Independent
Broadcasters of Ireland

Television Licence Fee

A report prepared by Kevin Rafter for the Independent Broadcasters of Ireland.

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1. TV LICENCE FEE

The requirement to have a TV licence has existed since the introduction of domestic television in Ireland. The current system is outlined in Part 9 of the Broadcasting Act 2009. The legislation sets out the requirement to have a licence and the penalties to be imposed for not having a valid licence.

There is only one type of licence payable, and it covers any number of televisions in the same property. There is no separate licensing system or fee structure for commercial operators.

Section 144 of the Broadcasting Act 2009 does provide for the introduction of regulations in relation to different classes of licences for residential and commercial premises.[1] The introduction of different categories of licences is one of the issues to be addressed in the context of a proposed new Broadcasting Charge (see below).

Section 124 of the Broadcasting Act 2009 allows the Broadcasting Authority of Ireland (BAI) to recommend a licence fee increase to the Minister for Communications, Energy and Natural Resources. In order to commence this process, the BAI must commission a review of the extent to which RTÉ and TG4 are fulfilling their public service commitments and the adequacy of available public funding to enable both media organisations meet these commitments as set out in their annual statements of performance.

Despite this process, the ultimate decision on revising the licence fee remains with the Minister and the Government of the day. No account is taken of public service programming on independent radio and television stations.

With the deregulation of the Irish broadcast market post-1988 RTÉ is no longer the sole public service broadcaster in Ireland. On both state owned and independent stations there are a variety of programme content types. Schedules clearly indicate that programmes classified as either public service, or non-public service, are not exclusive to any single broadcaster.

RTÉ and TG4 have detailed legislative obligations - set out most recently in the 2009 legislation - to provide public service content including commitments for news and current affairs. Similar obligations are laid down in license contract agreements between the BAI and independent stations, and in legislation.

Specifically, under Section 39 of the Broadcasting Act 2009 independent stations are required to ensure that not less than 20% of their broadcasting time is devoted to news and current affairs content.[2] There are also obligations in relation to Irish language programmes, Irish culture, music and drama content and serving local communities.

In many of their franchise areas, these independent stations have become the radio station of choice for listeners.

The Joint National Listenership Research (JNLR) report in July 2015 confirmed the strong profile of independent stations in their local areas. Table 1 shows the overall position on audience share for adults over 15 years in the peak 7am to 7pm time slots. In many parts of the country more than 40% of the local adult population tunes in to their local independent station between 7am and 7pm; in several areas the majority audience share in held by a local radio station.[3]

Table 1: Radio Audience, 2015 (Share, all adults aged 15+)

	Weekdays, 7am-7pm
RTÉ Radio 1	21.9%
RTÉ 2FM	7.1%
RTÉ Lyric	1.9%
Today FM	7.9%
Newstalk	6.6%
Local & regional stations	54.1%

Source: JNLR, 2015

The licence fee is currently set at €160 per annum. Total licence fee revenue is shown in Table 2.

Table 2: TV Licence Fee[4]

Year	€000
2009	226.2
2010	222.4
2011	217.8
2012	215.0
2013	216.4
2014	213.3

Following the deduction of a payment fee to An Post as the collection agent, the net licence fee revenue is allocated between the RTÉ, TG4 and the Broadcasting Fund (better known as Sound & Vision) administered by the BAI.

Prior to 2003, RTE received all net licence fee income. Changes in 2003 meant 5% of the net income was allocated to support independently produced programming on public and independent broadcasters through Sound & Vision. This level was increased to 7% in 2009.

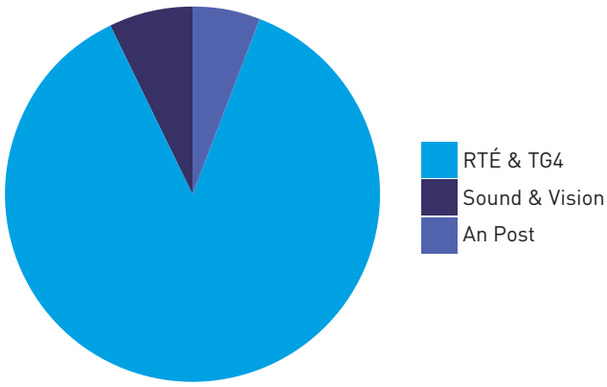
As shown in Table 3 the vast majority of licence fee income is shared between RTÉ and TG4; they receive just over 87% of the total, or €139.76 in every €160 licence fee.

