

A new four year public-service contract has been signed in Iceland

- RÚV, The Icelandic National Broadcasting Service and the Ministry of Culture sign a four year long public-service contract
- The contract highlights the unique position of RÚV as a public-service medium
- The premise of the contract is that the real value of the levied broadcasting fee will not decrease from the year 2016.
- Major increase in Icelandic drama productions and an increased emphasis on culture.
- Greater emphasis will be on Icelandic and Nordic programming.
- Services for children will receive continued emphasis and *RÚV for Kids* will be further strengthened.
- Service for rural areas is guaranteed.
- Collaboration with independent producers is increased.
- Increased measurability and dissemination of information about RÚV's operations.
- RÚV's operational framework for the next four years determined.
- The decision of Parliament since December 2015 of further reduction in the broadcasting fee calls for further cuts in the year of 2016 in order to maintain a balanced budget.



A new public-service contract between the Icelandic National Broadcasting Service (Ríkisútvarpið, RÚV) and the Ministry of Education, Science and Culture has been signed. It lays out the objectives, role, duties, and scope of the services that RÚV is obligated to provide and which objectives will be emphasized during the term of the contract. The contract also details operational funding throughout the contract period in accordance with the Act. The premise of the contract is that the real value of the levied broadcasting fee shall not decrease below its 2016 value throughout the period (2016-2019).

The contract highlights the important role RÚV holds as a public service provider in Iceland and further dictates its duties above and beyond those of private media. Services are strengthened in the areas where RÚV holds a unique position, with less emphasis on areas where the public has access to an abundant choice of programming from both local, private media and foreign media services. Icelandic and cultural programming is prioritized, as is Nordic programming. Services for children and youth will be further strengthened. *RÚV for Kids*, which was launched last year, will become a permanent fixture. RÚV's operations in rural areas are guaranteed and an emphasis is placed on providing diverse programming to suit all audiences. Making RÚV's broadcasts and news service accessible to the entire population, irrespective of socioeconomic status and place of residence is a priority. The contract emphasizes the important role of RÚV's news service in advance of elections. Icelandic music will receive continued emphasis in RÚV's programming.

The contract stipulates an expansion of RÚV's role in strengthening and supporting independent filmmaking, including television series, feature films, and documentaries. In coming years, RÚV is directed to use a greater proportion of its income for acquisitions, co-productions and commissions from independent producers. This proportion increases from 8% in the year 2016 to 11% in 2019.

During the contract period, RÚV will place an increased emphasis on Icelandic drama productions in order to boost production within the creative sector and increase the availability and quality of Icelandic television drama. RÚV will double its contribution to drama production and commits to spend at least ISK

200 million per year to purchase or co-produce such programming in the years 2017, 2018, and 2019. This objective is subject to additional public funding during the contract period.

The baseline for the services provided by RÚV and the scope of its operations are based on year 2015, in the wake of financial streamlining during 2013-2015. As the broadcasting fee was reduced in the 2016 state budget, the contract assumes that the services provided by RÚV may decrease up to 10% between 2015 and 2016 in order to maintain a balanced budget. As noted previously, operations have been turned around at RÚV, and RÚV generated a profit in 2015. This was made by great cost reductions undertaken for the past two years and maximum efficiency achieved in the company running. Parts of RÚV's headquarters in Reykjavik has been rented out for other services and surrounding plot of land sold with the result that RÚV's debt has decreased by 25%.

The contract stipulates that RÚV shall develop and present a strategy on how to respond to the public's changing media consumption over the course of the coming years. The contract further makes increased demands for measurability and dissemination of information, in order to facilitate supervision and performance evaluation.

"It is very gratifying that an agreement has been reached which defines the position and vision of the National Broadcasting Service for the next four years and guarantees funding for the entire period. The contract highlights the unique value of RÚV as a public broadcast medium, and it is positive that RÚV's cultural role should be strengthened, not least with a greatly increased emphasis on the production of Icelandic drama. Plans to make RÚV for Kids, a new element of our programming, a permanent fixture are also cause for celebration. It is no secret that Parliament's decision to reduce the broadcasting fee at the start of the year is a disappointment, and it will force RÚV to streamline its operations further in coming months in order to maintain a balanced budget. That being done, the contract should provide stable financing throughout the contract period, which will hopefully lead to a more peaceful political climate surrounding RÚV in the near future", says Magnus Geir Thordarson, Director General of the Icelandic National Broadcasting Service.

About RÚV:

The National Broadcasting Service (Ríkisútvarpið, RÚV) was established in 1930 and has been enduringly popular with the Icelandic nation. RÚV is the most trusted source of information in Iceland with a market share over 50%. RUV reaches 95% of the population each week, with 76% using one of the services daily, which is among the highest percentage in Europe. RÚV's funding mix comprises of public funding (60%) and commercial income (40%). In recent years, RÚV has seen regular cuts in the broadcasting fee which has necessitated substantial downsizing in the operations. A great deal of public discussion has taken place about RÚV's purpose, and the service has been the subject of heated, political debate. A substantial reduction in RÚV's operations in late 2013 caused great alarm in society, in addition to which the organization operated at a loss that year. A new Director General took over in 2014 and substantial renewal of RÚV's board and management followed. Since then, an extensive reorganizing process has yielded a change in programming emphases, a turnaround in the organization's operations, financial restructuring, an opening of the conversation about RÚV, greatly expanded services for children, and an increased emphasis on gender equality.

Further information:

- RÚV's website: www.ruv.is
- RÚV's annual report 2015: www03.ruv.is/arsskyrsla2015/
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