

Ministerial Brief

Media Agencies

June 2020



Broadcasting

RTÉ

Operating Environment

RTÉ is a statutory body and the national public service broadcaster of Ireland. It both produces and commissions programmes and broadcasts them on television, radio and the Internet and is regulated by the Broadcasting Authority of Ireland (BAI).

Role/Functions

RTÉ is required to operate and maintain a national television and radio broadcasting service which shall have the character of a public service, be made available, in so far as it is reasonably practicable, free-to-air to the whole community on the island of Ireland and to Irish communities abroad.

RTÉ is a dual funded public service broadcaster, relying on commercial and licence fee income.

Structure

Type	Chair	CEO	No. Employees
Commercial - Public Service Broadcaster	Moya Doherty	Dee Forbes	1,822

RTÉ's Director-General, in conjunction with executive management, takes responsibility for RTÉ's day-to-day operations. There is a clear division of responsibilities between the position of Chair of the Board, who is non-executive, and the Director-General. The Chair's responsibilities include leading the Board, determining its agenda, ensuring its effectiveness and facilitating full participation by each Board member. The DG and executive management meet regularly with the Department to discuss RTÉ's operating and financial performance.

Board

Number of Positions	Current Members	Positions directly appointed by Minister	Currently sitting members directly appointed by Minister
12	8	0	0

The RTÉ Board is the governing authority of RTÉ. The role of the Board is to guide the corporate direction and strategy of RTÉ and represent the interests of viewers and listeners, ensuring that RTÉ fulfils its statutory responsibilities in an efficient and effective manner. Pursuant to Section 81(1) Broadcasting Act 2009, the number of members of the board of RTÉ shall be 12 in number, of which:

- 6 of them shall be appointed by the Government on the nomination of the Minister;
- 4 of them shall be appointed by the Government on the nomination of the Minister, having taken advice from of the Joint Committee on its proposed nominees;
- 1 shall be a staff nomination appointed by the Government and;
- 1 shall be the director general of RTÉ

Not less than five of the Board members shall be men and not less than five of them shall be women. RTÉ currently have four Board vacancies, leaving only eight Board members. The quorum for the RTÉ Board is seven. In accordance with the legislation, the Joint Oireachtas Committee (JOC) should advise the Minister of the names of four upcoming vacancies, however, the work of the JOC ceased with the dissolution of the 32nd Dáil.

Funding/Financial Information

RTÉ, as a public service broadcaster, is funded through a mix of licence fee revenues and commercial revenues which are obtained largely from advertising.

The broadcasting sector in general has been facing a very challenging funding environment over the past number of years. Fundamental changes in the advertising market and audience behaviour have had a significant impact on the financial position of RTÉ which recorded a deficit before tax and exceptional items in 2018 of €12.6m.

Though licence fee revenue has risen by €10m since 2014, this has not prevented the emergence of a growing deficit. While the 2017 land sale provided some relief to RTÉ, allowing it to repay debt, fund severance schemes and undertake much needed capital investment, the underlying trends affecting RTÉ's financial and commercial position remain.

The finances of the national broadcaster are not sustainable and are undermining its capacity to remain relevant in an increasingly competitive and fragmented broadcasting sector while continuing to deliver on its statutory responsibilities as a public service broadcaster.

RTÉ's Annual Report and Group Financial Statements for 2019 are not yet finalised. The table below represents the draft figures for 2019 and income statement outlook for 2020.

Summary Group Income Statement				
Draft Result		Budget	Movement	Outlook
2019		2020		2020
€M		€M	€M	€M
	Revenue			
146	Commercial Income	145	(31)	114
196	Licence Fee Income	206	(24)	182
342	Total Income	351	(55)	296
338	Operating Costs	347	(25)	321
0	Wages Subsidy Scheme	0	(5)	(5)
338	Total Operating Costs	347	(30)	317
4.3	EBITDA	3.9	(25)	(21)
(11.5)	Depreciation / Interest / Tax / DB Pension / MTM	(14.6)	-	(15)
(7.2)	Net (Deficit)	(10.7)	(25)	(36)

To address the Group's funding shortages, RTÉ developed a series of strategic initiatives that it believes can restore operating profitability. On 7 November 2019, RTÉ wrote to the Minister proposing a revised strategy which included a number of radical measures to cut costs and raise revenue.

In December 2019, the Government noted the content of RTÉ's Revised Strategy 2020–24 and details of the actions to be taken by the broadcaster in response to its financial crisis. It was agreed that:

- An additional Exchequer funding of €10m (with approx. €9.3m to be allocated to RTE), in respect of free TV Licences, would be provided in the 2020 revised Estimates.
- A new reporting template will be introduced which will be the focus of monthly meetings between officials from RTÉ, DCCAIE, DPER and NewERA. The Minister for DCCAIE and the Minister for Public Expenditure and Reform will be kept updated on the outcome of these meetings.
- A Commission on the Future of Irish Public Service Broadcasting will be established by the Department of the Taoiseach. The Commission will make recommendations to Government on setting a new strategic direction for public service broadcasting. Professor Brian McCraith was appointed as Chair of the Commission in January 2020.