Table 3: Where the licence fee goes

	Breakdown of every €160	Total allocation, €000	% of total
RTÉ	€127.84	174.9m	79.9%
TG45	€11.92	16.2m	7.4%
Sound & Vision	€10.52	14.5m	6.6%
An Post Collection Agent	€9.72	13.4m	6.1%

Source: Derived from RTÉ, Annual Report 2013, p17.

Fig. 1: TV Licence Allocation, 2013[5]



The most recent RTÉ annual report shows the station had total revenue of €328m in 2014. This figure comprised €149.6m (46%) from commercial activities and €178.6m (54%) from licence fee income.

Over several annual reports RTÉ has provided data on how licence fee monies are allocated across its various activities. Although not independently verified this information in Table 4 offers some insight into licence fee spending against the broadcaster's public service obligations.

Table 4: RTÉ's Licence Fee revenue is spent, each €160

	Breakdown of €160	% of total
RTÉ One TV	€40.04	31.5%
RTÉ Two TV	€35.62	27.9%
Radio 1	€13.28	10.4%
2FM	€4.49	3.5%
RnG	€7.70	6.0%
Lyric FM	€4.13	3.2%
Orchestras	€8.54	6.7%
Online	€4.27	3.3%
Other channels	€3.26	2.5%
Other[6]	€6.51	5.0%

Source: Derived from RTÉ, Annual Report 2013, p17.

According to RTÉ licence fee revenue is in the first instance allocated to channels and services that have limited capacity to generate commercial revenue - RTÉ Orchestras, RnG, lyric fm, statutory provision of programming to TG4, supplementary DTT and DAB channels ('other channels'), Corporate HQ and financing costs.

The balance of the licence fee revenue - the station's 2013 annual report notes, 'is distributed between services with significant commercial revenue potential in proportion to the net cost of the public services' - RTÉ One, RTÉ Two, Radio One, 2fm and RTÉ Online.

The total allocation of licence fee revenue within RTÉ is shown in Table 5.

Table 5: RTÉ Licence Fee allocation, total spend, 2013

	€ 000
RTÉ One TV	55.6m
RTÉ Two TV	49.3m
Radio 1	18.4m
2FM	6.2m
RnG	10.6m
Lyric FM	5.7m
Orchestras	11.7m
Online	5.9m
Other channels	4.5m
HQ	7.1m
TG4 Support	7.1m
DTT related	0.3m

Source: RTÉ, Annual Report 2013, p96

2. SOUND & VISION

Section 154 of the Broadcasting Act 2009 assigned responsibility for the administration of a funding scheme to support the transmission of high quality radio and television programming produced by the independent production sector.

The Broadcasting Funding Scheme is designed to support programming based on Irish culture and heritage, among other objectives. It is currently funded by an allocation of 7% of the net television licence fee income. The funding level was increased to 7% (from 5% previously) under the 2009 legislation.

With the exception of an allocation to fund a broadcast archive scheme and BAI administration costs, the majority of monies in the Broadcasting Fund are spent through the Sound & Vision Scheme.

Essentially, Sound & Vision provides funding to independent producers to make programmes that are broadcast free-to-air on BAI-approved channels. In this regard, Sound & Vision is open to RTÉ, TG4 and the broadcasters in the independent and community sectors. Proposed programmes must have prior support of a broadcaster in order to be eligible to apply.

In a 2013 review of Sound & Vision it was noted that the scheme had:

> *'played a key role in making public revenue available to all broadcasters, whether they are publicly owned or are private/purely commercial. Sound and Vision acknowledges this by making it clear that public service content is not exclusively produced by publicly-owned broadcasters.'7*

The second round of funding under the Broadcasting Funding Scheme - Sound and Vision II - commenced in January 2010 and ran until the end of 2014. The Scheme was intended to:[7]

> *'to increase public access at national, local and community level to high-quality television and sound broadcasting programmes in English and Irish which explore the themes of Irish culture, heritage and experience, in contemporary or historic contexts.'*[6]

These objectives were derived from statutory provisions and can be summarised as: Quality, Irish Language, Additionally, Diversity, Heritage, Local and Community Broadcasting, Adult Literacy or Media Literacy, and/or Global Issues.

News and current affairs programmes are specifically excluded from receiving funding support under Sound & Vision.[8] This exclusion means that the 20% news and current affairs requirement on independent stations - which is public service content - receives no licence fee support.

The figures in Table 6 show allocations from Sound & Vision II in 2013 and 2014, namely the final five funding rounds of the scheme in the two most recent years for which information is available.

