

**PSB PUBLIC FUNDING REVIEWS FOR
PUBLIC SERVICE BROADCASTERS**

**A REPORT FOR THE
BROADCASTING AUTHORITY OF IRELAND**

**BY
OLIVER & OHLBAUM ASSOCIATES LIMITED**

**This report is submitted to the Minister for Communications,
Energy and Natural Resources in fulfilment of
Section 124(4) of the Broadcasting Act 2009**

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1. EXECUTIVE SUMMARY

This report forms part of the Broadcasting Authority of Ireland (BAI)'s review of performance commitments and the adequacy of public funding for public service broadcasters. Under section 124 of the 2009 Broadcasting Act, the BAI has a statutory duty to

“carry out a review of the extent to which a corporation has during the previous financial year fulfilled the commitments in respect of its public service objects stated in an annual statement of performance commitments for that financial year and the adequacy or otherwise of public funding to enable the corporation to meet its public service objects”

and to submit this review to the Minister. On the basis of this review, the Authority is also requested to make a recommendation for any television licence fee modification, in the case of RTÉ and the amount of any public payment to be made to TG4.

In support of these requirements, the BAI has asked for a report to be produced which addresses the following:

- The performance of RTÉ and TG4 (the public service broadcasters), in particular against the commitments they set at the start of the year (2009)
- The efficiency and effectiveness with which the PSBs used public funding
- How well the PSBs met their respective public service objects
- Whether European Union criteria for public funding (in particular overcompensation or the maintenance of surpluses) have been exceeded
- A recommendation as to whether any change in the level of public funding to either broadcaster is appropriate

2009 was difficult year for Irish broadcasters. The ongoing economic crisis began to fully affect the wider economy, and TV advertising expenditure fell over 14% year on year – a sharper, more severe fall than in other developed European markets. Radio suffered a smaller but still considerable fall of just over 7% of advertising revenue. Both PSBs derive a substantial proportion of revenue from advertising (RTÉ far more so than TG4) and these market conditions had significant implications for the level of funds available to meet the broadcasters' commitments – and in particular for investment in programming. This market correction was in addition to the long-term trend of audience fragmentation, caused by the steadily increasing adoption of multichannel television, leading to a slow but steady fall in audiences to the main network channels.

On a wider public perception of the broadcasters' performance, both TG4 and RTÉ score well, with survey respondents scoring them highly on their contribution to society as a whole, in addition to more detailed objectives in provision and portrayal of the Irish nation and its constituent communities. These results are from the first wave of an ongoing tracker survey, where monitoring changes in perception over time is key.

TG4 and RTÉ both invested heavily in the Irish creative sector in 2009 – with TG4 sourcing 93% of its external commissioning from domestic producers. For RTÉ the comparable figure was 48%, with a further 35% from Northern Ireland.

Given the pressures on budgets experienced through the year, neither broadcaster made an operating surplus and thus neither was in contravention of European Commission guidelines on state aid for public broadcasters.

TG4 made 28 performance commitments for 2009, and achieved 23 of them. A commitment to attaining a viewing share of 2.7% was missed, although it should be noted that TG4 did increase share slightly during the year – in contrast to the other leading broadcasters. The other commitments that were not met either were directly related to financial measures (such as the level of commercial revenue) or were due to a lack of available funding as a result of the economic situation. We do not consider that these are significant or worrying failures.

TG4 met 82% of its performance commitments, and none of the commitments missed raises significant concern. Its wider contribution to Irish society – and in particular the Irish-speaking community – was recognised and valued by the public. For 2009, given the level of performance, TG4's level of funding appears adequate to meet its public service objectives. We would thus recommend no change in its level of public funding.

However, we also note that TG4's funding has been further reduced for 2010. As this review relates to 2009, we are unable to definitively say if this reduced funding has had an adverse effect on TG4's ability to meet its commitments. The reduced levels of funding in 2009 resulted in reductions in costs in all non-essential areas and considerable savings in overheads. However, given the scale of the operation, some reductions had to be made in programming expenditure. It is therefore likely that further reductions in funding are likely to have a more significant impact on programming spend. We are thus not able to show whether a return to 2009 funding levels would be necessary to meet all TG4's commitments. Furthermore, given the pressure on Exchequer funding, we appreciate that this may not be feasible. If the downward pressure on funding continues, we would propose a review of TG4's objects and commitments with the intention of focusing investment on those deemed to be of the greatest value to the core public service object of Irish language provision.

RTÉ made 78 separate performance commitments for 2009, and 29 of these were not achieved. Of the commitments that were not reached, several were small underperformances versus targets from consumer survey results. We do not think that individually these are a significant cause for concern – for some the results are within small margins of error - but if they persist or if the deviation increases in the medium term they will require remedial action. One commitment that does raise some concern is the proportion of RTÉ's in-house survey respondents viewing the Licence Fee as value for money fell to 53% (versus a performance target of 59%). Whether this represents a long-term issue or is a short-term reaction to the economic environment remains to be seen – but maintaining public support is vital for a broadcaster dependent to a large degree on public funding.

RTÉ made 21 commitments relating to funding and the regulatory process, and failed to achieve 10 of them. While this is a worryingly large proportion, the majority of them can be attributed to the wider economic environment either directly affecting funding levels or, as in the commitment to reduce personnel costs to below 50% of total costs, were due to efficiency savings made elsewhere altering the overall cost structure of the organisation. In addition, a lack of funds led to the postponement of RTÉ International. While we recognise the economic situation as a valid reason for underperformance, we would question the level of optimism that allowed commitments to be made at these levels in late 2008, in the absence of any indications of a market recovery.

In terms of efficiency, RTÉ is in line with international peers and has made efficiency gains in recent years, particularly more recently given the economic pressures. In measuring effectiveness, RTÉ co-operated fully with this review, but some data which would have made the analysis of efficiency and effectiveness possible was not available. In particular, analysis of performance by programme genre was problematic. On first analysis, it appears that every originated item in the schedule requires some degree of licence fee support, while acquired programming generates a commercial surplus for re-investment elsewhere. We do not feel that there is sufficient detail available on which to base any funding recommendation at this time and would propose looking at this in more depth in future reviews.

Overall, in 2009 we think that RTÉ performed well in a difficult market. Given the fragile state of the Irish advertising sector – with no signs of a return to significant growth yet evident - we consider that any reduction in RTÉ's licence fee would, at this stage, be problematic. However, given the low inflation environment of the wider economy, we do not consider that RTÉ needs additional funds to maintain its level of performance. The 2009 Broadcasting Act defines the formula for any licence fee modification as $(\Delta\text{CPI}) + 1\% - X$, where (ΔCPI) is the annual change in the consumer price index as compiled by the Central Statistics Office, and X is the adjustment recommended by the Authority. In this case, given the level of CPI during 2009 was -4.5%, we would propose that X be set at 3.5% for an overall adjustment in the licence fee of zero.

It should be noted that RTÉ's commitments include several which do not relate to licence fee-funded activities; in particular this related to online services (which are commercially funded) and the launch of RTÉ International. The status of these services in terms of the remit and objective of the BAI's public funding review will need further clarification.

We have also been asked to comment on the overall funding review process. Our thoughts fall into five areas:

Firstly, the commitments themselves. RTÉ made 78 separate performance commitments for 2009, and TG4 made 28. While we recognise that RTÉ is an integrated, national broadcaster, with TV channels, radio networks, online services and performing groups and thus has public obligations in many areas, we would question whether 78 individual commitments are really necessary to measure performance. We would suggest that a smaller number of tightly defined, potentially more onerous, commitments would help focus attention and effort. While the number of commitments TG4 made is significantly smaller, we feel that this comment could also be made of TG4. TG4 also made a number of commitments for which it had no influence on the outcome, such as securing an increase in Exchequer funding.

In terms of the timing of the process, our thoughts focus on two issues. Firstly, the presence of an annual funding review leads to uncertainty (TG4 funding is not agreed until December for a financial year starting in January) and could, in theory, lead to an understandable element of short-termism. In addition, where these commitments are based around consumer survey results, in the short term it is impossible to say whether a failure to achieve targets is due to a long-term adverse reaction to poor performance, a short term reaction to specific events, or within the bounds of expected statistical variation. Setting fewer commitments, potentially over a longer time horizon, could avoid these problems. Funding settlements that spanned several years would also allow the broadcasters to plan for long-term projects and investments in services. The 2009 Act contains the possibility of a longer-term settlement; sub-section 8 of section 124 states that:

“The Authority shall within a period of not more than 3 years after the passing of this Act, and every 5 years thereafter, or as directed by the Minister, carry out a review of the adequacy or otherwise, of public funding to enable a corporation to meet its public service objects”

In addition, the timing of the process does not lend itself to annual settlements. This document is a review of 2009 performance, which has been conducted during late 2010 in order to inform recommendations on funding levels in 2011. In the interim, funding has already been adjusted for the 2010 financial year. There is thus a disconnect in the process. This may be better served by a multi-year settlement based on a review of performance over several years, where a review taking place at the end of one funding period (and thus not having access to the most recent data) would, in the context of a five year settlement, be less significant.

We would thus propose the following: that the review outlined under Section 124 (2) of the Act be used as an annual “health check” of the broadcasters’ performance, but that the power to adjust funding on an annual basis only be used in extreme circumstances where there is an overwhelming case for intervention. The review under Section 124 (8), taking place every five years (with the first no later than 2012) be used to set a multi-year settlement for each of the broadcasters, thus providing a degree of certainty to the process – and reducing the regulatory burden on both Authority and broadcasters.

Thirdly, we feel the existing performance review process leads to duplication of effort. Currently, both TG4 and RTÉ undertake their own review of their performance, which is submitted to the BAI in late Spring of each year. The BAI then go on to conduct their own review. We feel that these processes would be more efficient if they could at least in part be merged.

Fourthly, some of the data we would have liked to analyse broadcaster performance were not available. We would suggest that some improvements could be made in this area. In particular, information at a genre level is not automatically collected by the TV or radio audience systems. Public service broadcasting analysis is most appropriately conducted at a genre level – looking at arts programming, or religion, or heavyweight drama. Further insight can be gained by looking at audience performance in genres (for example, an objective to supply news services is one to supply all audiences; if younger audiences are not being reached by news, steps can be taken to address this). While we appreciate that there are significant differences between the Irish and UK markets, we note that the UK regulator Ofcom collects, as a matter of course, an annual report - by genre - of programming spend from all the UK broadcasters and that this, together with genre-level audience information, allows detailed analysis of public service broadcasting objectives. If such information is not available (and if making it available is prohibitively complex or expensive) then further discussion between the BAI and the broadcasters needs to be conducted as to what the most appropriate and insightful performance measures are. We would also suggest that the BAI speak to Ofcom about the costs and benefits of its broadcaster returns system.

Finally, the review process concentrates on the performance of the broadcasters as a basis for making future funding recommendations. It does not take into account any future capital requirements – for example the operation of the DTT multiplex. The overall funding level needs to be set with any additional requirements such as these in mind.

2. ACKNOWLEDGEMENTS

The authors of this report would like to express their appreciation to the various individuals who have assisted in its preparation.

Senior staff at both RTÉ and TG4 have met all our enquiries with patience and good humour and supplied all our requests for data, where it was available, in a prompt and comprehensive manner.

3. INTRODUCTION

2009 Broadcasting Act – the framework

The 2009 Broadcasting Act was signed into law on 12 July 2009. The elements of the Act that related to the establishment of the Broadcasting Authority of Ireland – the BAI – required a further Statutory Instrument and came into effect on 30 September 2009. The BAI thus was founded on 1 October 2009.

In addition to consolidating all broadcasting legislation – some dating back almost fifty years - into a single Act, the 2009 Act established a single content regulator, the BAI, which took over the roles previously performed by the Broadcasting Commission of Ireland and the Broadcasting Complaints Commission, together with new functions as specified in the Act.

One of the most significant of these new functions was to assume responsibility for reviewing the fulfilment of performance commitments by RTÉ and TG4 in each year, and to issue a report to the Minister on the outcomes of these reviews and any related recommendations regarding proposed changes in public funding for either corporation.

Section 124(2) of the Broadcasting Act states that:

“The Authority, shall in each year, carry out a review of the extent to which a corporation has during the previous financial year fulfilled the commitments in respect of its public service objects stated in an annual statement of performance commitments for that financial year and the adequacy or otherwise of public funding to enable the corporation to meet its public service objects.”

The legislation further states that:

“The Authority shall on the basis of the review... recommend in a report to the Minister an annual television licence fee modification and the amount of any payment to be made to TG4....

This provision was in part a response to the European Commission’s investigation into funding of public broadcasters, which culminated in the 2009 Communication of the applicability of articles 86 and 87 of the EC Treaty to public service broadcasting. This investigation considered under what circumstances the provision of public funding could be found not to constitute illegal state aid, and provided guidance both for the provision of funding and a monitoring regime to ensure that any funding was being used for the purposes originally intended and met requirements for transparency, proportionality and avoiding overcompensation or the creation of unwarranted reserves.

This review is the first undertaken under the provisions of the 2009 Act. In accordance with the requirements above, it seeks to

- Assess the extent to which each PSB has fulfilled its commitments in respect of its public service objects, as set out in its annual Statement of Performance Commitments 2009.
- Assess the extent to which each channel operated by a PSB utilises public funding efficiently and effectively, and the extent to which creativity is fostered and sustained
- Assess the extent to which each PSB provides value for money and the adequacy or otherwise of public funding to each of the PSBs to enable it to meet its public service objects
- Assess the extent to which each PSB has used the public funding which it has received, in pursuit of its public service objects (rather than in pursuit of its object to exploit commercial opportunities), with a view to assessing whether any overcompensation has occurred and if such overcompensation has occurred, the level of such overcompensation
- Assess the extent to which each PSB has complied with the policy of the EC in respect of the maintenance of surpluses

It also seeks to look in more detail at individual objectives for RTÉ and TG4, as detailed in the relevant sections of the report below.

It is important to note that this report was prepared in late 2010 but is a review of the performance of the PSBs in 2009. Any recommendations will thus feed into the 2011 funding process. The Act proposes that this performance review should report to the Minister by 30 June each year; the timetable of this review was subject to delay as a result of the creation of the BAI in late 2009. The process for subsequent reviews will take place earlier in the year, allowing for both a more timely and also a longer review of their findings and recommendations.

4. PROCESS

The findings of this report were based on three separate but interrelated activities:

Firstly, a review of comprehensive financial, operational and audience data supplied by RTÉ and TG4 in response to specific data requests throughout the production of the report.

Secondly, a review of the more qualitative performance commitment data, taken from broadcasters' own performance reviews submitted to the BAI in March 2010.

Finally, a review of public perception of broadcasters and specific performance areas, based on a consumer survey undertaken in Autumn 2010 for the BAI. Full details of this research are included in Appendix 3 of this report. It should be noted that this survey contained the first elements of a tracking study and in this case the insight that is available from one year's data is less than where changes in perception can be monitored over an extended period.

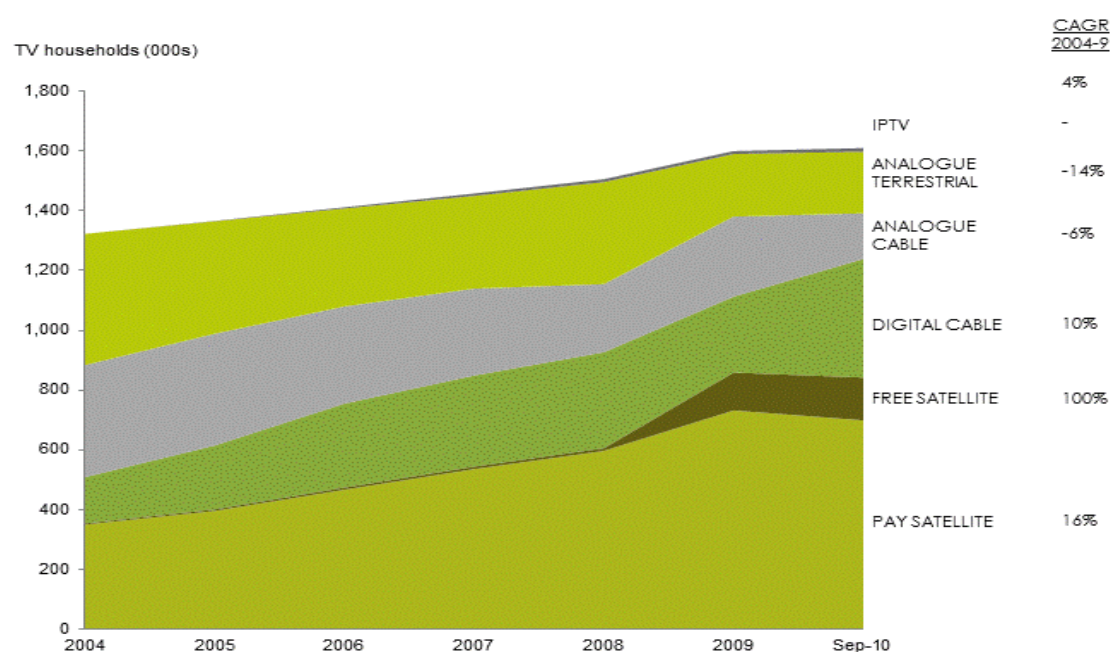
5. THE MACRO ENVIRONMENT

2009 was a difficult year for the Irish economy, with an on-going contraction in GDP continuing to impact severely on media companies which rely on advertising as a major revenue stream. In addition, the continuing move to multichannel and digital television continued to fragment audiences. Any consideration of the performance of the PSBs, therefore, needs to take into account the wider market context.

Multichannel television is nearly ubiquitous

The overwhelming majority of households in Ireland subscribe to cable or satellite providers, with only around 20% continuing to receive television services via an analogue terrestrial signal. Over 600,000 households now subscribe to Sky, whilst cable operator UPC reported a customer base of 504,000 TV subscribers in 2009 (154,000 being analogue customers, and 350,000 digital). This high level of multichannel penetration comes despite on-going delays to the full launch of digital terrestrial services, originally planned for the early part of the last decade. Some of the latent demand for non-subscription services has, in the absence of a comprehensive DTT offering, been met via the free satellite provider, sat4free.

Figure 1. Irish Television Market: TV platform household penetration, 2004-2010

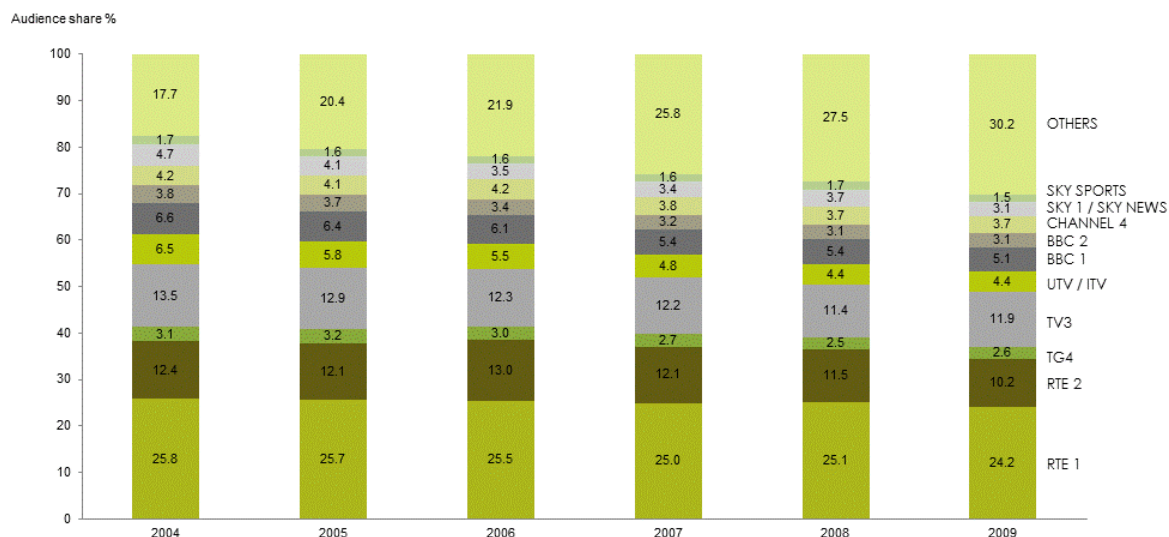


Source: Comreg, TV International Sourcebook, Oliver & Ohlbaum

RTÉ dominates viewing – but UK channels take a substantial share

The Irish television market is dominated by the public service broadcaster, RTÉ, which has maintained an average audience share of around 33% - though 2009 saw a small fall, primarily at RTÉ2. All four of the main Irish network channels have seen slow, long-term decline in their share of viewing. Channels originating from the UK (available on satellite and cable platforms, together with overspill from Northern Ireland) account for a growing share, with the main British networks now attracting over 18% of total TV audiences. In addition to these leading UK-based channels, the 500 plus other multichannel services – themselves almost all originating from the UK - have an average audience share of around 30%.

Figure 2. Irish Television Market: Broadcaster average audience shares, 2004-2009



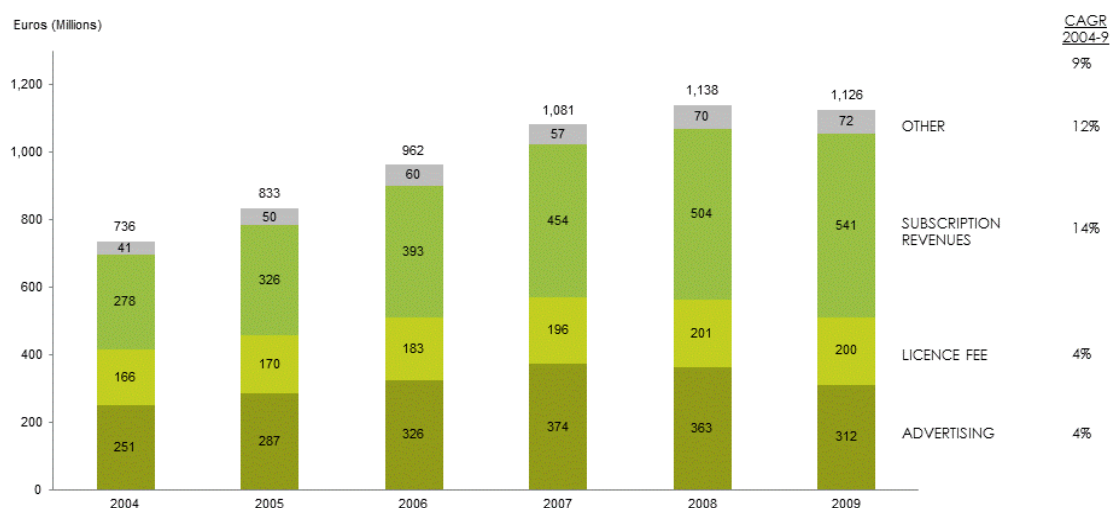
Source: OBS, AGB Nielsen, Oliver & Ohlbaum

2009 saw a reversal of a period of strong and sustained industry growth

The Irish television industry grew steadily between 2004 and 2008 to a market size of over a billion euros. This was mainly fuelled by pay TV subscription revenue to providers such as Sky and UPC (in part benefitting from the absence of any digital terrestrial alternative), which now account for nearly half the total market revenue. Television advertising grew at an annual growth rate of 3%, whilst licence fee revenues rose steadily every year to around €200 million in 2009.

The sector has been hit hard through the downturn with a reduction in television advertising and a slowing in licence fee income. TV advertising fell sharply in 2009, and at around €312 million was approximately 17% lower compared with the 2007 market peak.

Figure 3. Irish Television Market: TV industry revenues, 2004-2009

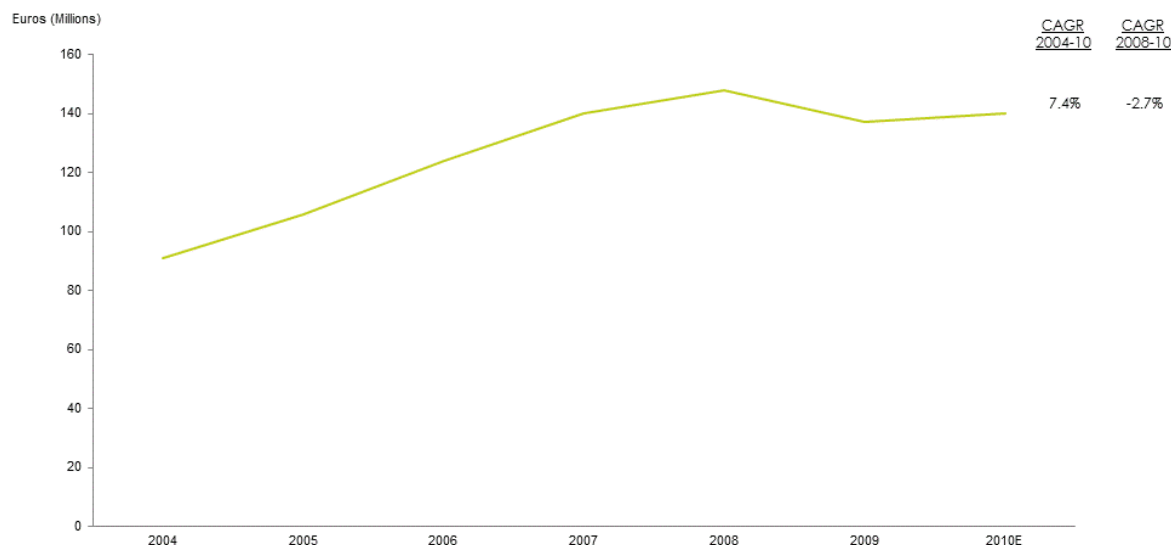


Source: Zenith Optimedia, PWC Entertainment and Media Outlook, Oliver & Ohlbaum

Radio saw similar revenue growth, but the fall from the peak was less dramatic

Radio advertising grew at an annual rate of 13% up to 2008; the subsequent fall in revenues was later than in TV (2008 saw a continued, albeit smaller, growth in radio advertising) and less severe (a 7.4% drop from the peak).

Figure 4. Irish Radio Market. Advertising spend, 2004-2010

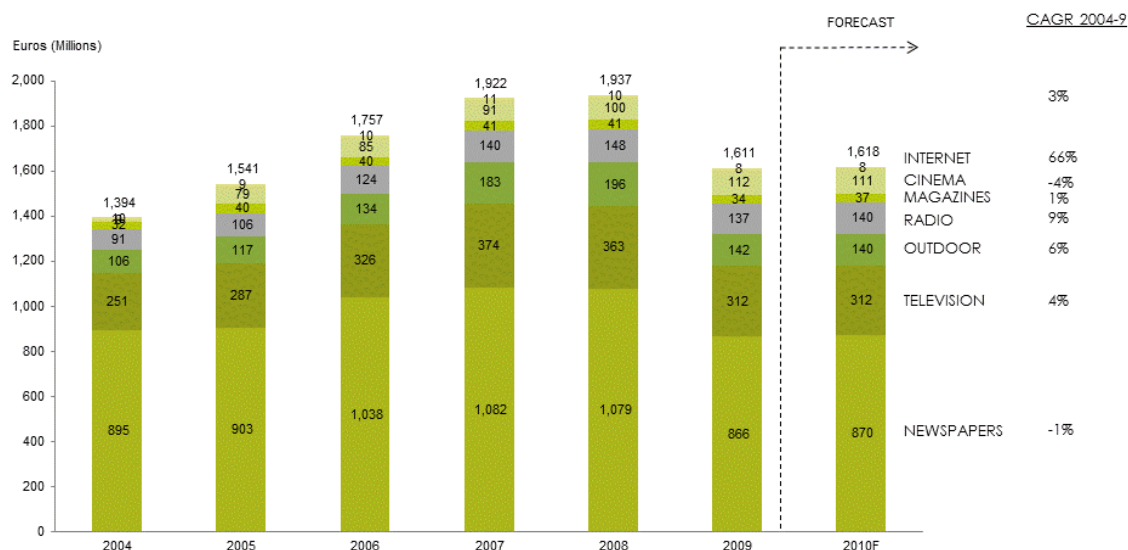


Source: Zenith Optimedia, Oliver & Ohlbaum

This downturn was caused by a collapse in the advertising market

Prior to the global economic downturn, television advertising had been increasing at a 4% compound annual growth rate. Every media channel in Ireland has seen a drop in revenues during the recession. Whilst the advertising downturn appears to have slowed, any recovery is forecast to be slow; forecasters have said that it could take another 5 years for the TV advertising market to reach pre-recession levels in Ireland.

Figure 5. Irish Media Industry: Total advertising revenues, 2004-2010



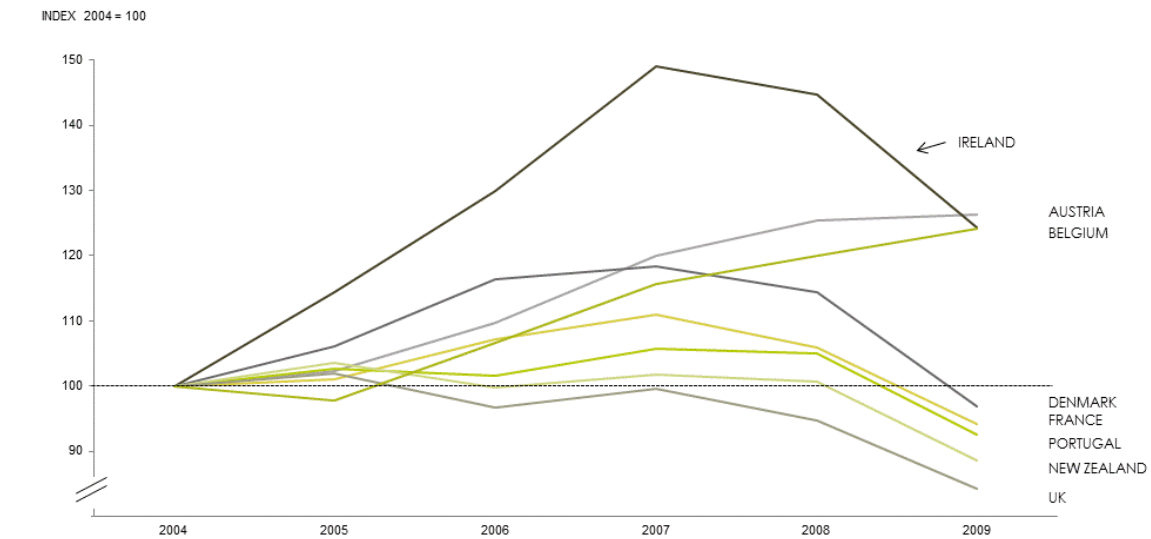
Source: Zenith Optimedia, Oliver & Ohlbaum

Ireland had a significantly more profound advertising downturn than almost every other market

Whilst television advertising levels have fallen across most European markets, Ireland has been the most severely affected. Indeed in other smaller European markets, such as Austria and Belgium, levels of advertising spend actually continued to rise in nominal terms. Compared with the preceding

four years – when growth in the Irish market was far stronger than other markets – this downturn has been particularly severe.