The Covid-19 pandemic has had a devastating impact on Broadcasting Sector with unprecedented cuts to the advertising market. Adding to an already challenging funding environment, RTÉ's revenue has decreased significantly as a result of the crisis, both in terms of its commercial revenue and licence fee funding. RTÉ has provided the Department with an overview of its current financial position and the response and mitigation measures taken to date, as well as outlining revenue forecasts and the outlook for 2021.

Discussions have been ongoing between RTÉ, DCCAIE, DPER and NewERA regarding RTÉ's financial position and the impacts of the Covid=19 crisis on revenue and costs. A report by NewERA is being prepared.

Oversight Arrangement

In line with the requirements of the 2016 Code of Practice, an Oversight Agreement has been signed by the Department and RTÉ and is in place for 3 years until 31 December 2020. The Oversight Agreement does not include any additional obligations rather it describes the roles, responsibilities and obligations of DCCAIE and RTÉ, as set out in the Broadcasting Act. As part of governance arrangements, RTÉ meets with the Department on a quarterly basis to discuss relevant matters.

RTÉ provide detailed financial analysis to DCCAIE on a monthly basis including revenues, costs and deficit/surplus by channel, service and broadcasting genre and between public-

service and non-public service activities. This information is consolidated at year-end and published in RTÉ's annual report.

Priorities for 2020

Engagement in relation to RTÉ financial position and implementation of revised strategy.

Governance Issues

Review of contractors

The Eversheds Sutherland report into the use of contracts for services by RTÉ has recommended that RTÉ introduce a clear policy and guidelines regarding the use of contracts for services, and that it reviews 157 of the 433 contracts examined. In response to the report, RTÉ committed to developing and implementing a new overarching policy and process with regard to the engagement of freelancers/contractors. RTÉ has completed the examination of all freelance/contractual employment arrangements. Corporate Governance Division continues to monitor this matter as part of its oversight of RTÉ.

Teilifís na Gaeilge – TG4

Operating Environment

TG4's first broadcast took place on 31 October 1996 and was operated as part of the RTÉ family of services. Teilifís na Gaeilge, trading as TG4, was established as an independent statutory body in 2007, in accordance with the Broadcasting Act 2001.

TG4 is a free-to-air channel, available across all the viewing platforms, with a strong viewer base throughout the island of Ireland.

TG4's Irish language output is available world-wide on the TG4 Player which provides a live stream of the TV output as well as an archive of the channel's recently broadcast Irish language programmes.

Role/Functions

TG4 is a public service broadcaster. TG4 is required to operate and maintain a national television and radio broadcasting service which shall have the character of a public service, be made available, in so far as it is reasonably practicable, free-to-air to the whole community on the island of Ireland and to Irish communities abroad. TG4 receives a programme supply of 365 hours of Irish language programming annually from RTÉ, at no cost to TG4, as specified in the Broadcasting Act 2009.

Structure

Type	Chair	CEO	No. Employees
Commercial - Public Service Broadcaster	Siún Ní Raghallaigh	Alan Esslemont	87

TG4 Chief Executive Officer (CEO), in conjunction with the senior management team, is responsible for TG4 day-to-day operations. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of TG4.

Board

Number of Positions	Current Members	Positions directly appointed by Minister	Currently sitting members directly appointed by Minister
12	12	0	0

Pursuant to Section 81 (1) of the Broadcasting Act 2009, the members of the Board of TG4 shall be 12 in number, of which:

- Six members are appointed by the Government on the nomination of the Minister.
- Four members are appointed by the Government on the nomination of the Minister and having regard to the advice of the Joint Oireachtas Committee.
- One member is a staff representative.

The Director General of TG4 is an ex officio member.

Funding/Financial Information

Financial Overview

Total Exchequer funding for TG4 in 2020 is €37.2m, comprising current funding of €34.2m and capital funding of €3m.

TG4's public funding has risen by over 10% since 2017. The BAI recommended an additional €6m in annual public funding over the period of the current strategy, and 59% of this has been allocated on an ongoing basis. Significantly, over the past number of years, the Government has also entirely replaced the €9.245m that TG4 had received from the licence fee with exchequer funding.

TG4 faces a challenging financial environment, with heavy competition internationally and domestically from increased terrestrial channels, operators offering phone and TV bundles and online media outlets such as Netflix and YouTube all vying for audience viewing time

Oversight Arrangement

In line with the requirements of the Code of Practice, an Oversight Agreement has been signed by the Department and TG4 and is in place for 3 years until 31 December 2020. The Oversight Agreement does not include any additional obligations, rather it describes the roles, responsibilities and obligations of DCCA and TG4, as set out in the Broadcasting

Act. As part of governance arrangements, TG4 meets with the Department on a quarterly basis to discuss relevant matters.

