



Minutes of Meeting of the Authority of Broadcasting Authority of Ireland

Date 29/04/2013 **Time:** 9.30am **Venue:** 2-5 Warrington Place, Dublin 2

Minutes

Attendance

Board: Bob Collins (Chairperson), Larry Bass, John Waters, Paula Downey, Michelle McShortall, Colum Kenny (Items 1-6), Michael Moriarty, Siobhán Ní Ghadhra, Maria Moloney (Items 1-3)

Executive: Michael O'Keeffe, Celene Craig, Aoife Clabby, Ciarán Kissane, Stephanie Comey, Margaret Tumelty, Clare O'Sullivan (Item 3), Diarmaid Breathnach (Item 2)

1. Minutes of Previous Meeting

Minutes of the previous meetings of the Authority, held on 25th March 2013 and 5th April 2013 were approved by the Members and signed by the Chairperson.

2. Matters Arising

a. Minutes Clarifications

i) 25th March: BAI Communications Policy

Clarification was sought in respect of discussions on the BAI Communications Policy and in particular on the complaints process and the manner in which members of the public engage with it. The Deputy CEO outlined the mechanism for complaints handling in addition to the support provided by Executive staff to prospective complainants. The Chief Executive will consider any issues with the Chair of the Compliance Committee.

ii) 5th April

Clarification was sought in relation to the minute regarding the five year review of public funding and the findings of Crowe Horwath in respect of the market analysis undertaken and in particular the findings relating to DTT. It was agreed that the issue of DTT would be more broadly considered in the context of the Authority's review of commercial DTT, scheduled for consideration in September.

b. Broadcasting Funding Scheme: Statutory Review of Sound & Vision II

Members were informed that a sub-committee meeting was scheduled for May 20th to consider the draft report of the statutory review of Sound & Vision II and that it was open to any member of the Authority to attend the meeting, should they be available.



3. Policy

a. Five Year Review of Public Funding

At the outset of the item, representatives of Crowe Horwath met with Authority members and provided clarification in respect of a number of issues contained in the Crowe Horwath report. The issues on which clarification was sought included:

- The degree of analysis undertaken by Crowe Horwath of the estimates contained in the RTÉ submission;
- The consequences for either PSB or any further re-distribution of licence fee revenue and experiences in other jurisdictions. In this regard it was noted that, from a jurisdictional perspective, Governments were increasingly retaining a greater right over how public funds ought to be distributed;
- In the case of RTÉ, further detail was sought on the rationale for linking any increase in public funding for RTÉ to digital developments;
- The implications of the proposed move to a universal broadcasting charge;
- The assumptions underpinning the audience research in particular the degree to which the cohort of various nationalities was statistically represented;
- The lack of inclusion in the submission of plans in respect of RTÉjr, in the context of subsequent announcements made in respect of this service;
- The economic assumptions underpinning Crowe Horwath's analysis in the context of advertising revenue performance in quarter one of 2013
- Digital Terrestrial Television as a base for the growth for public service broadcasting

Following the clarifications sought from Crowe Horwath, the Authority then engaged in a detailed and lengthy discussion regarding the findings of the report and the related recommendations. It was noted that the report, as drafted, concentrated primarily on meeting the requirements set out in the project brief, in line with the statutory provisions for the five year review. However, it was the strong view of the members that the recommendations contained within the report would require a broader policy consideration by the Authority in the context of its regulatory role and responsibilities, including those in Section 124 of the 2009 Act. It was also agreed that any additional recommendations made by the Authority could not be divorced from a consideration of their impact on the wider broadcasting and media market and that a comprehensive, all-encompassing view would need to be taken. In the contexts of the findings of the Crowe Horwath document and the Authority's broader policy consideration, the key points of discussion which arose were as follows:



- While it was acknowledged that the base case presented by RTÉ was seen by the consultants as stabilising and sustaining, it was a source of disappointment to the Authority that the submission made did not avail of the opportunity to consider and explore other alternatives to those presented by the broadcaster;
- Concern was expressed with regard to the general nature of RTÉ's proposals and plans for digital development, given the rapid changes in media consumption. It was felt that the plans, as presented, were not developed enough to adequately justify an uplift in public funding. However it was also the Authority's stated view that digital development in terms of content and infrastructure should be a central imperative for both RTÉ and TG4 over the course of the next five years. It was noted that while the effect of investment in digital would be to give wider access, across a range of platforms, to PSB content, such access would not automatically result in revenue generation;
- Concern was expressed at the distinction made by RTÉ in relation to 'core and complementary' services and the inherent danger that, however unintended, these terms could be perceived as meaning 'primary' versus 'secondary' services. Concern was also expressed regarding the fact that developments in respect of RTÉjr did not feature in the costed submission made by RTÉ;
- In the context of the proliferation of channel choice for Irish audiences, and having regard to the audience research conducted as part of the review, the importance of the availability of attractive, culturally and socially relevant domestic content was highlighted by the Authority as being an important public policy concern. In this context, the Authority was strongly of the view that should any uplift in public funding be provided, it should be related to content developments identified in advance. The Authority also took the view, based on the review and on the broader sectoral consideration, a significant proportion of such additional funding should be deployed through the independent production sector;
- The Authority was mindful of the expenditure reductions already achieved by RTÉ, but nonetheless concurred with the consultant's view that efficiencies, greater than those projected by RTÉ over the lifetime of the plan, could be achieved and that any such efficiency targets should be incorporated into the annual commitment setting process. Identifying the scale of these reductions would be an important priority;
- The Authority discussed the importance of public service broadcasting in the social and democratic life of Irish society and the degree to which the current funding model, unaltered, particularly in the case of RTÉ, has the potential to threaten and erode that role. It was therefore the Authority's view that it should be in a position to propose an alternative funding model to the Minister in the case of RTÉ which would see an