Figure 6. Selected countries: Television advertising revenues index (nominal), 2004-2009

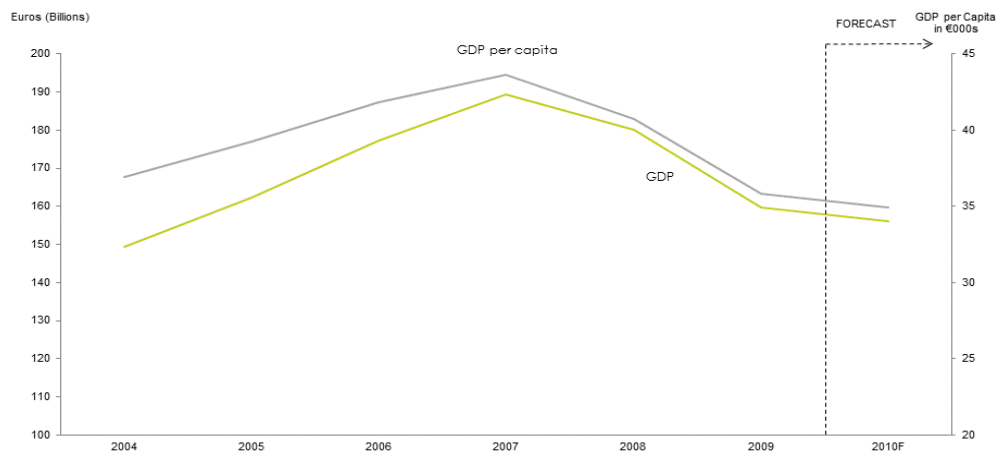


Source: Zenith Optimedia, Oliver & Ohlbaum

The advertising downturn was in turn driven by wider economic problems

The widespread fall in advertising spend was largely attributable to the shrinking of countries' gross domestic product levels (GDP); the main indicator of a country's economic activity and in many commentators' eyes the primary driver of funding available for advertising expenditure. The sharp drop in Ireland's advertising levels reflect what has been a particularly harsh downturn, precipitated by the global financial crisis. The most recent (pre EU / IMF intervention) IMF forecast for GDP in Ireland shows an estimated 18% fall between the economic peak in 2007 and the expected outturn in 2010.

Figure 7. Irish Economy: Gross Domestic Product, 2004-2010

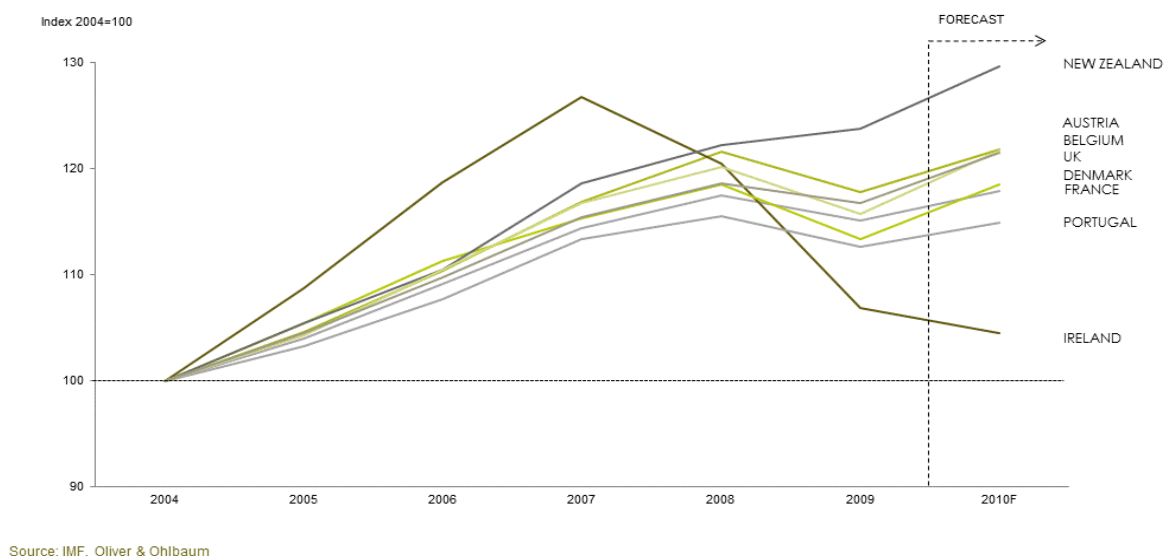


Source: IMF, Oliver & Ohlbaum

This fall in GDP was far greater than other markets

After a period of constant growth to 2007, Ireland saw a huge fall in GDP compared to other European economies. The recent recession saw Ireland's GDP fall to around 2005 levels, whilst other countries saw their economies regress to levels of only a couple of years previously. Whilst other economies are forecast to revert to growth in 2010, GDP in Ireland is predicted to continue to shrink.

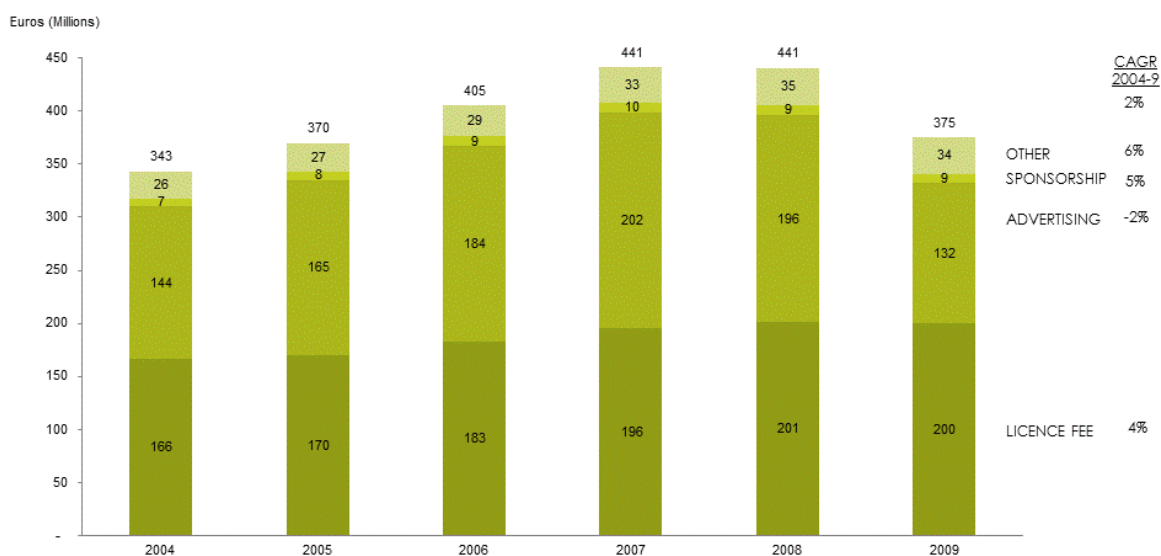
Figure 8. Selected countries: Gross Domestic Product Index, 2004-2010



As a mixed funding broadcaster, this downturn had a severe effect on RTÉ

As the downturn in the Irish economy has put advertisers under increased financial pressure, it has become imperative to RTÉ that public funds have remained stable. The broadcaster has seen income from advertising fall from €202 million in 2007 to €132 million in 2009, a drop of 35%. This is substantially greater than the fall in the market as a whole, suggesting that RTÉ has had to reduce price faster than others and has seen its share of the market suffer disproportionately.

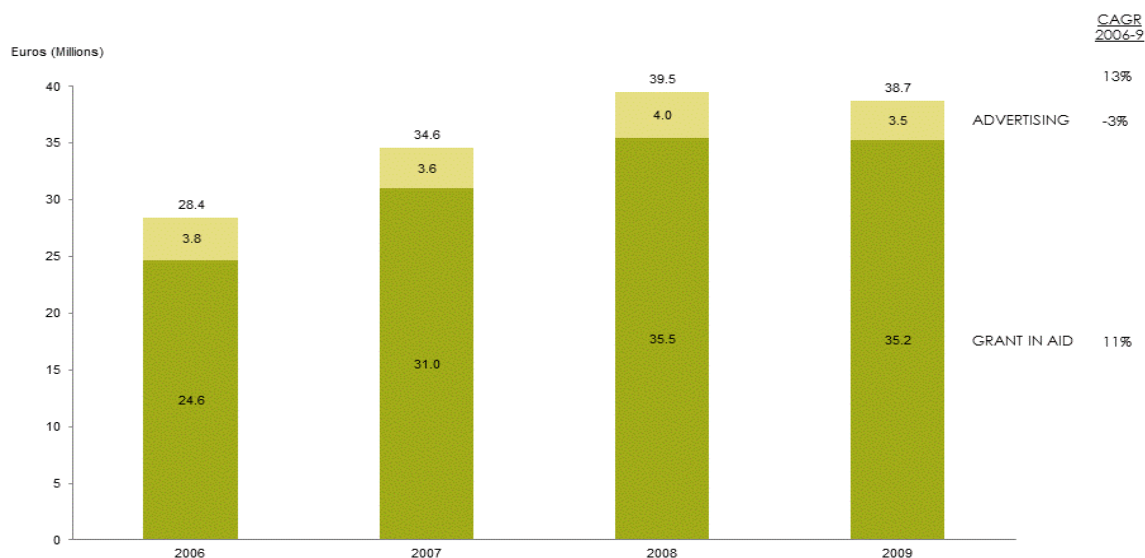
Figure 9. Irish Television Market: RTÉ total revenues, 2004-2009



Source: OBS, RTE, Oliver & Ohlbaum

TG4 has also become increasingly dependent on the income it receives through direct exchequer funding. In 2009, it saw commercial activities revenue fall back to the levels of 2005. At the same time, the direct funding from the Exchequer is also under pressure, with a small reduction in 2009 followed by a 7.8% reduction in 2010.

Figure 10. Irish Television Market: TG4 total revenues, 2006-2009



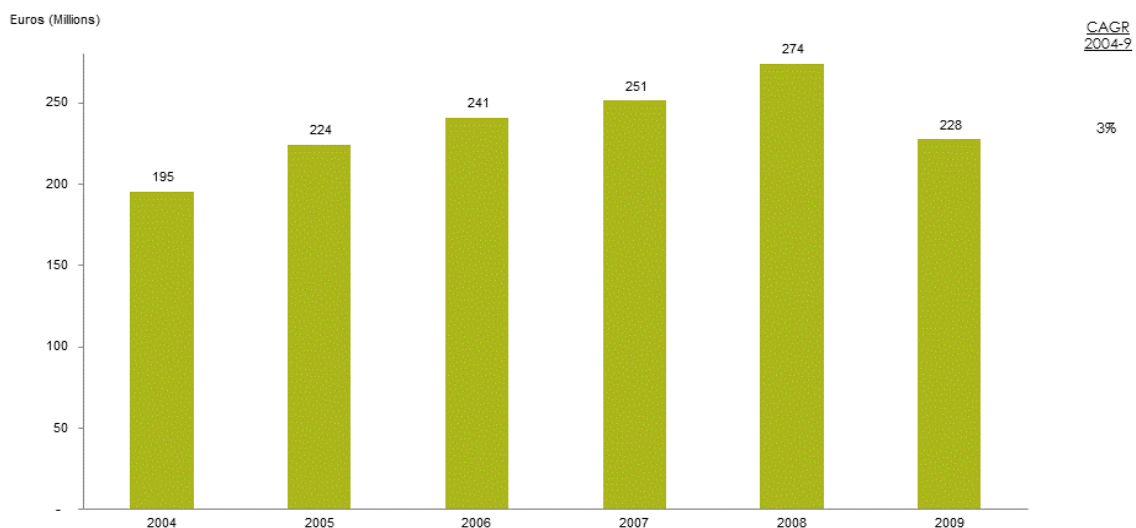
Source: OBS, TG4 annual reports, Oliver & Ohlbaum

TV3, the principal commercial broadcaster, has also seen a drop in income; reporting €54 million in advertising revenues in 2009, a 13% fall from pre-recession levels in 2007.

Lower levels of funding have forced RTÉ to reduce expenditure

Although the sharp decrease in advertising revenues has been somewhat softened by the presence of licence fee funding, the resulting reduction in overall income has forced the broadcaster into reducing expenditure. While measures were taken to limit the on-screen impact, this has included reducing programming spend, which was cut 17% between 2008-09 to a level comparable with 2005.

Figure 11. Irish Television Market, RTÉ investment in television programming, 2004-9



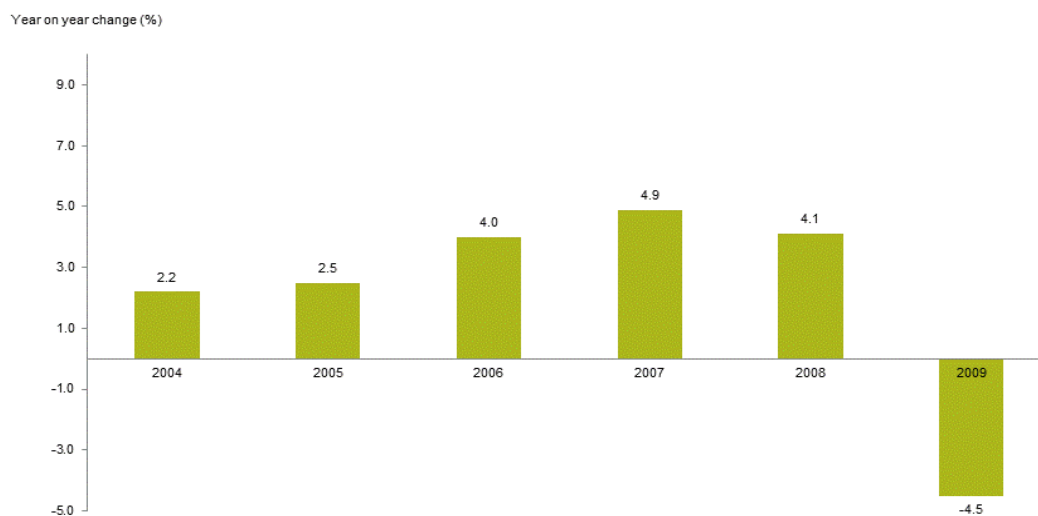
Source: OBS, RTE annual reports, Oliver & Ohlbaum

The downturn has seen CPI turn negative

Future increases in licence fee funding are linked not merely to the performance as reviewed in this report, but also the CPI measure in the previous year. In 2009, as a result of economic pressures, CPI turned sharply negative. The formula in the Act for any alteration of the RTÉ licence fee is based

on the CPI index in that year, so the impact a negative CPI has on any licence fee settlement needs to be carefully considered in any funding review.

Figure 12. Irish Economy. Consumer Price Index annual percentage change, 2004-2009



Source: OECD, Oliver & Ohlbaum

6. REVIEW OF THE PERFORMANCE OF TG4

The chapter assesses the performance of TG4 in 2009 in relation to the commitments set out in its Statement of Performance Commitments 2009; the extent to which the channel used public funding efficiently and effectively, and the extent to which creativity is fostered and sustained.

In addition, this chapter outlines whether TG4 has met the more qualitative aspects of its objectives, including

- Being responsive to the interests and concerns of Irish speaking community in the island of Ireland
- Upholding the democratic values enshrined in the Constitution
- Providing a comprehensive range of programmes in the Irish language that reflect Irish cultural diversity
- Meeting the needs of both adults and children
- Catering for the expectations of members of the community with special or minority interests.

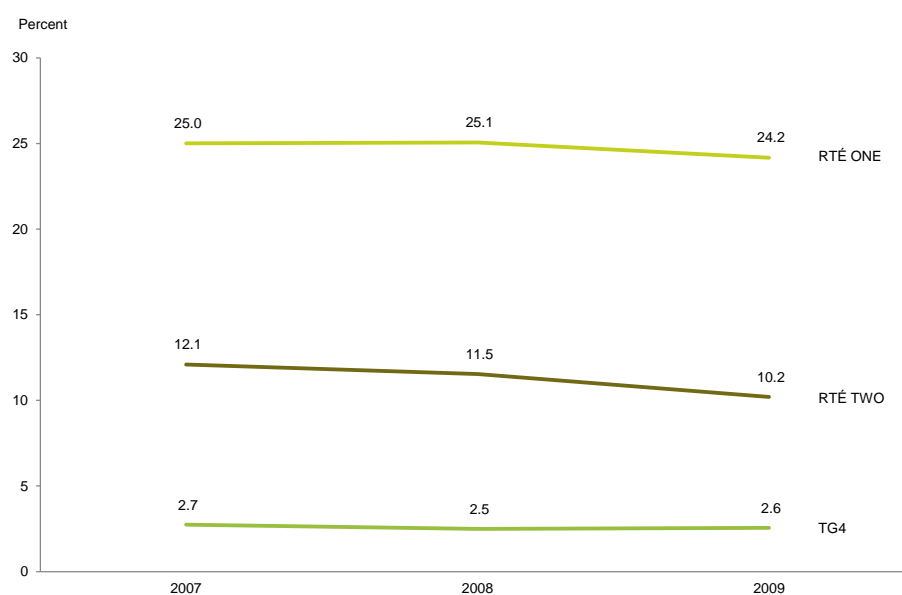
Based on the evidence presented, an opinion is expressed in subsequent chapters as to whether an adjustment in the level of public funding received by TG4 is desirable or necessary, and the nature of any modification, in accordance with section 124 of the Broadcasting Act 2009.

To what extent has TG4 fulfilled its performance commitments in 2009?

In 2009 TG4 gained a small amount of audience share

Overall viewing to TG4 rose slightly in 2009 - in contrast to other leading broadcasters as audience fragmentation (due to the on-going switch to multichannel) continued to impact the other main networks. Given the reduction in programming spend at TG4 in 2009 (discussed later in this section), this is a creditable performance.

Figure 13 - TG4 and RTÉ viewing share, 2007 to 2009



Source: TG4, RTÉ

TG4 made 28 performance commitments for 2009, focusing on provision in the Irish Language

The main performance commitments relate to the key areas of TG4's public service objects – in particular the provision of Irish language programming. A full list of commitments and commentary is included in Appendix 1 of this report.

Figure 14 - TG4 performance commitments by type and number met, 2009

2009 PERFORMANCE COMMITMENT TYPE	TOTAL COMMITMENTS	NUMBER SUCCESSFULLY MET	NUMBER NOT MET
Commitment to Irish Language content	5	5	0
Seek efficiencies, savings, and process improvements	5	5	0
Secure further funding, maintain funding levels, seek further sources of revenue	4	2	2
Enhance reach, share, accessibility and distribution	6	4	2
Regulatory Compliance	3	3	0
Branding, Marketing, and Long-Term Strategy	5	4	1
TOTAL	28	23	5

Source: TG4, Oliver & Ohlbaum Analysis

Of the 28 commitments, 5 were not met

Overall TG4 performed strongly in 2009, meeting or exceeding 23 of its 28 performance commitments. The broadcaster met all of its key objectives relating to Irish language output, improving efficiency and processes and also those relating to regulatory compliance, as shown in Figure 14 above. TG4 failed to achieve five of its performance commitments for 2009. The five commitments that were not met are shown in Figure 15 below.

Three of these “misses” were directly due to the economic environment

The target of growing advertising revenue to €2.7m was not met due to the overall weakness of the TV advertising market; TG4's gross advertising was 36% below the levels of 2008, which is broadly in line with the market.

TG4 also failed to secure a hoped-for increase in government funding for 2010, primarily due to the pressure on public funding, which actually saw the 2010 funding reduced by 7.8%. We would question whether making a commitment over which TG4 has no control is appropriate in this framework.

The decline in Irish economic output also limited the ability of TG4 to meet commitments relating to its contribution to national earnings and employment, where the wider economic benefit of the channel was reduced due to both lower direct revenue and lower economic multipliers (the measures of the impact of the channel's business, estimating the impact of salaries and other expenditures being “recycled” through the economy). The limited influence TG4 had to achieve this commitment – the only way to increase the economic effect is to spend more, which runs counter to the commitments to control costs – raises questions over the appropriateness of the commitment.

TG4 also failed to meet two specific commitments that were not driven by macro-economic factors. Firstly, TG4 failed to gain an overall national audience share of 2.7%. However, it attracted a share of 2.56%, up on its share in 2008, despite a reduction in programming expenditure.

Secondly, TG4 failed to deliver on commitments relating to increasing both unique users and page impressions on its online service, although the latter commitment was not met due to the launch of a more user-friendly website interface which reduced the number of clicks users need to make to navigate through the site and so impacted overall page impression numbers.

Figure 15 - TG4 performance commitments not achieved and reason each was not achieved, 2009

COMMITMENT NUMBER:	PERFORMANCE TARGET	REASON NOT MET
9	<ul style="list-style-type: none"> Achieve overall national audience share of 2.7% Improve TG4's audience share in key demographic segments 	<ul style="list-style-type: none"> Increased competition in Irish broadcasting industry Increased competition from cable and satellite operators
10	<ul style="list-style-type: none"> TG4 website to reach 450k unique visitors and 5.5m page impressions Further enhance the TG4 BEO offering to achieve 1.7m programme streams in 2009 	<ul style="list-style-type: none"> No explanation given as to why users unique visitors target not met. Fewer impressions than target because of creation of a more 'user friendly' interface requiring fewer clicks (traffic not reduced).
15	<ul style="list-style-type: none"> Build on 2009 contribution to the national economy by adding at least €58m to national earnings In addition to an associated employment impact of some 1400 jobs 	<ul style="list-style-type: none"> Weak currency exchange rates Reduction in exchequer funding and commercial income affecting ability to increase employment
19	<ul style="list-style-type: none"> Achieve an increase in Exchequer funding of €6.9m for 2010 Position the case for TG4 multi-annual funding with the Government 	<ul style="list-style-type: none"> Deteriorating economic conditions leading to reduced funding
20	<ul style="list-style-type: none"> Generate airtime sales and sponsorship revenue of €2.7m Evaluate the potential to raise additional revenue from other sources such as the TG4 website and new content distribution mechanisms 	<ul style="list-style-type: none"> Continued decline of TV advertising market

Source: TG4, Oliver & Ohlbaum Analysis

In conclusion, none of the commitments that TG4 failed to meet raises significant concern. However, TG4's ability to deliver on these commitments is dependent on the level of funding. As this funding level is not set until December of each year, planning for these commitments must take place before the level of funding is known.

Efficiency, effectiveness and fostering creativity

In light of funding pressures, TG4 took action to reduce its cost base in 2009

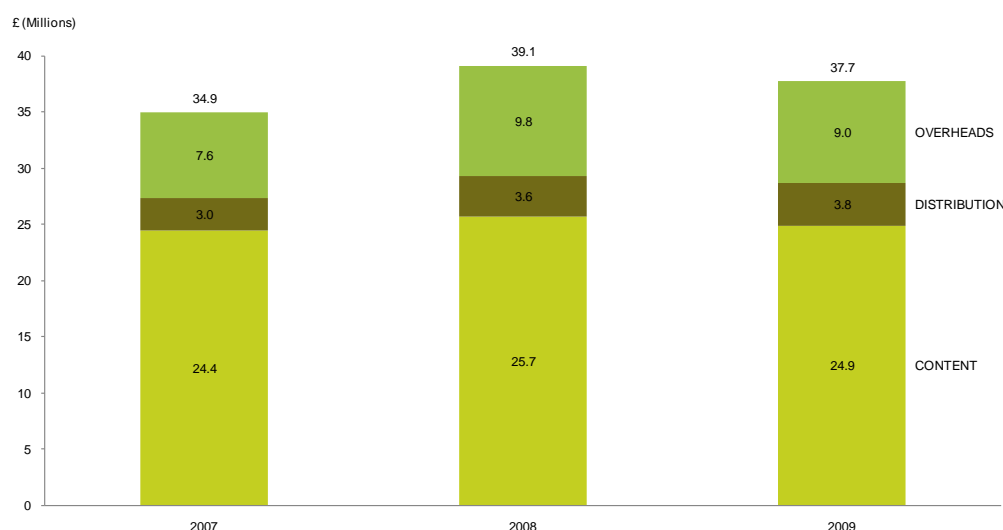
TG4's original budget for 2009 anticipated total costs to be €40.3m, an increase of 1.5% on 2008. However the continuing pressure on commercial income (down 36% year-on-year) and the reduction in Exchequer funding (reduced by 7.8% in the April 2009 budget) forced TG4 to re-examine planned expenditure and take steps to reduce it.

Transmission and distribution costs are essentially fixed, being based on long-term supply agreements. TG4's focus was thus on overheads but, given the scale of the reduction needed, some savings had to be made in programming expenditure.

The overhead costs – already relatively small, given the scale of the operation and the fact that some cost elements are fixed - were reduced by nearly 10% through a combination of staff cost reductions (achieved by voluntary salary cuts and not paying performance pay) and significant reductions in some specific areas (such as a reduction of 23% in the budget for marketing and research).

Programming costs represent the majority of expenditure and thus could not be isolated from any savings. A reduction of 3% on 2008 expenditure suggests that even though programme cost savings were achieved (principally through deferring some commissions to 2010), reductions were targeted wherever possible at off-screen activities. Content expenditure, even after this decrease, remained higher than in 2007.

Figure 16 – TG4 Costs by type, 2007 to 2009

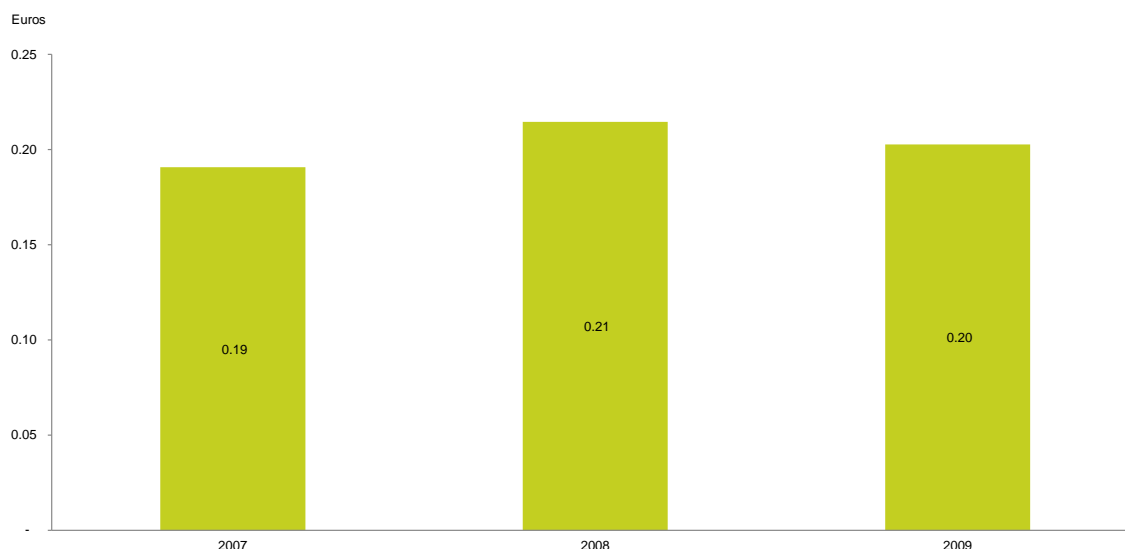


Source: TG4

Although TG4 reduced programming expenditure, audience levels were maintained

The reduction in content costs did not lead to a loss of audience – overall levels of viewing rose slightly on 2008 and the combination of lower costs and higher audiences meant that cost per viewer hour (a standard measure of the efficiency of a broadcaster in reaching a target audience) in 2009 was 5% lower than 2008.

Figure 17 - TG4: content costs per viewer hour, 2007 to 2009



Source: TG4

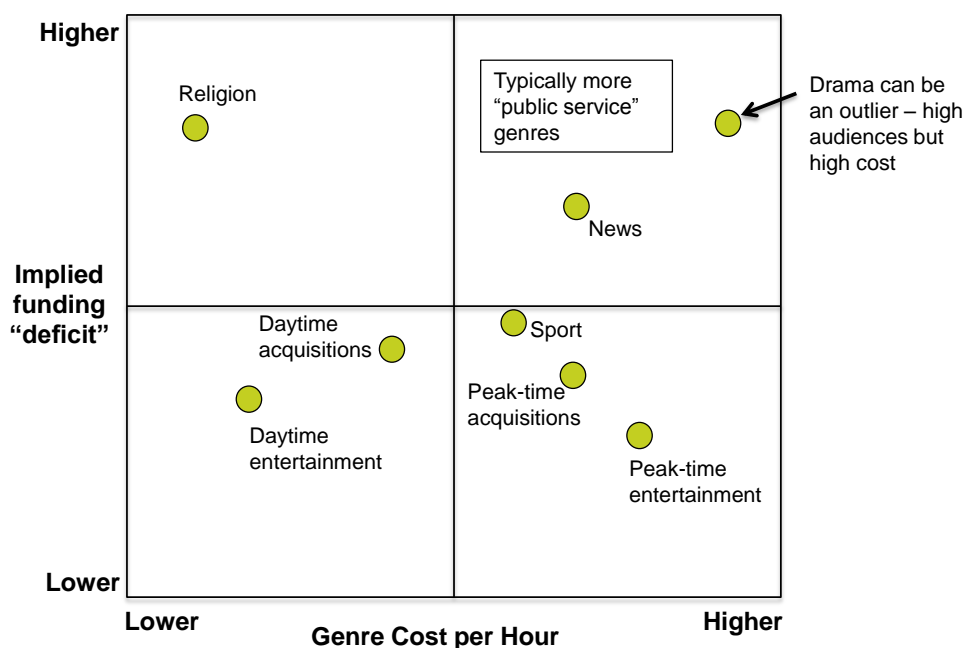
Effectiveness of application of public funding

In a mixed-funding model the actual application of public funding can be difficult to track; within a PSB, many costs are shared across all programming and even genres deeply enshrined in public service values can generate advertising revenue.

One way of assessing whether public funds are targeted at “appropriate” output is to perform an analysis of the implicit subsidy to a particular genre, sub-genre or individual programme strand. This can be done by looking at the theoretical commercial revenue a programme generates – through a combination of audience viewing, the advertising minutage the programme contains, and the typical achieved CPT (cost per thousand impacts) at which the broadcaster sells advertising. Comparing the revenue generated by a programme against its cost per hour can give an idea of the commercial viability of the programming – either the level of profitability for overtly commercial programming, or the implicit subsidy of programmes for which advertising does not cover their cost.

One would expect to see that more “public service” genres require more public funding and those more “commercial” genres require less. The definitions of exactly what is PSB can vary, but the starting point should be those which a purely commercial broadcaster would not provide – this can be arts, religious, educational or children’s programming, but may also include elements of news, current affairs and drama. There will be anomalies – originated drama typically generates high audiences, but has a high cost and thus may require public subsidy; sport can also have a high cost and only moderate profitability, but is used to reach less well-served demographics (and at the same time improve advertising performance as well as the overall perception of a channel).

Figure 18 - Theoretical diagram of implicit public subsidy by genre



Source: Oliver & Ohlbaum

Assessing the performance of the PSB on this framework can lead to revealing insights – for example certain high-profile acquisitions of international programming (*Lost*, *24*, *Desperate Housewives* etc) can be expensive and might not generate a commercial return – and thus can open the question of whether this is an appropriate use of public funds – but they may be required in a mixed-genre network to attract audiences and provide a “halo” effect for the channel.

The high rights costs associated with sport can also lead to a funding deficit, despite the large, and advertiser-attractive, audiences it generates. In this case the public service arguments of offering a balanced schedule with programming of national importance and something for every audience segment need to be weighed against the costs of the programming and its alternative outlets – the arguments for public service investment are stronger where the content would otherwise go to pay-TV (and thus be available to considerably fewer licence payers) than they are when a commercial free to air broadcaster is the alternative.

Other factors in gauging the appropriate level of subsidy need to be taken into account. For example, high profile acquisitions can contribute to overall audience reach (and thus may raise advertising rates) and a channel can generate significant audiences to PSB programming that may follow such acquisitions in the schedule.

TG4's application of public funding

The Nielsen audience system used to measure TV viewing in Ireland does not record genre, and so a complete set of data to conduct a genre level analysis was not available. Instead a representative sample of programmes was assessed – covering the key genres in TG4's schedule – to generate the theoretical attributable revenue and thus the level of financial support they require.

