

## **BELFAST MEDIA FESTIVAL**

**Dan Gilbert Memorial Lecture**

**Royal Television Society – Northern Ireland**

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**Address by Noel Curran, Director General, RTÉ**

Good Afternoon.

Firstly I would like to thank the Royal Television Society in Northern Ireland for the invitation to speak to you today, and the Belfast Media Festival for hosting this year's Dan Gilbert Memorial Lecture.

I understand this is the first time that a Director-General of RTÉ has been asked to address the RTS in Northern Ireland.

I am particularly delighted to accept the invitation.

Growing up on the border in the seventies and eighties gave me an acute sense of and interest in life in the North and my own border region.

The Troubles was the dominant subject for Irish journalism for two generations of reporters, editors and writers on this island. I spent a two periods of my career in journalism as Editor of Current Affairs in RTÉ. I was also fortunate to be Editor during some of the most hopeful days, when politics found a way to trump history and begin the journey towards peace and progress that thankfully continues today.

In an age when the media has become an easy scapegoat for the woes of the world, we should continue to recognise the courage and integrity of so many people within RTÉ and the wider media in providing insight, analysis and understanding of that period.

The story of media coverage of that period has been told before – and told well

Today I want to look ahead and not at the past.

I want to ask what relevance is there for Public Service Broadcasting or Public Service Media, as we now must define it, in a world of rapidly expanding choice?

What is the valuable or even indispensable thing that public service media adds to society and to this society in particular?

I want to make the case today for what public service media does and explain what else RTE and others need to do to sustain it. I also want to outline some of our plans for the future.

Life in Northern Ireland has transformed, and so too has the media landscape. Unrecognisable from that of only a decade ago, it will undergo even more profound change in the decade ahead.

I believe public service media remains, particularly on this island, relevant in our shared futures, and we face important decisions about how we support, sustain and enhance it.

Those graduating from University in the North today were four or five when the Good Friday Agreement was signed. Assuming they can afford it, a mobile smart phone is most likely their first phone. I like to kid myself that I'm still relatively young but my first mobile phone as a cub reporter weighed about a stone and stretched half way up my arm. It was certainly more Dom Joly and Trigger Happy TV than Steve Jobs and iPhone.

Today's graduates are part of the most connected generation in history. In August OFCOM reported that eight in ten households in Northern Ireland have access to the internet and that Northern Ireland ranks highest in the UK for availability of superfast broadband.

Smartphone ownership has risen from to 55% in the past year, while Northern Ireland has the highest rate of tablet ownership in the UK.

These changes are mirrored in the South. The stats are as staggering as they are voluble. In September Comreg reported that the number of smartphone/tablet users in Ireland increased to over 2.8 million. Nearly 60% of all mobile phones in the South are now smart phones.

It's not widely known, but one of the most significant shifts in RTÉ audience behaviour in our entire history has happened in the last eighteen months with the result that over 70% of the traffic to RTÉ's online services now comes via mobile devices.

Connectivity has the potential to transform this generation of young people across the island of Ireland. Insularity and narrow versions of identity are constantly challenged by connectivity, enabled by mobile and other technologies, to communities, localities, counties and countries outside our own.

Eric Schmidt of Google wrote: “the vast majority of us will increasingly find ourselves living, working, and being governed in two worlds at once. In the virtual world we will all experience some kind of connectivity, quickly and through a variety of means and devices. In the physical world we will still have to contend with geography, randomness of birth, bad luck and good and bad sides of human nature – or in the case of Northern Ireland a particularly troubled recent past.”

Throughout history, the advent of new communication technologies has empowered successive waves of people, often at the expense of traditional power brokers.

We can see it in many parts of the world today. Connected by technology, young people, impatient for change, are demanding action; and as has happened across the Middle East in the past few years, are taking action that in some cases has been profoundly destructive and chaotic.

How this juxtaposition of the virtual and the real will affect life on this island, with a history such as ours, is impossible to predict.

In such a borderless world, will traditional cores of identity, of whatever shade, survive the onslaught of affordable usable technology that more than anything else helps people connect, understand, learn and share?

