



Mr Pauric Travers
Chairperson
Broadcasting Authority of Ireland
2-5 Warrington Place
D02 XP29

18th October 2019

Re: 2017 Annual Review Public Service Broadcasters

Dear Pauric

I am writing to you to acknowledge the report submitted by the BAI regarding the 2017 Annual Review of the Public Service Broadcasters as specified under Section 124(4) of the Broadcasting Act 2009.

I firstly wish to acknowledge the work involved in carrying out the review alongside the BAI Five Year Review of Public Service Broadcasting 2018-2022. I particularly welcome the introduction of an Audience Yield Framework Analysis as an additional and innovative means of assessing public service broadcasting performance and the overall efficiency of how different content reaches various audiences. This provides a useful benchmark for a comparative analysis of public service return on spend on different services and genres over time and I would encourage the BAI to continue to monitor and further develop this approach in future reviews.

RTÉ and TG4 play a vital role in Irish society through the promotion of Irish culture, sport and art as well as the conservation and development of the Irish language. I note the BAI's broad satisfaction with regard to the performances of the PSB's in relation to fulfilling their commitments and achieving their associated targets.

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D'fhonn is go gcuirfear feidhmeanna na Roinne i gcrích, agus seirbhísí ar fáil, ceanglaíonn an Roinn Cumarsáide, Gníomhaithe ar son na hAeráide agus Comhshaoil go soláthródh custaiméir sonraí pearsanta áirithe. Féadfar do shonraí pearsanta a mhalartú le Ranna Rialtais eile agus le gníomhaireachtaí eile in imthosca áirithe de réir dlí. Tugtar sonraí ionlána sa bhFógra um

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TG4

While I am pleased to see that TG4 has put in a strong performance regarding measures such as spend and schedule, I note the BAI's view that there are areas of weakness including their reach with the national audience and the utilisation of its player streams. I agree on the importance of focusing targets on younger audiences as set out in the report and the fall in both national and international player streams is a concern in this regard. The mixed results of the broadcaster's "twin pole strategy" that its core Irish language audience was generally well served but its reach limited in terms of the national audience, is also of concern and I believe this should be monitored accordingly. This is while acknowledging that the five year review highlighted broad satisfaction with TG4's overall approach to strategic planning and the effectiveness of its production model. The fact that TG4 managed to grow its commercial income in 2017 in what was a very challenging business environment for broadcasters is an especially positive indicator. In addition, the level of TG4's operating efficiency confirms that it is providing value for money.

I am aware that there are challenges ahead for TG4, especially in its ambition to improve reach with younger viewers, a concern that was also highlighted in the Five Year Review of Public Service Broadcasting Funding. More fundamental challenges highlighted in that report include the decline in the number of daily Irish speakers and depopulation in Gaeltacht areas. Future reviews should focus on these issues and how TG4 plans to take account of them in its future plans and commitments.

RTE

In the response to the BAI following the 2015 and 2016 annual reviews, concern was raised regarding the decline in the public perception of the trustworthiness of RTÉ and it was requested that this issue be closely monitored in future reviews. I note that no reference to this metric has been made in the 2017 review and expect that this will be addressed in the 2018 review.

I recognise that the expected decline in TV advertising has been sharper than forecast, resulting in a significant decline in commercial revenue for RTÉ. In light of this difficult environment, I am pleased that RTÉ continues to deliver on the vast majority of its stated commitments and their associated targets, including its goal to support and improve innovation, connect with the lives of Irish people and to reshape radio services.

As has been highlighted, most of the missed targets have come in the comprehensive portfolio of media services category. I agree with the view that the drop off in RTÉ's monthly streams is significant given that an ever increasing amount of media



consumption is moving into the online sphere. It is also of concern that the perceptions of accessibility for RTÉ's online services have decreased and I concur with the view that as technology and level of service in the private sector improve, more will be expected of RTÉ in this regard. I note however that RTÉ exceeded growth targets under this commitment for online reach, player reach and online news unique browsers, and this is to be welcomed.

I appreciate that RTÉ's performance commitments are broadly in line with its strategy as laid out in its 5 year review 2018 – 2022 and note that RTÉ is targeting growth in online consumption. I look forward to the examination of the level of progress towards this target in the next review.

Irish Language

RTE's performance in relation to the Irish language has been publicly highlighted in reports in recent times. I note that this review expresses concern over the co-operation between TG4 and RTÉ regarding their Irish language obligations mandated in S120 of the Broadcasting Act 2009. This section outlines that RTÉ and TG4 provide to each other Irish language programme material at such times as may be agreed between them. I am pleased to hear that matters have progressed towards a satisfactory resolution of issues since the report was finalised and I hope to see this co-operation continued. It is vitally important that the PSBs work together to streamline content provision arrangement and I note that the BAI is open to assisting in this process.

Younger People

Of particular concern is the relationship between the broadcasters and younger audiences. TG4's reach in the 15-34 age range dropped to 18.8% despite TG4 setting a target for it to stay flat at 22%. Children's reach was also down from 16.1% to 13.3%. This is despite investment by TG4 in a range of non-linear content aimed at younger audiences.

While RTE's relationship with younger audiences is not covered specifically in the 2017 annual review, the five year review does cite the age profile of the audience for RTE audio-visual services, which shows a significantly higher proportion of older users compared to the population as whole, as a concern. It also identified engagement with younger audiences in the 15-34 age group as an area of weakness that RTE needed to address, particularly as viewing habits formed at younger ages can influence decisions made later in the life cycle.



Developments since 2017

I would like to take this opportunity to thank the BAI and the consultants for their analysis of the current situation and their recommendations on funding provision for the public service broadcasters in the medium to longer term. I can confirm that, in accordance with the provisions of section 124 of the Broadcasting Act, a copy of the report, its recommendations and this letter of response will be laid before the Houses of the Oireachtas.

Public funding for both Public Service Broadcasters was increased for 2019. An additional €8.6m in public funding was allocated to RTE in Budget 2019. This built on the €1.43m increase in Budget 2018.

An extra €0.443m in exchequer funding was allocated to TG4 in 2019. TG4 also received an additional €1m current funding increase in Budget 2018 as well as a capital funding increase of €1m and a supplementary once-off capital grant of €985,000 in respect of Bliain na Gaeilge. As such, progress has been made in delivering the funding recommended in the BAI Five Year Review for both broadcasters. TG4 will also receive an additional €1m capital funding from central Government in 2020.

I appreciate the financial difficulties faced by both broadcasters and the consequences that will arise in the event of the status quo continuing indefinitely. As such, on foot of a Government decision in July 2018, a Working Group on the Future Funding of Public Sector Broadcasting was established. This comprised of officials from a number of Government Departments and was charged with examining options for the collection of the TV Licence fee, or its replacement. The Government has published and accepted the recommendations of the Working Group that include TV licence collection being put out to public tender. This will allow, inter alia, a contract to be put in place for a period of 5 years to reduce the current evasion rate of 12.83% in the short term and ensure that all citizens are contributing on a fair basis. In addition, at the end of the contract period, the licence fee will be replaced by a device independent broadcasting charge which takes account of technological change and will enable the sustainable funding of public service content in the longer term. This change will take time to develop and implement, given the complexities set out in the Report of the Working Group.

Yours sincerely

Richard Bruton, T.D.
Minister for Communications, Climate Action and Environment