



RTÉ Annual Public Funding Review 2010

**A report submitted to the Minister for Communications, Energy
and Natural Resources further to section 124(4) of the
Broadcasting Act, 2009.**

Prepared for the Broadcasting Authority of Ireland by:

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Executive summary

Introduction and Terms of Reference

This report is prepared by Indecon International Consultants on behalf of the Broadcasting Authority of Ireland (“BAI” hereafter) and concerns the BAI’s obligation to undertake Annual Public Funding Reviews in respect of the public service broadcasters RTÉ and TG4, further to Section 124(2) of the Broadcasting Act 2009. This report is concerned with the review of RTÉ.

The terms of reference for the study are outlined as follows:

- ❑ Assess the extent to which RTÉ has fulfilled its commitments in respect of its public service objects, as set out in its Annual Statement of Performance Commitments 2010.
- ❑ Assess the extent to which creativity is fostered and sustained by RTÉ.
- ❑ Assess the extent to which RTÉ operates efficiently and effectively and provides value for money.
- ❑ Assess the adequacy or otherwise of public funding to RTÉ to enable it to meet its public service objects.
- ❑ Assess the extent to which RTÉ has used the public funding which it has received, in pursuit of its public service objects, 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 RTÉ has complied with the policy of the EC in respect of the maintenance of surpluses.
- ❑ Having undertaken the above review, to express an opinion to the BAI as to whether an adjustment in public funding to RTÉ is desirable or necessary and to express an opinion as to the amount of any payment to be made.
- ❑ Propose process improvements to the project for work to be undertaken in 2012.

Extent to which RTÉ has fulfilled its Commitments in 2010

As part of the review, we first examine the extent to which RTÉ has fulfilled its commitments in respect of its public service objects as set out in its Annual Statement of Performance Commitments in 2010. RTÉ is obliged by the Broadcasting Act 2009 to prepare an Annual Statement of Performance Commitments in accordance with its statutory objects, its Statement of Strategy and its Public Service Statement. Specific actions and targets reflecting the commitments are set out together with certain timeframes for delivery. The commitments are linked to individual key performance indicators by way of measuring RTÉ’s success or otherwise in fulfilling its requirements. By March 31st each year, RTÉ must submit to the Department of Communications and the Broadcasting Authority of Ireland a report on its achievements and any gaps arising between its actual performance and the relevant target.

In this section we provide a summary of the progress of RTÉ on some of the main commitments set out by the broadcaster in 2010. A more detailed analysis of all the commitments is presented in section 3 of the main report.

Highlights of RTÉ performance against its commitments in three key areas of programming (television and radio), audience and finances are presented below for 2010 include:

Television Programming

- ❑ RTÉ met or exceeded its targets relating to television output by genre.
- ❑ RTÉ broadcast a total of 14,815 hours of TV programming (excluding promotions, presentation events and advertisements) in 2010. This represents a reduction of approximately 2% on the TV programming hours broadcast in 2009.
- ❑ RTÉ delivered 94 of the top 100 TV programmes for the year.
- ❑ RTÉ aimed to maintain its position as the deliverer of 18 of the top 20 television programmes in 2010 and achieved 17 of the top 20.

Radio Programming

- ❑ RTÉ met or exceeded its targets relating to radio output by genre with the exception of young people's programming and news/current affairs on radio which were short of target by 1.5% and 0.1% respectively.
- ❑ RTÉ aimed to maintain its position as the deliverer of 18 of the top 20 radio programmes in 2010 and delivered 19 of the top 20 radio programmes.

Audience

- ❑ RTÉ exceeded its target of 89% for television audience reach by 3% in 2010. In contrast, the audience reach for radio fell short of the target of 39% by 3%.
- ❑ RTÉ committed to being the primary source of Irish content nationally and from the regions. 50% of RTÉ peaktime viewing was indigenous programming during 2010.
- ❑ RTÉ Television delivered its target peaktime share of 41%.
- ❑ RTÉ 2fm fell 3% below its target of reaching 21% of listeners aged 25-44.
- ❑ RTÉ One exceeded its target of an average monthly reach of 94% among adults over 35.
- ❑ RTÉ commercial radio's peaktime share was 32.6%, 2.4 share points below target.
- ❑ RTÉ Player delivered 2.25 million streams against its target of 2 million.
- ❑ There were a total of 3.7 million unique browsers on the RTÉ website in 2010, exceeding the target by 0.4 million.
- ❑ RTÉ won 147 awards in 2010 compared to 139 in 2009.

Finances

- ❑ RTÉ had an operating deficit of €4.7m in 2010 despite a target to secure breakeven.
- ❑ RTÉ's operating costs exceeded the budget for 2010 by 1%.
- ❑ Both RTÉ Radio and RTÉ NL commercial income were below target for 2010 by 2.4% and 6% respectively.
- ❑ RTÉ aimed to reduce its personnel related operating costs to 52% of total operating costs and by the end of 2010 had reduced personnel costs to 50% of operating costs.

Overall the evidence suggests that RTÉ, for the most part, met its key commitments set out in 2010. Among the most significant targets set, RTÉ performed well in terms of its programming output and television audience share but was behind targets for radio share. Maintaining the market share of television and radio will continue to prove challenging for RTÉ as they operate in an increasingly fragmented broadcasting market. One of the most significant developments in 2010 was the fact that RTÉ experienced a deficit and reductions in licence fee revenue and commercial incomes.

Assessment of RTÉ's Role in Fostering and Sustaining Creativity

Fostering creativity, new ideas and cultural expression among RTÉ staff, the independent production sector and the wider creative sector is a key objective of RTÉ. In this review, the extent to which RTÉ fosters and sustains creativity is evaluated through a number of new innovative approaches. These include examining key indicators such as the number and type of creative staff employed by RTÉ, the individual measures taken by RTÉ Television and RTÉ Radio in 2010 to support creativity in the sector, and the number of awards and/or nominations received by RTÉ in 2010. It is also noted that RTÉ introduced six new voices to its FM Radio services during peaktime and 26 new faces on television including 16 on young people's programming and took on nine interns from 3rd level institutions in 2010.

RTÉ Creative Resources

We first assess the creative staff employed by or in contract with RTÉ programming in 2010 according to their role-type or creative talent. A total of 738 creative staff were employed or in contract with RTÉ in 2010. RTÉ estimate the full time equivalent of these employees was 365.1 in 2010. The grand total of 738 included 212 musicians, 193 producers, 143 writers, 99 actors, 76 directors and 15 composers. There are of course a range of other key skills involved in the production of programming including camera crew, researchers, presenters, and other skilled individuals. The above categories were examined separately in order to provide a broad indication of creativity. It is also of note that a report for IBEC undertaken by PWC suggests that RTÉ's independent producers and major TV drama supported 3,266 jobs.

RTÉ 2010 Creative Staff by Role-Type in Contract with RTÉ as at 31 December 2010				
Type	No. of Employees	No. of Employees (FTE)	Non Employee	Grand Total
Directors ¹	61	60.8	15	76
Producers ²	181	176.5	12	193
Actors			99	99
Composers			15	15
Musicians	207	127.9	5	212
Writers			143	143
Grand Total	449	365.2	289	738

Note: The above numbers do not include creative roles contributing to RTÉ commissions, who by the nature of commissioning process would not be directly in contract with RTÉ. Numbers working via the Independent Sector on RTÉ commissions would not be reflected in counts of individuals in contract with RTÉ. Therefore the number of people in creative roles supported by RTÉ would be significantly higher than the number in contract with RTÉ at any point in time.

Source: RTÉ data provided to Indecon.

¹ Directors include 69 producers/directors in TV and News & Current Affairs divisions in addition to 7 TV directors.

² Producers include producers, assistant producers, Clár Reachtaíraí, executive producers, producer/operators and senior producers.

RTÉ Awards and Nominations 2010

The number of awards and nominations won/received is another indicator of the extent to which RTÉ supports creativity in the sector. However, this measure alone does not provide an adequate analysis of the extent to which RTÉ fosters and sustains creativity. In 2010, RTÉ received 214 nominations and won a total of 147 awards. This represented an increase of 5.8% on the number of awards won in 2009. Due to the variance in the nature of these awards Indecon would caution against placing too much emphasis on this factor.

Summary of RTÉ Awards and Nominations 2009 & 2010			
	2009	2010	% Change in Awards Won
Nominations Received	218	214	
Awards Won	139	147	5.8%

Source: Indecon analysis of data from the RTÉ Annual Report 2010 and the RTÉ 2010 Performance Commitments Report.

Other highlights in terms of our findings in relation to the role of RTÉ in supporting and sustaining creativity include the following:

- ❑ Within the young people's programming genre, a search for new onscreen talent was launched following the creation of two new channel sub-brands, RTÉ Jr and tRTÉ. New presenters, puppeteers and other performers were recruited and trained.
- ❑ RTÉ commissions 50 original documentaries on average every year for which they employ a wide range of creative staff. RTÉ also support first-time directors by pairing them with experts for mentoring.
- ❑ RTÉ commissioning policies support the development of new independent companies throughout the country. RTÉ Irish programming division uses schemes such as ILBF in Northern Ireland to mentor new production companies in making a series for Irish language output.
- ❑ Radio Drama trained 10 theatre directors in the production of audio drama as part of a partnership with the BAI. They provide annual training courses for first-time audio drama writers as part of the P.J. O'Connor writing for radio drama awards. Radio drama also trained 10 writers in 2010.
- ❑ 2fm Recorded 67 full sessions and 20 acoustic sessions with Irish artists.
- ❑ RTÉ lyric fm commissioned over sixty new works from over 50 composers since 2002.
- ❑ RTÉ auditioned 898 new and experienced actors for the fulfillment of 203 parts across six drama series and features in 2009 and 2010.
- ❑ RTÉ also set up a training scheme for writing for the drama genre in 2009 and RTÉ lyric fm ran workshops and outreach programmes to explore musical industry and cultural diversity.

The RTÉ performing groups encompass over 350 performers of which 134 are full-time musicians. One hundred and thirty-four public performances and 77 education-related performances or workshops took place in 2010. Among these performances, 18 original Irish works were showcased.

Summary of RTÉ Performing Groups 2010	
Resources / Events	Count 2010
Total number of performers	>350
Full-time musicians	134
Public performances 2010	184
Education related performances, workshops and talks 2010	77
Original Irish works showcased	18
Irish solo roles engaged in concert	90
World / Irish premieres	8
Voluntary singers	>200

Source: RTÉ data and data from the review entitled 'RTÉ and the Creative Sector'.

Efficiency and Value for Money of RTÉ, and Adequacy of RTÉ Funding

In order to set the context for the evaluation of the efficiency and value for money of the RTÉ service and the adequacy of RTÉ funding, we review the financial performance of RTÉ for the period of 2007-2010 by assessing the key elements of its financial statements. Attention is also paid to the financial performance of RTÉ for the first nine months of 2011 and the prospects for the remainder of the year are also considered as this may have implications for the appropriate adjustment in public funding (if any). We believe that taking a more dynamic approach to the level of funding is more appropriate and more desirable rather making a more rigid mechanistic decision based on the financial performance of the previous year alone.

The two main sources of income for RTÉ are commercial income and public funding in the form of a licence fee. RTÉ achieved a small increase in advertising revenue in 2010 but experienced a significant reduction in licence fee revenue.

Composition of RTÉ Group Income 2007-2010				
	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
Advertising income	202,422	195,603	131,671	132,647
Sponsorship income	10,105	9,376	8,951	8,929
Facilities income	2,302	2,094	1,773	1,814
Circulation and event income	7,008	7,080	6,623	6,347
Transmission, mast and towers income	13,779	15,155	15,060	15,085
Content, merchandising and related sales	9,715	10,306	10,424	10,615
Other commercial revenue	122	294	202	262
Total Commercial Income	245,453	239,908	174,704	175,699
Licence Fee revenue attribution	195,699	200,852	200,217	195,968
Total Revenue	441,152	440,760	374,921	371,667
% of Income from Commercial Income	55.64%	54.43%	46.60%	47.27%
% of Income from Licence Fee	44.36%	45.57%	53.40%	52.73%

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

An analysis of RTÉ expenditure is undertaken as background to our review of cost efficiency and value for money. In 2010 RTÉ secured a reduction of 3% in its operating costs. Personnel-related operating costs account for a large portion of RTÉ total operating costs and RTÉ achieved a reduction in personnel related operating costs over the period from 2007 to 2010. Overall these costs have reduced from €215.8m in 2007

to €186.6m in 2010. Both commissioned and acquired direct programming costs declined in 2010. Commissioned programme costs have been reduced from €70.2m in 2007 to €52.1m in 2010 while acquired programming costs increased from €22.7 to €23.9m over the period.

Analysis of RTÉ Group Operating Costs 2007–2010 (Disaggregated)				
	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
Employee Costs	169,615	176,077	161,294	152,955
Other Personnel Related Costs	46,185	45,887	34,103	33,667
Personnel Related Operating Costs	215,800	221,964	195,397	186,622
Direct Commissioned Programmes Costs	70,211	72,202	52,845	52,100
Direct Acquired Programme Costs	22,684	24,199	24,445	23,908
Sports and Other Copyrights	16,861	25,812	16,541	24,589
Outside Broadcast Contracts	7,172	7,130	6,142	6,770
Communication Circuits	3,582	4,015	3,320	3,544
RTÉ Guide Printing and Related Costs	3,585	2,819	2,378	2,152
Network Electricity	3,244	3,140	2,609	2,666
Music Licences	6,448	7,806	7,462	6,433
Insurance Policies	1,457	1,583	1,514	1,138
Other Third Party Costs	60,299	68,818	50,705	46,275
Non personnel Related Operating Costs (before depreciation and amortisation)	195,543	217,524	167,971	169,575
Depreciation and Amortisation	18,846	21,022	26,025	20,400
Non personnel Related Operating Costs (after depreciation and amortisation)	214,389	238,546	193,996	189,975
Total Operating Costs (before exceptional item)³	430,189	460,510	389,393	376,597

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Cost of Programming

As an integral part of our review of the cost efficiency of the RTÉ service we examine in more detail the cost of programming in 2010. There was a 15% reduction in total programming costs in 2009 and a further 3.4% in 2010. Total programming costs amounted to €372.6m in 2010 which represents an overall reduction of 12% on the 2007 figures. In-house productions account for the largest share of programming costs at almost 54% over the four years. The high level of in-house programming makes evaluation of the cost efficiency difficult to measure as RTÉ cost allocation systems do not allocate all overhead costs on an individual programme basis. However, we indicated that costs of in-house and commissioned programmes include allocated costs of shared services and other indirect supports which support the production and commissioning processes. As stated in note one to the Financial Statements, Segment Reports such costs are allocated to the activities which they support on the basis of consistently applied cost accounting principles. The information on in-house and commissioned programme costs is drawn from the records underlying the segment reports in the financial statements which are audited by independent external auditors. Statutory and non-statutory commissions combined account for 16.7% of total programming expenditure. The next most significant drivers of programming costs are general broadcast and transmission costs of which account for 11.6% over the period.

— ³ Restructuring charge in 2009 = €11,341,000

The figures show that in 2010 there was a reduction in the cost of programming. Over the period since 2007 the most noteworthy feature was the reduction in non-statutory commissioned programmes and a reduction in expenditure on in-house productions. While the figures show a large percentage increase in spending on acquired programmes, this is not a significant issue as the overall sums involved are small and the more relevant category is overseas acquired programme expenditure which declined in 2010. There has also been some different yearly changes between statutory and non-statutory commissioning expenditure but again the more relevant issue is the overall level of expenditure on commissions.

RTÉ Programming Costs by Category 2007-2010						
	2007	2008	2009	2010	Average Share 2007-2010	% change 2007-2010
Source	€000	€000	€000	€000	%	%
In-house Productions	226,277	245,007	209,166	200,196	53.85%	-11.53%
Statutory Commissions	32,915	35,868	37,222	40,164	9.03%	22.02%
Non-Statutory Commissions	44,274	44,026	22,857	17,408	7.69%	-60.68%
Acquired Programmes (Ireland)	372	426	391	650	0.11%	74.73%
Acquired Programmes (Overseas)	23,679	24,698	24,975	23,849	5.98%	0.72%
General Broadcast and Transmission	45,928	51,637	46,093	46,257	11.65%	0.72%
Sales Costs	12,389	12,662	9,404	9,795	2.70%	-20.94%
Other Output Related Costs	37,541	39,537	35,407	34,244	8.99%	-8.78%
Total Programming Costs	423,375	453,861	385,515	372,563	-	-12.00%

Note: Cost above includes all reportable segments and consolidated adjustments.

Source: Indecon analysis of data from the RTÉ Annual Reports 2008, 2009 & 2010.

An analysis of the cost per hour of programming across genres indicates that the cost of commissioned programming varies by genre with drama being the most expensive genre followed by factual and entertainment.

The average cost per transmitted hour of television programming was significantly higher for RTÉ One compared with RTÉ Two. RTÉ One however achieved a reduction in its cost per transmitted hour in 2010.

RTÉ Television Average Cost per Transmitted Hour by Channel, 2009 & 2010			
Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2009			
RTÉ One	158.3	8,760	18,100
RTÉ Two	90.2	8,760	10,300
2010			
RTÉ One	146.0	8,760	16,700
RTÉ Two	95.2	8,760	10,900

Source: RTÉ data.

The average cost per transmitted hour of RTÉ Radio programming in 2010 was maintained or reduced for all stations. RTÉ Radio 1 recorded the highest average cost per transmitted hour. However, a reduction in the average cost per listener hour of this station was achieved from €4.5k in 2009 to €4.1k in 2010. A reduction in the average cost per transmitted hour of RTÉ 2fm from €1.7k in 2009 to €1.5k in 2010 was also achieved.

RTÉ Radio Average Cost per Transmitted Hour by Channel, 2009 & 2010			
Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2009			
RTÉ Radio 1	40.3	8,926	4,500
RTÉ 2fm	14.6	8,760	1,700
RTÉ lyric fm	8.1	8,760	900
RTÉ RnaG	12.8	8,760	1,500
2010			
RTÉ Radio 1	36.3	8,898	4,100
RTÉ 2fm	13.1	8,760	1,500
RTÉ lyric fm	7.5	8,760	900
RTÉ RnaG	11.9	8,760	1,400

Source: Indecon analysis of RTÉ data.

As part of our analysis of the cost efficiency of RTÉ programming we also examined the average cost per viewer and listener hour of RTÉ Television and RTÉ Radio respectively. It is worth noting that this cost will be influenced by the nature and genre of the television/radio programme and the size of the potential audience. While this measure alone is not an adequate measure of efficiency given the public policy dimension related to the service, it does merit attention. A reduction in the average cost per viewer hour of television programming on RTÉ One was achieved in 2010. The average cost per viewer hour of programming on RTÉ Two increased in the same period.

RTÉ Television Average Cost per Viewer Hour (Excluding Transmission Charges) by Channel, 2009 & 2010					
	Cost Excluding Transmission Charges	Annual Transmission Hours	Average Cost per Hour Excluding Transmission Charges	Industry Audience Data	Average Cost per Viewer Hour
	€m	Hours	€	Average Viewing per Hour	€
2009					
RTÉ One	142.2	8,760	16,200	128,200	0.13
RTÉ Two	75.6	8,760	8,600	54,100	0.16
2010					
RTÉ One	131.1	8,760	15,000	126,700	0.12
RTÉ Two	80.9	8,760	9,200	55,700	0.17

Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland/Nielsen TAM Average All Day (0300-2659), All Week, Viewing per Hour in 000s for all Individuals Ages 4+ during 2010 & 2009.

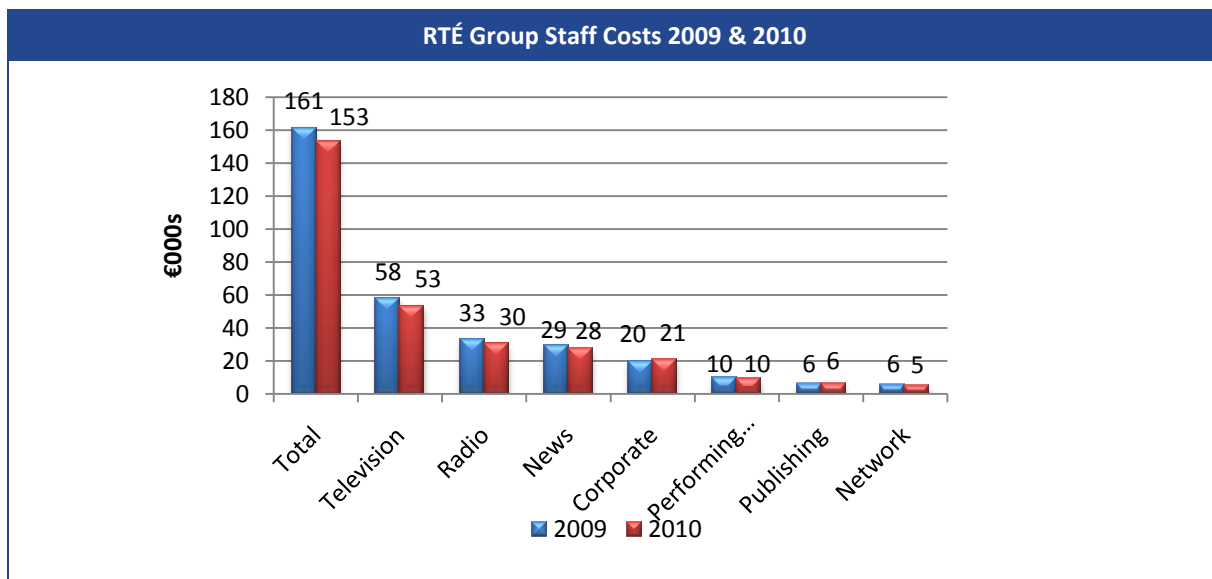
The average cost per listener hour of RTÉ Radio stations were maintained or reduced in 2010. RTÉ RnaG has a significantly higher average cost per listener hour than the other RTÉ radio stations. The nature and size of the potential RnaG audience is a key factor in its high average cost per listener hour.

RTÉ Radio Average Cost per Listener Hour (Excluding Transmission Charges) by Channel, 2009 & 2010					
	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Average Cost per Listener Hour
	€m	Hours	€	Average Listeners per Hour	€
2009					
RTÉ Radio 1	36.2	8,926	4,100	122,600	0.03
RTÉ 2fm	12.6	8,760	1,400	53,500	0.03
RTÉ lyric fm	6.7	8,760	800	10,200	0.08
RTÉ RnaG	11.5	8,760	1,300	2,600	0.50
2010					
RTÉ Radio 1	33.1	8,898	3,700	112,700	0.03
RTÉ 2fm	11.4	8,760	1,300	41,300	0.03
RTÉ lyric fm	6.4	8,760	700	11,000	0.06
RTÉ RnaG	10.8	8,760	1,200	2,900	0.41

Source: Indecon analysis of RTÉ. Radio audience data sourced from Ipsos/MRBI JNLR 2010/4 & 2009/4 Average Weekly Reach per Hour in 000s for All Adults Aged 15+.

RTÉ Staff Costs

The control of staff costs is an important element of strategies being implemented by RTÉ to control costs. We examined the staff costs by division for RTÉ in 2009 and 2010. RTÉ achieved a reduction of approximately 5% in its staff costs in 2010.



Note: Total staff costs are after consolidation adjustment.

Source: Indecon analysis of RTÉ data.

In 2009 there were 2,035 full-time equivalent staff employed at RTÉ and in 2010 this was reduced to 1,987.

Employees in RTÉ as at 31 December		
	2009	2010
No of Employees	2,214	2,151
No of Full Time Equivalent	2,035	1,987
Total		

Source: Indecon analysis of data from the RTÉ Annual Report 2010 and 2009.

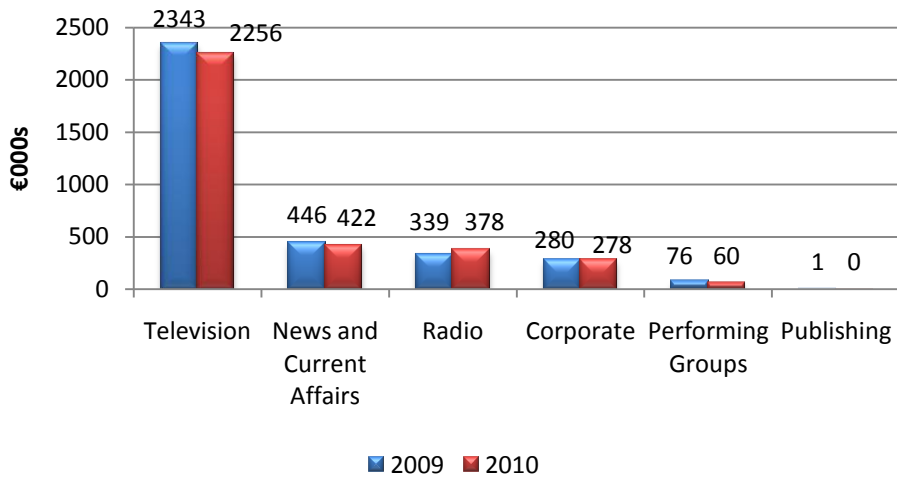
Average staff costs per FTE employee declined slightly from €79.26k to €76.98k in 2010. The average salary per employee in 2010 declined to €65.6k compared to €67.4k in 2009 which represents a reduction of 2.7%.

RTÉ Salary Costs per Employee 2010 vs 2009				
	2009	2010	Cost per Head FTE 2009	Cost per Head FTE 2010
	€000	€000	€000	€000
Wages and salaries	137,240	130,266	67.4	65.6
Social welfare costs	9,798	9,235	4.8	4.6
Pension costs and life assurances	14,256	13,454	7.0	6.8

Source: Indecon analysis of data from the RTÉ Annual Report 2010 and 2009.

Total overtime costs in 2010 amounted to €3.39m which is a reduction of €90k on the total cost of €3.48m in 2009. Overtime costs vary by division at RTÉ. A large majority of total overtime costs accrue to the television division. Overtime costs were reduced in all divisions with the exception of the radio division where costs increased from €339k in 2009 to €378k in 2010. However, these are a small overall element in total overtime costs and are not significant in the context of total RTÉ operating costs.

RTÉ Overtime Costs 2010 & 2009



Note: Overtime costs based on Agresso transactions.

Source: Indecon analysis of RTE data.

As part of this study, for the first time in such reviews we examine detailed data on the costs incurred by RTÉ for certified and uncertified sick leave. The figures show a decrease in the costs of sick leave in 2010.

Summary of RTÉ Sick Leave and Associated Cost

	2009		2010	
	Radio	TV	Radio	TV
Sick Leave⁴				
Days	5252	5850	4118	4207
Persons	185	270	147	245
Cost	€1,452,886	€1,412,788	€1,174,558	€1,054,370
Sick Leave –Uncertified				
Days	426	754	315	700
Persons	155	326	145	304
Cost	€111,630	€180,468	€90,095	€170,265

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred.

Source: Indecon analysis of RTE data.

The cost of paid maternity leave days taken among RTÉ staff is presented in the table below and shows a figure of €727k in the radio division and €893k in the television division.

⁴ Cost of sick leave is before receipt of benefit payments from the department of social protection.

Summary of RTÉ Maternity Leave Associated Cost				
	2009		2010	
	Radio	TV	Radio	TV
Maternity Leave⁵				
Days	1187	3443	3033	3444
Persons	14	26	18	22
Cost	€314,602	€978,571	€727,259	€892,949
Maternity Leave Unpaid				
Days	731	1073	670	688
Persons	12	14	9	12
Cost	-	-	-	-

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred.

Source: Indecon analysis of RTÉ data.

The number of privilege days and days in lieu decreased significantly in 2010 but amounted to 1,261 days in TV and 606 in radio.

Summary of RTÉ Privilege Days and Time in Lieu				
	2009		2010	
	Radio	TV	Radio	TV
Privilege Days⁶				
Days	231	424	133	333
Persons	188	339	130	327
Time off in Lieu⁷				
Days	976	2,038	606	1,261
Persons	152	256	125	184

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers.

Source: Indecon analysis of RTÉ data.

- ⁵ Cost of maternity leave is before receipt of benefit payments from the department of social protection.
- ⁶ Two concessionary days are allowed subject to the needs of the service and should not involve any additional cost.
- ⁷ No additional costs are incurred from time off in lieu.

The cost of holiday entitlement in RTÉ amounted to approximately €7.7 million in 2010 which was slightly lower than in 2009.

Summary of RTÉ Holiday Leave and Associated Costs				
	2009			2010
	Radio	TV	Radio	TV
Holiday Entitlement				
Days	9,986	17,956	9,716	17,438
Persons	435	755	420	731
Cost	€2,881,494	€4,970,831	€2,841,149	€4,868,352

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred.

Source: Indecon analysis of RTÉ data.

Summary of Cost Efficiency/Value for Money

At the start of 2011 it was clear that RTÉ was facing a potential deficit of €30m for 2011. During the year income projections fell further and some unplanned expenditure occurred but management reduced costs in a number of areas. It is also evident that management has identified and are working to implement substantial cost reductions with a target of breaking even in 2013.

As part of these initiatives RTÉ has introduced a voluntary redundancy scheme and Indecon has examined in detail the response to this scheme. This suggests that there is potential for RTÉ to reduce numbers more than the original target set. A range of other cost reduction measures are also in the process of being implemented some of which are largely symbolic including the high profile reduction in the cost of top talent fees and more substantial measures including structural changes in the organisation of services.

The evidence suggests that securing cost efficiencies is now a key focus of RTÉ management. Some savings were achieved in staff costs including the costs associated with overtime. However, it is clear that there is a need for significant further cost reductions.

Control of Overcompensation/Surpluses

As part of our review we examine whether the public funding for RTÉ in 2010 was in line with the EU requirement that broadcasters in receipt of public funding should be able to return no more than 10% of revenues as profit / net income. We examined RTÉ revenue and any deficit/surplus retained after income tax and this revealed that RTÉ had a deficit in 2010 and therefore there was no issue of surpluses. The issue of overall overcompensation depends on the ongoing challenges to reduce costs and improve efficiency. However, we do not believe that too much funds are allocated to RTÉ via the licence fee and it is clear that RTÉ is facing major challenges in meeting its public service obligations and on supporting the commissioning sector within the resources available.