Of course, communications technology is only one of a number of important prisms by which to look at changing attitudes both North and South of the border, particularly among younger people. The maturing and strengthening of the direct British-Irish relationship, immigration, changes to the education system, the economic recession and a myriad of other factors all have and continue to influence the speed and nature of changing behaviors and attitudes.

But I do think we need to particularly focus on technology, because the change has, relative to other factors, been so rapid. Technology has a unique capacity to accelerate the speed of change itself, and amplify the impact of the many other factors at play.

Where does public service media sit in this new reality? How does it fit into this fast changing environment of limitless sources of information, analysis and opinion – much of it now freely accessible in your hand?

Public media does different things in different countries. In some countries, it is state media, in China and Russia for example, where they are effectively the only media.

In other countries the opposite pertains, and public service media only does the things that the market will not deliver (PBS in the US for example).

And in many developed countries, particularly in Europe, public service media lies somewhere in between; it goes beyond market failure and offers a qualitative presence in the market, competing with a vibrant commercial sector for audiences across a broad range of programmes and services.

This is the place that RTÉ, the BBC and other European public service media occupies.

Public service broadcasters provide an alternative to a commercial sector driven purely by a profit motive. Let me be clear about this, I applaud that profit motive, that commercial imperative. It has driven so much innovation and choice in our industry. I have worked happily in the private sector in the past and I will again.

But there has to be an alternative – a strong alternative.

Speaking personally, I have left RTÉ on two occasions during my career only to return again. I sometimes, or more precisely my wife, sometimes asks the question why?

When I returned the first time to the post of Editor of Current Affairs the then Director-General and Managing Director of News agreed to invest sufficient funds from a new Licence Fee settlement into investigative journalism and more particularly into a new strand of investigative documentaries. It was the kind of financial commitment that only a public service broadcaster, with a new injection of public funding could, or more importantly would, make.

A decade later I applied to return to RTÉ a second time, as Director-General, because I absolutely believed in RTÉ's public service mission and I felt that the financial tsunami that had hit the organisation in 2008 was making that mission more difficult to achieve, but also more relevant than ever.

It has not been the easiest time for anyone to be in senior management in any media organization in Ireland, but it has perhaps been the most important.

I could bore you all to tears with definitions of public service broadcasting from Lord Reith in the 1920's, to the Treaty of Rome, the Amsterdam Protocol, the BBC Charter, the Irish Forum on broadcasting, right up to the EBU's recent declaration of public service principles.

All of these have value. For me words like independence, universality, excellence, accountability and impact have a particular place in that definition and all retain a resonance today.

I have never subscribed to the market failure argument that seeks to define public service media only by what the market chooses not to provide. To do that is to push public service broadcasters to the periphery, to make us something that everyone must pay for but only a small minority will use or find relevant.

At its best, public service media leads the market. It challenges as well as engages audiences. And its very existence at the heart of a vibrant media market encourages higher quality and creativity, more rigour and greater impartiality, all things that cost money and reduce margins but make for a better overall media environment.

This role is just as relevant today in the digital online world as it is in broadcasting.

However, I strongly believe that at the core of any definition of public service media there has to be the concept of providing something different to our commercial rivals – something they simply cannot do, not something they choose not to do. It is that concept of difference – be it in type of output, quality of output, or volume of output - that has always attracted me to RTÉ. It's not what we do the same; it's what we do differently that defines the character of public service media.

What does this mean in reality?

It means that RTÉ has a unique statutory remit encompassing the whole island of Ireland.

It means that we spend €40m in the independent production sector in Ireland.

It means that we spend multiples of what our commercial rivals spend on Irish production.

It means investing €23m Euro in Irish drama last year.

It means covering both the hurling and camogie finals, only one of which gains a big audience.

It means spending €14m Euro each year providing a comprehensive live programme of classical music across two orchestras, two national choirs and a quartet.

It means launching a multiplatform children's television, radio and online channel, which carries no advertising.

