



Submission from the Independent
Broadcasters of Ireland
The Future of Media Commission

January 2021

EXECUTIVE SUMMARY

Independent radio in Ireland commands majority market share in every county in Ireland. This is often ignored, and policy is determined by outmoded understanding of broadcasting reality.

Radio in Ireland is different to other countries, particularly the United Kingdom. The “Lion’s share” of radio listening in Ireland is to independent radio not to the publicly funded RTÉ.

As well as the staples of music, entertainment and companionship, the provision of News, Current Affairs and Information Programming is a cornerstone of the success of the sector.

This service provides something which is intrinsic to Irish society, culture, social and political life and democracy.

The so-called digital revolution has undermined the business model of independent radio and threatens the future viability of news, current affairs and information programming, unless properly managed and supported.

While radio is regulated and governed by a range of codes, legislative provisions, and license requirements, digital and online are not. This compounds the problem for our businesses and society.

Revenues have faced years of decline and the business model on which radio news, current affairs are based is being fatally undermined.

The principle of the provision of public money to independent broadcasters for programming has already been recognised by the Sound and Vision Scheme.

The temporary survival of news, current affairs and information programming during the Covid crisis has been enabled by Government action in providing financial assistance for programming in the face of the collapse in revenue caused by Covid. This proves that targeted support can work.

Such measures need to be introduced on a permanent basis.

This can be achieved by:

- Formally recognising the vital importance of the public service contribution of independent radio in principle and in practice;
- Establishing a fund to support news and current affairs on independent radio from a reformed TV Licence fee/public broadcasting charge. We have designed such a scheme;
- The levy paid by broadcasters to the BAI should be abolished and the regulator should be funded from the Exchequer. This is a long - standing political commitment which has not been delivered;
- Operations of online and social media companies needs to be brought within the norms of responsible communication in a civilised and democratic society;
- Regulation of radio should continue but it needs to be brought up to date to ensure that it is appropriate to the circumstances of a changed world and allows radio broadcasters to compete in the real world.

There is no time to lose and action needs to be taken as a matter of urgency. Interim supports need to be put in place until such time as the recommendations of the Commission can be put on a permanent footing.

Recommendations

1. Recognise the challenges facing Irish broadcast radio

Challenges facing independent radio stations are not just financial. They concern difficulties in sourcing, attracting and retaining staff, inability to cover key local issues and events such as Council meetings, court sittings and local festivals and events, failure to offer commercial opportunities to clients due to regulatory requirements and the ongoing increase of competition from technology companies and other traditional media who are moving unregulated into the audio space.

2. Replace the Television Licence Fee with a Household Broadcasting Charge

- A new public service broadcasting charge should be device neutral. Assuming an improved collection system would reduce evasion and increase revenue.
- The inclusion of tiered charges for business would introduce a common sense and fairness element to the charge, so that a household is not paying the same rate as a 100-bedroom hotel, as is currently the case.
- Acknowledge that RTÉ is **not the only** Public Service Broadcaster. Expand the distribution of revenues to all broadcasters producing public service content.
- Ensure that money follows the listener and broadcasting fees paid by the public fund services on independent radio that 70% of the public listen to.
- Fund the regulator from monies collected.

3. Establish a fund for Public Service Broadcasting on independent radio stations and review the Sound and Vision Funding Scheme

Devise a transparent, value for money funding model that meets the needs of the audience. Fund public service commitments on independent radio to:

- Ensure diversity and an alternative view;
- Reflect local, regional and national identity and concerns;
- Information & coverage of events and issues;
- Reflect and support Irish culture;
- Grow employment in journalism and broadcast media;
- Incentivise public service programming.

Review Sound and Vision

Replace the current scheme with one that is more user friendly and suitable for live programming. Ringfence rounds for specific broadcasters to encourage greater levels of participation from broadcasters and content creators.

4. Regulation

Ensure adequate and appropriate regulation that allows broadcasters to adapt to changes in a swift manner, that minimises the administrative burden on broadcasters and that supports and nurtures the development and sustainability of broadcasters.

Part 1

The Context - Where we are Coming from:

The Independent Broadcasters of Ireland welcomes the work of the Future of Media Commission. There is no time to lose.

We believe the needs and interests of listeners and the continuation of the services that they value, and which are in imminent danger of being fatally undermined and permanently diminished, need to be at the centre of considerations.

The consequences of failure in this regard will have serious implications for Irish democracy and society. The demise of local news in the United States and the impact on political discourse of the primacy of social media offers a salutary lesson.

The definitions and terminology of the Commission will be key to the outcome and recommendations in the final report.

The aim of the Commission's work must be to make the broadcasting sector in Ireland strong and viable to withstand competition and enable it to face the future with a strong offering in order that the public good that it serves can be maintained and developed.

Achieving this requires a broadcasting sector that is united and able to work together on areas of common interest. The definitions included in the Commission's report suggest some broadcasters are "public service broadcasters" while others are "public service content providers". This not only ensures the continuation of the status - quo but also highlights differences between broadcasters pitting them against one another.

While not everything broadcast by independent radio is public service broadcasting, it equally holds true that not everything broadcast by RTÉ is public service broadcasting. But public service broadcasting whether on independent radio or RTÉ needs to be appropriately supported, fostered and strengthened.

Rather than focus on broadcasters and their status, we believe it would be wise to instead recognise & categorise Public Service programming because you cannot fund what you cannot define!

Public Service Broadcasting is:

- About content not organisational structure.
- Programming that the market cannot support.
- News, speech, sport, access, reflect Irish culture & identity, enable discussion & debate of local, regional & national issues.

Furthermore, while it is obvious that print media is under imminent threat from many of the challenges facing radio broadcasters, the differences need to be clearly understood.

Radio is licensed, regulated, free to air and universally accessible. Newspapers are available only to those who pay for them and increasingly limit access to their content through paywalls, subscriptions and premium content.

Policies should recognise the unique attributes of Irish radio and put listeners at the centre and ensure that the best of radio is preserved and nurtured.

The Story of Independent Radio: A tremendous success story

The sector was brought into being by the provisions of the 1988 Radio and Television Act and it has been a resounding success.

Independent radio is a varied sector and the members of the IBI comprise 2 national, 4 regional, 1 multi-city and 27 local radio stations.

Independent radio in Ireland is a tremendous success story which is the envy of broadcasters around the World.

Independent radio stations provide bespoke local services to every county in Ireland.

No two radio stations are the same. Each radio station promotes a strong and vibrant broadcasting mix which reflects the preferences and needs of the listening public, communities, commercial interests, statutory bodies etc.

The foundation of independent radio is built by small and medium sized enterprises. Many local radio stations have an average turnover of between €1.6 - €1.9 million. They provide employment to c 1,500 people and operate all the while on modest and continually squeezed profit margins.

The sector comprises significant diversity in ownership, target audience, location and franchise area. Irish radio is universally available free of charge, without paywalls or premium levels of service. It is universally accessible. While engaging and entertaining its audiences with music, entertainment and companionship, it offers far more to society.

It is a sector whose product is in high demand, yet which is facing a tremendous struggle to continue to provide its most important services to the public due to tectonic changes in the media landscape. The decision for policy makers is stark. Act soon or preside over the decline of a national treasure.

Unequalled Listenership

Our claims of strength, relevance and about the role we play in Irish society are backed up by evidence.

The numbers of people tuning into independent radio every day are remarkable. The fact is that the vast majority of listening to radio in Ireland is done to independent radio.

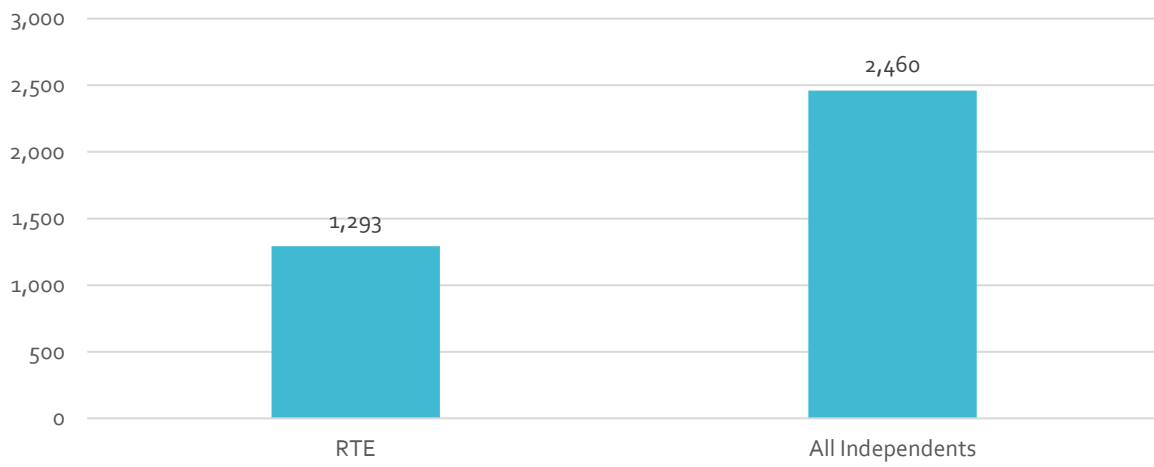
Independent radio leads the way in every county in the country. This is sometimes not appreciated. It is frequently not considered by policy makers.

Survey after survey undertaken by Ipsos MRBI through the long running JNLR survey proves this claim. In excess of 70% of the Irish population, 2.5 million people, tune into independent radio daily. The most recent survey covering the period shows that in the region of 70% of time spent listening to radio in Ireland is to a station represented by the Independent Broadcasters of Ireland.

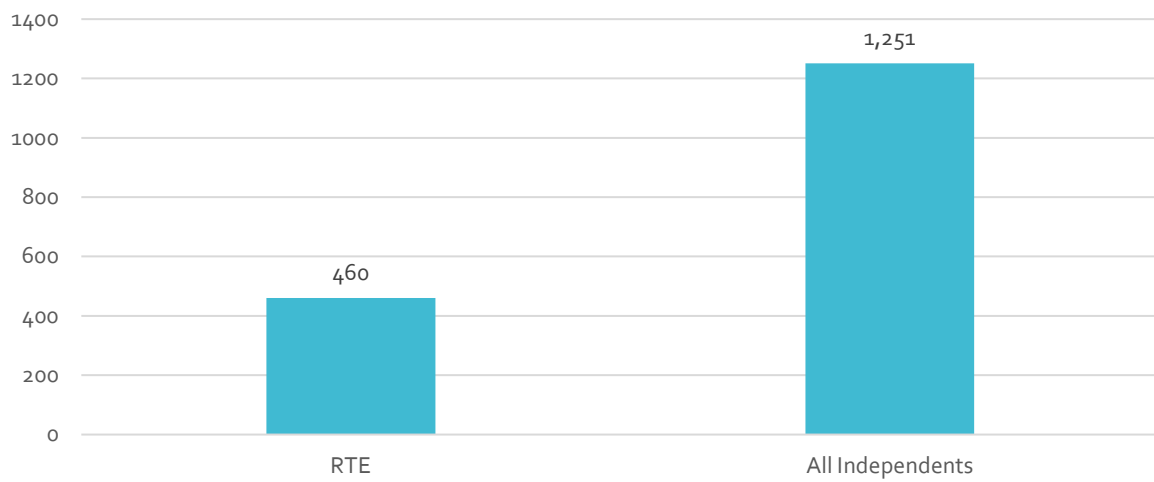
Weekday Market Share 7am to 7pm		
	Any Independent Radio Station	Any RTÉ Radio Station
Dublin	56.80%	43.20%
Cork	74%3	26%
Kildare	63.40%	36.60%
Kilkenny/Carlow	65.10%	34.90%
Louth/Meath	68.40%	31.60%
Laois/Offaly/Westmeath	63.50%	36.40%
Wexford	67.40%	32.60%
Wicklow	56.30%	43.70%
Limerick	64.50%	35.50%
Tipperary	74.80%	25.20%
Waterford	77.90%	22.10%
Clare	78.50%	21.50%
Kerry	76.60%	23.30%
Galway	68.40%	31.60%
Mayo	78.00%	22.00%
Roscommon/Longford/Leitrim/Cavan/Monaghan	75.70%	24.30%
Roscommon/Longford/Leitrim	74.90%	25.10%
Cavan/Monaghan	76.50%	23.50%
Donegal S/Sligo/Leitrim N	69.70%	30.30%
Donegal N	82.40%	17.60%
Average	70.64%	29.35%

In terms of the numbers of people tuning in to radio on a daily basis, the most recent JNLR research shows that Independent radio leads the way in all demographics: all adults; under 45's and over 45's.

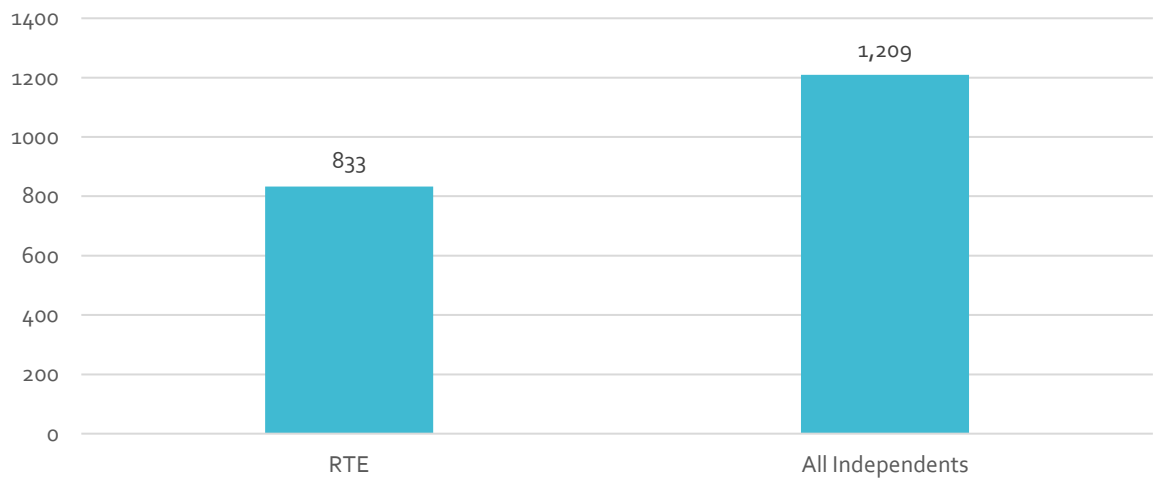
Total Daily Radio Listening by Age 000's



Under 45 Daily Listening by Age 000's



45+ Daily Listening by Age 000's



News and Information Programming: A Cornerstone of the Success of Independent Radio

Our stations represent an enormous national resource and make a significant contribution to the Irish economy and to the social and cultural life of the country.

In an environment where misinformation and disinformation are rife, where the need for fair, balanced and impartial information is greater than ever, the stations represented by IBI make an important contribution at all levels of Irish society.

The importance of this for the preservation of democracy and engagement by citizens cannot be overestimated.

The IBI stations provide a hugely important local news service and through a huge range of talk and information programming provide a place for public discussion and debate which is a unique public forum.

The most recent research published by the Reuters News Report further emphasises the important role of independent radio as a source of news.

The survey shows that the combined weekly reach of the IBI stations represent 68%, a figure considerably more than RTÉ News which stands at 61%.

The figures for the Weekly Reach in the Reuters Research are as follows:

RTÉ News	61%
Local Radio News	18%
NewsTalk	18%
Regional Radio News	10%
Today FM	22%

Both the JNLR and the Reuters research conclusively demonstrate that Independent radio is an important element of the public service broadcasting landscape in Ireland which makes a uniquely valuable contribution to the social, cultural, civic and political landscape of this country.

Radio Targeted at Younger Listeners

Licenses specifically targeted at younger audiences were first advertised by the Broadcasting Authority of Ireland in the early 2000's.

The sector now includes a number of stations specifically targeted at the 15-34 age group across the country.

Each regional youth station is the market leader for 15-34-year olds within each territory and they have consistently retained that dominant position since the inception of the sector.

The latest JNLR survey shows that among the younger 15-34-year demographic, Local/Regional is in the majority share position, achieving a combined share of Minutes of 64.5% versus 35.5% for National Radio.

Youth radio is an important component of the independent radio sector and the total broadcasting landscape for a range of reasons:

- It is produced by and for “digital natives” and uses a variety of platforms to engage and communicate.
- Stations all have solid relationships with Third Level Colleges.
- Stations are involved in campaigns and events promoting awareness of social issues and community engagement.
- Youth stations work closely with the industry training network Learning Waves to educate Secondary School Students on Media Literacy.
- While digitally fluent, the sector remains committed to the “traditional” values of accuracy, fairness, balance and proportionality.

Importance of Independent Radio to Irish Society

Irish listeners “vote with their ears” for the services provided by independent stations represented by IBI and regardless of arguments over policy or legislative frameworks, the needs, interests and preferences of Irish radio listeners need to be central to the framing of future policy.

In recent days in the United States democratic institutions and norms have been under attack. Timothy Snyder, Professor of History in Yale University has cited the lack of local news in large swathes of the US as a major contributory factor to the undermining of civic engagement and the growth of disengagement.

He says that the decimation of local news in the US has been a major factor in the political unrest, disorder and alienation. Speaking on CNN in relation to the deteriorating political situation in the US he said:

“What we miss in this country is local news. If local news were stronger, we’d all have a stronger sense about how the elections actually happened. And if local news were stronger, people would have an easier time talking to one another about the issues that actually matter to them instead of everything becoming a national spectacle.... Part of what is happening now, this spectacle we are going to have on Wednesday is the result of the fact that everything has to happen nationally when a lot of things really should be happening locally”.

In Ireland, the importance of independent radio in providing local news, information and engagement cannot be overstated.

If a similar decimation of the local news ecosystem is permitted to happen in Ireland, the results for our democracy will be equally dire.

The IBI has been making this point for many years. The need for action, reform and support from the State is pressing. The IBI and the stations it represents is more than willing to work constructively with all partners in broadcasting and with an interest in these issues to ensure that the sector and its important public service broadcasting contribution can be sustained, developed and enhanced.

Radio - A Regulated Sector

Independent radio is unique among other independent media who may be categorised as providers of “public service content”. Independent radio operates in an environment where in addition to the laws of the land, pertaining to the operation of commercial enterprises they must:

- Operate under a time limited license to broadcast issued on behalf of the State by the Broadcasting Authority of Ireland.
- Comply with provisions regarding their output contained in numerous pieces of legislation.
- Operate in line with detailed Programme Policy Statements supervised by the Broadcasting Authority of Ireland.
- Comply with legislative restrictions and comply with statutory codes of practice in relation to editorial standards, commercial promotion etc.
- Receive regulatory approval in relation to the appointment of Senior Management.
- Are regulated in relation to ownership and control in measures which exceed those faced by other businesses in legislation implemented by the Competition Authority.

Social Media – Compare and contrast with radio.

There is little need to rehash the negative issues associated with an unregulated online and digital media sector. The impacts on society of the indulgence granted to semantic arguments over whether digital media companies are platforms or publishers is plain to see.

However, it is instructive to compare and contrast the operations of radio operators with online and digital media companies.

The business model of online and digital operators is predicated on pervasive and invasive use of personal data. While generating billions for the operators, the negative impacts are too many to mention. And this revenue has come at the expense of so called “legacy media” who are committed to “old fashioned” media values.

Radio operators meanwhile are subject to by now arcane Commercial Communications Codes which are not appropriate to the current media environment.

While radio broadcasters are governed by legislation and codes pertaining to fairness and balance; impartiality and legal responsibilities are governed by sometimes arcane standards like the thoughts and reactions of the proverbial “Man on the Clapham Omnibus”. The environment permitted online is akin to the “Wild West”. People who wish to complain when they are subject to online victimisation, harassment, libel and execrable behaviour are often told “not to bother”.

While all radio stations are required to have complaints processes prominently displayed on websites and have multi stage complaints processes involving personal contact with complainants; extensive written responses and documentation processes, appeals processes and are required to participate in an extensive statutory complaints procedure, by contrast Facebook does not have a publicly listed telephone number, its complaints process is largely automated and recognised as being wholly inadequate.

Such inequality of treatment is unjust, unsustainable and cannot be allowed to continue.

Radio Embracing Change

While the disruptive technologies mentioned above have played havoc with our business environment, nonetheless independent radio stations have worked positively to use technology to expand our reach and deepen relationships with our service users.

The growth in competition for radio has increased significantly with the developments in technology. In addition to the traditional media, all of whom are offering audio products such as podcasts, radio stations are also now competing with audio technology companies such as Spotify and TuneIn who are all attempting to take radio's position in the lives of the audience.

Ensuring that radio remains front and centre and is available wherever the listener chooses to access it, is vital to ensuring radio remains able to perform its public service broadcasting role for audiences. The key to success here is radio stations operating together to provide information and technology that not only rivals that which is provided by the technology companies but is better than it.

Irish radio operates the Irish Radioplayer which, in partnership with radio operators throughout the world, aims to provide the best of technology in an easy to use format which allows radio stations to be easily integrated into other technologies whether that's car dashboards, smart speakers, television sets or fridges.