Evaluation of Overcompensation and Maintenance of Surpluses 2010	
	€000
revenue (including interest receivable and net defined benefit pension related finance income)	373,520
expenditure (including interest payable and income tax)	378,182
deficit for the year	-4,662
deficit as % of revenue	1.25%

Source: Indecon analysis of RTÉ data from the RTÉ Annual Report 2010.

Adequacy of Funding

Our analysis suggests that given the cost base within RTÉ there is insufficient funding to enable the organisation to maintain its existing activities. The key priority is therefore to address the cost base with RTÉ and for management to secure the targeted cost savings. There is also as outlined below a need for greater certainty and less volatility in funding over the next 2 to 3 years.

Summary of Key Conclusions

1. In 2010 RTÉ broadly fulfilled its commitments as set out in its Annual Statement of Performance Commitments 2010, in respect of its high level strategic objects. Among the most significant targets, RTÉ met or exceeded its targets relating to television and radio output by genre in with the exception of young people's programming and news/ current affairs on radio of which they fell slightly short of target. RTÉ exceeded its 2010 target of 89% for television audience reach by 3%. Radio audience reach fell short of the target of 39% by 3%.
2. The key challenge for RTÉ is how to address its operating deficit which was €4.7m in 2010. However at the start of 2011 it was clear that RTÉ was facing a potential deficit of €30m. Therefore while RTÉ reduced its personnel related operating costs in 2010 to 50% of total operating costs against a target of 52% further very significant reductions in RTÉ costs are required.
3. RTÉ played a significant role in supporting creativity in the sector in 2010. A total of 738 creative staff were employed or in contract with RTÉ in 2010. RTÉ estimate the full time equivalent of these employees was 365.1 in 2010. RTE achieved a small increase in the number of awards won, and undertook a number of specific initiatives to support creativity.
4. Operating costs reductions achieved to date are not sufficient to address the scale of reduction in revenues.
5. The extent to which RTÉ operated efficiently and provides a value-for-money service is difficult to measure. The evidence however suggests that RTÉ is currently putting cost efficiency of its service to the forefront of its objectives. Cost reducing measures achieved and or implemented in 2010 include a reduction of personnel related operating costs and a small reduction in programming expenditure, however much more substantial cost reductions are required.
6. The adequacy or otherwise of public funding (licence fee income) to enable RTÉ to meet its public service objects is discussed in the opinion outlined in the section entitled 'appropriateness of any potential adjustment in public funding to RTÉ.
7. RTÉ recorded a deficit in 2010 and therefore the issue of control of surpluses does not arise and RTÉ has complied with the EU requirements.

Opinion on any Adjustment in Public Funding

8. The annual adjustments to the licence fee, as proposed in the broadcasting legislation, are based on the price regulation formula known as the 'CPI-X' formula. The 'X' is an adjustment factor which relates to key factors such as cost control, programming/output performance and organisational improvements within the PSB. The 'X' factor may be positive, negative or equal to zero depending on the performance indicators. The CPI is the Irish consumer price index and this declined in 2010 by 1%. If it was deemed that the level of 'X' measuring the efficiency and performance of RTÉ was for example, in line with what could have been expected, this might suggest no adjustment for 'X' and that the only change should reflect the movements in CPI, namely a reduction of 1%.

RTÉ has experienced reductions in commercial income due to the challenging economic climate and the increasing competition facing the PSB in the Irish broadcasting market. Despite these challenges, RTÉ achieved a slight increase in commercial income in 2010 and there may be some potential for further optimisation of existing funding sources and the exploration of new funding sources in on-line and new digital areas but this will require of a new integrated commercial strategy. As mentioned, RTÉ recorded an operating deficit of €4.7m in 2010 and it is forecasted that RTÉ will have a net operating by the end of 2011. Given the likely revenue outlook the scale of the deficit will require further very significant reductions in costs. For these reasons, Indecon would not recommend a reduction in RTÉ's public funding in line with the reduction in the CPI as this would impact on RTÉ's ability to meet its public service obligations within the context of an urgent need to contain the expanding gap between income and expenditure.

Opinion on Process Improvements

Indecon believes that there are some issues surrounding the targets linked to the commitments set out by RTÉ in its Annual Statement of Performance Commitments. In some cases, an issue arises as to whether the targets set represent a forecast of likely future outcomes or whether they reflect challenging stretch targets. There is also an issue of the large number of commitments set, many of which are very different in terms of their relative significance.

We believe there is a need to have more clarity on how the annual funding review impacts on RTÉ's licence fee and to ensure that it supports the incentives in relation to on-going efficiency measures. Critically, Indecon believes there is an urgent need for greater certainty for RTÉ on funding over at least a one- or two-year period. Ensuring that the annual or multi-annual review process is taken into account in any government decision on licence fee for RTÉ is in our view also essential for the credibility and usefulness of this review process.

Indecon also recommends an enhancement of RTÉ's information systems in order to facilitate the evaluation of the cost of in-house programmes including related overhead costs compared to the cost of commissioned and acquired programming by genre.

1 Introduction and Background

1.1 Introduction

This report is prepared by Indecon International Consultants on behalf of the Broadcasting Authority of Ireland (“BAI” hereafter) and concerns the BAI’s obligation to undertake Annual Public Funding Reviews in respect of the public service broadcaster RTÉ. The terms of reference for the study are as outlined below.

- ☐ Assess the extent to which RTÉ has fulfilled its commitments in respect of its public service objects, as set out in its Annual Statement of Performance Commitments 2010.
- ☐ Assess the extent to which creativity is fostered and sustained by RTÉ.
- ☐ Assess the extent to which RTÉ operates efficiently and effectively and provides value for money.
- ☐ Assess the adequacy or otherwise of public funding to RTÉ to enable it to meet its public service objects.
- ☐ Assess the extent to which RTÉ has used the public funding which it has received, in pursuit of its public service objects, 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 RTÉ has complied with the policy of the EC in respect of the maintenance of surpluses.
- ☐ Having undertaken the above review, to express an opinion to the BAI as to whether an adjustment in public funding to RTÉ is desirable or necessary and to express an opinion as to the amount of any payment to be made.
- ☐ Propose process improvements to the project for work to be undertaken in 2012.

1.2 Background to the Review

Following the enactment of the Broadcasting Act 2009, the Broadcasting Authority of Ireland (BAI) was established in October 2009 as an independent regulator for radio and television broadcasters in Ireland. The principal objectives of the BAI include:

- ☐ Ensuring that broadcasting services serve the needs of the people of Ireland in terms of variety and diversity, taking into account language, traditions, culture and ethics;
- ☐ Ensuring that the democratic values enshrined in the constitution are upheld, with particular emphasis on rightful liberty of expression; and
- ☐ To accommodate open and pluralistic broadcasting services.

The primary functions of the BAI include:

- ☐ Developing a statement of strategy for the regulation of broadcasting;
- ☐ Establishing broadcasting codes and rules;
- ☐ Developing a ‘right of reply scheme’;
- ☐ Licensing broadcasting services;
- ☐ Providing guidance to RTÉ and TG4; and
- ☐ Consulting with the Minister and the Commission for Communications Regulation on a range of issues.

According to the Broadcasting Act 2009 (section 124) the BAI is required each year, to carry out a review of the extent to which the PSB organisations (RTÉ & TG4) have, during the previous financial year, fulfilled their commitments as stated in the Annual Statement of Performance Commitments and review the adequacy of public funding to allow the PSB organisation to meet its public service objects. On the basis of the findings of the annual review, the Authority must then provide a report to the Minister with a recommendation for a modification to the annual licence fee, in the case of RTÉ. The Authority must, within five years of the passing of the 2009 Act, and every five years thereafter, carry out an overall review of the adequacy of public funding in enabling the PSBs to fulfil their public service objects. In this review the Authority takes into account the outcome of the previous annual reviews. The Authority must also consider:

- ☐ The existing financial resources available to the PSBs;
- ☐ The existing level of funding;
- ☐ The annual nature of the public funding requirements;
- ☐ The level of commercial funding available to the PSB (assuming it is exploiting its commercial opportunities); and
- ☐ Any international developments in public service broadcasting.

This current review by Indecon concerns the examination of RTÉ for the year 2010.

1.3 Methodology and Structure of the Report

In this section we outline the methodological approach taken in this review, how this method is implemented and the purpose of it. The structure of the remainder of the review is also outlined.

A four-phased approach is taken in this review. These four key phases are:

1. Inception of the project, assembling of data and conduction of consultations.
2. Review of the PSB's 2010 commitments, utilisation of funding and their performance on their programming schedule for 2010.
3. Review of the value for money of the PSB's programming service and formulation of key conclusions and recommendations.
4. Submission of report.

Phase 1

The first phase of the work programme involved the collection of primary and secondary data from RTÉ. Subsequently, consultations with senior personnel at RTÉ were carried out. A review of the data collected guided the discussions at the consultations and underpinned the analysis in sections of the review.

A project inception meeting was held with the BAI with the purpose of understanding the views of the BAI and addressing any high level issues in relation to the current review including the adequacy of the RTÉ performance framework for the purpose of fulfilling its statutory obligation to conduct public funding reviews under the current broadcasting legislation. A discussion of relevant

data/research sources on public service broadcasters in Ireland and on the broadcasting market in general was carried out.

This phase of the project also involved reviewing any relevant previous research including the previous annual review of public funding for 2009 and any issues arising from this review. Other relevant research examined included documents such as the RTÉ's Public Service Statement and the station's report on performance against their Annual Statement of Performance Commitments. Indecon also reviewed any relevant comparative benchmarking data or information.

At the data collection stage of the review, Indecon examined key data which reflected on the performance of the PSB and its actual programming output. Data on actual programming output by division, market share data on the performance of RTÉ and key financial data from the annual reports and programme level financial data were reviewed. A rigorous analysis of all data and underlying assumptions was also undertaken. The conclusions drawn from the review of this data underpins the analysis of the effectiveness, efficiency and value for money of the RTÉ service which, in turn, would be of significance when forming recommendations regarding the appropriate level of funding for 2011/2012.

In considering the important issue of the extent to which RTÉ fosters and sustains creativity we reviewed data information on a wide range of factors. These included:

- ❑ Details of any measures taken by the broadcasters to support creativity in terms of their commissioning policies and in terms of support for wider creative sectors.
- ❑ Analysis of any programming or other awards achieved, acknowledging that care is needed in interpreting any such awards;
- ❑ Information on policies undertaken to support creativity within broadcasting staff and suppliers.
- ❑ New detailed data was also assembled for the first time on the number of creative personnel supported by RTÉ programming.

Phase 2

Phase 2 concerned the review of the commitments, utilisation of funding and programme level commitments of RTÉ. This phase included an assessment of ability to fulfil stated commitments and other policy operations for RTÉ, an assessment of performance on multiple criteria and an assessment of ability to effectively utilise public funds. The review of the performance of the schedule of RTÉ included an assessment of programming hours against its targets and a review of indigenous production.

Phase 3

Phase 3 was allocated to the value for money review and the formulation of the conclusions and recommendations. The following costs were examined in the value for money of the broadcasting service:

- ☐ Personnel related costs
- ☐ Commissioned programming costs
- ☐ Acquired programming costs
- ☐ Overhead costs and administrative costs
- ☐ Non-programme related operating costs
- ☐ Capital expenditure

The analysis involved a breakdown by sub categories, an examination of trends over time, an assessment of outturn vis-a-vis budgets and any comparable costs. New data was obtained on cost per hour by genre as well as detailed evidence on overtime, absenteeism and other cost factors.

Phase 4

Phase 4 concerns the development of the final report. After the first submission of the report and the implementation of any feedback received, a final report was prepared for the BAI.

Structure of the Report

Section 2 of this report provides an overview of trends in the Irish Economy and Broadcasting. Section 3 contains our analysis of the commitments and performance of RTÉ for 2010 in respect of its public service objects. Section 4 analyses the extent to which RTÉ fosters and sustains creativity. Section 5 presents a review of the financial results of RTÉ. Section 6 examines the cost efficiency and value for money of the RTÉ service. Section 7 provides our overall conclusions.

1.4 Acknowledgements

Indecon would like to acknowledge the valuable inputs of officials from the Broadcasting Authority of Ireland and from management and executives in RTÉ. Particular thanks are due to Aoife Clabby and Celene Craig of the BAI. We also received valuable inputs on behalf of the Chairman and Members of the Authority of BAI which were outlined to us by the executive team. We also would like to thank one of the members of the Authority who met us during the study. We acknowledge the inputs of our specialist adviser Edward Mirzoeff.

Indecon also would like to thank RTÉ for its open approach and co-operation and inputs provided during the study, in particular, Brian Dalton, Grace Berkery and Conor Hayes and all the RTÉ staff who we met on our visit to their headquarters.

The usual disclaimer applies and the views and analyses contained in this document are the sole responsibility of Indecon.

2 Trends in the Irish Economy & Broadcasting Industry

2.1 Introduction

This chapter provides an overview of some relevant developments in the Irish economy which have impacted on RTÉ. This includes a review of trends in CPI which is a factor of relevance to any adjustments in public funding. The trends in the Irish broadcasting market are discussed and particular attention is paid to the competition from new platforms.

2.2 Irish Economy - Overview

In 2010 the Irish economy contracted for the third consecutive year. As shown in Table 2.1 below, GDP declined between 2007 and 2010. This fall in output has been in the context of a domestic financial crisis combined with European international instability. Ireland is currently dependent on IMF/EU support and an unsustainable deficit in the public finances is being addressed through public spending cuts and tax increases. The scale of adjustment required in the public finances inevitably has implications for all organisations in receipt of public funds.

Table 2.1: Annual Percentage Change in National Income 2005–2010						
	2005- 2010	2005- 2006	2006- 2007	2007- 2008	2008- 2009	2009- 2010
Source	% Change	% Change	% Change	% Change	% Change	% Change
Gross Domestic Product (GDP)	-0.9%	9.1%	6.5%	-5.2%	-10.8%	-2.9%
GDP per capita		9.1%	1.5%	-7%	-11.5%	-3.1%
Gross National Product (GNP)	-1.6%	11.4%	5.4%	-5.3%	-14.5%	-3.0%
Gross National Disposal Income	-1.9%	10.8%	5.1%	-5.5%	-14.7%	-3.1%

Note: All figures are measured at current market prices

Source: *Indecon analysis of data from the CSO National Income and Expenditure Annual Results for 2010.*

In 2010, the combination of a contractionary budget, wage cuts, higher taxes and rising unemployment has had a negative impact on the consumer's disposable income. As Table 2.2 demonstrates, personal consumption and total domestic demand have fallen significantly as households face reductions in disposable income combined with the need to reduce their indebtedness. This has implications for the potential of RTÉ to secure increased commercial incomes.

Table 2.2: Total Domestic Demand 2006-2010

	2006-2007	2007-2008	2008-2009	2009-2010
Source	% change	% change	% change	% change
Personal Consumption of Goods and Services	9.8	1.9	-10.9	-3.1
Total Domestic Demand	6.6	-4.3	-16.9	-7.8

Note: All figures measured at current market prices

Source: Indecon analysis of data from the CSO Quarterly National Accounts, Q1 2011.

Earnings and labour costs in the economy declined in 2010 and further reductions in labour costs are expected in many sectors. The trend in average hourly earnings and average hourly labour costs is presented in Table 2.3. In many companies and sectors, much steeper declines in labour costs have occurred as firms have attempted to survive the declines in domestic demand.

Table 2.3: Earnings and Labour Costs for all NACE Economic Sectors 2008-2010

	2008	2009	2010
Average Hourly Earnings (Euro)	€21.6	€22.1	€21.8
Average Hourly Labour Costs	€25.1	€25.7	€24.9

Source: Indecon analysis of data from the CSO principal statistics

Unemployment levels have risen dramatically and those who were previously in full-time employment have faced dramatic declines in their incomes and family circumstances. The overall decline in incomes and the rise in unemployment have been accompanied by increases in taxation as government has attempted to address the crisis in the public finances. This impacts on the ability of individuals and households to afford PSB licence fees.

Table 2.4: Unemployment Rate in Ireland 2008-2010

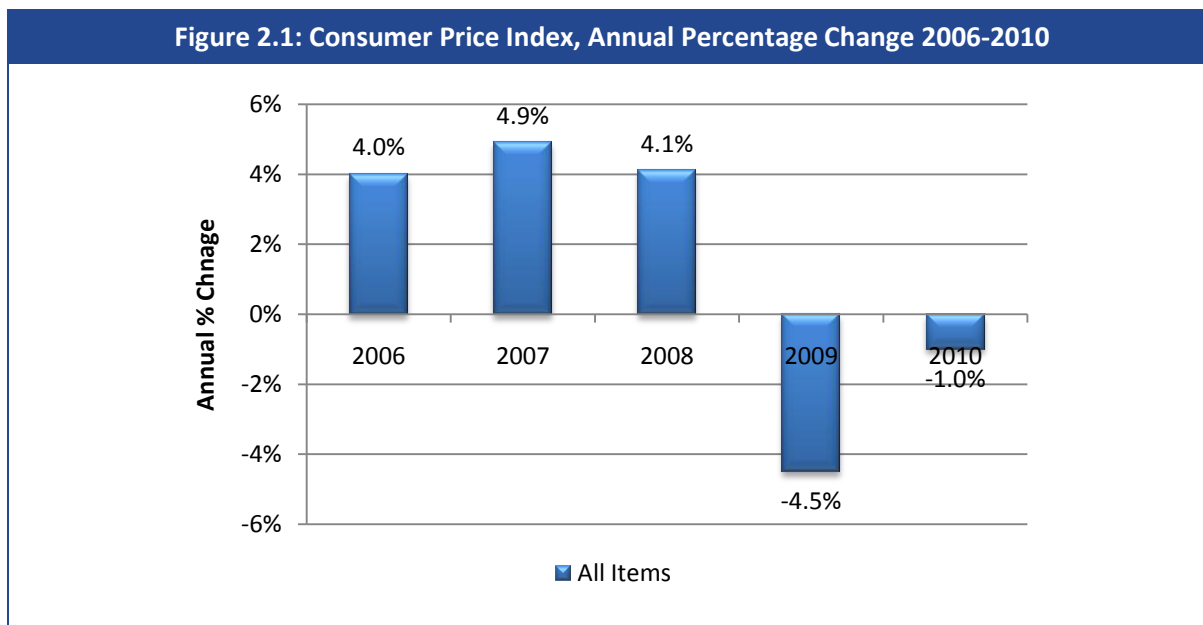
	2008	2009	2010
Standardised Unemployment Rate (Annual Average)	6.4%	11.8%	13.6%

Source: Indecon analysis of data from CSO principal statistics.

The crisis in the Irish economy which led to Ireland being dependent on IMF/EU support has resulted in severe pressure on public funding across all sectors. Public Service Broadcasting in Ireland is currently dual funded through a mixture of commercial revenue and the broadcasting licence fee. Approximately 53% of RTÉ incomes are derived from licence fee revenue. The BAI's obligation to undertake an annual review of the public funding of the public service broadcasters has been put sharply into focus within the current economic climate. This places increased demands on RTÉ to be cost efficient in order to provide a service which exhibits value for money. Today's challenging economic conditions have also driven a sharp reduction in commercial (particularly advertising) revenue.

Developments in the economy have also resulted in declines in consumer prices. As outlined in the Broadcasting Act 2009, changes in the public funding for broadcasting is partially linked to the

annual percentage change in the Consumer Price Index. Figure 2.1 demonstrates that in 2009 the CPI declined and further declines occurred in 2010.



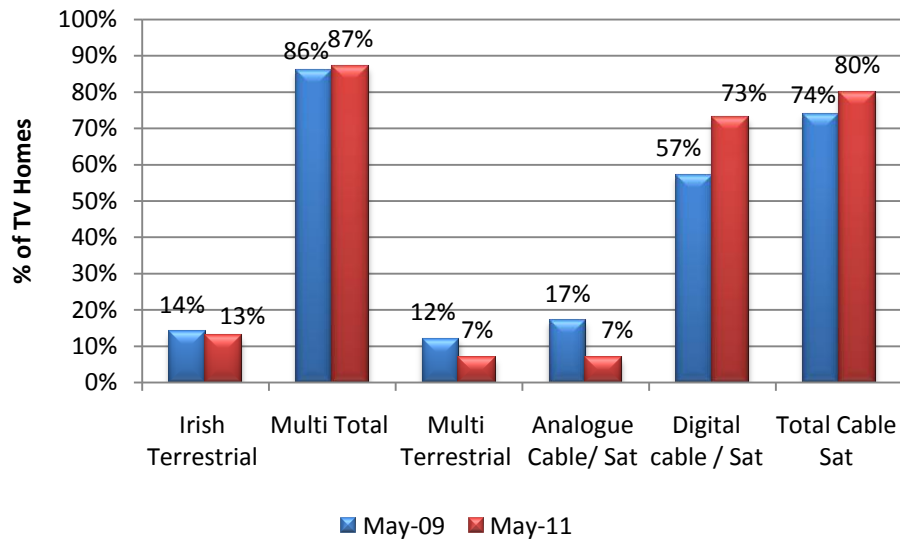
Source Indecon analysis of: principal CSO Statistics

2.3 Trends in the Irish Broadcasting Market

2.3.1 Television Broadcasting

RTÉ is operating in a fast-changing and challenging broadcasting market. The number of homes subscribed to digital, cable or satellite television has increased rapidly throughout the latter half of the last decade. Figure 2.2 below shows that from May 2009 to May 2011 the number of homes in Ireland receiving television by digital means increased from 57% to 73% of all TV homes. The number of homes receiving only the four Irish Terrestrial TV channels (RTÉ 1, RTÉ 2, TV3, & TG4) fell to 13% in May 2011.

Figure 2.2: TV Homes by Reception Type May 09–May 11

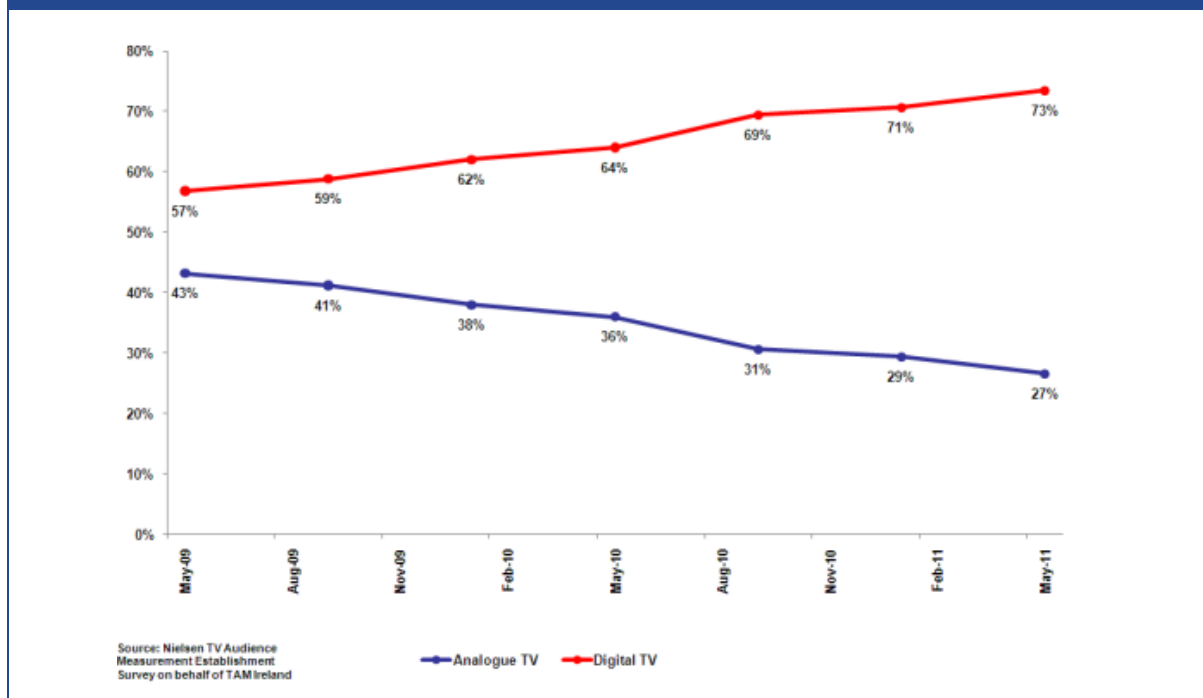


Note: Nielsen data is published three times per year and Comreg report quarterly.

Source: Indecon analysis of ComReg Quarterly Key Data Report (Nielsen TV Audience Measurement Establishment Survey data on behalf of TAM Ireland).

Figure 2.3 measures the trend in TV reception method from May 2009 to May 2011. This graph clearly demonstrates the growing popularity of digital TV. The portion of TV owners who receive their TV reception from analogue platforms has declined from 43% in 2009 to 27% in 2011, while those who subscribe to digital television reached 73% in May of 2011. These changes make the environment for a PSB broadcaster such as RTÉ more difficult.

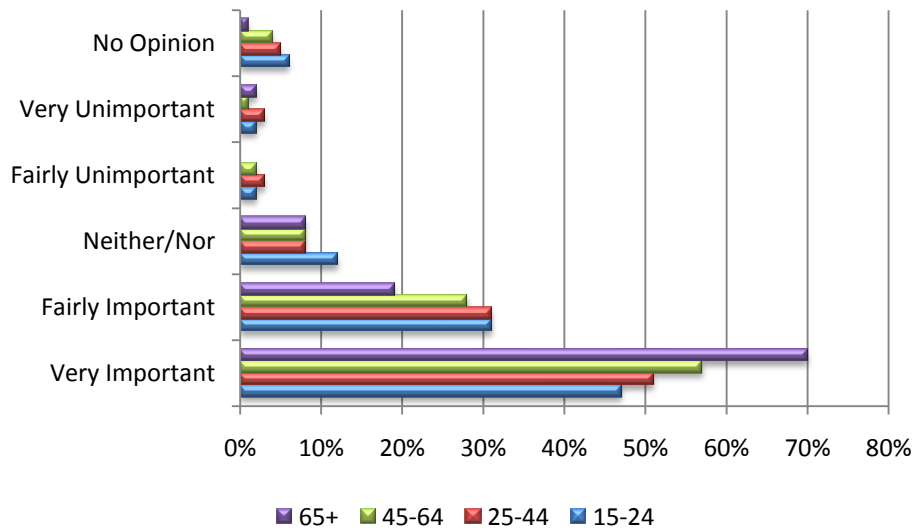
Figure 2.3: Digital and Analogue TV Reception, May 09-May 11



Note: Nielsen data is published three times per year and Comreg report quarterly. This has been adapted to accommodate the fact that Comreg report quarterly. Three data observations are spread across four quarters.

Source: ComReg Quarterly Key Data Report. (Nielsen TV Audience Measurement Establishment Survey on behalf of TAM Ireland)

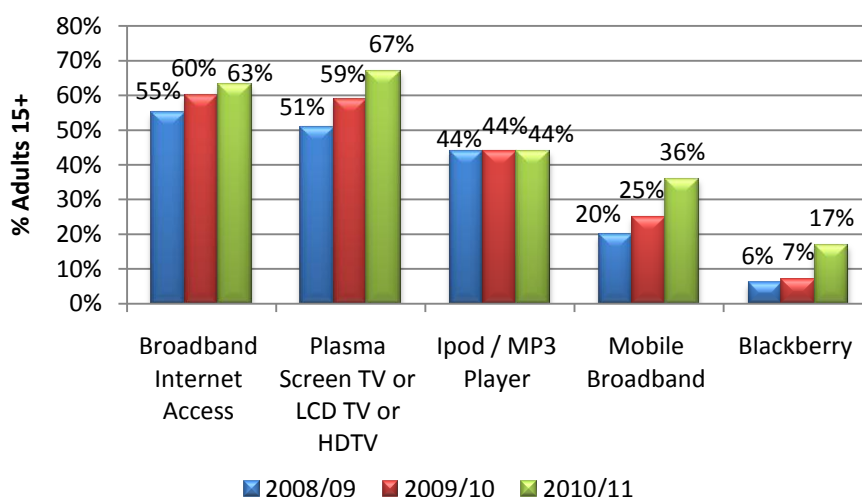
Figure 2.4 shows the perceived importance of non-subscription PSB such as RTÉ among the respondents of the RTÉ Corporate Reputation Survey 2009. The respondents are categorised by age. This graph provides a picture of the changing environment of public service broadcasting. A glance at the measure of people who perceive non-subscription PSB as very important reveals that a larger majority of older people consider it to be very important while less young people have this perception. A larger majority of young people (15-24 and 25-44) consider PSB to be fairly important. This overall trend reflects the growing variety and choice of media and entertainment available to consumers, in addition to PSB television and radio.

Figure 2.4: The Perceived Importance of Non-Subscription PSB such as RTÉ by Age 2009

Source: Indecon analysis of data from the RTÉ Corporate Reputation Survey 2009.

Figure 2.5 shows the trend in the ownership of media appliances among consumers from 2008 to 2011. The number of consumers who have access to broadband internet, own a plasma screen, LCD or HD Television or own a blackberry phone has increased significantly during this period. The number of people with HD televisions and broadband internet access is of particular importance in respect of the competition that RTÉ is facing from different platforms. Sixty three per cent of consumers have access to broadband internet in 2011 compared with 55% in 2008. The ownership of plasma screen, LCD or HD televisions reached 67% in 2011. The changing trends in the ownership of media appliances have implications for RTÉ's ability to respond to these significant changes.

Figure 2.5: Ownership of Media Appliances



Note: Data collected on ownership of "Blackberry" from July 2010 to June 2011 includes ownership of any smart phone or iphone.

Source: Indecon analysis of JNLR SIGs / Ipsos MRBI Report July 2008 – June 2009, July 2009 – June 2010, July 2010 – June 2011.