It means keeping RTÉ News and Current Affairs at the very heart of the peak-time schedule at 6pm, 9pm and 9.30pm, unlike almost any other PSB or commercial broadcaster in Europe.

It means running high-quality Irish-language, classical and niche music radio stations, and providing Irish-language television, and radio news, not just for RTÉ but for TG4 also.

It means sharing our coverage of events of national significance with our commercial competitors.

It means sponsoring the RTÉ All-Ireland Drama Festival, supporting the Young Scientist Exhibition, Culture Night and hundreds of other local and national events around the country.

It also means that every day, across all our services, we hold to account and ask tough questions of those who make decisions about our funding or those we have important commercial relationships with.

And that is just a small sample of what we do.

Of course, sometimes we fall down on our commitments, and our standards. We make mistakes. We can also be organizationally arrogant and defensive. But I still believe that we provide a tremendous public good, both north and south.

This is our job description, as set out in legislation. Surely, this is just as relevant and demanding in this new always-on digital world as it was in the analogue one that preceded it?

In short, RTÉ must be a truly public space.

This central and common goal, shared by most public service broadcasters, is nowhere more important than on the island of Ireland.

RTÉ has a mandate to act as a key conduit for the flow of news, ideas and culture across the whole island of Ireland. It is a responsibility we undertook through the most difficult of times and we undertake today. Could we do it better? Of course we could, but it remains central to our purpose.

For all the benefits that new technology is bringing to our lives – increased access to information, increased ability to connect with others, increased ability to capture and share – outside of public service media, no new media or commercial media services have it as their responsibility, or indeed as a core part of their business plan, to actively all parts of our community together.

However its one thing to talk about our responsibilities and ideals, but what audiences do and how audiences value what we do is also essential in determining what overall value public service media adds to society.

Notwithstanding huge reductions in its budgets in recent years and the growth of all sorts of new media services, RTÉ continues to retain a unique connection with Irish people. In any given week RTÉ reaches 96% of Irish people in the Republic with its services and channels.

But that audience is segmenting, chasing their information and entertainment across different platforms and devices. And we must follow them; we must offer them more alternatives, more ways of accessing our content. That's the path we've been on in recent years as we set about changing the organisation.

In the first 80 years of RTÉ's history, RTÉ launched a new service, on average, every nine years. Notwithstanding the very difficult economic environment, in the last five years alone RTÉ has launched new digital radio services, new digital TV services, on-demand online players, a new DTT platform, as well as a range of mobile applications, all from existing resources, all to stay relevant and keep pace with the speed of changing media consumption.

Like many organisations, every quarter RTÉ tracks public perceptions of its brand. Historically we have not made this research public, which I think was a mistake. It actually underpins our mission and direction. We are a far, far from perfect organisation believe me but it also important that we acknowledge and talk about our relationship with our audience. Our latest research shows that

- 84% believe that RTÉ is an important part of Irish life
- 71% believe our programming and output is of a high quality and even more find it easily accessible on a range of devices
- And most importantly RTÉ is the most trusted national organisation in the country with 85% of Irish people trusting RTÉ's News and Current Affairs programming

Such public trust is the life-blood of any media organisation, particularly public service media. But that public trust we retain sometimes depends on us taking risks.

Last year's broadcast of *The Disappeared*, a joint RTÉ/BBC NI documentary, told the story and revealed the continuing trauma for the relatives of those taken, killed and secretly buried by the IRA during the Troubles. RTÉ will continue to examine important aspects of the recent past in Northern Ireland. We are currently working on another landmark documentary, planned for broadcast in the spring, on the complex relationship between key actors during the period of the Troubles. I also hope that the move from RTE of a very respected programme maker and manager, Steve Carson to BBC Northern Ireland, while a loss for us, will lead to a new era of cooperation between both organizations.

So, looking back at all those figures and stats, what, you might ask, is the problem? We're changing with our audiences and they are responding.

The truth is that I don't believe RTÉ has a mission or purpose problem.

The problem is that despite large audiences and public support, the dual-funding model which underpins all that RTÉ does is under very serious threat.