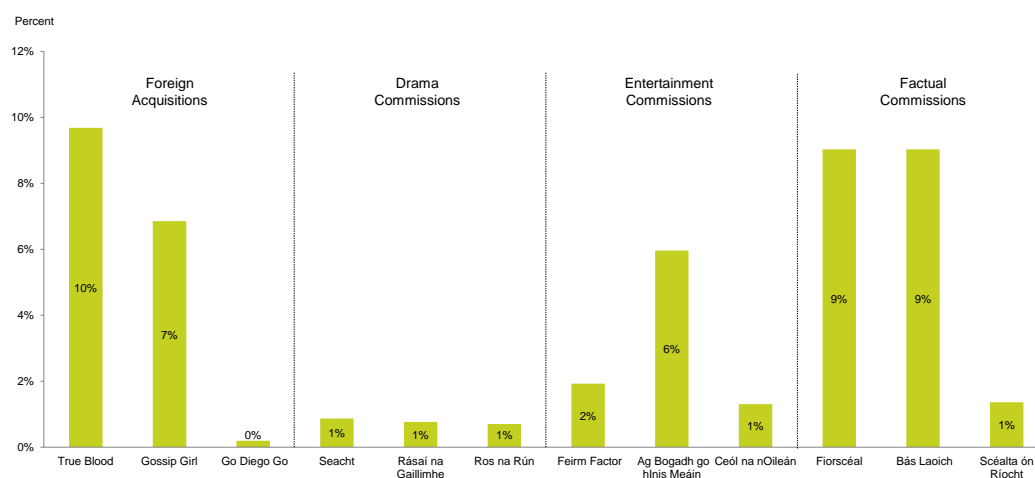
12 programmes were selected and net advertising income per output hour calculated and assessed as a proportion of the cost of the programme as shown in figure 22 below – 100% would imply that a programme covers its cost from advertising income alone; above 100% that the programme makes a “profit” for reinvestment elsewhere, and less than 100% means the programming requires increasing levels of financial support.

It is important to note that this does not give the exact revenue generated by the programme; advertising minutage may vary slightly, and there may be a degree of optimisation of advertising to the individual programme, which can increase yields. However the results of this analysis are likely to give a reasonable indication of the relative levels of support required.

Given the relatively small audiences that TG4 attracts, it is unsurprising that no programming reaches that “break even” level. Even the best performing programmes only generate around 10% of the cost of the programme from advertising. These are typically the acquired strands, mostly dubbed or subtitled into Irish. The programmes that require the highest levels of funding are the original drama commissions (which are expensive to produce).

It is important to note that TG4 was created as a mixed genre channel to provide a balanced service for the Irish speaking community. It is thus likely that all programming will require support and this analysis should not be taken as critical of the mixed schedule approach. Within genres, individual programme strands will inevitably sometimes underperform. It is the relative level of support to a genre as a whole that should be looked at when considering the use of public funds.

Figure 19 - TG4: percentage of programme cost covered by estimated net advertising revenue by programme, 2009



Source: TG4, Nielsen, Oliver & Ohlbaum Analysis

Based on this small sample of programmes, it appears that TG4’s expenditure broadly fits the expected pattern and is targeting spend on programming that is more public service in nature. However, given the commercial revenue generated by acquisitions, if TG4 is not competing with other broadcasters for these rights then potentially the price paid for these acquisitions could be reduced as they are not generating a commercial return.

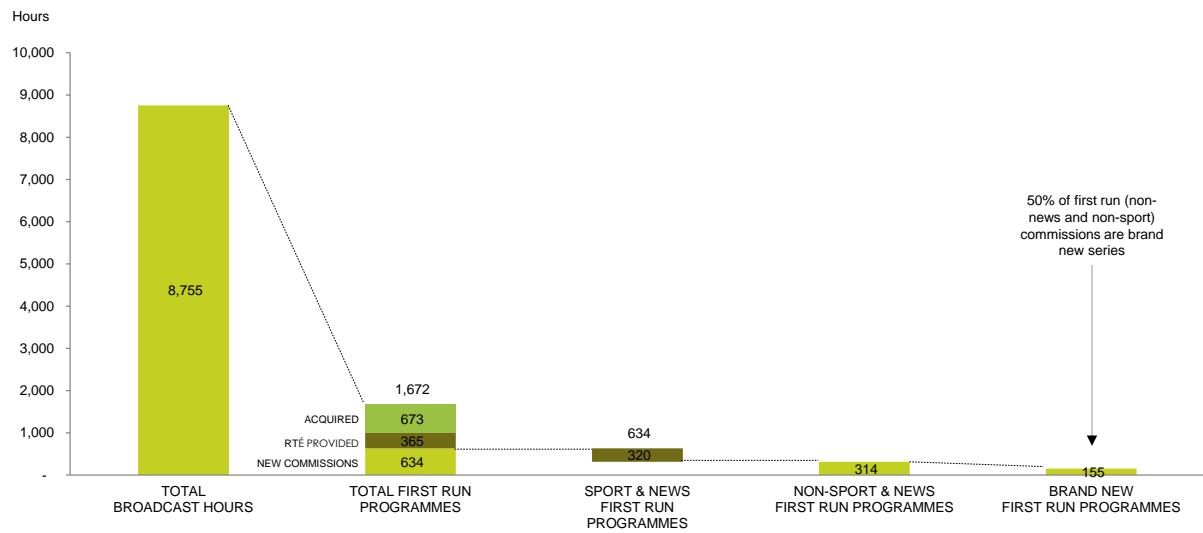
To what degree does TG4 foster creativity?

One of the objectives of TG4 is to invest in the creative community. Supporting the creative sector can be assessed in two ways: first, as investment in original commissioned programming (as opposed to acquisitions of programming made elsewhere) and secondly investment in entirely new ideas. While original commissions might be of existing ideas (“returning series”) – and thus provide support for the creative community- one should also consider what might be deemed a more risky type of programming such as entirely new series and strands, that is, the genuinely new creative ideas. The assessment of output in terms of both completely brand new programmes and series versus returning programmes and series is shown below.

Against the 8,760 hours broadcast in the year, 1,672 – 19%, or 4.6 hours per day – were first run programming. Given TG4’s scale, this is a creditable performance. Of these 1,672 hours, 673 were acquisitions. Originated programming accounted for 999 hours, or 11.4% of the schedule.

Of these 999 hours of original commissions, 365 hours were supplied by RTÉ. A further 320 hours were news and sport, which have been excluded from this analysis. The 314 hours of original commissions - €11.2m (45%) of programming spend – represent the true spend on creativity. Of these 314 hours, a notably high proportion – 155 (49%) - are brand new programming.

Figure 20 - TG4: first run output hours and brand new first run hours, 2009



Note: total broadcast hours = 8755

Source: TG4

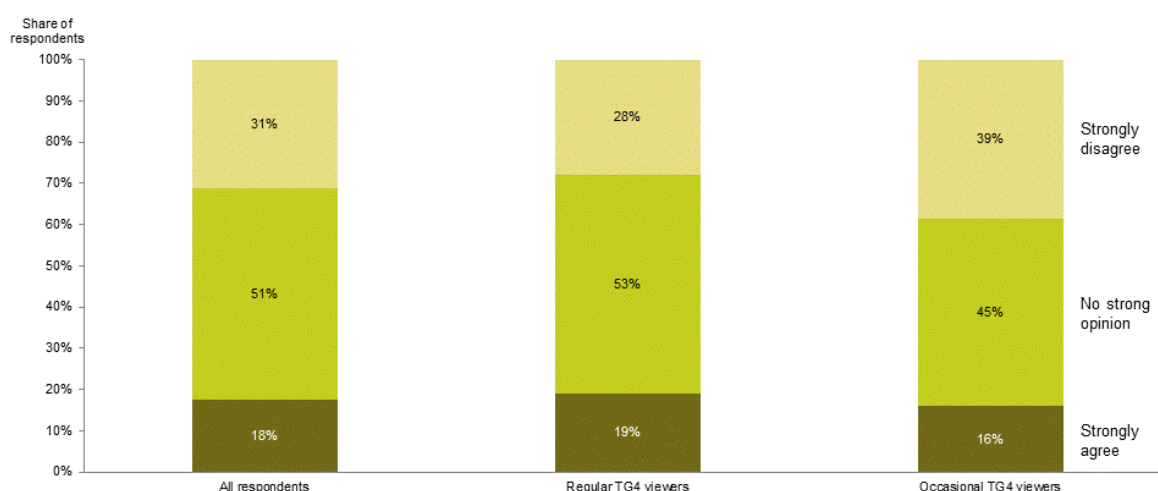
How well is TG4 delivering its public purposes?

When looking at how well TG4 (and RTÉ) deliver the more qualitative of their public service objects, this report uses the tracker survey commissioned by the BAI in Autumn 2010. Full details of the survey are included in appendix 3 of this report.

Upholding the interests of the island of Ireland and its cultural diversity

When asked if TG4 gives a sense of different cultures in Ireland, most viewers said that it did. (This particular question – as shown in Figure 21 - was one of the questions that tested a negative). However, regular viewers to the channel disagreed less with the statement than the more occasional viewers. This is possibly due to regular viewers seeing it as representative of “their” community and occasional viewers potentially viewing the channel as portraying diversity.

Figure 21 – Consumer survey: *TG4’s programmes don’t give me a sense of different cultures in Ireland*

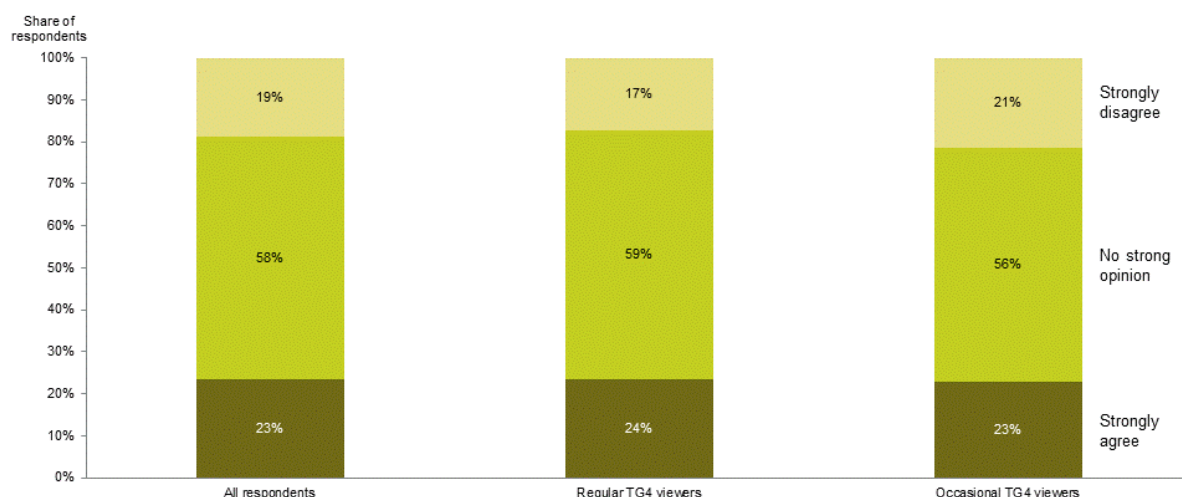


N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being “I disagree strongly” and 10 being “I agree strongly”. Respondents are classified as ‘regular viewers’, if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Upholding the democratic values enshrined in the constitution

In terms of voicing a range of opinions, viewers were mostly in agreement that TG4 promotes the appropriate democratic values, in particular the commitment to liberty of expression. A majority of respondents agreed that a range of opinions was allowed on air. There was little difference in opinion between regular and occasional viewers of the channel (see Figure 22).

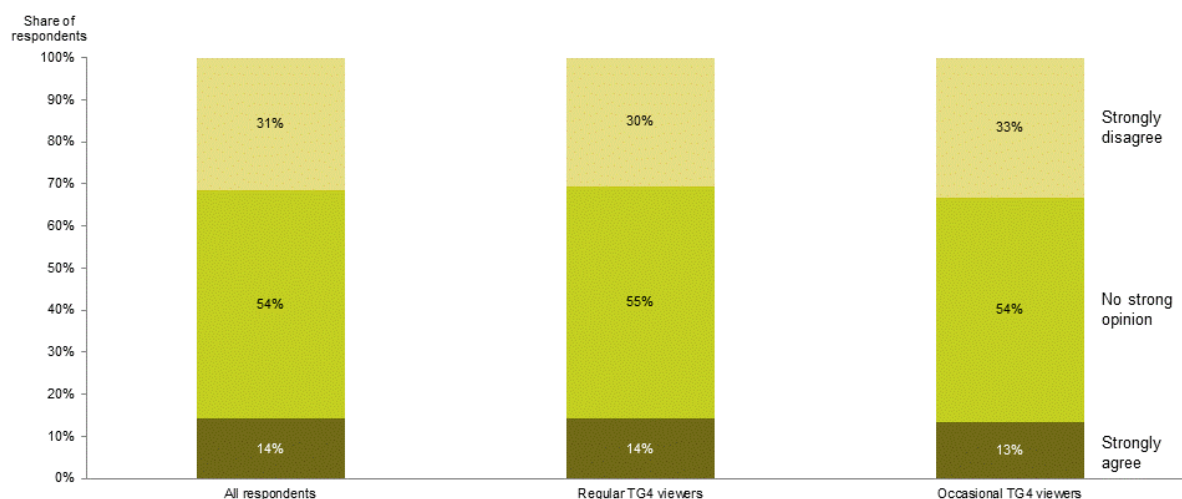
Figure 22 – Consumer survey: TG4's programmes offer a range of opinions and views, even if I sometimes don't agree with them



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

When asked the converse question – if certain opinions were excluded from broadcasts – the opposite was true. A minority of respondents thought that certain opinions were not given the due freedom of expression. (Figure 23); heavily outweighed by those who thought they were. Again, this feeling was held across all viewers.

Figure 23 – Consumer survey: TG4 sometimes won't let people with a certain opinion have a say



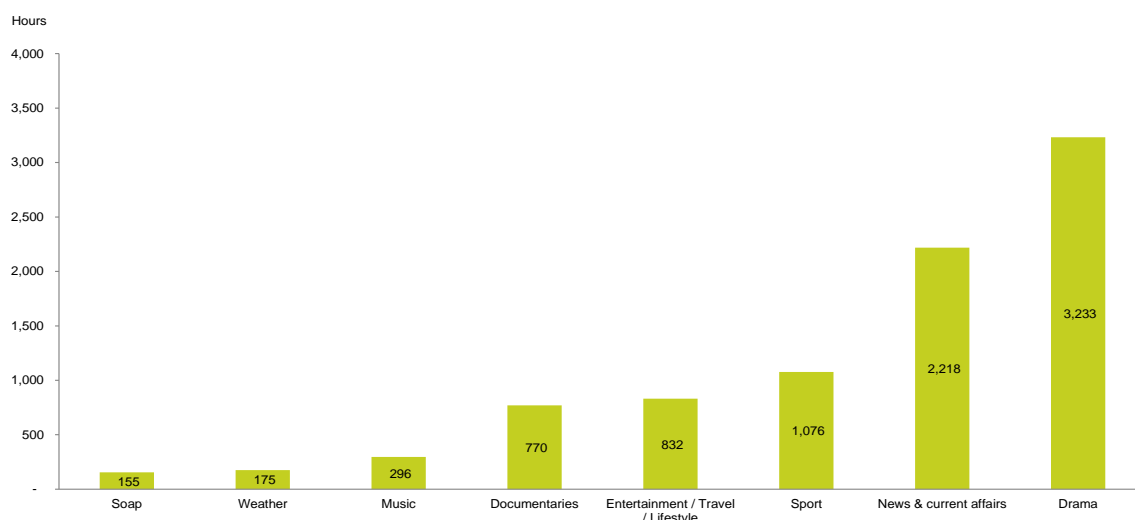
N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Programmes: education and entertainment for both adults and children

TG4 commits to providing a broad range of programming for all age groups. It can be seen from Figure 27 that while the focus is on drama and news output, a wide range of other output is broadcast for several hours each week.

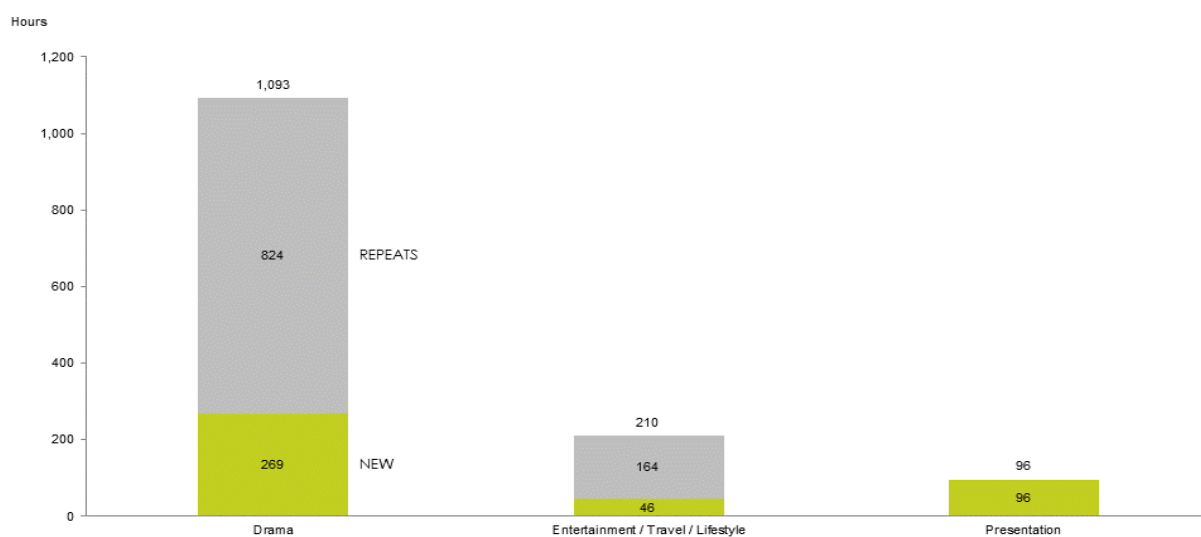
Of the total, 1,399 hours (16% of total output) were dedicated to children's programming – very high for a mixed genre channel, and reflecting some of the public service nature of its objectives.

Figure 24 - TG4: total broadcast hours by genre, 2009



Note: total broadcast hours = 8755
Source: TG4

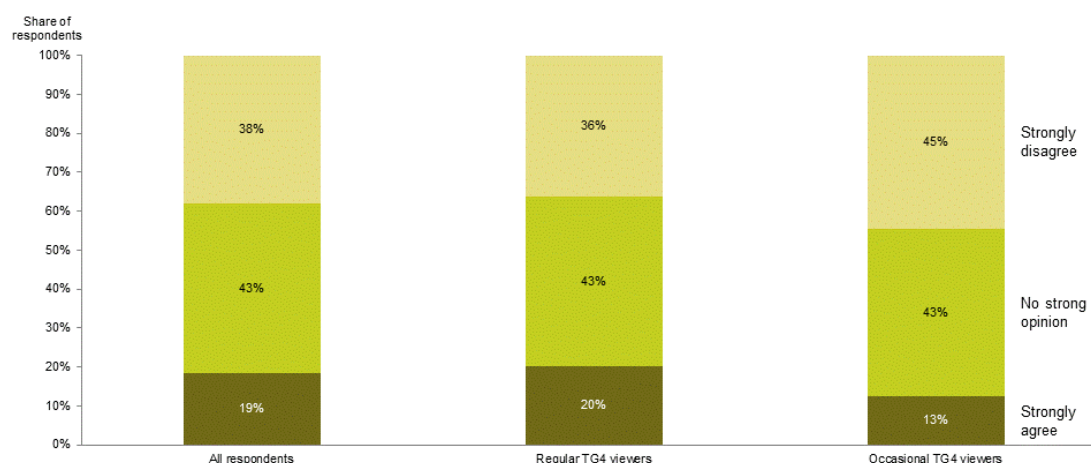
Figure 25 – TG4: children's programming broadcast hours by type, 2009



Source: TG4, Oliver & Ohlbaum

However, despite this level of provision, only a minority of viewers scored TG4's performance in children's programming as meeting their children's needs. Regular viewers were substantially more likely to be in agreement than occasional viewers. This is only one data point in a qualitative survey, but may indicate an issue that merits further investigation.

Figure 26 – Consumer survey: TG4’s children’s programmes are really geared towards what my children want to watch

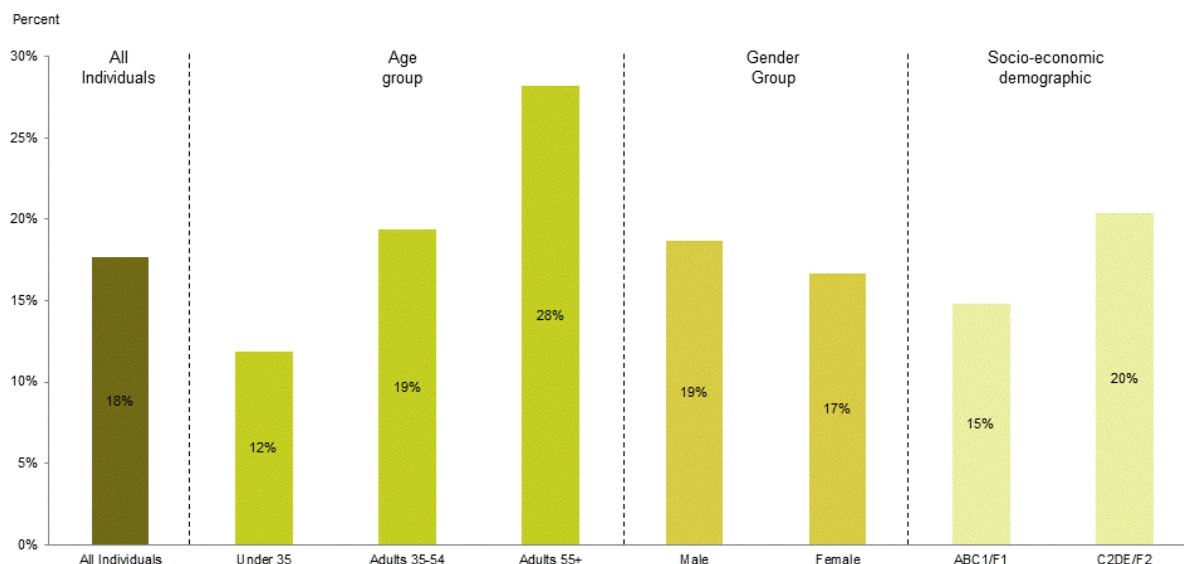


N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being “I disagree strongly” and 10 being “I agree strongly”. Respondents are classified as ‘regular viewers’, if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

TG4 reaches almost one in five of the population

TG4 reaches almost one in five of the population on a weekly basis – far beyond the “core” audience of people with Irish as their first language, estimated at 3% of the population. The audience reached by TG4 is disproportionately older – with only 12% reach among under 35’s, but 28% reach among over 55’s. TG4’s investment in sports coverage may account for a slightly male skew.

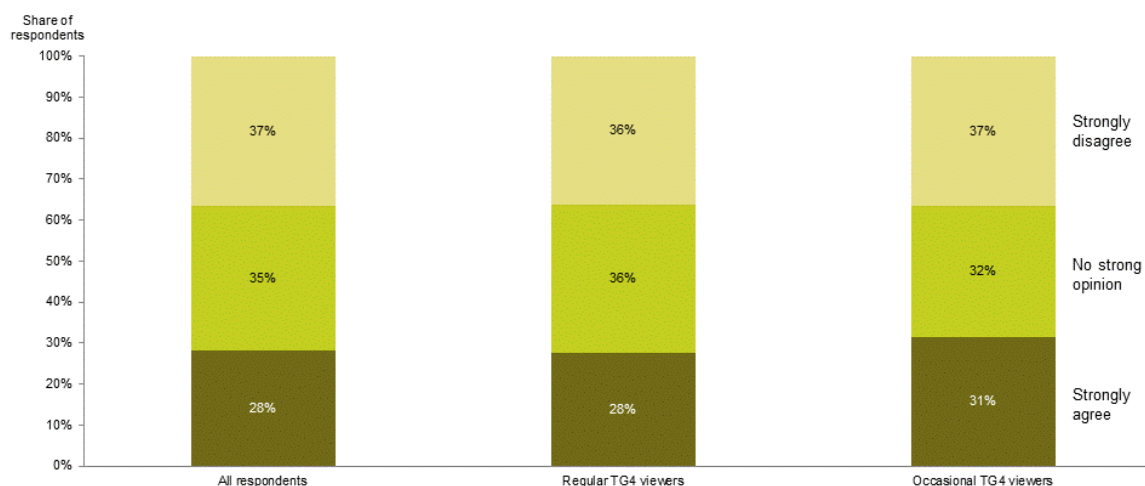
Figure 27 - TG4: audience reach by demographic group, 2009



Note: all day reach measured as 1+ minutes weekly reach
Source: TG4

Respondents to the consumer survey were divided on the question of whether TG4 would be the channel they would turn on to be entertained (see Figure 31). Overall, there was a slight bias towards viewing it as entertainment, though less among occasional viewers.

Figure 28 – Consumer survey: TG4 is not the service I would turn on to be entertained



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

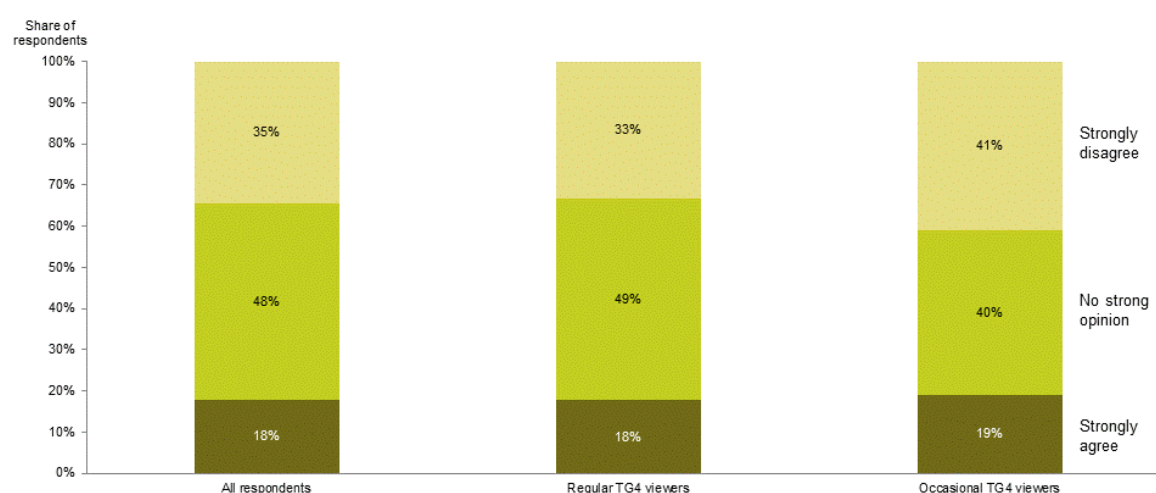
Catering for the expectations of the Irish speaking community

TG4 is the principal television channel for the Irish speaking community

Unfortunately, the Nielsen audience panel is not segmented by language and thus there is no "hard" audience information available which specifically looks at Irish speakers. However, as can be seen from the reach data shown in Figure 27 (above), TG4 serves a population significantly greater than the core Irish speaking community.

Indeed, consumer survey results show that a majority of viewers disagreed with the claim that TG4's programmes did not reflect the interests of the people of Ireland (see Figure 29). Interestingly, occasional viewers disagreed with this statement even more than regular TG4 viewers did.

Figure 29 – Consumer survey: TG4's programmes don't reflect the interests and concerns of people like me



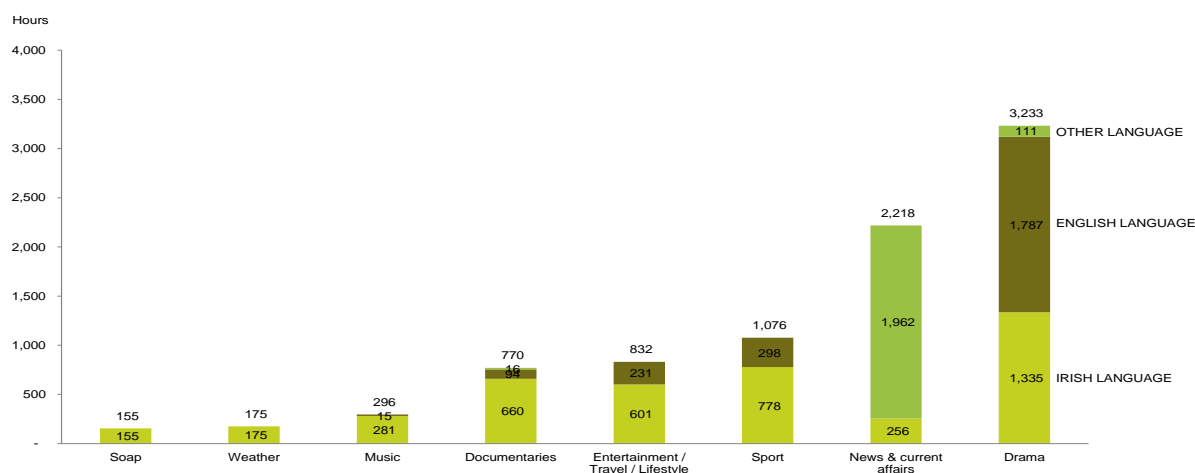
N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Almost half of all output is in the Irish language; most of the rest is in English with Irish subtitles. Overall broadcast hours segmented by language are shown in Figure 30. As can be seen, there are considerable differences by genre. While 48% of all output is in Irish, two genres stand out as having significant non-Irish content.

- Drama, where over half is acquired programming which is dubbed into Irish (though we note that despite this, drama remains the largest genre in terms of Irish language programming);
- News, where a substantial volume of non-peak programming is supplied by international news, obtained on an exchange basis.

All new commissions are in the Irish language – which in 2009 accounted for 999 hours of RTÉ provided or self-commissioned hours of Irish language first run output. The overwhelming majority of this programming ran in peak time (defined as 6pm – 11pm), making up 55% of peak time output. Most of the rest of peak time output is acquired drama, subtitled or occasionally dubbed into Irish.

Figure 30 - TG4: total broadcast hours by genre and language, 2009

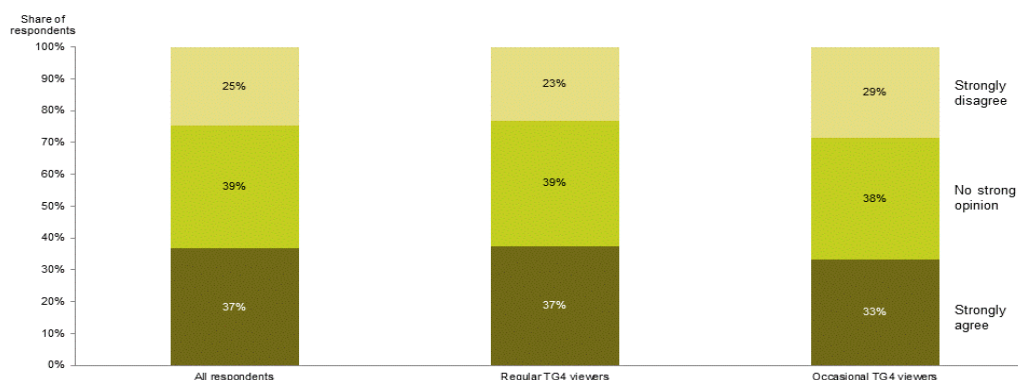


Note: total broadcast hours = 8755
Source: TG4

The audience recognises the importance of Irish language programming

Audiences generally acknowledge the role TG4 has to play in giving Irish language programming a platform. However whilst viewers, of both TG4 and RTÉ, agreed that TG4's Irish language programmes give a fresh view on Ireland (see Figure 31), it must be noted that a quarter of respondents strongly disagreed.

