong argument about bringing information to people's attention rather than just relying on their finding it by deliberately looking on the internet, which is accessible only to some. It was also obvious from our questioning of the previous panel that there is strong support for and evidence about the need for a strong local newspaper base in Scotland. Indeed, that is the reason why we are having this inquiry.

I want to pick up on what Paul Holleran said in his opening statement. I have one worry about the public sector's role. Earlier, we heard evidence about the newspaper industry being commercially run but, in effect, indirect state subsidies are being asked for. That sits uneasily with commercial language. I do not think that anybody on the panel or any of our previous witnesses is in the overpaid executive bracket, and their commitment to journalism is clear. As far as I am aware, Trinity Mirror, for example, paid its top executives hundreds of thousands of pounds in bonuses last year when the *Daily Record* was laying off staff. I worry that a big group can own several newspapers and ask for public support—indirect or otherwise—at the same time as some people are making inappropriate profits from a taxpayers' subsidy. Do you have a view on that?

Paul Holleran: Yes. As a union official, I have always had the difficulty of achieving a balance between a company's commercial success and its editorial success in its role of producing a paper or as a broadcaster in society. There is a constant fight to try to maintain editorial standards and ensure that people are properly trained, and that there are sufficient staff, with a good balance of young people and old people with experience.

On the commercial side, there are advertising pressures and management decisions on acquisitions. Michael Johnston mentioned acquisitions that were clearly flawed. One of the executives who was party to that work went away with massive bonuses when he left last year. That does more than make the blood of journalists boil. There has, in the industry, been mismanagement on a major scale that matches what the banks have done. That is not just my opinion; it also regularly comes across from the workforce. That takes us back to regulation and whether the

commercial side of things can be separated from the provision of news and current affairs. A fine balance must be achieved.

The Convener: Does Ken Macintosh want to ask about independent national news consortiums?

Ken Macintosh: Why not? Both witnesses will be aware of the proposal for an independent national news consortium, which would clearly have an impact. Earlier, we heard that that could be good news for one consortium. Do you have a view on whether it would be good news for Scotland nationally or a bad step for our country and our weekly press?

Martin Boyle: As I said earlier, it would have been far better news if we were able to bring together a significantly larger number of newspapers so that people were all at the table at the same time providing their quality of news at local level throughout Scotland, because not many local newspapers from different groups are in direct competition with one another in the same area. That would have given us something quite spectacular that we could be genuinely proud of. There is a real danger that, as one group wins and starts to encroach on other areas, other local papers will, ironically, be put in far more danger as they try to be part of a Scottish network. There could have been a perfect, dream version. I hope that something of genuine quality comes out of the proposal, but the worry must be that some local papers will be under even more threat.

As Michael Johnston said earlier, we have the BBC, and we are talking about adding yet another layer. Although there are potential pluses, we would possibly have two behemoths that would start to move into local areas, and local papers would feel the crush if they were not in a winning consortium. That must be the biggest worry.

Paul Holleran: The consortia argument came about following lobbying by companies such as STV, which said that their licences were not worth anything and asked why they should continue to provide news and current affairs programmes. They said that there was nothing in that financially for them, and the political debate kicked off. My understanding is that the newspaper proprietors joined in the debate and asked why everyone should not have an equal opportunity to apply for the public money.

When it becomes a bit of a marketplace, we get distortion and confusion, and it does not lead to an industry-wide strategy—it becomes part of the competition. I accept that we live in a capitalist society, but we are talking here about trying to protect the press, news coverage and journalists' jobs. If the situation is turned into bit of a market, that could backfire on us.

I have always supported one of the outcomes of the Scottish Broadcasting Commission's review, which was the development of Scottish news on a digital channel that could work closely on convergence with the BBC, companies such as STV and the newspaper industry. Martin Boyle alluded to that type of development, which I feel would need to be approached strategically, as opposed to people just throwing bids into the ring. However, our industry is not renowned for partnership—believe me. I have tried to work in partnership with the industry for many years, but it is not easy to do so. It is a pity that the employers' federation did not pull things together a number of years ago to try to take that forward—it may be too late now.

