

**RTÉ Opening Statement to Joint Oireachtas Committee on Communications,
Climate Action and Environment**

10 December 2019

Chair, and Committee Members, I would like to thank you for the opportunity to come before you again today. The invitation preceded RTÉ's recent announcements, but the indicated topics of particular interest to the Committee (the future funding of public service media; and the value for money of RTÉ's indigenous and acquired programming), are indeed important and timely considerations.

Firstly, let me address the Report of the Future Funding of Public Service Broadcasting, published by this Committee in November 2017. As you will recall, RTÉ not only welcomed the findings of this report, but also the depth and breadth of the Committee's research, engagement and consideration of this topic.

The report was based on original research; data analysis, a wide ranging stakeholder consultation, a full day's conference and debate, and substantial discussion and consideration by the Committee members. The report made a number of clear, and well informed, recommendations, which were widely accepted and endorsed within the broader media sector.

In 2018 a decision was taken by Minister Naughten, to set up yet another working group to look at the future funding of public service broadcasting; the findings of that group were presented to Minister Bruton earlier this year.

In August 2019, Minister Bruton made a formal statement in this regard, acknowledging the importance of the protection of public service broadcasting stating "Public service broadcasting is more important now than ever. Independent, objective reporting of domestic and international affairs is crucial." He also acknowledged that the audiences were increasingly moving online for their media consumption, and that the licence fee system would need to adapt accordingly.

However, the remedy proposed was that the licence fee collection would be put out to tender, and that the term of contract would be for a five year period. Given that the collecting agent would likely be contracted from 2021 onward, this would in effect, delay the transition to a media charge for close to seven years from the point of announcement.

That is completely untenable.

Evasion is now almost 13% resulting in the loss of €25 million per year.

By virtue of outdated legislation, 11% of households (and growing) do not pay the TV licence and yet can consume public service programming on online devices. By way of example, for the recent Ireland vs Russia rugby match, we had near equivalent viewership on the Player live streaming, as we had watching the match on RTÉ2. This lag in legislation is resulting in a further loss of €20 million in public funding annually.

Licence fee receipts are down against forecast for this year, and have been for the past number of months, making a difficult financial situation, ever more acute.

Ireland's TV licence system is irrevocably broken and is no longer capable of properly sustaining public service broadcasting or Ireland's broader audio-visual and creative sector.

All that said, against this reality, RTÉ is clear that it must also take action to change to remain sustainable and relevant for Irish audiences. RTÉ has made significant changes to the organisation in recent years, but the way that media is being consumed by audiences everywhere is changing, and we need to evolve if we are to meet our audience needs effectively.

Primarily, these challenges that lie ahead include:

Global trends - the media landscape worldwide, is changing at a pace that has exceeded all forecasts. The rise of the media 'Superpowers' and the potential impact on dilution of national culture within a small country like Ireland, should be a matter of real concern.

Audience Shifts – audience, especially younger people, are changing the way that they select and access media, and we need to meet these audiences where they expect to find us, especially in terms of our online services

Transformation of the organisation – wide ranging budget adjustments are required to stabilise RTÉ's finances and ensure increased investment to deliver the type of service and content that we know our audiences want. That means creating greater efficiencies within the operating costs, new workpractices, more efficient use of the regional studios, and other pay cost related measures.

Financial Stabilisation – as I have said on a number of occasions, it is not possible for RTÉ to continue to operate from a position of deficit. We need to reduce projected costs by €60 million over the next three years. This is in addition to the cost reductions of 23% of operating costs, achieved between 2008 and 2018.

To be clear, many of these changes need to happen, and will happen, irrespective of licence fee reform.

RTÉ's programming and service choices, will also need to refresh and be under constant review to ensure that these remain relevant and impactful. This leads me to your secondary point of interest; RTÉ value for money and indigenous and acquired programming.

The current licence fee costs the equivalent of 44c a day, of which RTÉ receives the lions' share. (It also supports the BAI Sound and Vision scheme). For this 44c per day, RTÉ delivers:

Comprehensive local, national and international news (in both English and Irish) – we retain the largest network of regional correspondents of any media outlet in the country (Casla, we provide specialist reporting across a diverse range of areas from health to economics, arts to the environment, the economy and Brexit to name just a few. We also provide dedicated reporting from London, Brussels and the US. RTÉ provides all Irish language TV news for both RTÉ and TG4.