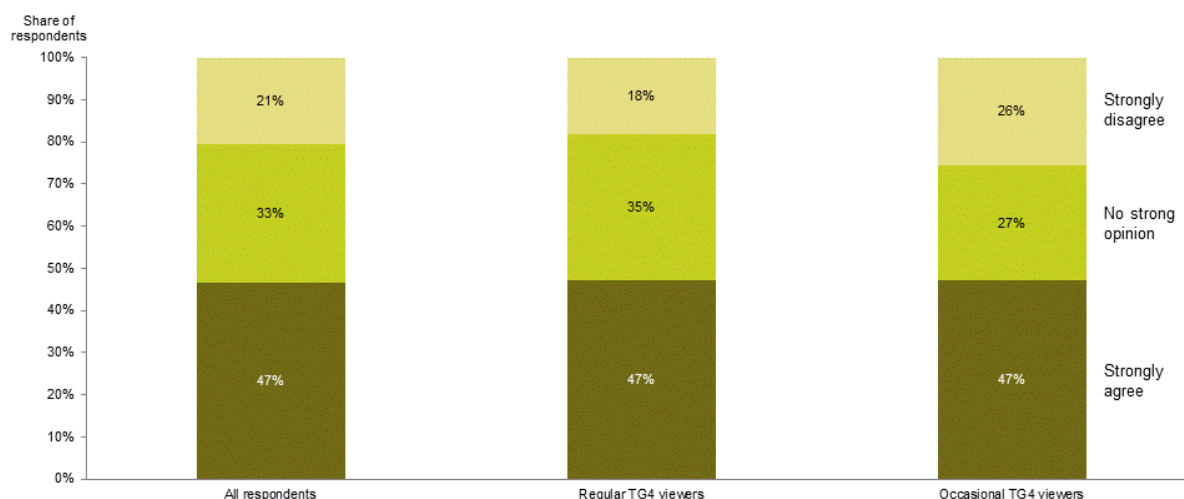
Figure 31 – Consumer survey: TG4's Irish language programmes give a fresh view on Ireland today



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Respondents were even more positive with their response to TG4's Irish programmes being an important way of reflecting Irish culture (see Figure 32). Regular viewers to TG4 were, rather unsurprisingly, most in agreement with the statement. However even occasional viewers also appreciated the importance.

Figure 32 – Consumer survey: I think that TG4's programmes in the Irish language are an important way of reflecting Irish culture

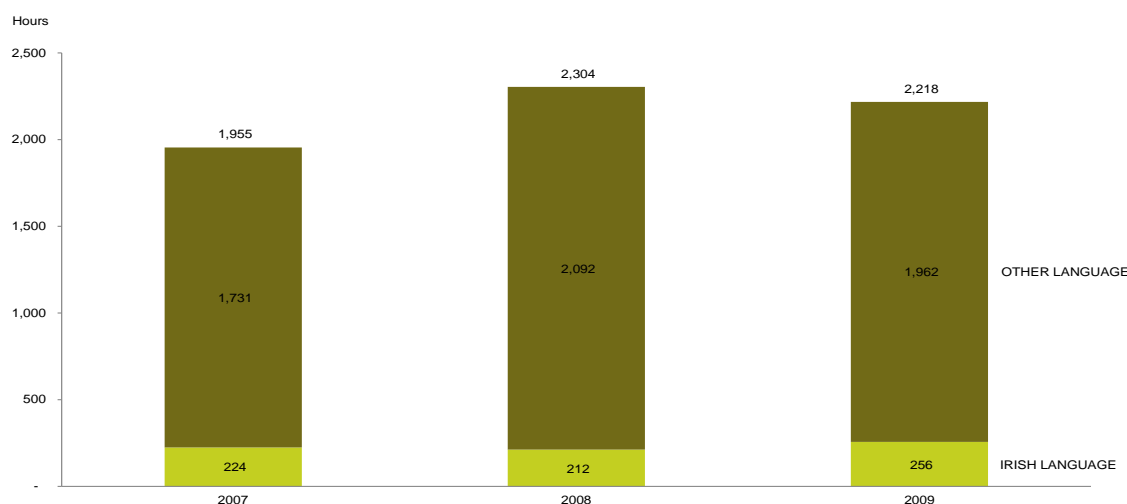


N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Provision of news, current affairs and political coverage in the Irish language

TG4 broadcast over 2,000 hours of news in 2009 – 25% of all output, as shown in Figure 33 below. Of this, the vast majority (1,962 hours) was internationally sourced – through exchange agreements with other public broadcasters. The main news programming, in Irish, totalled 256 hours or 42 minutes per day, an increase of 21% on 2008 output.

Figure 33 - TG4 news and current affairs output hours by language, 2007 to 2009

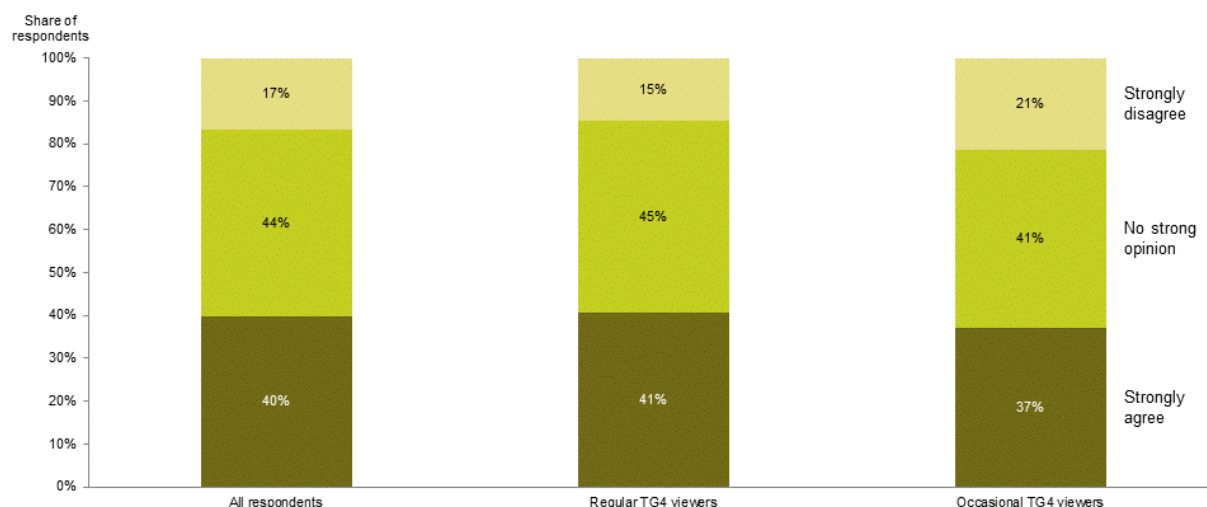


Note: data includes repeated programmes
Source: TG4

This programming included 41.5 hours of coverage from the Houses of the Oireachtas in 2009.

The majority of viewers agree to some extent that TG4's news coverage is trustworthy, although it scored slightly less well than RTÉ (see Figure 34 and Figure 73)

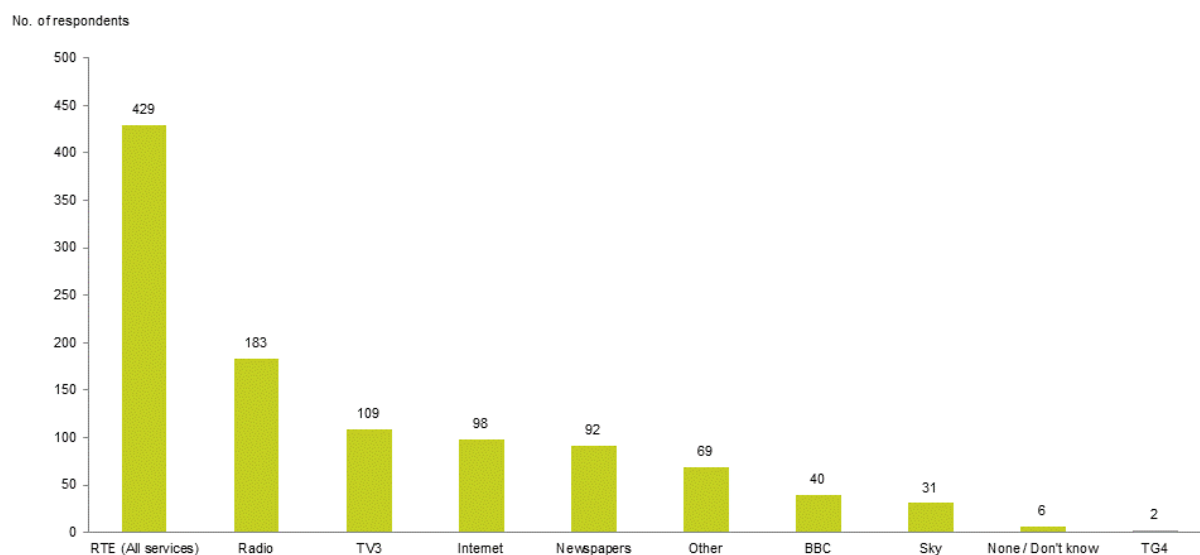
Figure 34 – Consumer survey: *TG4's news is trustworthy*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Despite this, TG4 is not seen as many people's primary source of news (see Figure 35). Only 2 respondents in the entire survey sample claimed it was their main source of news, falling behind every other news provider tested in the consumer survey.

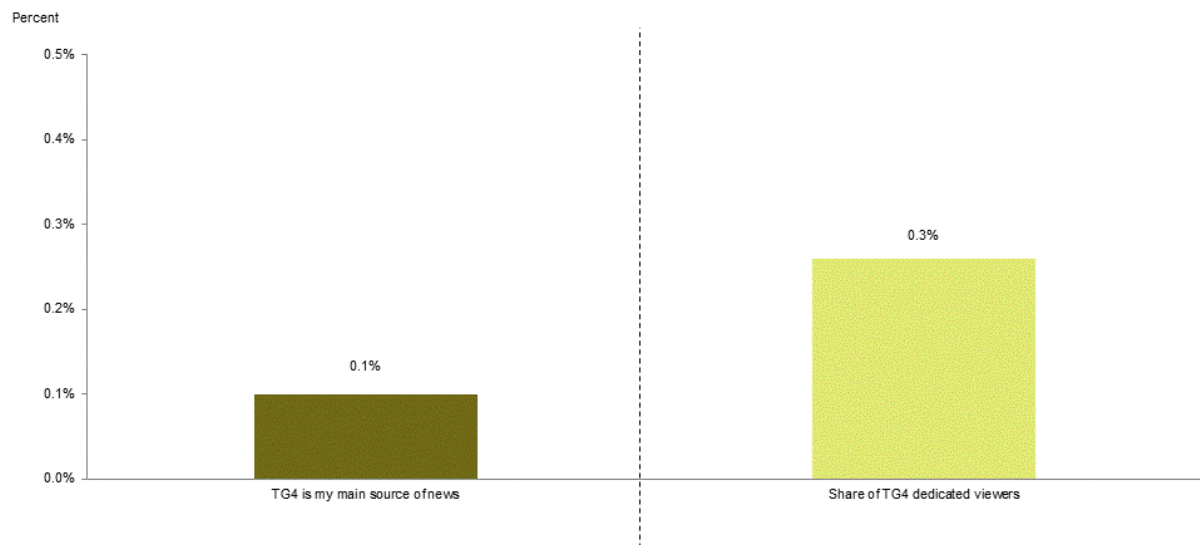
Figure 35 – Consumer survey: *My main source of news*



Source: REDC research, Oliver & Ohlbaum

This implies that less than 1% of dedicated TG4 viewers (i.e. watch it every day) use the channel as their main source of news (See Figure 36).

Figure 36 – Consumer survey: Proportion of TG4 viewers that use it as primary source of news

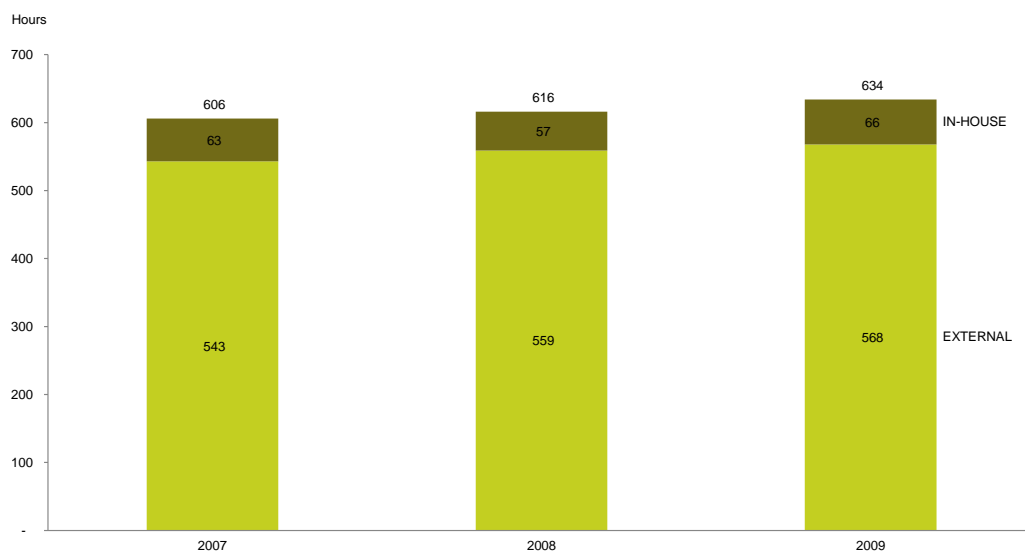


Source: REDC research, Oliver & Ohlbaum

TG4 facilitates cultural expression and promotes innovation and the creative community of Ireland

TG4 has only limited in-house production capacity, and so the overwhelming majority of commissioning is done externally.

Figure 37 - TG4 first-run commissioned hours by source, 2007 to 2009

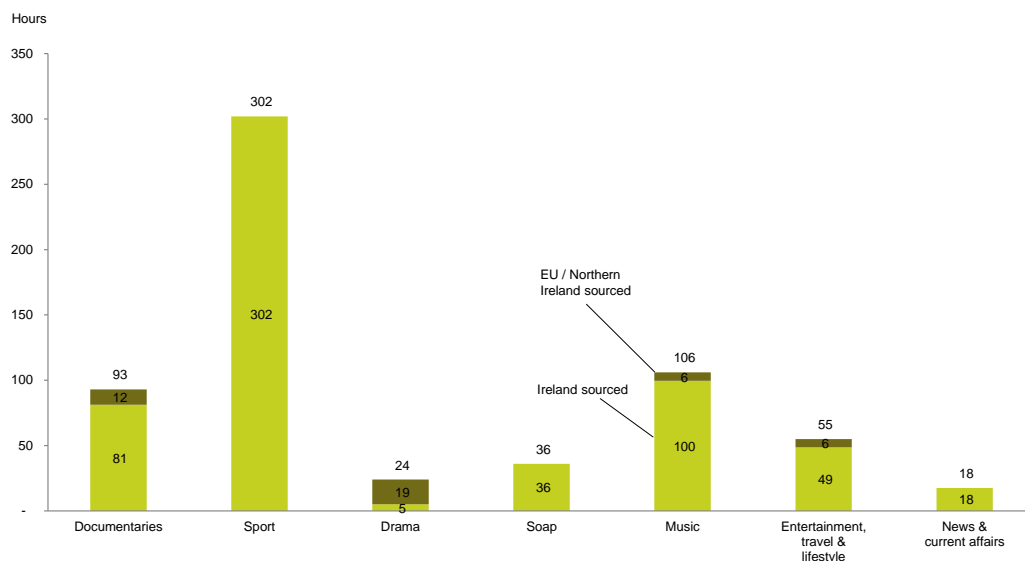


Note: data is for new first run commissioned hours only and excludes all programmes provided by RTÉ, acquired hours or repeated hours

Source: TG4

Of this external spend, over 93% goes to domestic production. Within the context of a relatively small programming budget, TG4 is focussing expenditure on the Irish creative sector.

Figure 38 - TG4: first run commissioned hours by genre and origin, 2009

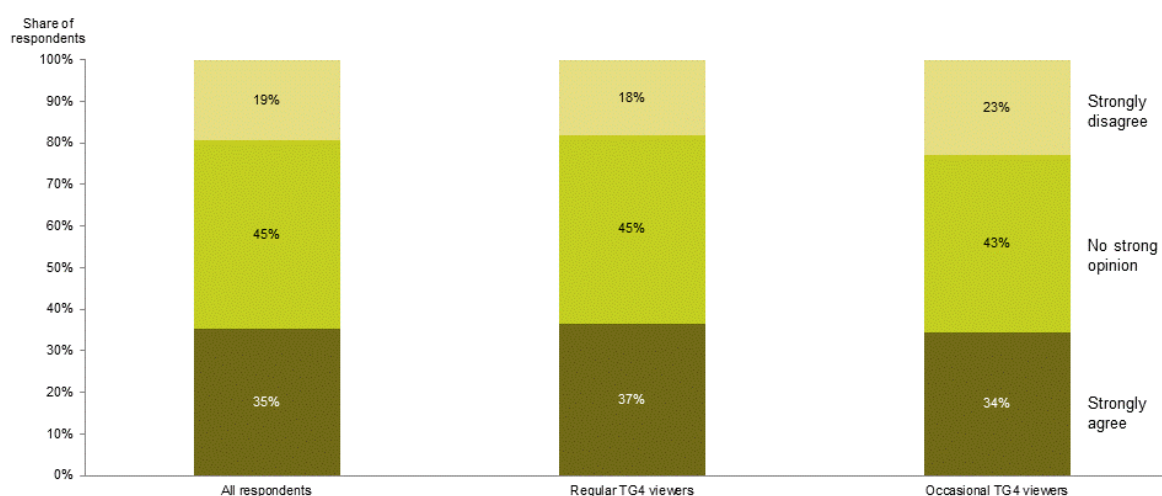


Note: data is for all new first run commissioned hours only and excludes all programmes provided by RTÉ, acquired hours or repeated hours
Source: TG4

Support for service provided by TG4

When asked if they valued TG4's service, 35% of respondents overall strongly agreed that they did. Viewed in the context of the total population of regular Irish speakers, together with the reach and share of the channel, this demonstrates strong public support for the service that TG4 provides.

Figure 39 – Consumer Survey: When I think about what TG4 do, I value the service they provide



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly".
Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Our summary of TG4's performance appears in Chapter 10 of this report.

7. REVIEW OF THE PERFORMANCE OF RTÉ

The chapter assesses the performance of RTÉ in 2009 in relation to the commitments set out in its Statement of Performance Commitments 2009, the extent to which its channels use public funding efficiently and effectively and the extent to which creativity is fostered and sustained.

In addition, this chapter outlines whether RTÉ has met the more qualitative aspects of its objectives, including

- Being responsive to the interests and concerns of the whole island of Ireland
- Upholding the democratic values enshrined in the Constitution
- Providing a comprehensive range of programmes in the Irish and English languages that reflect Irish cultural diversity
- Meeting the needs of both adults and children
- Catering for the expectations of members of the community with special or minority interests.

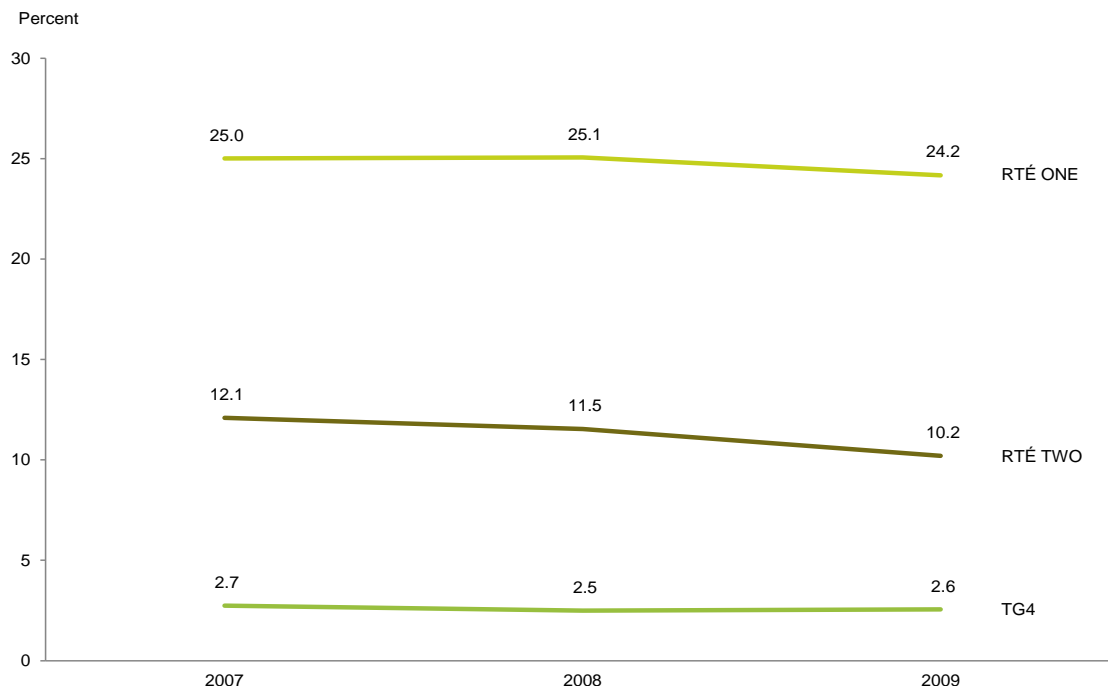
Based on the evidence presented, an opinion is expressed in subsequent chapters as to whether a licence fee modification is desirable or necessary, and the nature of the modification, in accordance with the adjustment formula provided in section 124 of the Broadcasting Act 2009.

To what extent has RTÉ fulfilled its performance commitments in 2009?

On television, in 2009 both RTÉ1 and RTÉ2 lost audience share

Both of RTÉ's main television channels lost a significant amount of audience share in 2009. Year-on-year, RTÉ1 lost 3.6% of its audience whilst RTÉ2 lost 11.3% of its audience. The loss of share contrasts to a gain by RTÉ1 between 2007 and 2008 and a much smaller loss of share for RTÉ2 over the same period. The loss of share was probably partly the consequence of continuing audience fragmentation resulting from the shift to multichannel viewing but may also be the result of a weaker 2009 programme schedule, potentially due to reductions in the programme budget in 2009.

Figure 40 - RTÉ1, RTÉ2 and TG4 total audience share, 2007 to 2009

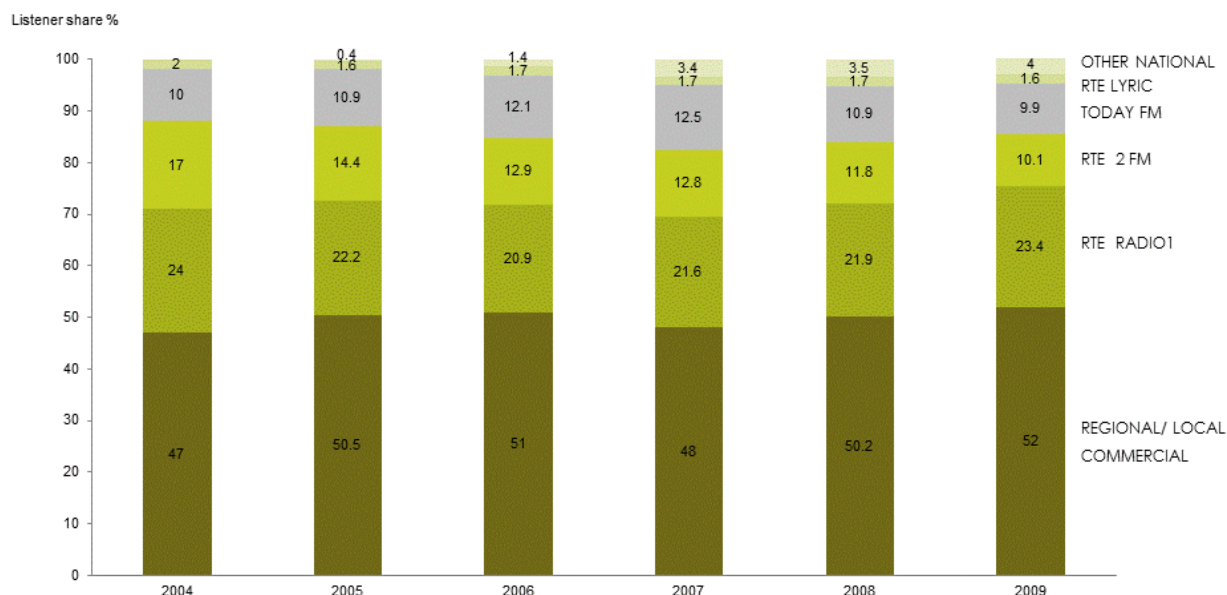


Source: TG4, RTÉ

In 2009, RTÉ Radio 1 improved its listener share, whilst 2fm continued to slide

RTÉ's radio stations had mixed performances in 2009, with RTÉ Radio 1 gaining some market share, but RTÉ 2fm continuing to lose share. RTÉ Radio 1 is still the national market leader and increased its share to 23.4%, up 1.5% on 2008, whilst RTÉ lyric fm consolidated its audience at 1.6%. However, RTÉ 2fm lost more listeners to commercial stations and saw its weekday average share drop from 11.8% to 10.1% (Figure 41).

Figure 41- RTÉ Radio total listener share, 2004 to 2009



Source: JNLR, Oliver & Ohlbaum

RTÉ's performance commitments in 2009

In December 2002 the Irish Government decided, following the deliberations of the Forum on Broadcasting, to increase the Licence Fee to €150 and to introduce a mechanism to allow for annual increase in the Licence Fee, using a "CPI minus X formula". This formula was designed to take account both of the rising costs of broadcasting and to reward performance - on execution of a change management agenda and against agreed programme commitments.

With regard to the above, RTÉ has agreed a number of core performance commitments, which are set out in the presentation of Annual Performance Commitments. These were presented to the Department of Communications, Energy and Natural Resources (DCENR) on the 6th January 2009. This section of the report assesses RTÉ's performance in relation to these commitments, using data provided by RTÉ, as well as RTÉ's Licence Fee Adjustment Review 2009, submitted to the Broadcasting Authority of Ireland in March 2010.

RTÉ's performance is measured against nine key performance actions and related key performance measures. In total RTÉ has been assessed on the basis of 78 individual commitments across key areas of PSB provision, as shown in Figure 42 below. Of these 78 commitments, RTÉ achieved or exceeded 49, but failed to achieve 29 (37%).

Figure 42- RTÉ performance commitments by type and number met, 2009

2009 PERFORMANCE COMMITMENT TYPE	TOTAL COMMITMENTS	NUMBER SUCCESSFULLY MET	NUMBER NOT MET
Remain the main source of fair and impartial news	10	5	5
High quality, suitable programming for young people	11	7	4
Commitment to Irish-made programming and regional voices	9	8	1
Explore Irish ideas, culture, arts and language	10	9	1
Build audience appreciation for RTE's output and place in Irish life	8	4	4
Optimise performance among Irish audiences	9	5	4
Optimise funding	7	1	6
Exploit technologies in to produce quality, relevant content	7	5	2
Implement requirements under new broadcasting legislation	7	5	2
TOTAL	78*	49	29

*Commitment 2B (ii) Not Applicable

Source: RTE, Oliver & Ohlbaum Analysis

A full table of all commitments, commitments achieved and commitments that were not met can be found in Appendix 2 of this report.

Commitments relating to news, children's, Irish made programmes and regional voices

RTÉ failed to achieve 10 of 30 commitments relating to news, children's and Irish made programmes and regional voices, as shown in Figure 43 below. None of these failures individually presents a significant cause for concern about overall performance, but collectively they represent an underperformance which should raise some concern.

In news, RTÉ missed five commitments. RTÉ failed to achieve a target of 60% for respondents suggesting that "RTÉ One is the main source of national news" and in fact the proportion of people selecting RTÉ One as their main source of news declined 3% to 56% from 2006 levels of 59%. RTÉ committed to gaining appreciation scores of 80% and 60% in relation to being perceived to provide "balanced news" and being the "most trustworthy source of news" respectively. RTÉ narrowly missed the former, scoring 79%, but scored 55% on the latter versus the target of 60%.

A commitment for the election coverage to at least match the viewing figures for the 2004 European Elections was also not met; RTÉ ascribed this to a lack of funds preventing investment in the programme, and thus not attracting viewers. RTÉ also failed to match its commitments relating to the provision of RTÉ news on RTÉ International, but this commitment was not achieved due to the deferral of the RTÉ International channel launch.

Figure 43 – RTÉ performance targets not achieved (news, children's and regional output)

OVERALL COMMITMENT CATEGORY	Commitment Number	PERFORMANCE TARGETS MISSED	REASON NOT MET
1) Remain the main source of fair and impartial news	• 1A. (i)	• 60% of respondents: RTE as main source of national news	• No reason given
	• 1A. (iii)	• Maintain 2004 European Election figures	• "Budgetary constraints"
	• 1B. (i)	• Viewer Response: 'RTÉ gives balanced coverage' (aim 80%)	• Strength vis-à-vis competitors, despite drop
	• 1C. (i)	• Viewer Response: 'RTÉ One: "Most trustworthy" news source (aim 60%)	• 3% drop from 2006 levels, no reason given
	• 1C. (iii)	• Availability of RTÉ News Six-One, RTE News Nine O' clock and Prime Time on RTE International	• Budget constraints, deferral of launch of RTE International
2) High quality, suitable programming for young people	• 2B. (i)	• 3+ TVRs among 4-14s in weekday 1430-1729 slot	• Fragmentation of market, weak economy, competition growth
	• 2B. (iii)	• "In tune with young people": aim 55%+	• Less salience for RTÉ in digital households
	• 2C. (i)	• Share target: 24%+ 4-14s in weekday 1430-1729 slot	• Effect of Olympics and Euro 2008 increasing audiences – no equivalent
	• 2C. (ii)	• Share target: 17%+ among 4-14s in weekend 10.00-1159 slot	• Effect of Olympics and Euro 2008 increasing audiences – no equivalent
3) Commitment to Irish-made programming and regional voices	• 3D. (ii)	• Aim for AI of 80+ in all regions on RTÉ Radio	• Only a narrow miss of quantitative Dublin target; other regions met

RTÉ missed four performance commitments relating to ratings and appreciation index scores for children's programming. RTÉ failed to achieve two commitments relating to 4-14s audience shares in both morning and afternoon slots – this was attributed to the effect of Olympics coverage affecting year-on-year audience levels. RTÉ also committed to increase young viewer numbers and to generate a peak time TVR of 3 or greater among 4-14s in the weekday 1430-1729 slot on RTÉ Two. However RTÉ had a TVR of 2.2 in 2009; a significant underperformance against the commitment. Similarly RTÉ failed to achieve its commitment relating to being viewed as "in tune" with young people. RTÉ aimed for a result in its in-house survey of 55% or more of those who thought it was, but achieved a score of 49%.

In relation to Irish-made programming and regional voices, RTÉ committed to increasing RTÉ Radio AI scores to 80 or over in all four key regions. This was achieved for three regions, but RTÉ Radio only achieved a score of 77.3 in Dublin, a slight under performance.

Commitments relating to Irish culture, audience appreciation and performance among Irish audiences

In general, RTÉ performed well against commitments relating to the exploration of Irish ideas, culture, arts and language, in building audience appreciation for RTÉ's output and place in Irish life and also in relation to optimising performance among Irish audiences, as shown in Figure 44 below. Of the 27 commitments in these 3 categories, RTÉ failed to achieve 9, but most were only marginal failures to meet quantitative commitments or were related to budgetary constraints, raising little cause for concern.

RTÉ only failed to achieve one commitment relating to the exploration of Irish ideas, culture, arts and language. RTÉ was committed to supporting young Irish talent with an RTÉ 2fm School of Rock - Battle of the Bands event, which was never held due to 2009 budgetary constraints.

In relation to building audience appreciation, RTÉ committed to increase appreciation index (AI) scores for RTÉ Radio 1 and 2fm to more than 80 and to increase AI for entertainment on RTÉ Radio to more than 80. In each case, the AI score target was missed by less than 2 percentage points. However, a commitment to produce an approval rating of 80% relating to the statement "RTÉ is a brand I am proud of" was not achieved – with a result in RTÉ's survey of 76%.