Television channel shares provide an indication of the shifts in competition in the television broadcasting market. Table 2.5 provides an overview of the change in national viewing shares of fifteen television channels in the Irish market ranked according to the size of their share in 2010. In 2010, RTÉ One recorded the highest market share of the fifteen channels at 23.16%. RTÉ Two ranked third with a market share of 10.18% in 2010. The market shares of both RTÉ One and RTÉ Two declined by 1.02 and .02 percentage points respectively from 2009 to 2010. The channel that experienced the most significant growth in their market share was 3e, reaching 1.11% in 2010 from 0.84% in 2009.

Table 2.5: Channel Shares 2010 Vs 2009

Channel	2009	2010	% change
1. RTÉ One	24.18	23.16	-4.22
2. TV3	11.85	12.19	2.87
3. RTÉ Two	10.2	10.18	-0.2
4. BBC One	5.06	4.49	-11.26
5. UTV	4.35	3.75	-13.79
6. Channel 4	3.6	2.76	-23.33
7. BBC Two	2.93	2.56	-12.63
8. TG4	2.56	2.09	-18.36
9. Sky One	2.15	1.43	-33.49
10. 3e	0.84	1.11	32.14
11. E4	1.19	1.01	-15.13
12. Living	1.16	0.97	-16.38
13. Sky News	1.11	0.86	-22.52
14. Comedy Central	1.03	0.7	-32.04
15. Setanta Ireland	0.87	0.42	-51.72

Note: data represents average channel shares of calendar year; day-part based on national individuals aged 4+. Live data, Mon-Sun, All day (Jan-Dec 2009 Vs Jan-Dec 2010).

Source: Indecon analysis of TG4 Review of 2010 Performance (April 2011) & TG4 Review of 2009 Performance (March 2010).

2.3.2 Competition from Different Platforms

Broadcasting and media related services today are being offered from five distinct platforms between which viewers can choose when availing of services. These are:

- ☐ Digital Terrestrial Television (DTT);
- ☐ Terrestrial Analogue;
- ☐ Cable;
- ☐ Satellite; and
- ☐ Broadband Internet.

Digital Terrestrial Television (DTT) is replacing the terrestrial analogue service as the new platform for free-to-air services. Most paid services are available via cable and satellite systems and high-speed internet facilitates the internet protocol television (IPTV) and 'video on demand' services. It is believed by some that the encouragement of a distribution of competing platforms will help to ensure that the provision of broadcasting and media services is optimal.⁸ Regardless of this argument, it is clear that broadcasters must focus on quality and cost effectiveness to withstand the competition. RTÉ's audience is no exception to this trend.

2.3.3 Importance of the Digital Broadcasting Sector for PSBs

Digital technology has given consumers the ability to make many more choices in the market for telecommunications services. As stated by Picard (2003): "Consumers have increased communication choices, including how, when and where they receive the services, as well as the increasing desire to personalise and filter information they receive."⁹ This means that potential consumers of each individual service are fewer as the range of available services increases. This presents a challenge for RTÉ. This challenge extends to the BAI as they must conduct performance assessments of PSBs in light of the increasingly complex technology of communications services. Types of performance measures include: market share, costs, and financial measures. "Assessment based on a balanced mix of these measures will help to ensure that the PSB is being evaluated fairly and appropriately in terms of both its public service obligations and its viability as a service provider in the competitive communications market."¹⁰

The European Broadcasting Union (hereafter 'EBU') reports indicate that throughout Europe the developments in digital broadcasting has resulted in declines in market share of large PSBs over a number of years (e.g. RAI, ARD & ZDF, France Television, BBC, and RVE). "The decreased market share is due in part to:

- ☐ Structural changes within the market;
- ☐ Increased use of digital broadcasting platforms and the Internet; and

⁸ Athena Media (2010) "Irish Broadcasting Landscape: Economic & Environmental Review for the Broadcasting Authority of Ireland".

⁹ Picard, Robert, G., "Assessment of Public Service Broadcasting: Economic and Managerial Criteria," *Javnost/The Public*, 10(3):29-44 (2003).

¹⁰ Picard (2003).

❑ Advances made by new television channels.”¹¹

There also appears to be a declining trend in those accessing Free-to-Air broadcasting while subscription to Pay-TV and access to online audio-visual content are increasing. Against this background it has been suggested that “Public service broadcasting organisations will need to adapt to the new technological environment and to citizens' new habits and requirements.”¹²

According to the Digital Strategy Group of the EBU, public service media should be made available on all technology platforms in order to stay on target with its public service obligations. In order to do so, the PSB must promote digital inclusion and participate in all significant areas of available media. On a practical level, this means: “strong, recognisable brand development; supplementing traditional content with interactive and internet/mobile content; promoting digital media literacy and awareness; providing local and minority language content on all platforms; and promoting accessible technical standards.”¹³ As the communications market becomes increasingly diverse, PSBs such as RTÉ will need to keep up with technological advances if they are to maintain or grow in terms of audiences and market shares.¹⁴ Due to of the potential long-term importance of this issue as part of this review, we consider RTÉ progress in developing online and other channels later in this report.

2.3.4 Rationale for Public Service Broadcasting and Support for RTÉ

Given the challenging developments in the economy and in the broadcasting market it is useful to consider aspects of the rationale for public service broadcasting. The importance of the public service broadcasting model is supported by the ongoing need to ensure that a broad range of programming services continue to be made available to citizens and that quality of service and innovation as standards are maintained.

A range of authors have highlighted the fact that broadcasting exhibits many of the characteristics of a public good. Broadcasting is a product that is freely available to consumers. Broadcasters also can exhibit positive externalities. O’Hagan & Jennings (2003)¹⁵ emphasise that PSBs are necessary in order to exploit these positive externalities; for example ensuring a programme which provides a shared sense of common culture is aired to a universal audience. O’Hagan & Jennings (2003) also identify diversity and equality as arguments behind the need for a public broadcasting service.

The importance of maintaining variety of service in the broadcasting industry has become more evident with the introduction of digital broadcasting which has provided audiences with a vast

¹¹ EUROPEAN BROADCASTING UNION, Legal and Public Affairs Department, “Review of the Communication from the Commission on the application of State aid rules to public service broadcasting (Broadcasting Communication, OJ 2001 C 320/5) - EBU reply to the Commission’s Questionnaire” March 2008.

¹² EBU (2008).

¹³ European Broadcasting Union (EBU), “Public Service Media in the Digital Age, “ 2006

¹⁴ EBU, (2006).

¹⁵ O’Hagan, J. &. (2003). Public Broadcasting in Europe: Rationale, Licence Fee and Other Issues . *Journal of Cultural Economics* , 27: 31-56 .

amount of choice in programming genres and content. Research carried out by Ofcom¹⁶ (the independent regulator and competition authority for the UK communications industries) revealed that audiences in the UK value having access to alternative perspectives and different voices. They believe that no single broadcaster can be equally good at meeting all of the audiences' needs. It was also found that the audiences agree that competition among the providers drives up quality and encourages new approaches.

"In this new digital economy, immaterial value increasingly determines material value, as consumers are looking for new and enriching experiences. The ability to create social experiences and networking is now a factor of competitiveness" (European Commission, 2010).¹⁷

The rationale for public service broadcasting is also related to creativity. The European Commission highlights the potential within the cultural and creative industries to contribute to the creation of growth and jobs through the use of creative talent. In particular they emphasise the role that cultural content plays in fuelling investments in broadband services, in digital technologies and in new consumer electronics and telecommunications devices. Cultural and creative industries can play a significant role in equipping workers with the creative, entrepreneurial and intercultural skills needed to build a knowledge based society. Within the wider context of the creative industries, year-on-year more emphasis is being placed on the role that the broadcasting industry plays in fostering and sustaining creative talent.

It is important that any role which RTÉ may play in supporting or developing creativity is assessed and not simply assumed despite the difficulties in such evaluations.

2.3.5 Implications of Trends in Economy and Broadcasting for RTÉ

The crisis in the Irish economy has significant implications for the ability of the Exchequer or consumers to increase funding to RTÉ. This takes place against a background of declining consumer demand and living standards with the resultant impact on RTÉ's commercial income.

These developments have occurred at a time of increasing competition from other channels which is likely to accelerate with the introduction of digital broadcasting and other technological changes in the market.

There has also been some adjustment to overall costs in the Irish economy as reflected in the decline in average labour costs and in a reduction in prices which should help RTÉ improve its cost base.

¹⁶ Ofcom (2008). Ofcom's second public service broadcasting review.

¹⁷ European Commission (2010). Unlocking the Potential of cultural and Creative Industries. European Commission green paper, Brussels COM(2010) 183.

Overall, however, RTÉ faces a much more challenging external environment which reinforces the need to offer quality programmes and develop audiences while continuing to improve cost efficiencies and investment in technology.

3 Examination of Extent to which Commitments Have Been Met

3.1 Introduction

As a key part of this review we assess the extent to which RTÉ has fulfilled its commitments in respect of its public service objects, as set out in its Annual Statement of Performance Commitments 2010. In particular, we examine the evidence to determine how well RTÉ performed against its commitments according to its high level strategic objectives. In addition to this we examine the programming hours for RTÉ Television and RTÉ Radio and assess RTÉ's performance against its commitments with regard to individual genres. Finally we examine the performance of RTÉ in terms of its audience viewing figures for television, radio, RTÉ player and the RTÉ website.

3.2 RTÉ Strategic Objectives

In Table 3.1 the RTÉ High Level Strategic Objectives according to the RTÉ Statement of Strategy 2010–2014 are presented. Under the provision of the Broadcasting Act 2009, RTÉ was required to prepare a Statement of Strategy outlining how it would fulfil its public service objects for a five year period. RTÉ's performance commitments are born out of these strategic objectives. The individual commitments accrued to each objective are listed below.

Table 3.1: RTÉ Strategic Objectives and Related Performance Commitments for 2010

	Objective and Related Commitments
	Objective 1: Fulfil our Public Service Objects and strive for the highest standards in ethics and accountability, on and off-air.
1.	Deliver a wide range of programming and services as per Broadcasting Act 2009 (s114)
2.	Place ourselves at the centre of Irish life and society and be a forum for debate
3.	Promote inclusiveness and diversity
4.	Retain existing and attract new audiences through the provision of relevant services
5.	Be accountable, honest and responsible in all of our activities
6.	Exceed minimum standards
	Objective 2: Be the leading provider of the best quality, distinctively Irish content and the premier and most trusted source of Irish news and current affairs.
1.	Be the primary source of independent news and current affairs in Ireland
2.	Be the primary source of Irish / home produced content, nationally and from the regions
3.	Deliver the best quality programmes and services
4.	Meet the needs of Irish audiences and build affinity with RTÉ
5.	Implement highest editorial standards
6.	Deliver innovative programming and services
	Objective 3: Harness technologies to ensure delivery of and access to our content across the widest range of platforms and devices to meet the needs of the audience.
1.	Facilitate access to content through digital media and increase connection points with RTÉ
2.	Implement technology change programme
3.	Implement end-to-end Digitisation Programme
4.	Ensure content distribution / delivery across all platforms
5.	Progress Project 2025
	Objective 4: Effectively manage RTÉ's finances into the future through optimising funding sources and controlling costs.
1.	Manage finances prudently
2.	Optimise funding sources
3.	Optimise market share
4.	Deliver a value for money service
5.	Control people costs
6.	Efficient resource management
	Objective 5: Ensure that RTÉ has a high quality workforce and it's optimally organised to deliver the best value for money service to the Irish Public.
1.	Develop people and skills
2.	Optimise organisational structure
3.	Optimise work practices
	Objective 6: Establish and maintain collaborative partnerships and take a leadership role in the creative and digital economies in Ireland.
1.	Maintain and grow collaborative relationships
2.	Foster creativity, new ideas and cultural expression
3.	Explore new creative and cultural partnerships

Source: Data from the RTÉ Annual Statement of Performance Commitments 2010.

3.3 RTÉ Performance against Commitments 2010

3.3.1 Overview

RTÉ is obliged by the Broadcasting Act 2009 to prepare, on an annual basis, a statement of commitments. Specific actions and targets are set out within a certain timeframe of delivery. The commitments are linked to individual key performance indicators by way of measuring RTÉ's success or otherwise in fulfilling its requirements. By March 31st each year, RTÉ must submit to the Department of Communications and the Broadcasting Authority of Ireland a report on its achievements and any gaps arising between its actual performance and the relevant target. This section reviews the RTÉ's performance against commitments for 2010.

3.3.2 RTÉ Programming related commitments

Presented in this section is the evidence of how RTÉ performed in its ability to meet its individual programming commitments according to its strategic objectives for 2010. Table 3.2 Table 3.3 present the programme related commitments for 2010 together with the key evidence available to assess RTÉ's performance. RTÉ met or exceeded all its output targets for television and radio by genre in 2010 with the exception of young people's programming and news/ current affairs on radio of which they fell slightly short of target by 1.5% and 0.1% respectively (see Figure 3.10 below). RTÉ's ability to place themselves in the centre of a society and be a forum for debate is reflected in its prime time share of 29.5% which exceeded its target share of 25%. In contrast to this performance the reach figures for the Liveline radio programme fell from 12% to 11% and the number of listeners fell by 2% in 2010. RTÉ has fulfilled its wider commitment to promote inclusiveness through a number of specific programmes delivered in 2010 which include programmes on social issues such as redundancy and the health of the Irish nation, programmes on rural affairs and programmes on the educational experiences of young people in Ireland. RTÉ aimed to deliver the best quality programmes and services in 2010. Data from the Nielsen research suggests that RTÉ fulfilled this commitment delivering 94 of the top 100 programmes for 2010. RTÉ aimed to maintain its position with 18 of the top 20 programmes in 2010 for radio and television. It exceeded this target for radio achieving 19 of the top 20 but for television it fell short of its target achieving 17 of the top 20. RTÉ also won 147 awards in 2010, many of which were programming related.

Table 3.2: RTÉ Programming Related Commitments 2010

Commitment	Key Evidence
Deliver a wide range of programming and services as per broadcasting act 2009.	7 digital radio services maintained. 2 TV, 4 FM Radio and one online service maintained. RTÉ junior enhanced. All targets for output hours by genre for TV and radio exceeded. Targets met for performing groups and festivals. Target met for young peoples programming on TV but radio target missed by 2% (equivalent to 9.5 hours) due to schedule changes. RTÉ junior hours delivered, series for Leaving Certificate students delivered on 2fm. Public consultation held on subject of Public Service Broadcasting. RTÉ's performance against its targets for output hours is outlined below in Figure 3.4 and Table 3.4 for Television programming and Figure 3.10 and Table 3.5 for radio programming.
Place ourselves at the centre of Irish life and society and be a forum for debate.	TV and radio output targets delivered by 100% and 99.9% respectively. Dedicated TV count programme for General Elections in UK delivered. 140 hours of soccer world cup programming delivered. Target of cross platform coverage of 4 international sporting events met. Prime Time audience share exceeded its 25% share target with a 29.5% share. 2 religious TV series and 1 TV series on growing up gay in Ireland delivered. Sunday forum and 4 regional magazine programmes on RTÉ RnaG delivered. Liveline reach down from 12% to 11% and the number of listeners to any radio station fell by 2% points down from 87% in 2009 to 85% in 2010. 2 TV series for seachtain na Gaeilge aired. 3 arts shows were continued on radio. 26 new plays broadcast on RTÉ Radio 1 against a target of 20. 13 free classical music concerts delivered exceeding target of 12. Digital radio population coverage of 52% maintained. RTÉ lyric fm's educational outreach programme visited 45 schools, achieving its target for 2010. RTÉ reached their target of continuing the 13-part series of 'The View' and broadcast 6 new Art Lives documentaries. RTÉ's performance against its targets for output hours is outlined below in Figure 3.4 and Table 3.4 for Television programming and Figure 3.10 and Table 3.5 for radio programming.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

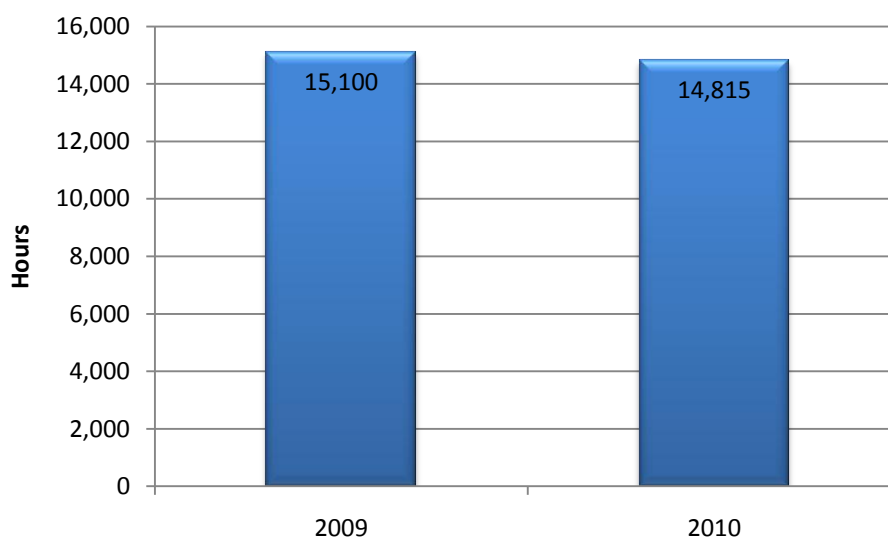
Table 3.3: RTÉ Programming Related Commitments 2010 (continued)

Commitment	Key Evidence
Promote inclusiveness and diversity.	2 TV series on social issues delivered, one on redundancy and another on the health of the nation. 4 archive series delivered. 2 rural affairs radio series delivered. 1 radio series delivered on people who moved to Ireland and adopted the Irish language. 2 TV series on the educational experience of young people in Ireland. The target of 40 live GAA championship games on TV was met. Weekly religious devotional programming on RTÉ Radio 1 and Radió na Gaeltachta. 7 series on RTÉ TV contained significant archive footage, exceeding its target of 4 series. RTÉ lyric fm delivered 7 live on-air sessions, five short of the 12 committed to.
Deliver the best quality programmes and services.	RTÉ delivered 94 of the top 100 TV programmes for 2010 according to Nielsen research. RTÉ TV and radio achieved an average score of 82.3 on their Reaction Panel Appreciation Index exceeding their target by 3.3 points. RTÉ aimed to maintain 18 of 20 programmes on the top 20 lists for television and radio. They maintained 17 of 20 for TV and 19 of 20 for radio. 69% of adults agreed that RTÉ is high quality in 2010, exceeding its target by 2%. RTÉ won 147 awards in 2010, an increase of 35% on the previous year.
Deliver Innovative Programming and Services	RTÉ Radio 1 staff was trained on programme page maintenance. The launch of Radio Player was deferred to 2011 due to resource restrictions. 3 cross-media events were delivered in 2010 – Operation transformation, coming of age and the first RTÉ Big Music Week. A range of activities allowing for ‘meet and greet’ opportunities between musicians and concert goers were delivered throughout the year.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

The programming targets set out by RTÉ each year are a fundamental part of its overall performance against its commitments. For this reason we examine these targets in more detail. In 2010 RTÉ broadcast a total of 14,815 hours of programming on television. This represented a reduction of almost 2% on 2009 hours (see Figure 3.1).

Figure 3.1: RTÉ Television Programme Hours Broadcast 2009 & 2010

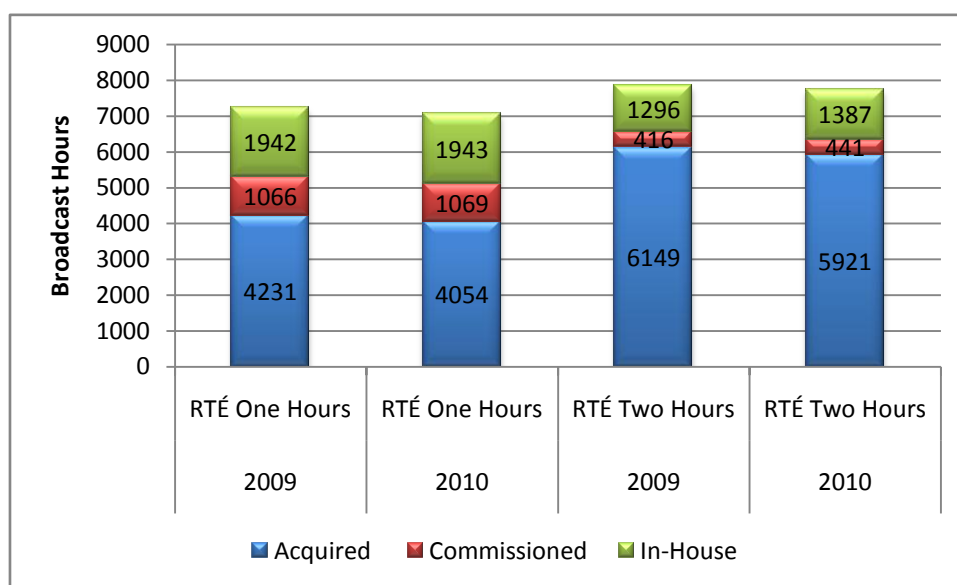


Note: Hours broadcast exclude promotions, presentation events and advertisements which together amounted to 2,420 hours in 2009 and 2,705 hours in 2010.

Source: Indecon analysis of RTÉ data.

Figure 3.2 examines the RTÉ Television broadcast hours for 2010, broken down by channel and source. In 2009 over 52% of television broadcasting hours were from RTÉ Two and the remainder from RTÉ One. Similarly in 2010, RTÉ Two broadcast more hours than RTÉ One, accounting for a 52% share of total hours. The largest share of RTÉ broadcast hours are acquired hours followed by in-house and commissioned. The proportions have remained relatively steady over the two-year period.

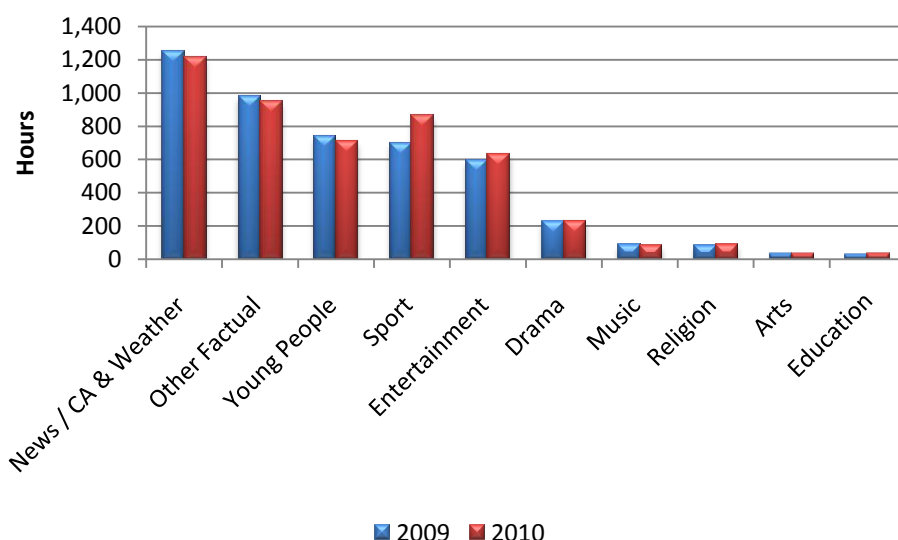
Figure 3.2: Television Programming Hours Broadcast by Source on RTÉ Channels 2009 & 2010



Note: This data shows 'all time hours' which shows a higher acquired content than peak-time hours. Indigenous TV hours broadcast during peak time were 2,006 in 2009 and 2,113 in 2010 according to the RTÉ Annual Report 2010. Hours broadcast in above figure exclude promotions, presentation events and advertisements which together amounted to 2,420 hours in 2009 and 2,705 hours in 2010. Source: Indecon analysis of RTÉ data.

Figure 3.3 presents RTÉ indigenous television broadcasting hours by genre for 2009 and 2010. News / current affairs & weather account for the largest share of total broadcasting hours in both 2009 and 2010. Factual, young people's programming and sport also account for significant shares of total broadcast hours. In 2010, the number of hours broadcast in the sport and entertainment genres increased at the expense of news/current affairs & weather, young people and factual, all of which experienced a reduction in hours.

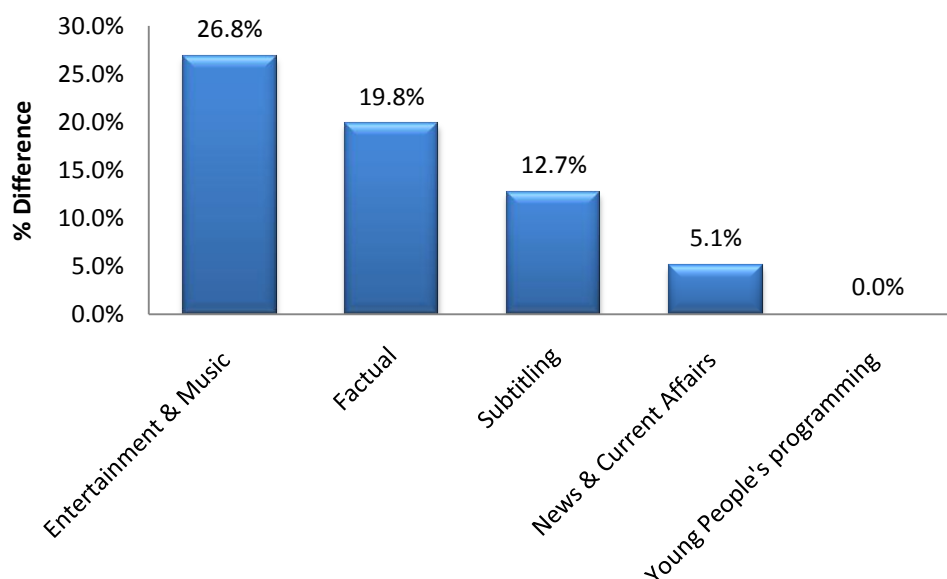
Figure 3.3: RTÉ Indigenous Television Programme Hours Broadcast by Genre 2009 & 2010



Source: Indecon analysis of RTÉ data.

Figure 3.4 displays the percentage difference between the actual and target hours by genre for RTÉ Television programming in 2010. RTÉ exceeded all targets by genre for television output in 2010 with the exception of young people's programming hours of which they met its target hours exactly.

Figure 3.4: Percentage Difference between Actual and Target Hours for RTÉ Television 2010



Note: Drama and sport hours were not specifically targeted in RTÉ's Statement of Performance Commitments 2010. Entertainment & music and factual are peak time indigenous hours. Young people's hours are all-time indigenous hours and subtitling are all-time.

Source: RTÉ 2010 Performance Commitments Report, Indecon Analysis

Table 3.4 presents the details of the targets set and the actual hours broadcast for television programming by genre for 2010. RTÉ set a target of 788 hours for Young People's programming of which they met exactly. Three hundred and fifty-nine hours were set for factual programming and the actual total exceeded this target by 71 hours. RTÉ aimed to broadcast 7,800 hours of subtitled programming in 2010. They exceeded this target significantly with a final total of 8,788 hours. The target output hours set for 2011 are also presented in the table below. The target hours set for 2011 for entertainment & music, factual and young people's programming are below that of the target hours for 2010 and the actual hours for 2010. The target set for subtitling in 2011 is 8,500 hours which is 3.3% below the actual hours for 2010 and almost 9% below the target hours set for 2010.

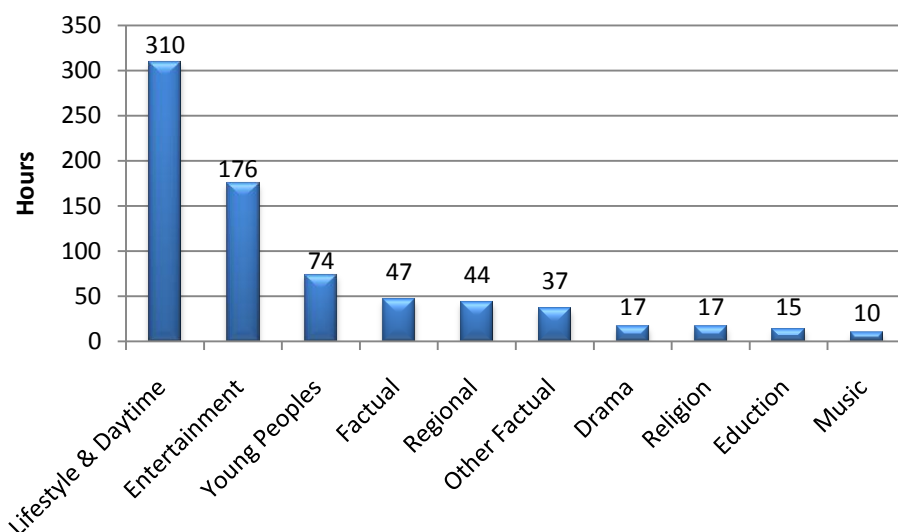
Table 3.4: RTÉ Television Output Performance against Commitments by Key Genres 2010			
	2010	2010	2011
Genre	Target Hours	Actual Hours	Target Hours
Entertainment & Music	313	397	325
Factual	359	430	342
Young People's Programming	788	788	650
News & Current Affairs	1,069	1,123	1,110
Subtitling	7800	8788	8,500

Note: Drama and sport hours were not specifically targeted in RTÉ's Statement of Performance Commitments 2010. Entertainment & music and factual are peak time indigenous hours. Young people's hours are all-time indigenous hours and subtitling are all-time.

Source: RTÉ 2010 & 2011 Performance Commitments Reports.

Figure 3.5 focuses specifically on RTÉ commissioned television programming hours by genre in 2010. Lifestyle and daytime account for the largest share of commissioned programming in 2010 with a total of 310 contractual hours. This genre is followed by entertainment hours, 176 of which were commissioned in 2010. The remaining commissioned genres comprise young people's programming, factual, regional, drama, religion, education and music.