Radioplayer's motto is agree on technology and compete on content. This has served Irish radio well in the past few years as both IBI and RTÉ reap the benefits of a worldwide collaboration to keep radio at the fore of technological developments.

The ability to act in a swift and decisive manner is what has helped Radioplayer to compete with other technological audio giants. Broadcasting regulation needs to be equally as swift to ensure that we can continue to act and react to such changes in Ireland.

In general, independent Irish Radio has proven itself to be a flexible, adaptable and innovative medium. There is an appetite in the industry to use technology to continue to bring our services up to date and to serve existing and new audiences in new ways. However this requires a measure of stability and also investment. Achieving this in the current volatile and downward trending market conditions is challenging in the extreme. Once measures to address the structural weaknesses of the current broadcasting environment are taken, the independent sector will not be found wanting in terms of using new technologies to adapt to the changing world and meet the needs of our audiences in new and innovative ways.

The Sound and Vision Scheme

The Sound and Vision Fund was introduced in 2003.

The launch of the scheme was the culmination of many years work, in which the members of the IBI were instrumental in lobbying for the introduction of such a scheme. The aim of the scheme was to ensure that independent broadcasters were in a position to access additional funds from the television licence fee to provide high quality programming, which could otherwise not be produced due to a lack of available financial resources.

The programming funding scheme was hailed at the time as a vehicle which would allow independent radio broadcasters to compete on a more level platform with RTÉ.

It was expected that it would give programme makers within the independent broadcasting sector the opportunity to expand the range and type of programming they could produce without causing undue financial and operational burdens to the management and owners of the stations.

It was hoped that the ultimate beneficiary would be the audience who would be provided with a choice of high-quality programming from their local, regional, or national broadcasters regardless of whether they were state owned or independent.

Unfortunately, it has not turned out this way for independent radio. The scheme is viewed in the sector as unwieldy and bureaucratic, unsuited to the needs of radio programme makers. Its restrictive nature makes it unsuitable to address the fundamental issues threatening the long-term viability of news, current affairs and information programming.

The IBI has made a number of submissions to the BAI which comprehensively address issues with the current design and implementation of the scheme. We have also made practical suggestions as to how the scheme can be improved.

A copy of the most recent submission is included as an appendix.

Radio's Business Model: A disruptive digital revolution has damaged content, quality and undermined the business model

The independent radio sector developed in a context where the main mass marketing media available were radio, television and print. Throughout the first 10 – 15 years of its existence while competition was intense, the paradigm in which media operated was by and large a national one.

Recent years have seen a revolution termed by many as the Digital Revolution and the most recent recession shaped and accelerated fundamental changes in the media market.

Not only have total revenues fallen, to the detriment of all media, but the structure of the market has permanently changed.

And all this was before the current Covid crisis.

The implications for the provision of news, current affairs and information programming, for locally focused talk programmes and for the survival of the unique contribution to Irish society of independent radio are profound.

The issue for independent radio amidst all this change is not audience, it is the increasingly difficult problem of how to continue to fund the high cost news and current affairs that it is obliged to broadcast under the Broadcasting Act.

The largest costs in operating a radio station are wages and within this, news and current affairs is the most labour intensive and costly. Programmers, journalists, researchers and producers as well as back up administrative and technical staff command a disproportionate share of every station's budget.

Recent years has seen relentless pressure on costs as stations have adjusted to the new realities of a radically changed media market.

News and Information programming is the largest cost category for all broadcasters and when faced with the imperative to save money, it is the most obvious source of savings.

Operators have battled heroically to ring fence news and current affairs programming however cuts have been made and reductions in services and scope of operations has been inevitable. However, to date most operators have managed to continue to maintain high levels of output.

Be warned a key turning point is looming.

Already a number of youth radio stations have had to seek derogations from the 20% news and current affairs commitment which is a standard requirement of all broadcasting licenses in order to remain viable.

While the BAI is to be commended for acting quickly to support these stations, the longer-term consequences of removing this content from youth services will be a less informed and less connected young adult population.

It is a sign of things to come unless action is taken.

Independent Radio - A vital service during the Pandemic and the Infodemic

In March 2020, while society locked down for the first time and the Taoiseach Leo Varadkar effectively put Irish society on a “war footing”, Irish radio stepped up to the mark.

Despite suffering unprecedented and precipitous declines in revenue, independent radio operators once again recognised the vital role they can play in Irish society and sought to stay on air and indeed increase the services provided to local areas as their communities plunged into crisis

In an environment where the World Health Organisation declared that not only was the World facing a pandemic but also an infodemic, where misinformation and disinformation and a motley crew of ignoramuses and “bad actors” can cause as much damage as the virus, the provision of information as never been more important.

As our sector mobilised to meet the challenges and play its part in fighting the Pandemic and the Infodemic, station operators did not know how their services could be kept viable in the midst of the collapse of the economy.

The truth is they could not.

But with a range of Government supports survival was made possible.

The suspension of the Broadcasting Levy for H1 of 2020 but more especially the provision of €2.5 million fund (Sound and Vision 4) made possible the survival of most services provided by the independent stations operated by members of the IBI.

This underwrote the continuation of services for a defined period and underpinned the continuation of essential news, information and programming services.

And independent radio, along with our colleagues in RTÉ, shone.

We maintained a high level of service to our audiences.

We assisted the Government and Local Authorities in the dissemination of accurate and trustworthy information and responded to public requests for relevant local information.

We enabled and assisted community solidarity initiatives.

We provided companionship, entertainment, listened to and provided an outlet to many desperate listeners and kept morale going.

In many ways, the darkest hours for this country have perhaps seen the finest hours for radio and its contribution to Irish society.

Where we have shone

The Covid crisis has highlighted what makes Irish independent radio so strong and so valuable:

- The importance of information provided by independent radio that is targeted, trusted, accurate, fair, balanced and impartial.

- The strength of the relationship that exists between Irish radio and our listeners.
- The value of broadcasters with a keen understanding of their audiences and how they can accompany people through the toughest times; providing a listening ear; making them smile and providing diversion and companionship.
- The unique resource that is provided by a network of independent stations throughout the country who can each target their own audiences and areas in ways that appropriate and useful.
- The wealth of talent and commitment, skill and local knowledge that exists among the people who work in independent radio and how this resource can make a contribution to society far in excess suggested by the size of the sector;
- Radio stations have provided support and help to charity initiatives when they were starved of fund raising opportunities due to Covid restrictions.

With no immediate end in sight to the Covid pandemic, this work continues.

Part 2

Post-Covid – A Moment of Reckoning for Government and Irish Radio

As hopes of an emergence from the societal upheaval caused by the Covid pandemic hang in the balance, a period of reckoning is looming for the future of independent Irish radio.

What is certain is that when the last of the extraordinary supports which have enabled the survival of the news, information and current affairs programming are removed, operators will face tremendous pressure to sustain their services.

The consequential impacts for local news and information are obvious.

If allowed to happen this will lead to an erosion of Irish culture and identity, the loss of local and regional identities on the airwaves, a lack of social connection, a reduction in the provision and availability of local news and a negative impact on culture, social inclusion and democracy.

The knock - on effect of this would also include job losses, mostly in the area of speech programming. Inevitably this, in conjunction with the reduction in speech and information programmes would leave a gap in the provision of relevant information which would invariably be filled by social media. We would resort to Google or Facebook for our news and be at the mercy of the lowest common denominator with click bait news.

We need to get to a position where we can recognise the types of programmes that are considered key to public service broadcasting and ensure that these programmes are protected and their continuation is secured, where we can ensure that radio programming is continuing to contribute to a vibrant local and regional and national community and where journalism is protected, nourished, developed and cherished.

Part 3 - Solutions

A Positive Vision for the Future

In shaping the future of independent radio in Ireland it is essential that future actions are grounded in a positive vision of what it is that we are seeking to preserve and what it is that we are seeking to develop.

We are setting out the main elements which we believe should be included in any conclusion reached by the Commission to secure the future of public service broadcasting.

- **Diversity** - reflecting the local, regional and national characteristics of the country.
- Broad based and **accessible** – ensuring that access to broadcast media is not confined to small numbers or a privileged “commentariat” in urban centres.
- Reflecting, supporting and developing **Irish culture** in all its facets as it grows and develops.
- Reflecting **local identity** and addressing **local concerns**
- Empowering **democracy** and facilitating **democratic engagement** - providing a forum for debate and discussion on local issues. Encouraging participation and providing an outlet for expression and a place for democratic accountability whether during local, national or European elections or through coverage of the activities of Local Authorities – coverage that simply cannot be replicated on a national basis.
- Providing **information and coverage of issues**; events and personalities that will never impact on a national agenda, but which are of huge significance to discrete audiences.
- An **alternative view** – in tune with the local and defined areas to which radio stations broadcast to and reflecting individual points of view.
- **Free to air** – content and involvement that is not dependent on subscriptions or behind pay walls.
- Ensuring that **content and culture** is not sacrificed in a race to the bottom and a headlong drive for efficiencies to maintain viability in a shrinking market;
- Allowing radio stations to invest in new **technologies** to be ensure stations can adapt to changing circumstances.
- Where radio operators are rewarded for investing in **quality programming** that services the public good; provides employment and is based on solid public service broadcasting principles.
- **News, sport and information** programming is encouraged and is seen as a key driver of business success rather than an onerous cost that must be minimised at every possible opportunity.

The way forward

1. Recognition of the vital contribution of public service broadcasting on independent radio stations and a commitment to support its survival and development.
2. Reform of the Licence Fee to ensure survival of public service broadcasting on publicly funded and independent radio and creation of a fund to support public service broadcasting on independent radio stations.
3. Abolition of the Broadcasting Levy
4. Creation of a level playing pitch amongst Irish broadcasters and appropriate regulation.

Recognition of the vital contribution of public service broadcasting on independent radio stations and a commitment to support its survival and development.

The argument for recognising the public service contribution of independent radio is irrefutable. The issue has a number of strands:

1. By Definition:

Public Service Broadcasting has been defined by UNESCO as follows:

Public Service Broadcasting (PSB) is broadcasting made, financed and controlled by the public, for the public. It is neither commercial nor state-owned, free from political interference and pressure from commercial forces. Through PSB, citizens are informed, educated and also entertained. When guaranteed with pluralism, programming diversity, editorial independence, appropriate funding, accountability and transparency, public service broadcasting can serve as a cornerstone of democracy.

This definition applies as much to independent broadcasters as to RTÉ.

2. Public Service Broadcasting on Independent Radio Required by Statute

The 1988 Broadcasting Act set out the framework for the development of independent radio in Ireland. Central to the development of the new sector was the obligation on all independent radio broadcasters that 20% of content comprise “news and current affairs”.

Under Section 39 of the Broadcasting Act 2009 independent radio stations must ensure that not less than 20% of their broadcasting time is given to news and current affairs. Stations are also obliged to:

- Broadcast programmes in the Irish language and relating to Irish culture.
- Create opportunities for new talent in music, drama and entertainment.
- Provide a diversity of services catering for a wider range of tastes including minority interests.
- Provide free airtime for matters of public interest i.e. Election, Referendum.
- Serve local communities or communities of interest.
- Making the airwaves available to the State and ensuring continuity of service on occasions of national emergency – a vital link in times of severe weather as witnessed last year.

3. Public Service Broadcasting on Independent Radio is happening in practice.

This is achieved through

- localised programming that reflects the lives of the communities it serves.
- responds to the needs and interests of those communities.

- provides a forum for news, information, local sports coverage, discussion, debate and interaction that is not replicated in any other media format in this country.

The facts are undeniable. Independent radio is providing a service to the public that is widely used; performs a vital role in society and has become an integral part of local identity in every county in the country.

Many independent radio stations provide in excess of 40% of airtime to public service programming. In doing so they fulfil a key public service remit to communities, groups and organisations who would otherwise not have access to a media platform.

RTÉ will never be able to replicate the services provided by independent radio in Ireland as indeed the independent broadcasters could never replicate the programming provided by RTÉ. In this respect, both broadcasting groups provide public services that complement each other. The independent radio sector provides a unique localised service to this country and the two national stations, Newstalk and Today FM provide a vital counterbalance to the editorial monolith of RTÉ.

Recognised by the Public, by politicians and Public Representatives and in Dáil Éireann

The Public Service Broadcasting Contribution has been recognised by the Dáil Éireann where in February 2019 a Cross Party Motion was adopted recognising the public broadcasting role of independent radio.

Recognised by the Government during Covid

The important work of independent radio as public service broadcasters has been recognised by the Government during the pandemic in principle and in practice.

Now the work of the Commission needs to finally validate the status of public service broadcasting and public service broadcasters on independent radio and ensure that this vital contribution to Irish broadcasting and society is safeguarded for the future.

2.Reform of the Licence Fee to ensure survival of public service broadcasting on publicly funded and independent radio and the creation of a fund to support public service broadcasting on independent radio stations.

The Independent Broadcasters of Ireland have long campaigned for reform of the Licence fee regime.

In 2015 a report on the issue on behalf of the Independent Broadcasters of Ireland was undertaken by Dr Kevin Rafter of Dublin City University.

A copy of this report is attached to this submission.

Dr Kevin Rafter points out that.

“The concept of a TV licence fee has been challenged - and undermined - by changing consumption patterns driven by a new range of viewing platforms and devices. Access to ‘television content’ is no longer reliant on owning a television.”

A complete overhaul of the television licence is long overdue. With the changes in technology it has been possible for quite some time to access untold amounts of public service content without the need for a television set and thus without requiring a television licence. Despite these changes, the legislation has not caught up and television licences are still based on having a box in the corner of a room. this is unsustainable, outdated and requires change.

Revenues are being lost due to the growing number of households who do not have a television set. Added to this is an extremely high level of evasion, all of which adds up to approximately €50million lost to the public service broadcasting purse each year. This has got to be halted and reversed.

A household-based charge has long been spoken of as the alternative to the current television licence. Such a charge was mentioned in the 2011 Programme for Government by the Fine Gael & Labour Coalition Government. The promise included an examination of the current licence system and its faults and failings in light of new technologies and an exploration of the payment system to address evasion and increase revenues collected. Being a household charge, this would also be applied to all households and business which would again increase the revenue collected.

Again, nothing happened to advance the Household Broadcasting Charge, indeed the Minister for Communications Alex White stated that he would not advance the Charge due to the lack of public support and acceptance for the charge.

In the context whereby public support for the introduction of changes to the Licence fee regime will be essential, the IBI is confident that the public will be amenable to such change where they recognise that funding is also being devoted to ensuring survival and development of popular and essential public service broadcasting content on independent radio. The IBI will be happy to play a constructive role in this regard.

This must be addressed as a matter of urgency. The following need to be examined with a view to a strong recommendation for change:

1. Introduce a household Broadcasting Charge.

2. Include all households and businesses, with tiered charges for businesses depending on their size (e.g. a 500-room hotel with 500 television sets would not pay the same charge as an auctioneer's office with a radio).
3. Explore alternative collection methods to reduce evasion.
4. Expand the distribution of the revenue collected so that all broadcasters who produce public service programming can benefit from the monies collected through the Household Broadcasting Charge.

3.Expanding the Distribution of the Revenue from the Licence Fee

The IBI has designed a mechanism for the distribution of some Licence fee funding to independent Broadcasters to support the continued provision on Public Service Broadcasting on independent radio.

A copy of this scheme is attached to this document.

The main elements of this fund are as follows:

The core objectives of the PSB Fund to support Public Service Broadcasting on Independent Radio would be:

- i. To ensure that the Irish listening public is served by a vibrant indigenous Irish broadcasting sector;
- ii. To allow independent radio stations to deliver diversity in content, programming and information to its listeners;
- iii. To allow independent radio stations offer high quality and innovative indigenous content to the audience;
- iv. To maintain plurality of content and opinion on the Irish airwaves;
- v. To increase the quality of public service broadcasting provided by independent radio stations to the public at national, regional and local level.

How can this be achieved?

A full copy of the scheme is attached but in summary the main elements are as follows:

Simplicity:

Content to be supported would for speech programming, news, current affairs, talk and sports programming that falls within broadcasters 20% News and Current Affairs commitment as stipulated by the Broadcasting Legislation and as contained in Broadcasting Contracts.

Administered by:

The Scheme would be available to licensed independent broadcasters and would be administered by the BAI.

Transparency

Receipt of funds would be linked to clear and precise definition of programme and content commitments.

Level of support

Qualifying broadcasters would receive up to 75% of the cost of producing and broadcasting qualifying content. Support sought cannot exceed 30% of total operation budget of participating stations and will be capped at a maximum of €400,000/annum for local and regional stations and €1m/annum for national stations. These figures would be indexed to the Public Service Broadcasting Charge. Funding would be provided quarterly in advance.

Eligible costs

These costs would include staffing and overheads including transmission on a pro rata basis full detail contained in the attached appendix.

Process for Application

Stations would apply by submitting a three-year budget for the full range of operations with a detailed breakdown of the resources committed to news and current affairs including relevant talk programming.

This would be submitted in June each year with the objective of agreeing the level of support to be provided by the end of September. Support would be provided on a multiannual (3 year) basis subject to an annual review. The review would examine whether programming commitments were met in terms of quantity and quality and assess whether funding was correctly spent.

Audit

Before the end of March of the following year an independent audit of operating costs including news and current affairs costs would be submitted to the BAI. This would be carried out by the radio station's auditors as part of the radio station's annual audit.

An audit of compliance with Performance Commitments would be carried out by the BAI as part of its normal monitoring and performance review.

4. Abolish the Broadcasting Levy and Fund the Regulator from Licence Fee Funds

In 2016, then Taoiseach Enda Kenny committed to scrapping the current Broadcasting Levy on independent radio broadcasters. His commitment was given as a recognition of the importance of independent radio in Ireland, the value placed on it by all sectors of society and the acknowledgment that additional supports needed to put in place to allow independent radio stations not only to survive but to thrive and continue to serve communities throughout the country. The commitment was given that the levy would be scrapped during the lifetime of the next Government.

This did not happen.

In 2017, former Communications Minister Denis Naughten drafted legislation to reduce the broadcasting levy by 50%. Both then Taoiseach Leo Varadkar and then Communications Minister Naughten promised that all stages of the legislative process would be passed by the end of 2018 to ensure broadcasters would not be hit with a levy bill in 2019.

This has not happened.

The Joint Oireachtas Committee on Communications, Climate Change and Environment made several recommendations as part of the 2017 Report on the Future Funding of Public Service Broadcasting. None of these recommendations have so far been translated into legislation.

Additionally, in February 2019 Dáil Éireann passed a motion supporting the provision of television fee funding for public service content on independent radio stations. The motion, tabled by then Fianna Fáil Communications Spokesperson Timmy Dooley TD contained the following provisions:

- Recognition of the public service contribution of independent radio stations.
- Establishment of a fund to enhance and protect public service content broadcast on independent radio stations.
- Reduction of the Broadcasting Levy paid by independent radio stations to fund the Broadcasting Authority of Ireland (BAI).

If independent radio stations could operate on goodwill, promises and platitudes they would be the best funded broadcasters in Ireland. This however, is not the case and despite successive reports, recommendations, promises and attempts independent radio is still struggling to continue to provide ongoing, comprehensive and timely live information and speech programmes 7 days of each week, 52 weeks of the year to its audiences.

Funding from the television licence fee or whatever guise its successor takes, should be used to fund the regulator. This would ensure greater financial planning and certainty of funds for the regulator whilst freeing up vital and scarce financial resources for independent radio stations for allocation to other parts of their business.

5.Create a level playing pitch amongst broadcasters.

The 2009 Broadcasting Act heralded change in the regulation of broadcasting in Ireland. the single regulator for the sector was supposed to create a level playing pitch between independent and state funded broadcasters. In reality very little changed.

Independent radio stations are highly regulated requiring regulatory approval from everything from schedule changes to the hiring of senior management. Such permissions can often take months to get depending on the work programme of the regulator, the issues considered more important and the agenda of the meetings. RTÉ radio on the other hand can decide on a change and implement it the following day.

RTÉ can also introduce new services, scrap various initiatives and explore new technologies without recourse to the regulator. This offers a huge advantage over independent operators and this needs to be fixed.

IBI believes that in the case of RTÉ a Charter of Public Service Commitments similar to that employed by Ofcom in the UK in relation to operations by the BBC would be useful in an Irish context and assist RTÉ. This should be subject to review.

Recognition of the huge commercial power of RTÉ should also come under the remit of the commission. Legislation requires RTÉ to exploit its commercial opportunities and maximise revenues. This puts it in direct competition with independent radio stations who do not have the same level of opportunities to exploit as RTÉ does – access to cross media selling, multi-platform opportunities and multiple channels to offer advertising space on. ignoring the commercial aspect of RTÉ is ignoring a major facet of the broadcasting sector which, through the funding it garners, has a resulting impact on the programming output.

Ownership and Control

Current provisions are unnecessarily restrictive and are not suitable for the current circumstances. I believes that the restrictions currently in operation need to be reviewed and feel that the needs and interests of Irish media consumers in relation to ownership and control should be adequately covered by the operations of the Competition and Consumer Protection Commission.

Conclusion

It is clear that independent radio is a uniquely valuable national asset for our listeners and for the wider Irish society.