Figure 44 – RTÉ performance targets not achieved (Irish culture, audience appreciation and performance among Irish audiences)

OVERALL COMMITMENT CATEGORY	Commitment Number	PERFORMANCE TARGETS MISSED	REASON NOT MET
4) Explore Irish ideas, culture, arts and language	• 4C. (i)	• Innovative coverage of Battle of The Bands on RTÉ 2fm website	• Budgetary restrictions due to 2009 economic climate
5) Build audience appreciation for RTÉ's output and place in Irish life	• 5A. (ii)	• RTÉ Radio 1 and RTÉ 2fm aim to increase AI to 80+	• Marginal missing of quantitative target (2%)
	• 5B. (ii)	• Increase AI for entertainment on RTÉ Radio to 80+	• Marginally missed target (2%)
	• 5C. (i)	• "RTÉ is an Irish brand I am proud of": aim: 80%+	• Low consumer confidence
	• 5C. (iv)	• Aim for zero complaints upheld	• 6 complaints upheld
6) Optimise performance among Irish audiences	• 6A. (i)	• All individuals Total RTÉ TVRs of 13+ and share of 42.5%+ in peak-time	• Overly ambitious target and lack of funding/major sports events
	• 6C. (i)	• 2008 performance level of 190 public performances for RTÉ Performing Groups	• Budget cuts/adverse economic conditions
	• 6C. (ii)	• Awareness of the RTÉ National Symphony Orchestra: Aim 83%+	• "This ambition was curtailed due to budgetary constraints".
	• 6C. (iii)	• 2008 level of 84 education-related performances, etc from Performing Groups	• Budget cuts/adverse economic conditions

RTÉ was also committed to optimising average audiences and share for RTÉ Television in total and for each of RTÉ One and Two. RTÉ was committed to gaining an all individuals total RTÉ TVR of 13 or more and a total share of 42.5% or more in peak-time. These targets were set at lower levels than those achieved in 2008 but RTÉ failed to meet either target in 2009, but only very marginally. The broadcaster suggested that this was due to 2009 not including sporting equivalents to the 2008 Olympics or Euro 2008 tournament which bolstered peak time audiences in that year. RTÉ also failed to achieve 4 commitments relating to performing groups as a lack of available funding caused schedules to be reduced.

Commitments relating to optimisation of funding, exploitation of technologies and the requirements of the 2009 Broadcasting Act

RTÉ failed to achieve 10 of the 21 commitments made relating to optimisation of funding, the exploitation of technologies and also the requirements of the 2009 Broadcasting Act, as shown in Figure 45 below. While the proportion of commitments missed is high, most commitments missed in this category seem to have been missed due to the poor external economic conditions or as a result of delays to legislation and licensing which were outside of RTÉ's control.

RTÉ missed 6 commitments relating to the optimisation of funding. Significantly RTÉ failed to meet commitments to maintain a surplus to equal rolling four-year average operating breakeven plus Capex required. However, this failure to meet a key commitment was due to significant shortfalls against budget relating to advertising revenues and despite having been able to partially offset these revenue declines through efficiency savings and cost cuts. An exceptional item relating to restructuring costs also contributed to the failure to generate an operating surplus. The weakness of the economy and TV advertising market in 2009 also led to a failure to meet commitments relating to commercial revenue generated per percentage point of TV audience share at 2006 levels.

More widely, 2009 saw the proportion of people seeing the Licence Fee as value for money was at 53% versus a commitment target of 59%. The proportion of people suggesting they are "satisfied with RTÉ" was 63% versus a target of 69%. While these two results are of concern for an organisation reliant on public support, it is possible that the wider economic environment might have influenced these results. Tracking these measures in the medium term will be key. However, we do note that satisfaction ratings for RTÉ One and RTÉ Radio 1 were both met.

RTÉ committed to ensuring that personnel-related operating costs (PROCs) would be below 50% of operating costs and marginally missed this target with PROCs accounting for 50.2% of total operating costs. However, this failure is mainly related to the significant cost cutting measure undertaken in 2009 in response to the poor economic environment and weak TV advertising market and a decision to cut non-programming operating costs by a greater degree than programming costs. This resulted in

PROCs being a higher proportion of all operating costs than was budgeted for when the commitments were made.

Figure 45 – RTÉ performance targets missed (funding, exploitation of technologies and the requirements of new broadcasting legislation)

OVERALL COMMITMENT CATEGORY	Commitment Number	PERFORMANCE TARGETS MISSED	REASON NOT MET
7) Optimise funding	• 7A. (i)	• Net Annual Surplus and available cash/facilities to meet commitments as necessary	• Exceptional items and restructuring costs affecting finances
	• 7A. (ii)	• PROCs to be equal to or less than 50% of Operating Costs	• Cost-cutting due to very weak external economic environment
	• 7B. (ii)	• TV Centre studio utilisation: maintain at 80%+ and Internal Radio Studio use not to exceed 75%	• Cost-cutting measures and lack of sporting events
	• 7C. (i)	• Commercial revenue generated per percentage point of TV maintained at 2006 levels	• Unstable economic conditions worldwide and in Ireland
	• 7D. (i)	• Perceived value for money of Licence Fee 59% + Perceived importance of RTÉ in life of country of 88% +	• Economic conditions/consumer personal finances worsening
	• 7D. (ii)	• Satisfaction with RTÉ of 69% , RTÉ One of 80+ and RTÉ Radio 1 of 84+	• Budgetary constraints; low consumer confidence
8) Exploit technologies to produce quality, relevant content	• 8A. (i)	• Football and Hurling finals to achieve more than 18 TVRs	• Programme length a problem, 30 minutes before kick-off start time
	• 8E. (i)	• 80% national population coverage for one PSB MUX and three commercial MUXES by end 2009	• Necessary licence agreements (including with BAI) not yet in place
9) Implement requirements under new broadcasting legislation	• 9a. (i)	• RTÉ International on-air by year-end	• Extreme deterioration of revenue
	• 9C. (ii)	• 1.25% of amount of monies paid into IPU account to be expended by year-end on RTÉ Radio	• Required legislation not enacted on schedule, so could not proceed

Source: RTÉ Licence Fee Adjustment Review 2009, Oliver & Ohlbaum

A key commitment in relation to the production of quality, relevant content was to achieve TVRs for the hurling and football finals of 18 or higher. RTÉ achieved this target for hurling, but only scored 16.9 for the football final. However, this failure to achieve the target TVR for the football final was primarily due to a programme start time 30 minutes before kick-off delivering low TVRs in the period before kick-off down-weighting the overall TVR for the programme.

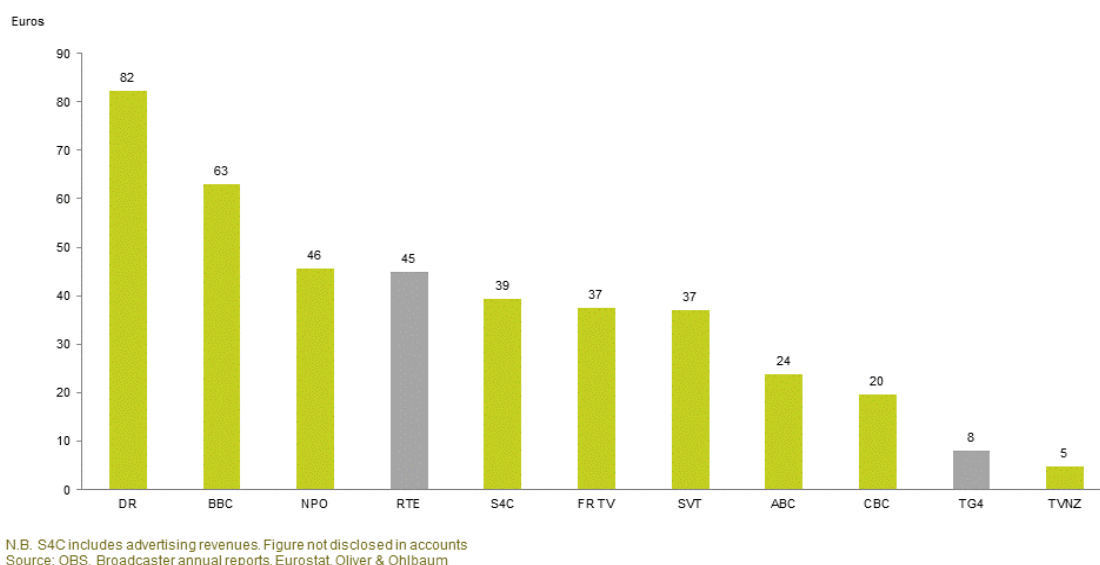
RTÉ was unable to meet commitments relating to the launch of RTÉ International due to budgetary constraints. It was also unable to proceed with expending monies paid into an IPU account on RTÉ Radio due to the necessary broadcasting legislation not being enacted in time to proceed. Furthermore, RTÉ was unable to meet commitments relating to the coverage of DTT muxes by the end of 2009 due to the necessary licence agreements not being in place.

Efficiency, effectiveness and fostering creativity

This section assesses the degree to which RTÉ utilises public funding efficiently and effectively, and the extent to which creativity is fostered and sustained. In order to judge the performance of RTÉ on these criteria, this section analyses and compares RTÉ's funding, and also expenditure by cost type, over the years 2007 to 2009 as well as by comparison with international benchmarks.

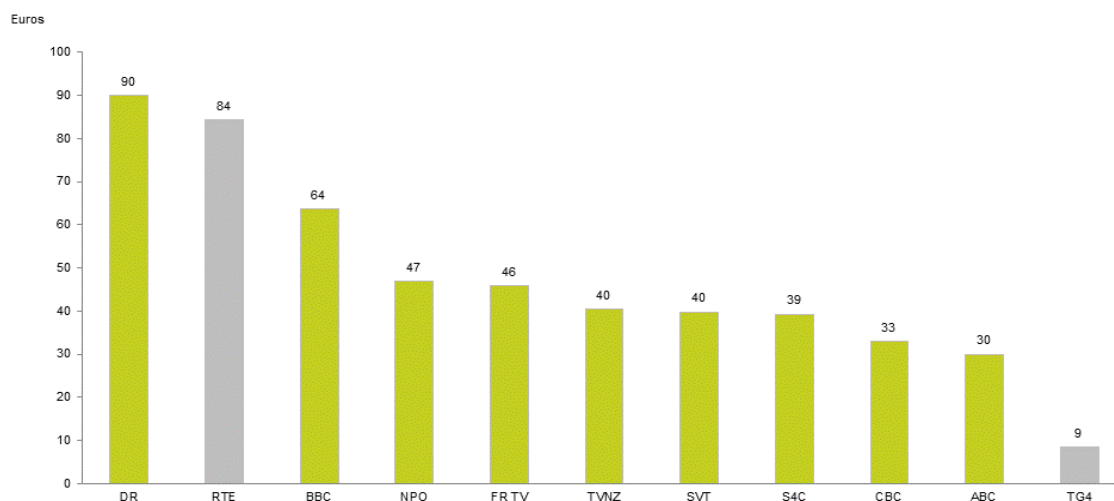
In terms of licence fee funding, RTÉ is well funded by international standards, receiving €45 per capita in 2009. A sample of public service broadcasters' public funding income per capita is shown below in Figure 46. However it should be noted that due to the economies of scale in the cost of television programming production smaller nations could be expected to require a higher level of funding on a per capita basis than larger national public service broadcasters.

Figure 46 – PSB public revenue per capita, 2009



RTÉ benefits from a mixed funding model whereby it receives commercial income from advertising in addition to licence fee income. Total revenue per capita for a sample of public service broadcasters is shown in Figure 47 below. RTÉ remains well-funded by international standards in terms of total revenues per capita, even allowing for the significant Irish TV advertising market underperformance in 2009. However, as outlined above, smaller markets need high per capita funding of public service broadcasters due to lack of economies of scale and the high fixed costs of producing television and radio content. In particular, small markets can suffer from overspill from larger neighbours, especially those that share a common language. In these markets, the scale of larger, better funded neighbours can dominate content programme sourcing and often requires some form of public intervention – and thus relatively higher funding – to protect domestic focused content.

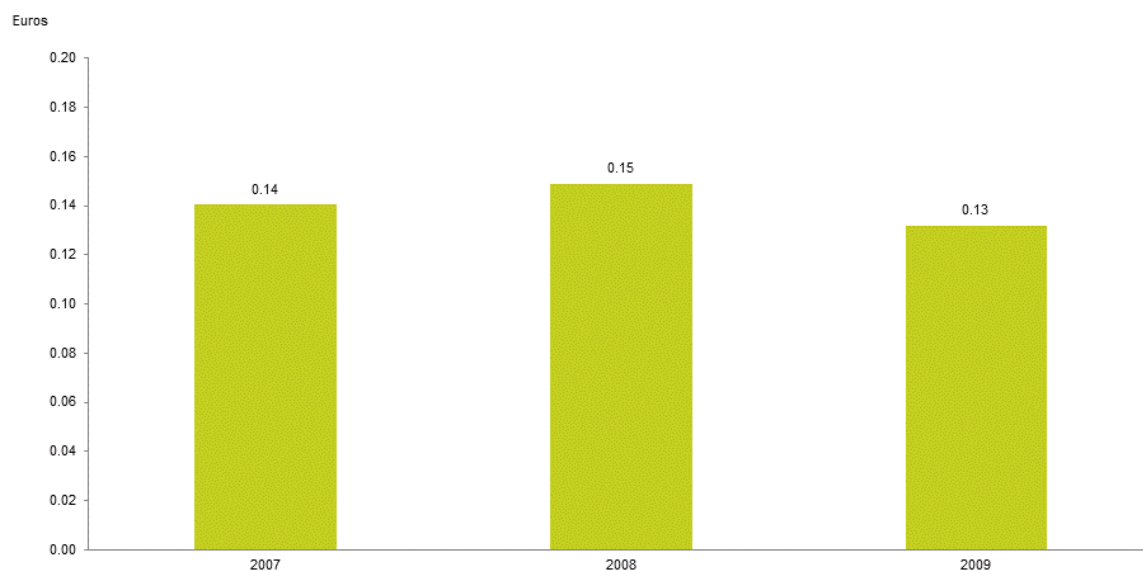
Figure 47 – PSB total revenue per capita, 2009



Source: OBS, Broadcaster annual reports, Eurostat, Oliver & Ohlbaum

The total cost of RTÉ's television content expenditure per viewer hour is shown below in Figure 51. RTÉ's television cost per viewer hour has fallen from 2008 to 2009, principally due to budget cuts necessitated by the fall in commercial income in 2008 and 2009. However, the impact of the budget cuts has been to improve the overall efficiency of spend on programmes on a cost per viewer hour basis, but this efficiency might have come at the expense of audience share, which has fallen for both RTÉ channels in 2009.

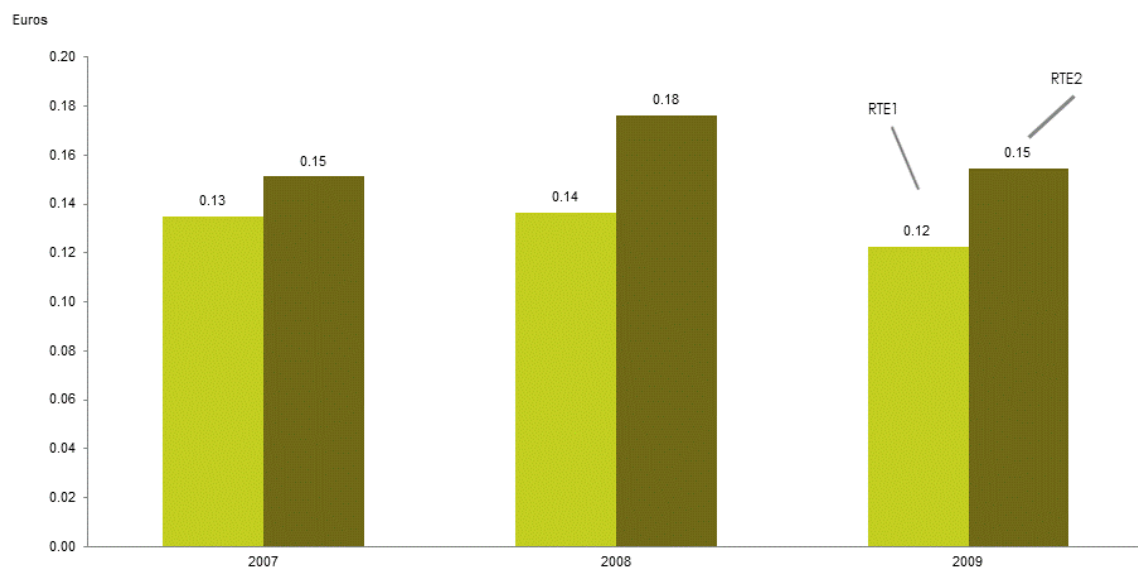
Figure 48 – RTÉ television: content costs per viewer hour, 2007 to 2009



Source: RTE, Oliver & Ohlbaum

Breaking this result out into the performance of the two main channels, RTÉ One and RTÉ Two, is shown in Figure 49. Both channels have improved their efficiency by a similar amount relative to overall spend in 2009, suggesting that budget cuts to content spending were applied relatively evenly to both channels.

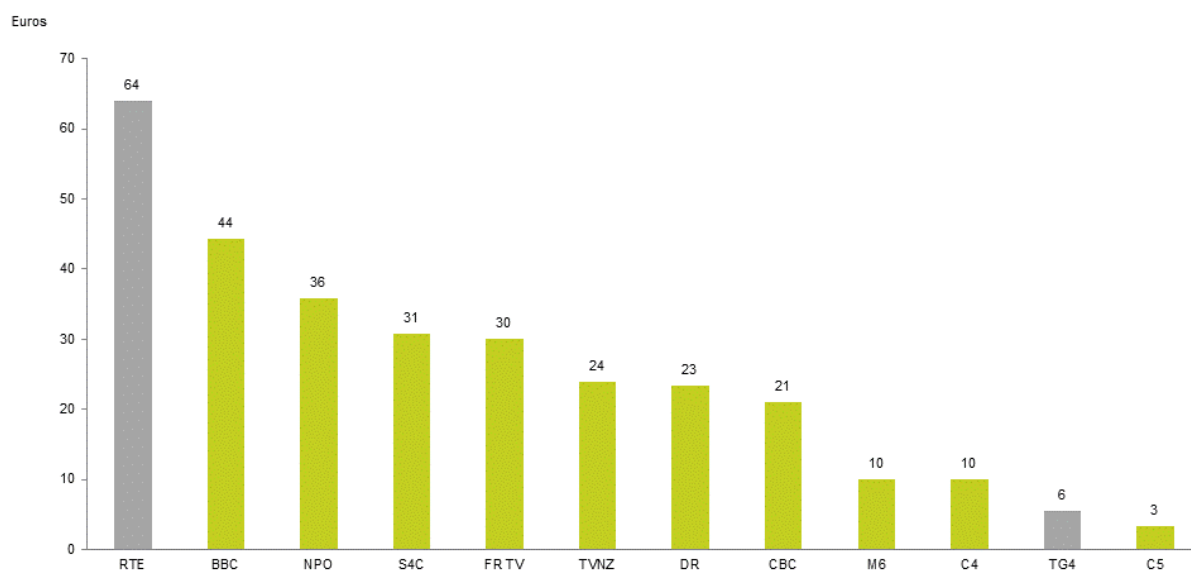
Figure 49 – RTÉ: content costs per viewer hour by channel, 2007 to 2009



Source: RTE, Oliver & Ohlbaum

RTÉ has a very high programme spend per capita by comparison with other national PSBs, as shown below in Figure 50. As noted above, ensuring the viability of television production in markets that suffer from significant same-language overspill can require larger scale public funding.

Figure 50 – Programming spend per capita by broadcaster, 2009

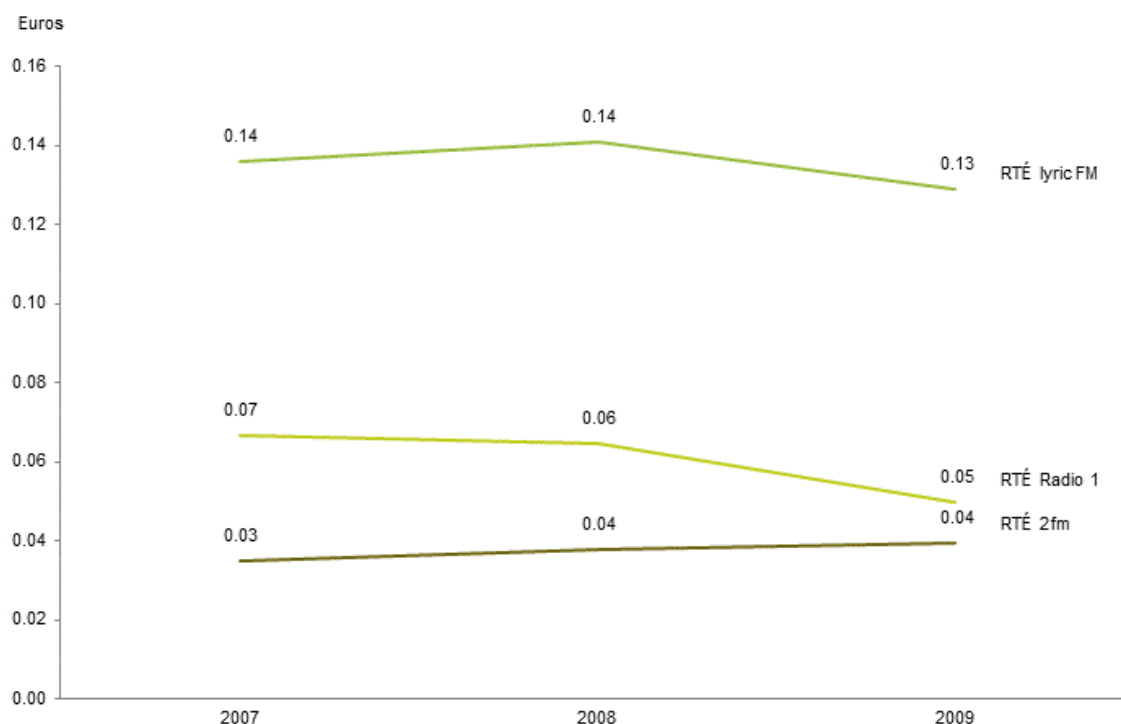


Source: OBS, Broadcaster annual reports, Eurostat, Oliver & Ohlbaum

RTÉ's television channels, even though they have lost share, still account for 34.4% of all television viewing in the Irish market. (In the UK, for example, BBC1 and BBC2 combined have around 28% viewing share).

RTÉ also controlled costs on radio in 2009, with average cost per listener hour falling on both RTÉ Radio 1 and lyric fm. RTÉ 2fm has seen a very slight increase in cost per listener hour since 2007, however this is due to a fall in listener hours rather than a rise in costs.

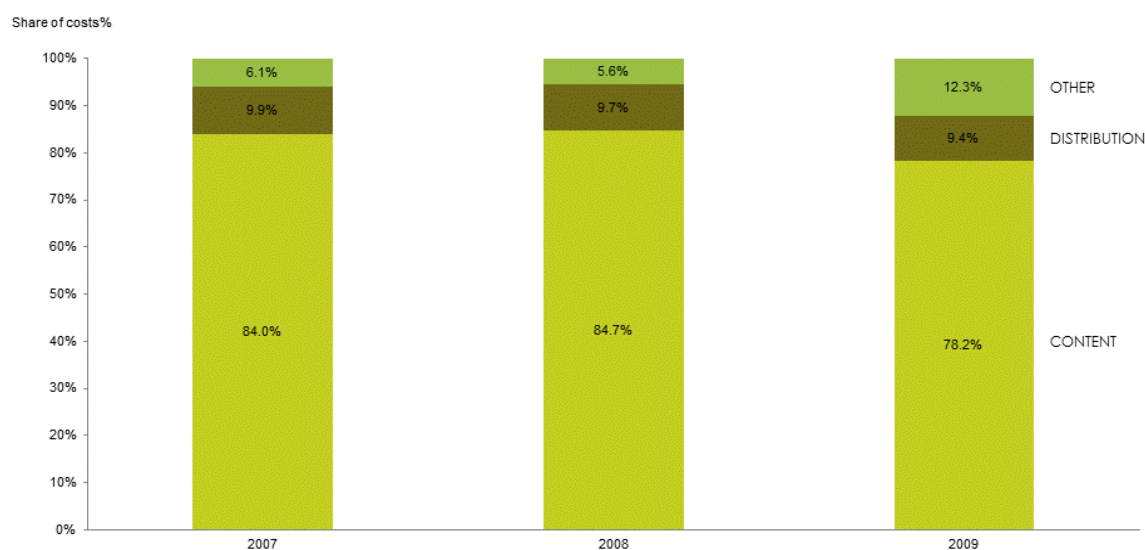
Figure 51 – RTÉ Radio: Content cost per listener hour, 2007 to 2009



Source: RTÉ, Oliver & Ohlbaum Analysis

RTÉ's content, overheads and distribution costs as a percentage of total costs are shown below in Figure 52. RTÉ's spend on content as a proportion has declined, primarily due to budget cuts in 2009 and due to the fact that a significant proportion of overheads costs (in particular the costs of distribution) are fixed in nature and so cannot be cut back to the same degree as programming.

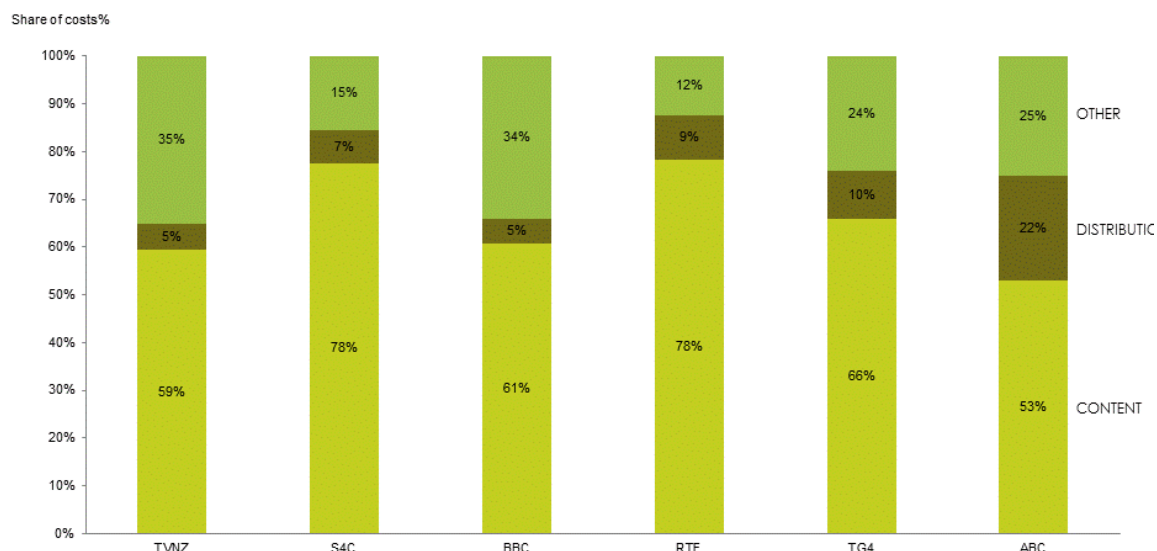
Figure 52 – RTÉ total costs by type: 2007-2009



Source: OBS, Broadcaster annual reports, Oliver & Ohlbaum

When considering 2009 expenditure on content, overheads and distribution as a proportion of total costs in comparison with international benchmarks, RTÉ performs extremely well. With 78% of all expenditure being invested in content it has the highest proportion of all public service broadcasters in a sample shown in Figure 53 below. Only S4C in Wales equalled this level of content spending among the public service broadcasters sampled.

Figure 53 - Total costs segmented by type by broadcaster, 2009



Source: OBS, Broadcaster annual reports, Oliver & Ohlbaum

Overall, the above analysis suggests that RTÉ has performed well in terms of its efficient use of funds, at least at a macro level. In fact, RTÉ is a strong performer in terms of the proportion of total costs spent on content. This is impressive given that it operates in a smaller market and would ordinarily be expected to carry a higher proportion of overheads due to the fixed costs of operating a broadcaster.

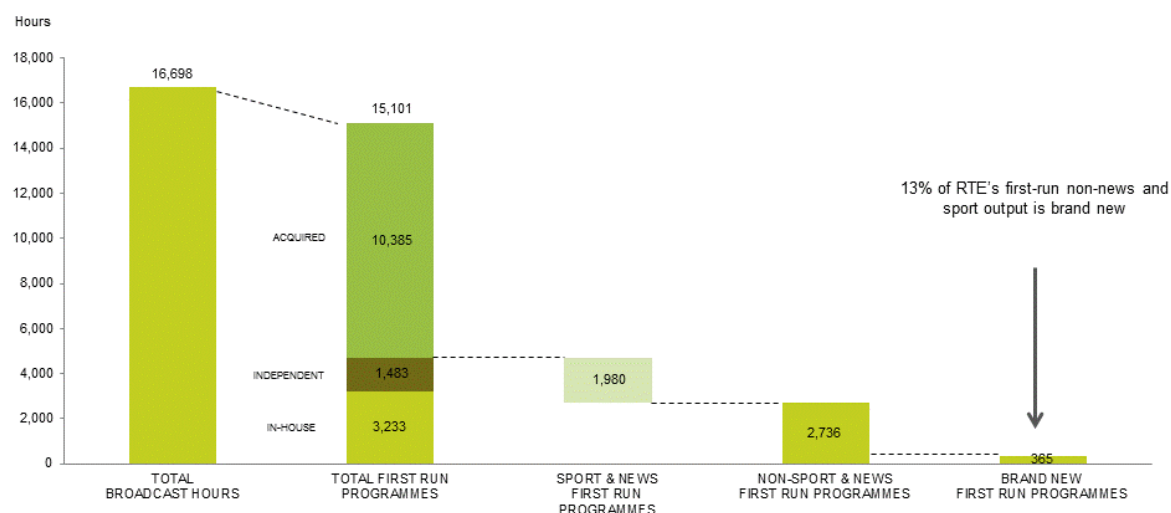
The effectiveness of the use of public funding – and in particular where it is being targeted – can be done using the analysis outlined in chapter 6 (on pages 24-26 of this report). As mentioned, this analysis is normally carried out at a genre level. However, this analysis was limited by the lack of availability of genre average data. Without a full analysis of the economics of the schedule it is impossible to fully assess the implicit public subsidy by genre and sub-genre.

Fostering and sustaining creativity

A key measure in assessing a broadcaster's creativity is a consideration of the number of hours of original commissions, and within that, those which are brand new programme ideas and titles. All major broadcasters maintain a high number of hours made up of returning series and programmes strands, such as regular soaps or documentary strands - but a public service broadcaster with a significant element of public funding has a greater ability (and responsibility) to take commissioning risks and try out new programmes and concepts.

In 2009, 13.7% of all RTÉ first-run commissions were brand new concepts or titles. This is a smaller proportion of genuinely new first-run hours when compared with TG4 and may require ongoing monitoring.

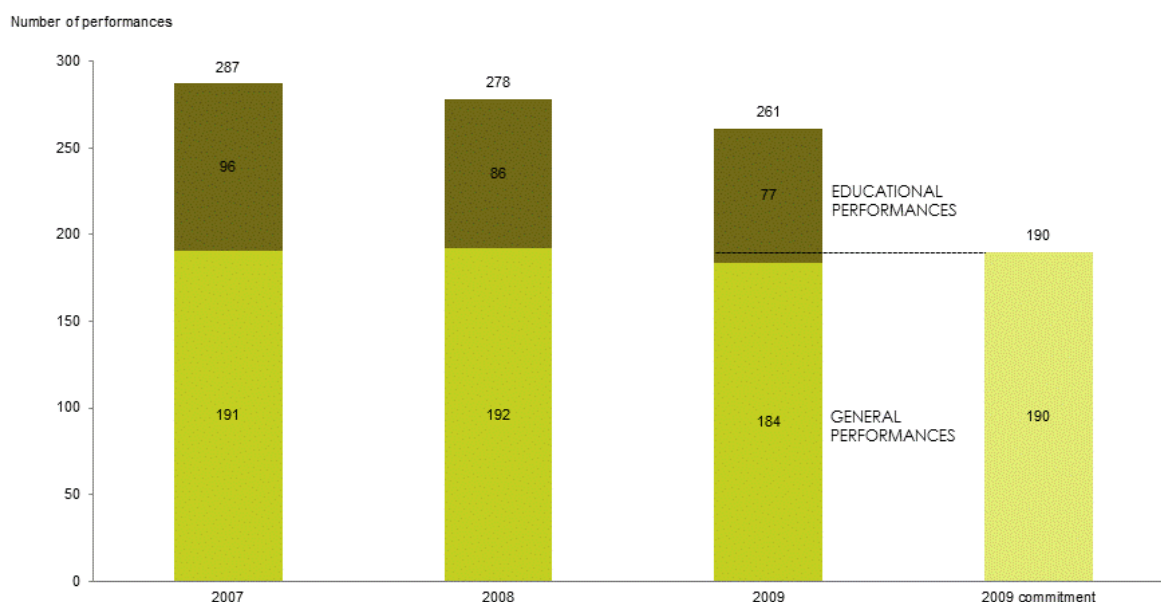
Figure 54 – RTÉ: first run output hours and brand new first run hours, 2009



Note: total broadcast hours = 16698
Source: RTE

The number of performances by RTÉ's performing groups is shown below in Figure 55. RTÉ failed to achieve its performance commitments relating to the total number of non-educational performances by its performing groups in 2009, missing the target by 6 performances. Once again, funding available in 2009 was lower than anticipated and required a lowering of ambitions in certain areas.

