



Written Submission to the Oireachtas Special Committee on COVID-19 Response

Submitted following the Request of The Committee

26th June, 2020

From Tony Hanway, CEO, Virgin Media Ireland

Thank you for the invitation to make a brief written submission on the topic of the impact of Covid-19 on the arts and entertainment sector. I will initially provide some details of our operations and will then make some further comments in conclusion.

Introduction

1. Virgin Media is Ireland's leading cable television provider and the largest national provider of high speed broadband services to homes, consumers, SMEs and large enterprises in the private and public sectors across Ireland. Our network passes approximately 50% of all Irish homes and is currently being expanded to reach 60% of all premises. We also own Virgin Media Television and offer Virgin Media Mobile services nationwide.
2. Virgin Media's broadband network, Virgin Media Television and Virgin Mobile are essential services for citizens in Ireland, enabling hundreds of thousands of people to stay safe, work from home and keep informed. We have boosted our broadband speeds, already offering 500Mbps as standard, removed data caps on mobile services and increased our news and current affairs output across all our channels.

Despite a major surge in demand, our broadband network has strongly met this requirement and is helping people who rely on our services to stay connected to loved ones, work and entertainment. The current crisis has proven the essential nature of our broadband for Ireland where we believe the changes we have seen in how people use their connectivity will have lasting impacts on patterns of data usage and consumer / business activity.

3. Virgin Media Ireland employs over 1,000 people countrywide, including 300 at our national customer care centre in Limerick. During the current crisis, the vast majority of our colleagues have worked from home, with the exception of essential news, broadcast, network and technical teams where staff have worked with great dedication to ensure continuity across all of our services.
4. In addition to increased usage of our network by organisations and employees working from home, including collaborative video meeting and data sharing services, demand for all forms of media has surged across our network including broadcast television programmes, video on-demand services, streaming services, music and video-gaming.

To date during the crisis, our downstream peak time traffic has increased by over 25% (downloads, streaming, data transfer, conferencing etc) and our upstream peak time traffic (uploads, conferencing, data transfer, etc.) has increased by 65%. Our network is fully resilient and future proofed to meet this expansion and we have recorded a 99.9% reliability of service provision across our network for TV, Broadband, Phone and Mobile customers.

Investor in Creativity and Choice

5. Virgin Media is a major investor in creativity and choice in Ireland. Our overall contribution to Ireland's creative economy is notable given our relative size in the marketplace. This is characterised through our investment in content and programming across Virgin Media Television and our multi-tiered digital platforms to suit life and living in Ireland today.
6. Through our connected entertainment, films, news & current affairs we broadcast daily to over 98% of the Irish population with a major emphasis on Irish produced content. Our activities are an essential contributor to the audio-visual production sector in Ireland, creating onward employment and supporting Irish creative talent.

We have made big investments in being a content creator, including industry partnerships and distribution. This year we will invest over €100 million in our content and programming – right across our operations (cable/ broadcast), including our channels Virgin Media One, Two and Three, and Virgin Media Sport – Rugby, Soccer, Horse Racing, etc). We also sponsor the Virgin Media Dublin International Film Festival.

7. Virgin Media Television plays a major part of plurality in Irish media, essential for our public conversation - keeping the nation informed through trusted news and current affairs programmes. There is huge interest in our news and analysis, reflected in recent figures for our News & Current affairs programming which has reached 3 million viewers since the crisis began (68% of the potential TV population for the period to date).

We extended our news and current affairs to broadcast 3 hours each weekday and our news bulletins have had audiences of up to 300,000 per bulletin. In May, the Tonight Show on Virgin Media One TV had a viewership peaking at 261k individuals and we had the most significant growth in trust across all media based on HSE research during the period. Virgin Media Television covered every daily briefing and press conference and produced more current affairs and news content than RTÉ to help keep people informed and provide a key public service. We delivered all this with zero public funding and a newsroom which is a fraction the size of the resources at RTE's disposal.

8. Virgin Media Content Strategy is focused on connecting with Irish audiences and giving them more of what they want. We are developing our longer-term strategy to align more closely with our cable platform business and future-proof our broadcasting activities. We are continuing our strategy of live and local broadcasting which has seen the business add a significant amount of home production, step up overall studio output and broadcast more news than any other broadcaster in Ireland.

This has been helped by a significant investment in our state of the art facilities which allow us to broadcast up to three simultaneous live events, e.g., news, sport, entertainment, programmes including The Tonight Show, Ireland AM, The Six O'Clock Show and Virgin Media Sport Tonight, among many other shows and entertainment.