However, the most important elements of the public services provided by independent radio are under threat and should solutions not be found in the short term, this will have serious implications for society.

Failure to secure the future of the sector will be disastrous for the services on which the 2.5 million people who tune into our services every day.

There are straightforward solutions which we have set out in this document. These are based on years of consideration of the issues, engagement with stakeholders and submissions to public representatives and policy makers.

These are based on already clearly established principles and precedents.

To achieve the changes that are necessary in the time frame that is required will need input, co-operation and engagement across a variety of sectors.

The IBI – representing 2 national, 4 regional, 1 multi-city and 27 local radio stations – stands ready to work constructively with all interested parties to bring about the change that is necessary.

There is no time to lose.

Appendices

- **Appendix A**
IBI's Funding Policy
- **Appendix B**
A Public Service Broadcasting Fund for Independent Radio
- **Appendix C**
The Future of Public Service Broadcasting: The protection of journalism and the impact on the democratic process
- **Appendix D**
Television Licence Fee: A report prepared by Dr Kevin Rafter for the IBI
- **Appendix E**
Sound and Vision: A New Perspective



Independent
Broadcasters of Ireland

Independent Broadcasters of Ireland

Creating a fair broadcasting sector that serves the whole community



Policy on the funding of independent commercial radio in Ireland

Overview:

Independent radio in Ireland is just 23 years in existence and since its inception has become an essential part of the daily lives of the people of Ireland. The independent radio sector in Ireland is unique in Europe in the quality of our local programming and our very high listenership. Approximately 70% or 7 out of every 10 minutes of all radio listening in Ireland is to an independent radio station every day and many local radio stations have a market share of greater than 50% of the audience in their franchise areas. Independent radio stations have unprecedented levels of listener loyalty and high levels of engagement with their audiences.

Local stations are vital in sustaining local communities and Irish culture in the broadest sense. Our sector employs more than 1500 people and makes a significant contribution to the national economy and to local economies. Every week independent radio stations provide more than 1300 hours of public service broadcasting content to local audiences. This comprises news, current affairs, sport and a wide range of speech and Irish language programming. In one typical local station during the last general election, 22 candidates across two constituencies were interviewed on air 236 times, not including several full scale live election debates and more than 20 hours of live coverage of election counts.

Independent radio stations operate in a commercial environment and rely entirely on advertising to fund broadcasting and operational activities. The economic downturn has hit the independent radio sector hard with revenues decreased in many stations by in excess of 40%, resulting in wide spread cost cutting, wage reductions and unfortunately, redundancies. Despite this, the main focus of each radio station is and has always been the listener. The consumption of radio is free to the end user so financial losses incurred as a result of the marked decrease in advertising revenues have been borne by broadcasters. This is undermining the ongoing development of programming and causing serious concern regarding the future viability of many independent radio stations.

Broadcasting remains one of the few sectors where unfair competition from a state owned entity continues to hamper the development of a healthy, fair and balanced range of services. A recent enforcement decision by the Competition Authority described

RTÉ as "dominant" and the dual funding system as a "competitive advantage". Approximately 50% of RTÉ's revenue comes from advertising and Ireland stands out in Europe in the extent to which the state owned broadcaster remains so reliant on commercial revenue.

It is now time to finish what began more than 20 years ago and create a fair and balanced broadcasting sector where the state owned broadcaster must operate within a clearly defined mandate and independent broadcasters and the majority of the population who are their listeners are fairly treated.

No other deregulated sector of the economy continues to be dominated by a state-owned entity in the way that Irish broadcasting is. The Programme for Government made a commitment to review the funding of public and independent broadcasters. Public policy has up to now focused solely on ensuring that the state owned broadcaster is adequately funded. If the independent radio sector is to continue to develop and to properly serve the two thirds of Irish citizens who choose our services, then action must be taken now across a number of fronts including:

- Formal recognition of the significant public service broadcasting (PSB) contribution of independent commercial radio.
- A new fund to support and develop PSB on independent commercial radio.
- Amendment of Section 108 of the 2009 Broadcasting Act to define and limit the commercial mandate of RTÉ.
- Funding of the Broadcasting Authority of Ireland (BAI) to come from the new Public Broadcasting Charge.



1. Recognition of the public service contribution of independent commercial radio:

Democracy would be poorly served if there were only one broadcaster available to the people. We need diversity of opinion for a healthy and informed society. Ireland has a strong state-funded broadcaster in RTÉ and an equally strong independent broadcasting structure is vital to ensure that Ireland is properly served.

Public service broadcasting however is no longer the sole preserve of RTÉ. In fact, much of the content broadcast by independent radio is the very essence of public service broadcasting. Independent radio stations are at the heart of communities all over Ireland providing platforms for public discourse, local and national politics, local news,

sport and current affairs. The provision of such strong public service content allows independent radio stations to connect local communities and reflect the culture and pride of the listeners to whom they broadcast. Recognition now needs to be given to the significant public service broadcasting contribution of independent radio stations.



2. A fund to support public service broadcasting (PSB) on independent commercial radio:

The current television licence system was established under the Broadcasting Act of 1960 when RTÉ was the only broadcaster in the State. Little or no change has been made to the structure of the licence fee since then, despite the fact that the Irish broadcasting landscape has changed beyond recognition.

Changes in technology and the manner in which people access content have made the current television licence system redundant. The Minister has recently announced his intention to introduce a Public Broadcasting Charge to replace the Television Licence Fee.

The report to the BAI on The Irish Broadcasting Landscape published in 2010 suggested that a new collection system that eliminated evasion and reduced collection costs would save up to €30m/ annum. This did not take into account any increased revenues that might come about as a result of possible increases in charges to commercial premises.

IBI proposes that a scheme should now be established to support Public Service Broadcasting on independent commercial radio stations. This scheme would be used to support a defined range

of live programming including: news, sport, current affairs, talk programmes of an informational nature and programmes broadcasting music of Irish origin. The new fund would allow stations to expand the range and depth of local news and current affairs they broadcast.

While this proposed scheme would not replace the Broadcast Funding Scheme (Sound and Vision) it must be recognised that although Sound and Vision is funded from 7% of the licence fee, a majority of the funding goes to the state owned broadcaster and not to the independent radio sector. This is due to the onerous application process. Many independent radio stations cannot dedicate the time required to craft successful applications due to limited staffing resources.



3. Amendment of Section 108 of the 2009 Act to define and limit the commercial mandate of RTÉ:

The Broadcasting Act 2009 provides for RTÉ to exploit commercial opportunities so as to maximise revenues.

108. – (1) The commercial activities undertaken by a corporation (RTÉ/TG4) in pursuance of its exploitation of commercial opportunities object shall –

- (a) be operated in an efficient manner so as to maximise revenues, and
- (b) be used to subsidise its public service objects

An enforcement decision of the Competition Authority in 2011 stated that RTÉ's position was dominant and that its dual funding system conferred a competitive advantage on the State broadcaster. Legislative change is required to address this to ensure a healthy and sustainable broadcasting sector in Ireland.

IBI proposes that the Broadcasting Act should be amended to remove the commercial mandate under Section 108 and replace it with a limit on the commercial reach of the state broadcaster.

An examination should be undertaken to determine how efficiently the revenue from the Licence fee is utilised. In this regard the cost base of RTÉ has to be reviewed to ensure that funding is appropriately allocated to support the development of programming.

While such an exercise might be construed as undermining the ability of RTÉ to function as a public service broadcaster we believe the opposite is true as a move to free RTÉ from commercial pressures could only benefit it in its pursuit of its real public service objects.



4. Funding of the BAI to come from the new Household Broadcasting Charge:

The introduction of the levy to fund the Broadcasting Authority of Ireland has coincided with the most severe downturn in revenues since the independent sector began. The levy is regressive and disproportionately impacts on small local stations. RTÉ pays for its levy from Licence Fee revenue and IBI believes that all broadcasters should be similarly supported in a sector where all participants are treated fairly and equally



Independent
Broadcasters of Ireland

At a glance:

IBI policy on the funding of independent commercial radio in Ireland



1. Recognition of the public service contribution of independent commercial radio.



2. A fund to support public service broadcasting (PSB) on independent commercial radio.



3. Amendment of Section 108 of the 2009 Act to define and limit the commercial mandate of RTÉ.



4. Funding of the BAI to come from the new Household Broadcasting Charge.



Independent
Broadcasters of Ireland

About the IBI

The 1988 Broadcasting Act was a seminal piece of legislation in paving the way for Ireland's independent broadcasting sector.

Prior to the introduction of the Act, broadcasting in Ireland was limited to the state broadcaster, which enjoyed a monopoly in radio and TV broadcasting in many areas of the country.

In July 1989, Ireland's airwaves were opened and the first two commercial stations to go on air were Capitol Radio (later to become FM104) and Mid West Radio.

That same year the Independent Broadcasters of Ireland (IBI), formerly called the Association of Irish Radio Stations, was founded to champion the sector and to promote diversity and quality of broadcasting to Ireland's radio listeners.

The diversity of independent broadcasting is seen in the growth of radio in Ireland with specialist pop, talk, classical, country and youth stations now broadcasting on the airwaves. The strength of the sector is evidenced in the IBI currently representing the interests of two national radio stations, one multicity radio station, four regional radio stations and 27 local radio stations from across Ireland.

The mission of the IBI is to promote a strong and vibrant radio sector which reflects the preferences and needs of the listening public. The IBI represents the interests of radio station owners to the government and to the independent regulator, the Broadcasting Authority of Ireland (BAI).

The IBI also lobbies on behalf of the radio listeners of Ireland and constantly seeks to ensure that the quality of programming remains extremely high. In this regard we regularly contribute to industry consultations and forums on issues ranging from programming to advertising and strategy.

The IBI aims to provide a distinct and coherent national voice in the ongoing campaign for competitive equality across the broadcasting sector.

Independent broadcasting is intertwined in the life of every community in the country. 66.1% of the population tune into our stations on a daily basis. This translates into weekday figures of 2.449 million listeners. With more than 1500 people employed in the sector, independent broadcasters make a significant economic, social and cultural contribution to the Irish economy.

The IBI board includes ten industry members, representing broadcasters from around the country. A chairman is elected every two years by the board.



A Public Service Broadcasting Fund for Independent Radio Stations
A Scheme Proposed by the Independent Broadcasters of Ireland (IBI)

January 2014

Summary:

Over the past two years the Independent Broadcasters of Ireland (IBI) has campaigned for a fair and equitable system of funding for public service broadcasting (PSB) in Ireland. Our members are the main source of local and national news, sport and current affairs on radio for 70% of the population and because of the structural changes in the advertising market that have impacted on the funding of independent radio, these services are under threat.

The introduction of the new Public Service Broadcasting Charge will result in additional revenue being collected for the purpose of funding PSB. In this paper, we outline a new scheme that proposes to utilise approximately half of the additional revenue collected in a new fund to support PSB on Independent stations. We propose that state owned broadcasters including RTÉ would also receive an increase in funding via the expected uplift.

The Government is currently preparing amending legislation to the 2009 Broadcasting Act to allow for the introduction of the new charge. This legislation should address the issue of allocation of the fund and provide for this new scheme proposed by IBI.

Introduction to the Independent Broadcasters of Ireland

The Independent Broadcasters of Ireland (IBI) represents the 2 national, 4 regional, 1 multi-city and 27 local commercial radio stations throughout Ireland. The mission of the IBI is to promote a strong and vibrant radio sector which reflects the preferences and needs of the listening public. Within our membership there exists a broad collection of radio stations – significant diversity in ownership, target audience, location and franchise area. These independent broadcasters make a significant contribution to the Irish economy and to the social and cultural life of the country.

Listenership to independent broadcasting in Ireland has never been stronger. In excess of 70% of the Irish population, 2.5 million people, tune into independent radio on a daily basis, which clearly shows the value listeners place on our programming. Independent radio provides a valuable public service to Irish radio listeners and is currently funded entirely from the sale of advertising and sponsorship.

Key facts about independent broadcasters:

Station	Station Type	Ownership	Employees
Radio Kerry	Local	Radio Kerry Group	65
Clare FM	Local	Clare/Tipp Group	29
Galway Bay FM	Local	Connacht Tribune	44
Midwest Radio	Local	Local investors	41
Ocean FM	Local	Local Investors	50
Highland Radio	Local	Local Investors	76
Northern Sound	Local	Radio Kerry Group	20
Shannonside	Local	Radio Kerry Group	35
Midlands 103	Local	Tindle Group	40
KCLR 96FM	Local	Local Investors	31
KFM	Local	Local Investors	34
Tipp FM	Local	Clare/Tipp Group	31

LMFM	Local	UTV Radio	50
WLR FM	Local	Landmark Media Investments &Des Whelan	61
South East Radio	Local	Local Investors	34
East Coast Radio	Local	Local Investors	37
Cork's 96FM & C103	Local	UTV Radio	81
Limerick's Live95FM	Local	UTV Radio	46
Cork's Red FM	Local	Landmark Media Investments, Vienna Holdings & other investors	39
98FM	Dublin Local	Communicorp	50
FM104	Dublin Local	UTV Radio	69
Q102	Dublin Local	UTV Radio	52
Sunshine 106.8	Dublin Local	Local Investors	26
Phantom 102.5	Dublin Local	Communicorp	25
Radio Nova	Dublin Local	Local Investors	35
Spin 1038	Dublin Local	Communicorp	38
4FM	Multi-City	Local Investors	37
Spin South West	Regional	Communicorp	26
Beat 102103	Regional	Landmark Media Investments &Des Whelan	36
IRadio	Regional	Local Investors	33
Newstalk	National	Communicorp	105
Today FM	National	Communicorp	70
IRS	Saleshouse		12
Communicorp	Head Office		11
UTV Radio Solutions	Saleshouse		14

Overall employment in the independent sector: 1,483

Many of these jobs are in rural communities and are of huge importance to local economies.

Average annual turnover for a typical local station

Average annual turnover ranges from €1.5m - €1.8m, of which wages represent over 50%. Virtually all the turnover of local radio stations is spent in the local economy. Independent local radio stations that have a city in their franchise area and national radio stations have significantly higher turnover.

Average margin

According to the 2010 BAI report on the Broadcasting Landscape, in 2007-2008 Irish radio stations had an average operating profit margin of just 4%.

Listenership

Independent radio is the preferred source of news and information of 70% of the population right across the country.

Franchise Area	Any RTÉ Station	Any IBI Station
Dublin	40%	60%
Kildare	37.8%	62.2%
Louth & Meath	31.9%	68.1%
Carlow & Kilkenny	31.8%	68.2%
Laois, Offaly & Westmeath	37.6%	62.4%
Wexford	30.6%	69.4%
Wicklow	46.6%	53.4%
Cork	28.8%	71.2%
Kerry	25%	75%
Limerick	27.2%	72.8%
Tipperary	25.3%	74.7%
Waterford	23.5%	76.5%
Clare	21.9%	78.1%
Galway	32.2%	67.8%
Mayo	21.6%	78.4%
Roscommon, Longford & South Leitrim		
Cavan & Monaghan	27.6%	72.4%
South Donegal, Sligo & North Leitrim	23.2%	76.8%
Donegal North	16%	84%

JNLR Results Jan 31st '13. Weekday Market Share 7am - 7pm. Source: JNLR/Ipsos MRBI/ 2012-4.

Independent Public Service Broadcasting – The Context

There is no definition in law in Ireland of public service broadcasting. Until recently it was loosely defined as anything broadcast by a state owned broadcaster whether it was a popular music programme or a news bulletin.

UNESCO's definition of public service broadcasting reads as follows:

Public Service Broadcasting (PSB) is broadcasting made, financed and controlled by the public, for the public. It is neither commercial nor state-owned, free from political interference and pressure from commercial forces. Through PSB, citizens are informed, educated and also entertained. When guaranteed with pluralism, programming diversity, editorial independence, appropriate funding, accountability and transparency, public service broadcasting can serve as a cornerstone of democracy.

All broadcasters in Ireland, both state-funded and independent, are also commercial broadcasters in that commercial revenue from advertising and sponsorship is required to ensure adequate operational funding is available. IBI has however long advanced the case that Independent stations are also public service broadcasters.

In the past year, the Minister for Communications has recognised the reality that PSB is about the content broadcast rather than the ownership of the broadcaster. So there is no longer any argument

that the national and local news, sport and current affairs broadcast by independent stations is PSB and is equally as valuable to Irish society as PSB broadcast by state owned broadcasters.

The 1988 Broadcasting Act set out the framework for the development of independent radio in Ireland. Central to the development of the new sector was the obligation on all independent radio broadcasters that 20% of content comprise “news and current affairs”.

The independent sector fully accepted this requirement and through imaginative and creative programming developed a country wide independent radio service which has become the primary source of radio listening for nearly 70% of the Irish public on a daily basis. This is achieved through localised programming that reflects the lives of the communities it serves; responds to the needs and interests of those communities; provides a forum for news, information, local sports coverage, discussion, debate and interaction that is not replicated in any other media format in this country.

Regardless of the ownership of the companies providing the service, the facts are undeniable: independent radio is providing a service to the public that is widely used; performs a vital role in society and has become an integral part of local identity in every county in the country.

The Broadcasting Act 2009 outlines the commitment required by independent radio stations to news and current affairs.

39. (c) in the case of sound broadcasters a minimum of –

- i. not less than 20 per cent of the broadcasting time, and
- ii. if the broadcasting service is provided for more than 12 hours in any one day, two hours of broadcasting time between 07.00 hours and 19.00 hours,

is devoted to the broadcasting of news and current affairs programmes, unless a derogation from this requirement is authorised by the Authority under *subsection (3)*,

Independent radio broadcasters are also required under the Broadcasting Act 2009 to provide the public with certain categories of programming. For independent radio stations this includes a requirement to:

- Broadcast programmes in the Irish language;
- Broadcast programmes relating to Irish culture;
- Offer broadcasting opportunities for new talent in music, drama and entertainment;
- Provide a diversity of services catering for a wider range of tastes including minority interests;
- Serve local communities or communities of interest.

In addition to these stated obligations, independent broadcasters are subject to a range of further obligations including:

- Providing air time free of charge to inform the public when matters of important public interest arise. It is now established practice that stations provide free airtime for important public debates including referendum campaigns by the Referendum Commission.
- Making the airwaves available to the State and ensuring continuity of service on occasions of national emergency.

- In contrast to other media including newspapers, online and outdoor, licensed independent radio is subject to a strict commercial advertising code that limits its ability to compete for revenue.

In addition to these obligations, local stations, in particular, have also become a vital link for communities in times of severe weather and often the only source of information on local road conditions and school closures.

The schedules of the majority of the independent radio stations include significant Irish language content and a wide range of programmes on farming, religion, traditional music, folklore, history and heritage.

Independent radio stations have also developed an important role in relation to local democratic engagement and perform many important functions in relation to countless local communities, organisations and individuals throughout the country. From its inception the sector has performed a role that cannot be performed by the State Broadcaster RTÉ. Regardless of the future of the sector it will never be possible for the State Broadcaster to replicate the services provided by independent radio in Ireland. The sector provides a unique localised service to this country and our two national member stations, Newstalk and Today FM provide a vital counterbalance to the editorial monolith of RTÉ.

The Communications Revolution and the Recession

The recession of the past 5 years has shaped and accelerated fundamental changes in the media market. Not only have total revenues fallen, to the detriment of all media, but the structure of the market has permanently changed, making a return to the levels of revenue enjoyed 5 years ago unlikely.

The independent radio sector developed in a context where the main mass marketing media available were radio, television and print. Throughout the first 10 – 15 years of its existence while competition was intense the paradigm in which media operated was by and large a national one.

The advent of globalisation, the explosion of the internet and the consolidation taking place across retail, marketing and services has completely changed the world as we know it. International and trans-national media are burgeoning with Google, News International, Twitter, Facebook and other mega corporations proudly disrupting and destroying “traditional” media on the back of automated content, a low cost base and internationalised operations that are beyond the control of regulators and Governments.

How people consume media and where they access news and information has also changed radically. Over 60% of the population have smart phones and more and more content is now accessed via these and other mobile devices.

While digital media are taking an ever increasing share of advertising spend, traditional media including newspapers and TV are now under intense pressure.

Newspapers sales have dropped significantly with local newspapers down as much as 20-30% in circulation. Readership is ageing and free online content is undermining the business model.