Figure 55 – RTÉ performing groups: number of performances by type, 2007 to 2009



Source: RTE, Oliver & Ohlbaum

The impact of budget cuts on the Performing Groups division was to limit the absolute number of performances undertaken in the year. Given these pressures, RTÉ did manage to deliver 97% of the committed number of performances representing a creditable performance in an area where it might have been seen as somewhat easier to make savings without impacting large audiences.

How well is RTÉ delivering public purposes?

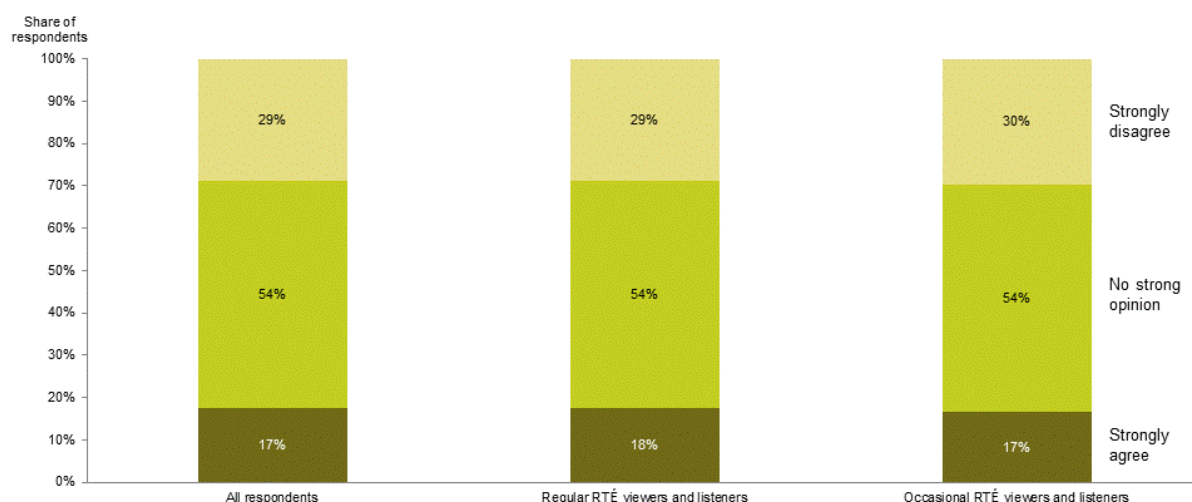
Central to the purpose of a public service broadcaster is the provision of content and services that meet key public service objectives. RTÉ is required to produce services that uphold the interests of the island of Ireland and its cultural diversity, as well as upholding the democratic values enshrined in the constitution. In addition, RTÉ is required to provide programmes for both adults and children as well as the community at large, including news, current affairs and political coverage and programmes promoting cultural expression, innovations and the creative community of Ireland. Many of these elements can only be measured qualitatively – and it is the wider perception of RTÉ's performance that is key.

Our assessment of these aspects of RTÉ's performance is based, in part, on the consumer survey that tested the level of agreement with a series of statements about RTÉ's performance in various areas. In the survey, given the range of services (in particular television and radio) that RTÉ offers, we asked respondents for their perception of RTÉ as a whole. Our assessment also utilises data provided by RTÉ on detailed programming provision, range and reach.

Upholding the interests of the island of Ireland and its cultural diversity

Consumers tended to agree that RTÉ services give a sense of the different cultures in Ireland today (see Figure 60). There was no difference between regular and occasional viewers and listeners.

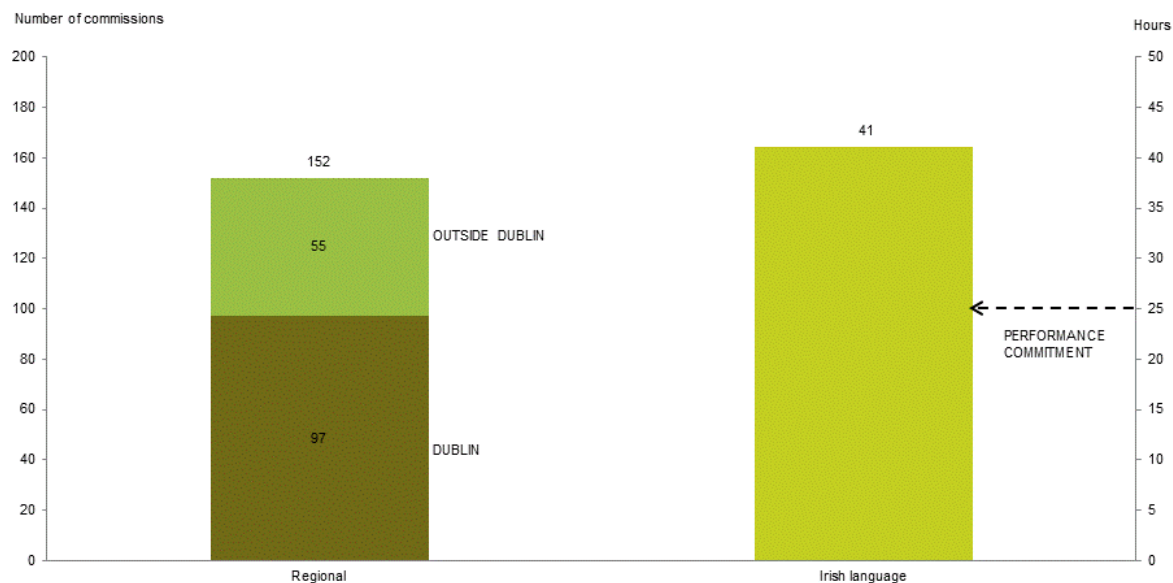
Figure 56 – Consumer survey: *RTÉ's programmes don't give me a sense of different cultures in Ireland*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

The 2009 commitment made to broadcast content in the Irish language (a minimum of 25 broadcast hours) was substantially exceeded, with over 40 hours of Irish language programming aired on RTÉ Television.

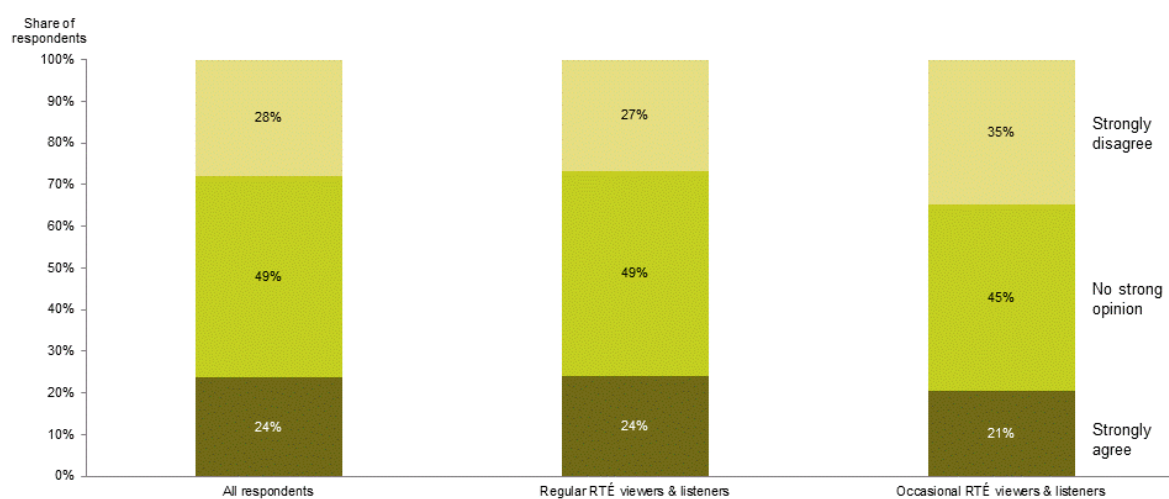
Figure 57 – RTÉ: Regional programming and Irish language output, 2009



Source: RTE

RTÉ's Irish language programmes are not noticeably thought of by those surveyed as giving a fresh view on Ireland. This is particularly the case for occasional RTÉ audiences. (see Figure 58). The broadcaster did not score as highly as TG4 did for the same question.

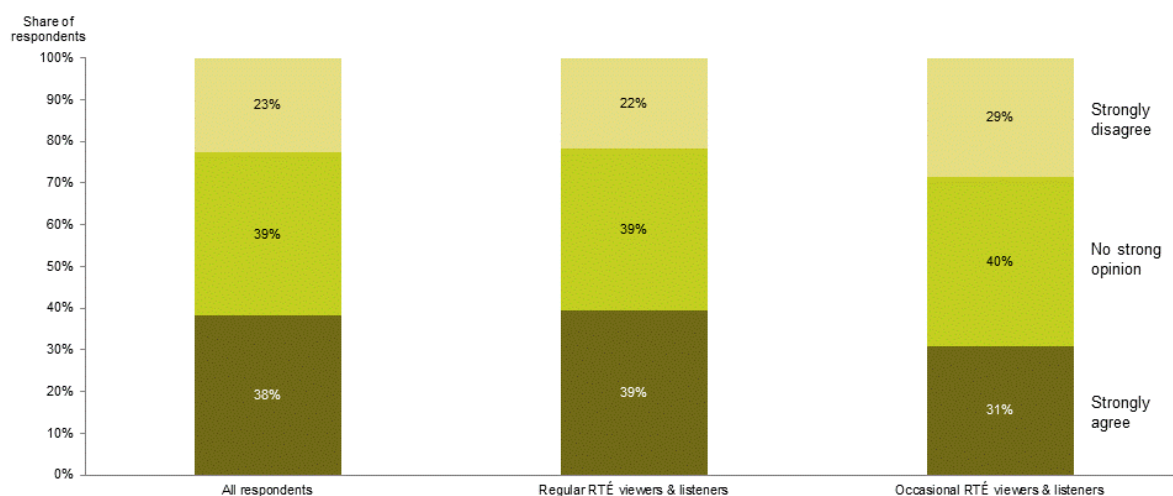
Figure 58 – Consumer survey: *RTÉ's Irish language programmes give a fresh view on Ireland today*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

However, those surveyed did agree that RTÉ's Irish language programmes are an important way of reflecting Irish culture, albeit with very slightly less agreement than for TG4 (see Figure 59).

Figure 59 – Consumer survey: *I think that RTÉ's programmes in the Irish language are an important way of reflecting Irish culture*

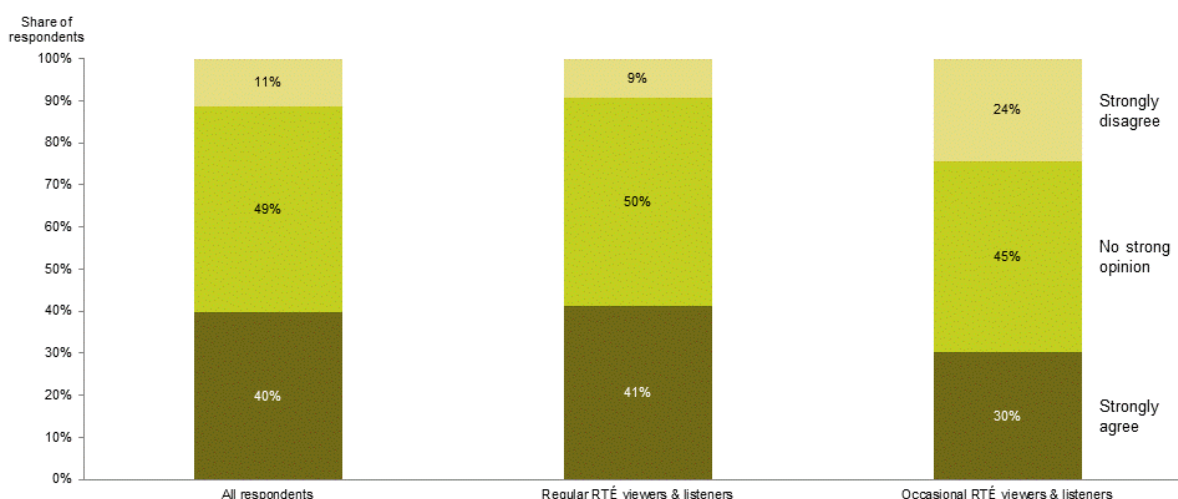


N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Upholding the democratic values enshrined in the constitution

RTÉ scored highly with viewers in terms of its capacity to show programmes offering a diverse range of opinions and views (see Figure 60). Occasional consumers did not share this opinion as highly as others, but were still in general agreement.

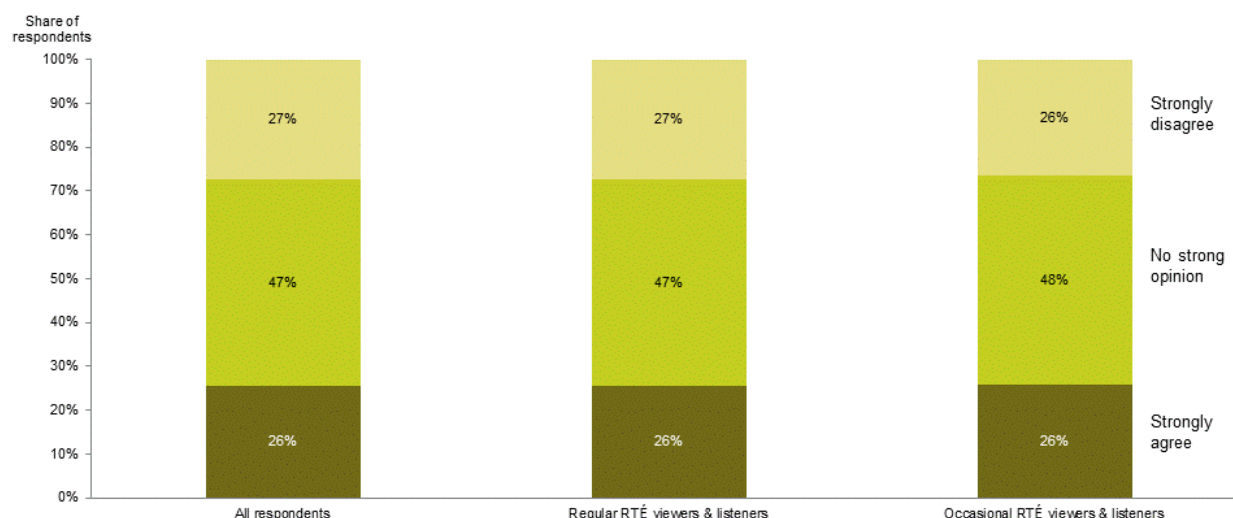
Figure 60 – Consumer survey: *RTÉ's programmes offer a range of opinions and views, even if I sometimes don't agree with them*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Contrary to this feeling however, viewers agreed to a certain extent that RTÉ has a tendency not to allow all views and opinions to be heard all the time (see Figure 61).

Figure 61 – Consumer survey: *RTÉ sometimes won't let people with a certain opinion have their say*



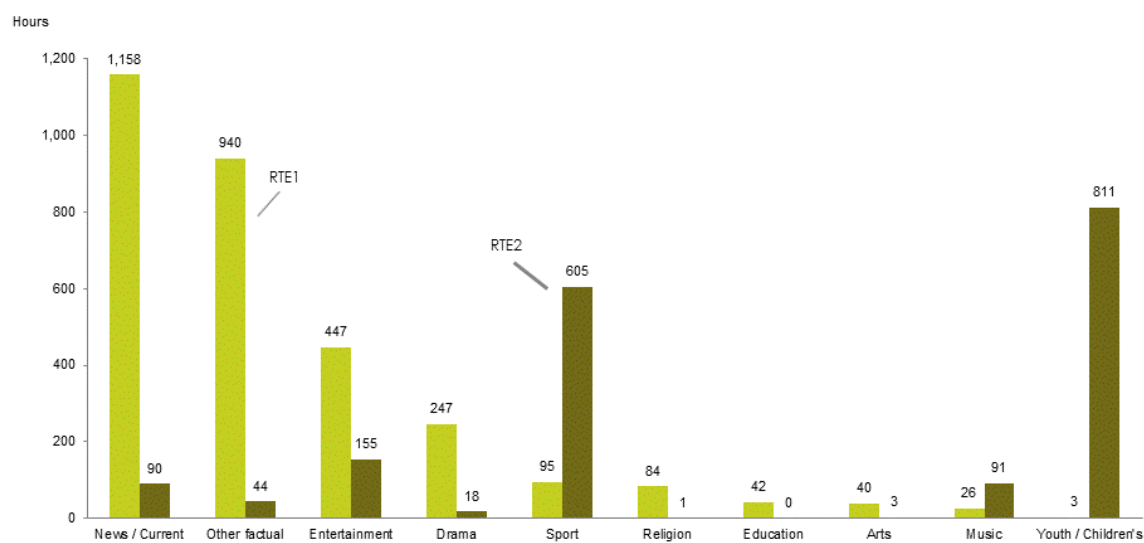
N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Programmes: education and entertainment on television for both adults and children

The number of hours of output broadcast by RTÉ by genre, for each channel, is shown below in Figure 62. RTÉ provides a significant number of output hours in all genres. RTÉ provided more than 800 hours of children's output in 2009.

Figure 62 – RTÉ: Originated broadcast hours by genre, 2009

Output hours by genre, 2009



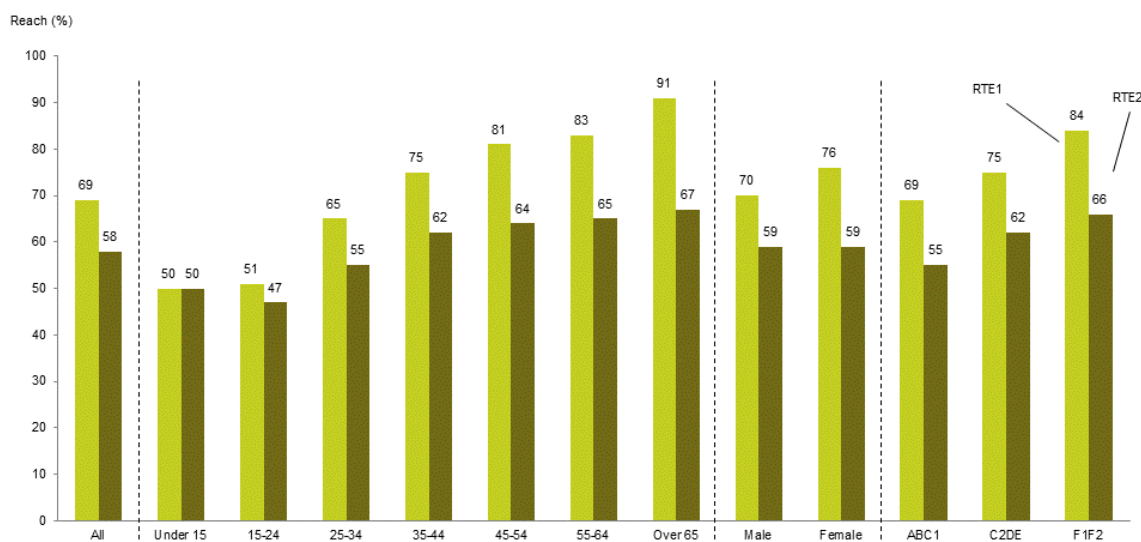
Source: RTE, Oliver & Ohlbaum

RTÉ is also committed to providing programmes and services to meet the needs and expectations of all socio-demographic groups. In 2009, RTÉ reached 69% of individuals through RTÉ One and 58%

of individuals with RTÉ Two in an average week in 2009. While these may appear successful, by way of comparison, in the competitive UK television market the BBC reaches more than 80% of individuals with BBC One and around 70% of individuals with BBC Two in a typical week.

However, RTÉ reaches only around half of all individuals under 24 years of age.. RTÉ also reach slightly more individuals in a typical week in the C2DE socio-economic demographic than ABC1 segments.

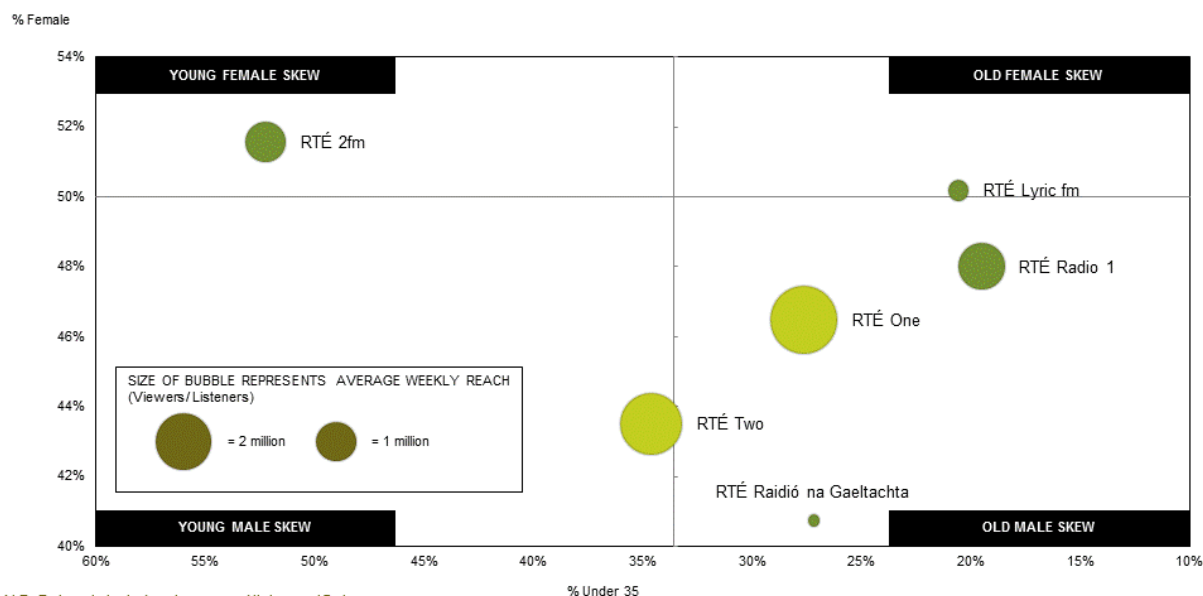
Figure 63– RTÉ: reach by demographic group by television channel, 2009



Source: RTE, Oliver & Ohlbaum

RTÉ services have slightly different demographic positioning: Radio 1 and Lyric fm focus on an older audience; the television channels RTÉ One and RTÉ Two attract a similar audience, while RTÉ 2fm caters for a younger, slightly female audience. Only RTÉ 2fm is really attracting a younger audience, making its remit vitally important in ensuring RTÉ is providing services for the whole population. We note that RTÉ have recently moved the target audience of this service to be older, which will weaken the service provision for younger audiences.

Figure 64 - Demographic Positioning of RTÉ Services

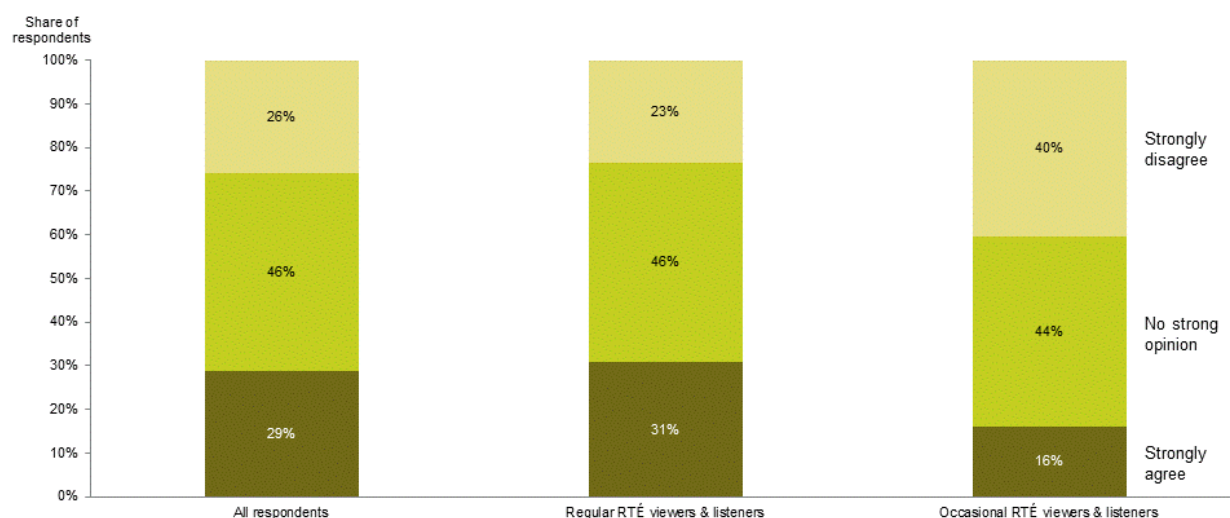


N.B. Data only includes viewers and listeners 15+ in age
Source: RTE, Oliver & Ohlbaum

For the specific commitment to provide a service for children, there was a broad agreement that RTÉ's children's television programming was successfully meeting the needs of that audience (see

Figure 65), though occasional viewers had far less positive perceptions. It should be noted that this survey asked parents how well RTÉ was doing; RTÉ's own survey undertaken earlier in the year suggested there was a perception that RTÉ was somewhat “out of touch” with younger audiences.

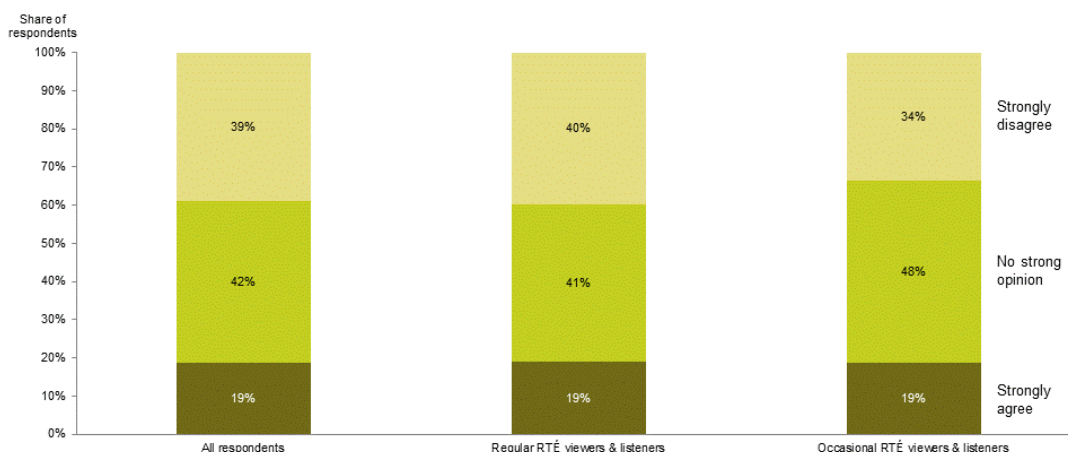
Figure 65 – Consumer survey: *RTÉ's children's programmes are really geared towards what my children want to watch*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being “I disagree strongly” and 10 being “I agree strongly”. Respondents are classified as ‘regular viewers’, if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

As a source of entertainment programming, RTÉ scored well, with most viewers saying to some extent that it was the channel they would turn to for entertainment. Occasional viewers to the channel were, unsurprisingly, less enthusiastic. (see Figure 66).

Figure 66 – Consumer survey: *RTÉ is not the service I would turn on to be entertained*

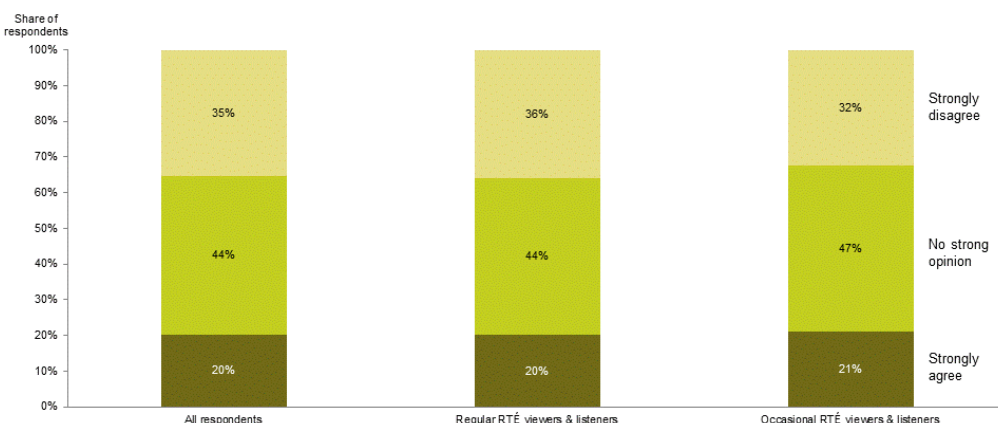


N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being “I disagree strongly” and 10 being “I agree strongly”. Respondents are classified as ‘regular viewers’, if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Catering for the expectations of the community

There was a general consensus that RTÉ's programmes' are a good reflection of the interests and concerns of viewers and listeners in Ireland. Occasional viewers and listeners were slightly less positive but still were overall in agreement. (see Figure 67).

Figure 67 – Consumer survey: RTÉ's programmes don't reflect the interests and concerns of people like me

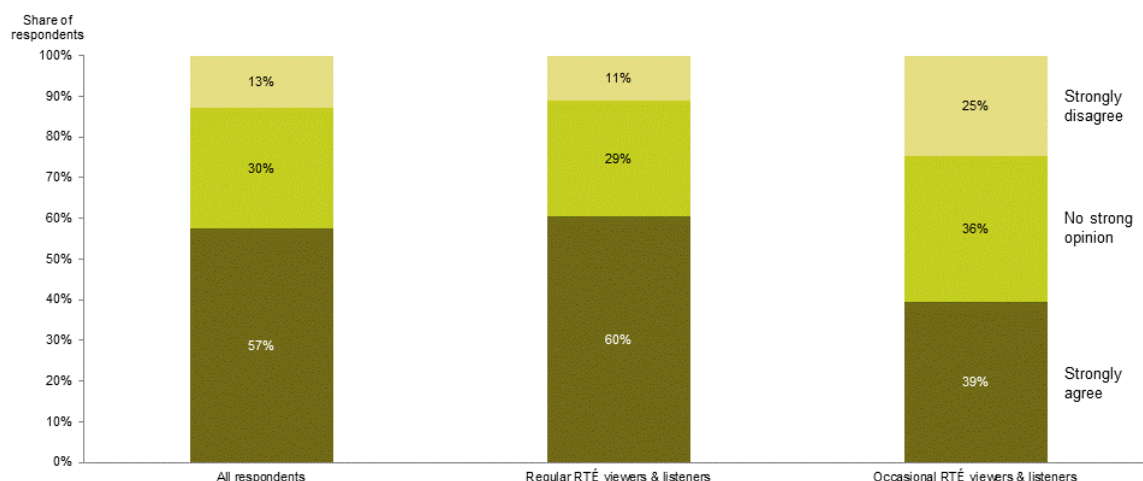


N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

Provision of news, current affairs and political coverage

RTÉ's news coverage was regarded by all those surveyed, as trustworthy, scoring very positively (see Figure 68). Less frequent viewers and listeners were less definite in their agreement with the statement, but still returned a very positive score.