That threat is coming from four diverse factors - **ideology, economics, technology** and **geography**.



## **Firstly let's look at the ideological challenge.**

Whereas historically public service media was seen as an essential building block in many democracies, it is now being painted by some as an unnecessary impediment to commercial media companies.

Any analysis of what is currently happening to funding of public service media in Canada, Australia, Spain and most obviously in Greece, illustrates the worrying trend.

In Canada for example, a combination of funding shortfalls and revenue losses have forced CBC/Radio-Canada to cut \$130 million from its budget this year. The latest in a long series of cuts. Canada's public funding per capita is amongst the lowest in the world. CBC now has a peak time TV share of just 8%.

In parallel, the consolidation of media ownership in Canada has been striking where commercial broadcasters have been acquired by large TV platforms who in turn are part much larger telecommunications giants. Interestingly in financial terms the public support of private commercial broadcasters now matches that granted to public service media.

However notwithstanding being in receipt of c. \$ 1 billion Canadian dollars in state assistance, a look at the peak time schedules of commercial broadcasters in Canada shows a very clear trend – virtually all non news and sports programming is foreign. Canada is the only country in the world where the list of top 100 most watched programs is dominated by foreign, largely US, titles. Only 23 are made in Canada.

Let me be clear about this. Some of those US titles are I believe amongst the best television made anywhere in the world. They are made by companies that are world leaders in quality and innovation, particularly in Drama and Comedy. The media world would be a much poorer place without them.

We should all recognise that. But we have also to ask ourselves what the consequences of increased media consolidation, less diversity and poorly funded public alternatives is?

In the US last year six companies in controlled 90% of all media. It was 50 companies in 1983. The US also has one of the least resourced and least influential public service media organisations of any western country.

This trend towards consolidation is also underway in Ireland. SKY and UPC are important partners of RTÉ.

It is a fact that SKY in particular has been a world leader in innovation. It is also a fact that between them, SKY and UPC provide access to television services to over 80% of Southern Irish households. They now compete with each other to 'own the home' as well as the TV set with broadband and phone bundles.

Communicorp is also expanding its range beyond its radio and newspaper holdings, through acquisition, provision of news to UTV's commercial radio stations, and other relationships with broadcasters like TV3.

Audiences need a healthy commercial sector. Choice is a key part of any vibrant media landscape.

But audiences also need a strong independent public service media to provide a healthy counterbalance to the inevitable drive towards more consolidation, and fewer, bigger players in our industry.

**The second threat we all face is a purely economic one.**

As the global recession took hold we saw that the public monies made available for public service broadcasters was substantially reduced, particularly in Europe. This along with the huge falls in advertising revenue over the past five years is causing serious financial difficulties to many public service media organisations trying to carry out their remit.

As with many media organisations, Ireland's economic collapse has had a deep impact on RTÉ's finances. People in this audience may not realise that RTÉ's combined public funding and commercial revenue fell by a staggering €113 million over the last five years.

In response, RTÉ has reduced its operating costs by 30% and in 2013 returned to a small surplus for the first time since 2007.

But the impact of RTÉ's restructuring has been very significant. People here may not be aware that almost 500 staff have departed.

While RTÉ has protected services and programming as much as possible, indigenous television programme production has reduced substantially.

This economic threat has not gone away. The continued arrival of new entrants, like UTV Ireland led in the South by the very talented former RTÉ executive Mary Curtis, will impact on the growth we all expect in that market.

### **Geography also poses problems for the future.**

This island shares a language with and is sandwiched between the two most advanced and competitive media markets in the world. On television alone RTÉ competes for audiences every night with the most highly-resourced and the best public service and commercial broadcasters in the world – the BBC and Channel 4, ITV and Sky, and a whole range of other smaller channels.

In the last 18 months alone the number of UK television channels selling Irish advertising has grown significantly to a total of 36 channels. SKY added Irish advertising to two new channels in January 2013. The UK PSB Channel 4 is now selling Irish advertising. ITV is planning new opt-out channels soon.