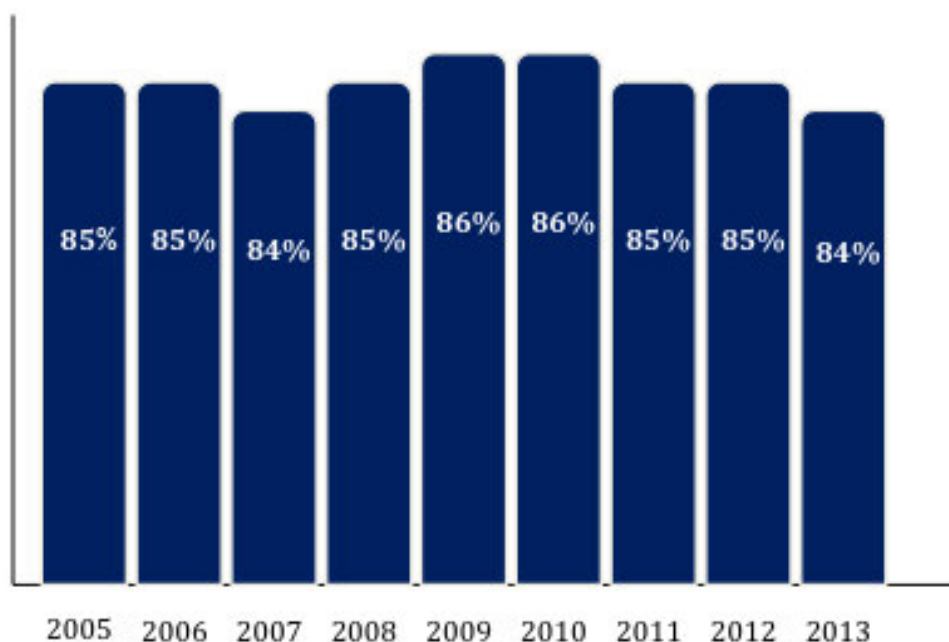
The television market has also been fundamentally changed with fragmentation of audiences and of revenue. In just 10 years the number of channels selling dedicated TV advertising in Ireland has grown from 6 to over 30. The oversupply of space has driven rates down to levels that can only be sustained by large multinational operators.

Number of commercial TV stations: 2001-2013



Amidst all of this change, radio has been remarkably robust in term of listenership. The same proportion of adults listens to radio every day now as they did 10 years ago. FM radio sits firmly within national borders and is not subject to the same influence from UK and multinational media companies as newspapers or television.

Daily listenership: Adults



*Source: JNLR July-June reports

The issue for independent radio amidst all this change is not audience, it is the increasingly difficult problem of how to continue to fund the high cost news and current affairs that it is obliged to broadcast under the Broadcasting Act.

The largest cost in operating a radio station is wages and within this, news and current affairs is the most labour intensive. Programmers, journalists, researchers and producers as well as back up administrative and technical staff command a disproportionate share of every station's budget.

The past 5 years has seen relentless pressure on costs as stations have adjusted to the new realities of a radically changed media market.

A number of youth stations have had to be given derogations from the 20% commitment in order to remain viable. While the BAI is to be commended for acting quickly to support these stations, the longer term consequences of removing this content from youth services will be a less informed and less connected young adult population.

A policy that, through the licence fee, exclusively supports news and current affairs on state owned broadcasters that serve less than 30% of the population while failing to provide any support for broadcasters responsible for providing these services to the remaining 70% is no longer tenable.

Irish people's connection to the political, democratic, economical and social life of our country is largely through our media. If for example we were to get to a stage where our only source of news was Sky News or Fox News then we would have lost our connection to the democratic process in Ireland.

Radio is the cornerstone to retaining our identity and staying connected to what matters. Radio is an indigenous medium that does not transfer in the same manner as television, newspapers or websites, a fact that is proven by the high levels of listenership to Irish radio stations despite the availability of radio stations from all five continents. Radio's key attributes are its local focus, its relevance to the lives of its listeners, its ease of access and it is free to the end user. Local radio in particular in Ireland is unique both in its content, its strong focus on the locality that it broadcasts to and its very high listenership levels.

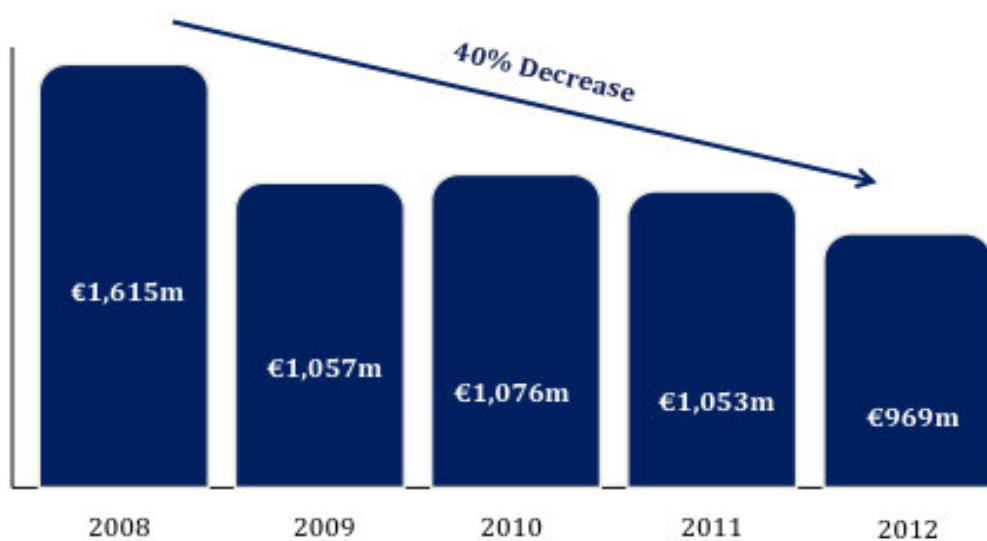
The Advertising Market:

Independent radio in Ireland is currently completely reliant on commercial revenues to fund broadcasting and operational activities. The collapse in advertising spend on radio has directly affected both RTÉ and independent broadcasters. While RTÉ is affected by the decrease in advertising it is largely protected from financial repercussions through the revenues received from the television licence fee.

Independent broadcasters do not have this level of security and despite this must maintain a consistently high standard of programming regardless of the financial position of the broadcaster. Any reduction in broadcasting quality will result in lower audience figures and thereby even lower advertising revenues. Independent broadcasters cannot pass the extra costs of running their businesses to the end user as the consumption of radio is free. The financial losses incurred as a result of the marked decrease in advertising revenues, have been borne by the broadcasters causing concern regarding viability.

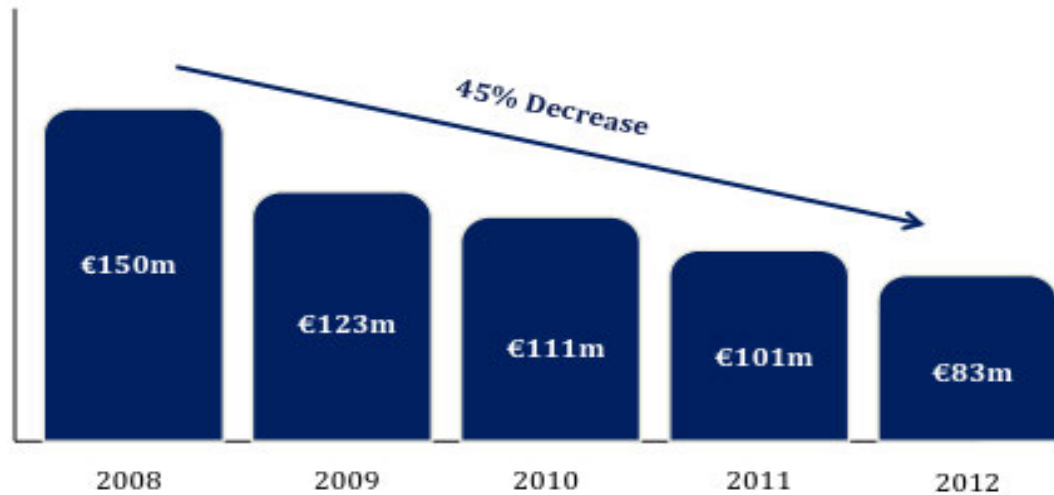
The total Irish advertising market contracted by 40% between 2008 and 2012 with the radio market suffering a drop of 45%.

Total adspend: 2008 - 2012



*Source: Nielsen Ad Dynamix / IAB

Radio Adspend: 2008 - 2012

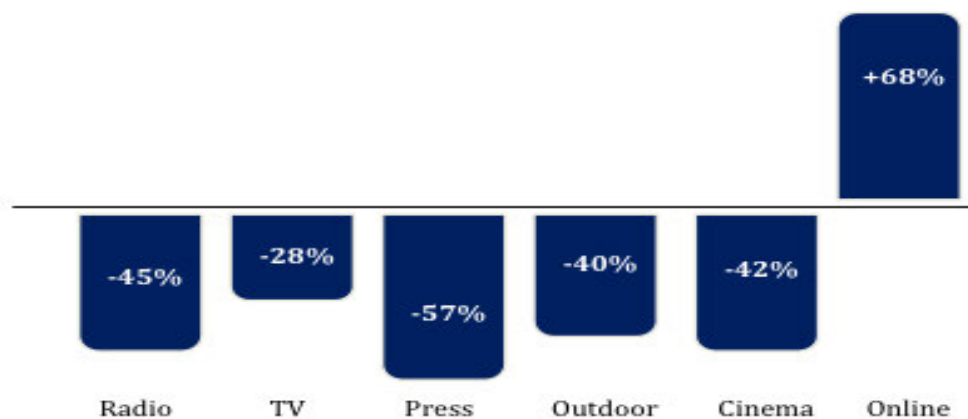


*Source: Nielsen Ad Dynamix / IAB

Depressed economic conditions have clearly been a major factor in this but the rise in commercial popularity of web, mobile and social media channels has accentuated the pressure on traditional media like radio.

These structural changes are permanent and will, if anything, become accentuated in years to come as the digital space becomes more influential. Quite simply, a reliance on the mantra that the recession has only caused a temporary reduction in advertising revenues and everything will soon return to normal, is unsustainable.

Adspend: 2012 versus 2008



*Source: Nielsen Ad Dynamix / IAB

The Television Licence Fee:

Television licences were first introduced in Ireland in 1962 to cover the costs of the establishment and running of what was then Teilifís Éireann, now RTÉ. Given the absence of other broadcasters in Ireland at the time the entire amount of the licence fee collected was allocated to Teilifís Éireann.

The Irish Radio and Television Act 1988 changed the broadcasting landscape in Ireland with the introduction of independent radio and television stations. When introducing the bill in the Dáil, then Minister Ray Burke described it as public service broadcasting in private hands and he proposed 25% of the television licence revenue be allocated to independent broadcasters, a suggestion that was rejected by Government. In its place the Government implemented a cap on the advertising revenue that could be generated by RTÉ but this cap was removed in 1993.

With the growth of independent broadcasters in the 1990s, to include national and local radio stations and an independent television station, and the collective strength of these broadcasters, efforts began again to distribute some of the television licence fee to independent broadcasters. The result of these efforts was the Sound and Vision Fund, announced by then Minister for Communications Dermot Ahern in May 2003. This represented 5% (Broadcasting Act 2009 increased this to 7%) of the revenues collected from the television licence fee being set aside to cover the costs associated with making specific programmes by any broadcaster or programme maker. This set a precedent by which the television license fee could be accessible to broadcasters other than RTÉ for the production of programmes of a public service nature.

The Sound and Vision scheme specifically excludes news and current affairs programming and has largely failed in the original aim of supporting the core programming activities of independent radio stations. Radio broadcasting by its very nature is predominantly live programming, is extremely flexible in its programme topics and is topical in its focus and its output. None of these characteristics are considered in Sound and Vision and the result is a scheme that is not appropriate to the programming which is produced by every independent radio station for in excess of 18 hours each day, seven days each week, 52 weeks each year. By omitting to take this fast moving and ever changing environment into consideration the Sound and Vision scheme is largely unworkable and unusable by many independent radio stations. The reality of Sound and Vision is a scheme that is too restrictive in its application, too onerous in its execution and that does not work for independent radio broadcasters.

In 2012, 59% of the fund went straight back to state owned broadcasters, 7.25% to community stations, 27.5% to independent TV and just 6.2% directly to independent radio.

In 2011, RTÉ received €184m in licence fee income which represented approximately 50% of its total income. A recent report for the BAI by Crowe Howarth, recommended that RTÉ receive no further increase in licence fee income and, over the coming years, the broadcasters commercial mandate be pegged back to reduce its impact in the wider media market.

IBI supports the objective of limiting RTÉ's commercial reach but it is important to recognise that any revenue shed by RTÉ will likely go to national and not local media and do little to address the core issue of how to fund news and current affairs programming on independent radio stations.

Approximately €30m is currently lost each year in licence fee evasion and collection costs. A new system of collection will radically reduce these losses and result in a significant uplift in the amounts collected, even if the €160 fee is left unchanged.

IBI supports the Government's objective of replacing the TV licence with a new household broadcasting charge but only on the basis that the proceeds are fairly allocated among broadcasters who are legally obliged to produce public service content.

We also believe that the new charge should only be used to support public service broadcasting, whether it is on state owned or independent broadcasters. This effectively excludes RTÉ 2FM which currently receives significant support from the television licence fee. In 2012 alone, the state-owned national pop music channel received €6.7m in licence fee monies to subsidise its continued losses.

The Future – The Public Service Broadcasting Fund

The IBI is calling for revenue from the Government's new Public Service Broadcasting Charge to be allocated to support public service broadcasting on independent radio stations. Such support would underpin the viability of existing services and allow independent radio stations to expand the range and depth of news and current affairs that is broadcast.

A Positive Vision for the Future

In shaping the future of independent radio in Ireland it is essential that future actions are grounded in a positive vision of what it is that we are seeking to preserve and what it is that we are seeking to develop. Accordingly we are setting out the main elements which we believe an Independent Public Service Broadcasting Fund should seek to nurture and develop.

- **Diversity** - reflecting the local, regional and national characteristics of the country
- Broad based and **accessible** – ensuring that access to broadcast media is not confined to small numbers or a privileged “commentariat” in urban centres
- Reflecting, supporting and developing **Irish culture** in all its facets as it grows and develops.
- Reflecting **local identity** and addressing **local concerns**
- Empowering **democracy** and facilitating **democratic engagement** - providing a forum for debate and discussion on local issues. Encouraging participation and providing an outlet for expression and a place for democratic accountability whether during local, national or European elections or through coverage of the activities of Local Authorities – coverage that simply cannot be replicated on a national basis
- Providing **information and coverage of issues**; events and personalities that will never impact on a national agenda but which are of huge significance to discrete audiences
- An **alternative view** – in tune with the local and defined areas to which radio stations broadcast to and reflecting individual points of view
- **Free to air** – content and involvement that is not dependent on subscriptions or behind pay walls
- Ensuring that **content and culture** is not sacrificed in a race to the bottom and a headlong drive for efficiencies in order to maintain viability in a shrinking market
- Where radio operators are rewarded for investing in **quality programming** that services the public good; provides employment and is based on solid public service broadcasting principles
- **News, sport and information** programming is encouraged and is seen as a key driver of business success rather than an onerous cost that must be minimised at every possible opportunity

Objectives of the Fund

The core objectives of the PSB Fund are:

- i. To ensure that the Irish listening public is served by a vibrant indigenous Irish broadcasting sector;
- ii. To allow independent radio stations to deliver diversity in content, programming and information to its listeners;
- iii. To allow independent radio stations offer high quality and innovative indigenous content to the audience;
- iv. To maintain plurality of content and opinion on the Irish airwaves;
- v. To increase the quality of public service broadcasting provided by independent radio stations to the public at national, regional and local level.

How will it operate?

Administration

It is envisaged that the scheme would be administered by the BAI. The Authority has a high level of established expertise gained from many years of monitoring the level of news and current affairs content on stations as well as administering the Sound and Vision scheme. It is important that the fund is administered at arms length and free from political pressure. In this respect, here is a high level of confidence that the BAI is the optimum home for the fund.

Transparency

A clear and precise definition of the programme commitments would be required in addition to the metrics for fulfilling these commitments. Detailed guidelines for the content to be supported, the level of support available, eligible costs and auditing requirements would be clearly set out prior to application. This would enable independent radio stations to ensure that the monies received were not in excess of the cost of providing the public service programming.

Qualifying organisations

Independent professional radio broadcasters with a statutory and contractual obligation to broadcast a minimum percentage of speech programming including news and current affairs, whose listenership is subject to independent measurement by JNLR and who operate under a long term licence awarded by the broadcasting regulator.

Content to be supported

Relevant speech programming including news and current affairs and talk programmes up to a maximum of 20% of broadcast output. Stations with derogation from the 20% level would qualify up to the derogation limit.

Content would include news, sport and information bulletins, current affairs and relevant talk programmes, local and national sports commentary and analysis, Irish language and cultural programmes. These programmes would be produced and broadcast in the context of complying with a Statement of Annual Performance Commitments by radio stations participating in the scheme. (See appendix 1)

Level of support

Qualifying broadcasters would receive up to 75% of the cost of producing and broadcasting qualifying content. Support sought cannot exceed 30% of total operation budget of participating stations and will be capped at a maximum of €400,000/annum for local and regional stations and €1m/annum for national stations. These figures would be indexed to the Public Service Broadcasting Charge. Funding would be provided quarterly in advance.

Eligible costs

These costs would include staffing and overheads including transmission on a pro rata basis. (See appendix 2).

Process for Application

Stations would apply by submitting a three year budget for the full range of operations with a detailed breakdown of the resources committed to news and current affairs including relevant talk programming.

This would be submitted in June each year with the objective of agreeing the level of support to be provided by the end of September. Support would be provided on a multiannual (3 year) basis subject to an annual review. The review would examine whether programming commitments were met in terms of quantity and quality and assess whether funding was correctly spent.

Audit

Before the end of March of the following year an independent audit of operating costs including news and current affairs costs would be submitted to the BAI. This would be carried out by the radio station's auditors as part of the radio station's annual audit.

An audit of compliance with Performance Commitments would be carried out by the BAI as part of its normal monitoring and performance review.

Job creation

The scheme would underpin the sustainability of current activity and allow participating stations to improve the quality of current content production. It would also mean that additional staff could be recruited to increase the quantity of coverage of Councils, Courts and community events.

The scheme would encourage job creation in terms of additional news and sport reporters, researchers and producers. Support of 100% of the cost of employing additional staff would qualify for the first 2 years of employment subject to a maximum grant of €28,000 per job per annum. It is estimated that the scheme would result in approximately 100 new jobs in the first 2 years.

Ensuring the scheme improves quality

The BAI would include content development in its annual work programme and would advise and mentor radio stations in developing and improving programme quality.

Cost of scheme

Working from the Department of Communications, Energy and Natural Resources own figures, it is anticipated that the new Public Service Broadcasting Charge will result in an uplift in the region of €30 million in revenues collected resulting in a total of €230 million. The IBI suggests

that 7% of the total be allocated to independent radio stations under a scheme to assist in the production of public service content and programming.

If all qualifying Independent radio stations participate, it is estimated that the scheme would cost approximately €13-14m/annum.

Is the proposed fund allowable under EU law?

IBI has taken extensive legal advice as well as discussing the scheme with key officials in Brussels. The advice we have received is the scheme can either be exempted from being defined as state aid under the Altmark principles or alternately, defined as state aid but exempted under Article 107(3)(c). We are happy to provide the details of this advice on request.

The full implementation of this new fund will mark a new beginning in local, regional and national independent broadcasting. It will release stations from some of the commercial pressure that is driving decision making and allow the sector to pursue a broader agenda that will benefit the local and national economy.

In keeping with both the European Commission's Sustainable Development Strategy, initiatives outlined under EU2020 and the Irish Government's recently launched Medium Term Economic Strategy 2020, independent radio stations will commit to targeting the following areas.

- **Innovation**
 - Radio stations moving to online platforms and investing in new ideas such as RadioPlayer in order to allow more people to access their radio station of choice regardless of where they are or the type of device they have;
 - Providing increased means of connecting with the audience through social media, outside broadcasts, online broadcasting etc;
 - Recognising the need to talk to people using the communications methods that people themselves are using e.g. snapchat, whatsapp, Instagram.
- **Youth**
 - Need to ensure that young people are informed on news and current affairs within their own area, nationally and internationally;
 - Requirement to increase the level of youth employment which in radio begins at an early stage with work placement for Transition Year students (16 years old). It can also be seen in media and broadcasting courses designed and operated between radio stations and third level institutions.
- **Digital Agenda**
 - Independent radio has a proven track record in investing in and keeping pace with developments in digital media. The sector can and should be a leader within local communities creating new means of communicating and connecting people.

- **New Skills and Jobs**
 - There are already several training centres based in local radio stations including Ocean FM, Radio Kerry, Shannonside/Northern Sound, WLR FM and Clare FM training people from local communities and community groups in broadcasting and social media as well as bringing fulltime students in to the area for accredited courses in Radio Broadcasting;
 - In addition this also provides other broadcasters and indeed the wider media with employees who are fully trained and ready to begin employment.
- **Platform for Social Inclusion**
 - Providing a link to people in rural and isolated areas, people who are living alone, those who are not in a position to mix with their own communities. Independent radio, through its focus on local news and information programmes provides a connection to these people letting them know what is happening in their area, entertaining them and providing company.

Appendix 1:

Draft Annual Statement of performance Commitments:

Strategic objectives:

1. Excellence in broadcasting: Fulfill our public service 20% news and current affairs obligation and strive for the highest standards of journalistic accountability and ethics on and off air.
2. Produce high quality distinctly Irish content that provides diversity and is an alternative to that produced by State owned broadcasters.
3. Manage the finances of Public Service content production in an open and transparent manner so that the service is organised to deliver the best value for money to the Irish public.