Figure 3.5: RTÉ Television Hours of Commissioned Programming Contracted During 2010 by Genre

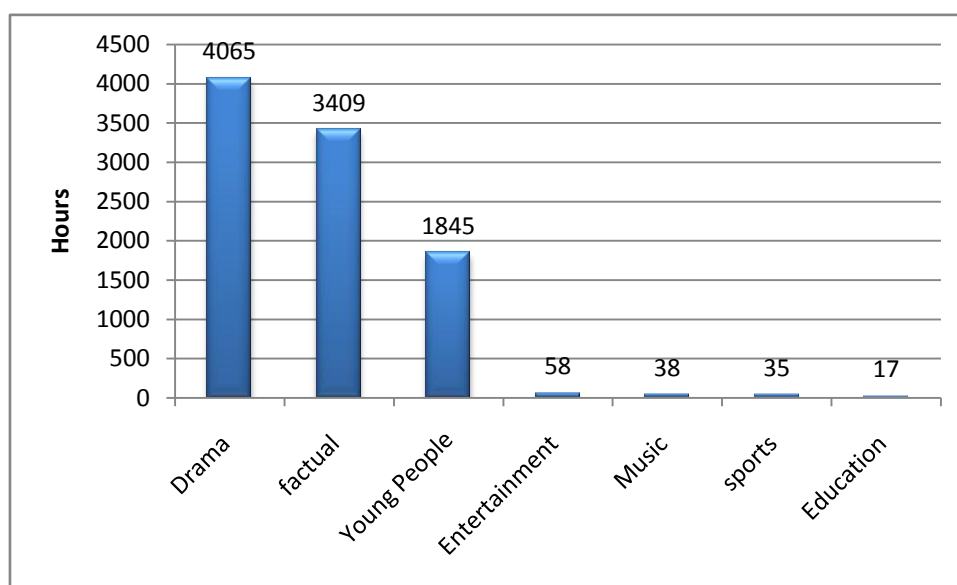


Note: Sports hours have been excluded from this analysis. This data is based on programmes commissioned in the period and not on transmission.

Source: Indecon analysis of RTÉ data.

Figure 3.6 presents the acquired RTÉ programming output for 2010 by genre. The largest portion of programming output is accounted for by drama programming. 4,065 hours of drama programming was acquired in 2010. Young people's programming accounted for 1,845 of the total number of acquired hours in 2010. 3,409 hours of factual programming were acquired and the remaining acquired hours were comprised of entertainment, education, sport and music.

Figure 3.6: RTÉ Acquired Programming Output by Genre, 2010



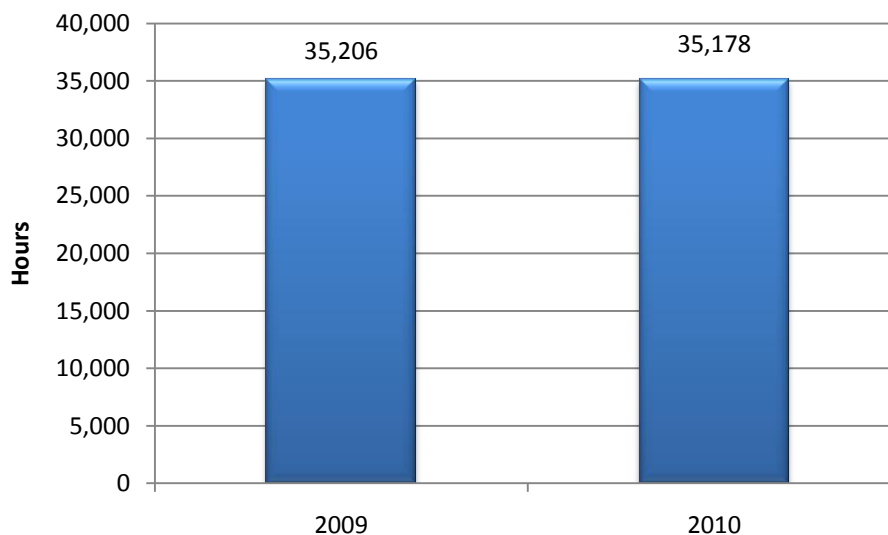
Note: data has been rounded up to the nearest hour.

Source: Indecon analysis of RTÉ data.

A sample of in-house programming hours by genre was provided by RTÉ to Indecon for the purpose of analysing the average cost per hour of in-house programming. Analysis of this data is presented in section 6 of this review.

We now turn to RTÉ Radio broadcasting hours in order to assess the performance of this division in 2010. As is evident in Figure 3.7, RTÉ broadcast a total of 35,178 hours of radio programming in 2010. This represented a minor decline of 0.1% on the total number of hours broadcast in the previous year.

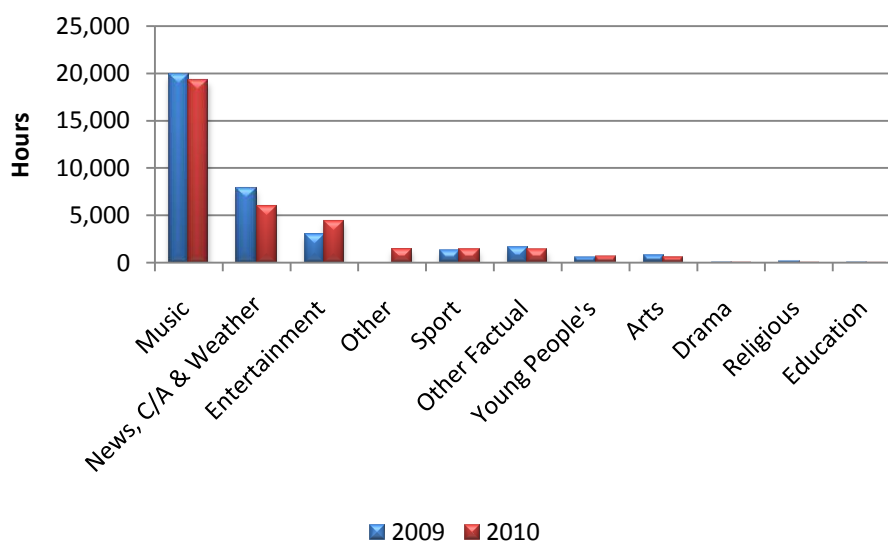
Figure 3.7: RTÉ Radio Broadcasting Hours 2009 & 2010



Source: Indecon analysis of RTÉ data.

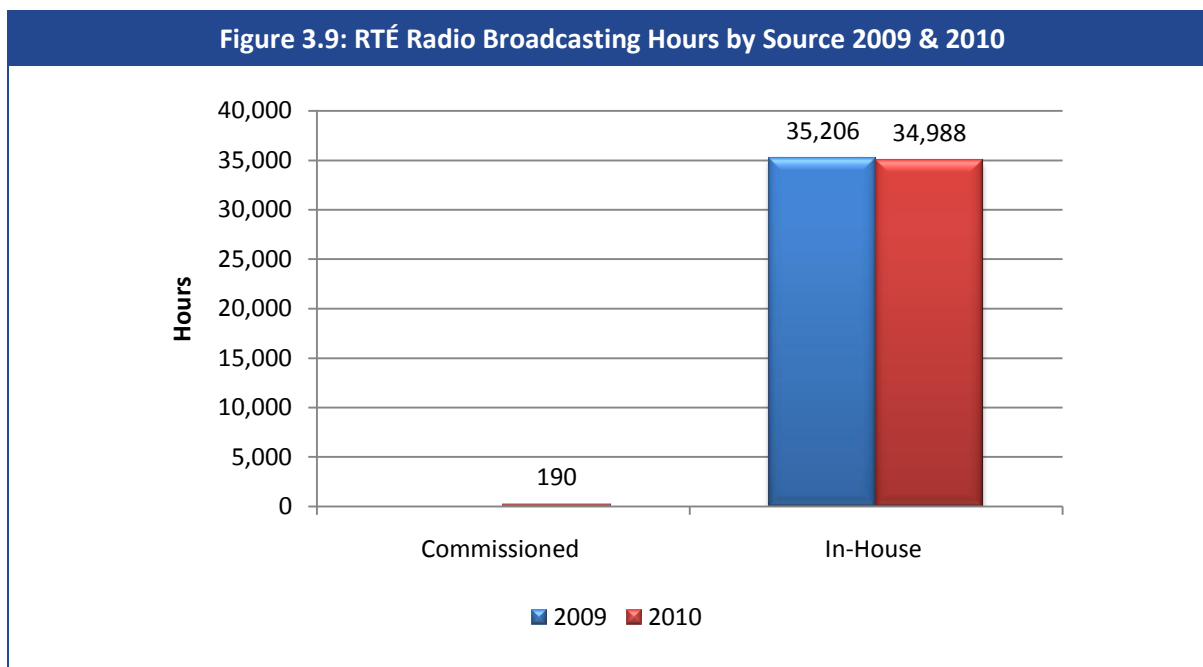
Figure 3.8 presents the total number of radio broadcasting hours by genre for 2010 versus that of 2009. Consistent with the nature of radio broadcasting, the largest share of broadcasting hours is accounted for by the music genre. This is then followed by news, current affairs and weather. The number of hours broadcast in the music and news/weather genres fell slightly from 2009 to 2010 while the number of entertainment hours increased. Sporting hours also increased, while factual programming hours fell.

Figure 3.8: RTÉ Radio Broadcasting Hours by Genre, 2009 & 2010



Source: Indecon analysis of RTÉ data.

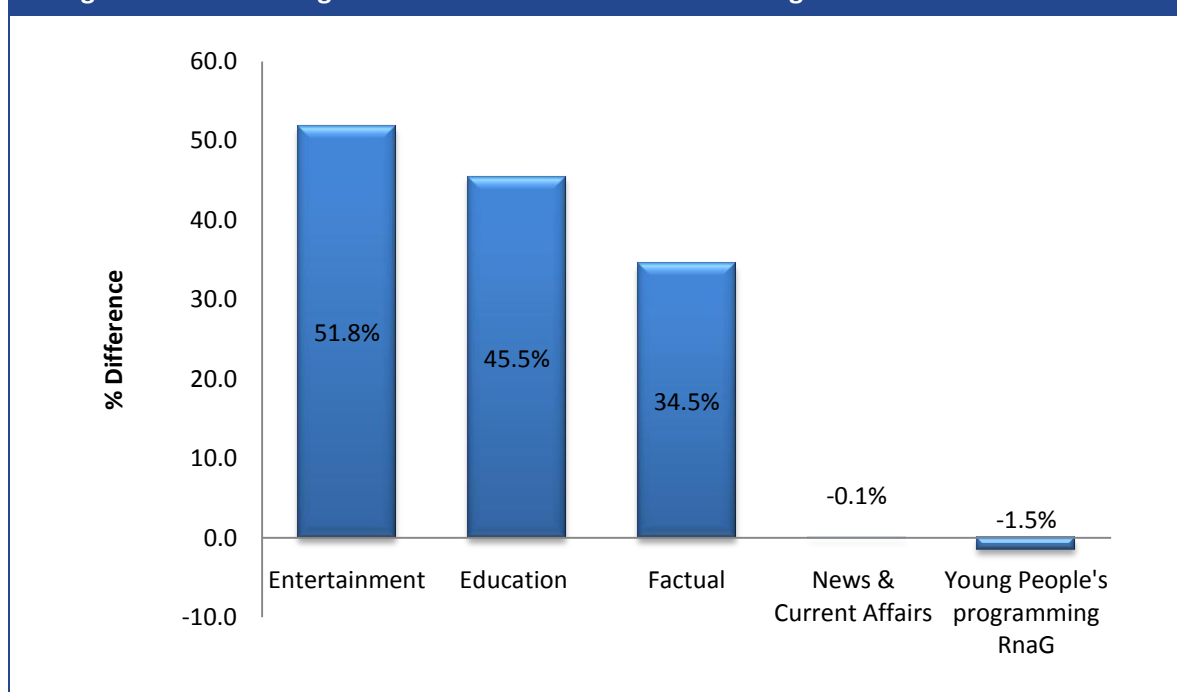
The 2009 Broadcasting Act required RTÉ to set aside a portion of the Independent Production Commissioning Fund for independent radio commissions. As a result, RTÉ Radio agreed formal rules of engagement with the independent sector and established a formal organisational structure for the regulation and pursuit of the resulting business relationships between RTÉ Radio and the independent radio sector. In 2010 RTÉ broadcast a total of 190¹⁸ commissioned hours of radio programming between the five radio stations: RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ RnaG (see Figure 3.9 below).



Source: Indecon analysis of RTE data.

The percentage differential between target and actual output hours for RTÉ Radio by genre is presented in Figure 3.10 below. Music and entertainment output exceeded target by 51.8%. Education and factual genres exceeded target by 45.5% and 34.5% respectively. News/current affairs and young people's programming both fell short of target by 0.1% and 1.5% respectively.

¹⁸ According to data provided by RTÉ.

Figure 3.10: Percentage Differences between Actual and Target Hours for RTÉ Radio 2010

Note: RTÉ Radio targeted genre hours refer to specific programming strands on individual stations and do not reflect the entirety of genre hours across RTÉ Radio.

Source: RTÉ 2010 Performance Commitments Report, Indecon Analysis

Using the evidence in Table 3.5 we can assess the details of the targets set and actual hours for 2010 and the target hours set for 2011 for the RTÉ Radio output. The 2011 target hours set for entertainment & music and factual output on RTÉ Radio are below that of the 2010 target and actual hours for each genre. RTÉ target hours for news/current affairs on radio are slightly higher than actual hours for 2010.

Table 3.5: RTÉ Radio Output Performance against Commitments by Key Genres

	2010		2011
Genre	Target Hours	Actual Hours	Target Hours
Entertainment	342	519	272
Education	11	16	20
Factual	116	156	70
News & Current Affairs	1,652	1,651	1,660
Young People's Programming (RnaG)	596	587	200 ¹⁹

Note: RTÉ Radio targeted genre hours refer to specific programming strands on individual stations and do not reflect the entirety of genre hours across RTÉ Radio.

Source: RTÉ 2010 Performance Commitments Report.

¹⁹ Applies to original hours on RTÉ Junior.

3.3.3 RTÉ Audience Related Commitments

The commitments set out by RTÉ for 2010 which are specific to its audience related performance are presented in Table 3.6 and Table 3.7 along with the key evidence which reveals its performance in this domain. RTÉ exceeded its target of 89% for television audience reach by 3% in 2010. In contrast, the audience reach for radio fell short of the target of 39% by 3%. There were a total of 3.7 million unique browsers on the RTÉ website in 2010. This performance exceeded the target set by 0.4 million. 1.4 million unique browsers in 2010 were of overseas origin, comparing to a target of 1.3 million. RTÉ 2fm fell 3% below its target of reaching 21% of listeners aged 25-44. RTÉ One exceeded its target of an average monthly reach of 94% among adults over 35. RTÉ set a target to be the primary source of Irish content nationally and from the regions. The results indicate that 50% of RTÉ peaktime viewing was indigenous programming. The fact that RTÉ's target for entertainment hours are much less than the actual hours in 2010 and that actual 2010 was much higher than target raises issues about the value of these targets.

Table 3.6: RTÉ Audience Related Commitments 2010

Commitment	Key Evidence
Retain existing and attract new audiences through the provision of relevant services.	Full universal coverage (relating to TV and radio analogue services) of over 98% maintained. Target TV reach of 89% exceeded by 3% at 92% (relating to total monthly 15+ minute reach for all individuals). Radio reach fell short of target by 3% at 36% in 2010. RTÉ exceeded its target of 3.3m unique browsers on RTÉ.ie by 0.4m. RTÉ 2fm reached 18% of 25-44 year olds which was 3% below its target. RTÉ One had an average monthly reach of 94.8% among adults over 35 years against a target of 94%. RTÉ Two had an average monthly reach of 78% among 15-34 year olds, falling short of target of 80%. RTÉ TV had an average monthly reach of 88% among 4-14 year olds against a target of 89%. RTÉ aimed to increase its subtitling hours by 7% since 2009 which they exceeded by increasing hours by 13%. International RTÉ player was launched in January 2010. A range of 8 international radio services were maintained. There were 1.4m unique overseas browsers on RTÉ.ie comparing to the target of 1.3m. 65% of adults agreed that 'RTÉ is for people like me' exceeding the target of 63%. RTÉ TV and radio connection scores for 2010 were 85.1 and 86.1 which exceeded target by 5.1 and 6.1 points respectively. RTÉ Radio achieved a reach of 36% which was 3% behind the target set. This is in the context of a drop in radio listening from 2009 to 2010.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

Table 3.7: RTÉ Audience Related Commitments 2010 (continued)

Commitment	Key Evidence
Be the primary source of independent news and current affairs in Ireland.	Both RTÉ evening news programmes cumulatively reach 36.7% of individuals aged 4+ each week which exceeded its target by 1.7 points. Morning Ireland achieved an average reach of 13%. 94.2% and 95.6% of viewers agreed that Nine o'clock news and Morning Ireland are fair and impartial, respectively. RTÉ TV and RTÉ Radio news achieved Audience Appreciation Index scores of 84.2 and 83.6, both divisions exceeding target. Foreign coverage was maintained on RTÉ Radio 1 and RnaG. RTÉ News provided coverage of several international events including the Haiti earthquake, Pakistan floods and Greek financial crisis.
Be the primary source of Irish / home produced content, nationally and from the regions.	Indigenous hours accounted for 50% of total peaktime hours compared to a target of 48%. RTÉ broadcast 6 new regional series on TV. RTÉ delivered more than double its target hours of radio programming from various regions in Ireland. RTÉ performing groups recorded attendance figures of 170,479 (more than 5,000 in excess of target).
Meet the needs of Irish audiences and build affinity with RTÉ.	67% of adults indicated they are satisfied with RTÉ exceeding the target of 63%. A tender process for a new contract for the RTÉ Audience Reaction Panel (ARP) was completed incorporating daily reporting of 11-14s and the option to survey 6-10 year olds with parental consent. Access of RTÉ ARP to the radio IBD and further use of information in reports and meetings. 65% of adults suggested that 'RTÉ is for people like me' exceeding the target of 63%.
Facilitate access to content throughout digital media and increase connection points with RTÉ.	In Dec RTÉ player delivered 2.25m streams against a monthly target of 2m. Digital signage version of RTÉ News launched in 4 major transit locations. Average monthly downloads figure for podcasts was 961,000 exceeding target of 700,000. 3 online archive projects were delivered, a review and enhancement of data collection for RTÉ Radio digital services was completed. The number of household with a digital radio increased to 7%. 7 new mobile applications delivered to market exceeding target of 3. Mobile edition of Aertel digital service launched in Q1. Delivery of Radio 1 website project postponed to 2011 due to resource restrictions. A right of reply feature was developed for RTÉ One's afternoon programme. RTÉ Performing Groups presence now developed on Facebook and Twitter. Morning Ireland's website was enhanced.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

The audience related commitments are continued in Table 3.8. Other performance highlights included RTÉ Television delivering its target peaktime share of 41% and RTÉ player delivered 2.25 million streams against its target of 2 million. RTÉ commercial radio's (RTÉ Radio 1, 2fm and lyric FM) peaktime share was 32.6%, 2.4 share points below target.

Table 3.8: RTÉ Audience Related Commitments 2010 (Continued)	
Commitment	Key Evidence
Ensure content distribution / delivery across all platforms.	Upgrade of radioman system completed in 2010, roll-out continuous into 2011. RTÉ player large screen TV interface developed and deployed. 90% population coverage achieved for the PSB DTT Mux.
Optimise market share.	Peaktime share for RTÉ TV was 40.9% against a target of 41%. RTÉ commercial radio's peaktime share was 32.6%, 2.4 share points below target.
Be accountable, honest and responsible in all of our activities.	Annual Report published Q2 with information on fees and expenses paid to board available. A draft register of regulatory submissions was compiled. Draft Irish Language Scheme and archive scheme submitted in Q2. RTÉ indicated they were compliant with codes of practice for governance of state bodies and ComReg code of practice in 2010. A Whistle-blowing policy review was completed in Q1, a revised code of business conduct and a code of staff conduct both published in Q3. 3 BAI advert complaints were upheld in 2010. A policy on social media was added to the staff manual. A communications strategy was submitted to the board.
Exceed minimum standards	RTÉ target for subtitling exceeded. Enhancements were made to Corporate Social Responsibility report to include multimedia content. Review of telephone information service completed. RTÉ Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2010 and of its deficit for the year then ended. The provisions of the Combined Code on Corporate Governance are not applicable to RTÉ but RTÉ aim to conform as far as is feasible and a narrative on this is available in the 2010 Annual Report.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

The commitments set out by RTÉ and the relevant evidence in relation to finances and resources are outlined in Table 3.9. RTÉ set out to operate at breakeven level in 2010 but at year end they had an operating deficit of €4.7m. RTÉ's operating costs exceeded the budget for 2010 by 1%. Both radio and RTÉ NL commercial income were below target for 2010 by 2.4% and 6% respectively. RTÉ aimed to reduce its personnel related operating costs to 52% of total operating costs and by the end of 2010 this source accounted for 50% of total operating costs.

Table 3.9: RTÉ Finance and Resource Commitments 2010 (continued)

Commitment	Key Evidence
Manage finances prudently.	RTÉ operated in 2010 at a deficit for the year of €4.7m with revenues of €372m despite aiming to operate at breakeven level. RTÉ's year end net cash balance was €43m. A Corporate Applications Team was established in January to support key business applications – finance and sales.
Optimise funding sources.	RTÉ TV revenue exceeded budget in 2010 driven by the strong performance of spot advertising. RTÉ Radio commercial income was €31.6m against a target of €34m. RTÉ NL's commercial income was €27.2m (6% below target). Commercial DTT did not launch so there was a consequent loss of revenue. RTÉ Publishing increased its revenue by 6.4% compared to 2009, slightly behind target of a 7% increase. TV advertising new businesses increased 15% on the previous year. RTÉ Media Sales achieved success in the development of Advertiser Funded Programming. This enabled the broadcast of a number of key programmes due to commercial partnerships for funding.
Deliver a value for money service.	Re-negotiation of supplier multi-annual contracts. The inclusion of Licence Fee attribution by service included in RTÉ Annual Report 2010. 55% of adults agreed that RTÉ is good value for money (3 points below target).
Control people costs	RTÉ reduced its personnel related operating costs to 50% of total operating costs against a target of 52%. PROC's reduced overall by 4.5% in 2010 (or €8.8m). All contracts issued centrally for monitoring and management purposes.
Efficient resource management.	Cost per transmitted hour monitored. TV studio utilisation target of 75% met. Radio studio utilisation target of 76% met. Closer monitoring of all agency contract staff requests.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

As demonstrated in Table 3.10, RTÉ set out a number of commitments in relation to sustaining and fostering new creativity for 2010. RTÉ's presence at a number of cultural events and arts festivals throughout the year has seen RTÉ as contributing to its fulfilment of this commitment. Measures of its performance in relation to creativity include the introduction of six new voices to its FM Radio services during peaktime and 26 new faces on television including 16 on young people's programming. RTÉ also employed nine interns from 3rd level institutions in 2010.

Table 3.10: RTÉ Creativity Commitments 2010

Commitment	Key Evidence
Foster creativity, new ideas and cultural expression.	RTÉ has a presence at three cultural events and four festivals. RTÉ Radio covered five arts festivals. RTÉ supported a series of new student drama activities through a new partnership with the Irish Drama Association. RTÉ Radio had six new voices in peaktime across its range of FM services. There were 26 new faces on TV and 16 on young people's programming. RTÉ commissioned 3 CD's that promoted Irish composers and musicians. The composer-in-residence scheme was extended and two new works were commissioned. The first Irish Electroacoustic composition competition was established. Three new feature dramas were delivered on TV compared to a target of 2. RTÉ RnaG archive recordings were made available to the Royal Irish Academy which will be used as an input to the new historical language dictionary.
Explore new creative and cultural partnerships.	Some of the partnerships established in 2010 include RTÉ and UCD regarding the transfer of Irish Language and English language literacy and cultural documents. 9 12 week internships commenced in April with students from key 3 rd level institutes. Collaboration with Irish Chamber Orchestra on development of new premises and a concert recorded by RTÉ and broadcast on RTÉ lyric fm. RTÉ contributed to the "Gateway Ireland" portal. RTÉ's engagement with other agencies in evolving a policy regarding National Audio-Visual policy is ongoing.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

RTÉ set out a number of commitments contributing to the overall development of its organisation in 2010. In order to optimize its organisational structure, a review of the organisation's HR structure was carried out in 2010 and one of the outcomes of this was a 25% reduction in its employee headcount. As part of its efforts to maintain and grow collaborative relationships, RTÉ hosted the FIAT/IFTA international conference and jointly hosted the EBU digital radio conference in 2010.

Table 3.11: RTÉ Organisation Development Commitments 2010

Commitment	Key Evidence
Progress project 2025.	Planning consent for phase 1 was secured.
Develop people and skills.	Organisational change programme developed and presented to Executive and Board. Headcount reduced in line with target. Performance management workshops delivered. Trainer courses were delivered in all IBDs to relevant subject expert staff who subsequently delivered on-the-job training to colleagues. Workshop for radio producers deferred to 2011 due to resource restrictions. New media training sessions delivered. Succession planning review completed and discussed with Director General. The communication of RTÉ employee survey findings was postponed due to implementation of a planned programme of staff briefings on economic developments and their impact on RTÉ.
Optimise organisational structure.	25% headcount reduction in HR area following review of organisations HR structure. Cost containment and cost-reduction projects were carried out as part of a continuous improvement on efficiency. Progress was made in preparing data for the delivery of an annual manpower plan in each IBD.
Optimise work practices.	Work practices reviewed and various changes implemented.
Maintain and grow collaborative relationships.	The first RTÉ Independent Radio commissioning round was opened with independent radio productions first airing over the summer. RTÉ performing groups established/nurtured relationships with Cork Opera House, Carlow Opera Project and other local authorities. Open day briefing hosted for independent producers (radio). RTÉ spent a total of €54m on independent commissions. RTÉ hosted the FIAT/IFTA international conference 2010. RTÉ fully participated in the Digital Radio Forum as recommended in “Digital Radio for Ireland”. The EBU Digital Radio Conference in Belfast was jointly hosted by RTÉ and BBCNI. RTÉ attended on-going meetings with BAI, ComReg, IBEC, ASAI & joint research committees. RTÉ 2fm supported an Irish act ‘And So I Watch You From Afar’ at the 2010 Eurosonic Festival.

Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

Table 3.12 outlines the remaining service commitments in 2010 set out by RTÉ relating to editorial standards and technology change. Highlights in this area include the delivery of five international editorial workshops and the training of 168 staff members on the Avid editing system.

Table 3.12: RTÉ Other Service Commitments 2010

Commitment	Key Evidence
Implement highest editorial standards.	Revised programme makers guidelines published in Q3. Five internal training workshops delivered. 8 programme complaints upheld against RTÉ programmes which account for 3% of all complaints. All BAI complaints were dealt with within the mandatory timeframe.
Implement technology change programme.	Preparation for Radioman upgrade was completed. 168 members of staff were trained on the Avid editing system. Complete review of programme making technology completed in 2010 and report published. This review focused on new technologies to reduce production costs and add significant value.
Implement end-to-end digitisation programme.	Presentation system upgrade in progress. RTÉ HD will be available on DTT commencing summer 2010.

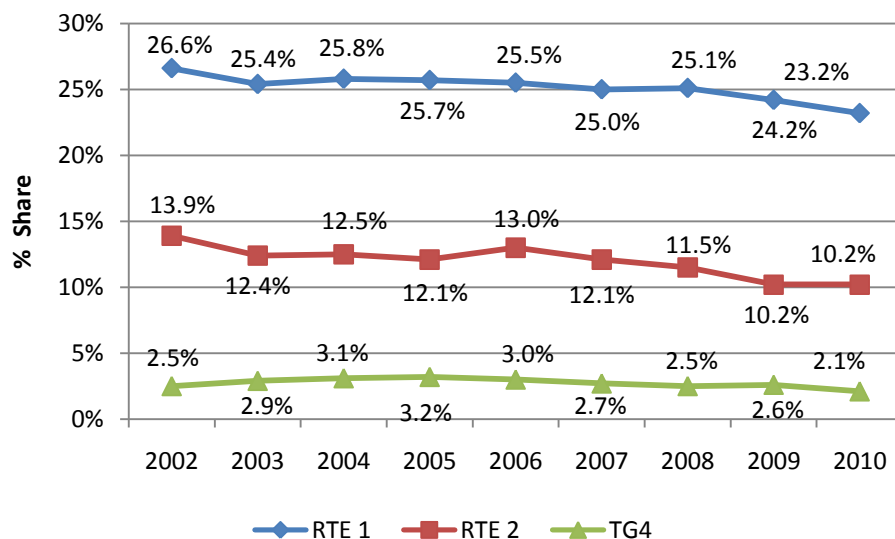
Source: Indecon analysis of RTÉ data from the RTÉ 2010 Performance Commitments Report.

3.4 RTÉ Audience Related Performance

3.4.1 RTÉ Television Audience

The evidence presented in Figure 3.11 below shows that the RTÉ One and RTÉ Two are strong performers relative to other channels in terms of their market share of television viewing. However, the data shows that there has been a downward trend in the viewing shares of both RTÉ channels. In 2010 the viewing shares of RTÉ One and RTÉ Two reached a low of 23.2% and 10.2% compared to 26.6% and 13.9% in 2002 respectively. This represents a drop of 3.1 percentage points in the RTÉ One viewing share and a drop of 3.7 percentage points in the RTÉ Two viewing share over the period. This trend reflects the growing competition being faced by the public service broadcaster in the television broadcasting market.

Figure 3.11: TV Market Shares 2002–2010

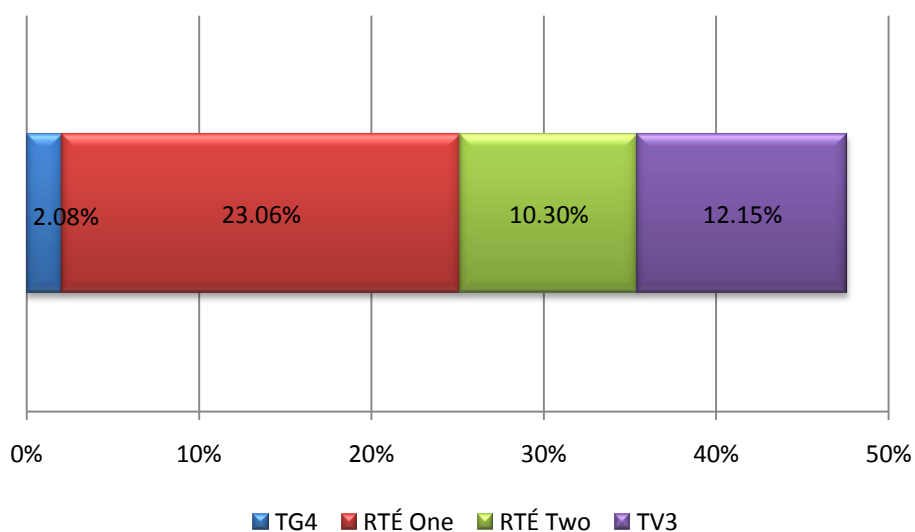


Note: data refers to national individuals aged 4+, all day market share.