All of this new competition would be great for Irish audiences and the Irish creative economy if it added new Irish programming and content, but it doesn't. In reality most of these international channels and companies invest little or nothing in Irish focused content for Irish audiences. Their combined effect is sucking revenue away from investment in the Irish production sector and into some of the most well resourced media companies in the world.

### **In terms of technology, it would be odd to call it a threat, since it offers huge opportunity for broadcasters. But it is also a disrupter.**

I have talked earlier about the extraordinary changes that communications technology is bringing to society, both North and South. I have also mentioned the speed at which RTÉ is now innovating to develop new digital services and content.

The opportunities for public service media are enormous and hugely exciting. These new tools allow us to interact with audiences and make content in all sorts of new ways and for all sorts of devices. It has never been such an exciting time to be a journalist or work in media.

The difficulty is that as everyone at this festival knows, notwithstanding how popular and essential RTÉ's digital services have become, they do not yet generate enough revenue to either make up for the long-term displacement of TV and radio advertising revenues or to support the development of the kinds of digital services that are essential if we are to remain relevant in the increasingly digital lives of Irish people.

These threats and disrupters on four fronts – ideology, economics, technology and geography - mean that RTÉ, or more importantly the scope, depth and breadth of what we do every day, has an uncertain future.

The answer and indeed the future opportunity for us lies partly in our own hands, partly in those of government and regulators.

No one in our industry can stand still, and we are not standing still

Output is everything for all of us. We must all now constantly assess our programming and genre strategies over much shorter timeframes than previously.

That is what RTÉ Television has been doing over the past year.

Public service media companies have to follow our audiences. That means continual investment in our digital offerings. The RTÉ Player is central to that offering. We are currently working on a substantial reconfiguration and reiteration of that offering which will launch next year.

We also intend to complete and make public a new iteration of our digital strategy by year end.

In parallel to fundamentally restructuring our operations and dramatically reducing costs, we are also looking at new ways of diversifying and increasing commercial revenues in pursuit of our public service responsibilities.

This is particularly relevant for RTÉ, given the falls in our funding but public and commercial.

- As part of an international strategy we launched GAAGO earlier this year in partnership with the GAA, bringing GAA Championships matches to over 120 countries this summer.
- Before the end of the year we will launch an international premium RTÉ Player service, bringing additional content to international audiences on a subscription basis. This will be a first for us and comes after substantial development and market research.
- We have also created unit to drive international sales of programmes and formats. This follows the development of RTÉ's Format Farm initiative with the independent sector, international studios and distributors over the past few years.

- Given the ever increasing competition south of the border and the arrival of so many new entrants we have to look again at our advertising offering. Building on the growth of audiences for RTÉ television services in Northern Ireland since digital switchover, in the next year we plan to offer Northern Ireland advertisers opt-out advertising opportunities on RTÉ's TV services here.
- We are also looking at launching a TV service into Britain, also with localised advertising. This would also improve our overall offering to the Irish community in Britain, an important responsibility we have, while also enabling us to generate some additional advertising revenues.

These are just some the new initiatives and strategies we are developing to grow revenues. Innovations in sponsorship, cross-media offerings, co-productions and advertiser funded programming are also being pursued. With public funding being eroded we must and will continue to innovate and develop our commercial offerings to help sustain all of what we are required to offer.

Having been an issue of much debate and dispute in the US for the last number of years, both ITV and Channel 4 have very recently put retransmission fees firmly on the agenda in Britain.

For those that don't know, the retransmission fee debate is about the flow of payments between broadcasters and TV platforms.

In September, ITV chief executive Adam Crozier said that the majority of viewing on pay-TV platforms is PSB programming yet ITV, whether as producer or broadcaster investing in creating that content, doesn't receive any payment. He went on to say that the impact of this wholly outdated regime is that UK public service broadcasters are forced to subsidise major pay-TV platforms.

Later in September the UK Culture Secretary told a Royal Television Society conference in London that the UK Government would shortly begin a review into whether TV platforms (satellite, cable, etc) should pay for carrying the main free-to-air channels.