Aileen Campbell: I have a brief supplementary question in relation to the line that Ken Macintosh took about public information notices. A research figure that has been bandied around is that only 2 per cent of people read PINs in local newspapers. What is your response to that? The area in which I live is well covered by two very good local newspapers. However, some research findings do not seem to support the view that PINs are important for keeping local papers going.

Paul Holleran: I do not always trust all the research that I read on what goes on in the industry. It is difficult to measure how many people read public notices. However, newspapers, particularly weekly newspapers, do not exist just for public notices, advertising, birth, death and marriage notices, sport, political coverage or hard news: they exist for all those things. They exist to show what is going on in the community and to reflect the community's culture. There is therefore not just one reason why people would buy a weekly newspaper. A local newspaper is like a jigsaw; if we start taking it apart, it fails to deliver. Public notices and the link with local government are part of the jigsaw, as is advertising.

The convener asked earlier whether there should be as much advertising in papers as there is. Some people buy papers just to go through their advertising. There is therefore no one reason why people would buy a weekly newspaper. We must try to keep the jigsaw intact. I do not know whether that answers Aileen Campbell's question.

Aileen Campbell: I asked my question because we have been told that public information notices are important for the survival of local newspapers and that there would be a democratic deficit if they did not exist. I just wondered what your response was to the finding that only 2 per cent of people read PINs in local newspapers. I am not saying that it is right or wrong to say that PINs are the one thing for which a local newspaper exists. However, there has been a lot of discussion today about the democratic deficit.

Paul Holleran: If PINs are taken away from local newspapers, that information is removed from them and revenue is removed—both removals would be detrimental to the industry.

Claire Baker: I return to the issue of the impact of the staff reduction figures that we have seen on journalists and the quality of journalism. The witnesses heard the previous witness panel's evidence. How concerned are you about staff reductions? In his submission, Martin Boyle expressed concern about a democratic deficit, to which Aileen Campbell referred. Paul Holleran talked earlier about journalists having to take on additional responsibilities for commercial work. What is your perspective on what has been happening and what is your view of the bigger picture?

Martin Boyle: Over a longer period than Bill Steven and Michael Johnston mentioned earlier, my experience is that, in many local papers, fewer people are doing more. That tends to tie people to the telephone, and to producing more stories from press releases and so on. When I entered the profession and worked as a journalist, it was much easier to go and stand by the side of a football park or go out in my car and meet people and so on. I suppose the time that it would take to do such things is now regarded as a luxury, but there was a real benefit in making genuine, on-the-ground contacts by wearing out your shoe leather. That type of thing has become significantly harder to do; it is a position that has crept in over the past 10 years.

The telephone continues to be the most vital piece of equipment for journalists—far more so than the car ever was. That makes it harder to get to know people and to go out to the courthouse, the Parliament or the local council. Instead, you might just phone people the next day to ask them what happened, and that has an impact on the coverage of democracy, the democracy deficit and so on.

12:45

I acknowledge the balance, which was discussed earlier, between keeping a paper alive and losing it completely. It is certainly preferable to have a paper in some form than not to have it at all. In the longer term, however, the quality of journalism is affected. Anecdotally, it seems that a lot of journalists feel frustrated at not being able to get out of the office and speak to contacts as they would have done previously, or to break stories as often as they used to. They are also unable to work on longer-term investigative pieces, which is an area in Scottish journalism that has been quite badly affected.

Paul Holleran: I would like to brand myself as having been an investigative journalist when I worked in the trade. Some of the stories that I personally uncovered turned into national stories, but that does not happen on the same scale now; such stories are no longer uncovered at a local level. People are working harder, but in a different environment: as Martin Boyle said, people are stuck in the office for longer.