Source: Indecon analysis of data from the EBU Guides, Volume 2, July 2011

The average viewing share of RTÉ One was 23.1% in 2010, exceeding that of TV3 and TG4. In the same year RTÉ Two's viewing share exceeded TG4 but fell short of TV3's share at 10.3% compared to 12.15%. Overall the RTÉ channels performed strongly in comparison to their competitors in 2010.

Figure 3.12: Average Audience Viewing Shares 2010 for RTÉ, TG4 and TV3

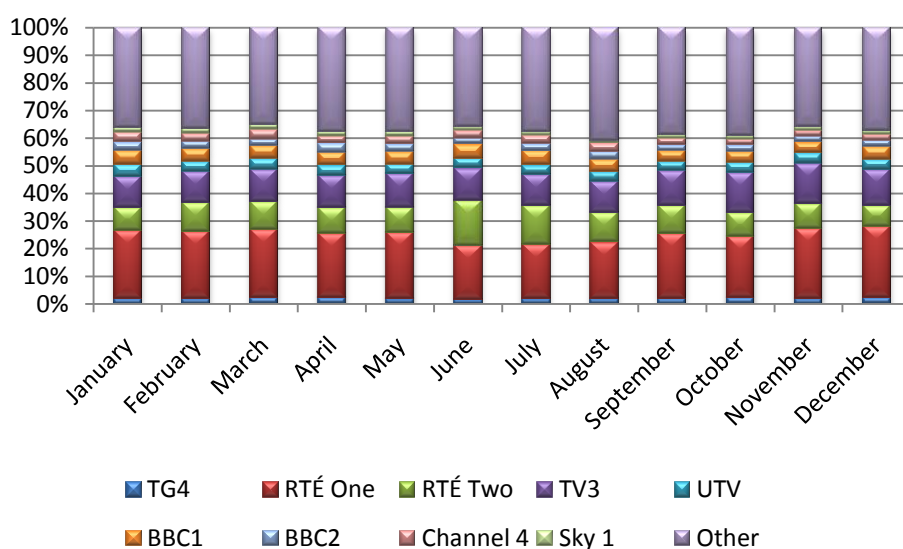


Note: These figures are daypart based on individuals aged 1-120 (national). The average share was calculated based on 12 months of the calendar year.

Source: Indecon analysis of Ipsos / MRBI.

The monthly audience viewing shares of various channels available on the Irish market in 2010 are presented in Figure 3.13. The data confirms the fragmentation of the broadcasting market through the significant share accrued to 'other channels'. Despite this the monthly audience viewing share of RTÉ One and RTÉ Two performed strongly relative to its competitors with TV3 following closely with RTÉ Two on a month-to-month basis. While too much emphasis should not be placed on monthly data it is of interest to ensure that no significant monthly variances exist.

Figure 3.13: Monthly Audience Viewing Shares by Channel 2010



Note: These figures are daypart based on individuals aged 1-120 (national).

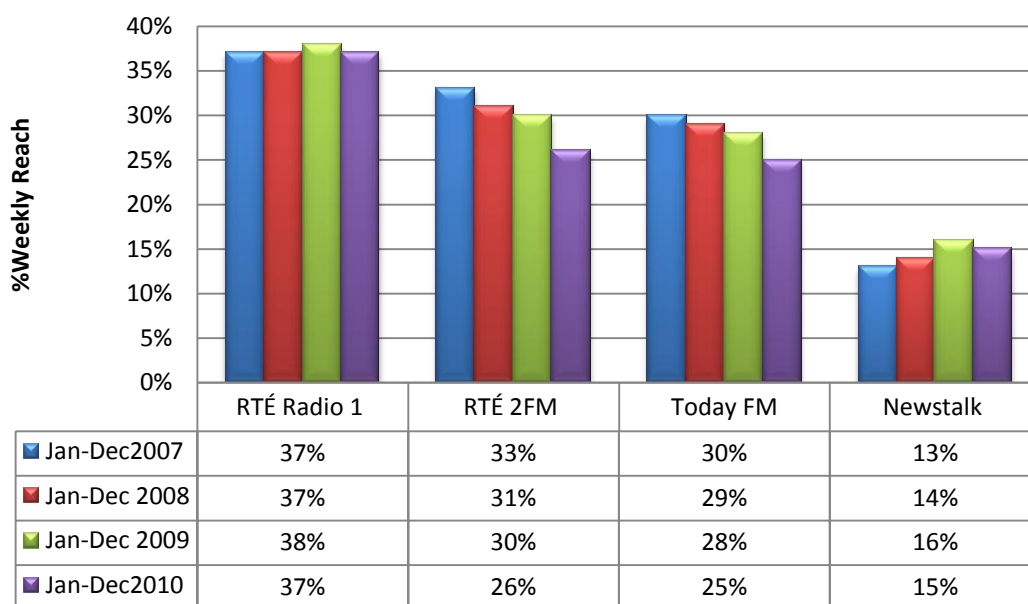
Source: Ipsos / MRBI and Indecon analysis of TG4 data.

The RTÉ Live viewing rates for 2009 and 2010 shows that live viewing rate expanded from 2009 to 2010. The live viewership of RTÉ Television expanded from 182,200 in 2009 to 182,400 in 2010. The overall share of viewing fell from 34.38% to 33.34%. The viewing share of RTÉ One fell more significantly than RTÉ Two.

3.4.2 RTÉ Radio Audience

The RTÉ Radio Listenership figures are also crucial in examining the overall audience related performance of the RTÉ service. The average weekly reach figures for RTÉ Radio 1 and RTÉ 2fm compared to that of their competitors Today FM and Newstalk is presented for the period of 2007 to 2010. RTÉ Radio 1 and RTÉ 2fm dominate the competitors presented over the four year period in terms of weekly reach. RTÉ Radio 1 has maintained a steady reach figure of approximately 37% over the four years with the exception of 2009 when it peaked at 38%. RTÉ 2fm has experienced a year-on-year decline in its average weekly reach from 33% in 2007 to 26% in 2010.

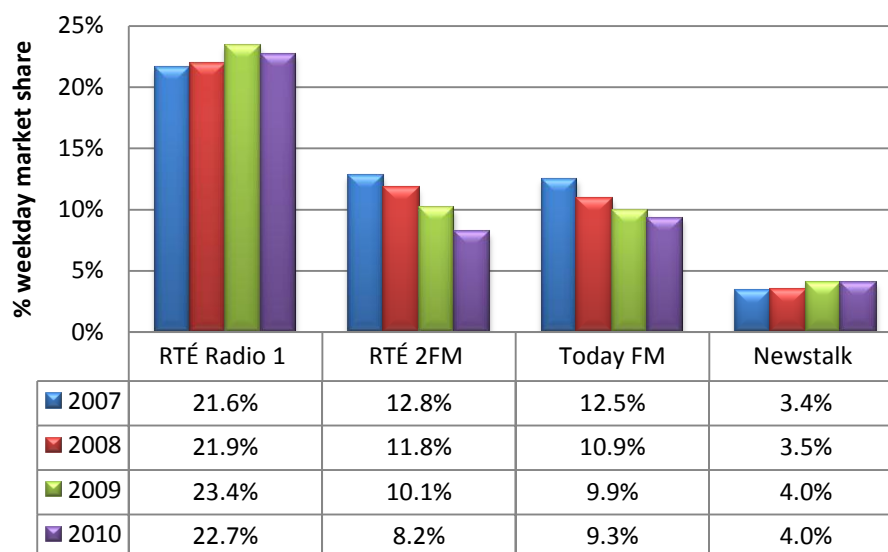
Figure 3.14: National Radio Average Weekly Reach (%) –figures: Calendar years, all Adults 15 years+



Source: JNLR / Ipsos MRBI.

The percentage weekday market share of the national radio stations discussed above is presented in Figure 3.15 below.

Figure 3.15: National Radio Average Weekday Market Share – figures: Calendar year, all Adults 15 years+,



Note: Time slot – 7am – 7pm.

Source: JNLR/Ipsos MRBI.

Table 3.13 compares the average weekday reach across stations for RTÉ Radio in 2009 and in 2010. RTÉ Radio 1 has the highest reach figure of the four stations which decreased from 122.6m in 2009 to 112.7m in 2010. The reach for RTÉ 2fm fell from 53.5m in 2009 to 41.3m in 2010. The reach for RTÉ lyric fm and RTÉ RnaG increased in 2010.

Table 3.13: RTÉ Radio Average Weekday Reach (000s) per Hour for All Adults 15+ years				
Year	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG
	000s	000s	000s	000s
2009	122,600	53,500	10,200	2,600
2010	112,700	41,300	11,000	2,900

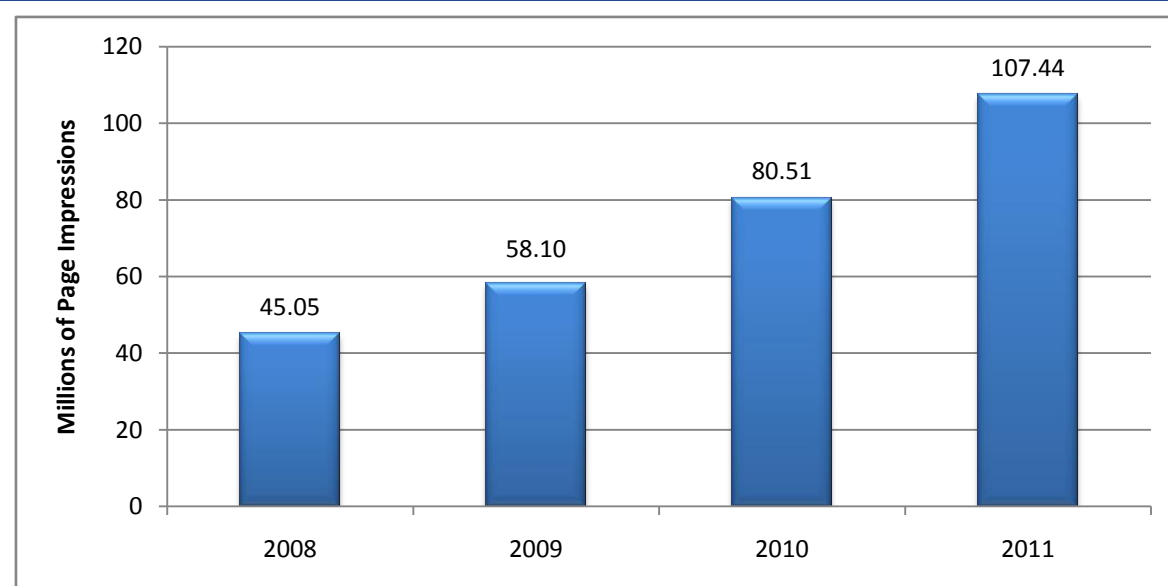
Note: The average weekday reach per hour figures are not standard published JNLR figures and have been derived from JNLR industry survey data in order to enable the calculation of cost-per-listener hour.

Source: RTÉ analysis of Ipsos/mrbi JNLR 2010/4 & 2009/4.

3.4.3 RTÉ Website and RTÉ Player

It is important to examine the RTÉ online viewing rates when taking into consideration its performance in developing its web and TV services. Figure 3.16 demonstrates the significant growth in the average monthly page impressions on the RTÉ website from 2008-2010 and the performance in 2011 from January to August inclusive. Over this period the average monthly page impressions grew from 45.05 million to 107.44 million, representing a total increase of 138%.

Figure 3.16: Average Monthly Page Impressions on the RTÉ Website 2008-2011(to August)

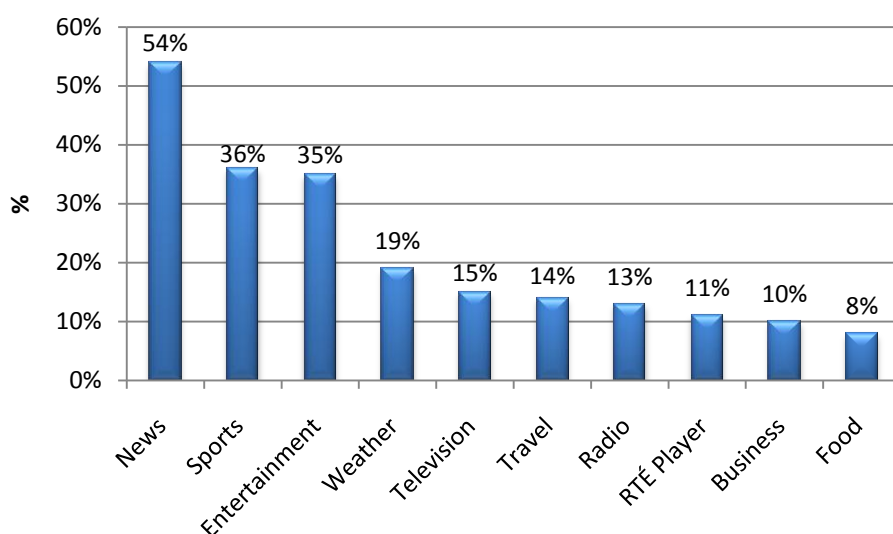


Source: Indecon analysis of RTÉ data.

The areas visited of the RTÉ website by share of total viewers is displayed in Figure 3.17. It is worth noting that News, sports and entertainment are the most viewed areas of the RTÉ website. This

finding is consistent with the fact that these three genres account for the largest share of television broadcasting hours.

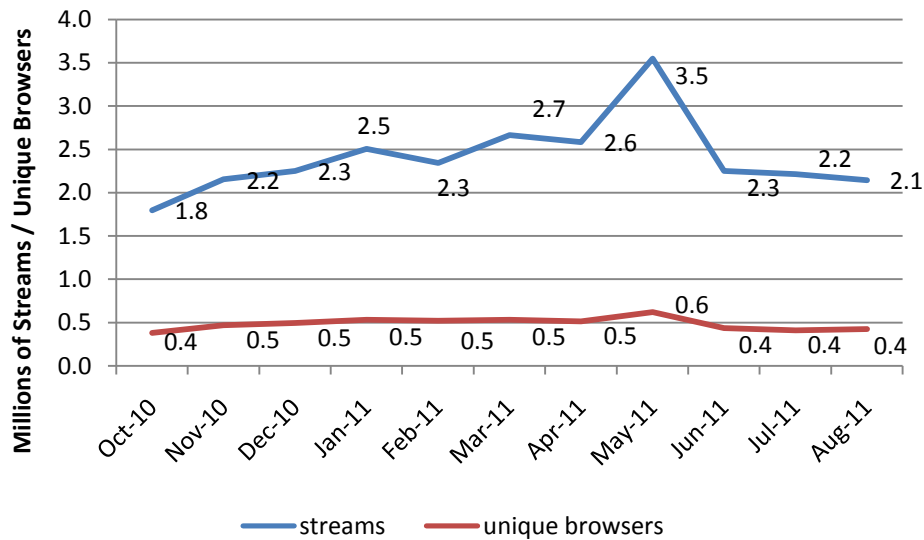
Figure 3.17: Areas of RTÉ Website Visited



Note: Data based on a sample of 337 visitors.

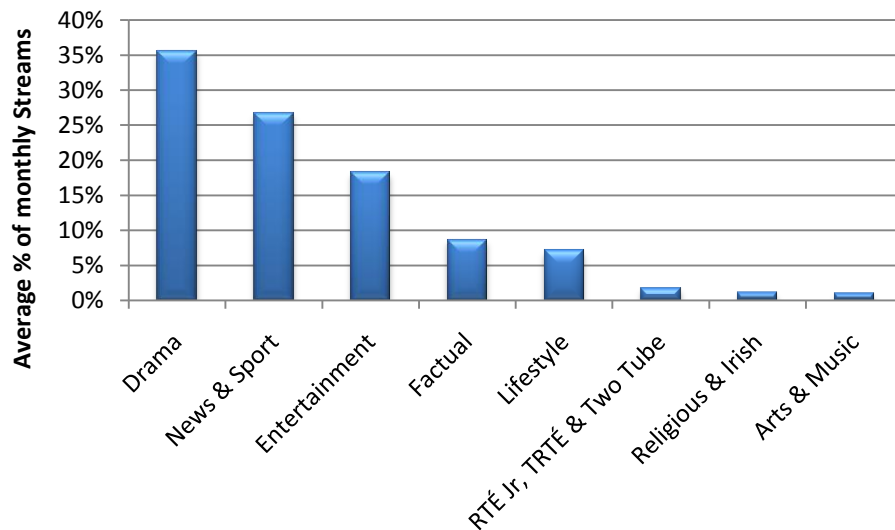
Source: Indecon analysis of TNS mri/RTÉ Corporate Reputation 2009.

The growing trend (albeit from a low base) in the number of streams and unique browsers on the RTÉ online player is clearly demonstrated by Figure 3.18. The number of streams increased from 1.8 million in October 2010 to 2.1 million in August 2011, peaking at 3.5 million in May of 2011. The number of unique browsers in the RTÉ player recorded a rising trend from 0.4 million in October 2010 to 0.6 million in May of 2011 but then began to fall thereafter to 0.4 million by August of 2011.

Figure 3.18: Trend in Streams and Unique Browsers on the RTÉ Player October 2010-August 2011

Source: Indecon analysis of RTÉ data.

Figure 3.19 shows reveals that the growth in monthly streams is driven mainly by the number of streams in the drama, news, entertainment and sport genres.

Figure 3.19: RTÉ Average % of Monthly Streams by Genre Delivered January 2010-August 2011

Source: Indecon analysis of RTÉ data.

3.4.4 RTÉ Audience Feedback

Related to the overall audience related performance of the RTÉ service is the audience feedback it receives. An overview of the opinion of RTÉ audiences on the general standard of the RTÉ service

is presented in Table 3.14. In each case the measure of what percentage of the audience agreed that RTÉ is a fairly or very good example of the statement presented is recorded. Overall the audience perception of the RTÉ service has improved since 2000 with the exception of its value for money. This declining share in perceptions of value for money highlights the need to reduce costs and to implement measures to enhance perceptions of the service offered. Fewer people agreed in 2009 that RTÉ is fairly/very good value for the price of the fee compared to 2000. However, this on its own does not take account of a few contextual factors. The licence fee in 2000 was significantly less than that charged in 2003 which could be a factor in the decline in satisfaction by 2003. In addition, by 2009 the effects of economic change were beginning to be felt; particularly when compared with 2006 perceptions at the height of the economic boom; this may also be influencing perceived value-for-money. The overall level of viewers who feel that they are fairly/very satisfied with the RTÉ service has expanded year-on-year constantly since 2000 reaching 82% in 2009.

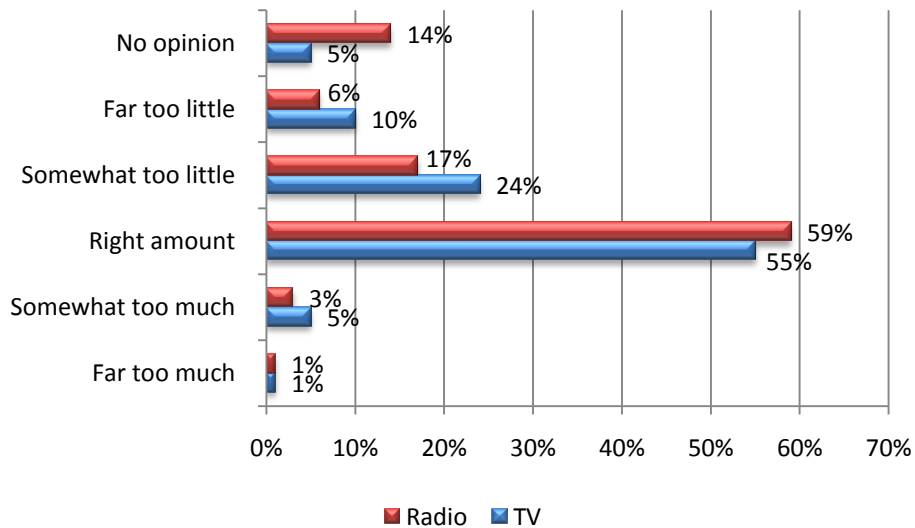
Table 3.14: Audience Opinion on RTÉ As An Organisation (Image on Prompted Criteria)

	2000	2003	2006	2009
Satisfied	71%	71%	78%	82%
Well run	75%	71%	79%	80%
Important in life of the country	85%	86%	88%	92%
Proud of RTÉ	74%	72%	75%	81%
RTÉ is good value for the fee	65%	52%	59%	53%
RTÉ makes some big profits	63%	51%	65%	45%
RTÉ is progressive/go ahead*	60%	53%	71%	68%

*Note: The measure is the % who thinks very/fairly. All respondents = 1,000 adults 15+. *Change of scale to 4 point scale in 2006.*

Source: Indecon analysis of TNS mrbi/RTÉ Corporate Reputation 2009.

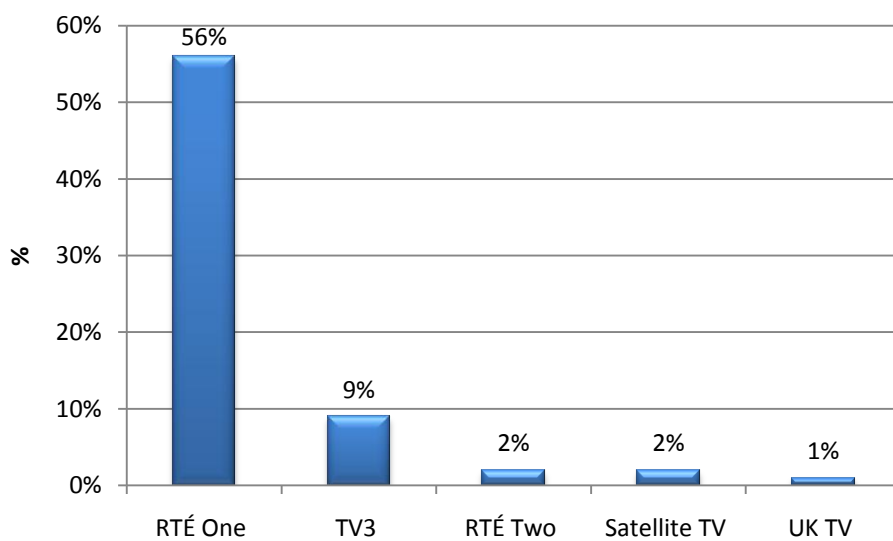
Ensuring that its television and radio programming reflects the culture of the Irish people is an important objective of RTÉ and a key aspect of the remit of a public service broadcaster. Figure 3.20 below displays data on the audience opinion on the amount of Irish culture on RTÉ radio and television programming. In 2009, 59% of respondents agreed that RTÉ produce the right amount of Irish culture in their radio programming while 55% thought this about television programming. 10% of respondents felt that there is far too little Irish culture reflected in RTÉ Television programming while only 6% think this about radio programming.

Figure 3.20: Audience Opinion on Amount of Irish Culture on RTÉ Radio and TV 2009

Note: data is representative of a sample of 1,000 adults 15+ years.

Source: Indecon analysis of TNS mrbi/RTÉ Corporate Reputation 2009.

According to the RTÉ corporate reputation survey of 2009, RTÉ One is the leading source of national news and information. 56% of respondents agreed with this statement. The next most popular source of news and information is TV3 with just 9% of respondents reporting that this was their main source.

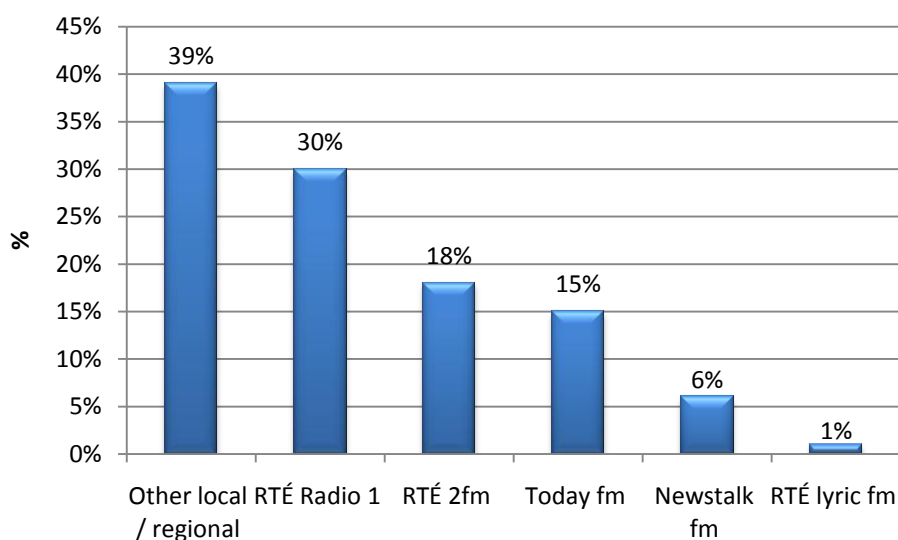
Figure 3.21: Audience Feedback on Main Source of National News and Information 2009

Note: All respondents = 1,000 adults 15+ years.

Source: Indecon analysis of TNS mrbi/RTÉ Corporate Reputation 2009.

When asked what was their best perceived radio station for all round listening, 39% of respondents from the RTÉ corporate reputation survey chose their local or regional station. 30% of respondents chose RTÉ Radio 1 and 18% chose RTÉ 2fm. Today FM closely followed RTÉ 2fm with 15% of the respondents agreeing it was the best station for all round listening. The remaining 7% of respondents chose Newstalk and RTÉ lyric fm.

Figure 3.22: Audience Feedback on Perceived Best Radio Station for All Round Listening 2009



Note: All respondents = 1,000 Adults 15+ years.

Source: Indecon analysis of TNS mrbi/RTÉ Corporate Reputation 2009.

4 Review of RTÉ's Role in Fostering Creativity

4.1 Introduction

One of the important potential contributions of PSBs such as RTÉ concerns the extent to which creativity is supported. Fostering creativity, new ideas and cultural expression among RTÉ staff, the independent production sector and the wider creative sector is an objective of RTÉ. It is, however, important to monitor and assess this contribution rather than simply assume it exists. This section examines new data and evidence in relation to this wider objective by looking at the creative resources supported directly through RTÉ employment and those supported indirectly within the wider sector.

In this review, the extent to which RTÉ fosters and sustains creativity is evaluated through a number of new innovative approaches. These include examining key indicators such as the number and type of creative staff employed by RTÉ, the individual measures taken by RTÉ Television and RTÉ Radio in 2010 to support creativity in the sector, and the number of awards and/or nominations received by RTÉ in 2010. Attention is also paid to those individual programmes which may demonstrate exceptional creativity in 2010.

4.2 RTÉ Creative Resources

Table 4.1 below outlines all the creative staff employed or in contract with RTÉ according to their creative resources or role-type in 2010. A total of 738 creative staff were employed or in contract with RTÉ in 2010. RTÉ estimate the full time equivalent of these employees was 365.1 in 2010. The grand total of 738 included 212 musicians, 193 producers, 143 writers, 99 actors, 76 directors and 15 composers. There are of course a range of other key skills involved in the production of programming including camera crew, researchers, presenters, and other skilled individuals. The above categories were examined separately in order to provide a broad indication of creativity.

Table 4.1: RTÉ 2010 Creative Staff by Role-Type in Contract with RTÉ as at 31 December 2010

Type	No. of Employees	No. of Employees (FTE)	Non Employee	Grand Total
Directors ²⁰	61	60.8	15	76
Producers ²¹	181	176.5	12	193
Actors			99	99
Composers			15	15
Musicians	207	127.9	5	212
Writers			143	143
Grand Total	449	365.1	289	738

Note: The above numbers do not include creative roles contributing to RTÉ commissions, who by the nature of commissioning process would not be directly in contract with RTÉ. Numbers working via the Independent Sector on RTÉ commissions would not be reflected in counts of individuals in contract with RTÉ. Therefore the number of people in creative roles supported by RTÉ would be significantly higher than the number in contract with RTÉ at any point in time.

Source: RTÉ data provided to Indecon.

Table 4.2 provides estimates of the number of actors both directly and indirectly employed by RTÉ through their key TV and radio dramas. This data suggests that RTÉ supported over 500 actors in 2010 within their key dramas.

Table 4.2: Actors Employed Directly or Indirectly by RTÉ Dramas in 2010

Drama	Source	Number of Actors
TV Key Dramas		
Fair City	In-house RTÉ Production	108
Raw (Series 2)	Independent Production Company	24
Love/Hate (Series 1)	Independent Production Company	23
Hardy Bucks	Independent Production Company	29
Wild Decembers	Independent Production Company	13
Single Handed	Independent Production Company (co-produced with ITV)	29
When Harry Met Bob	Independent Production Company (BBC developed, RTÉ responsible for inward production)	19
Radio Dramas		
54 Dramas	In-house RTÉ productions	239

Note: This list of actors is not exhaustive and therefore RTÉ supported over 500 actors in 2010.

Source: PWC Advisory Consulting "Making an Impact, RTÉ Economic Analysis" August 2011.

Table 4.3 provides a closer look at some of the creative staff and additional creative statistics at RTÉ according to genre. In 2010, there were 38 first-time Irish broadcasts on TV (Acts and Artists) within the entertainment genre. Six writers, three of whom were first-time writers, were commissioned in the entertainment genre in 2010. The drama genre commissioned nine writers and seven independent directors. There were 150 creative workers supported in the young

²⁰ Directors include 69 producers/directors in TV and News & Current Affairs divisions in addition to 7 TV directors.

