

DÁIL ÉIREANN

AN COMHCHOISTE UM IOMPAR AGUS CUMARSÁID

JOINT COMMITTEE ON TRANSPORT AND COMMUNICATIONS

Dé Céadaoin, 13 Samhain 2013

Wednesday, 13 November 2013

The Joint Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Paudie Coffey,	Senator Terry Brennan,
Deputy Michael Colreavy,	Senator Paschal Mooney.
Deputy Timmy Dooley,	
Deputy Dessie Ellis,	
Deputy Tom Fleming,	
Deputy Noel Harrington,	
Deputy Seán Kenny,	
Deputy Mattie McGrath,	
Deputy Michael Moynihan,	
Deputy Patrick O'Donovan,	
Deputy Ann Phelan,	

In attendance: Deputy Michael Healy-Rae.

DEPUTY JOHN O'MAHONY IN THE CHAIR.

Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013: Motion

Chairman: This meeting has been convened to consider the proposal that Dáil Éireann and Seanad Éireann approve the Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013 in draft. Copies of the order in draft were laid before Dáil Éireann and Seanad Éireann on 30 October and referred to the Joint Committee on Transport and Communications by Dáil Éireann and Seanad Éireann on that date. Members have received briefing material prepared by the Department of Transport, Tourism and Sport. I welcome the Minister of State at the Department of Transport, Tourism and Sport, Deputy Michael Ring, and his official, Ms Ethna Brogan. I invite the Minister of State to make his opening remarks.

Minister of State at the Department of Transport, Tourism and Sport (Deputy Michael Ring): Ireland is a signatory to the Convention on International Civil Aviation, known as the Chicago Convention. The convention sets down the rules for the operation of international air transport and established the International Civil Aviation Organization, the UN body that oversees the operation of international air transport. There are a number of technical annexes to the convention which set out standards and recommended practices that all signatory states must implement.

Earlier this year the International Civil Aviation Organization, ICAO, consolidated many of the existing aviation safety rules set down in the technical annexes to the Chicago Convention in one new Annex 19 – Safety Management. Under national law, the Irish Aviation Authority, IAA, has been assigned responsibility for implementing most of the Chicago Convention annexes in Ireland. These responsibilities include all aspects of aviation safety, including, for example, ensuring all aircraft on the Irish aircraft register are airworthy and that air transport operations are carried out safely by operators. It is intended that statutory responsibility for the implementation of Annex 19 will also be assigned to the IAA and that is the purpose of the draft order. The assignment of Annex 19 to the IAA will not result in the creation of additional responsibilities on the authority. As mentioned previously, the IAA has responsibility for the majority of the annexes from which the Annex 19 standards and recommended practices, SARPs, are drawn.

Section 58(2) of the Irish Aviation Authority Act 1993 requires that any additional functions conferred on the Irish Aviation Authority be done by way of ministerial order. Under section 5(7) of the 1993 Act, before the Minister can make such an order, a draft of the order must be laid before both Houses of the Oireachtas and a resolution approving the draft must be passed by both Houses. The draft order was laid before both Houses of the Oireachtas on 30 October last and Annex 19 will become applicable on 14 November 2013. In accordance with these legislative procedures, I hereby present the draft order to the Joint Committee on Transport and Communications.

Chairman: From my interpretation of it, this seems a technical legal matter. Members may wish to comment.

Deputy Timmy Dooley: I welcome the Minister of State, Deputy Ring, and thank him for his outline. While I accept it is purely technical, I will make a couple of comments that do not necessarily reflect on the Minister of State. They are directed towards the Department.

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I welcome that the joint committee is discussing this issue. While it is technical in nature, if the Government is to be realistic about the process of reform, where possible, it would be helpful if draft orders such as this one could be published sooner. I note the discussions on this issue have been ongoing for some time. It is largely a tidying-up exercise. My party does not have a major problem with it but I would prefer if it could be published sooner.

I note the order was laid before the House last week. That is fine. It should be laid before the House sooner than it needs to be signed. We are at 13 November and it needs to be signed tomorrow. I assume there will be something about it on the Order of Business in the Dáil today, following on from here. That is grand, but it is a little rushed. In this instance, it does not matter because it is technical. If it were a matter that provided for Members of the Oireachtas to have an opportunity to have their say, whether it be critical or supportive, it would not be available to us.

This is as a word of caution or a request to the Government to try to facilitate Parliament a little better in dealing with such statutory instruments. For far too long, successive Governments signed statutory instruments on the nod and we have seen problems arise in some cases. That would be my only concern, that we would try to have a process that meant we were not dealing with it at the 11th hour. Other than that, we will support the Government on it.

Deputy Michael Ring: I agree with Deputy Dooley. That is an entitlement of Parliament. I will bring that back to the Minister and the officials to ensure such matters are brought before the Members sooner. The Deputy is quite correct. It will be in the Dáil and Seanad today. It must be so because it must be signed tomorrow. He is correct that it is technical in nature but, at the same time, it should be put before the House sooner.

Chairman: Does anyone else want to comment?

Deputy Noel Harrington: Will the Minister of State confirm that this does not put an unfair burden on the Irish sector or an unfair competitive disadvantage on the sector?

Deputy Michael Ring: This is a technical matter. It is merely dotting the i's and crossing the t's to ensure that, if a situation arises, we have the legal statute in place. That is what this is about. It is consolidating existing legislation. It is not giving new legislation to the Department and it is not putting any extra workload on it. It is merely consolidation of existing legislation.

Chairman: The Minister for Transport, Tourism and Sport, Deputy Varadkar, stated he will send statutory instruments - this is an order - to committee before they are implemented.

If there is no further comment, we will conclude the discussion. I thank the Minister of State for coming in to bring the matter before us. I propose the committee goes into private session. Is that agreed? Agreed.

Messages to Dáil and Seanad

Chairman: In accordance with Standing Order 87, the following message will be sent to the Dáil:

The Joint Committee on Transport and Communications has completed its consideration of the following motion:

That Dáil Éireann approves the following Order in draft:

Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013,

a copy of which Order in draft was laid before Dáil Éireann on 30th October, 2013.

In accordance with Standing Order 72 the following message will be sent to the Seanad:

The Joint Committee on Transport and Communications has completed its consideration of the following motion:

That Seanad Éireann approves the following Order in draft:

Irish Aviation Authority Act 1993 (Amendment of Schedule) (Annex 19 to Chicago Convention) Order 2013,

a copy of which Order in draft was laid before Seanad Éireann on 30th October, 2013.

The joint committee went into private session at 9.45 a.m. and resumed in public session at 10.26 a.m.

Future funding of Public Service Broadcasting: Discussion with Representatives of the Broadcasting Authority of Ireland

Chairman: The joint committee is resumed in public session. We will now deal with item No. 9, engagement with the Broadcasting Authority of Ireland. Representatives of the Broadcasting Authority of Ireland are with us this morning to discuss the authority's recommendations on the future funding of public service broadcasting, published last July, and the report of May 2013, prepared by Crowe Howarth, entitled Review of Funding for Public Service Broadcasters. On behalf of the committee, I welcome Mr. Bob Collins, chairperson, Mr. Michael O'Keeffe, chief executive officer, and Ms Celine Craig, deputy chief executive officer of the Broadcasting Authority of Ireland.