Investigative Reporting – this year alone, RTÉ has brought to public attention investigations into crèche standards and regulation; animal welfare issues within the greyhound industry, child sexual abuse allegations with certain scouting organizations, and challenges to the regulatory standards by some quarry companies, and their impact on the Irish landscape.

National moments on a Free to Air basis – from the big wins of the national tournaments such as the Rugby World Cup in Japan to the GAA finals in Croke Park; the Irish Women's Hockey win in Donnybrook and Women's Rugby World cup journey this summer.

Culture Night, Wexford Opera and next year's Galway 2020 partnership– all testimony to our support and **commitment to the promotion of national arts and culture**. As is our ongoing RTÉ Supporting the Arts scheme – which promotes and supports approximately 150 arts and culture events across the country each year.

The spotlight we can shine on key public issues such as health and well being with shows like *Ireland's Fittest Family* and *Operation Transformation*; the value of family, community and the development and well being of children through a series like *Raised be the Village*; or the recent focus RTÉ placed on Climate Change with its *RTÉ On Climate* week culminating in a debate in this house with young people from across every constituency in the country – a global first.

Irish Language broadcasting – Ireland's only national dedicated Irish language radio service, RnaG, and the strengthening of our broadcast partnership with TG4.

Wide ranging celebration of music of all forms – from the Choice music partnership and the 2fm Rising initiative, the 2fm Studio 8 sessions and Other Voices – all of which support and promote new young Irish acts; our support for traditional music through Céili House on Radio 1 and the recently launched Irish Folk Awards, classical music on Lyric fm, and the RTÉ National Symphony Orchestra's *Music in the Classroom* initiative to name just a few.

Discussion and Debate - whether that is on any one of our radio service (which reach over 2 million listeners each week); audience participation programmes such as *Joe Duffy Show* or *Claire Byrne Live*, or the topical discussions which feature on flagship entertainment programmes such as *The Late Late Show*. All of these programmes elevate awareness and engagement on the topics which matter most to Irish audiences every day.

And beyond these many more moments of **entertainment, celebration, revelation and reflection**.

I think that this is fair value for 44c a day per household; especially in comparison with the subscription costs to other media services; none of which offer anywhere near this level of Irish perspective or output. In terms of value, I think it is also useful to put RTÉ spend and services in context with other international Public Service media providers.

In terms of our nearest counterpart, BBC 1 costs were £1.106 billion and BBC 2 costs were £381 million, consuming the bulk of the £1.678 billion spent by BBC on its television output in 2018. Therefore all RTÉ services are delivered for less than the BBC spends its secondary television channel.

The total revenue available to the Norwegian PSM NRK is €600 million; the Finnish public broadcasting service YLE operating costs in 2018 was €475 million.

RTÉ is offering a public service offering of equivalence; with much less revenue. There is no doubt that national media services are struggling with the hemorrhaging of commercial income in particular to the large scale digital players. That should be a matter of concern for all of us.

But it is a false comparison to perceive RTÉ as being exempt from that struggle, or well-off by comparison. Our remit is different, our responsibilities are greater, and our costs reflect that.

There will always be things that our audiences would like to see us offer more of, or less of, depending on personal tastes and interests, but in overall terms, RTÉ does offer a broad range of services, with good levels of cost efficiency. RTÉ has exercised significant cost control resulting in its 2018 costs being almost 25 per cent lower than a decade ago. While RTÉ's costs in the last three years have increased modestly by 6 per cent, this reflects the increased costs of making programmes, competitive rights costs – all of which outstrip typical inflation – and significant public service obligations. Cost efficiency is routinely scrutinised by both our Regulator, the Broadcasting Authority of Ireland, and on more than one occasion New Era. On each evaluation, the organisation has met the metrics and the standards that were set.

Within RTÉ's overall output and spend, the following is the breakdown of acquired programming vs home produced programming.