²¹ Producers include producers, assistant producers, clár reachtairí, executive producers, producer/operators and senior producers.

people's programming genre in 2010. These include directors, actors, musicians, composers and writers.

Table 4.3: RTÉ Additional Creativity Statistics 2010

Entertainment	
First Time Irish Broadcasts on TV (Acts & Artists)	38
Writers Commissioned	6 (3*)
Drama	
Writers Commissioned	9
Independent Directors	7
Young People's Programming	
In-House Directors	19
IPU Directors	15
In-House Actors	16
IPU Actors	51
In-House Musicians	5
IPU Musicians	5
In-House Composers	2
IPU Composers	3
In-House Writers	19
IPU Writers	15

Note: 3= first time writers commissioned. IPU = Independent Productions Unit. The IPU was created to foster new sources of creativity and energy within the Independent Production Sector. It works by commissioning programmes from a wide range of independent producers.*

Source: RTE data provided to Indecon.

A report for IBEC undertaken by PWC suggests that RTÉ independent producers and major TV drama supported 3,266 jobs.

4.3 RTÉ Awards and Nominations 2010

The number of awards and nominations won/received is one indicator of the extent to which RTÉ supports creativity in the sector. However, this measure alone does not provide an adequate analysis of the extent to which RTÉ fosters and sustains creativity. In 2010, RTÉ received 214 nominations and won a total of 147 awards. This represented an increase of 5.8% on the number of awards won in 2009. The majority of awards received by RTÉ in 2010 were programming related awards (see Annex 3 for full list).

Table 4.4: Summary of RTÉ Awards and Nominations 2009 & 2010

	2009	2010	% Change in no. of Awards Won
Nominations Received	218	214	
Awards Won	139	147	5.8%

Source: Indecon analysis of data from the RTÉ Annual Report 2010 and the RTÉ 2010 Performance Commitments Report.

4.4 Measures taken by RTÉ Television to Support the Creative Sector

Each year RTÉ hosts an annual Open Day in order to build and sustain relations between the RTÉ commissioning team and independent producers. Screen Producers Ireland (SPI) is also involved. RTÉ Television executives and members of the commissioning team also meet independent producers throughout the year at national and international events. Throughout the year RTÉ regularly encouraged staff to put forward ideas and improve their skills through short-term assignments. RTÉ opened the last two BAI Sound and Vision Schemes to entries from internal staff in addition to independent producers. RTÉ staff are also given opportunities to shadow the more experienced staff during a particular high profile event in order to gain experience in an area or grade they wish to enter.

The commissioning editors at RTÉ aim to foster and sustain creativity within their own programming genres through various policies. Within the young people's programming genre, an extensive search for new onscreen talent was launched following the creation of two new channel sub-brands, RTÉ Jr and tRTÉ. As a result of this search, new presenters, puppeteers and other performers were recruited and formally trained by an award winning director and a specialist in television production for international markets. In-house young people's programme makers have been provided the opportunity to develop skills in shooting tape and editing. The commissioning editor of this genre also ran a series of workshops for discussing pitching, writing of proposals, development of stories and ideas.

RTÉ entertainment fosters and sustains creativity within the areas of comedy (comic writers and performers) and new and established musical talent. RTÉ's policy of renewal and innovation in comedy and comedy drama supports the development of up-and-coming comic writers and performers and also provides them the opportunity of exposure.

RTÉ commissions 50 original documentaries on average every year for which they employ a wide range of creative staff. Within these creative staff RTÉ support first-time directors by pairing them with experts for mentoring. In 2009 RTÉ established the TV Documentary Unit within RTÉ Factual to develop and mentor creative staffing skills in making factual documentaries. This unit provides training in scripting, story-telling, shooting, editing and journalism. This unit also provides various annual television production master classes to the wider television IBD at RTÉ.

RTÉ commissioning policies support the development of new independent companies throughout the country by attending film festivals. RTÉ Irish programming division uses schemes such as ILBF in Northern Ireland to mentor new production companies in making a series for Irish language output.

4.5 Measures taken by RTÉ Radio to Support the Creative Sector

RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm, RTÉ RnaG and RTÉ Digital Radio services combine to make up the RTÉ Radio station portfolio. This portfolio covers a wide range of speech and musical /

entertainment programming including news and current affairs (international, national and regional), drama, documentary, arts, music (contemporary, opera, jazz, traditional, world and music from RTÉ performing groups), Irish language, concerts and events.

Maintaining a high standard of creativity and producing new ideas is a daily challenge for radio presenters. The nature of radio is such that the listeners gain familiarity with the output especially if a certain show has been broadcast for several years. This means that it is essential for the presenters to continuously refresh the schedule in order to keep the listeners entertained and engaged. The creativity of a radio presenter can be translated into the variety of stories they cover, the approach they take in covering the stories and the people they interview and talk to. RTÉ Radio presenters and producers undertake brainstorming sessions aimed at producing imaginative ideas for their programming.

RTÉ Radio producers depend on the creative talent of young writers to write funny and sharp scripts for radio programming. Producers of radio programmes have mentored young writers who have subsequently gone on to prove themselves in the broadcasting industry. RTÉ digital radio is also an outlet for young talent as most of the digital programming is delivered by young talent who are keen to pursue radio presenting.

RTÉ Radio 1 has undertaken a number of training initiatives in 2010 and 2011. The Radio Drama Scheme had supported creativity in the sector through a number of avenues. They:

- ❑ Trained ten theatre directors in the production of audio drama as part of a partnership with the BAI;
- ❑ Annually audition new young talent and upon hiring provide on the job training from experts; and
- ❑ Provide annual training courses for first-time audio drama writers as part of the P.J. O'Connor writing for radio drama awards. Radio drama trained 10 writers in 2010.

RTÉ Radio 1 has entered into a number of partnerships with arts organisations to support its content at events such as Listowel Writers Week, Mountain to Sea Festival, The Dublin Film Fleadh and others. RTÉ Radio 1 also runs a yearly school Shakespeare Workshop in different schools nationwide which is broadcast on the service.

2fm is RTÉ's radio station that has a long standing reputation for supporting emerging Irish musicians and bands. In 2010 2fm undertook the following initiatives to support emerging talent:

- ❑ Recorded 67 full sessions and 20 acoustic sessions with Irish artists and paid over €20,000 in fees to musicians for recordings.
- ❑ Recorded 16 Irish artists at the major festivals and acoustic sessions and/or interviews with approximately 25 Irish bands/artists carried out. Twenty hours of live electro/dance music was broadcast from 6 dance festivals.

- ❑ 2fm commissions ten mixes by Irish DJ's each month and in 2010 paid over €12,000 in fees.

RTÉ lyric fm supports music making by recording and broadcasting RTÉ Performing Groups and other soloists, ensembles and orchestras. RTÉ lyric fm records concerts at the major arts, classical and jazz festivals throughout the year. The station has also commissioned over sixty new works from over 50 composers since 2002. RTÉ lyric fm also runs educational music workshops and an annual outreach programme aimed at transition year students which explores musical identity and cultural diversity. Twenty CDs, which promote and expose Irish musicians, have been issued by the station.

RTÉ Raidió na Gaeltachta supports and broadcasts Gael Linn's annual music competition Siansa. This competition is open to traditional Irish music groups with members under 18 and is broadcast from the National Concert Hall.

RTÉ auditioned 898 new and experienced actors for the fulfilment of 203 parts across six drama series and features in 2009 and 2010. Many of the actors hired had never performed on television before. RTÉ also set up a training scheme for writing for the drama genre in 2009.

4.6 RTÉ Performing Groups 2010

RTÉ National Symphony Orchestra, RTÉ Concert Orchestra, RTÉ Vanbrugh Quartet, RTÉ Philharmonic Choir and RTÉ Cór na nÓg make up the established RTÉ portfolio of performing groups. These performing groups provide a solo platform for Irish artists and conductors. The RTÉ performing groups encompass over 350 performers making it a significant supporter of live classical music in terms of employment, commissioning and showcasing talent. Table 4.5 summarises the creative talent supported by the RTÉ performing groups in 2010 and the performing group events which supported artists in 2010. Of the 350 performers supported, 134 are full-time musicians. One hundred and thirty-four public performances and 77 education-related performances or workshops took place in 2010. Among these performances, 18 original Irish works were showcased.

Table 4.5: Summary of RTÉ Performing Groups 2010	
Resources / Events	2010
Total number of performers	>350
Full time musicians	134
Public performances 2010	184
Education related performances, workshops and talks 2010	77
Original Irish works showcased	18
Irish solo roles engaged in concert	90
World / Irish premieres	8
Voluntary singers	>200

Source: RTÉ data and data from the review entitled 'RTÉ and the Creative Sector'.

Activities highlighted by RTÉ in 2010 as demonstrating how the performing groups foster and sustain creativity are:

- ❑ Ninety Irish musicians were featured in solo roles with the RTÉ Orchestra;
- ❑ The RTÉ Concert Orchestra and the RTÉ National Symphony Orchestra carried out mentoring/training programmes for young talent in collaboration with the leading 3rd level music schools in Ireland where students can join the orchestra for a week and perform in a major concert of the season; and,
- ❑ The RTÉ Concert Orchestra carried out two projects which fused folk and classical music traditions.

4.7 Summary of RTÉ's Role in Fostering Creativity

The extent to which RTÉ takes action to foster and sustain creativity within the wider creative sector is an important element of this review and also a key focus within RTÉ's objectives set out for 2010 (see Table 3.1). The evidence provided suggests that RTÉ played a significant role in supporting creativity in the sector in 2010. A total of 738 creative staff were employed or in contract with RTÉ in 2010. RTÉ estimated that the full time equivalent of these employees was 365.1 in 2010. RTE achieved a small increase in the number of awards won and undertook a number of specific initiatives to support creativity including training, workshops, collaborations and attendance at key festivals throughout the year. Finally, RTÉ also support a large number of creative individuals within their performing groups which encompasses over 350 performers. In 2010, 90 Irish musicians were featured in solo roles with the RTÉ Orchestra.

5 Analysis of RTÉ Financial Performance

5.1 Introduction

This section provides a summary analysis of the key RTÉ financial statements for the period of 2007 to 2010. This is important in evaluating the cost control and efficiency levels of RTÉ and its value for money as well as the adequacy of funding.

5.2 Analysis of RTÉ Group Financial Statements 2008-2010

5.2.1 RTÉ Income

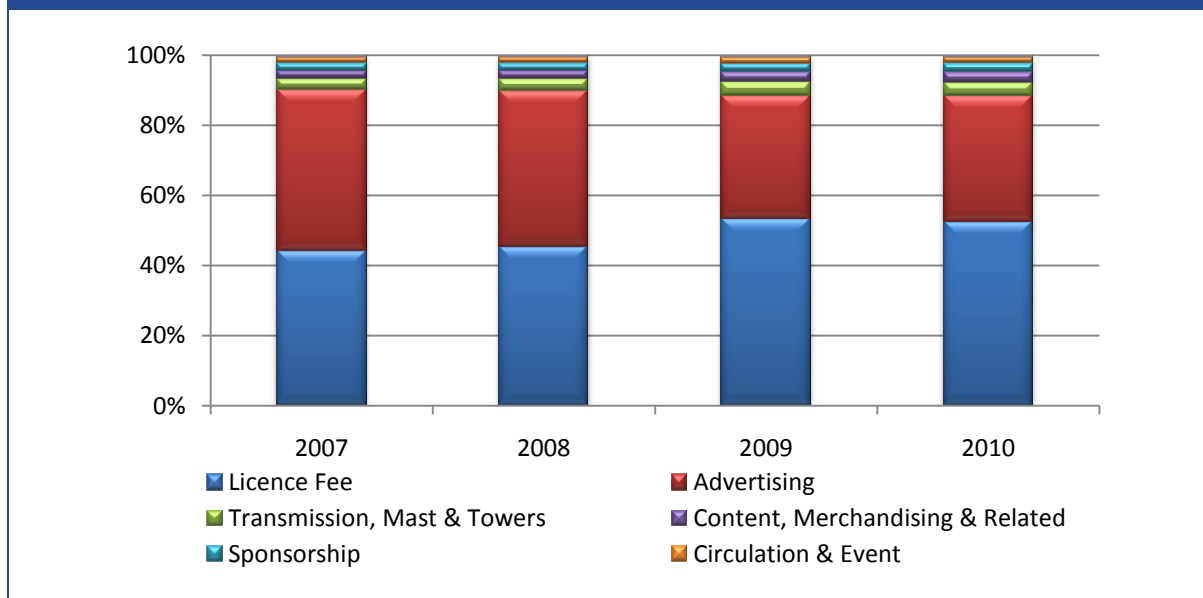
Table 5.1 below provides details of the composition of RTÉ group income for the period of 2007-2010 inclusive. RTÉ income comprises commercial income and public funding. In 2007 and 2008 the larger majority of RTÉ income was commercial income, accounting for 55% on average. In 2009 the share of RTÉ income attributable to commercial income declined. In 2010 there was a small increase in commercial revenue but a significant decline in licence fee revenue.

Table 5.1: Composition of RTÉ Group Income 2007-2010				
Source	2007 €000s	2008 €000s	2009 €000s	2010 €000s
Advertising income	202,422	195,603	131,671	132,647
Sponsorship income	10,105	9,376	8,951	8929
Facilities income	2,302	2,094	1,773	1814
Circulation and event income	7,008	7,080	6,623	6347
Transmission, mast and towers income	13,779	15,155	15,060	15085
Content, merchandising and related sales	9,715	10,306	10,424	10615
Other commercial revenue	122	294	202	262
Total Commercial Income	245,453	239,908	174,704	175,699
Licence Fee revenue attribution	195,699	200,852	200,217	195,968
Total Revenue	441,152	440,760	374,921	371,667
% of Income from Commercial Income	55.64%	54.43%	46.60%	47.27%
% of Income from Public Funding	44.36%	45.57%	53.40%	52.73%

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Figure 5.1 displays the sources of RTÉ commercial income at a disaggregated level. Licence fee and advertising income account for the largest shares. The remainder of commercial income is sourced from transmission, mast and towers income, content and merchandising income, sponsorship income and circulation and event income.

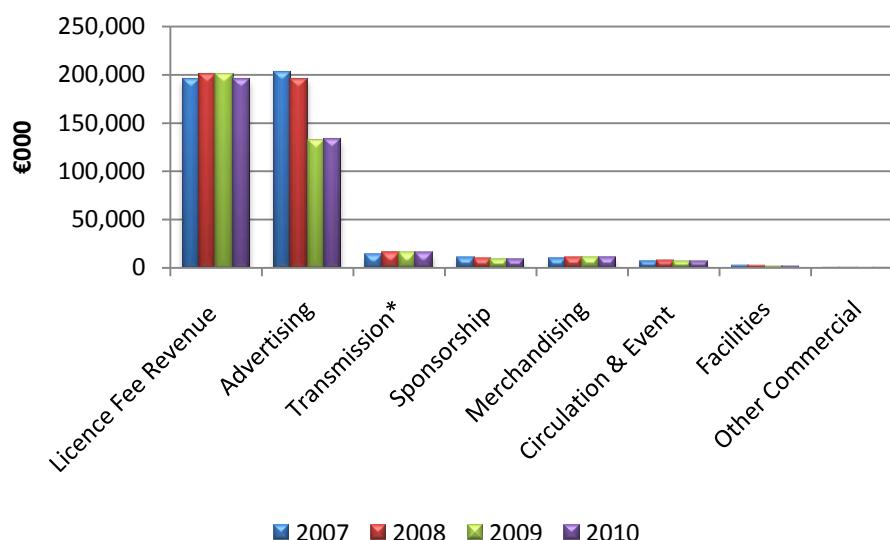
Figure 5.1: Composition of RTÉ Income 2007-2010 (Disaggregated)



Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Figure 5.2 shows the trend in the individual components of RTÉ commercial income from 2007 to 2010. The most striking trend is the significant fall in advertising revenue from 2008 to 2009 which reflects the challenging economic conditions faced by the broadcaster. RTÉ achieved a small increase in advertising revenue in 2010. RTÉ has experienced reductions in licence fee revenue in both 2009 and 2010. Sponsorship income fell in 2009 and 2010, although it only accounts for a small portion of total commercial income. Transmission income has increased slightly year-on-year over the period. Merchandising, circulation and event, facilities and other commercial income have remained steady over the four years.

Figure 5.2: RTÉ Trend in Income by Source 2007-2010



* Transmission includes mast and tower income.

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Table 5.2 provides the breakdown of the RTÉ Group Income Statement for 2007-2010 inclusive. In both 2009 and 2010 RTÉ had an operating deficit. RTÉ revenue has been falling year-on-year since 2007 and was €371.7m in 2010 compared to €441.2m in 2007. This represents an overall 16% reduction in revenue over the period. Over the same period, while RTÉ's operating costs have been reduced by 12.5%, this has not been sufficient to match the decline in revenue.

Table 5.2: RTÉ Group Income Statement 2007-2010

Source	2007 €000s	2008 €000s	2009 €000s	2010 €000s
Continuing Operations				
Revenue	441,152	440,760	374,921	371,667
Operating costs	-430,189	-460,510	-400,734*	-376,597
Results from Operating Activities	10,963	-19,750	-25,813	-4,930
Finance income	3,970	5,363	1,826	1,737
Finance expense	-1,534	-764	-661	-735
Net Defined Benefit Pension Related Finance (expense) / income	16,184	5,725	-2,814	116
Net Finance (expense) / income	18,620	10,324	-1,649	1,118
Deficit Before Income Tax	29,583	-9,426	-27,462	-3,812
Income Tax (expense) / credit	-3,154	9,459	-339	-850
(Deficit) / Surplus for the Year	26,429	33	-27,801	-4,662

*= includes a restructuring charge of €11,341,000.

Note: Figures are for year ended 31st December 2007, 2008, 2009 & 2010.

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Table 5.3 provides a breakdown of RTÉ advertising revenue by division. Year-on-year from 2007 to 2010 TV advertising revenue accounts for the largest share of total advertising revenue at approximately 76% on average, earning a total of €100.5m in 2010. TV advertising revenue fell in

2008 and again sharply in 2009 reflecting the trend in total advertising revenue observed in Figure 5.2 above. Radio advertising accounts for the second largest portion of advertising revenue over the period. This division earned €27.7m in 2010. The remainder of advertising revenue is earned through the RTÉ performing groups and RTÉ publishing division.

Table 5.3: RTÉ Advertising Revenue by Division 2007-2010

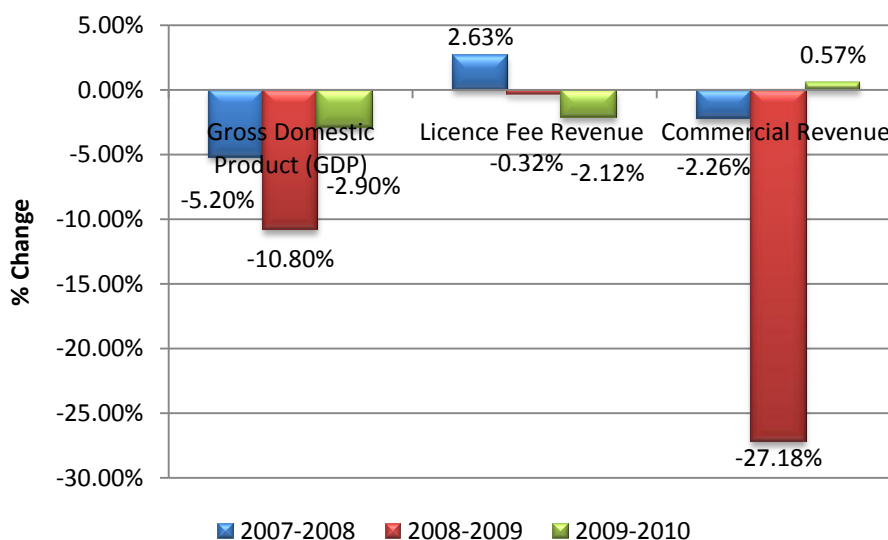
	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
TV	156,928	149,110	99,411	100,532
Radio	39,977	41,105	29,811	27,724
Performing Groups	3	11	3	
Publishing	6,388	5,861	4,104	5,704
Consolidation Adjustments	-874	-484	-1,658	-1,313
Group total	202,422	195,603	131,671	132,647

Note: Consolidation adjustments involve the elimination of intra-group revenue and costs. Publishing includes online.

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Figure 5.3 displays the trend in RTÉ commercial revenue, RTÉ licence fee revenue compared to that of Irish Gross Domestic Product (GDP) over the period of 2007 to 2010. Irish GDP contracted by 5.2% from 2007 to 2008. Reflecting this wider trend, the commercial income earned by RTÉ in the same period fell by 2.26%. The RTÉ licence fee income increased by 2.63% in the same period. From 2008 to 2009 GDP contracted by a significant 10.8%. This was reflected in a reduction in the RTÉ licence fee revenue of 0.32% and a significant reduction in commercial revenue of the order of 27.18%. Finally from 2009 to 2010 a reduction of 2.9% in GDP was recorded. In 2010 RTÉ's licence fee was reduced by 2.12% while the commercial income increased slightly.

Figure 5.3: Trend in RTÉ Commercial Income, RTÉ Licence Fee Revenue and Gross Domestic Product 2007-2010

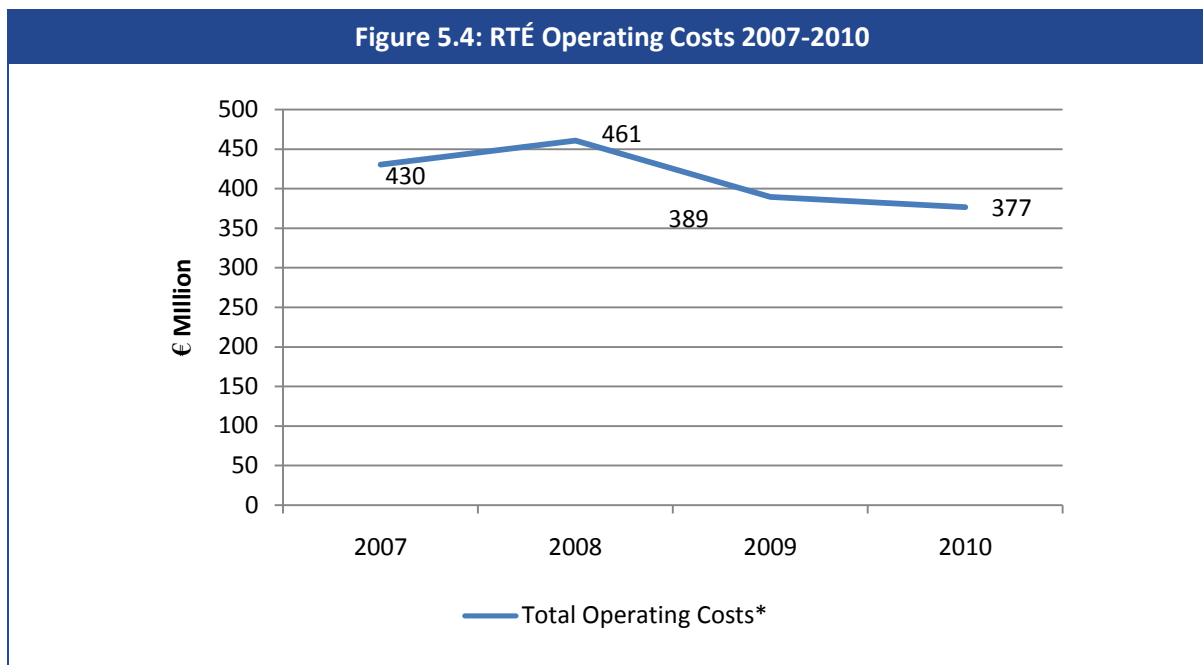


Note: GDP = GDP at current market prices.

Source: Indecon analysis of RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures) and CSO data.

5.2.2 RTÉ Expenditure

An analysis of the RTÉ expenditure is essential to the background of a review of cost efficiency and value for money. The overall trend in RTÉ operating costs since 2008 is displayed in Figure 5.4. RTÉ operating costs increased from €430m in 2007 to €461m in 2008 (7.2% approx). In 2009 RTÉ achieved a reduction of 15.6% in its operating costs and in 2010 they recorded a further 3% reaching a total of €377m.



*Before exceptional items.

Source: Indecon analysis of data from the RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures).

The average percentage share of RTÉ total operating costs accrued to the various components of total cost for the period of 2007-2010 is displayed in Table 5.4. Employee costs are the largest component of total operating costs accounting for almost 40% on average from 2007 to 2010. Direct commissioned costs and other personnel related costs account for 14.85% and 9.6% respectively, on average over the period. Acquired programme costs and sports and other copyrights both account for over 5% of total operating costs.

Table 5.4: RTÉ Components of Operating Costs (Average % Share 2007-2010)

Source	Average % Share 2007-2010
Employee Costs	39.93%
Direct Commissioned Programmes Costs	14.85%
Other Personnel Related Costs	9.60%
Direct Acquired Programme Costs	5.79%
Sports and Other Copyrights	5.08%
Music Licences	1.70%
Outside Broadcast Contracts	1.65%
Communication Circuits	0.87%
Network Electricity	0.70%
RTÉ Guide Printing and Related Costs	0.66%

Source: Indecon analysis of data from the RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures).

The main components of RTÉ operating costs are displayed in Table 5.5. This allows us to identify and analyse the key factors underlying the trend in operating costs in Figure 5.4 above. Personnel-related operating costs account for a large portion of RTÉ total operating costs. Contained in personnel related costs are salaries and other employee related costs. RTÉ have achieved a year-on-year reduction in personnel related operating costs over the period from 2008 to 2010. Overall these costs have reduced from €221.9m in 2008 to €186.6m in 2010. This represents an overall reduction in the order of 16%. Non personnel related operating costs include programming costs, licences, printing, electricity, insurance and other costs. Direct commissioned programme costs, direct acquired programme cost and sports and other copyrights make up the largest majority of non personnel related operating costs. Both commissioned and acquired direct programming costs have reduced year-on-year over the period from 2008 to 2010. Commissioned programme costs have been reduced from €70.2m in 2007 to €52.1m in 2010 (-26%). Acquired programming costs have been reduced by a smaller proportion from €22.7 to €23.9m over the period (-5.3%). Other third party costs also account for a significant portion of total operating costs. These costs increased in 2008 but subsequently fell in 2009 and 2010 recording an overall reduction of 23% over the four-year period.

Table 5.5: Analysis of RTÉ Group Operating Costs 2007–2010 (Disaggregated)

	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
Employee Costs	169,615	176,077	161,294	152,955
Other Personnel Related Costs	46,185	45,887	34,103	33,667
Personnel Related Operating Costs	215,800	221,964	195,397	186,622
Direct Commissioned Programmes Costs	70,211	72,202	52,845	52,100
Direct Acquired Programme Costs	22,684	24,199	24,445	23,908
Sports and Other Copyrights	16,861	25,812	16,541	24,589
Outside Broadcast Contracts	7,172	7,130	6,142	6,770
Communication Circuits	3,582	4,015	3,320	3,544
RTÉ Guide Printing and Related Costs	3,585	2,819	2,378	2,152
Network Electricity	3,244	3,140	2,609	2,666
Music Licences	6,448	7,806	7,462	6,433
Insurance Policies	1,457	1,583	1,514	1,138
Other Third Party Costs	60,299	68,818	50,705	46,275
Non personnel Related Operating Costs (before depreciation and amortisation)	195,543	217,524	167,971	169,575
Depreciation and Amortisation	18,846	21,022	26,025	20,400
Non personnel Related Operating Costs (after depreciation and amortisation)	214,389	238,546	193,996	189,975
Total Operating Costs (before exceptional item)²²	430,189	460,510	389,393	376,597

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Table 5.6 presents RTÉ's historical cost-income ratio. From 2008 to 2010 inclusive, RTÉ's operating expenditure has exceeded its total income. The gap between income and expenditure has however, been shrinking gradually over the three years. The decline in the cost-income ratio from 2008 to 2010 can be accredited to reductions in operating costs despite some reductions in income during the same period.

Table 5.6: RTÉ Cost-Income Ratio

	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
Total Revenue / Income	441,152	440,760	374,921	371,667
Total Operating Costs (after depreciation & Amortisation, before exceptional item ²³)	430,189	460,510	389,393	376,597
Cost-Income Ratio (%)	97.5%	104.5%	103.8%	101.3%

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

The RTÉ consolidated group income and expenditure statement has been reproduced in Table 5.7 below. As noted earlier, RTÉ has experienced a reduction in its income year-on-year since 2007. Total costs increased in 2008 but reductions were achieved in 2009 and 2010. RTÉ retained a deficit at year end in both 2009 and 2010. However, this deficit was reduced from -€27.8m in 2009 to -€4.66m in 2010.

²² Restructuring charge in 2009 = €11,341,000.

²³ Restructuring charge in 2009 = €11,341,000.

Table 5.7: Consolidated Group Income and Expenditure Statement for RTÉ 2007 - 2010				
	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
Revenue				
Advertising income	202,422	195,603	131,671	132,647
Sponsorship income	10,105	9,376	8,951	8,929
Facilities income	2,302	2,094	1,773	1,814
Circulation and event income	7,008	7,080	6,623	6,347
Transmission, mast and towers income	13,779	15,155	15,060	15,085
Content, merchandising and related sales	9,715	10,306	10,424	10,615
Other commercial revenue	122	294	202	262
Commercial revenue	245,453	239,908	174,704	175,699
Licence Fee revenue attribution	195,699	200,852	200,217	195,968
	441,152	440,760	374,921	371,667
Costs by output category				
<i>Programme costs - by source</i>				
In-house productions	-266,277	-245,007	-209,166	-200,196
Statutory commissions	-32,915	-35,868	-37,222	-40,164
Non - statutory commissions	-44,274	-44,026	-22,857	-17,408
Indigenous programming	-303,466	-324,901	-269,245	-257,768
Acquired programmes - Ireland	-327	-426	-391	-650
Acquired programmes - Overseas	-23,679	-24,698	-24,975	-23,849
	-327,517	-350,025	-294,611	-282,267
General broadcast and transmission costs	-45,928	-51,637	-46,093	-46,257
RTÉ NL transmission and power charges	-	-	-	-
Sales costs	-12,389	-12,662	-9,404	-9,795
Other output related costs	-37,541	-39,537	-35,407	-34,244
Total	-423,375	-453,861	-385,515	-372,563
Unallocated revenues and costs				
Restructuring charge	-	-	-11,341	-
Corporate HQ	-7,439	-5,813	-3,914	-4,119
Interest Payable	-	-752	-625	-650
Interest Receivable	3,061	4,515	1,826	1,737
IBD Surplus / (Deficit)	13,399	-15,151	-24,648	-3928
Net defined benefit pension related finance income	16,184	5,725	-2,814	116
Deficit / Surplus before Income Tax	29,583	-9,426	-27,462	-3812
Income tax credit	-3,154	9,459	-339	-850
Deficit / Surplus for the Year	26,429	33	-27,801	-4,662

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Table 5.8 present the RTÉ consolidated group cash flow statement 2007-2010. This shows that RTÉ recorded an operating deficit in 2009 and in 2010.