I draw the witnesses' attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against a person, persons or an entity by name or in such a way as to make him, her or it identifiable. I also advise witnesses that any submission or opening statement submitted to the committee will be published on its website after the meeting. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

I invite Mr. Collins, or Ms O'Keeffe, to make their opening remarks.

Mr. Bob Collins: I will be brief in my opening remarks as the committee has the papers and it might be more productive to allow as much time as possible for exchanges with members of the committee. The review of the funding of public broadcasters is one of the very significant responsibilities that is placed upon the Broadcasting Authority of Ireland, BAI, under the 2009 legislation. What is intended to be a five-yearly review hereafter was undertaken for the first time on this occasion. It was, therefore, the first substantive opportunity the authority had to review, in full detail, the issues that had arisen in terms of determining what is the appropriate and adequate level of funding for public broadcasters. To that end, we engaged external consultants, Crowe Horwath, to review the position, take account of relevant European practice, take account of the views of the Irish audience in terms of research, and review, in detail, the five-year submissions made by both by RTE and by TG4.

We took the view that in considering the adequacy of funding and future funding for the two public broadcasters, it was not sufficient simply to consider those on their own and that we had to take into account the wider broadcasting environment, the role of the independent production sector and, clearly in a sense as an underlining starting point, the needs, expectations and entitlements of the Irish audience. That is the reason in our view there is a regulatory framework to ensure that broadcasting serves the needs of an audience as well as ensuring that all of the other regulatory elements are discharged and there is compliance with domestic and European law. We were very conscious of a number of things. The first is that we live in a time of significant economic difficulty from which broadcasters have not been immune. Even if there had been no economic downturn, we live in a time of extraordinary challenge for broadcasting. There is major change in terms of technology and how people consume content. The range of channels available to Irish audiences is greater than ever and the rate of growth has been dramatic in recent years. The transition from analogue to digital underlines and reinforces that reality. Patterns of consumption are changing. It is true that television channels as we know them are still very robust in terms of the extent to which they are the way through which people get access to their content, but we cannot be complacent because very significant change is taking place.

We are conscious of the fact that there is a growing imbalance between the range of domestic content and the range of international content available to an Irish audience. This is significant for a variety of reasons. It has very significant public policy implications but it has always been explicitly and implicitly the intention of Irish broadcasting legislation for more than 50 years that Irish content for an Irish audience is a key part of the role of public broadcasting. We also recognise the fact that all broadcasting serves a public and social purpose. Broadcasting has a crucial role to play in the democratic life of this country in terms of providing information to citizens on which they can make the kind of decisions that are central to the life of this State. Broadcasting also has a crucial social and community role to play in terms of giving people a real sense of the realities of the communities in which they live. Thus, we felt that not only was it important to look at the contributions RTE and TG4 make in terms of Irish content, it was important to recognise the contribution that other broadcasters like TV3 make. TV3 has been consistently increasing the range of its Irish content while the same is true of Setanta in terms of its sports provision. The comprehensive array of national, regional, local and community radio stations all contribute substantially.

Having reviewed the detail of the work undertaken by Crowe Horwath and the submissions made by the two broadcasters, we took a number of views and made a number of decisions which formed the recommendations we submitted to the Minister, as the law obliges us to do. I will mention a number of those key recommendations. The first is that we did not believe there should be any reduction in the level of public funding to either RTE or TG4. The second was

that we believed there should be an increase in public funding for RTE. In this, we disagreed with the recommendation of the external consultants. We took that view because we believed the base case, which was the main proposal put forward by RTE in its five-year plan, was not sufficient in terms of the range of service that would be made available to an audience in Ireland at this time of such intense competition. I think RTE would also share the view that this was not the limit of its aspiration.

That recommendation for an increase was conditional on a number of things. First, there needs to be a detailed examination of the extent to which further cost reductions are possible for RTE. A number of reports have indicated that notwithstanding the extent of reductions that have already taken place in RTE's cost base, some further reductions are possible. We want that to be tested because there is no point in attempting to do the impossible and we want to ensure the responsibility that devolves to everybody to look carefully at the way in which public funding is expended is done in a context that makes realistic demands on a public broadcaster that is in receipt of significant public money. Second, we wanted to ensure that within the limits of the commercial possibilities available to it, RTE realises the full potential of that capacity. Third, we wanted to ensure there was an examination of the relationship between the making of in-house productions in RTE and the making of comparable productions by independent producers - not to convert RTE into a publisher-broadcaster but to ensure we have a serious and real basis for determining whether there is full value for the public money being expended.

Our recommendation was that at some point above the current level of its public funding, the Minister should determine a point at which any further increases in public funding for RTE would be matched by a reduction in its commercial revenue - to be achieved by restrictions on either its advertising minutage or sponsorship or a combination of both. This would ensure greater opportunity for all commercial broadcasters to get a larger percentage of the commercial revenue spent on broadcasting in Ireland in order that they can enhance the domestic content of their schedules. In respect of advertising minutage, we make a crucial recommendation from the perspective of commercial radio broadcasters. We argued that the current arrangement whereby three separate regimes operate to determine permitted advertising - the Minister determines it for public broadcasters and the authority determines it for commercial television broadcasters but the statute prescribes it for commercial radio broadcasters - makes no sense. It also results in potential and, we believe, real unfairness. Without prejudging any decision that might fall to be made, we are looking at the possibility that all radio broadcasters should have the same scale of advertising minutage as is available to commercial television broadcasters. We recommended that there be an urgent amendment to the legislation to centralise those decisions relating to advertising minutage in the authority.

Our final recommendation related to TG4. We appreciate that it would be wrong to have any reduction but we wanted to see a greater examination of the way in which the current revenues are deployed as well as an examination of what might be achieved for less or far less of the increase that TG4 was seeking in its public funding. I think that covers the main points by way of introduction. We are happy to respond to any questions members have.

Chairman: I thank Mr. Collins for his presentation. I wish to ask a few questions before I hand over to members. In light of the news last week that UTV is applying for a licence to establish a television station in this jurisdiction, I would be interested in hearing Mr. Collins's comments on what is agreed is a very small market. What is his interpretation of the possible effect on RTE and TV3? Is there room for all three at a time when, as he says himself, the piece of cake is getting smaller in respect of the economy? In regard to public service broadcasting,

we have brought the independent broadcasters before us on several occasions. I find it hard to resolve the question of how public service broadcasting should be defined. They maintain there is no recognition of the public service contribution of the local news, current affairs and sports they provide to their local audiences. In 2013, RTE 2fm received funding of €11.6 million for what seems to be very limited public service content. The analysis by Crowe Howarth indicates that additional funding will be made available from the new broadcasting charge on top of the revenue from licences. The BAI rejected Crowe Howarth's suggestion that the additional revenue should not go to RTE. It is strange that the BAI would not agree with the recommendations set out in the independent report it commissioned.

Mr. Bob Collins: I will take the questions in the order that the Chairman asked them. One of the points I could have made in my opening remarks, except that I wanted to keep them as brief as possible, was that we need to ensure broadcasters are fully present in a digital environment and that they are where their audiences access content. We recognise the need for continuing investment by RTE in its digital presence so that it is always ahead of the audience and is available wherever its audience chooses to receive content.

