

Steve Morrison
Chief Executive

Gowers Review of Intellectual Property
Zone 4/E1
HM Treasury
1, Horse Guards Road
London
SW1A 2HQ

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Dear Andrew,

I have just discovered that submissions for your review into the future of Intellectual Property in the Digital Age should have been in by last Friday. As this is an issue that the TV industry as a whole is very concerned about I would be grateful if you would consider my late submission as part of the consultation process.

Digital Pay Platform Programme Levy: We are very concerned that as we approach the Government announced Digital switch over dates the well funded programme culture that we have enjoyed in Britain will be replaced by a highly fragmented one where few digital channels will have the revenues to commission high budget high quality programmes. Whilst the BBC licence fee and advertising contribute to channel revenues which in turn contribute to programme budgets, pay platform subscriptions to Sky and NTL do not significantly re-enter the UK production industry. Between two and three billion pounds of British made programmes are transmitted free of charge to these platforms through their presence on analogue channels such as the BBC, ITV, C4 and Five. Indeed, most subscribers spend around half their viewing time watching the main channels and therefore the pay platforms are getting a huge benefit from these free programmes and rights. I am not referring here to UK programmes commissioned directly for digital thematic channels which are paid for but the wealth of programmes and repeats transmitted on the 5 main PSB channels.

In Holland where we also have a TV production company, they operate a different system which adopts the principle of following the money. Pay platforms pay a levy in a form of back payments to producers in proportion to the presence of their programmes on their platforms. Consequently Independent producers, public producer/broadcasters and even foreign producer/broadcasters such as the BBC and US studios all receive such payments which in turn can be used to help fund programme production and reward writers, actors and other creative contributors.

We believe such a system should be introduced in the UK as otherwise about half the revenues coming into UK TV will leak out of the system and not be used to sustain the UK production industry.

I hope this is helpful to you in formulating your policy. I believe the last Communications Act and the last Ofcom Review were very significant in enabling the UK Independent production sector to grow. I am sure the Gowers Review will be equally important and we at All3Media would be happy to help by giving evidence of the treatment of Intellectual Property in the TV Production Sector in the UK and in the European Countries in which we operate.

My colleague, Jules Burns and I would be pleased to come and see you if you would find that helpful.

Kind regards.

Yours sincerely,

Steve Morrison
Chief Executive