In 2018 in terms of RTÉ One, the total spend on indigenous programming was €110.4 m, and the spend on acquired programming (including a portion of spend to Irish acquisitions) was €14.7 m (so approximately 12% of the overall spend of €125.1 m).

For RTÉ2, the total spend on indigenous programming was €42.2 m, and the spend on acquired programming was €9.5 m (approximately 18% of the overall total of €51.7 m).

RTÉ's use of acquired programming within its schedules, is considerably less than many other public service media organizations of equivalent scale. For example the Swedish, Danish and Finnish public broadcasters feature international programming as more than 50% of their overall schedule. It is a criteria that the Broadcasting Authority of Ireland track, within its assessment of performance on an annual basis. On RTÉ One, the number of hours of indigenous content was 76%, a little over its target of 75%. On RTÉ2/ RTÉjr, it was just under 40%; again within target range.

Acquired programming has an important role to play in all public service media schedules; it brings high quality content of all types from around the world, at a very competitive price. Integrating programming from other countries can add to the diversity of the schedule and enhance our perspective of the world.

For a smaller country like Ireland, acquired programmes can help balance the running costs of individual services, and help enhance complementarity and choice within the overall live viewing offerings in particular. As the RTÉ Player continues to evolve, we have been increasing the rights access to international programming and we have been increasing our video-on-demand access within all new negotiations, offering additional value and opportunity to view for our viewers and this will continue as on-demand becomes ever more popular. In this way, some of the best content created on an international basis, is made available on a free to air basis, to Irish audiences.

However, it is indigenous programming which ultimately is of most value in terms of helping to define the character and distinctiveness of national public service broadcasting, and it is the area in which we have ambitions to invest more, in the years ahead.

As noted in the Broadcasting Authority Mediatique Report of 2017 (the most recent comprehensive report on the overall national media market), expenditure on original Irish TV content is dominated by the PSBs, led by RTÉ. Although some of the other commercial services such as SKY would have a larger overall spend on content offerings, only a very small percentage of this is on original Irish production.

Investing in Irish programming is also the way in which RTÉ can most meaningfully contribute to the ambitions of the national audio visual action plan; and how it can help create real stimulus within the creative economy.

In terms of potential, Ireland punches above its weight in terms of the talent that is available; internationally recognised independent production companies; BAFTA winning directors, Academy award winning animation. Across the years, RTÉ has been privileged to work with some of Ireland's finest actors, directors, writers, producers and independent companies. In 2018, RTÉ invested in just over €40 million with the independent sector, but that pales in comparison with what our spend once was.

Apart from the impact on RTÉ, this sector has also been severely adversely affected the monies lost through Ireland's outdated, and inefficient collection system. Although RTÉ remains the largest commissioner of indigenous Irish content, spend on this important element of national storytelling, lags behind its potential.

And, this is where the real cost is the lost opportunity. The effects of this are threefold:

- The creative economy is deprived of much needed stimulus – PSMs are a key investor in and showcase for independent production companies;
- Many of most talented programme makers, screenwriters, actors, comedians leave for the UK, US and beyond – a drain in talent that a small country like Ireland cannot afford
- And finally and perhaps most important of all – Irish audiences lose out – indigenous programming and journalism suffers, repeats become a feature of schedules more than is desirable; and audiences switch off from national services in favour of international competitors which means less engagement with national topics and national culture.

And ultimately, this encapsulates, the nub of the current position and what is at risk. The challenges being faced are a serious threat to the future of public service broadcasting, at a time when public service media has never been more important; a national service, publically owned, to reflect Ireland's voice and identity. And it has material consequences for the audio visual, sports and culture sectors of the country.

RTÉ does have a plan to address this; but unless there is commensurate policy and legislative action then public service media will be potentially irrevocably weakened.

A little over a week ago *The Late Late Toy Show* attracted an audience of over 1.3 million viewers. It was about many things: a big show with brave voices, electric performances, and fun. But at its core were the stories and experiences of some remarkable Irish kids; the nation listened, and we witnessed a huge outpouring of support for this incredible showcase of talent, diversity, and inspiration. It showed, yet again, that coming together as a community is a big part of who we are.

And that is something I think is worth fighting for.