That is relevant to the discussion on UTV. With the development of DTT, greater capacity exists for additional channels. There were hopes and expectations that commercial digital terrestrial television might emerge with additional channels, all of which suggested that small as this market may be - if one considers it as a market - none the less by international comparisons it has relatively few domestic broadcasters. The emergence of UTV is an important development. It already has a strong presence in local radio and it has an established and long-term position in Northern Ireland. Its plans to develop a new channel in this State to carry new domestic content will be a source of additional choice for audiences. It will inevitably increase the level of competition for existing broadcasters and will probably have a greater impact on TV3 than on RTE because the ITV programming it will carry forms an important element of TV3's schedule.

The entry of UTV highlights anomalies in the legislation, about which we have spoken previously, in that UTV will apply for a licence under a section of the broadcasting legislation that imposes far fewer obligations than are imposed on TV3, RTE or TG4. It will not be obliged to pay the levy which funds the activities of the BAI even though RTE, TG4, TV3 and all the radio broadcasters contribute levies. That is anomalous and, on the face of it, unfair but it is what the law provides. Its entry will undoubtedly have some impact but it will probably also offer advantages to the audience in terms of additional choice and content made in Ireland if what it identifies as its plan comes to fruition and if the case it will make to the BAI for a licence is sustainable.

The question of how to define public service broadcasting is as old as broadcasting itself. The BAI and, I think, everybody else involved in broadcasting recognises that everybody who is engaged in broadcasting contributes to the public service and the public. The services provided by local radio stations and the news and current affairs programmes broadcast by TV3 and all the radio stations undoubtedly add to the sources of information available to Irish audiences. However, the law clearly defines public service broadcasting in terms of RTE and TG4. The law provides that apart from the 7% going to the sound and vision fund which we administer and which is open in the main to independent producers and broadcasters, the funding raised from licence fees goes to RTE and TG4. Our statutory review process did not give us the possibility of altering that fundamental statutory basis, which has been part of Ireland's infrastructure for the past 53 years. We recognise that every broadcaster has been under pres-

sure because of the economic difficulties of the last several years and we have on a number of occasions put on record our appreciation of the extent to which they have attempted to sustain schedules as vigorously as possible within their constraints. Some of the newer radio stations are encountering more turbulent waters than others but the broadly based local radio stations are generally doing well. In their applications for new licences and licence extensions, the processing of which is currently ongoing, there is a significant degree of confidence in the way they are approaching the future.

The question of RTE 2fm needs to be raised with RTE because a clear distinction needs to be made between the way in which formal accounting is done for the allocation of licence funding and the actual costs and revenues of 2fm. It does not appear to make sense to have a significant licence fee attribution for the operational running costs of 2fm. The formal accounting for the deployment of the licence fee by RTE across its services is a different issue and it may not reveal the reality of the costs of 2fm. That is an issue that would be more appropriately explored in detail with RTE.

Crowe Howarth constructed its view on the base case, as RTE described it in its plans for the next five years. That base case was essentially the range of services currently provided. Crowe Howarth felt it could not interpose itself between RTE or TG4 and what it would like to see as the range of services available to an Irish audience. RTE clearly stated that it would like to do other things and it outlined them in general terms in a part of its five year plan. That was insufficiently detailed to give us a clear view of what exactly would be in the schedule for the additional revenues that were returned. We would have failed in our responsibility had we taken the Crowe Howarth report, put it in an envelope and passed it to the Minister because we have a statutory obligation to take account of the detail in that report and reach our own conclusions on what we think is appropriate.

Given the intensity of the competition and the extent to which external television programmes dominate the environment, we took the view that the interests of the Irish audience, broadcasting and democracy require that there be a stronger level of domestic content than is available in Ireland from the public or commercial television broadcasters. For that reason we identified the need, subject to certain stringent conditions, for additional funding to be made available to RTE and for a rebalancing of the overall broadcasting funding to enable commercial broadcasters to have access to a greater level of commercial funding to improve everybody's capacity to produce more Irish-made content. In the case of RTE, we specifically said the content produced should clearly be of a public service character and distinctively different from what commercial broadcasters would be expected to produce.

Deputy Michael Moynihan: I welcome the BAI. This is a fundamental issue. When one examines and tries to define public service broadcasting and when one examines the differences between RTE and the independent radio stations and broadcasters, one finds they are all providing a service in current affairs or sport, some better than others. Funding is a major issue. Over 90% of the licence fee goes to RTE and it has 50% of the commercial revenue, yet it has a funding issue. Independent broadcasters such as local radio stations and independent television companies survive solely on the commercial market. One scratches one's head and asks why we have to subsidise to this level. We constantly have the same argument. With all due respect, it is almost as if we must preserve the *status quo* of RTE at all costs.

The funding is to be changed and that legislation will be published shortly. There must be a fundamental look at the value for money. We have all seen, in various reports that have come before this committee and elsewhere, information about the cutbacks in the State broadcaster.

Are the witnesses satisfied that further efficiencies can be achieved in that organisation before they decide on the level of funding? Will State funding or the licence fee, in whatever form it is collected, be kept to RTE and the minutes it can offer for commercial revenue reduced? Independent broadcasters are under serious pressure and provide as good a public broadcasting service, and perhaps better regarding some aspects of society. Would it be better to dispense the licence fee or transmission charge properly to ensure these independent stations have a future?

It is very difficult in the commercial market. Everything seems to be stacked in favour of the State broadcaster, which seems to be running huge deficits. The independent operators are running on shoestrings but are still making do. What is the difference? The witnesses will refer to the legislation, but in layman's terms they are all providing an excellent public broadcasting service irrespective of whether they are State-owned.

Chairman: Members' contributions will alternate between Government and Opposition, as laid down. The next speakers will be Deputies O'Donovan, Colreavy, Harrington and Mattie McGrath and we will get everybody else in also. Deputy Dooley is also on the list.

Deputy Mattie McGrath: Will the Chairman take a number of Deputies together? We will be here all day otherwise.

Chairman: I ask members to confine themselves to questions as far as possible, but the lead spokespeople will speak individually and then we can group speakers.

Mr. Michael O'Keefe: As the Chairman said, we recognise the independent broadcasters, their programming and the public service they provide. We recognise they have had five or six years when business has been very tough. When we talk about the rebalancing, we are proposing that the licence fee funding would go to the public broadcasters but that we would rebalance the situation such that there is greater potential for the commercial sector to get more money from the commercial sector, which would pay for the programming.

We are not distinguishing between the programming they do. We recognise the programming is public service broadcasting. The issue is how that is funded. Now it is funded through commercial revenue. There are some restrictions on the commercial revenue and we have engaged with the Independent Broadcasters of Ireland, IBI, on matters such as the sponsorship and minutage regulations which the Chairman mentioned. There are restrictions on the amount of minutage for commercial radio but not for commercial television. We will look to do something about that. There are restrictions on the sponsorship and promotions area and the radio sector has asked us to examine that. We have engaged with the radio sector and done that. There is a balance between funding of the commercial sector through commercial activities and the public broadcaster through that combination. RTE 2fm is permitted only five minutes of advertising per hour. The commercial stations are permitted ten minutes of advertising per hour. There are differences to reflect the fact that there are differences between the licence fee funding the public broadcasters get and the other funding the commercial sector gets.

