

Government Response to the Section 124 (5 Year) Review of the Funding of Public Service Broadcasters

The landscape of public service broadcasting is undergoing fundamental changes both internationally and in Ireland. Broadcasting is moving into the online space with boundaries between television, on-demand services and other online content becoming more blurred. Content is now accessed on a range of devices other than televisions and is increasingly personalised in terms of both what and when it is consumed.

This gives rise to challenges for public service broadcasting as competition for advertising also crosses sectoral lines. Traditional financing or part-financing of broadcasting through advertising is already under severe pressure as advertising moves to the largest online platforms. This is putting more pressure on commercial as well as public service channels, and on traditional media generally, both in Ireland and internationally. In the Irish context, Brexit is also impacting advertising revenues.

The changing trends in broadcasting will require new models of financing Irish content that move away from the traditional, device-dependent TV licence to a non-device dependent, reliable and future-proofed source of income. Across the EU member states have been making changes to their funding models to respond to these changes. A critical element in this approach is generating public understanding and acceptance that quality content requires sustainable funding Irish audiences will continue to value distinctive Irish content that reflects national and local experience and perspectives, ranging from drama and sport to culture and entertainment and there should be levers in the system to further incentivise the production of such content. In addition, there is a need to ensure that there are reliable and trusted sources of news and current affairs to combat disinformation.

In this context, the Government acknowledges the BAI Five Year Review of the Public Funding of Public Service Broadcasters and notes:

- The BAI conclusion that RTE and TG4 continue to give substantial value for Irish audiences and play a unique role in the Irish media landscape.
- The rationale of the BAI for the continued public funding of Public Service Broadcasters (PSBs) including the trusted and impartial nature of PSBs, the contribution of PSBs to democratic society, the need for diversity in broadcasting and the importance of promoting culturally relevant content such as Irish language programming.

- The view of the BAI that the principles underpinning current governance frameworks are sound and should remain unchanged.
- The BAI's broad satisfaction with TG4's overall approach to strategic planning and its support for the broadcaster's twin-pole strategy.
- The BAI's support for greater cooperation and co-ordination by RTE and TG4 in respect of Irish language broadcasting
- That RTE have completed the sale of land at its Donnybrook campus which has raised a net amount of €99.5m. This is being used to pay down debt, for infrastructure investment and to fund their ongoing restructuring programme.
- The recommendation of the BAI that further public funding is required in the short and medium term for both broadcasters to remain viable and maintain audience share.
- The view of the BAI that a degree of stability and certainty is required regarding any future public funding increases.
- The BAI's call for RTE to adopt a strategic prioritisation framework to allow comparisons of public service return on different services.
- The critical need for change within these broadcasting organisations in order to fulfil their statutory remit in serving Irish audiences in the years ahead.

Government Response

The Government, in recognising the rapidly changing technological environment under which Public Service Broadcasters operate and the impact that Brexit and competition from online sources is having on commercial revenues, has taken the following immediate steps:

1. Increased Exchequer funding for both Public Service Broadcasters.

- In Budget 2019, the Minister for Communications, Climate Action and Environment secured an increase in overall public funding of broadcasting of €9.245m, comprising the replacement of TG4's share of licence fee income of €4.245m with exchequer funding, and a €5m increase in the amount paid by the Department of Employment Affairs and Social Protection (DEASP) for free TV licences. Agreement has also been reached with DEASP that future contributions in respect of free licences will increase each year in line with actual numbers of eligible applicants.
- RTÉ is receiving €8.6m of this increased allocation in 2019. This builds on the increase in Exchequer funding for broadcasting in 2018, funded through a €1.64m increase in the DEASP contribution for free TV licences. Therefore in total, RTÉ has

to date received an increase of €10m in respect of the 5 year period reviewed by the BAI.