In this period, a total of €23.7m was awarded in licence fee income to independent producers for programming on public and independent television and radio stations. In all, 586 productions received funding - 474 for radio and 112 for television.

Table 6: Sound & Vision II, 2013 and 2014

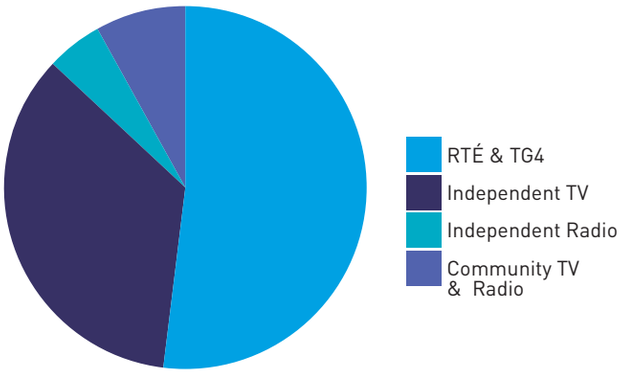
	€	% of total
RTÉ	7.4m	31.2%
TG4	5.0m	21.1%
Independent TV	8.2m	34.6%
Independent Radio	1.1m	4.6%
Community Radio & TV	2.0m	8.4%

The funding is allocated independent of audience levels in the different sectors. The vast majority of awardees are independent producers although in some rounds stations themselves as applicants were awardees.

In this category, independent radio stations had 34 programmes securing funds (€213,914), RTÉ radio 12 programmes (€78,646), RTÉ television one programme (€70,000) and independent television two programmes (€703,000).

The allocations in 2013 and 2014 show that over half of the licence fee funding allocated through Sound & Vision was awarded to independent producers for programming on the two publicly owned broadcasters, RTÉ and TG4.

Fig.2: Sound & Vision, 2013 & 2014



In total, for every €1 in Sound & Vision funds distributed just over fifty-two (0.52) cent went to the public broadcasters.

The balance was shared among independent and community stations - independent television received almost thirty-five (0.35) cent in every €1 allocated; just over eight (0.08) cent went to community broadcasters; and independent radio received less than five (0.05) cent in every €1 awarded.

Taking the overall allocation of the licence fee in conjunction with the Sound & Vision allocation shows that the vast majority of the monies go to RTÉ and TG4:

- 87.3% of total licence fee allocation;
- 52% of total Sound & Vision allocation.

The figures suggest that licence fee allocations are not acknowledging the changed broadcast market in Ireland as represented by licensed stations and audience preference and, more particularly, the increased diversity in programme output with public service content transmitted by a variety of stations irrespective of ownership type.

3. COLLECTION & EVASION

Collection

An Post administers the collection system on behalf of the Department of Communications, Energy and Natural Resources, which has overall responsibility for the management of the collection process.

While An Post had previously indicated a preference to end its involvement in collection the company has continued as the agent. The company has undertaken this work since its formation in 1984, having previously been the collection agent in its Post Office role within the Department of Posts and Telegraphs. The amount paid to An Post is calculated by reference to the volume of licence sales based on an incentivised payment structure with additional amounts payable for the achievement of defined sales targets.

Evasion

The TV licence fee has always been subject to a degree of evasion. Evasion levels in Ireland are high, and have remained stubbornly high for the last twenty years and longer. These levels have over a prolonged period remained higher than in other countries including the United Kingdom.[9]

The evasion rate has varyingly been estimated at between 12% and 15%.[10] In July 2014 the then Communications Minister Pat Rabbitte described evasion as 'an ongoing scourge' when he suggested evasion levels could be higher than 15%.[11]

The lost revenue from this level of evasion is estimated at €30m.[12]

By way of contrast, the evasion rate in the United Kingdom is put at 5.5%.[13]

Where evaders are detected, and do not subsequently purchase a licence, prosecution proceedings are commenced. The number of summonses served for non-payment of TV licences was 16,566 in 2014.[14]

A high proportion of summons are returned unserved (estimated at approximately 50% in 2004). Where cases proceed to court there is a high conviction rate with fines imposed and some prison sentences. Again, based on 2004 data it would seem that very few convicted evaders purchase a licence following a court hearing.[15]

As noted in a Comptroller and Auditor General Report in 2004:

> *'evasion both reduces the level of funding available for public service broadcasting and creates an inequity between compliant licence holders and evaders. For these reasons, it is desirable that licence fee evasion should be minimized or eliminated.'*[16]

Evidence shows there is considerable scope to increase total licence fee income in Ireland by bringing evasion levels down to the type of levels experienced in other countries.