We recognise that, since 2008, it has been more challenging and commercial revenue has dropped dramatically. That has had the greater impact on the newer, niche and youth music services, and we have recognised that and allowed them to make adjustments to their programming to reflect that. The advertising revenue of the traditional broad-based local radio service has dropped. It has probably stabilised this year and the applications they have made for the continuation of their licences, which process we are going through now, in general project the situation stabilising, with some growth over the next few years. We are addressing the fact that

the commercial marketplace for commercial radio has been tougher and there are things we can do, but we draw a distinction between that and the licence fee funding which should still go to the public service broadcasters, as it does now.

Mr. Bob Collins: We are unambiguous that the schedules of public broadcasters need to be different from the schedules of commercial broadcasters. We make it clear that any additional funding that goes to RTE should only be in return for clear plans set out in detail in advance of what the money will be used for to ensure it will be of a distinctly public service character. As Mr. O’Keeffe has said, we are the first to recognise what has been achieved by the local radio stations in particular and by commercial radio in general. By the extent to which they engage with their communities they do things a national broadcaster simply cannot do because they can address local issues in the way that they do. However, they are commercial broadcasters and that is the basis on which they initially sought their licences.

We will be signing some new contracts today with broadcasters. We have already signed new ten-year contracts with six or seven broadcasters. It is clear from them that despite the difficulties, they are facing into their new contract periods with confidence in terms of their financial planning and with commitment in terms of what they hope to offer in their schedules. The challenge for RTE in particular and for TG4 is that the distinctiveness of their schedules reflects the extent to which they are funded publicly. Our view, which is not without some support, is that it is better to point a greater level of the available advertising revenue in the direction of the commercial stations and to limit RTE’s access to commercial revenue as a share of its total income.

Chairman: I call Deputy O’Donovan. I ask members to concentrate as far as possible on questions and I ask the witnesses to be precise in answering the direct questions so that we can get through as much as possible in this very interesting debate.

Deputy Patrick O’Donovan: I hope the Chairman will indulge me, as I could not accept some of the comments that have been made and I believe I should have a right of reply. I am disappointed that the representatives of the BAI are persisting with the mantra of propping up RTE, which is basically what I hear. In recognising the role of the commercial operators, Mr. Collins stated that they are doing fairly well because they manage their affairs fairly well and operate within budgetary constraints. They do not have an insurance policy of knowing that the taxpayer can pony up an increase in the television licence fee when things start going pear shaped. They also do not have the luxury of operating in an environment where their presenters are being paid multiples of what the Head of the Government is paid. Recognition only goes so far. Recognising the public service remit of independent broadcasters is not worth the paper it is written on unless it is backed up by some sort of financial consideration for the work they do.

The witnesses rightly pointed to an anomalous situation with advertising at the moment. I believe their proposal for fixing that would make a bad situation even worse. It would result in everybody playing on the same advertising field, but the State broadcaster would have the continued insurance net regardless of the public service element of the commercial broadcasters.

I contend that RTE is a commercial entity because it aggressively seeks advertising in the market. RTE advertises its own advertising slots. I do not accept that it is in some way different from the other broadcasters. 2FM is struggling to keep up with the listenership of commercial radio stations, but yet it receives a substantial subsidy from the taxpayer to keep it going. The BAI should ask if continuing that represents value for money. People in its target age cohort have voted by turning the dial considerably away from that radio station.

Chairman: I remind the Deputy-----

Deputy Patrick O'Donovan: These are important.

Chairman: I know they are important, but I ask the Deputy to get to questions.

Deputy Patrick O'Donovan: The questions are self-explanatory. On the one hand we want to maintain having all the licence fee revenue going to RTE and also seek an increase in the fee. The witnesses used the word "realistic". When the country's economy has collapsed, how realistic is it to suggest that a State entity would receive an additional subsidy on top of what it is already getting even though it has a bloated element of expenditure and at the same time ignoring that others that are delivering commercial public service broadcasting on a daily basis are receiving no subsidy from the State? I find that totally unacceptable.

If the BAI's contribution to the debate on how we are to fund broadcasting in future is what I have heard so far, I would have serious concerns. The BAI's role should be to be the overall authority for all broadcasters regardless of who owns them and to ensure that the content addresses what the public wants and needs. It certainly should not be a safety valve or mudguard for the State broadcaster. I find that very hard to take.

Mr. Bob Collins: The Deputy should listen to what we say and read what we have written. He should read the report we have submitted to the Minister.

Deputy Patrick O'Donovan: May I just-----

Chairman: No.

Deputy Patrick O'Donovan: I omitted to ask one question. If that was the case-----

Chairman: No. I will let the Deputy come back in again.

Deputy Patrick O'Donovan: May I just ask one question and then I will be quiet again? I accept that, but if the BAI were to ask a consultant to prepare a document, should it not accept the recommendations in that report?

Mr. Bob Collins: I will answer that one first. If that is the case, there is no need for a BAI. The Minister should have invited a consultant in, got the report and acted in accordance with it.

Deputy Patrick O'Donovan: Mr. Collins should answer the question.

Chairman: Let Mr. Collins speak. I want order now and want everybody to have a fair chance.

Mr. Bob Collins: That argument can cut both ways. Under the law, we have an obligation to look at the funding of the public broadcasters. That is what this task is. That is why the focus is on the funding of the public broadcasters. We are not here to prop up RTE. RTE is perfectly capable of propping itself up and that is not our task. We were looking at the extent to which RTE discharges its obligations based on the money it gets. We looked at the extent to which its schedule adequately serves the Irish audience in the present and future environment. We looked at what conditions would apply to any additional income.

We did not propose an immediate increase in the licence fee; we specifically said there should not be. We did not suggest that in this moment of economic difficulty additional funding should be given to RTE. We specifically said that the level of service planned by RTE in

its five-year plan is insufficient to meet the needs of an Irish audience. RTE needs to look at every possible cost reduction available to it and the Department of Communications, Energy and Natural Resources has initiated a review of what is possible in that respect. If there are specific plans for additional programming which meet the needs of an Irish audience and which are public service in character, then we would support additional funding for RTE.

At other times we focus on the needs of commercial radio stations and commercial broadcasters generally. The issue of advertising is one where we believe it is unfair at the moment that minutage is available to commercial television stations that is not available to commercial broadcasters. However, we cannot do anything about that because the law specifies what the provision is. Whatever about everything else, we did not write the law. We also believe that there should be a mechanism to ensure that RTE has less commercial revenue in the future and that a smaller percentage of its funding comes from commercial sources in order that a greater level of commercial funding would be available to commercial broadcasters, whether on television and radio. We did not write this document to prop up RTE. We are statutorily obliged to support public service broadcasting. Our statutory task here was to review the issue of the funding for RTE and TG4.

