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Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
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18 November 2015

Channel 4 Television

Dear Chancellor

I am writing to you on behalf of the independent TV production sector in Wales, which consists of around 55 companies making programmes for UK network broadcasters, also BBC Wales and S4C, as well as selling an increasing number of programmes and formats abroad.

You will recall we wrote to you in June asking for reassurance regarding funding for S4C, the Welsh national broadcaster. We are pleased to see that the Prime Minister has recently written to Simon Hart MP with what appear to be reassurances around S4C's funding, and we hope that these reassurances are reflected next week in the Comprehensive Spending Review.

We would also like to raise with you our concern on another matter, namely the proposals to potentially privatise Channel 4 TV Corporation. Whilst we accept that the matter is something that would be considered as a result of the Government's continuing programme of addressing the deficit, we would ask that you do not proceed with altering Channel 4's status as a publicly-owned not-for-profit public service broadcaster, for the following reasons:

- a) Channel 4 was as you know set up by a previous Conservative Government in order to provide a boost to the UK creative production sector, something which it undoubtedly did and continues to do, spending £430m on original commissions in 2014. Whilst independent producers have more outlets to which to pitch these days, Channel 4's publisher-broadcaster status and its unique remit to take risks and work with a wide range of companies, large and small, makes it especially important to the sector. Whilst the indie production sector is a huge UK success story, this is based on the mixed ecology we currently have of public and commercial broadcasters, all with different remits.
- b) Channel 4 has through its Alpha Fund and other initiatives and self-imposed targets been seeking to increase its work with companies round the nations and regions of the UK. Our members have worked with Channel 4 to provide many hours of programmes, recent examples

of which include Telescop's 'Wallace Simpson's Secret Letters', Avanti's documentary 'Frozen Assets', Tifini's 'Finding Mum and Dad' and Rondo Media's 'Frozen at Christmas'.

- c) Channel 4's status as a not-for-profit means it is able to reinvest profits into new original UK content. Estimates are that as much as £200m could be lost to the independent sector through privatisation, money which we do not believe would be replaced in the current TV market. This is particularly concerning bearing in mind the BBC will have less funding to spend on content as a result of its paying for free TV Licence Fees for the over-75s.
- d) Channel 4 takes its role as a PSB seriously and invests in news, current affairs, comedy, young people's drama and many other genres, and applies its risk-taking and innovative strategy to that content. Much important on and off-screen talent has been discovered and nurtured as a result of this innovation-first strategy. Private ownership would inevitably turn Channel 4 to a more risk-averse strategy, investing in proven talent and production companies, and therefore reducing the amount of exciting new talent able to break through. For companies in Wales, we believe this risk-averse approach would lead to a more London-centric strategy. We have already seen ITV lobby to drastically reduce its commitments to out-of-London production over the years, and focused spend more on a smaller number of producers, including its own in-house operation.

We would therefore ask you to allow Channel 4 TV Corporation to remain in public ownership so that it may continue to grow and nurture production talent in the UK, contributing to the overall success story of that sector internationally, producing a wide range of exciting content for UK viewers and highly significant income from overseas programme and format sales.

Yours sincerely

A handwritten signature in black ink that reads "Iestyn Garlick". The signature is written in a cursive style with a long horizontal flourish underneath the name.

Iestyn Garlick
Chair