Database Access

The Department of Communications, Energy and National Resources is currently preparing legislation to allow the TV licence collection agent have access to subscription data held by satellite and cable service companies such as Sky and UPC.[17]

The Department has taken legal advice from the Attorney General around issues of commercial confidentiality and customer privacy. It has committed to liaising with the Data Protection Commissioner to ensure the proposals meet data security requirements.

No timetable for the enactment of this legislation has been set. Having access to the names and addresses of subscribers to digital television services would undoubtedly assist in more easily identifying licence fee evaders.

Significantly, however, in order to achieve higher revenues from more vigilant detection will most likely

require more successful efforts to change the behaviour of those issued with summons or convicted before the courts.

4. BROADCASTING CHARGE

The concept of a TV licence fee has been challenged - and undermined - by changing consumption patterns driven by a new range of viewing platforms and devises. Access to 'television content' is no longer reliant on owning a television.

Under existing statutory requirements those watching 'television content' on portable devices or streaming programming online do not need to own a TV licence.

The idea of moving away from a device-specific levy to a household-based broadcasting charge, independent of the viewing device, is under consideration in many countries.

For example, the Culture, Media and Sport Committee at Westminster in a report published in February 2015 concluded that there was no long-term future in a licence fee to fund the BBC and argued for a new broadcasting levy, or possibly a degree of subscription.[18]

A household-based charge has the attraction of dealing with changing viewer consumption habits - driven by advances and convergence in technologies - as well as assisting in addressing evasion levels.

The Programme for Government of the Fine Gael-Labour coalition in March 2011 contained a pledge to replace the current funding system with a new Public Broadcasting Charge. The document noted:

> *'We will examine the role, and collection of, the TV licence fee in light of existing and project convergence of broadcasting technologies, transform the TV licence into a broadcast-based Public Broadcasting Charge applied to all households and applicable businesses, regardless of the device they use to access content and review new ways of TV licence collection, including the possibility of paying in instalments through another utility boll (electricity or telecom), collection by local authorities, Revenue or new contract with An Post.'*

In summary, it was envisaged that this new charge would apply to all eligible households and businesses irrespective of the device used to access content or services.

While no commitment has been made on the level of this change - or projected overall revenue - it was understood that the proposed arrangements would, at a minimum, be capable to sustaining existing funding levels.[19]

Earlier in 2015, the current Minister for Communications, Energy and Natural Resources Alex White announced that plans to replace the TV licence fee with a new broadcasting charge would not proceed during the lifetime of the Fine Gael-Labour government, and that its introduction was a post-2016 issue.[20]

The Minister has spoken about the need to build public understanding and acceptance/support for the introduction of a new broadcast funding arrangement.[21]

5. FUTURE DIRECTION

Successive ministers have argued the case for a continuation of a funding model - be it the existing licence fee, or a new household broadcast charge - so as to ensure that an independent and reliable income source is available for RTÉ and TG4 to meet their legislative public service objectives particularly in the case of news and current affairs programming.[22]

It is also possible to make a similar argument about the public service value of news and current affairs output on independently owned broadcast media. This issue was referenced in the Crowe Horwath report for the BAI in 2013 but without any significant analysis or discussion.

Doubts have been raised at ministerial level about modifying the allocation system to allow for greater recognition of the public service content broadcast on independent stations, in particular for fear of weakening the public broadcaster sector.[23]

Yet, as we have seen, scope does exist to increase overall revenue from the licence fee to benefit both public and independent sector, (without an increase in the current annual €160 fee). First, through reduced evasion with access to digital service subscriber databases. Second, by introducing a commercial licence fee.

In the context of an overall increase in revenue scope would be available to distribute additional monies to both the public and independent sectors.

In this context, arguments about a 'zero sum game' - that there will be fewer resources for public broadcasters if public service content on independent broadcasters is funded to a greater extent - do not apply.

The current Minister for Communications in May 2015 acknowledged the need for 'a considerable debate' around this issue.[24]

In the context of the financial difficulties and challenges faced by both public and independent broadcasters - driven by the post-2008 economic crisis but also by ongoing changes in the media advertising market - it would seem that considerable scope exists to support public service programming on all licensed stations irrespective of the ownership type of those stations.

With the possible introduction of a new broadcasting charge there needs to be more debate and clarity about what constitutes public service broadcasting in Ireland. In this regard, in the Irish radio and television market today it is very difficult to sustain the argument that only state owned stations produce and broadcast public service programming.

The Irish market is now defined by mixed output - public service content and non-public service content - on a variety of different state owned and independent stations.