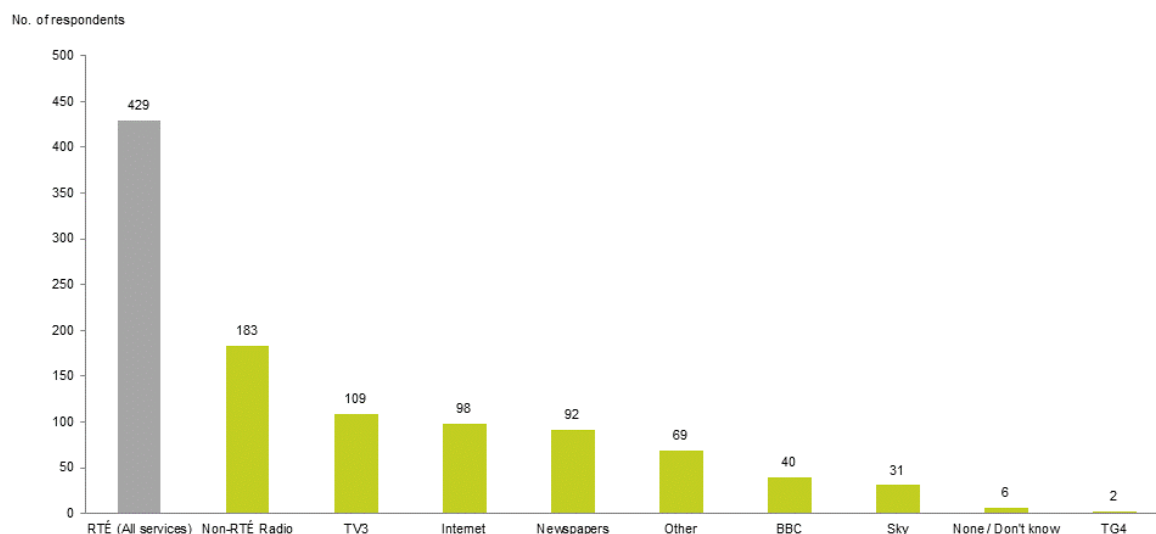
Figure 68 – Consumer survey: RTÉ's news is trustworthy



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

RTÉ (television, radio and internet services) was ranked as the overwhelmingly favourite destination for news, with almost half of respondents claiming it to be their primary source, ahead of other radio, internet sites, newspapers and other broadcasters combined (see Figure 69).

Figure 69 – Consumer survey: *my main source of news*

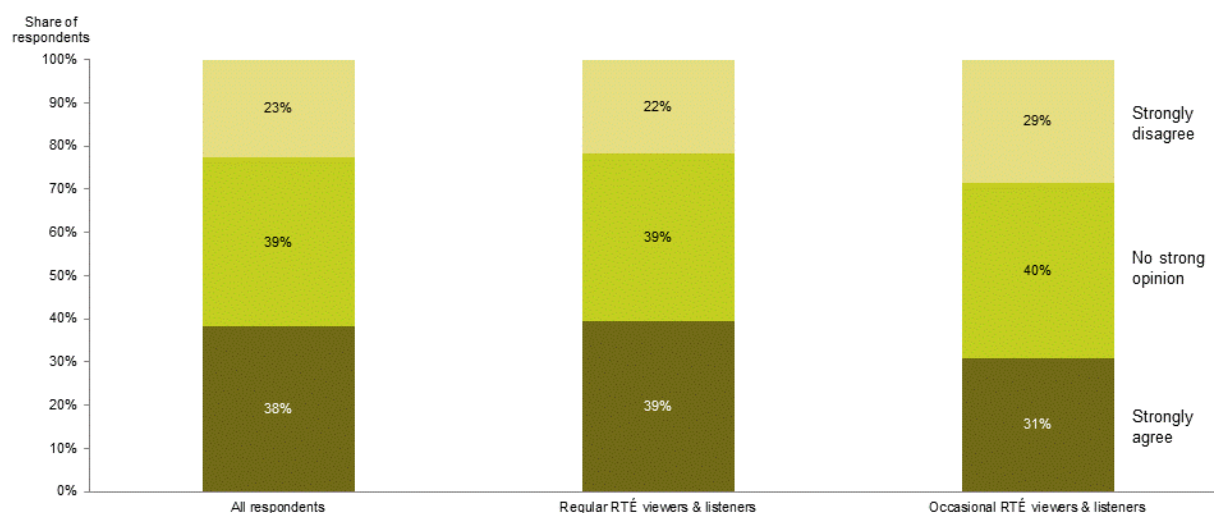


Source: REDC research, Oliver & Ohlbaum

Promoting cultural expression, innovation and the creative community of Ireland

Although RTÉ's services are aimed at the mass market, there was broad agreement – particularly among regular consumers – that the provision of Irish programmes was an important element of the service.

Figure 70 – Consumer survey: *I think that RTÉ's programmes in the Irish language are an important way of reflecting Irish culture*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week

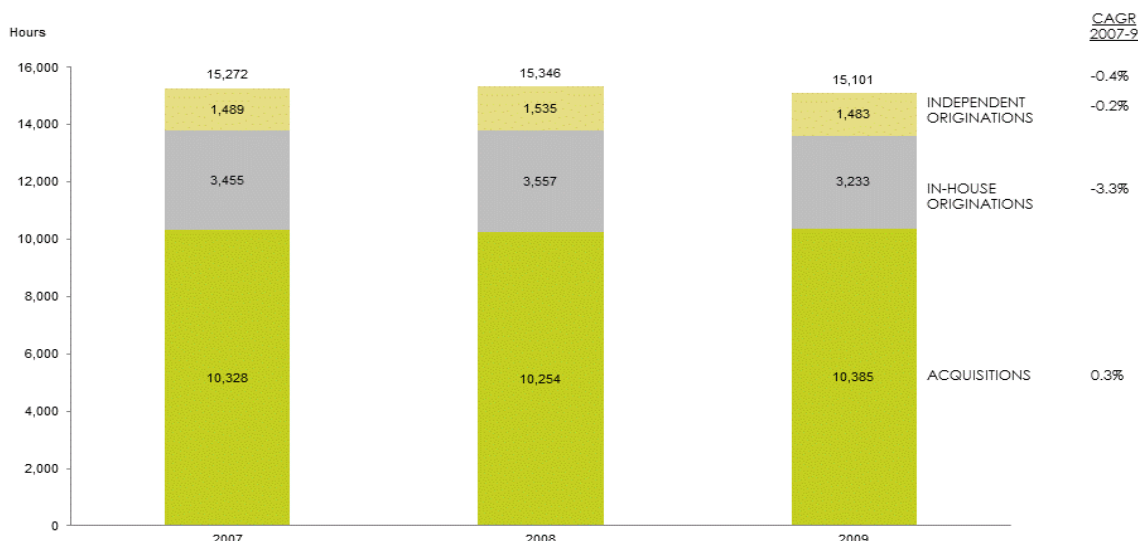
Source: REDC research, Oliver & Ohlbaum

Overall, RTÉ's first-run hours broadcast fell by 1.6% in 2009, as shown below in Figure 76. Acquisitions accounted for 69% of all output hours on RTÉ One and RTÉ Two. This is an exceptionally high proportion, compared with other PSBs; the BBC in the UK relies on acquired

programmes for around 3% of all network TV output hours, and is higher even than smaller European markets – for DR1 in Denmark the figure is around 32%.

The number of first-run original commissioned hours (in-house and externally sourced) also fell from 33% of total broadcast hours to 31%. In absolute terms the number of hours of first-run original programmes commissioned by RTÉ fell from 5,092 in 2008 to 4,716 in 2009, a fall of 7.4%. This reduction in new first run original commissioned hours was related to programme budget cuts necessitated by the recession and the resulting falls in TV advertising revenue. In 2008 independent producers accounted for 30% of all new first-run original commissioned hours, rising to 32% in 2009.

Figure 71– RTÉ output broadcast hours by source, 2007-2009



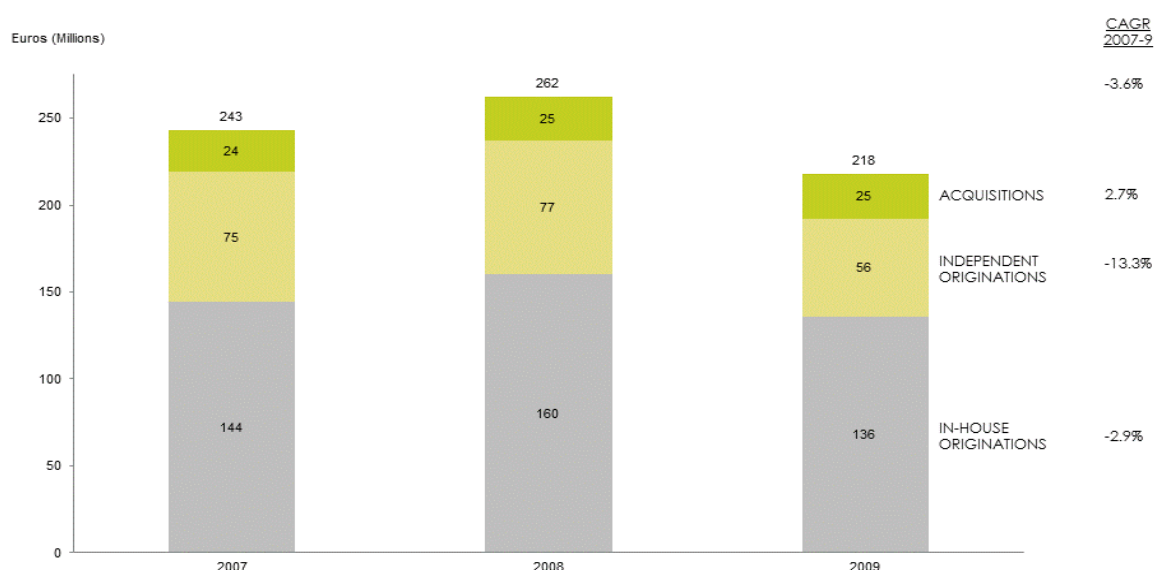
Source: RTE, Oliver & Ohlbaum

RTÉ's spending on new first-run original commissions fell from €237m in 2008 to €192m in 2009, a fall of 19%, as shown in Figure 72 below. This reduction in expenditure may well have contributed to the poor audience performance of RTÉ One and RTÉ Two in 2009 as evidenced by the loss of share experienced by both channels.

In terms of spend on in-house commissions and with independent producers, the proportion of all new first-run original commissions spend with independent producers fell from 32% in 2008 to 29% in 2009. This means that, as programme budgets were cut in 2009, independent producers produced a greater share of original commissioned hours but for a lower share of all spend. However, the total spend with independent producers fell 3.4% while the budget spent on in-house commissions fell 9%.

In terms of the average cost per hour commissioned, the independent producer average cost per first run hour fell from €50,000 in 2008 to €38,000 in 2009. In the same period, the average cost per hour of internal commissions fell from €45,000 to €42,000. This suggests that the independent producer sector bore a disproportionate share of the overall commissioning cuts, while RTÉ attempted to maintain spending with in-house departments. RTÉ did not use external producers for radio programming in 2009. The radio independent production unit was only established in 2009 due to legislative delay.

Figure 72 – RTÉ Television’s first-run output broadcast spend by source, 2007-2009



Source: RTE, Oliver & Ohlbaum

RTÉ’s sourcing of television and radio programmes from the independent sector is an important part of its role in supporting the wider creative community of Ireland. The number of independent producers, the number of proposals received and the number of commissions and commissioned hours by region are shown below in Figure 79.

In total, only 48% of all RTÉ’s externally commissioned hours were derived from producers in the Republic of Ireland. 420 hours of content were commissioned from Republic of Ireland producers. The main reason for the low proportion of domestically-sourced programming was a large number of hours, 306 in 2009, that were commissioned from producers in Northern Ireland. This primarily relates to a single commission running daily for several hours in the afternoon.

27% of all hours commissioned were from independent producers in the Republic of Ireland outside of Dublin. There is no official quota for this but RTÉ is attempting to ensure that commissioning is not focused solely on the capital.

Figure 73 - RTÉ independent producer commissions sourced by region. 2009

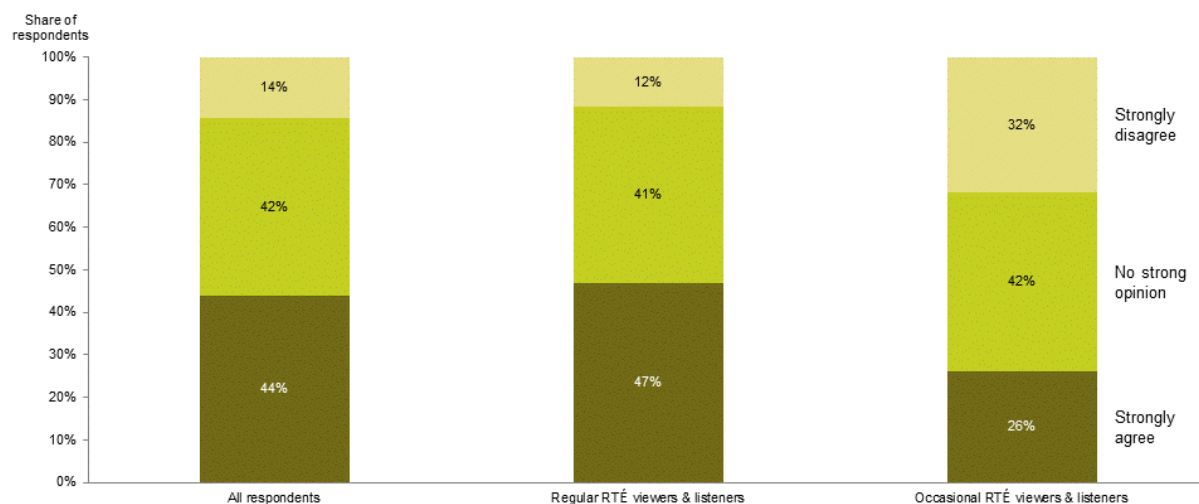
REGION	NUMBER OF COMPANIES	NUMBER OF PROPOSALS RECEIVED	NUMBER OF COMMISSIONS AWARDED	NUMBER OF HOURS COMMISSIONED
IRELAND (EXCLUDING DUBLIN)	75	198	34	113
DUBLIN	129	664	97	307
NORTHERN IRELAND	15	78	12	306
GREAT BRITAIN	24	31	8	149
OTHERS	11	21	1	3
TOTAL	254	992	152	878

Source: RTÉ Licence Fee Adjustment Review 2009

Promoting awareness and understanding of other countries

RTÉ is seen as a good source of information regarding international news and current affairs (see Figure 74), with a very high degree of agreement. However, this is mainly due to the opinions of regular RTE viewers and listeners, whereas occasional viewers and listeners were more sceptical.

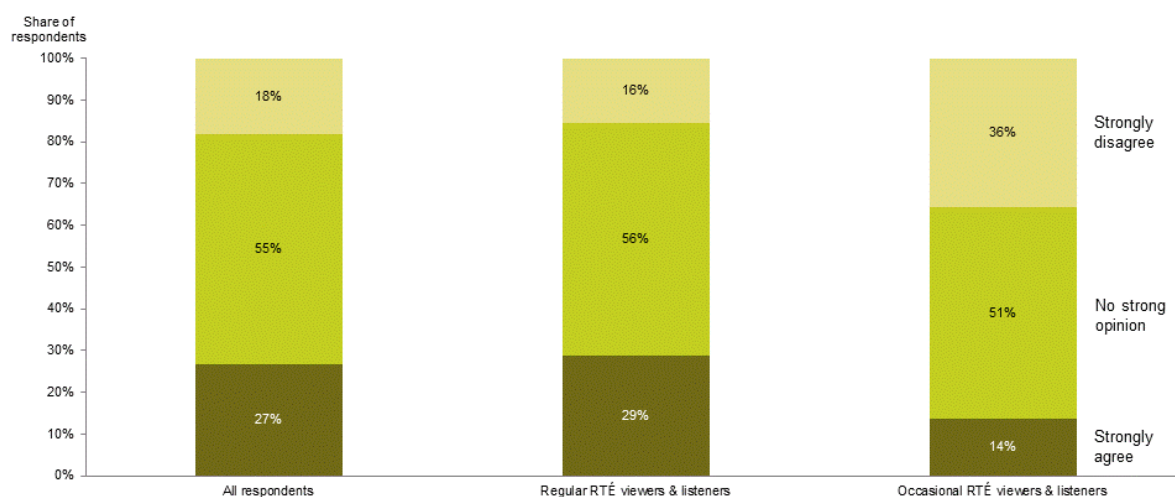
Figure 74 – Consumer survey: *I learn a lot about what's going on in the world through the programmes it broadcasts*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

As well as informing the viewer, respondents also agreed (albeit to a lesser extent) that RTÉ's programmes often challenge how they see the world and people around them (see Figure 75). Occasional viewers and listeners were again, much less enthusiastic and a lot of respondents had no strong opinion either way.

Figure 75 – Consumer survey: *The programmes RTÉ shows often challenge how I see the world and people around me*



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being "I disagree strongly" and 10 being "I agree strongly". Respondents are classified as 'regular viewers', if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

RTÉ's online activities

Several of the broadcaster's performance commitments relate to online services. Increasingly, online is an integrated part of any broadcaster's operations rather than a stand-alone division. Indeed, as broadband internet access becomes the norm, content for online is richer and contains more video – and in the case of so-called “catch up” services, is exactly the same as television output.

RTÉ's online services are not directly funded out of licence fee revenues. RTÉ meet all the additional costs of online from commercial revenues – mainly advertising revenues generated by online services (which is from traffic concentrated on RTÉ News and RTÉ Player).

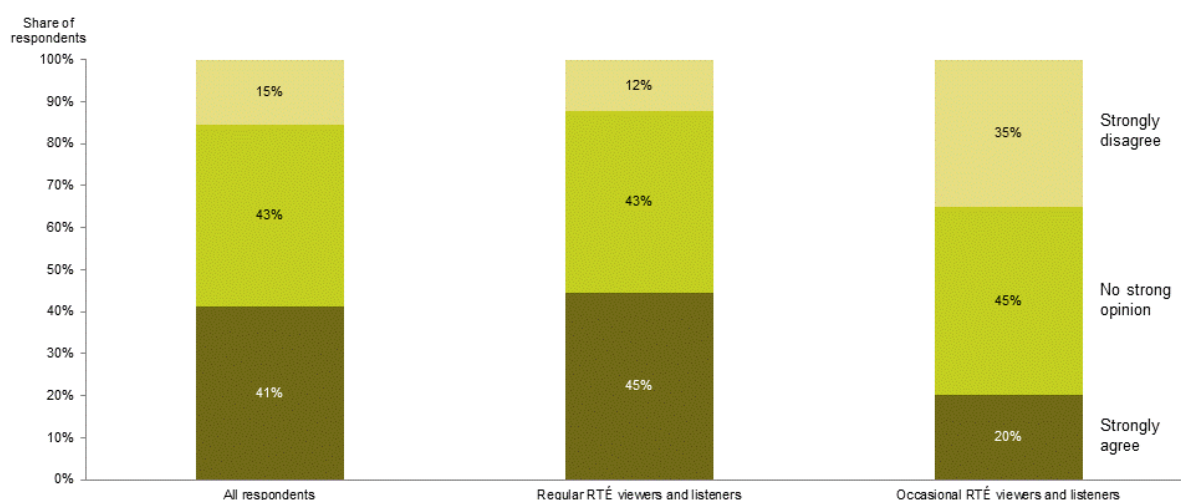
However, RTÉ's online services source content from services which are in part funded from the licence fee (principally all video content for RTÉ player; and the content on the news site) and so they are not entirely stand alone, commercially funded operations. This provision of content from these sources has been the subject of complaints by competitors suggesting that this is implicit subsidy and thus should be viewed as state aid. RTÉ also makes performance commitments in pursuit of its public service objects – which are used to set the level of the licence fee – based on these online services.

As RTÉ does not attribute public funds to these services, we have not studied them in depth as part of this review. However, as these boundaries become increasingly blurred, it is our view that online services should be looked at as part of RTÉ's overall provision. In addition to the fulfilment of the broadcasters' relevant commitments, this should focus on the costs of content and the recoupment of those costs by those services to which licence fee is attributed. Section 108 of the Broadcasting Act 2009 requires that any supply of content between the public funded operations and commercial activities (of which online is one) be done “at arm's length and on commercial terms.” We have not looked at the commercial terms which are applied to RTÉ's online services. Under Section 109 (9), (10) and (11) of the 2009 Act, RTÉ is required to outline the principles that it has used when assigning costs and revenues between activities in pursuit of public service objects and activities for commercial opportunities, and that these principles should be adopted under the guidance of the BAI. It is our view that this position should be clarified to the satisfaction of both the BAI and RTÉ before the next annual review.

In summary, regular consumers considered RTÉ to be supplying a valuable service

In summary, when asked if RTÉ was providing services that they valued, a large proportion of regular consumers strongly agreed – possibly a surprising result given the state of the economy, which tends to lower appreciation of publicly funded bodies. However among occasional consumers the level of agreement was substantially lower.

Figure 76 – Consumer Survey – When I think about what RTÉ do, I value the service they provide



N.B. Respondents were asked to rate how much they agreed with the statement from 1 to 10; 1 being “I disagree strongly” and 10 being “I agree strongly”. Respondents are classified as ‘regular viewers’, if they watch the channel more than 2 or 3 times a week
Source: REDC research, Oliver & Ohlbaum

8. CONTROL OF OVERCOMPENSATION AND MAINTENANCE OF SURPLUSES

The EU Communication on state aid requires that public funding of broadcasters be kept to a minimum. To this end, it stipulated that broadcasters in receipt of public funding should be able to retain no more than 10% of revenues as “profit / net income” and add this to reserves.

This requirement is subject to exclusions for capital requirements of broadcasters undertaking long-term investment, for example in digital broadcasting infrastructure projects.

In 2009, given the collapse in advertising revenues as a result of the economic situation the net income line for both RTÉ and TG4 was considerably less than 10% of revenues (see Figure 77 & Figure 78).

Figure 77 - TG4: revenues, expenditure and surplus, 2007 to 2009

€ (MILLIONS)	2007	2008	2009
REVENUE	35.470	39.506	38.003
EXPENDITURE	35.651	39.762	38.169
DEFICIT	(0.181)	(0.256)	(0.166)
DEFICIT AS % OF REVENUES	(0.51%)	(0.65%)	(0.44%)

Note: deficit calculated as total income less total operating expenditure but excluding any interested received or taxation
Source: TG4 Review of 2009 Performance, March 2010

Figure 78 - RTÉ: revenues, expenditure and surplus, 2007 to 2009

€ (MILLIONS)	2007	2008	2009
REVENUE	441.152	440.760	374.921
EXPENDITURE	414.723	440.727	402.722
SURPLUS / DEFICIT	26.429	0.033	(27.801)
SURPLUS / DEFICIT AS % OF REVENUES	5.99%	0.01%	(7.46%)

Note: deficit / surplus calculated as total income less total operating expenditure, restructuring charges and income tax
Source: RTÉ Annual Report and Group Financial Statements 2007, 2008 & 2009

Neither broadcaster was thus in contravention of EU state aid rules and overcompensation limits do not apply.

9. FUTURE CAPITAL REQUIREMENTS AND THE BACKWARD LOOKING FRAMEWORK

The public funding review process, as configured in the Broadcasting Act 2009 (under Section 124 (2)), is essentially backward looking. The Act requires that a review be made of the previous year's performance and, on this basis, asks for guidance as to the adequacy of public funding and a recommendation as to how the level of funding should be altered in the next available year (i.e. typically two years after the performance year in question).

However, there is no (or at best limited) scope in this framework for analysis of any future capital requirements for the business – property moves or refurbishment and technology updates - in particular, the investment requirements associated with a move to an entirely digital environment with the approach of the target date for analogue switch off. In addition, some of this requirement for capital might not be explicitly tied to the short-term achievement of a public service object, but may have longer-term efficiency benefits to the organisation as a whole.

These capital requirements are not only forward looking but often forecast to take place over several years. To this end, we feel that an annual review is less likely to address these needs satisfactorily. We address the point of longer-term reviews in the later section on the review process. To the detailed point of capital requirements, we feel that multi-year settlements would be preferable. Such a multi-year settlement is possible under the funding review outlined in Section 124 (8) of the 2009 Act, and is not explicitly tied to prior performance. Such a review should take into account investment requirements when reaching a recommendation for future funding levels.

10. PUBLIC FUNDING MODIFICATION RECOMMENDATION

The purpose of this report is, based on the evidence presented above, to make a recommendation for any modification in the level of public funding that each of the public service broadcasters receives.

We have based our assessment on the following elements

- The level of performance against the commitments made for 2009
- The efficiency with which the broadcasters are using public funding
- The general perception of the broadcaster's performance by the public
- Any issues with overcompensation or surpluses, in line with European Commission guidelines

Figure 79 - Summary of Performance by Broadcaster

	TG4	RTÉ
COMMITMENTS MADE	28	78
COMMITMENTS MISSED	5 (18%)	29 (37%)
EFFICIENCY	Good and improved through efficiency measures	Reasonable; cost reduction measures implemented
EFFECTIVENESS	Focused on Irish language remit and least viable genres	Limited data but performance not out of line with expectations
PUBLIC PERCEPTION	Strong among regular viewers; appreciated by the wider community; possibly seen as serious rather than entertaining	Overwhelmingly the first place to turn for news; Broad range of genres noted inc entertainment and childrems
OVERCOMPENSATION AND SURPLUS LEVELS	(0.44%)	(7.5%)

TG4 performed well to its remit, but current funding might not be sufficient

Based on the information as reviewed above, we consider that the funding granted to TG4 for 2009 was adequate to fulfil its public service objects. Indeed, we note that TG4 demonstrated a strong performance through 2009 and met almost all its key commitments in a challenging environment.

In terms of the commitment performance, TG4 made substantially fewer commitments than RTÉ (28 compared with 78, reflecting the difference in scale of the two broadcasters), and failed to deliver on 5 of them (18%) compared with RTÉ's 29 (37%).

However, we also note that for TG4, the majority of commitments that were not met were due to the wider economic situation – either directly, with aspirations for commercial and exchequer income not being realised, or indirectly, through a lack of available funds for programme investment.

Given the small scale of TG4 we would expect the broadcaster to have a relatively high fixed cost base and overhead structure; however, not only are these costs in line with other broadcasters (often much larger), they were significantly reduced in the course of 2009.

The scale of TG4's audience means that few programmes are likely to make a commercial return – indeed, of the sample we considered, none came close to covering their acquisition costs. Whether these acquisition costs could be reduced is a matter for further discussion. However, the programme strands with most public funding appear to be those with more “public service” values. We also note that the range of programming is appreciated by the Irish speaking community – from news and Irish drama to acquisitions dubbed into Irish.

In terms of wider perception, TG4 is appreciated by the audience on almost every dimension and its contribution to the community is valued by regular viewers and the population as a whole. The need for Irish language programming is understood and appreciated by the wider population. TG4's place in meeting this need appears to be recognised by the public.

In summary, TG4 demonstrated through 2009 that it could meet its public service objects and the commitments it had made on the level of funding it received. There is no evidence that this level of funding was excessive. We would thus recommend no change to the funding of TG4.

However, we also note that TG4's funding has been further reduced for 2010. As this review relates to 2009, we are unable to definitively say if this reduced funding has had an adverse effect on TG4's ability to meet its commitments. The reduced levels of funding in 2009 resulted in reductions in costs in all non-essential areas and considerable savings in overheads. However, given the scale of the operation, some reductions had to be made in programming expenditure. It is therefore likely that further reductions in funding are likely to have a more significant impact on programming spend. We are thus not able to show whether a return to 2009 funding levels would be necessary to meet all TG4's commitments. Furthermore, given the pressure on Exchequer funding, we appreciate that this may not be feasible. If the downward pressure on funding continues, we would propose a review of TG4's objects and commitments with the intention on focusing investment on those deemed to be of the greatest value to the core public service object of Irish language provision.

RTÉ's performance left more commitments unmet, but we do not find major concern

Based on the information gathered above, we also find that RTÉ performed strongly given the dramatic loss of commercial revenue in 2009. The reduction in income directly led to many of the commitments being missed. We do note, however, that RTÉ suffered a sharper fall in advertising revenue than the market as a whole.

RTÉ made 78 separate performance commitments for 2009. Fully 29 of these were not achieved. Of the commitments that were not reached, several were small underperformances versus targets from consumer survey results. We do not think that individually these are a significant cause for concern – for some the results are within small margins of error - but if they persist or if the deviation increases in the medium term, they will require remedial action. One commitment that does raise some concern is the proportion of RTÉ's in-house survey respondents viewing the Licence Fee as value for money fell to 53% (versus a performance target of 59%). Whether this represents a long-term issue or is a short-term reaction to the economic environment remains to be seen – but maintaining public support is vital for a broadcaster dependent to a large degree on public funding.

One area of commitments worth discussing, however, is those around the young persons' audiences. If the lack of a major sporting event in 2009 was going to impact audience levels in the particular time bands referenced in the commitment and thus make the target unreachable, this should have been taken into account when the commitment was made. It is also not clear why sporting events should form part of a commitment toward serving younger audiences

RTÉ made 21 commitments relating to funding and the regulatory process, and failed to achieve 10 of them. While this is a worryingly large proportion, the majority of them can be attributed to the wider economic environment either directly affecting funding levels or, as in the commitment to reduce personnel costs to below 50% of total costs, were due to efficiency savings made elsewhere altering the overall cost structure of the organisation. In addition, a lack of funds led to the postponement of RTÉ International. While we recognise the economic situation as a valid reason for underperformance, we would question the level of optimism that allowed commitments to be made at these levels in late 2008, in the absence of any indications of a market recovery.

In terms of efficiency, RTÉ is in line with international peers and has made efficiency gains in recent years, particularly more recently given the economic situation. In measuring effectiveness, RTÉ co-

operated fully with this review, but some data which would have made the analysis of efficiency and effectiveness was not available. In particular, analysis of performance by genre was problematic. On first analysis, it appears that every originated item in the schedule requires some degree of licence fee support, and that while it appears that acquired programming may generate a commercial return, there was insufficient information to state this definitively. We do not feel that there is sufficient detail available on which to base any funding recommendation at this time and would propose looking at this in more depth in future reviews.

RTÉ enjoys broad public support – from being by far the largest first choice for news, to being seen as entertaining, and supporting the wider democratic values in the Constitution. It will be interesting to observe how these measures develop over time.

Overall, in 2009 we think that RTÉ performed well in a difficult market. Given the fragile state of the Irish advertising market – with no signs of a return to significant growth yet evident - we consider that any reduction in RTÉ's licence fee would, at this stage, be problematic. However, given the low inflation environment of the wider economy, we do not consider that RTÉ needs additional funds to maintain its level of performance. The 2009 Broadcasting Act defines the formula for any licence fee modification as $(\Delta\text{CPI}) + 1\% - X$, where (ΔCPI) is the annual change in the consumer price index as compiled by the Central Statistics Office, and X is the adjustment recommended by the Authority. (The Act is not clear whether the CPI measure is the one pertaining to the performance year under review, or the CPI measure at the time of the recommendation. We have assumed it is the former). In this case, given the level of CPI during 2009 was -4.5%, we would propose that X be set at 3.5% for an overall adjustment in the licence fee of zero.

It should be noted that RTÉ's commitments include several which do not relate to licence fee-funded activities; we have suggested elsewhere that online services raise questions, but the provision of RTÉ International was also a commitment. The status of these services in terms of the remit and objective of the BAI's review (and its focus on public funding) will need further clarification for future reviews. We have also noted that RTÉ's future capital requirements - in particular the operation of the Saorview DTT multiplex are not addressed in this review (as it relates to 2009 performance) and thus do not form part of any future funding recommendation..