Performance Commitment	Metric
Broadcast news and current affairs including talk programming with an emphasis, where appropriate, on a local or regional perspective	Minimum of 20% news and current affairs content as measured in annual performance review equating to 1,752 hours minimum per annum
Coverage of key local, regional and national political discourse	National, local and European election coverage and debates Reports and discussion on County and City Council meetings
Maintain commitment to Irish language and culture	A wide range of: <ul style="list-style-type: none">• Bilingual and Irish language programming, minimum of 52 hours broadcast time;• Programming focused on local and national cultural activities including drama. Minimum of 104 hours broadcast time
Links with education	Establish direct links with second and third level institutions focusing on work experience and media literacy courses.
Increase engagement with local and national sports	Direct links with sports clubs across the main codes and also minority sports. At least 200 hours of indepth coverage. Live coverage of GAA Club and County games. Live commentary (where appropriate) of League of Ireland soccer
Reflect the daily lives and concerns of people living in the franchise area.	Weekly features on health, rural issues including farming (where appropriate), social and consumer issues.
Coverage of religious, community and cultural activities including minority cultures.	For example broadcast coverage of weekly mass/service, live music, coverage of festivals etc

Appendix 2:

Eligible costs:

- Wage costs of staff involved in management and production and broadcast of eligible content pro rata to their involvement. (Eg 100% of the cost of news reporters would qualify but only 20% of the cost of technical support staff).
- Acquisition of national news service – 100%
- Transmission costs (pro rata)
- Rent and rates (pro rata)
- Technical support and maintenance (pro rata)
- Light/heat/insurance/postage/stationery/general costs etc (pro rata)
- Motor/travel (pro rata)
- Phone/mobile/broadband (pro rata)
- Legal and professional (pro rata)
- Training (pro rata)



Independent
Broadcasters of Ireland

The Future of Public Service Broadcasting on Independent Radio

The protection of journalism and the
impact on the democratic process



A report prepared by Garrett Harte for the Independent Broadcasters of Ireland (IBI)

April 2019

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1. INTRODUCTION

News and current affairs are the driving force of independent radio in Ireland, engaging communities in the local democratic process and giving voice to many who would otherwise not be heard on the national broadcaster.

The production of news and current affairs is expensive with a variety of specialised roles required. The growth of digital media has changed the dynamic in newsrooms with even more content being required each and every hour. Despite this, independent radio receives no funding from the licence fee for the production of news and current affairs, the backbone of public service broadcasting.

The growth of online media and how this news is financed and controlled is having a negative impact on quality local journalism.

The funding model for the entire radio sector needs radical and immediate reform. Despite its crucial role in Irish society and the strict regulation, the broken advertising model and the changing dynamic has forced local radio bosses to cut back on basic resources in newsrooms which is having a direct impact on the quality of journalism being produced.

The very existence of independent radio in Ireland is under threat. Unless local journalism is protected and a strategy to invest for its future is implemented then the independent radio sector will not be able to fulfil the public service mandate it is required to do under legislation

This report sets out to highlight the challenges facing the production of news and current affairs in the Independent sector, the need to protect local journalism and the requirement of Government to act urgently to address the funding crisis.

2. AN OVERVIEW OF IRELAND'S RADIO NETWORK

The Independent Broadcasters of Ireland (IBI) represents 34 independent radio stations throughout Ireland. The mission of the IBI is to promote a strong and vibrant radio sector which reflects the preferences and needs of the listening public. Within its membership there exists a broad collection of radio stations – significant diversity in ownership, target audience, location and franchise area. These independent broadcasters make a significant contribution to the Irish economy and to the democratic, social and cultural life of the country.

UNESCO's definition of public service broadcasting reads as follows:

Public Service Broadcasting (PSB) is broadcasting made, financed and controlled by the public, for the public. It is neither commercial nor state-owned, free from political interference and pressure from commercial forces. Through PSB, citizens are informed, educated and also entertained. When guaranteed with pluralism, programming diversity, editorial independence, appropriate funding, accountability and transparency, public service broadcasting can serve as a cornerstone of democracy.

All broadcasters in Ireland, both state-funded and independent, are also commercial broadcasters in that commercial revenue from advertising and sponsorship is required to ensure adequate operational funding is available. IBI has however long advanced the case that Independent stations are also public service broadcasters.

The 1988 Broadcasting Act set out the framework for the development of independent radio in Ireland. Central to the development of the new sector was the obligation on all independent radio broadcasters that 20% of content comprise “news and current affairs”.

The independent sector fully accepted this requirement and through imaginative and creative programming developed a country wide independent radio service which has become the primary source of radio listening for 70% of the Irish public on a daily basis. This is achieved through

- localised programming that reflects the lives of the communities it serves;
- responds to the needs and interests of those communities;
- provides a forum for news, information, local sports coverage, discussion, debate and interaction that is not replicated in any other media format in this country.

Regardless of the ownership of the companies providing the service, the facts are undeniable. Independent radio

- is providing a service to the public that is widely used;
- performs a vital role in society; and
- has become an integral part of local identity in every county in the country.

Under Section 39 of the Broadcasting Act 2009 independent radio stations must ensure that not less than 20% of their broadcasting time is given to news and current affairs. Stations are also obliged to:

- Broadcast programmes in the Irish language and relating to Irish culture

- Create opportunities for new talent in music, drama and entertainment
- Provide a diversity of services catering for a wider range of tastes including minority interests
- Provide free airtime for matters of public interest i.e. Election, Referendum
- Serve local communities or communities of interest
- Making the airwaves available to the State and ensuring continuity of service on occasions of national emergency – a vital link in times of severe weather as witnessed last year

Many independent radio stations provide in excess of 40% of air time to public service programming. In doing so they fulfill a key public service remit to communities, groups and organisations who would otherwise not have access to a media platform.

The State Broadcaster will never be able to replicate the services provided by independent radio in Ireland as indeed the independent broadcasters could never replicate the programming provided by RTÉ. The independent radio sector provides a unique localised service to this country and the two national stations, Newstalk and Today FM provide a vital counterbalance to the editorial monolith of RTÉ.

The protection and development of journalism is at the heart of calls to set up a public service broadcasting fund for independent radio stations. Unless funding through the State is made available, the trusted independent service that is the cornerstone of local democracy will face the terminal decline.

The Television Licence Fee

In 2015, Dr Kevin Rafter, Head of the School of Communications at DCU, published a report for the Independent Broadcasters of Ireland (IBI) on the Television Licence Fee. The Report made a number of conclusions in relation to the funding of public service broadcasting:

1. The vast majority of monies from the TV licence fee – 87% - are allocated to RTE and TG4;
2. Ireland now (2015) has a variety of stations producing and transmitting programming that can be classified as public service content;
3. The case for funding public service content on independent stations is strongest in respect of news and current affairs.

The Rafter report came on the back of calls in 2014 by the IBI that the then Government introduce a funding system for public service broadcasting (PSB) in Ireland. Five years on and the introduction of a PSB fund remains unresolved yet the cost of news and current affairs public service content has increased dramatically.

The delivery of news and current affairs has also changed significantly over the last five years. In addition to competing for share of a radio audience, independent stations now compete for the public's time with the unregulated digital and social media platforms. The required output of a radio station is now across on air and online. Broadcast journalists have become multimedia content creators. The level of content required from a typical hour has grown exponentially however human and financial resources have remained the same.

Independent news and current affairs programming is at the heart of democratic engagement in Ireland, providing people with the information they need to contribute and to shape their communities. The role of local newsrooms informing, contributing and improving communities

is vitally important in the digital age of fake news and disinformation in informed and engaging citizens to ensure a healthy democracy.

Funding public service broadcasting, including news and current affairs needs a major overhaul. It is no longer sustainable for independent radio stations to fund news and current affairs through an already broken advertising model. Google and Facebook currently have more than 25% share of all the advertising spend in Ireland and their scale allows them to severely undercut traditional media prices despite being free of regulation. To exasperate this situation, RTE takes approximately €180m of the licence fee and around €24m of the radio advertising revenue.

In response to the changes in advertising, independent radio stations have

- Pared down its basic functions of public service broadcasting content from e.g. reporting court cases, attending local council meetings and covering local sporting fixtures;
- Newsrooms are losing experienced staff who are departing media for more secure and better paid jobs in other sectors;
- Faced significant challenges in attracting new talent to broadcast journalism.

Independent radio and local radio in particular are the catalyst for giving voice to community activism, political engagement and promotion of local culture and events. The importance of independent radio to the audience can be seen clearly in the fact that over 70% of the Irish population tune in independent radio stations on a daily basis and it is the most trusted source of news and information .

The challenge for independent radio is therefore not about trust or audience figures. The challenge is around funding the high cost of news and current affairs content that it is obliged to provide under the Broadcasting Act.

The UK Experience

In the UK the independent radio sector is undergoing significant change in the production of news and current affairs. Recent regulatory changes have permitted stations to reduce the minimum amount of local programming on local radio stations and in addition local content does not have to be produced in the local radio franchise area.

The UK Government commissioned an independent report on the future of the news industry. The Cairncross Review reported that the “long-term sustainability of democracy” is under threat. The Cairncross Review which was published in February 2019, predicts that local news coverage will disappear unless the UK government provides direct financial support to local news providers.

Two weeks after the publication of the Cairncross Review, the UK radio group, Global Radio, announced programming cuts to many of its regional and local stations in the UK. The radio network is set to replace over 40 local breakfast shows across its Capital, Smooth and Heart networks with just three nationwide programmes to remain and will close 10 of its 24 dedicated local radio studios – in Brighton, Cambridge, Chelmsford, Exeter, Gloucester, Kendal, Kent, Lancaster, Norwich and Swindon. Up to 100 jobs are expected to disappear with presenters and journalists losing out. These changes are a result of the new regulations introduced last year by the UK broadcasting regulator, Ofcom. The regulations allow radio station owners to reduce the minimum amount of local programming on local radio stations from seven hours a day to just three. Ofcom also removed a requirement on stations to produce their own local breakfast show. In return, Ofcom, seeks radio stations to produce an “enhanced local news service”, defined as meaning the inclusion of hourly news bulletins throughout the day featuring at least one “fully formed local news story” relevant to local listeners.

“There is no longer any local commercial radio of note in the UK, they are just local transmitters for national brands”

John Myers, UK radio industry veteran, former CEO of the Guardian Media Group and independent media consultant

In 2009, John Myers was commissioned to take charge of a Government led report into the future of local commercial radio. At the time Myers predicted that unless urgent action was taken by the then UK government, local radio would face “death by a thousand cuts”.

Ten years on and Myers believes the “horse has bolted” and local radio in the UK is dead.

“Changes in the UK around deregulation have resulted in the terminal decline of local radio. Stations are required to do three hours of ‘local’ content, but they do not have to be situated in the local area to do this. In effect, local news content can be produced by desk-based journalists hundreds of miles away from listeners. All you have to do is mention place name and this is now viewed as a local news bulletin. For example, a news bulletin can report the headline ‘Beyonce appearing in Newcastle, we will speak to fans’ and that is now viewed as a news bulletin”.

The apparently terminal decline of truly local commercial radio in the UK should be an urgent wake-up call to the Irish Government here.

Solutions for Ireland

There are a number of proposals in the public domain on how to create a sustainable funding model for public service broadcasting in the Independent radio sector. Successive Governments have acknowledged the important public service role of independent radio however little has been done on a practical level:

- In 2016, then Taoiseach Enda Kenny committed to scrapping the current Broadcasting Levy on broadcasters. This has not happened;
- In 2017, former Communications Minister Denis Naughten drafted legislation to reduce the broadcasting levy by 50%. Both Taoiseach Leo Varadkar and then Communications Minister Naughten promised that all stages of the legislative process would be passed by the end of 2018 to ensure broadcasters would not be hit with a levy bill in 2019. This has not happened;
- The Joint Oireachtas Committee on Communications, Climate Change and Environment made a number of recommendations as part of the 2017 Report on the Future Funding of Public Service Broadcasting. To date, there is no indication of whether these recommendations will be translated into legislation;

Additionally, in February 2019 Dáil Éireann passed a motion supporting the provision of television fee funding for public service content on independent radio stations. The motion, tabled by Fianna Fáil Communications Spokesperson Timmy Dooley TD contained the following provisions:

- Recognition of the public service contribution of independent radio stations;
- Establishment of a fund to enhance and protect public service content broadcast on independent radio stations;
- Reduction of the Broadcasting Levy paid by independent radio stations to fund the Broadcasting Authority of Ireland (BAI).

The Dáil debate had contributions from over 30 TDs as well as Minister for Communications Richard Bruton. Speaker after speaker highlighted the value of independent radio stations to Irish culture, identity, democracy and politics, some of the comments are included in this document. Regardless of the funding model, there are five key principles that must be adapted into order to create an ecosystem that will allow Independent radio’s public service remit to survive. These are:

1. The protection of journalism is core to a thriving democracy and a failure to ensure it is adequately funded will have a negative impact of the democratic process;
2. A failure to fund news and current affairs will have a negative impact on democracy and signal the death knell of local independent journalism. The Irish Government needs to recognise that the profession is in crisis and it has a duty on behalf of the taxpayer to ensure indigenous Irish journalism is adequately funded, ensure it is protected in order to protect the democratic fabric of the country. The funding of journalism cannot be at the behest of the wider market economy.
3. The continued funding of news and current affairs output cannot be at the mercy of the advertising market, a market that is broken for radio and where 80% of the revenues go to digital media giants;
4. Local journalism needs to remain accessible to local communities, produced in these communities and not outsourced;
5. Radio stations need to invest in staff to ensure experience is retained and they can continue to provide a trusted, quality news service. An experience deficit is now evident in many newsrooms. Radio stations need to attract, train and develop new talent. In the current media landscape journalism is not seen as an attractive and secure career and this is impacting negatively on the quality of debate, diversity and impact.

There can be no doubt, if something is not put in place urgently to support the production of news and current affairs on independent radio it will disappear completely. We should not be surprised at the detrimental impact it will have on the democratic fabric of Ireland’s society.

3. THE TRUE VALUE OF LOCAL INDEPENDENT NEWS AND CURRENT AFFAIRS

“Truth is at the heart of liberal democracy. Protect one, and you safeguard the other. Disregard one, and you imperil the other.
Prof Stephan Lewandowsky, Professor of Cognitive Science at the University of Bristol

Trust is the cornerstone of radio in Ireland. In research published in February by the European Commission, radio is the most trusted medium in Ireland. The Eurobarometer study of EU citizens shows that 68% of Irish people trust radio ahead of TV (62%), press (47%) and social media (25%).

Radio	68%
TV	62%
Press	47%
Social Media	25%

The Eurobarometer study backs up the findings of the 2018 Reuters Institute Digital News Report, which placed radio as the number one choice for Irish people sourcing news. Independent radio has a leading role to play in retaining the credibility and trust levels of the Irish public.

In the background of increasing debate and worry about ‘fake news’, a recent survey by the global public relations company Edelman revealed that only 35% of the Irish public trust the media with them now being the least trusted institution globally. The Reuters Institute Digital News Report 2018 found that more than half (57%) of Irish news consumers say they are concerned about “fake news”. In relation to addressing disinformation, 63% of Irish consumers said it was the Government’s responsibility to do more.

“Independent radio is the gatekeeper of local democracy. If we don’t do something about funding news and current affairs, this important role will cease to exist”
Albert Fitzgerald, Managing Director, Midlands 103

The Irish public is concerned about the integrity of its news and the impact that it is having on society. In this context it is worrying that consumers in Ireland and worldwide have limited understanding of how news appears in their social media feeds with only 28% of those surveyed stating they understood the role of ‘algorithms’ (Reuters Institute Digital News Report 2018). Internationally, only 27% were aware of the role of algorithms and 73% either did not know the answer or assumed that social media companies employ journalists.

Social media and digital content were heralded to be the greatest changes in how we engage with news and information. While they have undoubtedly opened up the communication chain, the subsequent impact on journalism has not been without its downside. Where once journalism was the bastion of research and investigation, it has been replaced with click bait headlines and misinformation. We have lots of ‘content creators’ but fewer and fewer journalists. We, as a

society, create our opinions, ideas and political ideologies on the “facts” we receive however in the digital world ‘truth’ and ‘trust’ have more than one meaning. Failure to invest in journalism creates a vacuum where extremism finds a home.

Dr Roderick Flynn of the School of Communications at Dublin City University believes journalism in the midst of an unprecedented crisis:

“The critical function of journalism cannot be sustained at its current level. If you are going to have a healthy functioning democracy then that watchdog function of journalism should not be left to the vagaries of whether the market can fund it. Investigative journalism costs money and takes time and consideration to create. These stories need to be told”.

This is where the role and value of independent media become apparent. Recent research from the US shows that audiences do not just want local news outlets to be watchdogs, they want them to be a “good neighbour” too. Poynter’s 2018 Media Trust Survey identified that trust in local media is considerably higher than that for national media. Blending watchdog reporting with community engagement can give newsrooms a foundation to build on.

Young adults growing up in a digital environment have not experienced a world of only being exposed to traditional trusted news brands. Brands that are led by trusted, credible journalists and news editors, where news is produced as a public service offering critical information to democracy and not a media sales pitch dominated by algorithms. We all know how prevalent misinformation is in digital media where social media companies have facilitated fake news and the posting of inappropriate, harmful and illegal content without fear of being reprimanded by the authorities.

Dr Roderick Flynn believes politicians are not in tune with the crisis:

“There is a strange view in Government that the only way to fund public service broadcasting is through the market economy. Politicians need to realise the radio market is broken so the free market economics argument no longer stands”.

In February of this year the Digital, Culture, Media and Sport Committee in the British House of Commons published its final report on Disinformation and ‘Fake News’. Damian Collins MP, Chair of the DCMS Committee said:

“Democracy is at risk from the malicious and relentless targeting of citizens with disinformation...delivered through the major social media platforms we use every day”.

Media in Ireland is at a crossroads. The chase for clicks fundamentally undermines the Fourth Estate and it must address the increasing lack of trust by the public or lose it forever.

4. THE VIABILITY OF PUBLIC SERVICE BROADCASTING

a. Public service broadcasting in Ireland is at a crossroads. It requires urgent political action.

"News costs money to produce and news needs to be created and managed by experienced people. Inexperience is a big issue across the sector. We are seeing more and more people leaving the sector for better paid communications jobs in PR and the public sector. This experience drain is not good for the future stability of the sector."
Fiona Stack, General Manager, Radio Kerry

The single largest cost line in a radio station is wages and within this, news and current affairs is the most labour intensive. Journalists, producers and researchers as well as administrative and technical staff account for the largest share of every station's budget. Radio stations have not been in a position to invest in the staffing of newsrooms over the previous five years. Indeed, in the majority of local newsroom staffing numbers have remained the same for the past decade.

With the continued competition from digital media, independent broadcasters have been forced to increase their content output across a number of different platforms including audio, social media, website and video. There is an expectation from the audience that all these content platforms deliver a consistently high standard of output regardless of staffing challenges. Any reduction in quality will result in a drop off in audience figures with a knock-on effect on advertising revenues.

The role of a radio broadcast journalist is no longer confined to the recording audio clips and filing a story for the hourly news bulletin. Today when a broadcast journalist covers a story they are required to record and edit audio, write an article for the website, record and edit video on mobile phone for social media channels, take pictures, post content on Facebook, Twitter, Instagram, Snapchat and YouTube; and in many stations also read the hourly news bulletin. They are content creators and headline journalists, not having the time to fully research and produce in depth stories. This increased workload is delivered with staff doing two roles in the newsroom. In a number of stations the Head of News is also the Producer of the mid-morning show. Two of the most important and pressurised jobs in a station carried out by one person.

For reasons of viability, radio stations have made decisions to cut back on crucial local content, which is a valuable facet of the fabric of local democracy. These cuts impact on reporters attending court cases and local council meetings, spending time in the community highlighting campaigns and reporting on local sports and cultural events. To ensure Ireland has a strong independent journalism sector, journalists need to be given the time, resources and freedom to comprehensively report. Staff who are overstretched do not have the ability to deliver the best journalism.

Staff recruitment and retention has become an acute challenge in the independent radio sector. Job security and pay are significant factors in attracting talent and retaining staff. The retention issues were highlighted in particular in 2018 when a remarkable number of senior journalists left the journalism profession for better paid, secure roles in public relations companies, public sector positions and ministerial advisory roles in Government. This is a trend that is continuing in

"We do not attend court cases as we can't free a resource for a full day or days as we need them to be back at base to read as well as report."
Liam Dwyer, General Manager, South East Radio

2019 with a number of high-profile journalists have left the profession.

Starting salaries for graduates in digital media companies are on average 15% higher than in radio and this salary inflation is set to continue as the advertising market continues to migrate to digital. Journalism is becoming an unattractive profession and this is impacting negatively on the quality of debate, diversity and impact. Failure to attract the best and brightest minds into journalism will have a detrimental impact on the democratic process itself. Government needs to accept the profession is in crisis and it has a duty on behalf of the taxpayer to ensure indigenous Irish journalism is adequately funded to protect the fabric of the country.