A great deal of stories now involve cutting and pasting from press releases. When I worked for S and UN, which was part of the Trinity Group, I would not have dared to put a press release into the paper. We would have had to look into the story and rewrite it, or we would have put in a press release after meeting the politician and having it explained to us, and including their side of the story. People are under so much pressure now that they just stick stuff in. That is to the detriment of the paper; of society, because people are not getting full balanced coverage; and—more than anything—of the individual journalist, to whom it causes extreme stress.

One of the biggest jobs for me and my colleagues at present involves dealing with stressed-out journalists, particularly editors. A number of editors phone me on a regular basis and talk about getting out of the industry, but they do not want to leave because they do not want their paper to decline any further. The problem is so serious that we have applied to the health, work and wellbeing challenge fund at Westminster for funding to provide stress counselling on a large scale. That is how bad it is. We cover a lot of work on mental health and suicide in the press, and those issues are now creeping into my work. I am having to divert journalists to counselling because of the stress caused by their workload and changes to it and by the introduction of new technology. Some of the new technology is flawed and technically inadequate. Companies have been sold a pup with regard to what the software can do.

There is a big concern for the future of many sub-editors—the people who correct and rewrite copy. As the new software comes in, companies such as Johnston Press and Trinity Group are considering doing away with sub-editors. The software creates a template on the page, and journalists can write their stories straight into it. As a journalist, I never liked people interfering with my copy, but I recognised that it was not perfect or accurate and that it needed a sub-editor to check it. To me, and to many people in the industry, it is frightening to face a future in which efficiencies, as we have heard them described, are introduced and new technology is brought in to wipe away another tier of checks and balances on what appears in the papers. That is why the current situation is so depressing in terms of maintaining

standards in the press and protecting the journalists who are in those jobs and doing more work.

The phenomenon that I am describing is new to me. Our industry has a culture in which people who are promoted to editorial positions still stay in the union. A lot of the editors in Scotland are still in the NUJ, even though they are senior managers—they phone me and get involved in discussions about things. During the past two years in particular, excessive numbers of people have been off work or have left their jobs due to stress.

A number of companies have cut the number of editors and put editors in charge of two or three titles. When that has been done, it has had an impact on the workforce and on local identity. Many decisions have been taken that have caused us concern and have had a cumulative impact on the ability of journalists to do their job.

Claire Baker: How is that impacting on efforts to attract trainees and younger people into a profession that is notorious for not being particularly well paid? Are the stresses in the sector that you have mentioned already having an impact on the level of training that trainees and new journalists can gain by working on local newspapers and on your ability to bring more people into the profession?

Martin Boyle: Our journalism course is oversubscribed every year. With the previous cohort, I think that the number of applications was about five or six times the number of places. A huge number of people still want to get into the industry. Our course produces some excellent journalists, I hope, who, to a large extent, go straight into local papers, which, as has been mentioned, are a fantastic training ground. They represent the first major opportunity for the vast number of new, trainee journalists. About 90 per cent of our students who go into the industry start in local papers.

There is no doubt that over the past two or possibly three years, there has been a big decline in the number of students who have been able to go straight from a journalism course into their first job as a journalist. It is much harder than it has ever been. Traditionally, about 70 per cent of our students finish their qualification and go straight into a job in the media. That figure has certainly declined over the past two years. Students are being pushed by offers of extremely low-paid jobs, and in several cases, unfortunately, they have decided to go elsewhere. We have students who have done a four-year degree before coming back to us for two years because we are accredited by the National Council for the Training of Journalists. After six years of education, some of them have been offered a salary of £9,000. In many cases, such offers are declined, and that is quickly

followed by a move into public relations or other industries. It is an extremely challenging time for students.

Paul Holleran: We have concerns about some of the daily papers trying to take advantage of students who are on work experience. We have raised the issue, although, fortunately, it is not major.

In my view, the industry collectively has abrogated certain responsibilities. About 10 years ago, the training body for journalism—the NCTJ—had a Scottish committee, but the employers decided to wind it up. That cross-industry body had involvement from the union, the employers and academics. Although it was well represented and used to meet quite regularly, it was scrapped.