Deputy Michael Colreavy: I thank the witnesses for coming before us. I always think of public service broadcasting in national, regional and local terms. There are different levels and good public service broadcasting at national level is different from that at local level because they involve different levels of detail. It is informative that Mr. Collins says the legislation directs BAI's support for RTE and TG4 because there may be a view within the Department that local radio stations are similar to local newspapers and they are independent and for profit but the difference is independent radio has a public service obligation that newspapers do not. This needs to be examined but given oversight is legislatively based, it should be done by politicians rather than the BAI.

The report states: "The station cannot do any more under its current operational model." Does the authority have power to examine the operational models of RTE, TG4 and independent broadcasters with respect to public service broadcasting obligations? For example, if RTE was to decide to set up a dedicated sports channel or children's channel, would the BAI have an input into, or power over, those choices? What about the lower levels of the general operation model of these stations?

I had not thought too much about the sound and vision fund until my local station, Ocean FM, the Glen Centre in Manorhamilton, Donal O'Kelly and many good people in the local community got together and produced a wonderful drama called "Francisco", which won a major European drama award. It was a tremendous example of the potential of local radio and local people getting together to produce something of which we can all be proud. We need to re-examine the criteria for this fund to encourage such local collaboration. Perhaps the 7% limit on the fund should be increased.

Other issues include the arrival of UTV in the Irish market and a ban on alcohol advertisement before a certain time at night. Has the BAI factored in the impact that will have on advertising revenue for local and national broadcasters?

DCTV is about to wind down its operations and will cease transmission next year. Under the Broadcasting Act 2009, the authority is obliged to devise funding schemes to support the development of community broadcasting. Has the authority fulfilled this obligation given the reduction in funding to DCTV and the announcement that it will cease transmission next year?

Mr. Michael O’Keeffe: I will take the final two questions relating to the sound and vision fund and DCTV and then hand over to our chairman. I was in Manorhamilton the day “Francisco” was launched with Donal O’Kelly and it was fantastic. It is a great achievement to have won an international award. We are trying to encourage stations through the fund to do more of that material. Ocean FM has been a great supporter of the fund, as have many other local stations. We are trying to encourage them to use it to increase the level of other programmes. There is no question that they would not get to make programmes such as that if they did not have access to the fund and that is why it was established. We are currently reviewing the scheme. I met IBI representatives at their AGM last week and I encouraged them to participate in the review. We are having a workshop in Croke Park on 2 December, which will discuss the next iteration of the scheme. It is approved up to the end of next year and we will have a new scheme in place after that. We are exploring how the commercial sector can utilise the scheme more and get more from it. Many stations are putting effective programmes together and Ocean FM is a good example in this regard. We want to see more of that and we will encourage the commercial radio sector to take a greater part.

Radio gets approximately 15% of the fund, which is linked to the cost of producing radio versus the cost of producing television. Of that, the commercial sector gets approximately 40%. There is potential for the sector to access more of this funding. The 7% limit is in statute. It was 5% and it was increased to 7%. This has provided opportunities for more programmes to be made. We are not involved in changing the statute. The view is that the level of the fee should not fall below where it currently stands but that is a matter for the Government to debate further.

I am concerned that DCTV representatives came to us a few weeks before they made the announcement that they were to cease broadcasting to request that we allow them to continue projects we had funded under the sound and vision fund. That would allow them to continue until February and we granted them permission to do so. One of the challenges in funding a company such as DCTV is its funding model appeared to be very much based on securing money from the sound and vision fund and from other schemes. There is a question mark over whether such a model is sustainable because the sound and vision fund is a competitive grant awards scheme and how one can base one’s funding to such an extent on securing money from a scheme of that nature is challenging. They have bought time until February to continue with the service. Between now and then, we will explore with them whether there are ways to continue but they need to look at their funding model because one cannot rely on one scheme to be the mainstay of a funding model. There may be potential for that in the future because DCTV has done good work and has broadcast good programmes. We would regret it if they were not with us in the future.

Mr. Bob Collins: On the issue of whether we have an input into the operational model of the public service broadcasters, under the law RTE and TG4 are specifically independent. We cannot determine what their schedules are or how they operate on a day-to-day basis. They set their own objectives and our task is to evaluate the extent to which they have met those commitments. We do not set the commitments for them. Irish law is different from the law in other European countries where there can be more prescriptive regulatory provisions in that respect. That is not the case here. While RTE or TG4 do not need to seek the approval of the Broadcasting Authority of Ireland *per se* if they wish to develop a new service, they need to give the authority an opportunity to indicate its view. Depending on the circumstances, the authority may undertake a public interest test regarding the proposed service and report its findings and recommendations to the Minister, who makes the decision in the last analysis.

Mr. O’Keeffe has responded to the point the Deputy made about local radio stations. I think the sound and vision fund has produced some excellent programmes. I strongly share the view that local radio stations could take more of that fund if they approached it more creatively and with greater regularity. While I am happy to see there has been some increase in their engagement, I think there is unrealised potential in the sound and vision fund. It is worth €14 million per annum, which is not a small amount of money. The local radio stations are independent and commercial. In the past, many of them have been traded for very significant sums of money. Many of them are still carrying the burden of those transactions on their balance sheets and their income and expenditure accounts. This is having a negative impact on them. In general, the local radio stations are profitable. They are not indicating in their applications for new licences that they will cease to be profitable. They have a special position. It is worth noting, in the context of the parallel with local newspapers that was drawn by the Deputy, that nobody else can set up a local radio station in their own area. We are strongly supportive of local radio stations and their role. As a regulatory body, however, we must be at a distance from everybody. We cannot act as cheerleaders for anybody. We take a detached and even-handed view. Our primary responsibility is to ensure the law is fulfilled and the needs of the audience are met. We absolutely share the view expressed by the Deputy about the potential of local radio stations and their capacity to work with others and on their own to create programme content.

Deputy Noel Harrington: I welcome the representatives of the Broadcasting Authority of Ireland. They mentioned that there are three levels of scrutiny or oversight. The authority is responsible for commercial television. The Minister is responsible for TG4 and RTE. The commercial and local radio stations are governed by statute. Can I take it from what Mr. Collins has said that the Broadcasting Authority of Ireland’s view is that this is not sufficient? Would it like the current position to be changed by means of legislation? How would it wish these matters to operate? Would it like to have a greater involvement in the area of RTE and TG4?

The fundamental recommendation made by the authority would involve a gradual increase in the public contribution to RTE, with conditions. If that recommendation is to be accepted, this committee will have to think about where the money might come from. I accept that the authority does not have a role in determining that. Nobody has mentioned the resource opportunities that have been presented to the State on foot of the change from analogue to digital television. It might be cynical to suggest the possibility that the authority is staking out a claim on those resources, to be allocated back into a television station. I could be completely offside on this one. Does Mr. Collins have a view on the matter?

Mr. Collins mentioned that no increase would be appropriate for TG4 and, equally, there is no scope for reducing costs at the station. Is it being suggested, as a corollary of that, that there is further scope for cost reductions in RTE? I would like to hear Mr. Collins’s view on that.

I note in the authority’s report that legislation is coming forward. We look forward to seeing that. A fundamental economic assessment of the advertising market is also being proposed. That will be a very significant body of work. I understand the authority assisted in the tender process that was done in advance of the economic assessment. What level of work was carried out by the authority to assist in the tender process? Did the authority’s document lead to the tender? Was it the authority’s tender?