- TG4 was allocated an additional €443,000 in Exchequer funding for 2019, in addition to the additional €2m in current and capital funding it received in 2018, bringing the total increase since the start of the 5 year period to €2.443m. TG4 was also allocated a once off capital grant of €985,000 in 2018 for its expenditure relating to Bliain na Gaeilge.
- The increased contribution from the Department of Employment Affairs and Social Protection in both 2018 and 2019 also benefits An Post and the Broadcasting Fund. The Broadcasting Fund is a fund administered by the BAI that includes the sound and vision scheme which supports high quality programmes on Irish culture, heritage and experience, programmes to improve adult literacy and archiving schemes and benefits the broadcasting sector as a whole, including independent production.

2. Reform of TV licence Collection

The Government acknowledges the significant work of the Joint Oireachtas Committee on Communications, Climate Action and Environment in their detailed review of the future funding of public service broadcasting and notes in particular the Committee's recommendations in relation to reform of TV licence collection and the introduction of a Broadcasting Charge.

The Government recognises that in addition to the immediate funding increases that it has put in place, that there is a need for more fundamental reform of the model for funding public service broadcasting.

In July 2018, the Government decided to establish a cross-departmental Working Group on the Future Funding of Public Service Broadcasting to examine options for the collection of the TV licence fee or its replacement, including but not limited to collection by the Revenue Commissioners, tendering for licence fee collection; and replacement of the licence fee with a Broadcasting Charge or a variation. These terms of reference took account of the recommendations of the Joint Oireachtas Committee on the Future Funding of Public Service Broadcasting of November 2017. The Group reported has now reported to the Minister for Communications, Climate Action and Environment.

The Government has accepted and is publishing the recommendations of the Working Group and has agreed:

- that the TV licence be put out to public tender as soon as the enabling legislation, the Broadcasting (Amendment) Bill, 2019, is enacted. Government has approved the publication of this legislation and intends to progress it through the legislative process in the Autumn. 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% and ensure that all citizens are contributing on a fair basis. The current provision of free TV licences to those in receipt of the Household Benefits Package will continue.
- that at the end of the contract period, the licence fee should 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. The Government acknowledge that this will take time to develop and implement, given the complexities set out in the Report of the Working Group.

3. Review of Broadcasting Act, 2009

A reformed model will generate additional resources. It is recognised that in addition to providing sustainable funding for public service broadcasters, there is a need to ensure that the distribution of such funding within the sector is fit for purpose and responsive to the changing environment.

In line with the commitment in the Statement of Strategy of the Department of Communications, Climate Action and Environment, there will be a review of the Broadcasting Act, 2009 over the period of the Strategy which will:

- examine the proportion of TV licence funding allocated to the Sound and Vision Scheme under the Broadcasting Fund with a view to assessing whether it should be increased. It will also assess the scope to develop the fund as an instrument to promote new forms of public service content. At present, the Broadcasting Fund amounts to 7% of net TV licence receipts, currently €14.5 million. This scheme, which is administered by the Broadcasting Authority of Ireland, supports the production of high quality TV and radio programmes on Irish culture, heritage and experience and is accessible by independent producers and commercial broadcasters. Increasing the 7% of licence fee funding would increase support to the independent sector and incentivise the production of high quality Irish content in line with audience expectations. It would also provide the basis of a model that could be developed and expanded over time to support other public service content such as local print media, subject to State Aid requirements.
- review the minimum amount of funding that RTE is obliged to make available each year under Section 116 of the Act for the external commissioning of radio and

television programming. In 2018 this amounted to €39.7m. Increasing this minimum on a statutory basis would provide an important additional stimulus for the independent sector and support a rebalancing of RTE's output in favour of a more flexible external commissioning model.

4. Publication of Broadcasting (Amendment) Bill, 2019

The Government has approved the publication of the text of the Broadcasting (Amendment) Bill, 2019. This will allow the BAI, which is currently fully funded through industry by a broadcasting levy, to be part funded (up to 50%) from licence fee receipts. This will enable the broadcasting levy to be reduced for all broadcasters and for some community broadcasters to be exempted entirely. The Bill also grants authority to the BAI to determine exemptions and deferrals to the broadcasting levy depending on the means of individual broadcasters and the level of regulation required. The Bill also allows for the creation of a new funding scheme that would allow the granting of bursaries to journalists in local or community radio stations.