TG4 provide detailed financial analysis to DCCAIE on a monthly basis including revenues, costs and deficit/surplus. This information is consolidated at year-end and published in TG4's annual report.

Priorities for 2020

Similar to RTÉ, TG4 faces a very challenging financial environment as result of COVID-19. TG4 has suspended all non-essential programme-making and has ensured that ongoing essential programming, including 'Nuacht TG4' (News) and 'Cúla4 ar Scoil' (Education) are produced in a safe manner.

In order to try to sustain the independent screen economy, TG4 is implementing a series of measures worth at least €3m. These include new development rounds for television programmes and feature films, the re-acquisition of rights and the commissioning of longform and shortform content which can be produced safely.

Government and HSE guidelines during the Covid-19 crisis have had a significant impact on the independent audio-visual sector. TG4 is working with companies to maintain continuity of employment and to provide guidance and funding through this crisis. The new measures announced will help ensure that the sector is secure for now and also ready for the recovery period when it starts.

Broadcasting Authority of Ireland

Operating Environment

The Broadcasting Authority of Ireland (BAI) was established under the Broadcasting Act 2009 on 1st October 2009, as the independent regulator for the broadcasting sector. The Act sets out a range of general and specific objectives for the BAI. The BAI has a key role in developing and supporting the broadcasting sector in Ireland

Role/Functions

The BAI is the regulator of broadcasting in Ireland. The principal function of the BAI is to prepare a strategy for the provision of broadcasting services in the State additional to those provided by RTÉ, TG4, the Houses of the Oireachtas Channel and the Irish Film Channel. A strategy statement is published every three years setting out key objectives, outputs and related strategies including the use of resources.

Structure

Type	Chair	CEO	No. Employees
Regulator	Pauric Travers	Michael O’Keeffe	41

BAI’s Chief Executive Officer is responsible for managing the day-to-day operations of the BAI on a delegated basis. The CEO and Deputy CEO, along with the Senior Management Team, manage the throughput of material for consideration and decision by the Authority and Statutory Committees.

The BAI’s main decision body is the Authority, which provides strategic direction for the organisation. The Contract Awards Committee and the Compliance Committee are responsible for operational activities covering licensing and compliance (such as monitoring & complaints) respectively. The Financial, Audit and Risk Committee oversee the financial activities of the BAI.

Board (BAI Authority)

Number of Positions	Current Members	Positions directly appointed by Minister	Currently sitting members directly appointed by Minister
9	5	0	0

Pursuant to Section 8 of the Broadcasting Act 2009 the members of the Authority shall be 9 in number, of which:

- Five members are appointed by the Government on the nomination of the Minister.
- Four members are appointed by the Government on the nomination of the Minister and having regard to the Joint Oireachtas Committee.

BAI currently have four Board vacancies, leaving only five Board members. The quorum for the BAI Board is five. In accordance with the legislation, the Joint Oireachtas Committee (JOC) should advise the Minister of the names of four upcoming vacancies, however, the work of the JOC ceased with the dissolution of the 32nd Dáil.

Funding/Financial Information

The BAI is funded by a levy on broadcasters under section 33 of the Act. The Authority also manages the Broadcasting Fund which was set up under Section 156(2) of the Act and provides that 7% of net television licence fee receipts are to be paid into the Broadcasting Fund which is used to administer the Sound and Vision and Archiving Schemes. Section 157 of the Act requires that separate accounts are prepared for the Broadcasting Fund.

The Authority's main source of income is generated from a levy imposed on public service broadcasters based on BAI's budgeted expenditure for a given financial year. The levy charge is allocated to the broadcasters relative to their qualifying income. BAI 2019 total levy income was €5.9m.

Oversight Arrangement

In line with the requirements of the Code of Practice, an Oversight Agreement has been signed by the Department and BAI and is in place for 3 years until 31 December 2020. The Oversight Agreement does not include any additional obligations; rather it describes the roles, responsibilities and obligations of DCCA and BAI, as set out in the Broadcasting Act.

As part of governance arrangements, the BAI meets with DCCAE on a quarterly basis to discuss relevant matters.

Priorities for 2020

The BAI agreed to waive levy payments from the independent radio sector for the first six months of 2020 saving the sector €1m.

On the 8th April 2020, following a request from the Minister, the BAI announced details of a special funding round under the Sound & Vision Scheme to support the independent commercial radio sector in its provision of public awareness and understanding of COVID-19, including the risks and public health measures being implemented to reduce the spread of the disease. In total, €2.5 million has been made available to support this funding round.

On the 3rd June 2020, the BAI announced they received a total of 32 applications from independent commercial radio stations across the country, seeking total funding in the region of €2.75m. The applications were evaluated according to the COVID-19 Fund assessment criteria, which included: the public value of the proposals; the feasibility; the value for money; and, the track record of the applicant. All 32 applications qualified for consideration for funding and details of the successful projects can be found on the BAI website.

This will be complemented by a funding round of €750,000 for community radio over the summer and a further round in the Autumn for commercial television and public service broadcasters including public service broadcast radio.