Mr. Bob Collins: We are very clear with regard to the advertising minutage. It does not make sense that three separate agencies are responsible for the minutage for the three separate sectors. We believe a single agency should be responsible for that and we suggest the Broadcasting Authority of Ireland would be the most appropriate agency. We recognise that the Min-

ister might want to reserve the right of approval in the cases of RTE and TG4, in line with the statutory position that has prevailed since 1960.

Deputy Noel Harrington: What is the authority's role in assessing the public service obligation and the Irish content obligation? There is an important relationship between the oversight role and the obligations the authority would like to assume for itself.

Mr. Bob Collins: That is not the case in relation to the advertising minutage. It makes no sense that three separate agencies are involved. It makes no sense that the limit on the advertising minutage for commercial radio stations is set in statute and primary legislation is required to amend it. With the greatest respect to the Oireachtas that passed the legislation in question, it makes no sense. An anomaly in the respective positions of Irish-based stations and stations coming in from abroad meant we were able to change the permitted minutage for commercial television. Stations from abroad are allowed far more advertising minutage than local Irish-based stations. I refer to stations like TV3 and Setanta. We believe there is an argument to be made for additional minutage to be available to the commercial radio stations. At the moment, there is nothing we or anybody else can do about it unless primary legislation is introduced. That is why we have recommended that the legislation be amended urgently. We think this provision should be taken from the face of the Act. Frankly, the question of who does it is a less important consideration. As we do it for the commercial television stations, we think it makes sense that we would do it for the commercial radio stations and that we would have a view on it in the cases of RTE and TG4.

Our primary focus is on the rebalancing of RTE's funding between public and commercial funding. That was the major element in our recommendation. We think there is a need to progressively reduce RTE's dependence on commercial funding. The ratio between public and commercial funding needs to be altered. That was the key and, if I may say so, the most radical element of the proposal we made regarding the long-term funding of broadcasting. I do not see it happening immediately - that was never the plan - but it has radical implications and possibilities.

The Deputy also referred to digital television. There is no question of the resources arising from the sale of spectrum going back into the broadcasting sector. The money from the very successful disposal of the spectrum that was liberated by the transfer from analogue to digital has already gone into the Exchequer.

The Deputy also asked about TG4's costs. TG4 and RTE operate quite differently. TG4 makes a very small amount of its own programming. It gets its news from RTE. The rest of its programming is produced by independent producers. It has a small-scale operation. The potential for reducing costs would make no material difference to the overall cost of TG4.

RTE is a large-scale operation and makes a significant amount of its own content, including virtually all of its own radio content. It has a symphony orchestra and a concert orchestra and a legacy in terms of its buildings, location, etc. It is in this context that we felt there was a need for a definite, independent, external review of the extent to which RTE could reduce its costs further. This may not be the most productive time to consider the disposal of land, as was in RTE's consideration some time ago, but that work is being done by NewERA.

The review of the advertising market, which chimes exactly with our point about considering the implications if our rebalancing proposal was put into effect, is being done by the Department. We engaged with it on the tender process. It was not our tender document. Rather,

the Department undertook this work independently, making an important contribution to the decision making as regards the rebalancing.

Deputy Noel Harrington: Did the Broadcasting Authority of Ireland, BAI, consult the advertising industry in advance of that assessment, or is that even its role?

Mr. Michael O’Keeffe: No.

Mr. Bob Collins: We have been asked this question before. When we made the rebalancing proposal, we did not consult on it with anyone. There would have been no point in our doing that when the proposal was to the Government and needed to be made before there was any prospect of a decision being taken. Putting it out to consultation before making our proposal to the Government and getting a sense of the Government’s response would have been to put the cart before the horse. The process is currently open and independent and will undoubtedly engage with the advertising sector.

Deputy Mattie McGrath: I welcome our guests and thank them for attending. Like other members, I was a bit perplexed by the outline they supplied of their role and remit. I understand that it is constrained by legislation to some extent. In the previous Dáil, even before the BAI was set up, our communications committee spent a long time arguing and debating issues about top earners and the many thousands of excellent staff at RTE who work hard on a daily basis. We were told that the payments made to top people were down to the advertising they brought in, but that situation has changed. Is there a justification for the Independent Broadcasters of Ireland, IBI’s suggestion that the funding model as proposed is effectively a Montrose tax aimed at propping up RTE? The BAI must answer questions like this. It is the regulator, or the watchdog for want of a better word.

To my mind, it was quite muddled in the BAI’s outline, but what did our guests mean by the term “public service objectives”? What types of programme constitute public service content?

I will not go on because a lot has been asked already, but I have many concerns. One that I have had for a long time relates to a main evening radio programme. I love RTE Radio 1. It does a good job in the main. The programme is sponsored by Danske Bank. That is totally wrong because many people have banking issues. I have raised them on behalf of people. One cannot have an open or honest debate when the banks are sponsoring the programme. That bank is now exiting the country and I hope that the programme will not go with it, or the presenter. It was a terribly wrong signal to those people who are struggling under this and other banks.

There is much food for thought. For generations, local media outlets - newspapers and now stations - have provided a huge public service. RTE will lose out if there is not seen to be fairness and equity. There are lots of issues for the BAI to address. It appears to be just an extension of RTE in what our guests have said so far today.

Mr. Bob Collins: I am not sure how many times we can say that we are not here on behalf of RTE. The committee would need to discuss some of these issues with RTE. We are attending as an independent statutory authority that is asked by the statute enacted by the Houses of the Oireachtas to examine the public funding of RTE and TG4. Addressing those stations is all that we can do when performing that task. We are not their extension. When we submitted our report on our section 53 investigation into “Prime Time Investigates” and appeared before this committee, no one in RTE or on this committee believed that we were an extension of RTE. Let us get our positions clear in that regard.

The issue of what people at RTE are paid is a matter primarily for RTE. Like everyone else around the table, we are human beings and taxpayers. We share some views and have our own on what is to be appropriate to be paid, particularly given the changed circumstances. The characterisation, be it that of the IBI or anyone else, of the licence fee as a tax to prop up RTE makes it difficult to hold a constructive debate on the purpose of a licence fee. Sometimes, I would like it if the BAI had the statutory authority to identify precisely what public broadcasters were expected to do in return for their public funding, for example, to have a clearer sense of the balance of content in public broadcasters' schedules and what are appropriate and inappropriate programme ranges, but that is not what the law permits us to do. The law reserves that power to the boards of RTE and TG4, which it describes as being independent. This matter could be debated, since we are out of kilter to a certain extent with some of the European experience of public broadcasting regulation. With the greatest of respect, however, the legislation was enacted by Members collectively, not by us.

I dislike the sponsorship of current affairs programmes. It is inappropriate and raises some of the questions that Deputy McGrath identified, but it is not precluded by law at the moment. There would also be serious implications for local radio stations if the sponsorship of current affairs programmes on radio were to be precluded. If I may express a personal view, although I am not sure that it is only a personal one in terms of what approach the authority will take, the sponsorship of news is obviously precluded, but the sponsorship of current affairs poses difficulties for broadcasters. When we developed our code of fairness and objectivity in news and current affairs, we were seeking to ensure that the audience had a clear indication of, for example, interests that a presenter might have by needing to declare those interests and, at certain times, standing back from involvement in a programme. It complicates matters if that very same programme is being sponsored, but the law does not preclude it. Does Mr. O'Keeffe wish to clarify?

