

## **Future of Media Commission**

### **Independent Submission by Diarmuid O' Leary CEO Cork's RedFM\***

\* Please note the views expressed in this document are in a personal capacity. They do not reflect the views of Cork's RedFM.

In a recent interview Taoiseach Michael Martin indicated his support for a new Broadcasting charge to replace the current licencing of TV sets in Ireland. In the same interview he further indicated his support for a ring fenced fund to support 'Investigative Journalism'. Given the increasing trend of audiences away from linear television services and towards various forms of digital services, some delivered locally but overwhelmingly available internationally the public might have a jaundiced view of such a tax in terms of the value it provides. The political implications of such a solution could also be significant as witnessed from previous attempts to charge for domestic water in the past. The Commission ought address this issue more holistically. Clearly attempts to seek charges from global digital media companies is a matter more properly to be addressed by the EU directly. It would be worth the Commissions time considering and calculating the economic and financial benefit derived from such global players as a result of Foreign Direct Investment (FDI), direct and indirect taxes in the jurisdiction. The commission also needs to know the extent to which all global services are liable for collecting and paying indirect taxes, in particular streaming services and Amazon. The ring fencing of an element of these benefits to the exchequer could well prove to be a reliable basis for the generation of a Local Media fund along with the existing Licence fee to which there has been no resistance to date.

In the course of the current pandemic media in Ireland generally has provided an essential channel for Government to deliver its messaging at all stages nationally but more particularly to local communities. Local radio and newspapers have been heralded for the critical roles they played in this process and in the trust that communities placed in them as reliable services in instilling confidence in the messaging. For too long they have been the poor relation in media, generally underfunded and unattractive to investors in an expanding age of digital media. By and large they live from hand to mouth and the managing of a cost base being the key to their survival. Employees and in particular journalists suffer most from this state of affairs. Mechanisms in the Future of Media Commission need to be established to provide employment, training and careers in these local organisations. Supports in the form of subsidies and grants have the real potential of providing confidence and opportunities to these organisations and their people to develop and prosper. These supports should be seen as significant contributors to the public service remit and clearly need to be measured in terms of value for money as assessed by a competent independent body. Such funding would provide more direct outcomes than the nebulous concept of 'Investigative Journalism.'

Is PSM remit best served by RTE continuing as a full service broadcaster in a rapidly changing media environment or would the public interest be better served by RTE becoming a Publisher/Broadcaster competing for the licence fee in a dynamic environment? The news/current affairs, sport and local event elements delivered across **RTE** and the **commercial** sector operators are clearly PSM. How can local news, sport, current affairs coverage be sustained for the next 10 years without some sort of widening of the public sector media definition and funding of same. RTE offer this coverage at national and international level, however, they do not have the capacity or the structures to cover this regionally or locally in a cost efficient manner. The local radio sector with increased PSM funding/support is well positioned to deliver and enhance this service over the next decade.

The Commissions invitation to make a contribution by the public to its work would appear to indicate clarity around the structure of Public Sector Media vesting in RTE. This would be a mistake given the extent of change and disruption in media generally over the past 10 years it is difficult to envision that evolution and enhancements over the next decade will not be at least as significant.. The Public Service Broadcaster, RTE, enjoys a viewership and listenership of any aging audience, who clearly need to be served, but are not the youth of a dynamic future which also need to be identified and nurtured by PSM. For example RTE Radio deliver market share of only 19% for those aged under 35 in Ireland. The equivalent figure for 45+ is doubled to 38.2% market share. My proposition is that PSM in the future will be multi-faceted and will draw on all aspects of domestic media working in tandem in facing the inevitable challenges which lie ahead. A Media Authority will manage both the regulation of the industry but also the funding of organisations and projects which meet PSM value added criteria on a transparent value for money basis.

The current singular focus on RTE being the only Public Service Media platform in Irish Media needs to be interrogated by the Future of Media Commission. RTE currently receive over 90% of licence fee currently and yet deliver approximately 30% of total viewing and listening to TV and radio respectively. In simple terms this means RTE receive 90% of Irish people's media investment each year and yet only 30% of their consumption on TV and Radio is to the national state broadcaster. The scope of public service media needs to be widened to reflect 21<sup>st</sup> century population media consumption.

Music, Light Entertainment, Culture, Fashion, Comedy and such areas that are particularly relevant and sought after by young Irish adults are not delivered in sufficient volume or relevance by RTE.