The union approached the editors guild and the academics—Martin Boyle was involved—about forming the Scottish journalists training forum to maintain standards and strategies in the media. That has been highly successful, to the extent that Martin and I sit on a board of a similar mix with the Scottish Qualifications Authority, in which, for some reason—I am not sure why—the employers are not involved. The aim is to develop courses that take account of the needs of the industry and of students in relation to multimedia developments, and which address the development of standards and ethics. We have developed quite strong modules at the higher national diploma level, although Cardonald College still works with the NCTJ, as do some of the other organisations. We have looked ahead and have tried to develop flexible courses and content.

It is ironic that, in our industry, the unions cannot be accused of being dinosaurs. We are taking a lead in bringing new technology to the fore. We are working closely with the colleges and universities in an effort to give people a wider range of skills and flexibility so that companies can take advantage of the mixing of newspaper journalism with broadcast journalism, which in our view is the way forward.

Christina McKelvie: You will have heard my question about Ofcom's recommendation to prevent any one person from dominating the media and my point about a political balance serving democracy well. I want to tie those issues together and ask you about journalists having less independence. It is probably not a *Pravda* situation, but it is certainly the case that there is less journalistic freedom, especially when it comes to political comment. Will you comment on that and on the impact that the big media moguls and companies have on terms and conditions?

Paul Holleran: That is a massive question; we could probably hold a whole session on it, to be

honest, because editorial independence is such a complex issue. The colleges and universities have a role to play in journalists taking a balanced approach to dealing with party politics. Initially, they should say to journalists that they might be working in an area where the Administration is Labour, Scottish National Party, Conservative, or Lib Dem and there needs to be a balance. I worked in papers when Labour was in power and the opposition was Liberal Democrat, and we were always trying to balance our coverage. Most local papers will try to maintain that balance.

Training is important, but the editor is essential in setting standards for as much equality as possible. I am talking not just about political equality but about what is happening within the community on ethnicity or other developments. I am talking about how trying to balance the coverage is part of being a journalist, and how they must strike a balance, whoever they are and whatever level they work at.

You will also understand that some daily papers have a political bias, and you know where they stand. If someone wants to work for the *Daily Mail* or the *Daily Express*, there will be certain expectations of them and how they are to write. A lot of people criticise the BBC, but we hold the BBC up as a standard-bearer for accountability and balance, and if the BBC wavers from that, it is accountable, because it has a structure and is publicly funded.

The NUJ believes that a similar level of accountability is required in newspapers and in the media in general in Scotland. I know that there has been some discussion of whether Ofcom's role should be expanded. We believe that there is a need for something like a press commissioner's office to look at maintaining standards. The Press Complaints Commission is limited to individual complaints, which just does not go far enough. If there are genuine concerns about imbalance or mistreatment or invasion of privacy, they should be looked at in a proper and meaningful manner. They should not just be sent to the Press Complaints Commission, for it then to say that there are restrictions on how it can deal with those issues.

Some employers will deal with problems. I know that Michael Johnston has offered his services to anyone who wants to complain about any of his editors. That is right. If someone feels that they have been treated unfairly, they should be able to approach the editor initially and, if they do not get any satisfaction, they should be able to go to the employer and ask for balance. Politicians also have to recognise that it is all about striking a balance—they are not always going to get their own way. We need an education process that goes both ways.

Martin Boyle: Like Bill Steven and Michael Johnston, my experience has been that the Scottish papers deserve quite a lot of credit for their mature handling of issues at a local level, although I accept that they might take a different view on one or two examples.

In my experience as a journalist, there was almost no interference in or guidance of our individual handling of political stories. Ironically, now that I am a tutor, I have had a couple of people who work in the industry say to me, "My paper's being a bit too cautious here. I want to be stronger and put the boot in, but the paper is reining me in a little." So we have had the opposite experience a few times, but I accept that there will be variations across the board.