Mr. Michael O'Keeffe: It is important for the commercial radio sector that we permit that sponsorship, as so much of its programming is current affairs in nature. If issues arise about how a programme is being influenced by its sponsor, they can be brought to the compliance committee and a broadcaster might be required to make adjustments or so on. There is a mechanism to address conflicts of interest. Generally speaking, however, stations behave themselves in terms of how they operate with sponsors. Sponsors are important to them, but they recognise that sponsors must not have an input into the editorial elements of the programmes. It is a balancing act and one can see where there may be potential difficulties, but we have fallen on the side of the broadcasters, as it is a source of income for them.

Chairman: Deputy Coffey is next, followed by Deputies Dooley, Phelan and Healy-Rae.

Deputy Paudie Coffey: I will try not to go over old ground. I welcome the BAI. This has been an important and good debate. We need to continue it, as it is in everyone's interests to have a sustainable, fit-for-purpose public broadcasting service. The BAI has an important role to play in that regard.

I will mention some of the challenges facing the television sector. I do not know the BAI's opinions, but our guests mentioned satellite channels, including external channels, entering the country. The online challenge is growing rapidly. Perhaps the witnesses would elaborate on the challenges presented for the Broadcasting Authority of Ireland by, for example, Netflix and Love TV, which have been quite successful in terms of eating into broadcasting time. This is a growing trend.

I want to put on record my acknowledgement of the significance of supporting Irish content within the public broadcasting service. We are all aware of the good work being done by RTE and TG4 in terms of broadcasting issues of national interest, in particular TG4's coverage of our national sports and so on. However, this does not give *carte blanche* for consistent support through the television licence. Our licensing system supports a great number of ineffective broadcasting services.

Mr. Collins referred to RTE's property portfolio and what the current organisation has inherited. It has inherited a cumbersome costly organisation. Deputy O'Donovan referred earlier to the contracts of some of the broadcasters within that service as compared to those employed in private or commercial stations. Some of the commercial stations deliver as good, if not better, service. There is a conflict in terms of what we have inherited. There is no doubt but that RTE has been and continues to be a bloated organisation. In response to this, services within the organisation that we need have been cut, there were a great deal of repeat programmes broadcast over the summer and much of late night broadcasting is imported material.

On the radio side, RTE 2fm, which is aimed at the 15 to 24 year old category, has an audience of only 8%, which is very small. A commercial station in the south east region, Beat 102-103, has an audience of 59% among the 15 to 24 year old category. The percentage in this regard for Spin is 43% and for RedFM is 45%. Are we subsidising something that is not sustainable in any event? This is the type of question we need to ask. Perhaps that is what the witnesses are trying to get at when they say they wish to support RTE and TG4 subject to a review. Am I correct that it is the intention of the authority to review areas that are not sustainable and in which savings can be achieved?

Deputy Timmy Dooley: I welcome the delegation and thank them for their presentation. I was taken aback by some of what Mr. Collins had to say, in particular his belief that there is a particular confidence in the local radio sector based on their presentations to the authority. What we are hearing from the independent broadcasters is that they are struggling to maintain their current level of service. Mr. Collins stated that they are profitable, which in the main is true. However, much of this might be to do with their being smaller commercial operations that can right-size more quickly. I would argue that this is, in some instances, to the detriment of the audience. As these stations are commercial they have to get their costs down as soon as their revenues decrease, which results in the listener losing out in terms of coverage of sporting events, rural pursuits and various other local activities that previously local stations would have endeavoured to cover. To suggest that the solution to this is increased minutage is, in my view, not to recognise the commercial reality. It is effectively spreading the same amount of money across a greater number of minutes. The level of competition in the franchise area among various newspapers that are struggling, including some of the free sheets, is increasing because advertising is currently a stressed environment. I do not believe that increased minutage is the solution.

I acknowledge that given the authority's remit it is somewhat precluded from giving direction or its views on this issue. In an environment where there is an expected increase in revenues - if I am correct an increase of €30 million by way of changing from the licence fee to the broadcasting charge is expected - there exists the potential for an increased pool of money. I contend that the BAI or the Department or whomever will ultimately make the decision needs to look at the role of the local commercial stations in terms of the provision of public service broadcasting and content. I accept what has been said in relation to the availability of funding to these stations for specific projects. However, rural communities depend on daily coverage

of sporting and local events. They see this as an important aspect of a public service offering. From that point of view, I would argue that there needs to be a recognition in this area in terms of financial allocation.

I was taken aback by the comment that a source of disappointment in the case of RTE is that its plan for 2013-2017 does not set out the clear sense of vision and ambition that might have been hoped for. It was also stated that the authority did not accept Crowe Harworth's position that RTE did not require any more money to meet its demands. Would it not have been better for either the authority or Department to have engaged with RTE to flesh out its vision to a greater extent before making a recommendation that it get more money? Should the notion of the decision of it getting more money be based on a fleshing out of its vision? I am not in this regard being critical of RTE and neither do I want to see a situation whereby an increase in funding to local stations would somehow disenfranchise RTE because I do not believe that would be helpful either.

Deputy Ann Phelan: I would like to expand on some of the points made by Deputy Dooley. I am glad the authority recognises the role of local radio. I come from a rural part of Kilkenny-Carlow, the communities of which depend greatly on local radio. In winter 2010, practically everybody in isolated parts of Ireland tuned in throughout the day to their local radio stations to get information on what was happening. People in isolated parts of Ireland are utterly dependent on local radio stations. Like Deputy Dooley, I would like greater recognition of these stations in terms of funding. I accept many of them are commercial operations. They pride themselves on their public service broadcasting of current affairs and local sports events rather than on the level of commercial sponsorship or advertisements they receive or attract. People in Kilkenny are dependent, almost exclusively, on the local radio station in terms of Sunday coverage of hurling matches and so on. The time has come for recognition of the unique relationship between the local radio stations and their listeners.

It was stated earlier that an attempt is being made to rebalance the commercial sector. What content is to be provided by local radio stations if they are pushed almost exclusively towards raising their revenue in the commercial sector? As pointed out by Deputy Dooley, the advertising environment is currently very challenging. While it was stated earlier that many involved in this sector are profitable, based on what I am hearing, they are struggling. I would like some recognition of them in terms of funding. I would like to see some kind of recognition in that for them. It is a marvellous service. I am also thinking of the local elections coming up, and this issue is very important in that regard. Local radio will provide the electorate with a forum for many candidates, so it is an important element.

Deputy Michael Healy-Rae: I welcome the witnesses and thank them for attending. The report was submitted to the Minister last July and I was extremely interested in the key findings. The witnesses are saying that RTE is not living within its budget and they agree that it needs more money. This is sort of being held against local radio stations as the witnesses have said four times that they are profitable and working away. The witnesses can contradict me if I am wrong. Have they indicated that local radio stations are okay paddling their own boat without State funding as they can manage? We all agree they are providing an excellent service. In my own case of Radio Kerry, the people of the county live and breathe their local radio station, which tells people who is dead, what the people who are alive are doing and keeps them informed about sport and everything else that is important to them and their families. I would go as far as saying that Radio Kerry is the lifeline of older people.