Table 5.8: Consolidated Group Cash Flow for RTÉ 2007-2010

	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
Cash Flows from Operating Activities				
Surplus / Deficit for the year	26,429	33	-27,801	-4,662
Adjustments for:				
Restructuring charge	-	-	11,341	-
Depreciation of property, plant and equipment	17,857	19,970	24,537	18,548
Amortisation of intangible assets	988	1,052	1,488	1,852
Loss / (gain) on disposal of property, plant and equipment	-5	32	49	5
Loss on disposal of intangible assets	-	16	-	-
Difference between pension charge and cash contributions	6,209	4,613	1,485	1,321
Net finance income	-19,423	-10,324	1,649	-1,118
Income tax (credit) / expense	3,154	-9,459	339	850
Total	35,209	5,933	13,087	16,796
Change in inventories and related payables	-2,195	2,581	-1,557	4,390
Change in trade and other receivables	-4,208	9,145	14,637	-982
Change in prepayments	-7,259	6,910	-3,071	57
Change in provisions and trade and other payables	6,294	259	476	-1,399
Change in taxation and social welfare	-191	-5,514	1,588	127
Change in provisions and employee benefits	3,574	-877	-15,837	-4,508
Net Cash from Operating Activities	31,224	18,437	9,323	14,481
Cash Flows from Investing Activities				
Cash disposed of on discontinued operation	-3,568			
Interest received	3,865	5,602	1,764	1,620
Proceeds from sale of property, plant and equipment	43	63	64	35
Acquisition of property, plant and equipment	-20,026	-44,432	-19,342	-11,499
Acquisition of intangible assets	-2,706	-1,538	-1,228	-318
Cash Flows from Financing Activities				
Decrease / (increase) in liquid investments	-3,972	73,405	-41,718	4,536
Net Cash from Financing Activities	-3,972	73,405	-41,718	4,536
Net increase / decrease in cash and cash equivalents	4,860	51,537	-51,137	8,905
Cash and cash equivalents at 1 January	11,870	16,730	68,267	17,130
Cash and Cash Equivalents at 31 December	16,730	68,267	17,130	26,035

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

Table 5.9 presents the RTÉ group balance sheet for 2007 to 2010. RTÉ net assets decreased year-on-year recorded an overall reduction of 20% from €318m in 2007 to €253.5m in 2010.

Table 5.9: RTÉ Consolidated Group Balance Sheet 2007-2010

	2007	2008	2009	2010
Source	€000s	€000s	€000s	€000s
ASSETS				
Non-Current Assets				
Property, plant and equipment	79,096	108,931	98,286	92,115
Intangible assets	4,515	4,973	4,711	3,329
Pension asset	17,535	-	9,208	3,861
Deferred tax assets	-	923	-	474
Other receivables	942	626	503	338
Total Non-Current Assets	102,088	115,453	112,708	100,117
Current Assets				
Inventories	44,387	41,314	37,156	35,663
Trade and other receivables	61,963	53,134	38,620	39,778
Prepayments and accrued income	19,455	11,468	14,654	14,720
Liquid investments	73,405	-	41,718	37,182
Cash and cash equivalents	16,730	68,267	17,130	26,035
Total Current Assets	215,940	174,183	149,278	153,397
Total Assets	318,028	289,636	261,986	253,495
EQUITY				
Retained earnings	177,302	74,263	145,435	137,299
LIABILITIES				
Non-Current Liabilities				
Employee benefits	13,468	8,806	14,879	12,805
Pension liability	-	86,617	-	
Deferred tax liabilities	10,365		969	
Total Non-Current Liabilities	23,833	95,423	15,848	12,805
Current Liabilities				
Trade and other payables	70,055	76,899	65,115	67,848
Taxation and social welfare	14,972	9,095	10,282	12,034
Derivative financial instruments	984	148	184	268
Employee benefits	24,727	29,276	19,332	17,549
Provisions	6,155	4,532	5,790	5,692
Total Current Liabilities	116,893	119,950	100,703	103,391
Total Liabilities	140,726	215,373	116,551	116,196
Total Equity and Liabilities	318,028	289,636	261,986	253,495

Source: RTÉ Annual Reports 2008, 2009 & 2010 (most recently published figures), Indecon Analysis.

5.3 RTÉ Actual Vs Budgeted Income & Expenditure 2010 and Projections for 2011

An analysis of the RTÉ actual versus budgetary revenue performance for 2010 forms a significant part of the overall assessment of the financial performance of RTÉ for the year. The forecast range for RTÉ 2011 income and expenditure were considered in detail by Indecon as part of the review process. However, given the commercial sensitivity of the information provided by RTÉ, this information has not been published in this report.

5.4 Overview of RTÉ Financial Performance

In 2010 RTÉ achieved a small increase in commercial income but experienced a significant reduction in licence fee income. The share of RTÉ income attributable to the licence fee income was 52.7% in 2010 while commercial income accounted for 47.3%.

A reduction of 3.4% in operating costs was also achieved in 2010. RTÉ aimed to reduce the share of operating costs accounted for by personnel related operating costs to 52% in 2010. They subsequently reduced this share to 50%.

RTÉ recorded an operating deficit of €4.66m in 2010. RTÉ have forecasted a net deficit in 2011. Significant further cost reductions will need to be implemented in order to address this deficit.

6 Efficiency, Value for Money and Adequacy of Funding

6.1 Introduction

An important element of this review is to consider the issue of the cost efficiency and value for money of the RTÉ service. In the event that any costs are higher than required this would impact on the appropriate level of public funding. This chapter examines the cost efficiency and value for money of RTÉ in terms of television and radio programming costs, staff costs, and the recent cost reducing measures implemented by RTÉ in 2010 and 2011 to date. The historical trend in cost per hour of RTÉ television and radio programming by source and genre is reviewed. Staff costs including salaries and overtime are also considered. For the first time in such a review a detailed analysis of overtime and absenteeism costs is also undertaken. We also undertake a preliminary review of the adequacy of funding. This latter question of course depends on what objects are set for the broadcaster. Earlier in this report we referred to survey data on perceptions of whether the licence fee was value for money and this showed a decline in the percentage of customers who believed it represented value for money. Against this background it is important to secure ongoing cost efficiencies.

6.2 Cost of Programming

6.2.1 Overview

Taking into consideration that programming costs are a significant driver of total operating costs, it is important to examine these costs in more detail when reviewing the cost efficiency of the RTÉ service. RTÉ total programming costs (radio and television) are broken down by category for the period of 2007 to 2010 inclusive in Table 6.1. RTÉ achieved a reduction in the order of 15% in its total programming costs in 2009 and a further 3.4% in 2010. Total programming costs amounted to €372.56m in 2010 which represents an overall reduction of 12% for the total period. The average percentage share of total programming costs accounted for by each source of programming costs is also shown in the table below. In-house productions account for the largest share of programming costs at almost 54% of total programming costs on average over the four years. Statutory and non-statutory commissions combined account for 16.7% of total programming expenditure. The next most significant drivers of programming costs are general broadcast and transmission costs of which account for an average of 11.6% over the period. With the exception of statutory commissions and acquired programming from Ireland, each of the programming expenditure categories experienced reductions or remained relatively stable over the four-year period. The most noteworthy changes were a reduction in excess of 60% in non-statutory commissions

Table 6.1: RTÉ Costs by Output Category 2007-2010

	2007	2008	2009	2010	Average Share 2007-2010	% Change 2007-2010
Source	€000	€000	€000	€000	%	%
In-house Productions	226,277	245,007	209,166	200,196	53.85%	-11.53%
Statutory Commissions	32,915	35,868	37,222	40,164	8.94%	22.02%
Non-Statutory Commissions	44,274	44,026	22,857	17,408	7.86%	-60.68%
Acquired Programmes (Ireland)	372	426	391	650	0.11%	74.73%
Acquired Programmes (Overseas)	23,679	24,698	24,975	23,849	5.94%	0.72%
General Broadcast and Transmission	45,928	51,637	46,093	46,257	11.61%	0.72%
RTENL Transmission and Power	45,928	-	-	-		-
Sales Costs	12,389	12,662	9,404	9,795	2.71%	-20.94%
Other Output Related Costs	37,541	39,537	35,407	34,244	8.97%	-8.78%
Total Programming Costs	423,375	453,861	385,515	372,563	-	-12.00%

Note: Cost above includes all reportable segments and consolidated adjustments.

Source: Indecon analysis of data from the RTÉ Annual Reports 2008, 2009 & 2010.

6.2.2 RTÉ Television Programming Costs

Television programming costs form an integral part of total programming costs incurred by RTÉ. Table 6.2 shows that RTÉ incurred a total of €53.16m in expenditure on television programming commissions from the independent sector in 2010.

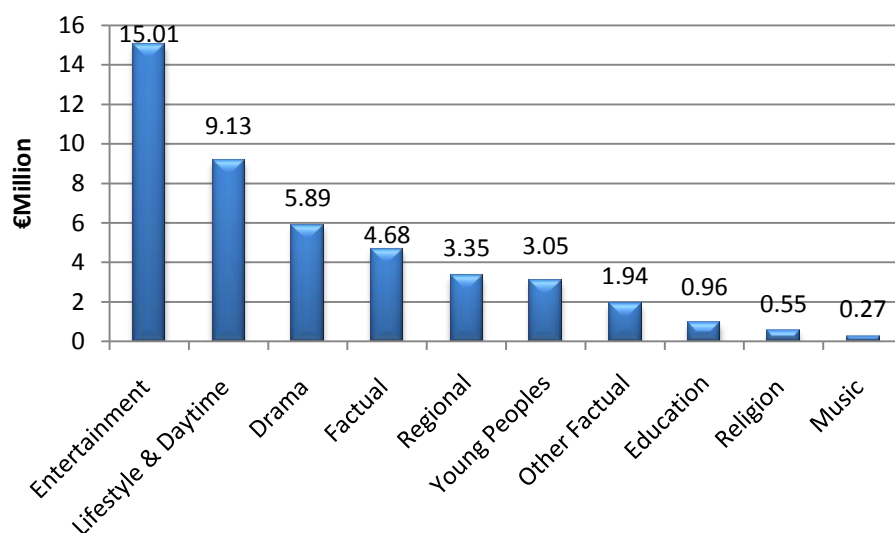
Table 6.2: RTÉ TV 2010 Expenditure on Independent Commissions

Expenditure Incurred	2010 TV
	€000s
Statutory Expenditure	37,319
Additional Expenditure	13,991
Direct Expenditure on Commissioned Programmes	51,310
RTÉ Attributable Overhead	1,850
Expenditure incurred on commissioning activities	53,160

Source: RTÉ Independent productions annual report 2010.

RTÉ's commissioned television programming costs for 2010 and 2011 combined by genre are presented in Figure 6.1 below. Entertainment programming accounts for the largest share of commissioned contracts expenditure at a cost in excess of €15m for the two years. Expenditure on lifestyle and daytime programming and drama programming amounted to €9.1m and €5.89m respectively. Music, religion and education are among the genres for which the least amount of spending was incurred.

Figure 6.1: RTÉ Commissioned Television Programming Cost by Genre Excluding Sport, 2010 Contracted Programming

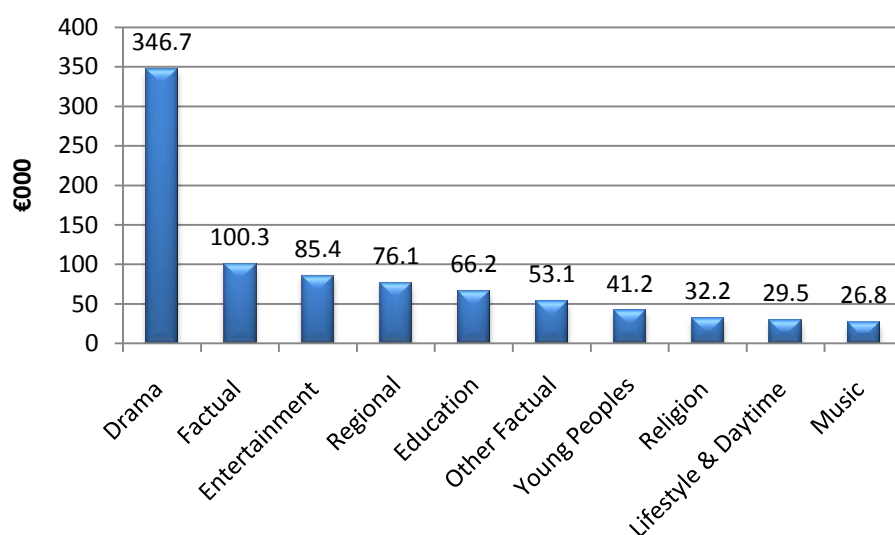


Note: Cost equals final amount paid by RTÉ under contract including NRV but excluding development costs and other related programme costs such as presenter costs, online and associated costs and RTÉ facilities provided. In the case of programmes with other funders (such as BAI, ILBF) or completions, the RTÉ cost only is included.

Source: Indecon analysis of RTÉ data.

In Figure 6.2 the cost per hour contracted is presented for the same genres of programming as in the figure above. Although the largest share of commissioned expenditure is accounted for by programming in the entertainment genre, this genre is not the most expensive in unit cost. The cost per hour of entertainment programming is €85.4k per contractual hour. Drama programming is significantly more expensive than all other genres of commissioned programming. The cost per hour contracted of drama programming in 2010/2011 is €346.7k. This is more than three times the cost per hour of the next most expensive genre, factual, which costs €100.3k per hour. Lifestyle and daytime programming is one of the least expensive genres of programming at cost per hour of €29.5k, however this genre accounts for the second largest share of total commissioned programming. This finding is consistent with the evidence in Figure 3.5 which shows that the largest share of hours commissioned in 2010/2011 is accounted for by lifestyle and daytime television programming.

Figure 6.2: RTÉ Commissioned Television Programming Cost per Hour by Genre, 2010 Contracted Programming



Note: Cost equals final amount paid by RTÉ under contract including NRV. Hours equal final hours to be received by RTÉ.

Source: Indecon analysis of RTE data.

Table 6.3 presents the RTÉ Television statutory expenditure on commissions by genre. 420 hours of commissioned programming in 2010 were accounted for by statutory expenditure. The largest portion of statutory expenditure is allocated to the entertainment and music genre.

In relation to commissioned costs per hour RTÉ have indicated that the cost per hour on commissioned programmes is based on IPU contract only and does not include presenter costs, RTÉ facilities provided and other associated programme costs such as programme websites.

Table 6.3: RTÉ Television Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2010

Programme Genre	Total Hours	2009 Commissions Carried Forward	2010 new commissions	2010 commissions carried forward	2010 Total Cost
		€000s	€000s	€000s	€000s
Daytime and Lifestyle	45.5	710	4,657	(1,066)	4,301
Documentaries	26	333	3,285	(139)	3,479
Regional, education, religion and other factual	86	833	5,846	(1,168)	5,511
Drama sport and young peoples	134	975	9,633	(1,149)	9,459
entertainment & music	128.2	2,388	12,640	(2,611)	12,417
Overall total	420	5,239	36,061	(6,133)	35,167
Awards / schemes	-	-	-	-	138
Overheads & other costs	-	-	-	-	2,014
Direct expenditure incurred	-	-	-	-	37,319

Source: RTÉ Independent productions annual report 2010.

Table 6.4 displays non-statutory expenditure incurred on commissioned programmes in 2010. Three hundred and ninety two hours accrue to non-statutory expenditure. Daytime and lifestyle account for the largest share of non-statutory expenditure.

Table 6.4: RTÉ Television Non-Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2010

Programme Genre	Total Hours	2009 Commissions Carried Forward	2010 New commissions	2010 commissions carried forward	2010 total cost
		€000s	€000s	€000s	€000s
Daytime and Lifestyle	264.3	1,428	4,987	-1891	4,524
Documentaries	21.7	157	1,718	-310	1,565
Regional, education, religion and other factual	25.5	791	1,020	-138	1,673
Drama sport and young peoples	23.5	92	1,346	-305	1,133
entertainment & music	57.5	49	3,153	-177	3,025
Overall total	392	2,517	12,224	-2,821	11,920
Awards / schemes					204
Cost of RTE Facilities provided					1,867
Direct expenditure incurred					13,991

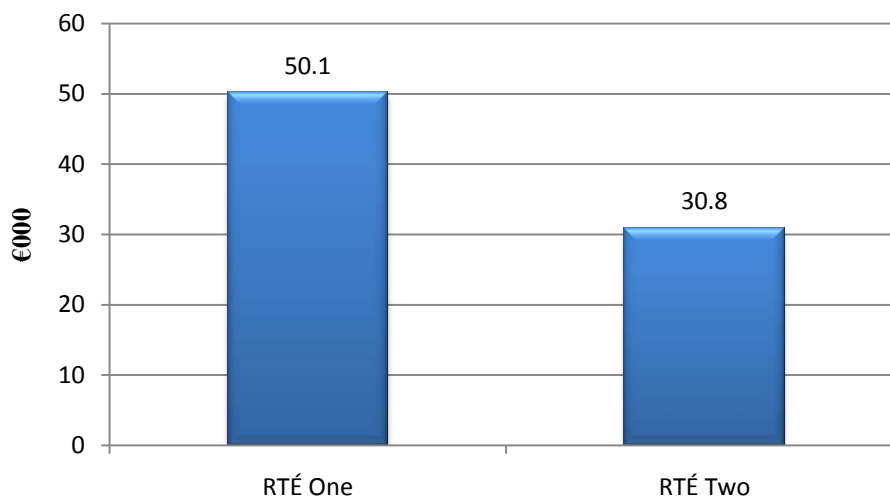
Source: RTÉ Independent productions annual report 2010.

RTÉ in-house television programming costs form the largest source of programming costs for RTÉ as demonstrated above in Table 6.1. Indecon examined these in-house production costs for 2010 by channel and source. **Overall €132.8m was spent on in-house programming for RTÉ One and RTÉ Two in 2010.** A larger amount of expenditure is accrued to programming on RTÉ One than RTÉ Two. Labour costs and indirect programming costs form a larger portion of total spending than direct programme driven costs on the RTÉ One channel. Contrary to this, direct programme driven costs form the larger portion of total programming expenditure on RTÉ Two.

Costs of in-house and commissioned programmes include allocated costs of shared services and other indirect supports which support the production and commissioning processes. As stated in note one to the Financial Statements, Segment Reports such costs are allocated to the activities which they support on the basis of generally accepted and consistently applied cost accounting principles. The information on in-house and commissioned programme costs is drawn from the records underlying the segment reports in the financial statements which are audited by independent external auditors. Examples of costs allocated to in-house programmes include: shared news gathering, technology support for production systems, studio lighting power, maintenance and other costs of studios and other production buildings, H.R. and payroll processing for production personnel, procurement and accounts payable functions in support of production. Head Office costs, the costs incurred by RTÉ as an entity rather than in support of its services and activities are not allocated to activities. The proportion of shared costs which are incurred in support of commercial activities, broadcast, transmission, acquired programmes, performing groups and other activities are not allocated to programme production or commissioning. This issue is an area which we believe requires further consideration as part of next years review.

The average cost per hour of in-house television programming on RTÉ One was over €50k in 2010. This is 39% higher than the average cost per hour of in-house programming on RTÉ Two in the same year which amounted to €30.8k (see Figure 6.3 overleaf).

Figure 6.3: RTÉ In-House Television Programming Average Cost per Hour by Channel 2010

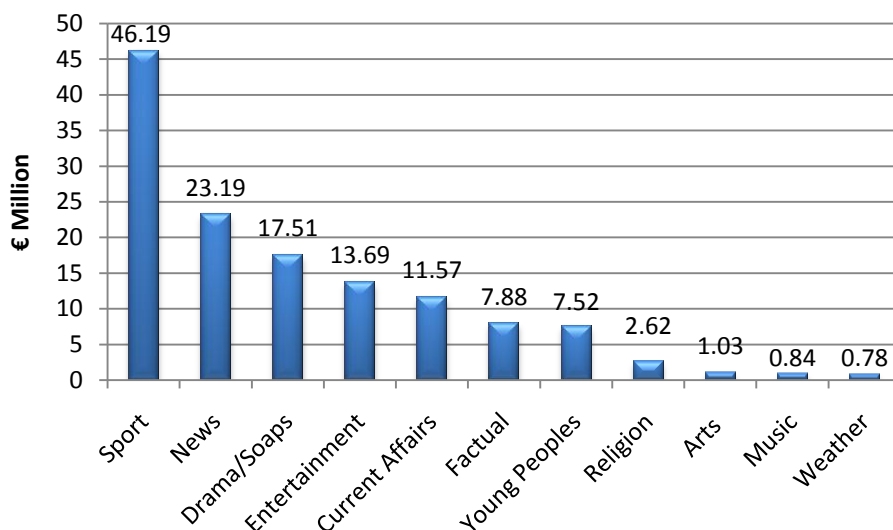


Note: Cost per hour data was provided by RTÉ on a sample of in-house programmes. This sample provides an indication of the overall average cost per hour of RTÉ In-house television programming. RTÉ believe that it is not representative to base average cost per hour on sample data however the data on the full population was not available. Programming costs include standard labour costs, news gathering, support and indirect costs.

Source: *Indecon analysis of RTÉ data.*

Total in-house programming expenditure varies by genre as is evident from Figure 6.4. In-house programming expenditure is dominated by expenditure on sports programming. In 2010, €46.19m of a total of €132.8m was spent on sports programming. €23.19m was allocated to news programming while €17.51m was spent on drama or soaps. Programming expenditure was lowest for genres such as art, music and weather.

Figure 6.4: RTÉ In-House Television Programming Costs by Genre, 2010

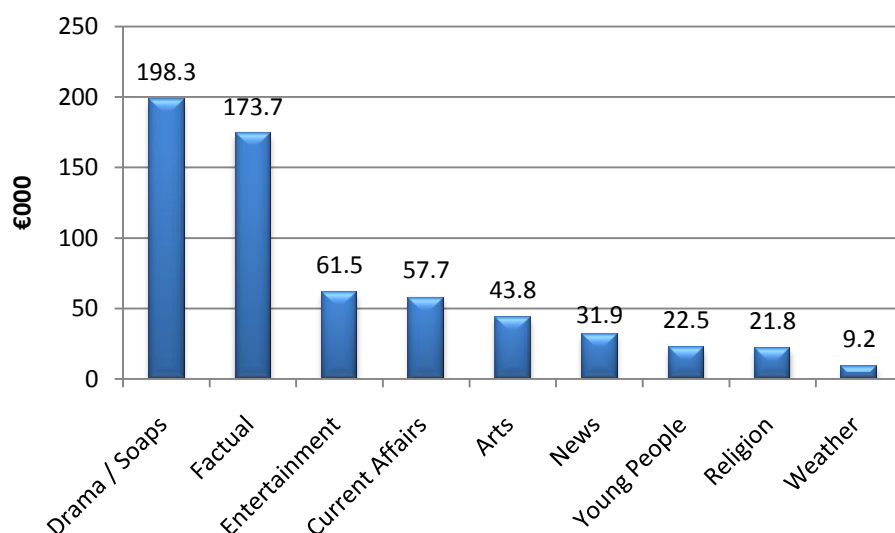


Note: Total cost includes directly program driven costs and standard costs such as labour, news gathering, support and indirect costs. Programming costs include standard labour costs, news gathering, support and indirect costs.

Source: Indecon analysis of RTE data.

In considering the cost efficiency/value for money of in-house programming it is important to consider the cost per output hour by genre. As noted above the largest portion of in-house spending is on sports programming. Information on the cost per hour of this programming was not available. News programming ranks low in terms of average cost per hour at €31.9k while drama/soaps rank the highest in terms of cost per hour at €198.3k.

Figure 6.5: RTÉ In-House Television Programming Average Cost per Hour by Genre, 2010

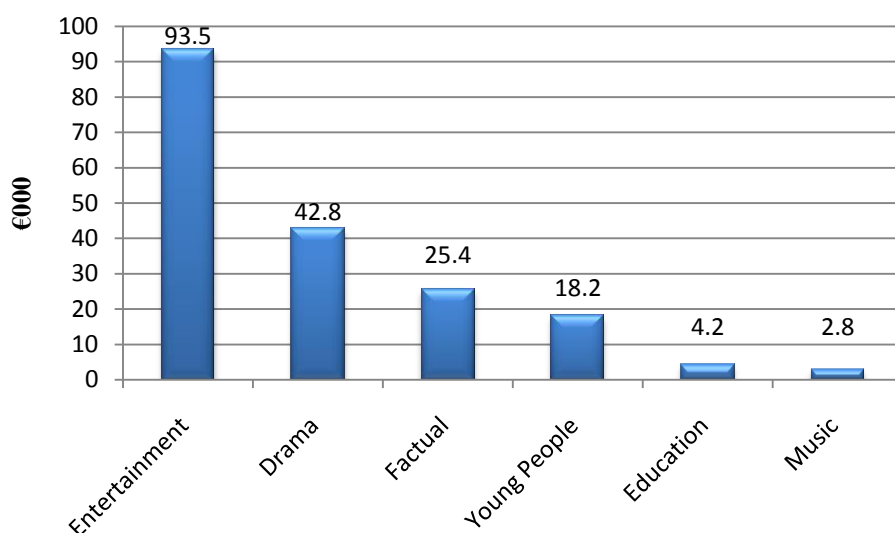


Note: Cost per hour data was provided by RTÉ on a sample of in-house programmes. This sample provides an indication of the overall average cost per hour of RTÉ In-house television programming. RTÉ believe that it is not representative to base average cost per hour on sample data however the data on the full population was not available. Programming costs include standard labour costs, news gathering, support and indirect costs

Source: Indecon analysis of RTÉ data.

Finally, we address the cost of acquired programming as a component of overall programming expenditure. The average cost per programme of a sample of RTÉ acquired television programming costs is presented in Figure 6.6 below. Entertainment programming ranks the highest in terms of the average expenditure per programme which amounts to €93.5k. Among the more costly genres are drama and factual.

Figure 6.6: RTÉ Average Cost per Programme by Genre for Acquired Television Programming 2010

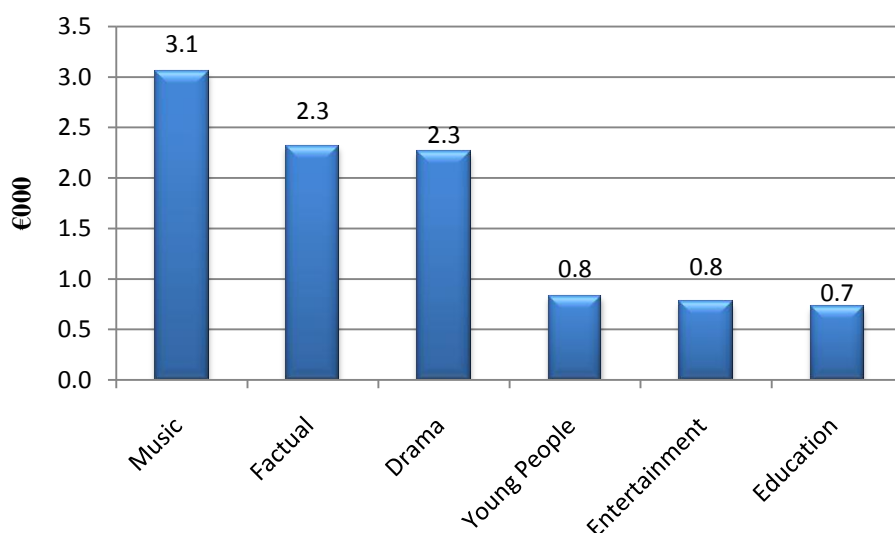


Note: Cost data was provided by RTÉ on a sample of acquired programmes randomly selected by Indecon. This sample provides an indication of the overall average cost per hour of RTÉ acquired television programming. RTÉ believe that it is not representative to base average cost per hour on sample data however the data on the full population was not available.

Source: Indecon analysis of RTÉ data.

In Figure 6.6 above, music is the least costly genre per programme but when we look at the cost of this genre per hour we see that it ranks as the most expensive per hour of programming. This reflects the fact that very few hours of music programming were acquired in 2010 (see Figure 3.6).

Figure 6.7: RTÉ Acquired Programming Average Cost per Hour by Genre 2010



Note: Cost per hour data was provided by RTÉ on a sample of acquired programmes randomly selected by Indecon. This sample provides an indication of the overall average cost per hour of RTÉ acquired television programming by genre. RTÉ believe that it is not representative to base average cost per hour on sample data however the data on the full population was not available.

Source: Indecon analysis of RTÉ data.

Finally, in reviewing the cost of RTÉ acquisitions it is also useful to compare the national guidelines for acquisition rates of which RTÉ is subject to against that of other European countries. Table 6.5 below presents the acquisition guideline prices for a selected sample of European Broadcasting Union (EBU) member countries for which data was available. The countries are grouped together by market size and location according to the EBU guides. In this sample, Ireland's broadcasting market is grouped as a medium/small western European market along with Austria, Portugal and Switzerland. Ireland's rates are, on average, lower than Austria and Portugal but higher than Switzerland.

