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ar son na hAeráide & Comhshaoil**
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Mr Pauric Travers
Chairperson
Broadcasting Authority of Ireland
2-5 Warrington Place
D02 XP29

Re: 2016 Annual Review Public Service Broadcasters

Dear Chairman

I refer to the report submitted in relation to the above by the Broadcasting Authority of Ireland in accordance with Section 124(4) of the Broadcasting Act 2009.

Firstly, I wish to acknowledge the significant work undertaken by the Authority in delivering the annual review of funding and for the comprehensive and detailed report produced in respect of 2016.

I note your observations that both PSB's performed well against their commitments set out in their annual statements of performance commitments. I wish to acknowledge this performance by RTÉ and TG4, especially considering the very competitive environment within which they are currently operating.

2016 was an extraordinary year for PSB's programming owing to coverage of the 1916 Centenary celebrations, Irish and US General Elections, European Football Championships and the Olympics in addition to regular programming commitments. While both RTÉ and TG4 were granted additional funding to meet the costs of covering the Centenary, there was still a financial impact. However, I note that the consultants acknowledge the positive impact of this coverage on audience numbers and commercial revenues.

TG4

I am pleased to see an increase in TG4's audience share for 2016. While this has halted the decline reported in the previous two Annual Reviews, there was a continuous gradual erosion of audience weekly reach since 2013. In addition, TG4 did not achieve the significant target set for daily reach for younger people. I concur with the consultants' views regarding the difficulties faced by TG4 in an increasingly competitive market. The continued decline in audience reach is a significant issue and should be monitored closely in future reviews.

Fáiltítear roimh comhfhreagras i nGaeilge

I was pleased to note that TG4 delivered on all targets set for 2016 relating to the promotion and development of the Irish language, including those which continue to support the implementation of the 20 Year Strategy for the Irish Language (2010-2030). Another high point is that TG4, in association with NUIG, developed an educational portal aimed at Leaving Cert students studying for oral exams which has been live since October 2017.

I am pleased that TG4 achieved all targets for 2016 relating to their corporate governance requirements. I also note that TG4 planned for the adoption and implementation of the revised Code of Practice for the Governance of State Bodies.

In general, TG4 achieved or substantially achieved the 17 commitments set for 2016 and met its public service objectives under the Broadcasting Act 2009. I welcome the Authority's intention to work with the broadcasters following the consultants' concerns over the large number of commitments set out in both PSB's Annual Statements of Performance.

I welcome the fact that TG4 recorded a strong performance in terms of commercial revenue in 2016 with an increase of 13% through advertising and sponsorship. There is a requirement in the Broadcasting Act 2009 to maximise revenues and operate in an efficient manner. I note the consultants' view that TG4 is maximising its commercial revenue.

RTÉ

Following the 2015 review, I expressed my concerns over the decline in the public perception of trustworthiness of RTÉ and that this issue should be closely monitored in future reviews. It was estimated in 2015 that 56% of the population perceived RTÉ to represent value for money compared to its committed target of 58%. This figure has now fallen to 53% in 2016 and while this is still within the margin of error, I am concerned that this has not improved. However, I was pleased to see that the public's perception of fairness and impartiality has increased in 2016.

A particular target for RTÉ in 2016 related to the appointment of a Fair Trading Officer and publication of a Fair Trading Policy. I was pleased to see RTÉ met this target and note the consultants consider this to be positive progress. The Fair Trading Officer has been actively involved in disseminating information regarding fair trading across all levels of RTÉ and ensuring organisation-wide compliance with fair trading practices.

In relation to its Irish Language commitments, I welcome the fact that that RTÉ achieved the required targets and that RTÉ 1 exceeded the number of hours projected for Irish language content broadcast in 2016. The launch of the Irish language radio station app "Seinnteoir Raidió" in 2016 and the establishment of further initiatives such as the archiving service with NUIG and media training for transition year students are all positive steps which must be acknowledged.

I note the substantial income deficit operated by RTÉ for 2016 and the plans to address this through staff redundancies and the amalgamation of services in order to enhance efficiencies.

Regarding the recent land sale by RTÉ which raised a gross €107.5m, I note the consultants consider this to be a positive development in order for RTÉ to contribute to capital investment, facilitate organisational restructuring and pay down debt. I also agree with this course of action and I will ensure that my Department continues to engage with RTÉ to ensure this plan is completed. I look forward to the examination of the level of progress of this investment in the next review.

In relation to commitments for 2016, RTÉ achieved or substantially achieved 21 out of 22. However, the fact that some key targets within these commitments were not met is of concern. The most important commercial target to break-even or secure a small surplus was not achieved and instead, RTÉ recorded a loss of €19.65m.

As highlighted by the consultants, commercial revenue has risen year on year since 2014, 70% of which relates to advertising revenue. RTÉ's digital advertising revenue has decreased by 10% in 2016, which is of concern given the sectoral trend towards online services. As per the Broadcasting Act 2009, RTÉ are required to maximise commercial revenue, and I agree that pricing policies should be continually reviewed in order to achieve this outcome.

Increased Funding

As in the 2015 review, I agree with the Authority's recommendation that an increase in funding for both RTÉ and TG4 is warranted. I recognise the funding difficulties each broadcaster is experiencing and the challenges they will each face if no action is taken.

As you will be aware, I received Government approval to proceed with the drafting of a number of legislative amendments to the Broadcasting Act 2009. These proposed amendments have been considered by the Joint Oireachtas Committee on Communications, Climate Action and Environment under Pre-Legislative Scrutiny and I have recently received the Committee's report which I am examining. The Committee, at my request, also considered the longer term issue of the future funding of public service media and published their report in November 2017 which is currently being considered by my Department.

In Budget 2018, as a means of providing additional support to our public service broadcasters, I am pleased to have secured an additional funding of €1.64 million from the Department of Employment and Social Protection for licences issued under the Household Benefits Package as well as an additional €2 million funding for TG4 in 2018. This is in addition to the extra €6 million secured for Public Service Broadcasting and €530,000 in capital funding secured for TG4 in Budget 2017.

I look forward to receiving the BAI's Five Year review of Public Funding under section 124(8) of the Broadcasting Act 2009 in the coming months. This report will provide both my Department and the Broadcasting sector, with a detailed picture of the current environment and funding required in the next five years and will assist with future policy options.

I can confirm that, in accordance with the provisions of Section 124 of the Broadcasting Act 2009, a copy of the reports, its recommendations and of this response will be laid before the Houses of Oireachtas and published on the Department's website.

Yours sincerely



The image shows a handwritten signature in black ink. The signature is stylized and appears to be 'D. Naughten'. It is written over a large, faint, circular watermark or background mark.

Denis Naughten T.D.

Minister for Communications, Climate Action and Environment