"At Beat we are now considering taking a networked wire service at the weekends as we cannot source staff. We have prided ourselves in always offering diversity of voice and point of difference to ensure news is relevant to a youth audience and we believe we have been successful at this. Having no live news at the weekends is something I wouldn't have considered before but we are at a crisis"
Gabrielle Cummins, CEO, Beat102103

5. SOUND AND VISION

A programming fund was officially announced by then Minister for Communications, Dermot Ahern in May 2003. The launch of the Scheme was the culmination of many years work, in which the members of the IBI were instrumental in lobbying for its introduction. The aim of the Scheme was to ensure that independent broadcasters were in a position to provide high quality programming, which could otherwise not be produced due to a lack of available financial resources.

The programming funding scheme was hailed at the time as a vehicle which would allow independent radio broadcasters to compete on a more level platform with RTÉ. It was expected that it would give programme makers within the independent broadcasting sector the opportunity to expand the range and type of programming they could produce without causing undue financial and operational burdens to the management and owners of the stations.

Unfortunately, as we fast forward from the initial announcement the high hopes that were held for the Fund have been well and truly dashed. The reality is a scheme that is too restrictive in its application, too onerous in its execution and that does not work for independent radio broadcasters.

Sound and Vision does not fund live speech broadcasting which constitutes in excess of 90% of the output of independent radio stations. Due to the high levels of bureaucracy, the onerous application process and the long lead-in times the fund does not work for independent radio stations who operate in a fast paced, live environment.

6. STATE AID

The question of whether licence fee monies can be made available to independent broadcasters and whether this constitutes state-aid has been repeatedly thrown into discussions since the future of public service broadcasting conversations began. Posing a question but without actually providing an answer has become the norm and to date no concrete answers have been provided.

The use of television licence fee and/or exchequer funding for independent broadcasters has already been introduced in other EU countries including Denmark, France and the UK. The issue of state aid did not provide a stumbling block in these countries and there is no reason why Ireland should be any different. There are a number of legal avenues to support the validity of this type of scheme under EU law.

1. Such a proposed scheme comes within the four Altmark principles and thus does not amount to state aid at all. The Altmark principles are
 - a. the recipient must have public service obligations which require compensation and must be clearly defined;
 - b. the parameters on the basis of which compensation is calculated must be established in advance in an objective and transparent manner;
 - c. the compensation cannot exceed what is necessary to cover all or part of the costs incurred in the discharge of the public service obligations, taking into account a reasonable profit; and
 - d. when the company is not chosen through public procurement, the level of compensation must not exceed the costs that a typical, well-run and adequately equipped undertaking would incur so as to meet the necessary public service requirements.
2. Such a proposed scheme could be exempt because the scheme pursues objectives that are in the public interest and would not adversely affect trading conditions to such an extent that would be contrary to the common market. The scheme would need to be notified to the European Commission for clearance but it has a track record in clearing aid to radio stations under this exemption;

There are further conversations to be had to reach a final, agreed and acceptable position on the question of state-aid and Government should be open and willing to seek such a solution rather than using it as a stumbling block.

7. PROPOSED SOLUTIONS TO SUSTAINABLE PUBLIC SERVICE BROADCASTING ON INDEPENDENT RADIO

"It seems to me very unlikely that legacy media in print and radio could continue to provide the basic information function for a basic democracy. We need a fund for news and current affairs to support the democratic role of local media"

Dr. Roderick Flynn, DCU School of Communications

While many stakeholders acknowledge the need to reform the public service broadcasting there are differing views as to how it needs to be reformed. At present there are two models which have been proposed.

1. Proposal by the Joint Oireachtas Committee on Communications, Climate Change & Environment. This proposal was made in 2017
2. Proposal by the IBI to establish a Public Service Broadcasting Fund.

The details of both proposals are:

1. Proposal by the Joint Oireachtas Committee on Communications, Climate Change & Environment.

In 2017 the Joint Oireachtas Committee on Communications, Climate Change & Environment published a Report on the Future Funding of Public Service Broadcasting. The committee concluded that

"The provision of balanced, impartial, well-resourced and independent public broadcasting services is fundamental to our democratic society, particularly with the advent of 'fake news'. However, the need for authoritative, impartial, indigenous, trusted and reputable public service media in Ireland has increasing importance in a global media environment dominated by international media and content. However, traditional broadcasters are under increasing pressure from both domestic and foreign operators with competing demands on increasingly limited financial resources...the current funding model is not fit for purpose..."

The Committee recommended that the Minister establish

- A new scheme to assist radio stations in the provision of local news and current affairs programmes. The scheme envisaged would be administered by the Broadcasting Authority of Ireland (BAI).
- The current Sound & Vision Scheme be amended to allow funding for a wider category of broadcasting.

The Committee members also identified and emphasised a number of consequences if no action is taken to reform the funding model for public service broadcasting, as follows:

- Irish-owned media will be negatively impacted as the funding raised from the licence fee, from the exchequer and from traditional commercial sources (i.e. advertising revenue including digital) comes under increasing competitive pressure and becomes increasingly unpredictable pressure making the model itself unsustainable;
- Ireland's capacity to provide indigenous programming including 'home-grown' comedy and drama, and current affairs will be reduced, potentially irrevocably;
- There will be an increased risk of losing essential services / diminution of existing services to the detriment of the viewing public and to the provision of high quality public service programming and quality journalism;
- There will be an erosion / loss of public confidence and reputational damage to the existing public service broadcasters;
- There will be a dilution in cultural distinctive programming;
- That the public service broadcasters will become increasingly irrelevant and 'outpaced' as other options for consumers proliferate, including video on-demand / online streaming and bespoke TV services;
- There will be an increased threat on Irish-based employment as a result of growing commercialisation of public service broadcasters leading to an overreliance on international / imported content, which is of lower quality as perceived by audiences. The following are the short term and long-term / structural changes recommended by all stakeholders, treated thematically.

"The loss of high quality, independently sourced news from the independent radio sector would represent a loss to the democratic dialogue at both national and regional level across communities throughout the country"

Timmy Dooley, Fianna Fail spokesperson on Communications

EXTRACTS FROM INDEPENDENT RADIO STATIONS, PRIVATE MEMBERS MOTION, DÁIL ÉIREANN, 28 FEBRUARY 2019

“Independent local radio....captures the life and soul of the area to which it broadcasts, from sport to news and current affairs to carrying special information about weather events right through to the deaths, which form an important part of the information citizens of that particular jurisdiction require daily”

Timmy Dooley T.D., Fianna Fáil

“If RTÉ needs a huge subsidy to provide public service broadcasting, how is it presumed that much smaller stations can operate without a subsidy? Therefore, I agree that the levy should be scrapped and that part of the public funding for public services should go to local stations providing these vital services to local communities throughout the country.”

Eamon Ó Cuív T.D., Fianna Fáil

“Local radio stations serve a clear public purpose, especially in the context of their morning news programmes and the amount of information they disseminate regarding community activities and cultural and sporting events.”

Jan O'Sullivan T.D., Labour

“83% of the population listen to radio daily. Radio stations, whether national or local, make an enormous contribution to the lives of individuals and communities, and we should work very hard to make sure that this valuable service continues in every way”

Minister Patrick O'Donovan TD, Fine Gael

“Local radio stations are the information lifeline for audiences and citizens. They are also the lifeline for politicians, providing platforms on which to discuss important public issues.”

Minister for Communications Richard Bruton, Fine Gael

“Local radio does it all. Local events are only covered by local radio and not by the national stations. The time has come to recognise and fund the invaluable help local radio stations provide in all parts of the country.”

Michael Fitzmaurice T.D., Independent

“The place of public service broadcasting needs to be maintained and supported because it forms an essential part of our media into the future. Local independent radio is an important part of that media landscape. It accounts for the majority of radio listeners every weekday across the State and it provides an important service to communities around the State. It can be the main source of news and a vital vehicle to keeping local communities connected.”

Brian Stanley T.D., Sinn Féin

“Morning Ireland” is Ireland’s most popular radio show with 450,000 listeners, but at the same time hundreds of thousands of people across the country are tuning into local radio stations for the same news service. These stations get no funding or relief from the State currently to help them to provide the same service. This must change quickly to ensure the survival of the industry.”

Tony McLoughlin TD, Fine Gael

8. PROPOSAL BY IBI

"We need a fund that allows us to produce more local content and take up issues on behalf of the listener. In Wexford, for example, the whole issue of mental health and access to psychiatric care is huge issue but we don't have the adequate resources to campaign on behalf of the listener"

Eamon Buttle, South East Radio

A Public Service Broadcasting Fund as proposed by the IBI would seek to nurture and develop achieve the following:

- Diversity – reflecting the local, regional and national characteristics of the country
- Broad based and accessible – ensuring that access to broadcast media is not confined to small numbers or a privileged group
- Reflect local identity and addressing local concerns
- Empower democracy and facilitate democratic engagement – providing a forum for debate and discussion on local issues. Encouraging participation and providing an outlet for expression and a place for democratic accountability whether during local, national or European elections or through coverage of the activities of Local Authorities – coverage that simply cannot be replicated on a national basis
- Provide information and coverage of issues; events and personalities that will never impact on a national agenda³, but which are of huge significance to local audiences
- An alternative view – in tune with the local and defined areas to which radio stations broadcast to and reflecting individual points of view
- Ensure that content and culture is not sacrificed in a race to the bottom and a headlong drive for efficiencies in order to maintain viability in a shrinking market
- Where radio operators are rewarded for investing in quality programming that services the public good; provides employment and is based on solid public service broadcasting principles
- News, sport and information programming is encouraged and is seen as a key driver of business success rather than an onerous cost that must be minimised at every possible opportunity

Objectives of the Fund

The core objectives of the PSB Fund are:

- To ensure that the Irish listening public is served by a vibrant indigenous Irish broadcasting sector;
- To allow independent radio stations to deliver diversity in content, programming and information to its listeners;
- To allow independent radio stations offer high quality and innovative indigenous content to the audience;
- To maintain plurality of content and opinion on the Irish airwaves;
- To increase the quality of public service broadcasting provided by independent radio stations to the public at national, regional and local level.

The implementation of such a new fund would mark a new beginning in local, regional and national independent broadcasting. It will would release stations from some of the commercial pressure that is driving decision making and allow the sector to pursue a broader agenda that would benefit the local and national economy.

In his response to the Fianna Fáil Private Members Motion discussed in Dáil Eireann in February 2019, which featured earlier in this report, the Minister for Communications and Climate Change Richard Bruton committed to bringing measures to Cabinet for approval. Speaking on KCLR 96FM in March 2019, Minister Bruton said:

"The issue of extending funding for new uses in the independent broadcasting sector, that is something I would like to do but we'll have to be careful to make sure it complies with State aid. To have an intelligent debate about some of the issues we are discussing you need an organ, you need a place where that debate can happen in a proper way with the time to discuss it, to assess the evidence. Local broadcasting is supporting that, it is not available on national media and it never will be. So at a time when you get social media, fake news and all the rest it is important we have community based broadcasting that can take these issues and develop solutions".



“We are concerned about the future of news and current affairs. Core journalism is being impacted negatively and over time is in danger of being squeezed out of the independent sector. This goes to the heart of the local democratic process”
John Purcell, CEO of KCLR 96FM and IBI Chairman

Author: Garrett Harte is the Managing Director of communications consultancy company Harte Media Ltd. He is a multi-award-winning media executive with over two decades of experience in Irish media. He is the former Editor in Chief of Newstalk and was part of the start-up teams of both Newstalk and TV3. He is Senior Industry Advisor with the European Bank for Reconstruction & Development working in Tunisia with the country’s Independent talk radio station, Express FM. He contributes in the role of ‘Journalist in Residence’ with Dublin City University.

9. RECOMMENDATIONS

There is no doubt that the funding model for the entire radio sector needs radical and immediate reform. The broken advertising model and the changing dynamic has forced local radio bosses to cut back on basic resources in newsrooms which is having a direct impact on the quality of journalism being produced.

The very existence of independent radio in Ireland is under threat. Unless there is a protection of local journalism and a strategy to invest for its future then the independent radio sector will not be able to fulfil the public service mandate it is required to do under legislation Failure to address the current funding crisis will force stations to further cut back on providing local journalism. This will have a negative impact on the local democratic process.

The Joint Oireachtas Committee on Communications, Climate Change and Environment’s recommendation that the Minister establish a new scheme to assist radio stations in the provision of local news and current affairs programmes has not advanced.

Regardless of the funding model, there are five key principles that must be adopted into order to create an ecosystem that will allow Independent radio’s public service remit to survive:

1. The protection of journalism is core to a thriving democracy and a failure to ensure it is adequately funded will have a negative impact on the democratic process;
2. A failure to fund news and current affairs will signal the death knell of local independent journalist. The Government needs to accept the profession is in crisis and it has a duty to ensure indigenous Irish journalism is adequately funded to ensure it is protected and it protects the democratic fabric of the country;
3. The continued funding of news and current affairs output cannot be at the mercy of the advertising market, a market that is broken for radio and where a growing majority of the advertising revenues go to digital media giants;
4. Local journalism needs to remain accessible to local communities and produced in these communities and not outsourced;
5. Radio stations need to invest in staff to ensure experience is retained and they can continue to provide a trusted, quality news service. An experience deficit is now evident in many newsrooms. There is an immediate need to attract, train and develop new talent. In the current media landscape journalism is not seen as an attractive and secure career which is impacting negatively on the quality

There can be no doubt, if a new funding model is not put in place urgently to support the news and current affairs outputs from independent local radio, this vital service will disappear and result in a detrimental impact on the very democratic fabric of Ireland’s society.

A public service broadcasting fund needs to be established urgently. Independent radio doesn’t only fulfil a remit to provide Public Service Broadcasting, it is Public Service Broadcasting.

Television Licence Fee

A report prepared by Kevin Rafter
for the Independent Broadcasters of
Ireland, September 2015



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1. TV LICENCE FEE

The requirement to have a TV licence has existed since the introduction of domestic television in Ireland. The current system is outlined in Part 9 of the Broadcasting Act 2009. The legislation sets out the requirement to have a licence and the penalties to be imposed for not having a valid licence.

There is only one type of licence payable, and it covers any number of televisions in the same property. There is no separate licensing system or fee structure for commercial operators.

Section 144 of the Broadcasting Act 2009 does provide for the introduction of regulations in relation to different classes of licences for residential and commercial premises.¹ The introduction of different categories of licences is one of the issues to be addressed in the context of a proposed new Broadcasting Charge (see below).

Section 124 of the Broadcasting Act 2009 allows the Broadcasting Authority of Ireland (BAI) to recommend a licence fee increase to the Minister for Communications, Energy and Natural Resources. In order to commence this process, the BAI must commission a review of the extent to which RTÉ and TG4 are fulfilling their public service commitments and the adequacy of available public funding to enable both media organisations meet these commitments as set out in their annual statements of performance.

Despite this process, the ultimate decision on revising the licence fee remains with the Minister and the Government of the day. No account is taken of public service programming on independent radio and television stations.

With the deregulation of the Irish broadcast market post-1988 RTÉ is no longer the sole public service broadcaster in Ireland. On both state owned and independent stations there are a variety of programme content types. Schedules clearly indicate that programmes classified as either public service, or non-public service, are not exclusive to any single broadcaster.

RTÉ and TG4 have detailed legislative obligations - set out most recently in the 2009 legislation - to provide

public service content including commitments for news and current affairs. Similar obligations are laid down in license contract agreements between the BAI and independent stations, and in legislation.

Specifically, under Section 39 of the Broadcasting Act 2009 independent stations are required to ensure that not less than 20% of their broadcasting time is devoted to news and current affairs content.² There are also obligations in relation to Irish language programmes, Irish culture, music and drama content and serving local communities.

In many of their franchise areas, these independent stations have become the radio station of choice for listeners.

The Joint National Listenership Research (JNLR) report in July 2015 confirmed the strong profile of independent stations in their local areas. Table 1 shows the overall position on audience share for adults over 15 years in the peak 7am to 7pm time slots. In many parts of the country more than 40% of the local adult population tunes in to their local independent station between 7am and 7pm; in several areas the majority audience share is held by a local radio station.³

Table 1: Radio Audience, 2015
[Share, all adults aged 15+]

	Weekdays, 7am-7pm
RTÉ Radio 1	21.9%
RTÉ 2FM	7.1%
RTÉ Lyric	1.9%
Today FM	7.9%
Newstalk	6.6%
Local & regional stations	54.1%

Source: JNLR, 2015

The licence fee is currently set at €160 per annum. Total licence fee revenue is shown in Table 2.

Table 2: TV Licence Fee⁴

Year	€000
2009	226.2
2010	222.4
2011	217.8
2012	215.0
2013	216.4
2014	213.3

Following the deduction of a payment fee to An Post as the collection agent, the net licence fee revenue is allocated between the RTÉ, TG4 and the Broadcasting Fund (better known as Sound & Vision) administered by the BAI.

Prior to 2003, RTE received all net licence fee income. Changes in 2003 meant 5% of the net income was allocated to support independently produced programming on public and independent broadcasters through Sound & Vision. This level was increased to 7% in 2009.

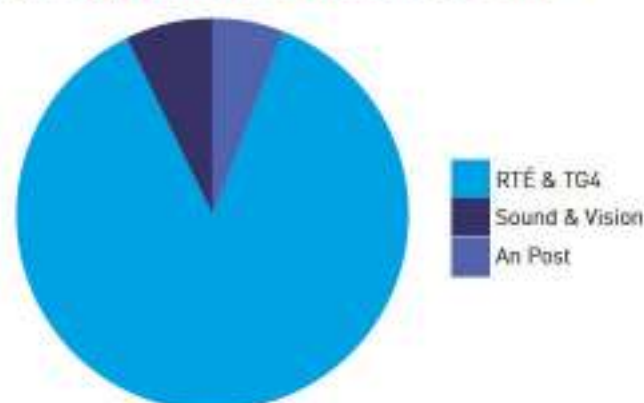
As shown in Table 3 the vast majority of licence fee income is shared between RTÉ and TG4; they receive just over 87% of the total, or €139.76 in every €160 licence fee.

Table 3: Where the licence fee goes

	Breakdown of every €160	Total allocation, €000	% of total
RTÉ	€127.84	174.9m	79.9%
TG4	€11.92	16.2m	7.4%
Sound & Vision	€10.52	14.5m	6.6%
An Post Collection Agent	€9.72	13.4m	6.1%

Source: Derived from RTÉ, Annual Report 2013, p17.

Fig. 1: TV Licence Allocation, 2013⁵



The most recent RTÉ annual report shows the station had total revenue of €328m in 2014. This figure comprised €149.6m (46%) from commercial activities and €178.6m (54%) from licence fee income.

Over several annual reports RTÉ has provided data on how licence fee monies are allocated across its various activities. Although not independently verified this information in Table 4 offers some insight into licence fee spending against the broadcaster's public service obligations.

Table 4: RTÉ's Licence Fee revenue is spent, each €160

	Breakdown of €160	% of total
RTÉ One TV	€40.04	31.5%
RTÉ Two TV	€35.62	27.9%
Radio 1	€13.28	10.4%
2FM	€4.49	3.5%
RnG	€7.70	6.0%
Lyric FM	€4.13	3.2%
Orchestras	€8.54	6.7%
Online	€4.27	3.3%
Other channels	€3.26	2.5%
Other ⁴	€6.51	5.0%

Source: Derived from RTÉ, Annual Report 2013, p17.

According to RTÉ licence fee revenue is in the first instance allocated to channels and services that have limited capacity to generate commercial revenue - RTÉ Orchestras, RnG, lyric fm, statutory provision of programming to TG4, supplementary DTT and DAB channels ('other channels'), Corporate HQ and financing costs.

The balance of the licence fee revenue - the station's 2013 annual report notes, 'is distributed between services with significant commercial revenue potential in proportion to the net cost of the public services' - RTÉ One, RTÉ Two, Radio One, 2fm and RTÉ Online.

The total allocation of licence fee revenue within RTÉ is shown in Table 5.

Table 5: RTÉ Licence Fee allocation, total spend, 2013

	€ 000
RTÉ One TV	55.6m
RTÉ Two TV	49.3m
Radio 1	18.4m
2FM	6.2m
RnG	10.6m
Lyric FM	5.7m
Orchestras	11.7m
Online	5.9m
Other channels	4.5m
HQ	7.1m
TG4 Support	7.1m
DTT related	0.3m

Source: RTÉ, Annual Report 2013, p96

2. SOUND & VISION

Section 154 of the Broadcasting Act 2009 assigned responsibility for the administration of a funding scheme to support the transmission of high quality radio and television programming produced by the independent production sector.

The Broadcasting Funding Scheme is designed to support programming based on Irish culture and heritage, among other objectives. It is currently funded by an allocation of 7% of the net television licence fee income. The funding level was increased to 7% (from 5% previously) under the 2009 legislation.

With the exception of an allocation to fund a broadcast archive scheme and BAI administration costs, the majority of monies in the Broadcasting Fund are spent through the Sound & Vision Scheme.

Essentially, Sound & Vision provides funding to independent producers to make programmes that are broadcast free-to-air on BAI-approved channels. In this regard, Sound & Vision is open to RTÉ, TG4 and the broadcasters in the independent and community sectors. Proposed programmes must have prior support of a broadcaster in order to be eligible to apply.