The case for increasing funding for independent stations would seem to be strongest in respect of their mandatory 20% news and current affairs programming.

This argument is especially important in ensuring the Irish public has access to a strong and vibrant alternative information source of broadcast news, and outlets for its transmission, beyond that gathered and provided by RTÉ and TG4.

A diversity of news sources is good for a functioning democracy. In that regard, enhancing the quality and ensuring the viability of news and current affairs programming on independent stations should be an important public policy objective. The real winners from such a process would be the Irish public.

6. CONCLUSION

1. Ireland now has a variety of stations producing and transmitting programming that can be classified as public service content.
2. The vast majority of monies from the TV licence fee - 87% - are allocated to RTÉ and TG4. These two stations are also the main recipients from the Sound & Vision Scheme - receiving over 50% of funding awarded in 2013 and 2014.
3. TV Licence evasion levels remain stubbornly high in Ireland. Obtaining access to the subscriber details of satellite and cable services will assist in identifying evaders but prevailing attitudes to summons and convictions will also need to be tackled.
4. Changing viewing habits will continue to undermine the licence fee model.
5. The proposed Broadcasting Charge will not replace the licence fee until 2017 at the earliest. The introduction of a new commercial TV license/broadcast change should see overall revenues increase.
6. With increased monies - from less evasion and a new commercial fee - it should be possible to enhance public service content on both public and independent stations to benefit the audience in Ireland.
7. The case for funding public service content on independent stations is strongest in respect of their news and current affairs programming.
8. Minister White's call for a debate about funding public service broadcasting should proceed even in the absence of immediate movement on new funding models.

AUTHOR

Kevin Rafter has published widely on media and politics in Ireland as the author/editor of several books and research articles in international academic journals. He has undertaken research for the Irish Film Board, the National Newspapers of Ireland and the Broadcasting Authority of Ireland. He has substantial experience acquired across careers in journalism (1995-2008) and academia (2008-present), and currently works as Associate Professor at Dublin City University. Contact: kevin@kevinrafter.com

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References

1 Parliamentary Question [28557/13], 13 June 2013.

2 If the service is provided for more than 12 hours in a single day, stations must ensure that two hours between 07.00 and 19.00 hours are devoted to news and current affairs content. The BAI may approve a derogation from these conditions if it is satisfied that such an opt-out would benefit listeners of the service. A request is generally set out in a licence application.

3 Joint National Listenership Report, Ipsos MRBI, July 2015.

4 Data for 2009-2013, Parliamentary Question [29979/14] 9 July 2014; data for 2014, Parliamentary Question [1894/15] 15 January 2015.

5 Includes licence fee allocation and RTÉ programme support.

6 Includes spending on governance and financing, BAI levy and DTT related costs, RTÉ Annual Report, 2013.

7 Crowe Horwath, Final Report to BAI in respect of a Statutory Review of the Sound and Vision II Scheme, 10 June 2013, p71.

8 The latest version of the Broadcasting Funding Scheme - Sound & Vision III - commenced in February 2015 with a commitment to allocate in the region of €24m to television and radio programming over a two-year period.

9 See Comptroller and Auditor General, Television Licence Fee Collection, January 2004(p9); RTÉ Annual Report 2013 (p13).

10 The 12% evasion rate was referenced in the C&AG Report, again in media reports in December 2010 and, most recently, when Minister Pat Rabbitte mentioned a 15% evasion rate in the Dáil on 18 January 2012.

11 'Cabinet approves measures for TV licence crackdown', Irish Times 8 July 2014.

12 RTÉ Annual Report 2014, p9.

13 House of Commons Culture Media and Sport Committee, Future of the BBC, 10 February 2015, p71.

14 Parliamentary Question, [1895/15], 15 January 2015.

15 Comptroller and Auditor General, p9.

16 Comptroller and Auditor General, p16.

17 Parliamentary Question [22943/15], 16 June 2015.

18 See House of Commons, 2015.

19 Parliamentary Question [28234/15], 14 July 2015.

20 See Minister Alex White, Dáil Debates, 11 February 2015.

21 Parliamentary Question [22939/15], 16 June 2015

22 See, for example, Minister Alex White, Dáil Debates, 19 May 2015.

23 The current distribution system for TV licence fee income was introduced following state aid clearance from the European Commission. It has been noted that any modification of the current arrangements might require similar approval. See Minister Pat Rabbitte, Dáil Debates, 26 February 2013.

24 See Minister Alex White, Dáil Debates, 19 May 2015.

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