Christina McKelvie: I know that it was a massive question, but during the *Daily Record* strikes I was concerned about people being paid off on 90-day notices and then reinstated with poorer terms and conditions. Has that levelled out? Has there been any progress on that? Are people now being reinstated under transfer of undertaking—TUPE—regulations and so on?

13:00

Paul Holleran: That is the daily side of things. In respect of the *Daily Record* and *The Herald*, the two companies handled the reduction in staff very badly. The *Daily Record* ended up having extensive strike action and the company eventually had to back down on enforced compulsory redundancies and the number of people who were being forced out the door, and the terms and conditions were completely renegotiated to our benefit. That was a successful dispute, but it was ridiculous that it got to that stage. In respect of *The Herald*, Newsquest faces a massive legal battle over how it handled its redundancy situation. Industrial relations at that level are not great.

One of the problems in the industry is that, collectively, employers have not done anything to create a better way of dealing with such issues, although there are exceptions. We have had a good working relationship with Johnston Press over the past two years in helping it with its structural changes. In-depth negotiations have taken place on the changes in working practices and so on. That approach has been mutually beneficial, and I hope that other people will adopt it.

The situation impacts on people's ability to provide quality journalism, as we are now finding at *The Herald* and the *Daily Record*. Staff are saying that too many people have been made redundant and that the new software that the companies are bringing in is inadequate. A major

concern is that the problem does not filter down to the weeklies on the same scale as it has affected the dailies.

Kenneth Gibson: Most MSPs are certainly familiar with inadequate software—my computer was not working this morning.

We talked about the low uptake of newspapers among young people. At the very beginning of his opening remarks, Mr Boyle talked about what happens in France, where people get newspapers at 18. One of our parliamentary colleagues has raised the issue here. Can you explain how such a scheme might work? Should people get a daily paper or a weekly paper? Should the paper be national, regional or local? If the Scottish Government were to pay for such a scheme—or perhaps you think that local government should pay for it—should it be restricted to publications that are printed in a specific locality? For example, should local authorities pay only for newspapers that are printed and published in their area, or, if the scheme was implemented throughout Scotland, should someone be able to buy, for example, *The Guardian*? I am interested in hearing how such an initiative could work and whether the paper would be delivered or people would collect it. Would there be a voucher system? How would such a scheme operate? I am interested in that initiative.

Martin Boyle: I also think that the initiative is interesting. Michael Johnston talked about there being more and more paid content going online. Should paid content become the standard in the future—that could certainly not happen now, because we are nowhere near ready for it—young people could be given a year's subscription. That would give them access to the newspaper through the medium that they are most interested in.

I have had a few of these types of discussions recently. I have been asking students where they go first for information: 100 per cent have said that they go to the internet. Tragically, journalism students now never say that they go to their local newspaper or a national newspaper. I know that that is worrying, but they tend to go to papers online first of all. That presents a real challenge for weekly papers. If someone wants to know about their local football team's manager being sacked, they might need to wait until Thursday to read comment on it in their local paper, but they will find comment before then in many other places.

On giving 18-year-olds a paper, I believe that it should be the local paper for their area. That would get them into the habit. Such an initiative would talk to democracy, to local education and to public affairs and knowledge of community. Those are all issues that we want to tackle in our society, and they would be tackled by such a scheme. It would also impact on literacy, which I agree needs

to be examined. Increasingly, we are finding with journalism students that we need to spend a lot of time at the introductory level tackling literacy issues. I wish that literacy issues were tackled at primary and secondary school level, because some of them are terrifying. If such a scheme could also meet that challenge, I would be all in favour of it.

Kenneth Gibson: Sorry, but should the scheme be funded by local authorities or by the Scottish Government?

Martin Boyle: That certainly needs to be looked into. I do not have an opinion on which it should be, but such a scheme could be of genuine benefit.

Kenneth Gibson: I am interested in such a scheme. The issue is whether it is possible in the current financial climate. Perhaps it could be trialled somewhere.