In a 2013 review of Sound & Vision it was noted that the scheme had:

*'played a key role in making public revenue available to all broadcasters, whether they are publicly owned or are private/purely commercial. Sound and Vision acknowledges this by making it clear that public service content is not exclusively produced by publicly-owned broadcasters.'*⁷

The second round of funding under the Broadcasting Funding Scheme - Sound and Vision II - commenced in January 2010 and ran until the end of 2014. The Scheme was intended to:⁸

*'to increase public access at national, local and community level to high-quality television and sound broadcasting programmes in English and Irish which explore the themes of Irish culture, heritage and experience, in contemporary or historic contexts.'*⁸

These objectives were derived from statutory provisions and can be summarised as: Quality, Irish Language, Additionally, Diversity, Heritage, Local and Community Broadcasting, Adult Literacy or Media Literacy, and/or Global Issues.

News and current affairs programmes are specifically excluded from receiving funding support under Sound & Vision.⁸ This exclusion means that the 20% news and current affairs requirement on independent stations - which is public service content - receives no licence fee support.

The figures in Table 6 show allocations from Sound & Vision II in 2013 and 2014, namely the final five funding rounds of the scheme in the two most recent years for which information is available.

In this period, a total of €23.7m was awarded in licence fee income to independent producers for programming on public and independent television and radio stations. In all, 586 productions received funding - 474 for radio and 112 for television.

Table 6: Sound & Vision II, 2013 and 2014

	€	% of total
RTÉ	7.4m	31.2%
TG4	5.0m	21.1%
Independent TV	8.2m	34.6%
Independent Radio	1.1m	4.6%
Community Radio & TV	2.0m	8.4%

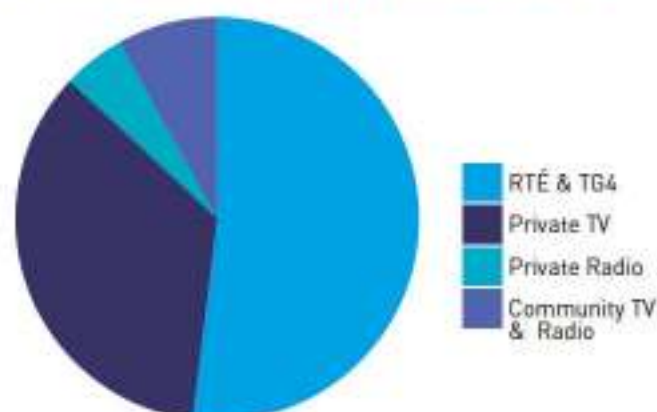
The funding is allocated independent of audience levels in the different sectors. The vast majority of awardees are independent producers although in some rounds stations themselves as applicants were awardees.

In this category, independent radio stations had 34 programmes securing funds (€213,914), RTÉ radio 12 programmes (€78,646), RTÉ television one programme (€70,000) and independent television two programmes (€703,000).

The allocations in 2013 and 2014 show that over half of the licence fee funding allocated through Sound & Vision was awarded to independent producers for programming on the two publicly owned broadcasters, RTÉ and TG4.

content transmitted by a variety of stations irrespective of ownership type.

Fig.2: Sound & Vision, 2013 & 2014



In total, for every €1 in Sound & Vision funds distributed just over fifty-two (0.52) cent went to the public broadcasters.

The balance was shared among independent and community stations - independent television received almost thirty-five (0.35) cent in every €1 allocated; just over eight (0.08) cent went to community broadcasters; and independent radio received less than five (0.05) cent in every €1 awarded.

Taking the overall allocation of the licence fee in conjunction with the Sound & Vision allocation shows that the vast majority of the monies go to RTÉ and TG4:

- 87.3% of total licence fee allocation;
- 52% of total Sound & Vision allocation.

The figures suggest that licence fee allocations are not acknowledging the changed broadcast market in Ireland as represented by licensed stations and audience preference and, more particularly, the increased diversity in programme output with public service

3. COLLECTION & EVASION

Collection

An Post administers the collection system on behalf of the Department of Communications, Energy and Natural Resources, which has overall responsibility for the management of the collection process.

While An Post had previously indicated a preference to end its involvement in collection the company has continued as the agent. The company has undertaken this work since its formation in 1984, having previously been the collection agent in its Post Office role within the Department of Posts and Telegraphs. The amount paid to An Post is calculated by reference to the volume of licence sales based on an incentivised payment structure with additional amounts payable for the achievement of defined sales targets.

Evasion

The TV licence fee has always been subject to a degree of evasion. Evasion levels in Ireland are high, and have remained stubbornly high for the last twenty years and longer. These levels have over a prolonged period remained higher than in other countries including the United Kingdom.⁹

The evasion rate has varyingly been estimated at between 12% and 15%.¹⁰ In July 2014 the then Communications Minister Pat Rabbitte described evasion as 'an ongoing scourge' when he suggested evasion levels could be higher than 15%.¹¹

The lost revenue from this level of evasion is estimated at €30m.¹²

By way of contrast, the evasion rate in the United Kingdom is put at 5.5%.¹³

Where evaders are detected, and do not subsequently purchase a licence, prosecution proceedings are commenced. The number of summonses served for non-payment of TV licences was 16,566 in 2014.¹⁴

A high proportion of summonses are returned unserved (estimated at approximately 50% in 2004). Where cases proceed to court there is a high conviction rate with fines imposed and some prison sentences. Again, based on 2004 data it would seem that very few convicted evaders purchase a licence following a court hearing.¹⁵

As noted in a Comptroller and Auditor General Report in 2004:

*'evasion both reduces the level of funding available for public service broadcasting and creates an inequity between compliant licence holders and evaders. For these reasons, it is desirable that licence fee evasion should be minimized or eliminated.'*¹⁶

Evidence shows there is considerable scope to increase total licence fee income in Ireland by bringing evasion levels down to the type of levels experienced in other countries.

Database Access

The Department of Communications, Energy and National Resources is currently preparing legislation to allow the TV licence collection agent have access to subscription data held by satellite and cable service companies such as Sky and UPC.¹⁷

The Department has taken legal advice from the Attorney General around issues of commercial confidentiality and customer privacy. It has committed to liaising with the Data Protection Commissioner to ensure the proposals meet data security requirements.

No timetable for the enactment of this legislation has been set. Having access to the names and addresses of subscribers to digital television services would undoubtedly assist in more easily identifying licence fee evaders.

Significantly, however, in order to achieve higher revenues from more vigilant detection will most likely

require more successful efforts to change the behaviour of those issued with summons or convicted before the courts.

4. BROADCASTING CHARGE

The concept of a TV licence fee has been challenged - and undermined - by changing consumption patterns driven by a new range of viewing platforms and devices. Access to 'television content' is no longer reliant on owning a television.

Under existing statutory requirements those watching 'television content' on portable devices or streaming programming online do not need to own a TV licence.

The idea of moving away from a device-specific levy to a household-based broadcasting charge, independent of the viewing device, is under consideration in many countries.

For example, the Culture, Media and Sport Committee at Westminster in a report published in February 2015 concluded that there was no long-term future in a licence fee to fund the BBC and argued for a new broadcasting levy, or possibly a degree of subscription.¹⁹

A household-based charge has the attraction of dealing with changing viewer consumption habits - driven by advances and convergence in technologies - as well as assisting in addressing evasion levels.

The Programme for Government of the Fine Gael-Labour coalition in March 2011 contained a pledge to replace the current funding system with a new Public Broadcasting Charge. The document noted:

'We will examine the role, and collection of, the TV licence fee in light of existing and project convergence of broadcasting technologies, transform the TV licence into a broadcast-based Public Broadcasting Charge applied to all households and applicable businesses, regardless of the device they use to access content and review new ways of TV licence collection, including the possibility of paying in installments through another utility bill (electricity or telecom), collection by local authorities, Revenue or new contract with An Post.'

In summary, it was envisaged that this new charge would apply to all eligible households and businesses irrespective of the device used to access content or services.

While no commitment has been made on the level of this change - or projected overall revenue - it was understood that the proposed arrangements would, at a minimum, be capable of sustaining existing funding levels.¹⁹

Earlier in 2015, the current Minister for Communications, Energy and Natural Resources Alex White announced that plans to replace the TV licence fee with a new broadcasting charge would not proceed during the lifetime of the Fine Gael-Labour government, and that its introduction was a post-2016 issue.²⁰

The Minister has spoken about the need to build public understanding and acceptance/support for the introduction of a new broadcast funding arrangement.²¹

5. FUTURE DIRECTION

Successive ministers have argued the case for a continuation of a funding model – be it the existing licence fee, or a new household broadcast charge – so as to ensure that an independent and reliable income source is available for RTÉ and TG4 to meet their legislative public service objectives particularly in the case of news and current affairs programming.²²

It is also possible to make a similar argument about the public service value of news and current affairs output on independently owned broadcast media. This issue was referenced in the Crowe Horwath report for the BAI in 2013 but without any significant analysis or discussion.

Doubts have been raised at ministerial level about modifying the allocation system to allow for greater recognition of the public service content broadcast on independent stations, in particular for fear of weakening the public broadcaster sector.²³

Yet, as we have seen, scope does exist to increase overall revenue from the licence fee to benefit both public and independent sector, (without an increase in the current annual €160 fee). First, through reduced evasion with access to digital service subscriber databases. Second, by introducing a commercial licence fee.

In the context of an overall increase in revenue scope would be available to distribute additional monies to both the public and independent sectors.

In this context, arguments about a ‘zero sum game’ – that there will be fewer resources for public broadcasters if public service content on independent broadcasters is funded to a greater extent – do not apply.

The current Minister for Communications in May 2015 acknowledged the need for ‘a considerable debate’ around this issue.²⁴

In the context of the financial difficulties and challenges faced by both public and independent broadcasters – driven by the post-2008 economic crisis but also by ongoing changes in the media advertising market – it would seem that considerable scope exists to support public service programming on all licensed stations irrespective of the ownership type of those stations.

With the possible introduction of a new broadcasting charge there needs to be more debate and clarity about what constitutes public service broadcasting in Ireland. In this regard, in the Irish radio and television market today it is very difficult to sustain the argument that only state owned stations produce and broadcast public service programming.

The Irish market is now defined by mixed output – public service content and non-public service content – on a variety of different state owned and independent stations.

The case for increasing funding for independent stations would seem to be strongest in respect of their mandatory 20% news and current affairs programming.

This argument is especially important in ensuring the Irish public has access to a strong and vibrant alternative information source of broadcast news, and outlets for its transmission, beyond that gathered and provided by RTÉ and TG4.

A diversity of news sources is good for a functioning democracy. In that regard, enhancing the quality and ensuring the viability of news and current affairs programming on independent stations should be an important public policy objective. The real winners from such a process would be the Irish public.

6. CONCLUSION

1. Ireland now has a variety of stations producing and transmitting programming that can be classified as public service content.
2. The vast majority of monies from the TV licence fee - 87% - are allocated to RTÉ and TG4. These two stations are also the main recipients from the Sound & Vision Scheme - receiving over 50% of funding awarded in 2013 and 2014.
3. TV Licence evasion levels remain stubbornly high in Ireland. Obtaining access to the subscriber details of satellite and cable services will assist in identifying evaders but prevailing attitudes to summons and convictions will also need to be tackled.
4. Changing viewing habits will continue to undermine the licence fee model.
5. The proposed Broadcasting Charge will not replace the licence fee until 2017 at the earliest. The introduction of a new commercial TV license/broadcast charge should see overall revenues increase.
6. With increased monies - from less evasion and a new commercial fee - it should be possible to enhance public service content on both public and independent stations to benefit the audience in Ireland.
7. The case for funding public service content on independent stations is strongest in respect of their news and current affairs programming.
8. Minister White's call for a debate about funding public service broadcasting should proceed even in the absence of immediate movement on new funding models.

AUTHOR

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References

- 1 Parliamentary Question [28557/13], 13 June 2013.
- 2 If the service is provided for more than 12 hours in a single day, stations must ensure that two hours between 07.00 and 19.00 hours are devoted to news and current affairs content. The BAI may approve a derogation from these conditions if it is satisfied that such an opt-out would benefit listeners of the service. A request is generally set out in a licence application.
- 3 Joint National Listenership Report, Ipsos MRBI, July 2015.
- 4 Data for 2009-2013, Parliamentary Question [29979/14] 9 July 2014; data for 2014, Parliamentary Question [1894/15] 15 January 2015.
- 5 Includes licence fee allocation and RTÉ programme support.
- 6 Includes spending on governance and financing, BAI levy and DTT related costs, RTÉ Annual Report, 2013.
- 7 Crowe Horwath, Final Report to BAI in respect of a Statutory Review of the Sound and Vision II Scheme, 10 June 2013, p71.
- 8 The latest version of the Broadcasting Funding Scheme - Sound & Vision III - commenced in February 2015 with a commitment to allocate in the region of €24m to television and radio programming over a two-year period.
- 9 See Comptroller and Auditor General, Television Licence Fee Collection, January 2004(p9); RTÉ Annual Report 2013 (p13).
- 10 The 12% evasion rate was referenced in the C&AG Report, again in media reports in December 2010 and, most recently, when Minister Pat Rabbitte mentioned a 15% evasion rate in the Dáil on 18 January 2012.
- 11 'Cabinet approves measures for TV licence crackdown', Irish Times 8 July 2014.
- 12 RTÉ Annual Report 2014, p9.
- 13 House of Commons Culture Media and Sport Committee, Future of the BBC, 10 February 2015, p71.
- 14 Parliamentary Question, [1895/15], 15 January 2015.
- 15 Comptroller and Auditor General, p9.
- 16 Comptroller and Auditor General, p16.
- 17 Parliamentary Question [22943/15], 16 June 2015.
- 18 See House of Commons, 2015.
- 19 Parliamentary Question [28234/15], 14 July 2015.
- 20 See Minister Alex White, Dáil Debates, 11 February 2015.
- 21 Parliamentary Question [22939/15], 16 June 2015.
- 22 See, for example, Minister Alex White, Dáil Debates, 19 May 2015.
- 23 The current distribution system for TV licence fee income was introduced following state aid clearance from the European Commission. It has been noted that any modification of the current arrangements might require similar approval. See Minister Pat Rabbitte, Dáil Debates, 26 February 2013.
- 24 See Minister Alex White, Dáil Debates, 19 May 2015.

Independent Broadcasters of Ireland

Sound and Vision

A New Perspective



January
2015

Executive Summary

The document outlines the difficulties experienced by the independent radio stations with the Sound and Vision Scheme as currently implemented. It also outlines specific areas which are problematic and provide an unnecessarily heavy administrative burden for applicants to the scheme.

Finally the document will outline the recommendations for a new scheme which would ensure that the Sound and Vision Fund is suitable and applicable for the broadcasters it is intended to serve, easily administered by the regulator and most importantly providing the listening and viewing public with high quality programmes that they are interested in. (at competitive rate of subvention)

The Sound and Vision II Scheme provides funding to support broadcasters in the production of programmes. It is funded by the Broadcasting Funding Scheme which in turn is funded from 7% of the television licence fee. Until recently the European Commission was required to approve the Scheme under Article 107(3)(d) of the TFEU (Treaty on the Functioning of the European Union). The requirement for European sign off has ended and the Irish Government is now required to sign off on any new version of the Sound and Vision scheme. This allows the opportunity for changes to be made to the Scheme without the time consuming efforts involved in European Commission approval. It is on this basis that the IBI presents the following document.

Introduction

In an attempt to provide an inclusive look at the Sound and Vision Scheme, this paper will focus on the following areas:

1. The Current Sound and Vision Scheme:
2. Recommendations for the development of a new Sound and Vision Fund.

A programming fund was officially announced by then Minister for Communications, Dermot Ahern in May 2003. The launch of the Scheme was the culmination of many years work, in which the members of the IBI were instrumental in lobbying for the introduction of such a scheme. The aim of the Scheme was to ensure that independent broadcasters were in a position to provide high quality programming, which could otherwise not be produced due to a lack of available financial resources.

The programming funding scheme was hailed at the time as a vehicle which would allow independent radio broadcasters to compete on a more level platform with RTÉ. It was expected that it would give programme makers within the independent broadcasting sector the opportunity to expand the range and type of programming they could produce without causing undue financial and operational burdens to the management and owners of the stations. The ultimate beneficiary would be the audience who would be provided with a choice of high quality programming from their local, regional, or national broadcasters regardless of whether they were state owned or independent.

Unfortunately, as we fast forward ten years from the initial announcement the high hopes that were held for the Fund have been well and truly dashed. The reality is a scheme that is too restrictive in its application, too onerous in its execution and that does not work for independent radio broadcasters.

1. The Current Sound and Vision Funding Scheme

To date, Sound and Vision has been hampered by a requirement for both broadcasters and regulator to work within the confines of the legislation as passed by the Houses of the Oireachtas. In addition European rules and restrictions especially on state aid and the requirement for European approval before the introduction of a Scheme have resulted in a more rigid restrictive Scheme that would be beneficial.

The current Sound and Vision Funding Scheme is fundamentally flawed and there are very few independent commercial radio stations who still apply for Sound and Vision Funding. The BAI when outlining its strategic approach and the resulting priorities for implementing Sound and Vision stated the importance of three areas.

- i. Establish structures that focus on the primary objectives of Sound and Vision II and ensure the effective distribution of funding;
- ii. Build strong links and establish mechanisms for dialogue with the broadcasting sector and with other public sector agencies in order to gauge trends in broadcasting and in relevant programme areas, and inform such decisions as the scheduling of rounds;
- iii. Maintain flexibility within the structures of Sound and Vision II to ensure the efficient administration and management of the scheme in order to respond effectively to the needs of the broadcasting sector and to ensure that the objectives of the scheme are realised.

Examining each of the priorities shows some of the fundamental flaws of the Scheme. The first priority stated is a focus on the primary objectives of Sound and Vision and ensuring the effective distribution of funding. There is distortion in the distribution of funding under the current scheme.

The majority of the fund is allocated to three separate groups.

1. State owned broadcasters:

Already in receipt of public funds to support a wide range of programming, they do not have the threat of programming not being made due to financial viability concerns. In 2012 the amount distributed to the State Broadcasters was €11,120,758 or 59% of the total fund. The state broadcaster already receives 93% of the licence fee directly and also maintains a dominant position in the broadcast advertising market. One would have to question the point of diverting licence fee away from the state broadcasters only for it to be funnelled back to them via a separate broadcasting funding scheme?

2. Television Broadcasters

The higher production costs associated with television programmes are used as a justification for a very uneven split in funding between radio and television. Once again using 2012 as a yardstick, the amount distributed to independent TV broadcasters from Sound and Vision was €5,182,374 or 27.5% of the total. Included in this sum are €1,416,000 paid for programmes broadcast on Setanta Sports Ireland, €450,000 paid for a programme to be broadcast on BBC2 and €256,000 was paid for programmes to be broadcast on UTV and BBC NI a point to which we shall return later in the document.

3. Community Radio

The third group is community radio where as opposed to Sound and Vision Fund being viewed as a method to increase the amount of high quality programmes produced by the sector, the Scheme is actually viewed as the main source of income for the sector. In 2012 Community Radio was allocated €1,365,071 or 7.25% of the total.

The concentration of the large bulk of the available funds going to these three groups shows that the BAI is not ensuring the effective distribution of funding.

The second priority is building strong links and opportunity for dialogue with the broadcasting sector to gauge trends in broadcasting and programming and inform decisions. From an IBI point of view, all discussions on the Sound and Vision Funding Scheme between the IBI and the BAI were instigated by the IBI and no changes were made to the scheme despite the complaints and recommendations made by the independent radio sector. Despite the obvious trend which has emerged whereby there is a distinct lack of independent commercial radio stations applying for funding under the scheme, no attempt was made by the BAI to understand why this was happening or to find solutions to reverse the trend.

The third priority is to maintain flexibility within the structures of Sound and Vision, for efficient administration and management and to respond effectively to the needs of the broadcasting sector and ensure that the objectives of the scheme are realised. There has never been flexibility within the structures of the Sound and Vision fund and nowhere is the lack of efficient administration and management and its failure to respond to the needs of broadcasters more evident than in the application process. The time delay in getting feedback on failed applications which ensured that broadcasters are too late in resubmitting an application for the next round and the level of detail required for each application despite the fact that the BAI already regulates and monitors applicants and has a lot of this information at their disposal and the requirement to resubmit the same information with each and every application form are just three examples of this.

There are also a number of fundamental and specific problems with the Sound and Vision Funding Scheme.

a. Flexibility

There are two particular areas which are a source of annoyance when talking about flexibility;

1. The level of detail required for applications to the Sound and Vision Fund;

The high levels of detail and the comprehensive treatment required for applications to the Sound and Vision Fund presents a few drawbacks to applicants.