David Abrahams of Channel 4, speaking at the Edinburgh Festival, said that distribution or retransmission fees could be worth as much as £200m a year to the main free-to-air channels, because they accounted for bulk TV viewing on Pay TV platforms.

We have been considering this issue in an Irish context for some time.

Over the past six months RTÉ has conducted detailed research to understand much more clearly who creates value for whom in the relationship between Irish terrestrial broadcasters and the major Pay-TV platforms operating in Ireland.

Working with us, later this month Mediatique, a UK based consultancy firm will complete a comprehensive report on the value to Pay TV operators in Ireland of having access to Irish free-to-air services. While the report isn't complete yet, much like in Britain, the analysis is telling us that the financial benefits of the relationship are currently completely imbalanced in favour of the Pay-TV operators.

Unlike the US or the UK, in Ireland this imbalance causes a particular difficulty because it results in huge amounts of potential investment for Irish programming and content leaving the country. This is an issue that Irish broadcasters need to work together on.

We believe it is absolutely in the interests of Irish broadcasters, the broader Irish television production sector, and most importantly Irish audiences that the Government and regulator look closely at the legislation that underpins the current imbalance.

We will be making the case clearly to Government in the coming months.

So too we will continue to make the case to Government regarding public funding of public service media.

Given that RTÉ is set up as a dual-funded public service broadcaster with a range of statutory responsibilities, the level of public funding it receives to fulfill its role is crucial.

That is a responsibility of Government.

The current Television Licence fee system is not fit for purpose.

While 96% of Irish people use RTÉ's services in any given week, the current public funding system is no longer reflective of consumption of public service media programming and content.

Interestingly if you separate that 96% reach figure now and exclude RTÉ's more traditional television and radio services, in any given week, 69% of people connect with RTÉ by using one or more of our newer digital services.

As media consumption continues to evolve and RTÉ continues to enhance and grow its digital services, the Television Licence fee will reflect less and less how people consume public service content.

Ireland has one of the lowest television licence fees anywhere in Western Europe. Unlike virtually every other public utility, it has not been protected from the effects of inflation.

Ireland also has one of the highest licence fee evasion rates in Europe. Evasion alone results in an estimated €34m in lost funding for public service broadcasting every year.

Reform of the Television Licence fee system, by decoupling it from televisions, improving and consolidating databases and driving down the costs of collection, among other things, has the potential to yield substantial additional revenue for investment in public service media, without increasing the burden at all on individuals or on households.

Given RTÉ's stated commitment to increase investment in the independent production sector and the knock-on increases to BAI Sound and Vision Fund, successful reform would act as a significant stimulus to a sector that has suffered a collapse in investment over the past five years.

When so much public expenditure is now being rightly questioned and when RTÉ is rightly being asked to look at every aspect of what it does to both increase efficiency and grow its revenues - surely reform of the TV Licence system itself must be part of that thorough examination.

Our new Minister for Communications, Alex White, has said that reform is on the agenda and that is very welcome.

We all have to remember that over 80% of households are already paying their licence fee. No one expects that the fee will increase. Those people who are compliant deserve better than to subsidise the viewing habits of those that don't. The Irish production sector, starved of investment as it is, also deserves more. Change is happening across Europe and needs to happen in Ireland as well.

The process of reforming how public funding for public service media is collected doesn't have to happen all at once. But the process needs to start now.

Two years ago speaking in UCC I said that it is within us to choose the type of public discourse we want. It is within us to choose the structure of media ownership and public service media provision we want. I still very much believe the prize in getting this balance right is worth it.

- A media ecosystem that celebrates the best of us and holds everyone, particularly those with the most, to account.
- A media ecosystem that is diverse in viewpoint and focus, that has room for commercial enterprise but also one that retains a public space where everyone can participate.
- A media ecosystem that supports and sustains Irish creativity, Irish voices and Irish creative talent, and promotes and encourages high standards and retains the trust of the public.
- A media that understands, engages with and serves the public to best of our collective ability.

RTÉ has the energy, creativity and ideas to play its part.

It really is long past the time for some real decisions.

Thank You.