We talked about public information notices. COSLA has circulated to us a document that says:

"Each local authority will retain control over the mix of advertising media they choose to use, including traditional print-based publications, in order to meet their particular requirements",

so such decisions can still be made locally. However, COSLA says that the issue for local authorities is that

"Current estimates are in the order of 12% real terms cuts over the three year period"

to 2014 and that

"Local communities would ... rightly expect local government to be efficient in terms of the costs it can control, particularly where such efficiencies do not impact on front line services."

That is a dichotomy. Many of us are very sympathetic to local newspapers and would like to help them as much as possible, but local and Scottish Government funding is reducing at the same time as we would like the newspaper industry to thrive and to give it any help that we can.

Martin Boyle: It strikes me that funding would be better used on providing local newspapers than potentially partisan newspapers produced by councillors or MPs. Funding might be diverted to such publications, which I very much doubt that many young people are desperate to read. It would be far better to have strong working relationships with local newspapers and to use funding on something more innovative.

Kenneth Gibson: MPs receive £10,200 a year and MSPs receive £1,560 a year for their communications budgets, which are almost all spent on advertising in local papers or producing surgery notices, as far as I can see.

Paul Holleran has not responded to my points, so I will ask him a question. What opportunities lie ahead for the journalism profession? How can the situation move forward positively? You have talked about the trauma of the past year. We all want to look forward with optimism, if any exists, and to see how the local newspaper industry can move forward.

Paul Holleran: The approach involves looking at the situation in stages, in the context of the Government being in a difficult financial position to provide support or put in place initiatives, as you explained, and the industry experiencing difficulty in returning to profitability. There are many lessons to learn from previous mistakes. The industry requires stability rather than the downward spiral of the past two or three years. That must be achieved through partnership across the industry with academics, the union—people who represent the workforce—employers and editors. Such partnership must be genuine. Some of my colleagues down south would shake their heads in disbelief at my saying that, because the partnership there is like an abusive relationship, but we still have some strands whereby we can work closely with some employers and we have quite good dialogue

Up here, we have the opportunity to consider a long-term project that ties in education, probably through a Scottish Parliament initiative. Through the Scottish union learning fund, which is funded by the Parliament through the Scottish Trades Union Congress, we were funded to develop online training. Our first course was on literacy for journalists—that is how serious it was. Something like eight universities have taken that course—Cardonald College took it at one stage—to provide their journalism students with literacy support on basic matters such as spelling, grammar and punctuation. The course is online, innovative and quiz-like. It is a bit different and it also covers matters such as political education.

We tapped into Government resources to develop that training for the industry. If we can develop and introduce that, the issue then becomes how to engage with the next generation. To be frank, if students or teenagers are given money to access a publication that is rubbish, they will not maintain it anyway.

I will tell a story about what happened when the *Daily Mail* expanded its Scottish offices. The newspaper put in place several female journalists and interesting and controversial columnists—particularly in sport. Certain areas of the readership were targeted. The paper was given away to all the women in Glasgow and Edinburgh over two days and everyone else was charged 20p. Circulation shot up to 146,000 from well below 100,000. That was innovative, clever and

targeted, but there was a quality product at the end of it.

That is where balance comes in. It is okay to have projects on the go and to consider how we get things going, but, if papers allow their best journalists to go, allow innovative and interesting columnists to go or allow their best reporters—whether in Ardrossan or Edinburgh—to go off and take public relations jobs because it is less stressful or earns them more money, the industry will continue to decline. We must turn that round, maintain the quality of journalists, innovate and consider how to integrate what newspaper websites provide.

Not enough imagination goes into newspapers' use of the web. Their websites should provide something different from the paper and feed an interest in it. They should give tasters, use humour and use video footage. Papers have to invest in that. I disagree with the suggestion that that requires too much investment. To take the future forward, they need to invest in that area. Opportunities have been missed in that regard. The colleges produce quality multimedia journalists who need somewhere to go. Such investment would be a generational move towards providing direction.