- a. It is a huge disincentive to applicants due to the uncertainty as to whether the resources allocated to the application will pay off in approval of funding;
- b. It creates problems for the programme team when changes occur which are outside of the control of the team e.g. interviewees are not available or team members are sick and cannot complete the task at the allotted time;
- c. It works against the making of high quality programming as new material or additional interviewees cannot be added easily as opportunities arise or as circumstances change during production.
- d. Budgets and in particular the unnecessarily level of detail required

Minor changes occurring in budgets such as less being spent travel costs can result in endless correspondence attempting to explain differences in amounts which can be as small as €50. This is even more aggravating for radio stations when it is the broadcaster and not the Sound and Vision Fund which is making up the difference.

b. Planning

It is very difficult for radio stations to plan programming with the long lead times for Sound and Vision. Radio stations react to what is happening on a daily and even hourly basis. Given this fact, attempting to plan for a programme or series of programmes nine months in advance is nearly impossible. The timings associated with the Sound and Vision Fund is more suited to television planning and television schedules than radio.

c. Timing of Application Rounds and Feedback

Many applications are being rejected for minor reasons but it is often impossible to resubmit the application in the following round as the turnaround time is too tight between decisions on the previous round and application deadlines on the following round. IBI members have also had the experience of applications being rejected for one or more specific reasons but when resubmitted with these reasons addressed, being rejected again for different reasons.

d. Auditing

In spite of a commitment by the BAI to move to a single audit covering a block of programmes, programme makers are still obliged to independently audit every single project individually even in cases when the Sound and Vision Fund has awarded one single programme a grant as small as €2,000. The auditing system takes no account of the fact that some applicants are independent radio stations who are licensed and regulated by the BAI with fully qualified internal financial staff.

e. Programme Types

The Sound and Vision Fund does not entertain the idea of providing funding for long running series of programmes preferring to fund one-off programmes and shorter series. Efforts have been made by the IBI to address this problem but whether through a lack of communication, lack of understanding or a lack of will the ability to win funding for long running programme series never saw the light of day.

Recommendations for the development of a new Sound and Vision Fund

The current Sound and Vision Funding Scheme is not fit for the purpose intended. When the Sound and Vision scheme was originally drafted there was little or no consideration given to the implementation of the scheme by broadcasters especially those who work in radio. This can be clearly seen in Appendix A which was submitted by the independent radio sector as part of the consultation process for the original scheme. Despite the considerations, concerns and recommendations of the broadcasters who would ultimately be utilising and implementing the Scheme being submitted to the regulator, no real consideration was given to the submission and none of the concerns were addressed. The result is that an unworkable scheme was introduced and the problems which were anticipated have come to fruition.

Radio broadcasting by its very nature is predominantly live programming, is extremely flexible in its programme topics and is topical in its focus and its output. None of these characteristics were considered in the scheme and the result is a scheme that is not appropriate to the programming which is produced by every independent radio station for in excess of 18 hours each day, seven days each week, 52 weeks each year. By omitting to take this fast moving and ever changing environment into consideration the Sound and Vision scheme is largely unworkable and unusable by many independent radio stations.

A new scheme needs to be developed that can achieve the scheme's stated objective of assisting radio broadcasters to produce additional high quality programming. The scheme should also ensure that there is a value for money element to the subvention made by ensuring it's allocated on a competitive basis and that programming made by scheme is brought to the maximum audience available. In particular the scheme must facilitate the short lead time involved between germination of an idea and the making and broadcast of the resulting content. It must be able to facilitate on an ongoing basis, numerous, high quality, short topical segments.

To achieve this, the Authority's mindset, (that control of commissioning every single item that the scheme assists rests with it), has to change. This present approach is appropriate for large or untypical project based productions but restrictive, intimidating and highly bureaucratic for typical small pieces which would be the norm on independent radio.

Instead the Authority must introduce a competitive tendering process where radio stations will submit tenders for the production and broadcast of material. These tenders can be done on a quarterly, half yearly or annual basis. The tenders will outline in broad terms what type of programmes will be made and the average cost per hour of producing the material. Broadcasters will claim the funds available by submitting relevant material on a monthly basis which will be subject to assessment by the Authority.

It has been argued that by not thoroughly assessing applications before they are broadcast the Authority risks implicitly allowing broadcasters to produce material which might be outside the boundaries of the scheme. There is some validity to this argument but the following counterarguments go a long way to eliminating such a risk.

- a. Content produced under this scheme is produced by professional radio stations that hold licences awarded by the Authority. The majority have operated in radio for a substantial period of time and have an excellent working knowledge of the Broadcasting Fund and the parameters in which it operates.
- b. By assessing and approving material on regular basis any inconsistencies between the Regulator and the Broadcaster will soon be ironed out.
- c. The scheme's terms and conditions will clearly state that the Regulator's decision is final and that broadcasters submitting material must ensure it complies with the Scheme's parameters.

The definition of television broadcasters who can apply for funding reads as follows:

Television: must be on a free television service, as defined in Section 153 of the Broadcasting Act 2009 ("free television service" ,means a television broadcasting service for the reception of which no charge is made by the person providing the service and reception of which is available to at least 90 percent of the population of the State) , which provides near universal coverage in the State, or on an appropriate network provider, as defined in Section 77(1) of the Broadcasting Act 2009 (...."appropriate network" means an electronic communications network provided by a person {"appropriate network provider} which is used for the distribution of or transmission of broadcasting services to the public), or MMD system as part of a community content provision contract under Section 72 of the Broadcasting Act 2009.

The provision of funding to television stations such as the BBC and UTV should not be permitted to continue.

1. Neither station is a free television service in the Republic of Ireland. Even with its availability on paid for television platforms it is highly unlikely that 90% of the population has access to both stations;
2. Given that neither channel is freely available to the majority of the Irish audience means that the Sound and Vision funded programmes broadcast by both UTV and BBC do not add to diversity, which is one of the main aims of the fund;
3. The financial position of both of these television stations is much healthier than any of the broadcasters in the Republic of Ireland who are competing against them for funding. This is especially true of the BBC who, similar to RTÉ is in receipt of significant amounts of monies through the television licence fee. The ability to accept television licence fee monies and also compete for additional television licence fee monies from another jurisdiction is puts the BBC in a position that many broadcasters in the Republic of Ireland find infuriating, exasperating and annoying.

During debates on the Broadcasting (Funding) Bill 2003 in the Houses of the Oireachtas many valid points were put to the Minister for Communications and his Departmental officials flagging potential problems which might arise with the new Broadcasting Funding Scheme. Comments on RTE's use of the fund included *"There is hardly much point in passing an Act of the Oireachtas and setting up an elaborate scheme, if it only results in RTE getting back the 5% of the licence fee that was taken away from it. There will be no problem in getting RTE to apply for the funding. The main problem is to prevent it from drawing on the fund to make programmes it should make"*. Other suggestions included the possibility of ring-fencing portions of the fund to ensure adequate funding for programmes from all of the various broadcasters be they national or local, state-funded commercial or community.

Vital Elements of the New Sound and Vision Broadcasting Funding Scheme

1. Introduce fairness to the allocation of Sound and Vision Funding

i. Funding of State Funding Broadcasters

The original intention of the Sound and Vision Funding Scheme was to produce high quality programming for the Irish audience. In essence, it was to allow independent broadcasters to compete on a more equal footing with RTE, who through the use of licence monies could make higher quality programming than their competitors. In reality what has actually happened is exactly what was suggested in the Oireachtas Debates of 2003 – RTE has succeeded in retaining the majority of the funding allocated to Sound and Vision, either directly through its own applications or indirectly through broadcasting programmes produced by independent production companies. This cannot be allowed to continue. One of the main objectives of the Sound and Vision Scheme is to develop local and community broadcasting through support for the production of programmes by this sector. By handing much of the funding back to RTE, the Sound and Vision Fund cannot expect to fulfil its objective of developing local and community broadcasting.

ii. BBC/UTV

While fully recognising that this scheme cannot be closed to broadcasters from outside the state, additional attention has to be paid to the fact that significant funding is being allocated to broadcasters whose programmes cannot be accessed through free view by the majority of the Irish audience. This does not add to the diversity promised by the Scheme for the Irish audiences. In addition allocating funding to broadcasters such as UTV or BBC results in less funding available for broadcasters operating within the BAI's jurisdiction who apply for funding. Lastly, as already mentioned the BBC is in receipt of licence fee funding and as a result programmes for which it is applying for Sound and Vision Funding are likely to be made whether Sound and Vision funding is approved or not as they have access to funding from other sources and are not solely reliant on Sound and Vision.

iii. Pay Television Channels

Television channels who charge a subscription fee for access to their programme should not be able to avail of Sound and Vision Funding. Again, this goes back to the provision stating that programmes funded through Sound and Vision should be on a television channel for "the reception of which no charge is made by the person providing the service and reception of which is available to at least 90 percent of the population of the State". Subscription services do not fall under that description and should be explicitly excluded from the Sound and Vision fund.

2. Ring Fence specific amounts for various sectors

The suggestion to ring fence specific amounts of money for the various sectors within the broadcasting industry in Ireland was suggested in the Houses of the Oireachtas and having witnessed 10 years of the administration of the Sound and Vision Funding it would appear that the suggestion is not without merit. An average of the amounts of money distributed to each sector since the beginning of the Scheme is a good indication of the percentage of the overall fund that would be allocated for each sector. Such a move would give certainty to each sector about the amount of the fund that is available to them and this would encourage more applications from each sector due to the increased chance that funding would be approved. Ring fencing would also assist the BAI in ensuring that it was developing both local and community sectors by ensuring a set amount of money be available for them each year.

3. Improve the Application Process

i. Allow for the funding of long term programme projects

As mentioned earlier in the document radio broadcasting predominantly live programming is extremely flexible in its programme topics and is topical in its focus and its output. The Scheme as currently constituted does not take this live environment into account. In addition, radio audiences tune in to hear specific programmes broadcast at specific times and replacing one of those programmes with a Sound and Vision programme in order to comply with the requirement to broadcast funded programmes at peak broadcasting times would not please the regular audience. Lastly, in order to broadcast a Sound and Vision funded programme another DJ/presenter has to be taken off the air, but the radio station is still required to pay the presenter. This increases the cost of the Sound and Vision programme. Taking all of these into account it is not difficult to see why the number of applications from independent radio stations is falling each year. The acceptance of applications for long term programmes should be introduced. The BAI needs to work with the independent radio stations to develop a scheme that suits the medium. Failure to do so will result in Sound and Vision remaining largely unworkable and unusable by many independent radio stations.

ii. Allow for the recouping of monies from re-selling

Sound and Vision has over the years funded films, television programmes, animations to name but a few that have in turn been sold to other countries and other broadcasters. The monies collected from the sale of these programmes have gone straight to the bottom line of the production company or the broadcaster who made the programme. Despite contributing to the finances which allowed the programme to be made the BAI was not in a position to recoup some of its investment. Such a simple act would allow for more funding to flow back into the Sound and Vision Scheme and in turn fund more programmes.

ii. Simplify the Application Process

As already highlighted, the lack of flexibility, the difficulties with timing of rounds and applications dates, difficulty with feedback on unsuccessful applications and the amount of administration required to make an application to the Sound and Vision is one of the reasons why the amount of independent radio stations who are applying for funding is dropping.

There are many ways which the application process could be made less onerous and small changes would make the application process much easier on broadcasters.

Programmes

i. Support speech programming

The restrictions regarding programming types which are outlined in the Sound and Vision Document are unnecessary. While it is laudable to try to increase the amount of programmes which fall under heritage, history, Irish language the reality is that the final heading of “Irish experience, both historical and contemporary” covers everything. There are very few programme topics that cannot be included under Irish experience. To this end the IBI suggests the removal of the following section which is highlighted in red:

Section 154(1) of the Broadcasting Act 2009 assigned responsibility to the Broadcasting Authority of Ireland (“the BAI”), to prepare and submit to the Minister for his or her approval a scheme or number of schemes for the funding of grants to support all or any of the following:

(a) New television or sound broadcasting programmes including feature films, animation and drama on Irish culture, heritage and experience, including-

- (i) History (including history relating to particular areas, groups or aspects of experience, activity or influence);
- (ii) Historical buildings;
- (iii) The natural environment;
- (iv) Folk, rural and vernacular heritage;
- (v) Traditional and contemporary arts;
- (vi) The Irish language;
- (vii) The Irish experience in European and international contexts;

(b) New television or sound broadcasting programmes to improve adult or media literacy;

(c) New television or sound broadcasting programmes which raise public awareness and understanding of global issues impacting on the State and countries other than the State;

and,

(d) Programmes under paragraphs (a), (b) and (c) in the Irish language.

and replacing it with the following:

Section 154(1) of the Broadcasting Act 2009 assigned responsibility to the Broadcasting Authority of Ireland (“the BAI”), to prepare and submit to the Minister for his or her approval a scheme or number of schemes for the funding of grants to support all or any of the following new television or sound broadcasting speech programmes in either the English or Irish language.

ii. Include the potential audience in the allocation of funding

During the Oireachtas debates on the Broadcasting (Funding) Scheme 2003 then Minister for Communications Dermot Ahern said that “*The Government decision to introduce the*

broadcasting fund was.....a clear indication of the Government's resolve that the people of Ireland should continue to be guaranteed a minimum level of high quality programming that is of interest and relevance to an Irish audience“.

The IBI believes that the focus on the audience has been ignored by the BAI and the Sound and Vision assessors when allocating funding for programmes and this needs to be addressed. Audience access to the programmes funded needs to be given a greater priority in the assessment process. This includes the potential size of the audience, the size of the population within the broadcasters franchise area, the proposed broadcasting time, the availability of the broadcaster to the audience within its franchise area to name but a few. The Irish audience is not being well served when large amounts of funding is allocated to subscription television services, to broadcasters broadcasting outside of the State or to broadcasters who broadcast programmes that no-one is watching or listening to.

iii. Give priority to the funding of programmes that do not have another funding source

During the course of the past 10 years the increase in the number of programmes funded through Sound and Vision funding who have access to and have been allocated funding from other sources has increased. Such sources vary from cross border funds, community grants, film investors and even television licence fees! This has become a thorn in the side of many radio broadcasters in particular who do not have access to other such funding sources. Additional weighting has to be given to programmes that are fully reliant on the Sound and Vision fund to make their programme and to broadcasters and / or independent producers who do not have access to other sources of funding.

Conclusion

The independent radio broadcasting sector in Ireland is delivering an important public service to its audience. Independent radio stations impact on people's lives in every part of Ireland on a daily basis. They are the main source of news, the main resource for local and community groups and organisations and a source of companionship and entertainment. The audience is the main priority and is never taken for granted. The staffs in every station strive to ensure that the highest standard of broadcasting is always provided for the audience members.

Sound and Vision should enhance the programming output of independent radio stations. It should encourage the staff of the radio stations to make better programmes, to explore areas of interest to the listener and ensure that such programmes get made and broadcast. Unfortunately since the Sound and Vision Scheme was launched it has created and fostered frustration, disillusionment and anger amongst radio stations and this ultimately has led to radio stations not submitting applications to the Scheme.

The BAI must radically overhaul the scheme so that every deserving broadcaster can have the opportunity to avail of funding and in turn produce high quality programming. The legacy of Sound and Vision should be building a capacity of programming and improving standards of broadcasting. In its current guise this will never be achieved.

Above all the BAI must realise that it cannot devise and implement a successful scheme for broadcasters without the giving serious consideration to the opinions and recommendations of the broadcasters. Proper consultation with the broadcasting sector is necessary if the BAI wishes to develop a successful Sound and Vision Broadcasting Funding Scheme. Consultation by its very definition is an exchange of opinions, a discussion with experts aimed at obtaining advice and ascertaining opinions to reach an agreement. From the very beginning of this process 10 years ago, it is clear that there was no attempt or intention to address the recommendations proposed by the radio broadcasters. The opinion, recommendations and shortcomings of the proposed scheme as outlined by broadcasters should have been of paramount importance to the BAI. If the original Sound and Vision Scheme had reflected and addressed the opinions, advice and recommendations of broadcasters as a first step it would have allowed for the development of a strong Sound and Vision Scheme which was fit for purpose, highly respected and utilised which would have been for the benefit of both the broadcasting sector and the audiences that it serves.

The IBI remains, as always, available to discuss the contents of this submission in any detail that may be required.

Appendix A – Original Submission to Consultation on Broadcasting Funding Scheme

Introduction

We are delighted to see that the Government has recognised the very substantial amount of public service broadcasting carried out in particular by the independent local radio sector but also by the independent broadcasting sector in total. We believe that if the Fund is properly regulated it will play a significant role in improving both the volume and the quality of public service broadcasting in Ireland.

We consider that the role of BCI as administrator and regulator of the fund is appropriate. We believe that all sectors who could benefit under the scheme should be clearly identified with separate schemes for each sector. As all programmes must be broadcast by eligible broadcasters we see little point in the Commission dealing with parties other than those identified broadcasters. If an independent producer wishes to avail of the scheme he/she should make arrangements with a broadcaster to apply for funding on their behalf. We also believe that as RTE have access to the remaining 95% of licence fee income, funding from this scheme for programmes which are broadcast on RTE should only be given in exceptional circumstances. This might occur when it can be demonstrated that it would be inappropriate, for whatever reasons, to fund such programmes from the general licence fee fund.

We thoroughly disagree with the manner in which the Commission are intending to administer this fund. By not pre-assigning budgets to particular operators it appears similar to the methods used in the New Adventures Process in that individual programme ideas are submitted and a decision is taken on whether to fund or not. This is a perfectly effective method for New Adventures which has a modest fund available. This fund is accumulating at a rate of €8m per annum. Its purpose should be to substantially increase the level and quality of public service broadcasting and not be to operate as a peripheral scheme on a project by project basis. For instance, if the average funding per project was €30k then there would be 266 projects to fund from less than forty broadcasters. There would be little continuity or stability for station managers. Project based incentives are generally not suitable to radio stations as radio schedules tend to be fixed and repetitive. In general the Commission needs to focus on outputs rather than inputs.

We would recommend the following process takes place on a yearly or two- yearly basis:

1. Determine the amount of funding to be made available.

This presumably is a straight forward exercise in that the amount of funding available is the total fund less the estimated costs of administering same.

2. Decide upon the sectors to which the funding will be allocated.

The major sectors are TV and Radio. These need to be further analysed into smaller groupings including

TV3

RTÉ TV

Other TV Operators

RTÉ Radio

Today FM 13

Local & Regional Radio Stations
Community & Community of Interest Stations
Others

3. Determine the amount of funding that should be made available to each sector

This is a more difficult issue to resolve but a formula based upon various factors including audience, number of operators in each sector, relevant costs of production, etc. should be used.

While this may be difficult to determine at the early stages it should settle down after the first year or so.

4. Determine for each sector a cost of production tariff per hours output.

Obviously this will vary for each sector but it will be the marker or currency by which funding is made available.

5. Provide an indication of the amount of funding available to each operator subject to them fulfilling the Fund conditions.

By dividing this amount by the rate determined at point number 4 above, the number of hours output per annum can be determined. It should be explained to operators that funding is allocated on a 'use it or lose it' basis.

6. Drawdown of Funding

Three times per annum stations submit to the Regulator details of programming eligible for funding under the scheme together with copies of output and certification of broadcast.

Submissions are examined and (listened to if considered necessary) by the Regulator and rated as satisfactory output or otherwise in accordance with the conditions of the scheme. Funds are then paid to the operator on all satisfactory output.

There are significant advantages to both the regulator and the broadcaster from this approach.

1. Advantages to the Regulator

a. Simplicity – unlike the project by project basis the Regulator is only involved in the assessment of output. It is not involved in determining what projects should qualify or should not qualify and consequently avoids inter sector/operator disputes and discretionary decision making.

b. Avoids substantial bureaucracy – if the regulator has to approve every single project in advance then the scheme will be a bureaucratic nightmare for all involved. The regulator should not get involved in discretionary evaluations for determining quotas for genres, themes, types of programming etc. This should be the responsibility of the operators who are best placed to determine what is best for their audiences.

c. By developing a cost of production tariff for each sector all operators are then given the same treatment thus avoiding issues such as favouritism shown to one project as distinct from another. In addition the Regulator can also manipulate the tariff to tweak the level of support it actually will provide to a sector. E.g. the actual cost of production might be determined as €630 per hour for a sector but the rate provided might be 80% of this meaning that the operator would have to subscribe 20% of the cost of production.

2. Advantages to the Operator

a. Certainty – The key advantage is that each year/period operators have an indicative amount available for their use. This allows them to plan resources on an ongoing basis rather than on a short term project basis.

b. Flexibility - Operators have substantially more flexibility in determining the programmes to be produced as they do not have to be approved in advance. A faster and simpler decision making process will maximise the diversity and number of programmes that can be made.

Conclusion

This fund is a tremendously exciting development for the independent broadcasting sector and it is important that the Regulator does not smother the initiative by introducing excessive bureaucracy and rules. The tenor of the Consultation Document suggests that the scheme will be regulated with a very heavy hand and that funding will be handed out in a very discretionary manner. The Commission would be well advised to start the scheme in a very simplified structure and tweak it on an ongoing basis when considered necessary. Attempting to regulate for every single issue before the scheme commences could be a recipe for disaster.

We would strongly recommend that the Commission carries out research on costs of production and on the level of funding that should be made available to each sector. Thereafter representatives from each sector should be brought together for discussions and agreement on the levels of available funding. Once this is done the scheme should be introduced without delay as funding will have been accruing for over twelve months at that time.
