



Remarks by Noel Curran, Director General, RTÉ

Screen Producers Ireland
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The 'challenging' word unfortunately gets over-used these days but I think we all know how difficult things are in the media sector at the moment. Be it TV stations, radio stations or newspapers – we are all feeling the pincer movement of unstable commercial incomes and changing consumer habits.

At a time when there has never been a greater demand for high-quality television programming, it has rarely been more difficult to sustain the revenues to support its production.

I am very aware of the criticisms regarding RTÉ from the independent sector. But I really do think our differences pale in comparison to how much we need to work to support each other.

This year big decisions will be made about the future of Irish public service media. There is the review of the adequacy of public funding being conducted by the BAI, which we will likely know the outcome of shortly. This will be followed by the decisions regarding the future of the licence fee, to be made by Minister Rabbitte and the Government.

All of this will have a huge impact on the future of RTÉ, the funding of broadcasting generally and on independent producers. A lot of different organisations and sectors want increased access to public funding or want RTÉ restricted commercially – or both. We have seen proposals from commercial radio that they should receive a greater proportion of the licence fee through the Sound and Vision Fund.

I contend that RTÉ plays a unique role and, given how much change is occurring in the Irish media market and in media consumption globally, that role is more important than ever. Ireland needs a media organisation that has the scale and resources to guarantee a strong and distinctive Irish voice and Irish perspective on the world. Given the dramatic falls in commercial revenues and public funding over the past four years, much is at risk beyond RTÉ's own future: a viable independent production sector, significant Irish TV drama, national, international and regional news coverage, distinctively Irish children and young peoples' programming, significant investment in Irish sport, Irish language services and classical music performance. All of these add to Irish life. They are not sustainable on any scale without a strong and viable RTÉ.

We don't yet know what the final outturn will be in this debate around public funding. That is some months away. But we have been very clear in the document we submitted to the BAI - that RTÉ should receive additional public funding. And in that context, we have also committed to ensuring that the independent sector would benefit significantly from any additional investment in content enabled by such funding. We have no issue with that being a pre-requisite for the allocation of additional funds.

I know that many of you feel that there is a bias in favour of in-house productions in RTÉ. I would ask that you look at the experience during the boom years. From 2003 to 2007 RTÉ increased spend on commissioned programmes by 70%. The increases over that period were at almost double the rate of those we made on in-house productions.

Over the last four years RTÉ has reduced its cost base dramatically. At present, RTÉ's 2013 cost base is forecast to be €125 million less than it was in 2008 – a reduction of almost 30%. The reduction in commissioned spend will represent approximately a quarter of that fall. The remaining three quarters has come from the departure of 500 staff, pay reductions, work practice changes, fee reductions and a host of other cost measures.

I know that the cutbacks have been very difficult for the independent sector. What is clear from all this is that we must stop this cycle. We can all argue over what has already happened but what really counts is what we do now.

RTÉ's relationship with the independent sector has not been as strong as it should have been. Over the last eighteen months RTÉ has had to focus on recovering from significant well-publicised editorial mistakes and on necessary restructuring in response to the twin challenges of the recession and rapidly changing audience consumption habits.

RTÉ has managed its way through most of these challenges and it is time to set new priorities for the future – and I can say clearly and publicly that, as DG, improving our relationship with the independent sector will be one of those priorities.

Again, looking ahead and being realistic about the economic climate, what can be done?

Firstly, it is very important that we understand that the current public funding review will impact directly on the independent sector. The Government is committed to introducing a new media charge. The Department estimates that the charge could raise an additional €20m for the public funding of broadcasting. Others think this figure conservative. But whether it is or not, it still represents half of RTÉ's current statutory spend on commissions.

From an RTÉ perspective, greater predictability of public funding would allow us make much more strategic decisions, particularly around more expensive genres like drama, which clearly require multi-annual commitments of resources, longer-term partnerships and talent development initiatives. But I have been clear to say that changes to public funding are no panacea for the media sector. The commercial challenge remains. Despite what some people think, traditional spot advertising will remain the cornerstone of broadcaster income for the medium term.

At the same time, RTÉ needs a clear and separate public service identity, which distinguishes it from its commercial rivals. That's why, in order to deliver both these goals, RTÉ Television has restructured its approach to both channels. RTÉ One and RTÉ Two will now have separate channel controllers, with separate schedulers providing much clearer focus on the identity and priorities of each channel. A flatter structure with genre heads working with each Controller will also strengthen channel identity and focus – giving the independent sector a much clearer sense of what is required for each channel.

While I have said that spot advertising will remain key, it is clear that the market will remain unpredictable. We therefore need new approaches, too. We will continue to look at our cost base, internally, and look at the range of options available to us.

We also will need to generate income outside of the traditional sphere. I have asked MD Television to head up a new group that will focus on alternative sources of revenue for RTÉ. We are looking closely at new developments in other markets and Glen will bring options to the RTÉ Executive Board shortly, but in terms of other forms of income in RTÉ Television, we will be looking in the following areas:

International Sales

As part of the restructuring of RTÉ Television, Dermot Horan has now been given the task of re-invigorating our international sales strategy and seeking out further content partnerships, not just for completed programmes but also increasingly, programme formats.