There is not one answer. It is like a jigsaw; if we start to put the right pieces in place, we will have a much healthier picture at the end. Training is important to that. I was gratified to receive the invitation from this committee, because there is an education aspect and a lifelong learning aspect to the matter. Papers have an important role to play in literacy and what goes on in the community and the political world.

There is a link-up between politics, local and national Government and the media, although perhaps not on the scale that we would like. There should not be political interference in the editorial side, but there should be a clearer understanding and better working together. Over the years, the level of ignorance on both sides—the politicians and the people in our industry—has been phenomenal. The Scottish Broadcasting Commission started to bring them together, and much cleverer work is going on in that field because of the commission. It has also stimulated a lot of interest from Westminster, which is now considering what is going on in the media in England, Wales and Scotland.

The political stimulus is important, but there must be a partnership. Think of how Sly Bailey from Trinity Mirror got massive emoluments while the company made people redundant and closed 40 titles in England. Would you want to engage with such a company? Certain responsibilities need to be met in respect of how executives

behave and their role in society, how decisions are made and the role of the medium.

There is so much negativity at the moment that I find it difficult to be positive about how we go forward. Gannett—the American company that owns Newsquest, which owns *The Herald*, the *Evening Times* and the *Sunday Herald*—has a long-term strategy on its website that talks about crowd sourcing. Crowd sourcing is doing away with journalists, going out into the public—soccer moms in America, football supporters clubs and bloggers—and getting them to provide news for the company's websites. That is its aim for the future. To me, it is the bleakest future for the medium that anyone could consider, but it is on its website as part of its long-term company policy. If you look at what is going on in the offices of *The Herald*, the *Evening Times* and the *Sunday Herald*, you will see a step-by-step move towards that. It is quite frightening.

On the other hand, other companies are looking towards partnerships and consortia. That might work if they genuinely engage in considering how multimedia will work. However, there is no doubt that a change in attitude is needed on the employers' part. There needs to be a coming together to consider all the positive things that the previous panel of witnesses said about the role of weekly newspapers and journalists, the importance of those journalists and their provision of a service.

Although we are talking about commercial companies, they still provide a service. They are a crossover between the community and commercialism. At the moment, that balance is askew: we need to get it back into balance. That is where political involvement and support comes in. I would like that to happen. The Scottish Broadcasting Commission is an example of that.

13:15

Kenneth Gibson: I called for the inquiry partly to hear what the Scottish Parliament and Scottish Government could do to assist the industry. Paul Holleran teased out some great ideas—teased is not the right word; poured out would better describe it. What would you like the Parliament or Government to do to assist the industry, Mr Boyle? We have heard in depth about public information notices, but what else can be done?

Martin Boyle: I agree completely with everything that the committee has heard thus far. The media and journalism need to play a central role in education. For a long time, we have played second fiddle to areas that are thought to be more interesting or relevant. Journalism needs to be seen as a priority area. Scotland has, rightly, a proud tradition of journalism. The Parliament

should continue to uphold that. It should push forward journalism training and education and media education as relevant, important and useful for the future of Scotland.

As the committee has heard today, journalism has provided an important service to communities throughout the country for a long period of time. I would hate to see any decline in that. We should do anything that can be done at the introductory level to raise literacy levels and stress the importance of media and journalism. The more we prioritise those areas and push them forward, the better things will be. I back the ideas that have been put forward thus far.

In many ways, the media and journalism are trying to catch up with things that young people are doing. Young people do not mind spending money online; they are used to doing that. They buy applications on their iPhones and happily spend 70p to download a song. The journalism industry needs to look at that. Given that people are already spending money on their phones—through iTunes, for example—should we not create a journalistic version of iTunes? Surely we could make it possible for people to buy a story for 1p or 2p. We need to expand into such areas. We need to find new and innovative ways of working. We need to do everything that can be done to encourage continued innovation in an area that has been innovative for many years.

The Convener: That concludes our questioning. We have all found the evidence-taking sessions very interesting. We will return to the subject next week.

13:17

Meeting continued in private until 13:20.

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