The witnesses are indicating that the likes of Radio Kerry are profitable and managing

so they do not need assistance. They are surviving because they must do so; there is nobody throwing money at them, which is what is happening at RTE and what the Broadcasting Authority of Ireland, BAI, wants to continue supporting. I have nothing against RTE or our national broadcasters-----

Deputy Timmy Dooley: It is a bit unfair. There could be an inherent cut now.

Deputy Michael Healy-Rae: I have a feeling that people within an organisation should make necessary cuts and arrangements to be more profitable and workmanlike. A local radio station could have a person presenting at one stage and five minutes later that person could be sweeping up around the hall. They survive because they are workmanlike in what they do. If there is waste, it should be cut. The right answer is not what the witnesses have argued. They may not think RTE should get more money but they seem to think that if it is to provide a proper service as a national broadcaster over the next five years, they should recommend throwing more money at the organisation. Would they not recommend tightening up, as everybody else in the country is doing?

Chairman: Is there a question?

Deputy Michael Healy-Rae: That is one question. I would like the witnesses to address the statement that local radio stations are profitable. Every one is struggling, although they might appear to be surviving only because of their work ethos and method. They know they must survive on their own merits.

There is to be a new licensing system and people without a television must still have a licence because of the new structure. Anybody with common sense must believe that some of the extra revenue to be created should be given to the independent broadcasters. There is no reason they should not get some of it. If the authority is to be taken seriously against an argument that it is a mouthpiece for RTE - I accept the statements that the authority is not a mouthpiece for that broadcaster - the authority should indicate that if people pay the licence fee, some of it should go to independent stations because of the massive role they play in people's lives. If the independents are passing out the national broadcaster, it is not the fault of the independents that they are good at what they do.

I can see the battle that independent radio stations and broadcasters have with national broadcasters, and it reminds me of Independent politicians being up against the might of political parties. We are sort of-----

Chairman: That is not a question.

Deputy Timmy Dooley: The Deputy is starting to undermine his argument.

Deputy Paudie Coffey: The Independents are heavily subsidised.

Deputy Michael Healy-Rae: That was not a question but a statement of fact.

Chairman: Will the witness respond to those comments and questions and make some concluding remarks?

Mr. Bob Collins: He who is last shall be first. Deputy Healy-Rae's comments may be entertaining but they paint a caricature of what I said, and an unfair one at that. I pointed to the fact that local radio stations are profitable as a tribute to their performance and not in any sense as a marginalisation or dismissal of them. To characterise the careful report we submitted to

the Minister as being a proposal to throw money at RTE is inaccurate, unfair and, in my view, inappropriate at an Oireachtas joint committee where the Deputy and his fellow members have greater freedom of speech than I have. They also have greater latitude in the style and approach of contributions than anybody who appears before a committee. I will leave the matter there.

Deputies Dooley and Phelan spoke very clearly about the values they see in local radio stations and without question I agree with them, as does the BAI as a whole, which in its previous incarnations as the Broadcasting Commission of Ireland and the Independent Radio and Television Commission has had a sustaining relationship with local radio stations. Viewers and listeners everywhere have suffered in recent years as the texture of every schedule has been challenged with the reduction in available funding. At the risk of being perceived as a spokesman for RTE, it and TG4 have had to cut back substantially and their schedules are not as rich as I believe the broadcasters would like them to be. We have stated before that it is a significant achievement by all broadcasters that they have sustained schedules in the manner they have in recent years. They have managed to provide schedules despite significant reductions in expenditure and revenue.

We want to speak about now but look to the future over the next five years, when everybody hopes there will be an economic upturn and some renewal of the advertising revenue available to broadcasters. We want the commercial broadcaster to have a greater share of that than has been the case in the past, and that is what we mean by rebalancing. Deputy Coffey referred to the online platform and that is directly related to these two considerations. One of the major shifts that has taken place and which will affect all media in Ireland, including newspapers, local and national radio, public and private, is the move to online in terms of consumer expenditure, advertising and the manner in which people consume information. There is a public policy debate to be had in the future about how, whether and in what way online can be regulated. I am not looking for additional work for the BAI, but there is a serious issue to be addressed in terms of the extent to which online activities are wholly unregulated in this State. There is a major public policy issue in terms of the strength of Irish media generally. Local and national newspapers are suffering and we have spoken extensively about the extent to which broadcasters have been affected. That has public policy implications beyond the individual service to a community or the individual experiences of a particular broadcaster.

I said earlier that in other places there is a different regulatory framework where there is a somewhat more prescriptive view of what should constitute the work or output of a public service broadcaster. We must be careful to ensure that we do not mean that it should carry only those programmes that people do not want to see or hear. I am not suggesting that anybody takes that view, but sometimes the debate can veer in that direction. There is a major challenge to develop a regulatory framework that is clear and specific in terms of what is expected of a broadcaster that is in receipt of public money, without infringing the editorial independence of that broadcaster. That is primarily a matter for legislatures until such time as the regulatory framework is given some element of that responsibility.

The issue of 2fm has been raised again. Beyond saying what we said earlier regarding the distinctive character of output that should be the hallmark of a publicly funded broadcaster, that must be a discussion the committee has with RTE. Whatever views we or I might have, it is not a matter on which the BAI can express a view because it is, by statute, reserved to the board of RTE.

There were a number of references to the broadcast service charge. We know nothing about this beyond what we have seen and heard in news outlets. It is a matter of government policy.

I have no idea of to what extent there is an expectation of additional revenue from that, nor do I have a view as to whether there are government intentions relating to it, nor do I particularly wish to express a view at present as to what I think the Government's view should be. It does not follow, as night follows day, that any additional funding should automatically go to commercial broadcasters but we have clearly said, and I will repeat it for a final time, that when we talk about an increase in funding for RTE, we clearly say there should be no increase at present and, to this extent we agree with Crowe Horwath, there should be no increase in public funding for its current level of output. We believe its current level of output, in terms of the range and extent of Irish-made programmes, is not adequate for a public broadcaster in the Ireland of now and the future. To secure that and exclusively based on a clear, specific plan as to the nature of the programming that would be broadcast, we think there is a strong argument for saying that the level of programming available to an Irish audience needs greater investment, coupled with tight absolute control of RTE's costs, making the best possible use of its commercial opportunities but limiting those commercial opportunities so more are available to independent broadcasters.

That is as much as I wish to say. If the committee wants any further information, we will be happy to provide it and return to the committee if necessary.

Chairman: Thank you for the presentation. I thank the members for their participation. It was a very interesting debate and I hope I gave everybody a fair crack of the whip with regard to questions and comments. It is important to acknowledge that you are working within the remit with which the authority was established. Undoubtedly, over the next year we will hear contributions from both the State broadcaster and the independent broadcasters in the commercial sector. We will give them as thorough a quizzing as we have given you today.

As there is no other business we will adjourn until 9.30 a.m. next Wednesday, 20 November, when the anti-electricity pylon groups will appear before the committee.

The joint committee adjourned at 12.05 p.m. until 9.30 a.m. on Wednesday, 20 November 2013.