Format Development ('Format Farm')

Dermot will work closely with Tonyia Dowling, who will head up format development for Television. The first crop of Format Farm pilots were aired last September on RTÉ Two and within a year, a number have been optioned in other jurisdictions and others are in promising negotiations. New pilots will go to air on RTÉ later this year. We have quickly developed a reputation as a hot-bed of creativity in television format generation and the eyes and ears of the international community have turned in this direction. This was evidenced by the number of representatives from the biggest players in international distribution and talent agencies who came to Dublin last January for the Format Farm

Briefing Session in RTÉ Studio 4. The new management structures within RTÉ Television and Digital demonstrates our commitment to driving the Format Farm initiative forward to best represent the interests and talents of Irish producers to the wider international television community. There are real gains to be made here, for all of us. The Format Farm initiative demonstrates how serious RTÉ is in its commitment to establishing Ireland as a global player in format generation and distribution. We can and must all build on these early wins.

Drama

Love/Hate has certainly struck a real chord both at home but also abroad, it too also generating significant international sales. A US version has been optioned with a major US network. As a sector this represents a real opportunity to build on very positive momentum.

In terms of long-form drama, we hope to conclude a Memo of Understanding with the Irish Film Board in the coming weeks. This will see RTÉ support more feature films looking for BAI funding and in turn the IFB supporting more TV drama and animation. We are also looking at working collaboratively to support training in the sector. Given its cost, clearly our ability to support high quality Irish TV drama is closely linked with our financial position, but working more closely with the Film Board will at least ensure that we can all maximise our resources to best effect.

Animation

Notwithstanding the reductions in budgets across all genres, in 2011 we made a clear commitment to invest a minimum of €450,000 a year for three years. We also committed to acquiring a license for all Irish animation series during the 3 year period subject to a quality threshold and TG4 not pursuing them, and also committed to supporting 1 project in every BAI round. Our investment in animation is not just about the amount, but also the type of funding which includes early stage investment that can help to attract additional funding from other sources in Ireland and abroad.

Advertiser Funded Programming

I know that many of you met recently with IAPI with a view to developing new relationships directly with advertisers to develop programming. I very much welcome this. We all need to think differently now about how to fund programming. I know that critical to discussions of this kind is clarity regarding broadcast. I would ask if you have programme ideas that you think can get support for to talk to us and if possible we will indicate to you early whether such programmes fit with what we are looking for in our schedules. That can only assist in your discussions with other funders.

Co-production

Co-production has been a key development for us over the past number of years as all broadcasters have sought to reduce costs while trying to maintain quality. A large proportion of our programming is now co-produced. I know this can make it more complicated for you, but it is likely to be an increasing trend over the coming years as more and different types of organisations seek to invest in content. Who would have thought, even two years ago, that online companies such as Netflix or telecommunications companies such as BT would be major investors in original high end drama and sport rights?

International Digital Platforms

The RTÉ Player is growing from strength to strength as it moves from the desktop to mobiles, tablet and TV screens. In the next year we will launch a new premium RTÉ Player service in selected international markets, which we hope over time will be a key international shop window (and shop!) for the best of Irish TV programming. We are still working out the design and the pricing but I think it is potentially a very exciting development.

When you look at the growth of online TV aggregators such as Hulu, Netflix, etc – a strong home for Irish focused content, that is simple to use, is marketed correctly and has a critical mass of programming across different genres, can become a key connection for the Irish Diaspora with Irish made and Irish focused content while also becoming a valuable opportunity for Irish programme makers.

Ultimately each of these initiatives relies on RTÉ and the independent sector working together. We all want a thriving programme-making sector that sustains jobs and represents the best of indigenous creativity.

To help underpin this new and changing future we have over the past two years been working on a detailed *Code of Fair Trading Practice* agreement, which we have in the past few weeks submitted to the Minister. This Code is designed to address the principles of the BAI Guidance and follows on from extensive and lengthy discussion and consultation between RTÉ and Screen Producers Ireland. I think we have a large measure of agreement on most of the primary issues. Importantly, key principles are now for the first time expressed in a detailed document that should hopefully be flexible enough to take account of the rapidly changing market for television programming.

RTÉ has not sought to use changes to RTÉ's rights position to require reductions in the proportion of programme budgets which will be funded or, crucially, reduce the rates of production fees which are built into commissioned budgets on a 'cost plus profit' basis. These production fee rates remain significantly higher than those currently offered by others in this market, typically 17.5% for RTÉ commission versus 10% for others. RTÉ wants a financially healthy industry where successful producers can make a profit here and in international sales.

Ultimately the success of the independent production sector is of huge importance to RTÉ. We remain, notwithstanding cutbacks in recent years, by some distance the biggest funder and supporter of the sector. We need great programmes to fulfil our role as much as you want to make them. We will do everything we can to develop and support the Irish programme making over the next number of years. That will mean doing new things, and being open to doing things we have never done before and looking honestly at how we operate, commission and develop programming.