9. As well as contributing locally, we have been global in our ambition around drama and other commissioned content, identifying major international partners and funding models. This has allowed Virgin Media Television to create partnerships with international distributors and broadcasters which has seen the business entering content deals with the likes of All3Media, BBC, ITV, A+E Networks, Freemantle and Acorn TV. Indicative of our progress, Virgin Media Television's Irish drama Blood (distributed by All3Media) sold in over 60 territories and won a Writer's Guild of Great Britain Award in Q1 2020. Our crime drama Darklands, also made in Ireland, premiered on Virgin Media Television and is also selling all over the world. Our recent Spring schedule saw series 2 of Blood and the new factual series

The Guards: Inside the K on our screens. Last year, our On Demand services saw over 46 million streams across the year, including TV, laptops, mobiles and tablets.

#BackingBusiness

10. We recently launched a €1 Million support fund as part of our #BackingBusiness initiative to boost Irish businesses nationwide, with free on-air advertising including creative, production, profiles in relevant TV programmes and social media promotion across our full schedule on Virgin Media TV Channels One, Two and Three.

Public Service Broadcaster

11. Virgin Media Television provides a public service, as mandated by our licence under Section 70 of the Broadcasting Act, and we must do that in the context of managing our business as efficiently as possible. We have always operated within the confines of the commercial returns that we can achieve in line with market conditions. As the Committee will be aware, market conditions in the media sector have deteriorated very considerably, including a major slump in advertising revenues. This has impacted severely on the broadcasting sector including Virgin Media Television. In spite of this challenging environment and the significant decline in revenues through this period, Virgin Media Television did not avail of the wage subsidy programme. The current market circumstances have also further compounded an ongoing negative trend for the Irish media sector where a growing volume of advertising is increasingly being diverted from traditional media towards online platforms including social and sharing media.

COVID-19

12. The COVID-19 crisis has had a widespread and severe impact on the arts and entertainments sector.

In line with the restrictions within the economy to stop the spread of COVID-19, many normally televised public, cultural and sporting events have been cancelled. The supply of new TV content has been limited for several weeks, pending the resumption of production across some formats, including soaps, dramas, new TV series, games shows and variety programming.

This has also delayed the commissioning of new content due to continuing market uncertainty. Film and TV production have recently been given the go-ahead to resume operations as part of the accelerated phase 3 in the reopening of the economy. However, this will continue to be challenging for producers both financially (e.g., funding, insurance, etc.) and logistically in view of the impacts to date and the measures required to stop the spread of the virus and keep people safe.

13. The Government has previously targeted to grow jobs in Ireland's Audio-Visual Content Production Sector to 24,000 with €1.4 billion in gross value over the coming years. It is essential for that commitment to be maintained and that the sector should continue to be supported by any forthcoming stimulus programme for the renewal and recovery of our economy.
14. The BAI's Sound and Vision fund is a key part of the necessary stimulus for the broadcast and production sector. It is essential for this scheme to continue to operate on schedule and to be expanded to benefit all media operators and the content creation industry.

While Virgin Media very strongly supports and endorses the role of the radio sector in Ireland, an anomaly has arisen in that the radio sector has received Sound and Vision support at a faster rate than the broader TV and production sector which is just as badly affected by the current crisis. The radio sector has also had its broadcasting levy removed (representing €1m in support) but the television sector has not.

It is also the case that, in recent months, Government departments have directly funded content production which has supported RTÉ without any open market competition taking place or any consultation with Virgin Media Television.

15. The General Commercial Communications Code requirements on Sponsorship also treat the radio and television sectors differently. The regulations for TV are set by the European Commission Audiovisual Media Services Directive. These regulations do not apply to radio services and, traditionally, the radio sector has been permitted to sponsor current affairs programming. If TV were to be afforded the same opportunity, a derogation from the provisions of the Directive would be required from the Government. We would favour this proposition.

16. The Government is establishing a Commission on the Future of Public Service Broadcasting. We will be contributing our viewpoints to this process where we believe that public service broadcasting is an essential pillar for Irish society, media plurality and democracy. It is essential that broadcasting policy and legislation should be modernised in light of rapidly changing technological developments and the reality that most public service broadcasting is provided by licensed commercial companies. This would underpin the overall viability of public service broadcasting in the changed media landscape and include an examination of funding models and supports which stimulate the benefits that the entire sector brings to Irish society and the economy, including arts and entertainment.
17. In summary, while economic conditions will remain very difficult for the foreseeable future, it is essential for the State to continue sustainable investment in telecommunications, broadband and television, to stimulate commercial and consumer demand, to ensure economic recovery and to underpin the national connectivity that Ireland needs in order to innovate and maintain national competitiveness. Virgin Media will continue to play a major part in this process, by investing in creativity and choice, the expansion of our network and the provision of high quality broadband, mobile and television services, creating connections that really matter for everyone in Ireland.

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