increase in public funding above current levels, in return for clear articulation by RTÉ as to how the increase in funding would be utilised, with a particular emphasis on an increase in the range and type of Irish programme content available to audiences and commissioned through the independent production sector. It was the Authority's further view that any such increase should, over time, be reflected in a corresponding reduction in the commercial activity of RTÉ.

- In the case of TG4, the Authority shared the consultant's view that the plan, while ambitious, could not be considered realistic both from the perspectives of requested levels of funding and projected audience share. The Authority agreed with the proposal that TG4 should be asked to reconsider a revised strategic plan, detailing its expected commercial position and future service delivery options, should additional revenues not be forthcoming;
- The Authority concurred with the consultant's view that, based on the existing operating model for TG4, and having regard to previous annual reviews of public funding, the organisation was operating efficiently and it would be difficult to foresee where further efficiencies might be derived from. There was some discussion and debate regarding the potential for different operating models for TG4 but it was felt by the majority of the members that consideration on this issue lay outside the scope of the Section 124 review and should be a matter for the Minister and Government. It could therefore not be included as part of the Authority's recommendations to the Minister;
- The Authority also considered the current situation pertaining to advertising minuteage and the respective roles of the Statute, the Minister and the BAI in this regard. It was agreed that, as part of its submission to the Minister the Authority would urge early legislative change to give the BAI responsibility for determining levels of advertising of all broadcasters, with a possible provision for Ministerial consent in the case of the Public Service Broadcasters.

The Authority was satisfied that the majority of the recommendations contained in the Crowe Horwath report should be supported as constituting the Authority's recommendations for submission to the Minister. On the basis of the discussions which took place at the meeting, it was agreed that recommendations additional to the core recommendation in respect of RTÉ should be submitted for consideration to the Minister. It was further agreed that the Chairperson would draft a supplementary report for members' consideration and that an additional meeting of the Authority would take place on May 20th where the supplementary report would be agreed and finalised by the members before its submission to the Minister.



4. Contractual Variations

Ocean FM: Proposal re Ownership and Control Changes



5. Broadcasting Funding Scheme – Round 17 Outcomes

Siobhan Ni Ghadhra declared an interest in the item on the agenda and recused herself from discussion and decision on the matter.

Members considered the outcomes in respect of the assessment process for Round 17 of Sound & Vision II and the details of the package of recommendations arising from the assessment process, seeking to provide support of €4.392m to 114 radio and television projects.

Members considered an analysis of the package of recommendations, noting that 43% of the applications received had qualified for funding. While this figure was similar to the last round, the total number of applications received had increased by 18% compared with Round 16. Members noted that this trend would be closely monitored by the Executive over subsequent rounds.



Members also had regard to the diverse range of programmes for which funding support was sought, both in terms of format and genres and noted that, given the relatively high failure rate for entertainment applications in the round, the entertainment genre would be a focus for strategic assessment in future rounds over the course of the year. Members further noted the range of broadcasters supporting the successful applications, and in particular the increasing interest from commercial radio services.

A number of clarifications were sought by the members in respect of the strategic assessment process and the rationale for the volume of letters of support provided by some broadcasters. The Chairperson reiterated his view that the strategic assessment stage of the process would benefit from the involvement of someone from outside the executive.

Following discussion, the Authority was satisfied to increase the indicative allocation for Round 17 from €3.5m to €4.392m, as recommended following strategic assessment. The Authority was further satisfied to approve the package of recommendations, as set out in the Executive note.

6. For Information

a. BAI Appearance at Committee of Public Accounts – 18 April 2013

Members were circulated with a note at the meeting detailing the BAI's appearance before the Committee of Public Accounts in relation to the review of the Sound & Vision Scheme by the Comptroller and Auditor General. Members noted that a supporting document detailing all programmes funded through the scheme was available on request.

b. Executive Approvals

In accordance with the approved decision-making framework, the Authority was notified of approvals for contractual variations that had taken place in quarter one, 2013. A total of thirteen variations had been approved, relating to the programme policy statements and ownership and control structures of a variety of commercial and community radio services.

7. Any Other Business

The Chairperson notified members of an approach he had received from U.C.D, seeking support from the BAI for the development of an MSc in Journalism, Critical Thinking and Society. It was agreed that the Chief Executive would explore the matter further with U.C.D and revert, if appropriate

8. Date of Next Meeting

The next meeting of the Authority will be held on Monday, 20th May at 9.30am in the BAI offices.



Bob Collins,
Chairperson
10th June, 2013