As you can see from the Top 10 watched TV shows in 2020 RTE have delivered 9 of them, however, they are all heavily focussed on news and sport in terms of content.

Channel	Weekday	Date	Programme Title	'000 A15+	Actuals
RTE1	Fri	27/11/2020	Late late toy show, the	1,395.38	
RTE1	Tue	17/03/2020	Rte news: nine o'clock	1,207.97	
RTE1	Wed	30/12/2020	Rte news: six one	998.27	
RTE1	Fri	27/03/2020	Late late show, the	847.26	
RTE1	Fri	27/03/2020	Rte news special	791.63	
RTE2	Sat	19/12/2020	Saturday game live - live play - aisff - dublin v	796.87	
Virgin One	Media Sat	31/10/2020	6 nat live fra v ire	788.44	
RTE1	Sun	12/01/2020	Room to improve: dermot's home	732.01	
RTE1	Tue	04/02/2020	Prime time - the leaders debate	651.08	
RTE1	Tue	17/03/2020	Prime time	650.57	

The challenge that all domestic media face is competing with global corporations in terms of producing high quality drama, comedy and light entertainment shows. Clearly a different solution is needed to provide value in addressing this challenge. With an outstanding reputation past and present in world literature as a nation we are up to this challenge. With international demand for audio visual content so high surely the development of creative clusters encompassing the breath of vision to produce and co-produce domestic content capable of international exploitation is not an unrealistic ambition. The

solution to this challenge is not to simply allow RTE a monopoly on funding for such genres. RTE, as a national broadcaster, undoubtedly have an important role to play in developing this industry. RTE along with the industry and Screen Ireland need to work strategically in nurturing a number of Independent Producers and screen writers with the potential of competing in a very demanding international market for drama content.

RTE historically and culturally have dominated Irish broadcast media to the detriment of the sector. The largesse of their income along with their ability to attract, develop and remunerate talent provide significant competitive advantage in the market. The consequence of this has been that the private sector struggled to attract investment because of what investors saw as a disequilibrium. This had a knock on effect in entrepreneurship and employment generation in the wider sector. Broadening the scope of Public Service can go a long way in addressing this issue.

RTE's continued commercial revenue generation needs to be re-considered. RTE continue to compete with Irish and international commercial broadcasters for commercial revenue and yet commercial sector broadcasters have no licence fee input, albeit greater minutage for advertising purposes. RTE claim that the licence income they receive services their public service remit and produce formulae and narrative in support of this. Clearly RTE produce much content of a very high quality worthy of this remit. However I would question the allocation of circa eur4m. to 2FM as bonified and justified public service expenditure. 2FM is a national commercial radio station mainly serving the 15-34 age group with very little if any public service content. 2FM deliver less than 12% share of listening for that under 35 audience. The licence revenue allocation has all the appearances of simply plugging a deficit of a very costly operation when compared with its independent competitors.

The Commission need to examine RTE, their output and cost base and consider if the public are getting value for money in respect of the licence fee. A comprehensive strategy as to how RTE will address the increasing challenges it faces to its current business model is needed. Simply looking to reform the licence fee collection system and stated cost reductions does not address these challenges. Well chosen words and pontificating from the alter of public service entitlement does not address the continued and steady decline of this organisation as it continues to operate in deficit year after year.

Shortness of time has limited the research capability in preparing this submission. I do realise that the RTE issues cannot be addressed overnight. The Commission within its remit if it minded to do so needs to analyse the cost base within RTE and the employee cost base in particular and identify inefficiencies and timelines in which these might be addressed. Apart from the strategic challenges facing the organisation, failure to tackle and provide support in tackling these issues will be a recipe for prolonging the plight of this industry and indeed the plight of RTE itself.

**Ends.**

I am available to discuss any matters contained in the submission above and would be more than happy to do so.

## **BIOG**

Diarmuid O' Leary gained a BA in hotel management from GMIT. His post graduate studies led to a Higher Diploma in Marketing Practice from the UCD Smurfit School of Business. His industry experience has been in both commercial and leadership positions. He has worked for Today FM as Business Development Manager. He held the position of Head of Sales for Newstalk 106. He has led a national sales team for UTV which owned 6 radio stations across

the 32 counties. He was appointed Commercial Director of the Star Newspaper in 2008 and moved to Cork in 2013 to become CEO of Cork's Red FM. The last 7 years have seen the business become market leader and win many national awards for the quality of its output.