11. RECOMMENDATIONS FOR FUTURE REVIEWS

Suggested framework for future PSB reporting

The current performance and review framework is time consuming – spanning over two years from the commitments being made to the results of the BAI review going to the Department – and requires significant broadcaster input at each stage. In this section, we will look at each stage of the current process, and make recommendations as to how each stage could be made either faster, better or less onerous.

Timing

In terms of the timing of the process, our thoughts focus on two issues. Firstly, the presence of an annual funding review leads to uncertainty (TG4 funding is not agreed until December for a financial year starting in January) and could, in theory, lead to an understandable element of short-termism. In addition, where these commitments are based around consumer survey results, in the short term it is impossible to say whether a failure to achieve targets is due to a long-term adverse reaction to poor performance, a short term reaction to specific events, or within the bounds of expected statistical variation. Setting fewer commitments, potentially over a longer time horizon, could avoid these problems. Funding settlements that spanned several years would also allow the broadcasters to plan for long-term projects and investments in services. The 2009 Act contains the possibility of a longer-term settlement; sub-section 8 of section 124 states that:

“The Authority shall within a period of not more than 3 years after the passing of this Act, and every 5 years thereafter, or as directed by the Minister, carry out a review of the adequacy or otherwise, of public funding to enable a corporation to meet its public service objects”

In addition, the timing of the process does not lend itself to annual settlements. This document is a review of 2009 performance, which has been conducted during late 2010 in order to inform recommendations on funding levels in 2011. In the interim, funding has already been adjusted for the 2010 financial year. There is thus a disconnect in the process. This may be better served by a multi-year settlement based on a review of performance over several years, where a review taking place at the end of one funding period (and thus not having access to the most recent data) would, in the context of a five year settlement, be less significant.

We would thus propose the following: that the review outlined under Section 124 sub-section 2 of the Act be used as an annual “health check” of the broadcasters’ performance, but that the power to adjust funding on an annual basis only be used in extreme circumstances where there is an overwhelming case for intervention. The review under Section 124 sub-section 8, taking place every five years (with the first no later than 2012) can be used to set a multi-year settlement for each of the broadcasters, thus providing a degree of certainty to the process – and reducing the regulatory burden on both Authority and broadcasters.

The Commitments

RTÉ made 78 separate performance commitments for 2009. While we recognise that RTÉ is an integrated, national broadcaster, with TV channels, radio networks, online services and performing groups and thus has public obligations in many areas, we would question whether 78 individual commitments are really necessary to measure performance. In addition, several commitments – for example that to maintain AI (appreciation index) scores for young people – were found not to be relevant or impossible to measure.

TG4 made a smaller number of commitments, but in relation to the size of the service, still a significant number. In addition, some of TG4’s commitments were for things over which it could have no control – such as securing an increasing in Exchequer funding – or were heavily dependent on the economy (the wider economic impact is dependent on economic measures and multipliers; the only influence TG4 can have on their result is by spending more money).

The current Annual Statement of Performance Commitments (ASPC) framework has been developed over time and we do not propose to alter it at this stage. However in light of the above comments, we would note the following.

- We would suggest that a smaller number of tightly defined, potentially more onerous commitments would help focus attention and effort. For example, we do not think that a commitment to find one new presenter for RTÉ's young people's programming is an appropriate level of detail for discussions between RTÉ, the BAI and the Department – particularly when the performance of this may be used to help determine the future level of the licence fee
- Quantitative measures are more suited to annual reviews, which should be seen as a monitor of broadcaster performance
- In the case of broadcast services, commitments to reach measures, particularly at a population segment level, are the best way to measure the most fundamental of public service objects – the provision of a universal service
- However, setting quantitative measures alone can lead to the chasing of targets for their own sake; and sufficient regard should be taken to programme quality, range and impact
- More detailed measures (including more qualitative commitments) could be included at the five-year review stage outlined above, which we envisage will be a more comprehensive process
- It should be noted where these commitments are aspirational– looking for revenue increases in 2009 was ambitious, but led to a number of commitments being missed. The process should not penalise this ambition, but commitments (in particular short-term ones) should be realistic
- The commitments should focus on those measures over which the broadcasters have some influence – a commitment to secure more exchequer funding in and of itself (as was included by TG4) is not a valid objective (particularly as under the terms of the review process, the level of funding is determined by the performance of the broadcaster)

We have looked at the frameworks used by RTÉ and TG4 in setting their respective commitments. The outline frameworks are comprehensive and address the key elements in public service provision. Our main question is the level of detail in the commitments they generate. These are arguably too granular for the BAI to fulfil its statutory obligation to conduct public funding reviews.

The Performance Review

In the spring of each year, both TG4 and RTÉ undertake their own review of their performance against their performance commitments, which is submitted to the BAI. This process results in lengthy documents which are expensive and time-consuming to produce. (It should be noted that these performance reviews are in addition to the normal annual reports that the organisations are legally required to prepare). If the number of commitments were to be reduced, and in the context of multi-year funding settlements, the burden of these reviews could be significantly smaller. The BAI then goes on to conduct its own review later in the year. If these two review processes could be conducted at least in part simultaneously (and in effect merged), the effort required and the time taken could be reduced on either side.

Data Collection

As we have noted above, a smaller number of commitments would simplify and focus the process for both the regulator and the broadcasters. However, to do this effectively, the right data need to be available on a consistent basis.

We have noted in earlier sections that the audience measurement systems in Ireland do not include certain important data fields – programme genre being one. In public service programming, monitoring by genre can be particularly important – where some genres are more overtly public service than others, and broadcasters have requirements to provide programming that the market alone would not supply, and to serve all audience groups.

Public service broadcasting often uses reach as the most valuable measure, to understand how well the population as a whole is being served (rather than a particular segment being “super-served”). In the relevant performance sections we have shown measures of reach by demographic group. However it is also important to track reach for each genre of programming. Understanding how much

of the population is reached by news programming, or drama, can be illuminating – and can lead to new initiatives to serve particularly “hard-to-get” audiences. As no regular monitoring by genre is undertaken, we have not been able to produce this analysis.

Similarly, we have set out above how, by considering advertising revenue versus programming cost, the level of public funding support for programming can be calculated. Doing this at a programme level is both time consuming and subject to individual performance variations. Once again, the lack of genre-level information has made this analysis impossible.

The broadcasters were able to provide us with their programme hours by genre, but not their spend. We would suggest again that this is an important measure of investment in public service programming. While we recognise that there are significant differences between the Irish and UK markets, we note that the UK regulator Ofcom collects, as a matter of course, an annual report of programming spend from all the UK broadcasters and that this allows this kind of genre level analysis to be conducted. Such an analysis can also help inform possible debate about the need for public intervention in certain genres. Although the full Ofcom reporting system will not be appropriate for the BAI, we do think that adopting elements of it could prove valuable. We would suggest that the BAI discusses with Ofcom the operation of its “broadcaster returns” process, and the benefits (but also the obligations) it brings.

Consumer Survey

As part of this report, we conducted a large-scale research exercise to understand public perception of the broadcasters’ performance on a number of dimensions, particularly those which form part of their public objects. This has proved insightful, but should only be seen as the start of a continuing process. In many ways the absolute results of the survey are less important than the trends over time. A regular monitoring survey would help the BAI understand the role of public service broadcasting in Ireland and highlight how perceptions are changing – hopefully in time for action to be taken. Once again we understand that discussions around such an undertaking are already under way.

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13. APPENDICES

Appendix 1. TG4 Table of Commitments

No.	TG4 Performance Commitment	Achieved (Y / N)	Cited Reasons for Failure (if any)
1	TG4 will commission and broadcast a wide range of new high quality, innovative Irish language content across all programme genre and ensure a distinctive 'suil eile' perspective	Y	
2	Move further towards a 35 week core schedule in 2009 and increase the amount of Irish language content from 4.4 to 4.6 hours per day	Y	
3	Maintain current cost-per-hour and ensure value for money	Y	
4	Secure a minimum of €2.5m from the BCI and £2m from the ILBF in 2009	Y	
5	Maximise additional financial support for programme projects from external sources including striving to secure €500k from the Irish Film Board for two TG4 projects	Y	
6	Establish TG4 as a central player in the Government's new 20 year Strategy for Irish	Y	
7	Spend at least 70% of Exchequer current funding on Irish language content, an additional 15% on the broadcast of Irish language content and the remaining 15% on overheads, including all publicity and marketing, including that of the channel and its programming	Y	
8	Engage in on-going dialogue with key industry stakeholders, regulators, broadcasters, policy-makers and other key bodies on all aspects of broadcasting operations, codes and regulations	Y	
9	Achieve an overall national audience share of 2.7% and improve TG4's audience share if possible, in key demographic sectors including kids, young adults and adults	N	Increased competition in Irish broadcasting industry; increased competition from cable and satellite

No.	TG4 Performance Commitment	Achieved (Y / N)	Cited Reasons for Failure (if any)
10	Further develop the TG4 website to reach 450k unique visitors and 5.5m page impressions and further enhance the TG4 BEO offering to achieve 1.7m programme streams in 2009	N	Number of unique web visitors=424,000 ; no explanation. Less impressions than target because of creation of a more 'user friendly' interface requiring less clicks; traffic not reduced.
11	Continue to make the TG4 broadcast signal available on an all-island basis, developing a viable audience share in NI and exploring possible means to measure it and through availability of TG4 across all broadcast platforms in Ireland	Y	
12	Continue to work with the RTENL to facilitate the distribution of TG4 on the DTT network and work with OFCOM in the UK to ensure TG4 is positioned on MUX 2 in advance of analogue switch-off in 2012	Y	
13	Develop TG4 programming and service strategies to support the transition to DTT	Y	
14	Provide TG4 content for the Irish Diaspora channel in conjunction with RTÉ and promote TG4 through this channel	Y	
15	Build on 2009's contribution to the national economy by adding at least €58m to national earnings in addition to an associated employment impact of some 1400 jobs	N	Targets not met if 'updated multipliers' (?) are not taken into consideration regarding staffing numbers, national earnings, etc.
16	Commit a share of Irish language programming spend to commissioning content from Gaeltacht-based companies	Y	
17	Continue the delivery of the television development scheme in conjunction with Udaras na Gaeltachta, directly supporting 10 Gaeltacht-based production companies in 2009, in addition to implementing two new production development initiatives to advance the creative talent within the sector	Y	
18	Work with the ILBF to support the creation of a viable production sector in NI by targeting a small number of companies for joint project development in 2009	Y	

No.	TG4 Performance Commitment	Achieved (Y / N)	Cited Reasons for Failure (if any)
19	Strive to achieve an increase in Exchequer funding of €6.9m for 2010 as per the Funding Plan and to position the case for TG4 multi-annual funding with the Government	N	Deteriorating economic conditions leading to reduction in funding
20	Generate airtime sales and sponsorship revenue of €2.7m on a targeted audience share of 2.7% and evaluate the potential to raise additional revenue from other sources such as the TG4 website and new content distribution mechanisms	N	2009 an 'extremely challenging year', adversely affecting revenues; advertising industry as a whole worsened globally very sharply. TV advertising market fell as a whole by 30%. These problems coupled with competitive nature of TV advertising market
21	Continue to cultivate a culture of continuous improvement within TG4 through investing in talent and HR management and development	Y	
22	Enhance critical TG4 systems and processes through completing the implementation of the new Digital Asset Management system and through on-going development of the Finance, HR and key broadcast systems	Y	
23	Seek to secure overhead cost reductions where possible across all TG4 Departments in 2009	Y	
24	Further enhance the efficiency of TG4 work practices in conjunction with the new system implementations	Y	
25	Develop a Marketing and Branding Plan to deliver four high quality, high impact campaigns across radio, TV and print to retain existing audiences and attract new audiences to TG4	Y	
26	Reinforce the TG4 brand through TG4 branding campaigns and through delivering three new Idents in 2009. Begin development of brand progression for the 2010 / 2011 Idents	Y	
27	Work with the TG4 board to comply with all relevant and binding codes and regulations under which we function	Y	

No.	TG4 Performance Commitment	Achieved (Y / N)	Cited Reasons for Failure (if any)
28	Deliver two internal audits and Risk Management and Health and Safety reviews of TG4	Y	

Appendix 2. RTÉ Table of Commitments

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
1A. (i)	Maintain position: main source of TV & radio news	Morning Ireland: 12% reach; RTÉ = main source of national news (60%)	Morning Ireland 13% reach; RTÉ one main source of news=56%	N	N/A-points out relative strength vis-à-vis competitors, despite drop
1A. (ii)	Meet all S.O.C commitments on RTÉ 1 and Radio 1	RTÉ One: 654 hours of news; RTÉ Radio 1: 1145 hours of news	RTÉ Radio 1: 1256 hours of news (note: there is also a separate target figure of 1150 for 'bulletins and in-depth news analysis', which has also been revised downwards for the second (public) document	N	If the target stated in public document is used as benchmark, then performance commitment not met. Using revised (ministerial) target, however, performance commitment is met
1A. (iii)	Appropriate coverage of Euro Elections	Maintain 2004 figures (Q and A Election special 2004=37% and 9.3 TVRs)	Election Special 34.3 and 9.0 TVRs	N	"Budgetary constraints".
1A. (iv)	Appropriate coverage of local elections	Cross-platform (TV, radio, online) series of special reports	Coverage on TV and radio; Local Elections website	Y	
1A. (v)	Respond to unplanned events	Above average Impact scores on 5 unplanned events (Averages TV = 75.3; Radio 78.2)	The Economy (83.7); Supplementary Budget (89.9); Floods (84.2); Ceann Comhairle resignation (86.3)	Y	
1B. (i)	Impartiality of RTÉ News and Current Affairs (audience belief)	RTÉ gives balanced coverage' (aim 80%)	RTÉ gives balanced coverage' = 79%	N	
1B. (ii)	Minimise BCC upheld complaints: News and Current Affairs	Zero complaints upheld	Zero complaints upheld	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
1C. (i)	Belief in trustworthiness & relevance of RTÉ News and Current Affairs	RTÉ One: 'most trustworthy' source of national news: aim 60%	RTÉ One is 'most trustworthy' source of national news = 55%	N	N/A-simply points out relative strength vis-à-vis competitors, despite drop
1C. (ii)	Richer, redesigned News service on RTÉ.ie	RTÉ.ie news redesigned; video news available through Flash	Development and design completed, launch planned Q2 2010	Y	
1C. (iii)	RTÉ News service available on RTÉ International	Availability of RTÉ News Six-One, RTÉ News Nine O' clock and Prime Time	RTÉ International deferred; international RTÉ player due to launch in January 2010	N	Revenue deterioration
2A. (i)	Meet SOC commitments: Young People's Programming on RTÉ Two	780+ hours of YPP output on RTÉ Two	813 hours in 2009	Y	
2A. (ii)	Special event programming on RTÉ Television during school holidays for young people	One new event or stripped programme : christmas or Easter school holiday period	C'mon Caman and Ballybraddan Watch Your Language	Y	
2B. (i)	Optimise young viewer numbers, RTÉ peak time	3+ TVRs among 4-14s in weekday 1430-1729 slot	RTÉ Two: 1430-1729: 2.2 TVRs	N	Fragmentation of market, economy, competition growth
2B. (ii)	Maintain AI scores for young people's slots	AI of 75+ in weekday 1400-1800 slot	AI not useful for YPP	N/A	
2B. (iii)	Maintain belief: RTÉ in tune with young people	"In tune with young people": aim 55%+	"In tune with young people:" 49%	N	less salience for RTÉ in digital households
2C. (i)	Maintain 4-14 share: RTÉ Two, Mon-Fri 1430-1729	Share target: 24%+ 4-14s in weekday 1430-1729 slot	RTÉ Two: 1430-1729: 19%	N	Effect of Olympics

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
2C. (ii)	Maintain share 4-14s on RTÉ Two, Saturday and Sunday 1000-1159	Share target of 17%+ among 4-14s in weekend 100-1159 slot	RTÉ Two, 100-1159: 16.2%	N	(See above)
2D. (i)	BT Young Scientist Sponsorship	New interactive aspect available for participating students	RTÉ Player and RTÉ 2fm website piloted at the event	Y	
2D. (ii)	New programming for DAB radio station RTÉ Junior (for 2-12 year olds)	100 hours of new Irish children's radio programmes	124 hours of new Irish children's radio programmes	Y	
2D. (iii)	1 new programme/format for RTÉ Television	New cross-platform strand: RTÉ's YPP and new contributor to TTV	Who is Jamie Crow' a cross media strand of ICE and 'Two Tube' both feature broadcast and online elements	Y	
2D. (iv)	One new presenter for RTÉ YPP	At least one new presenter on RTÉ's YPP and new contributor to TTV	Dara Quilty: presenter and Dylan Haskins: contributor (Two Tube)	Y	
2D. (v)	Develop RTÉ performing Groups relationship with young people	Mentoring scheme with key music institutions; bespoke community project	Mentoring schemes implemented with the RIAM and with DIT; Community project delivered	Y	
3A. (i)	Meet all SOC commitments with re: regional focus for RTÉ radio	> 250 hours of regionally focused programming on RTÉ Radio 1 and RTÉ 2fm	569 hours broadcast	Y	
3A. (ii)	Geographical spread of production companies used	Geographic spread shown in Report on Performance Commitments	Spread of commission = 97:55 (Dublin: outside Dublin)	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
3B. (i)	Optimise the use of OBs in regional locations/studios and from major events	RTÉ Radio 1: 40 hours of Obs from regional locations	RTÉ Radio 1: 52 hours; Oxygen and Electric Picnic covered on RTÉ 2fm; Hard Working Class Heroes covered on 2XM	Y	
3B. (ii)	More programmes from regional locations/studios	RTÉ Radio 1 and RTÉ 2fm: at least three programmes on-going from regions	Late Debate' and 'South Wind Blows' on RTÉ Radio 1; 'The Will Leahy Show' on RTÉ 2fm	Y	
3C. (i)	Optimise broadcast hours for Irish made programming on RTÉ Television	Broadcast 4600+ hours of Irish made programming on RTÉ Television	4900 hours broadcast in 2009	Y	
3C. (ii)	complementary programming around major sports rights on RTÉ Television, Radio and online	Deliver at least one new activity on TV, radio and online around a major sporting right	Six Nations: Ireland's Homecoming: extra programmes; Radio: GAA Clubs Live	Y	
3D. (i)	Increase AI scores in Conn/Ulster for RTÉ Television	Research why high viewership in Conn/Ulster does not equal high AI	Investigation completed. Results: non-programming reason for differences	Y	
3D. (ii)	Increase RTÉ Radio AI scores	Aim for AI of 80+ in all regions on RTÉ Radio	Dublin: 77.3; Rest Leinster: 82.1 ; Munster: 80.1 ; Conn/Ulster: 83.9	N	N/A
3D. (iii)	Increase satisfaction with RTÉ among migrants living in Ireland	Aim to increase migrants satisfaction with RTÉ to 55%+	69% migrants satisfied with RTÉ	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
4A. (i)	Meet Irish language commitments published in SOC	80+ hours of Irish language programming on RTÉ Radio 1; 25+ hours of original Irish language programming on RTÉ Television	RTÉ Radio 1: 111 hours; RTÉ Television: 40.5 hours	Y	
4A. (ii)	Strong commitment to Arts programming	Arts Lives' on TV and 'The Arts Show' on Radio, returned for 2009	The Arts Show' returned Jan; TV: 6 'Arts Lives' & documentary on poet Thomas Kinsella	Y	
4A. (iii)	Strong commitment to bilingual programming	One new bilingual series on TV	Cloch le Carn' broadcast in March	Y	
4B. (i)	Structured approach to Irish language content on RTÉ.ie	Dedicated category on RTÉ Player: Irish language TV programmes	Religious and Irish language category created on RTÉ Player	Y	
4B. (ii)	Extend commitment to Seachtain na Gaeilge	One new series on Tv for Seachtain na Gaeilge	An Bhfuil Cead Agam, March 9-16	Y	
4C. (i)	Support young Irish talent with RTÉ 2fm School of Rock - Battle of the Bands	Innovative coverage on RTÉ 2fm website	Not held-Budget restrictions	N	Budgetary restrictions due to economic climate
4C. (ii)	Commission new works by Irish composers	At least 3 works by the Composer-in-Residence commissioned by RTÉ lyric fm	3 new works commissioned	Y	
4C. (iii)	Premiere new work by Irish-based composers	Premiere at least 8 works	14 world premieres	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
4C. (iv)	Seamus Heaney poetry collection (published) to celebrate 70th birthday	CD of Seamus Heaney reading published poetry available Q2	CD set released in April	Y	
4C. (v)	Showcase emerging Irish artists	Emerging artist: at least once concert and recording	7 professional debut concerts; sound recordings	Y	
5A. (i)	Build/maintain AI scores for RTÉ television for RTÉ Television, RTÉ One and RTÉ Two	Aim to increase RTÉ One AI to total TV average of 78+	RTÉ One: 79.5 (NB Total TV Ave is now 80.2)	Y	
5A. (ii)	Build / maintain AI scores for RTÉ Radio, RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gaeltachta	RTÉ Radio 1 and RTÉ 2fm aim to increase AI to 80+	RTÉ Radio 1: 80.2; RTÉ Radio 2fm: 79.9	N	N/A-Marginal missing of target
5B. (i)	Build/maintain AI scores for key genres on TV	Aim to increase AI for lifestyle on RTÉ Television to 70+	RTÉ Lifestyle: 75.8	Y	
5B. (ii)	Build / maintain AI Scores for key genres on Radio	Increase AI for entertainment on RTÉ Radio to 80+	RTÉ Radio, Entertainment: 78.3	N	
5C. (i)	RTÉ Brand image pride index	"RTÉ is an Irish brand I am proud of": aim: 80%+	"RTÉ is an Irish brand I am proud of": 76%	N	N/A
5C. (ii)	More archive material programming	The TV Archive Production Unit will produce 12+ hours of output	> 31 hours of output transmitted	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
5C. (iii)	Focus on archive material to preserve unique record of Irish life on RTÉ.ie	Three specific archive projects completed and published on RTÉ.ie	Seven new topics published	Y	
5C. (iv)	Minimise overall number of complains upheld by BCC	Aim for zero complaints upheld	Six complaints upheld	N	Complaints upheld
6A. (i)	Optimise average audience and share for RTÉ Television , RTÉ One and Two	All individuals Total RTÉ TVRs of 13+ and share of 42.5%+ in peak-time	Total RTÉ: 12.9 TVRs; Total RTÉ: 41.2% share	N	Overly ambitious target: lack of funding/major sports events
6A. (ii)	Increase average reach for RTÉ Radio, RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gaeltachta	Maintain 38% reach for RTÉ Radio (all stations)	RTÉ Radio reach: 39%	Y	
6A. (iii)	Optimise average weekly exposure (AWE) for RTÉ.ie	Maintain 5% reach for RTÉ.ie	RTÉ.ie reach: 6.3% (Jan-Dec 2008); monthly internet population reach = 18.3 Nov 09	Y	
6A. (iv)	Optimise usage of RTÉ.ie	Increase monthly users to 2.325 million	Audited monthly users 2.58m and 2.93m	Y	
6B. (i)	RTÉ One audience: adults 35+ , RTÉ Two among adults aged 20-44 years	14.4+ TVRs in peak on RTÉ One among adults 35+ ; 3.1+ TVRs in peak on RTÉ Two among adults 15-34	RTÉ One 35+ : 14.41 TVRs ; RTÉ Two: 3.14 TVRs	Y	
6B. (ii)	RTÉ Radio 1 reach: among adults aged 35+ and for RTÉ 2fm among adults aged 20-44 years	Maintain 34% among 35+ on RTÉ Radio 1; Maintain 23% among 20-44s on RTÉ 2fm	RTÉ Radio 1: 37% (2009/4); RTÉ 2fm: 20% (2009/4)	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
6C. (i)	RTÉ Performing Group commitments in the SOC	2008 performance level of 190 public performances	184 public performances	N	Budget cuts/adverse economic conditions
6C. (ii)	Awareness of RTÉ Performing Groups and numbers attending	Awareness of the RTÉ National Symphony Orchestra: Aim 83%+	Awareness of RTÉ NSO: 80%	N	"This ambition was curtailed due to budgetary constraints".
6C. (iii)	Continue RTÉ Performing Groups education-related performances etc.	2008 level of 84 education-related performances, etc.	77 education-related performances	N	Budget cuts/adverse economic conditions
7A. (i)	Manage finances prudently	Net Annual Surplus; Solvency: Target availability of cash/facilities to meet commitments as necessary	Cumulative Net Deficit: -€16.5m; Revenue shortfall of €66m was offset by savings of €49m; Available net cash reserves: €35m	N	Exceptional items and restructuring costs affecting finances
7A. (ii)	Control people costs	PROCs to be equal to or less than 50% of Operating Costs	PROCs accounted for 50.2% of Operating Costs	N	N/A-Marginal missing of target
7B. (i)	Cost per transmitted hour, first-run only	Fully allocated CPTH of all TV and Radio output reported on in RTÉ Annual Report 2009	Fully allocated CPTH of all TV and Radio output reported in RTÉ Annual Report 2009	Y	
7B. (ii)	Efficient usage of studio facilities in TV and Radio centres	TV Centre studio utilisation: maintain at 80%+ ; Radio centre studio utilisation: Internal not to exceed 75%	TV Centre studio utilisation: 74% ; Radio centre studio utilisation: 76%	N	Cost-cutting measures; lack of sporting events

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
7C. (i)	Effectiveness of revenue generation (Ratio = Million € per % pt share)	Commercial revenue generated per percentage point of TV: 2006 levels	TV Ratio: 3.25 (2006 ratio 4.02) ; Radio Ratio 1.01 (2008 ratio 1.35) ; 2008 v 2009: Commercial Revenue TV: - 31% ; Commercial Revenue Radio: -25%	N	Unstable economic conditions worldwide and in Ireland
7D. (i)	Deliver value for Licence Fee	Perceived value for money of Licence Fee 59% + ; Perceived importance of RTÉ in life of country of 88%+	Value for money Licence Fee: 53% ; Perceived importance of RTÉ in life of country of 92%	N	Economic conditions/consumer personal finances worsening
7D. (ii)	Meet the needs and enrich the lives of Irish audiences	Satisfaction with RTÉ of 69%+ ; Connection: RTÉ One of 80+ and RTÉ Radio 1 of 84+	Satisfaction with RTÉ of 63%; RTÉ One Connection: 82.1 ; RTÉ Radio 1 Connection: 85.5	N	budgetary constraints; low consumer confidence
8A. (i)	Deliver strong audiences and share for key national events e.g. sporting, entertainment, and cultural events	Football and Hurling finals achieve more than 18 TVRs (source: TAM)	Hurling Final 18 TVRs ; Football Final 16.8 TVRs	N	Programme length and composition factors
8A. (ii)	Achieve strong Impact scores for key sporting, entertainment and cultural events on TV and Radio	Above average Impact score for events of national interest (source: RTÉ Audience Opinion)	Drive time Special 83 ; Election 2009: The Results 90.9 ; World Cup Play-Off France V Ireland 93.7	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
8B. (i)	Seamus Heaney cross-platform content	At least one major TV programme and one major radio show web presence	Arts Show specials, Arts Lives documentary ; Heaney documentary; web	Y	
8C. (i)	Grow number of programmes available via streaming and usage	Streaming requests increased by 10%	Streaming requests up 64%, May 09 vs May 08 and up 29% Oct 09 v Oct 08	Y	
8C. (ii)	Grow number of programmes available as podcasts and usage	Audited download figure of 750,000+ podcasts per month for May and Oct 2009	Audited downloads of 692,000 podcasts during May 09 and 749,200 during Oct 09	Y	
8D. (i)	Cross-media production; old/new media	At least one major new cross media programming initiative	Spend Clever + Live Better' and 'The Look of The Irish'	Y	
8E. (i)	Continued roll-out of DTT infrastructure	80% national population coverage for one PSB MUX and three commercial MUXES by end 2009	80% coverage achieved for PSB Mux end 09 ; Commercial MUX construction schedule revised during 09	N	Necessary licence agreements (including with BAI) not yet in place
9a. (i)	To be available on Freesat in the UK	RTÉ International on-air by year-end	RTÉ International deferred; international RTÉ player due to launch in January 2010	N	Extreme deterioration of revenue situation'.
9a. (ii)	RTÉ Radio Stations to be offered in package	Four RTÉ Radio stations to be available as part of package	See above ; Four RTÉ Radio stations available on Freesat in Q4 2008	Y	
9B (i)	Code of Practice on complaints handling to meet requirements of part 4 of the Bill	Code available on RTÉ.ie	RTÉ Code is available on RTÉ.ie, further update in 2010 pending BAI review	Y	

No.	RTÉ Performance Commitment	Performance Measure	Action taken/result	Achieved (Y/N)	Reason not met (if any)
9B. (ii)	Public consultation re requirements of section 101 of the Bill in relation to a public service statement	Public consultation announced (and possibly held)	Public consultation to be held in Q1-2 & 2010	Y	
9B. (iii)	Develop and present to Minister <i>Statement of Strategy required under Section 99</i>	<i>Statement of Strategy</i> available	Statement of Strategy ready for submission by 12th January 2010	Y	
9C. (i)	Develop draft commissioning procedures and guidelines for IPU and RTÉ Radio	Draft document available by year end	Documents completed and commissioning process is ready to begin Q1 2010	Y	
9C. (ii)	Radio programmes commissioned from Independent Producers	1.25% of amount of monies paid into IPU account to be expended by year-end on RTÉ Radio	Legislation hindering process; operational in 2010	N	Required legislation not enacted on schedule, so could not proceed

Appendix 3. Consumer Survey

DATA COLLECTION

The survey was carried out by REDC Research and results were analysed by Oliver & Ohlbaum. The field work was conducted between 1st and 3rd November 2010. The survey was conducted entirely by telephone, using a sample selected to be nationally selective. Half of the sample was reached using a 'random digit dial' (RDD) landline sample with the other half conducted using an RDD mobile phone sample. In total 1,003 interviews were conducted.

In the first section of the survey, respondents were asked a number of 'profiling' questions in order to establish their demographic status. These were followed by some questions examining the respondents' media consumption habits and preferences, and finally the more broadcaster-specific questions.

WEIGHTING

The survey data were weighted to give a nationally representative sample of adults aged over 18. Weights were applied to the raw data based on gender, age and social grade. After weighting, the sample gives a margin of error of $\pm 3.2\%$.

'PROFILING' QUESTIONS

The respondents were initially asked some questions to establish their typical television and news consumption habits. Respondents were asked how often they watched programmes on each of the major broadcasters and where they went for their primary source of news (including newspapers, radio and the internet).

MAIN QUESTIONNAIRE

After the respondents' demographic profile and media consumption habits were established, the survey focussed on questions relating to four broadcasters, RTÉ, TV3, the BBC and TG4. Respondents were asked to rate how much they agreed with statements on a scale from 1 to 10 (10 being they strongly agreed, 1 they strongly disagreed).

The following set of themes and statements was asked to every respondent about each broadcaster:

News and Information

- Its news is trustworthy
- It's the service I would turn to first in the event of a national emergency or disaster
- Its programmes cover what's happening in Ireland today well
- I learn a lot about what's going on in the world through the programmes it broadcasts

Irish Language

- Its Irish language programmes give a fresh view on Ireland today

- I think that programmes in the Irish language are an important way of reflecting Irish culture

Portrayal of different cultures

- Its programmes don't give me a sense of the different cultures in Ireland today

Liberty of expression

- Its programmes offer a range of opinions and views, even if I sometimes don't agree with them
- It sometimes won't let people with a certain opinion have their say
- Its programmes don't reflect the interests and concerns of people like me

Children's

- Its children's programmes are really geared towards what my children want to watch

Innovation and Creativity

- They always have something new or interesting programme in the programme schedule

Overall engagement

- The programmes it shows often challenge how I see the world and people around me
- It's not the service I would turn on to be entertained
- The programmes it shows are well made and of high quality

Value for money

- When I think about what they do, I value the service they provide