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Bethan Jenkins AM
Chair
Culture, Welsh Language and Communications Committee
The National Assembly for Wales
Cardiff Bay
Cardiff CF99 1NA

27 April 2017

Dear Chair

We are writing in response to the publication by S4C earlier this month of the document 'Pushing the Boundaries'.

As this document appeared subsequent to our evidence session and previous written submissions, we wanted to highlight the fact that in our opinion S4C has outlined a compelling case for genuinely sustainable funding.

S4C has set out clearly its ambitions to be a truly high-class media content service, taking the Welsh language further into the twenty-first century across as many platforms as possible. It is also a major factor in achieving the Welsh Government's own ambition of having one million Welsh speakers by 2050. To accomplish this, S4C needs a significant increase in funding, for two reasons.

First, the document states that an additional £6m per annum is needed to allow the channel to be present on a variety of platforms, in order to be where its audience is, and to continue to make its Welsh language content as relevant as possible.

As was discussed at our evidence session, content from an organisation such as S4C always needs to be professionally produced, in order to maintain the attention of the viewer and to ensure that any piece of content represents S4C at its best. Equally, in the online space, any piece of content attributed to a media content organisation must be representative of the quality and originality of its output. As the document says: *'a major step-change is still needed to provide truly original, engaging digital first short-form content, such as themed shorts or series of webisodes'* (p32).

Secondly, as the document again highlights, S4C's average cost per hour is already way below that of other broadcasters, and that has been achieved by the independent production sector making efficiencies and taking advantage of some falls in the price of technology. However, we are now at the stage where there is more demand for content that works on high-quality

broadcasts such as HD and UHD, and therefore, we could well be seeing an upward rather than a continued downward trend in the cost of production.

“Even leaving aside such factors, S4C’s own figures show that its content budget is currently forecast to reduce in cash terms over the coming years. Additional investment will be need to halt that reduction and significantly to counter the effects of inflation. S4C’s document states that due to inflation: *‘incremental annual increases from c.£2m in year one up to c.£9m in year five will be needed to halt the real-terms decline in the content budget over the next five years’* (p30).”

There is also the need to drive down repeats from the current 58% on the linear channel, up from 54% in 2010. As S4C’s document points out, this is far in excess of repeat rates on BBC1 and ITV1, which Ofcom put at 23% and 28% respectively in 2016.

With independent research showing that every £1 S4C spends into the Welsh economy generates £2.09 of value, taking this step would create a valuable boost in terms of jobs and sustainable businesses at a time when we face increasing economic uncertainty.

We would therefore urge the Committee to support TAC’s proposal that the channel’s public income be increased by a sum equivalent to 10% of its total public funding from DCMS and TV Licence Fee combined. This 10% should be ***in addition*** to the £6m which S4C’s document states is required for it to be across all platforms, with the increase therefore approximately £14.3m in the first year.

The resulting additional funds for S4C would need to be future-proofed against further rises in inflation.

We hope you find these further thoughts of interest, and as always, we would be happy to provide further input if the Committee so desires.

Yours sincerely

A handwritten signature in black ink that reads "Iestyn Garlick". The signature is written in a cursive style with a large, sweeping flourish at the end.

Iestyn Garlick, Chair