Table 6.5: Acquisitions Programming Price Guide by Country 2010

	Children's		Animations		Drama		Factual	
	Acquisition Price per Half Hour €		Acquisition Price per Half Hour €		Acquisition Price per Half Hour €		Acquisition Price per Half Hour €	
	Min	Max	Min	Max	Min	Max	Min	Max
Western European Medium/Small Markets								
Austria	377	1,884	754	2,942	3,768	18,390	2,575	3,678
Ireland	754	1,130	377	1,103	754	2,207	736	1,471
Portugal	1,507	1,507	754	2,207	1,884	1,839	736	3,678
Switzerland	-	-	-	-	1,507	2,942	1,692	2,575
Western European Large Markets								
France	3,768	10,550	3,768	14,712	2,261	735,600	1,471	29,424
Germany	1,507	30,144	2,261	14,712	3,768	147,120	3,678	36,780
Italy	1,130	18,840	1,507	14,712	1,507	73,560	1,471	36,780
Spain	754	11,304	754	7,356	11,304	44,136	2,942	9,563
UK	3,768	30,144	1,507	25,010	7,536	88,272	1,839	14,712
Nordic / Scandinavian Market								
Denmark	1,130	1,130	1,507	2,575	-	-	-	-
Finland	754	-	1,206	2,207	-	-	-	-
Norway	1,507	2,261	1,130	2,207	-	-	-	-
Central / Eastern Markets								
Bulgaria	151	151	-	-	-	-	-	-
Croatia	377	-	301	588	377	184	368	809
Czech Republic	188	1,130	301	883	377	883	441	1,103
Hungary	377	1,130	377	1,103	829	2,942	441	1,471
Poland	754	1,507	452	1,177	754	7,356	736	1,839
Romania	188	565	226	441	452	1,103	368	883
Russia	188	754	377	1,103	1,884	18,390	662	4,414
Slovakia	151	603	452	574	603	736	294	588
Slovenia	151	151	452	574	452	736	441	662

Note: Indecon converted prices from Dollar to Euro using the exchange rate on 06/10/11 from the Irish times exchange rates; www.irishtimes.com.

Source: Indecon analysis of Television Business International (TBI) Price Guide 2010 from www.TBIvision.com.

6.2.3 Radio Programming Costs

We now turn to examine the cost of RTÉ Radio programming in 2010. In-house programming costs form the majority of RTÉ Radio programming costs. A small amount of radio programming costs are accounted for by commissioned programming. As outlined in section 3 above, the 2009 Broadcasting Act required RTÉ to set aside a portion of the Independent Production Commissioning Fund for independent radio commissions. As shown in Table 6.6 RTÉ incurred a total of €784k in commissioned radio programming from the independent sector in 2010.

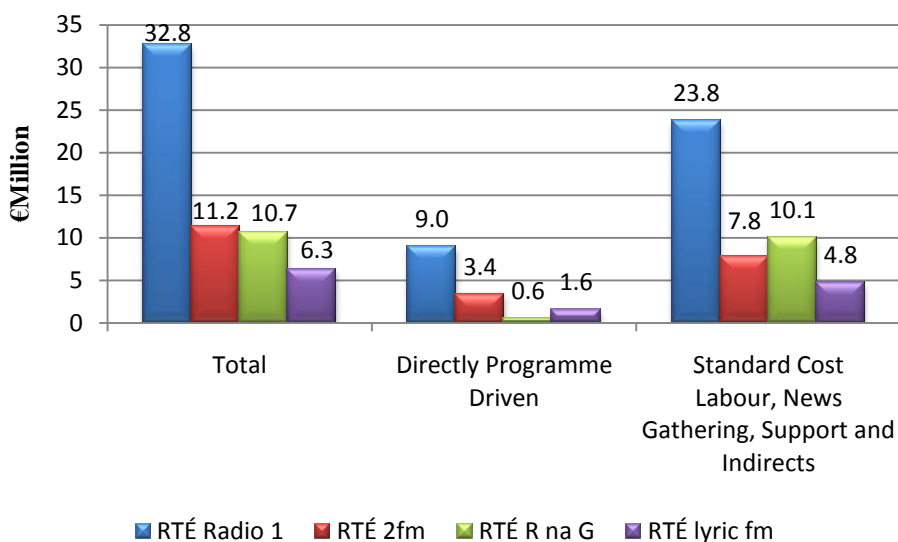
Table 6.6: RTÉ Radio 2010 Expenditure on Independent Commissions

Expenditure Incurred	€000s
Statutory Expenditure	777
Additional Expenditure	
Direct Expenditure on Commissioned Programmes	777
RTE Attributable Overhead	7
Expenditure incurred on commissioning activities	784

Source: RTÉ Independent productions annual report 2010.

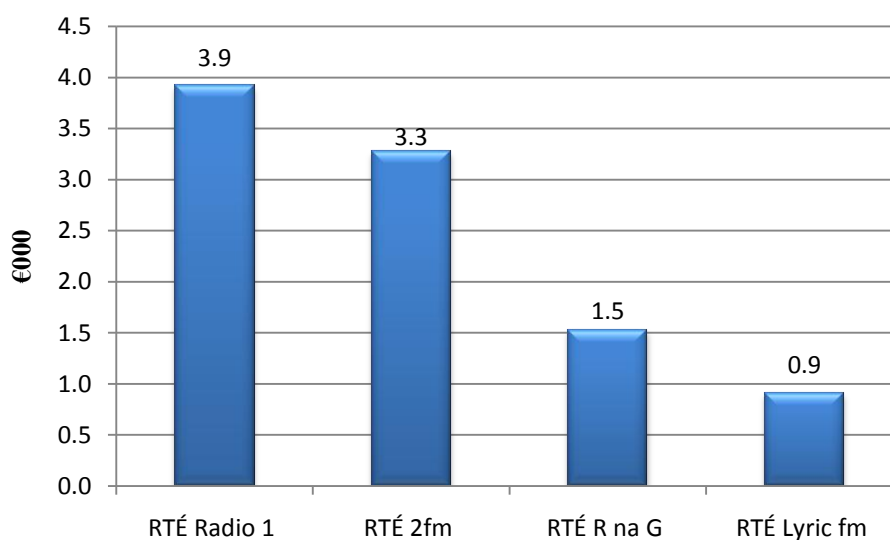
We examine total in-house radio programming expenditure by station as in Figure 6.8 below. Total in-house programming expenditure is greatest for RTÉ Radio 1, amounting to €32.7m of a total of approximately €60.9m. Labour driven costs and indirect costs make up a larger portion of total RTÉ Radio 1 programming costs than direct programme driven costs. In the case of RTÉ 2fm, RTÉ RnaG and RTÉ lyric fm, the direct programme driven costs are higher than the labour driven and indirect costs. The total cost of RTÉ 2fm programming was €11.2m in 2010 and the total cost of RTÉ RnaG amounted to €10.7m. Finally, RTÉ lyric fm was the lowest at €6.3m. It is worth noting at this point that the average listener reach of RTÉ lyric fm is significantly higher than RTÉ RnaG (as shown in Table 3.13 above) and in addition its total cost is approximately 41% lower. This suggests that RTÉ RnaG is an expensive radio station relative to the size of its audience. This issue will be further examined in the next section of this report when we assess the cost per listener hour of the various RTÉ Radio stations.

Figure 6.8: RTÉ In-House Radio Programming Costs by Station 2010



Source: Indecon analysis of RTÉ data.

The average cost per output hour of radio programming on the RTÉ Radio stations is presented in Figure 6.9. RTÉ Radio 1 ranks the highest with an average cost per output hour of €3.9k. The cost per hour of RTÉ 2fm and RTÉ RnaG are €3.3k and €1.5k. RTÉ lyric fm has recorded the lowest cost per output hour of €0.9k.

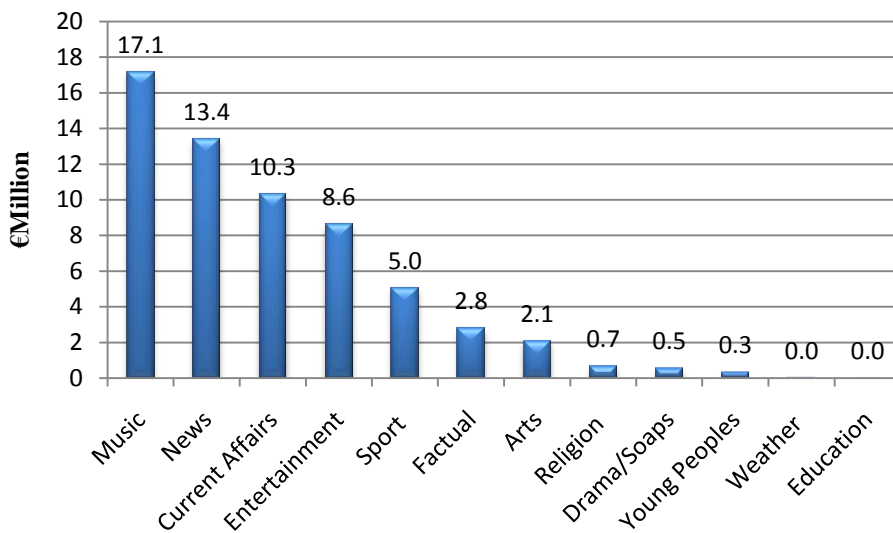
Figure 6.9: RTÉ In-House Radio Programming Average Cost per Hour by Station 2010

Note: Cost per hour data was provided by RTÉ on a sample of in-house programmes. The average cost per hour in this sample provides an indication of the overall average cost per hour of RTÉ Radio programming by station. RTÉ believe that it is not representative to base average cost per hour on sample data however the data on the full population was not available.

Source: *Indecon analysis of RTÉ data.*

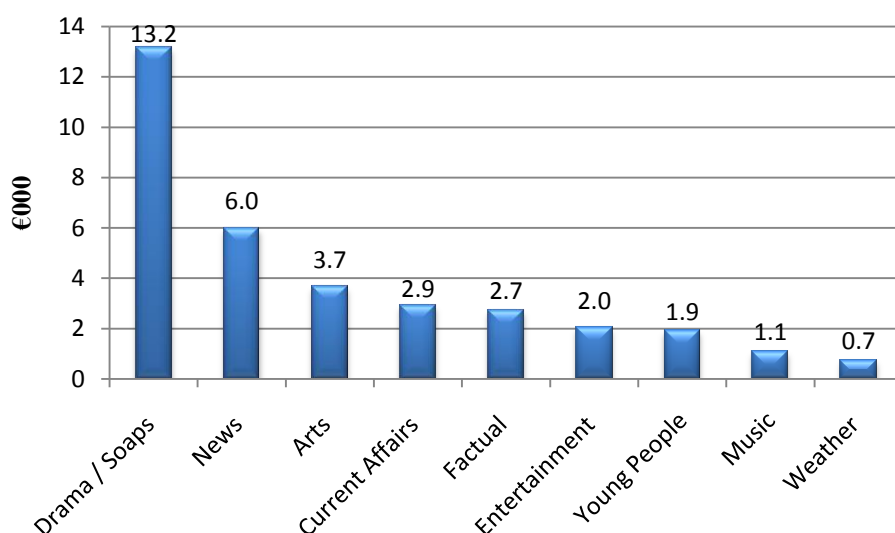
The cost of in-house radio programming according to genre is presented in Figure 6.10. The largest portion of total in-house radio programming expenditure is allocated to the music genre at a total of €17.15m. Total expenditure on news and current affairs amounted to €13.4m and €10.31m in 2010. Religion, drama, soaps, young people, weather and education are among the genres that the least amount of expenditure is allocated to at less than €1m in each case.

Figure 6.10: RTÉ 2010 Total In-House Radio Programming Costs by Genre



Source: Indecon analysis of RTÉ data.

The average cost per output hour for each of the genres above is presented in Figure 6.11 below. The Drama/Soaps genre has the highest average cost per hour at €13.2m but as we noted above this genre accounts for a small portion of overall expenditure on in-house radio programming (€0.54m). Music is among the cheapest in-house radio programming per hour; however RTÉ spends the largest portion of expenditure on this genre.

Figure 6.11: RTÉ 2010 In-House Radio Programming Average Cost Per Hour by Genre

Note: Cost per hour data was provided by RTÉ on a sample of in-house programmes. The average cost per hour by genre of this sample provides an indication of the overall average cost per hour of RTÉ Radio programming. RTÉ believe that it is not representative to base average cost per hour on sample data however the data on the full population was not available.

Source: Indecon analysis of RTÉ data. TV data sourced from TAM Ireland/Nielsen TAM Average All Day (0300-2659), All Week, Viewing per Hour in 000s for All Individuals Aged 4+ during 2010 & 2009.

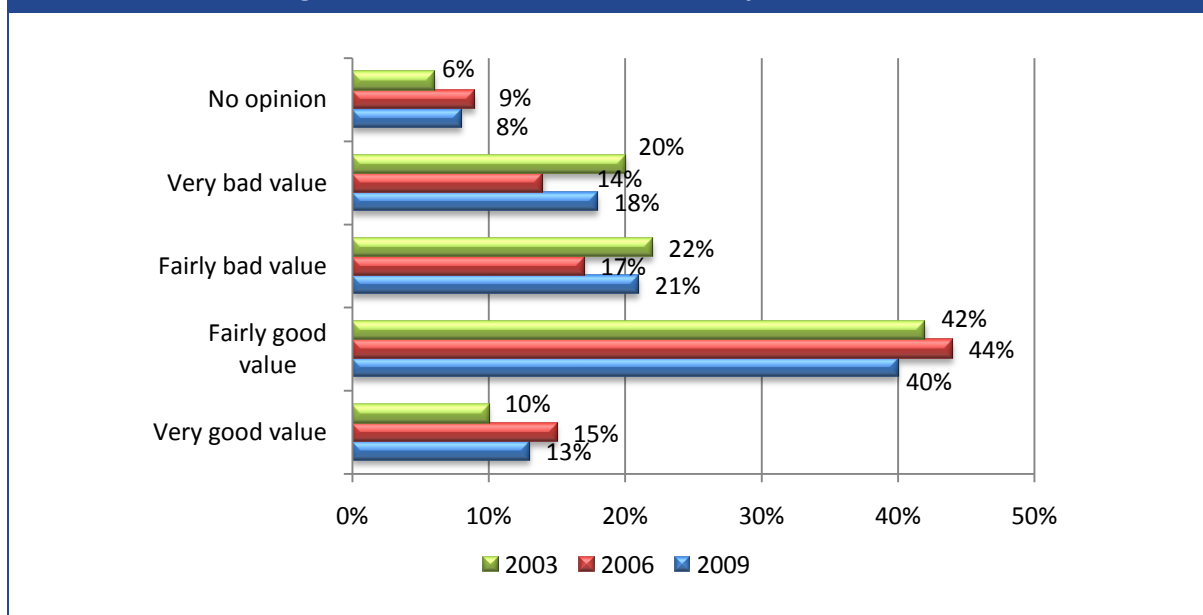
Table 6.7 presents the statutory expenditure on commissioned radio programming. As mentioned previously, RTÉ is required by the current broadcasting legislation to allocate a portion of the independent productions commissioning fund for independent radio commissions. Direct expenditure incurred on commissioned radio programming accounts for only approximately 2% of total direct expenditure on commissioned radio and television programming. Entertainment and music account for the largest share of statutory expenditure on commissioned programming.

Table 6.7: RTÉ Radio Statutory Expenditure Incurred on Commissioned Programmes by Programme Category

Programme Category	Total Hours	2009 Commissions Carried Forward €000s	2010 New Commissions €000s	2010 Commissions Carried Forward €000s	2010 Total Cost €000s
Daytime & Lifestyle	13.1	-	64		64
Regional, education, religion & other factual	65.5	-	444	-203	241
Arts, drama, sport, & young people	38.2	-	114	-21	93
Entertainment & music	93.3	-	342	-46	296
Overall totals	210	-	964	-270	694
Overheads and other costs	-	-			83
Direct expenditure incurred	-	-			777

Source: RTÉ Independent productions annual report 2010.

Adding to our overall assessment of the value for money of RTÉ programming is the audience's perception of this measure of which data is available on from the RTÉ Corporate Reputation Survey 2009. The percentage of respondents who agreed that the RTÉ service is 'fairly good value', fell by 4% from 44% in 2006 to 40% in 2009. The number of respondents who felt the service is fairly bad value increased by 4% from 14% in 2006 to 18% in 2009. This reflects the competitive environment that the PSB is operating in and the fact that consumers are now demanding more choice and better quality programming at a more competitive price.

Figure 6.12: Perceived Value for Money of RTÉ Services

Note: All respondents = 1,000 Adults 15+.

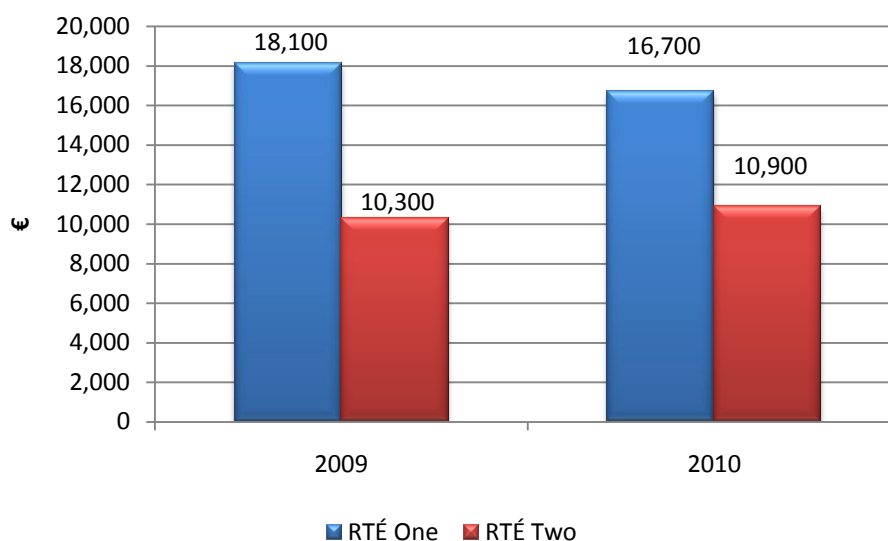
Source: Indecon analysis of data from the RTÉ Corporate Reputation Survey 2009.

6.3 RTÉ Cost per Transmitted Hour and Cost per Viewer/Listener Hour

6.3.1 RTÉ Television Cost per Transmitted Hour and Cost per Viewer Hour

The cost per transmitted hour and the cost per viewer/listener hour are two unit measures of the cost of programming which provide same input to the attainment of the cost efficiency and value for money of RTÉ television and radio programming. It is worth noting however, that these measures may be influenced by the nature of the programme and the size of the potential audience. The average cost per transmitted hour of television programming was significantly higher for RTÉ One compared with RTÉ Two in both 2009 and 2010 (see Figure 6.13). RTÉ One achieved a reduction in its cost per transmitted hour from €18.1k in 2009 to €16.7k in 2010. Contrary to this, the cost per transmitted hour of RTÉ Two programming increased from 10.3k in 2009 to 10.9k in 2010.

Figure 6.13: RTÉ Television Average Cost per Transmitted Hour by Channel, 2009 & 2010



Source: Indecon analysis of RTÉ data.

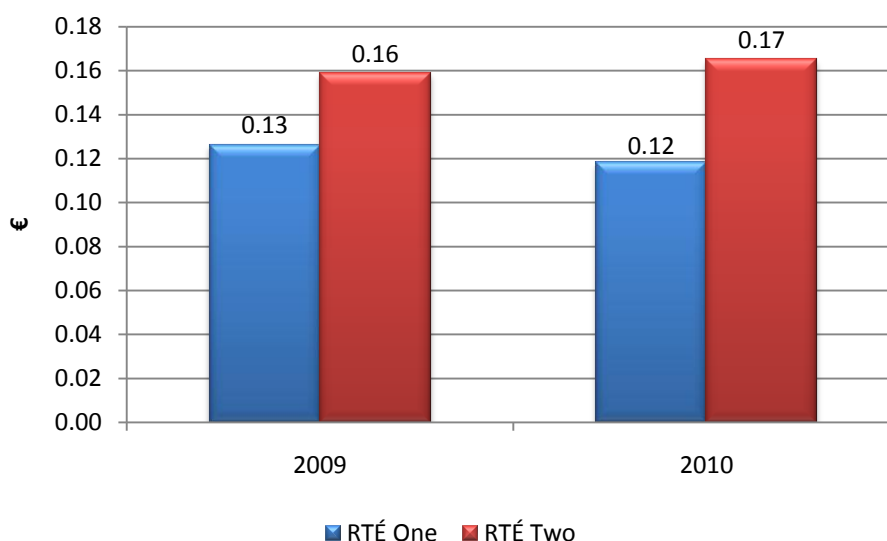
The total cost of RTÉ Television programming along with the total number of transmission hours and the estimated cost per transmitted hour by channel are presented in detail in Table 6.8.

Table 6.8: RTÉ Television Average Cost per Transmitted Hour by Channel, 2009 & 2010			
Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2009			
RTÉ One	158.3	8,760	18,100
RTÉ Two	90.2	8,760	10,300
2010			
RTÉ One	146.0	8,760	16,700
RTÉ Two	95.2	8,760	10,900

Source: RTÉ data from the RTÉ Annual Report.

Although RTÉ One had a significantly higher cost per transmitted hour than RTÉ Two it is important to take into consideration that the average viewing hours for RTÉ One are more than double that of RTÉ Two. The effect of this is evident in Figure 6.14 and Table 6.10 below. The cost per viewer hour of RTÉ One in 2010 was €0.12 compared to €0.17 for RTÉ Two (excluding transmission charges for both stations).

Figure 6.14: RTÉ Television Average Cost per Viewer Hour of Content by Channel, 2009 & 2010



Note: Cost data excludes transmission charges.

Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland/Nielsen TAM Average All Day (0300 – 2659), All Week, Viewing per Hour in 000s for all individuals aged 4+ during 2010 & 2009.

The cost per viewer hour of both stations increased in 2010 (excluding transmission charges). In the case of RTÉ One, it is evident from the data below that the increase in cost per viewer hour is due to a reduction in the number of viewers as it is clear that the total cost of the programming reduced over the period. The number of viewers watching RTÉ Two increased in 2010, however, the cost of RTÉ Two programming increased in the same period and therefore the net result was an overall increase in the cost per viewer hour.

Table 6.9: RTÉ Television Average Cost per Viewer Hour (Excluding Transmission Charges) by Channel, 2009 & 2010

	Cost Excluding Transmission Charges	Annual Transmission Hours	Average Cost per Hour Excluding Transmission Charges	Industry Audience Data	Average Cost per Viewer Hour
	€m	Hours	€	Average Viewing per Hour	€
2009					
RTÉ One	142.2	8,760	16,200	128,200	0.13
RTÉ Two	75.6	8,760	8,600	54,100	0.16
2010					
RTÉ One	131.1	8,760	15,000	126,700	0.12
RTÉ Two	80.9	8,760	9,200	55,700	0.17

Note: Total cost of indigenous and acquired programming and excludes general broadcast and transmission expenses and transmission & power charges.

Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland/Nielsen TAM Average All Day (0300-2659). All Week, Viewing per Hour in 000s for all Individuals Ages 4+ during 2010 & 2009.

The cost of RTÉ Television programming including the cost of transmission charges is presented in Table 6.10. The cost per viewer hour of both stations is proportionately similar when transmission charges are included.

Table 6.10: RTÉ Television Average Cost per Viewer Hour (including transmission charges) by Channel, 2009 & 2010

	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Average Cost per Viewer Hour
	€m	Hours	€	Average Viewing per Hour	€
2009					
RTÉ One	158.3	8,760	18,100	128,200	0.14
RTÉ Two	90.2	8,760	10,300	54,100	0.19
2010					
RTÉ One	146.0	8,760	16,700	126,700	0.13
RTÉ Two	95.2	8,760	10,900	55,700	0.20

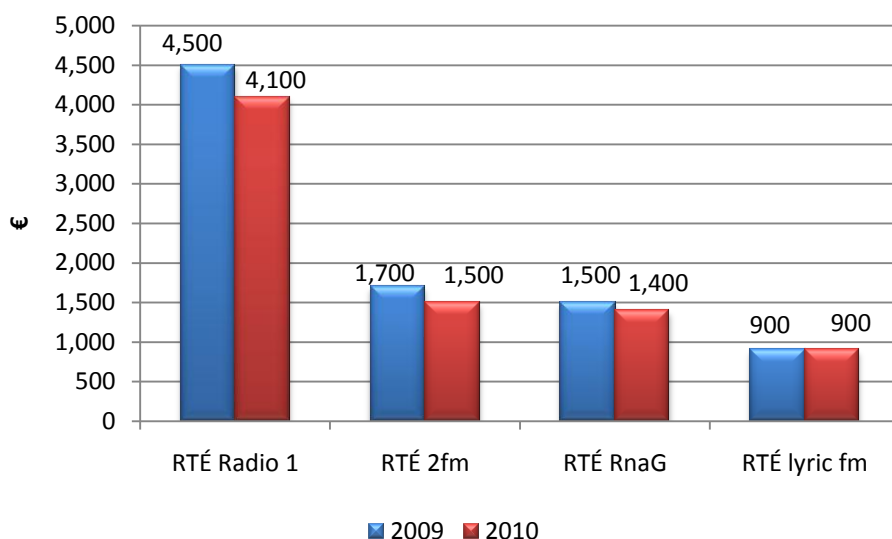
Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland/Nielsen TAM Average All Day (0300-2659). All Week, Viewing per Hour in 000s for all Individuals Ages 4+ during 2010 & 2009.

6.3.2 RTÉ Radio Cost per Transmitted Hour and Cost per Listener Hour

The average cost per transmitted hour of RTÉ Radio programming in 2010 was maintained or reduced for all stations. RTÉ Radio 1 recorded the highest cost per viewer hour in both 2009 and

2010. However, a reduction in the cost per viewer hour of this station was achieved from €4.5k in 2009 to €4.1k in 2010. RTÉ Two programming cost €1.5k per transmitted hour in 2010 compared to €1.7k in 2009. The cost per transmitted hour of RnaG reduced from €1.5k to €1.4k while RTÉ lyric fm recorded the lowest cost per transmitted hour which remained constant at €900 over the two years.

Figure 6.15: RTÉ Radio Average Cost per Transmitted Hour by Station, 2009 & 2010



Source: Indecon analysis of RTÉ data.

Table 6.11 presents the total cost of radio programming by service for 2010 along with the annual transmission hours and the estimated cost per transmitted hour. Reductions in the average cost per viewer hour of RTÉ Radio programming are due to reductions on the total cost of programming. Transmission hours have remained constant for all stations with the exception of RTÉ Radio 1, which increased slightly.

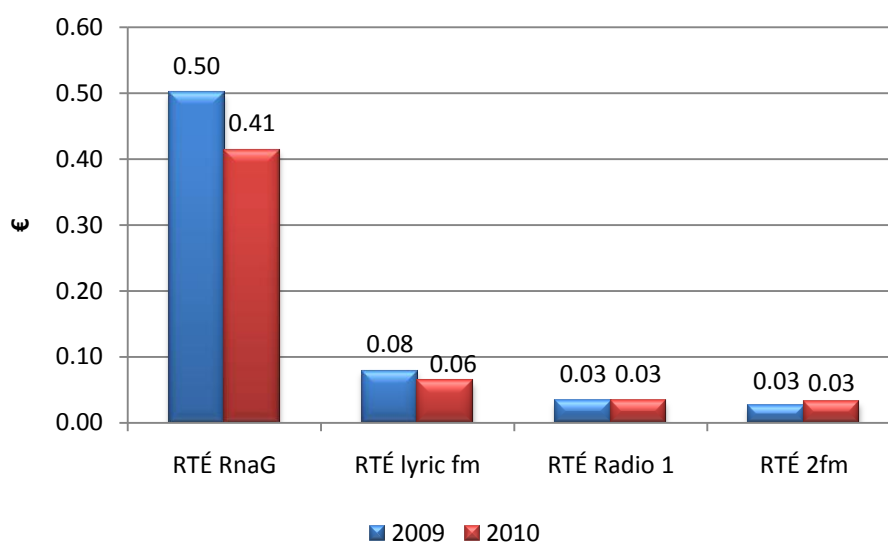
Table 6.11: RTÉ Radio Average Cost per Transmitted Hour by Channel, 2009 & 2010

Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2009			
RTÉ Radio 1	40.3	8,926	4,500
RTÉ 2fm	14.6	8,760	1,700
RTÉ lyric fm	8.1	8,760	900
RTÉ R na G	12.8	8,760	1,500
2010			
RTÉ Radio 1	36.3	8,898	4,100
RTÉ 2fm	13.1	8,760	1,500
RTÉ lyric fm	7.5	8,760	900
RTÉ R na G	11.9	8,760	1,400

Source: Indecon analysis of RTÉ data.

Taking into consideration the size of the audience listening to each radio station reveals that although RTÉ Radio One records the highest cost per transmitted hour, its cost per listener hour is substantially lower in relation to the other stations. Considering the size of the audience that listens to RTÉ One, improves the perception of the value for money of this service. Considering the size of the audience of RTÉ RnaG, on the other hand, reveals that this station is the most costly relative to its potential audience. RTÉ 2fm is the least costly station in terms of its cost per listener hour and RTÉ lyric fm appears more costly when its audience size is taken into consideration.

Figure 6.16: RTÉ Radio Average Cost per Listener Hour of Content by Station, 2009 & 2010



Note: Cost excludes transmission costs.

Source: Indecon analysis of RTÉ data. Radio audience data sourced from Ipsos/MRBI JNLR 2010/4 & 2009/4 Average Weekday Reach per Hour in 000s for all Adults Aged 15+.

The cost per listener hour of all RTÉ radio stations were reduced or remained constant in 2010. The cost of RTÉ RnaG fell from €0.50 in 2009 to €0.41 in 2010, per listener hour. A reduction in RTÉ lyric fm's cost per listener hour from €0.08 to €0.06 was also realised in 2010. The cost per listener hour of both RTÉ Radio 1 and RTÉ 2fm remained constant at €0.03 over the two-year period. Table 6.13 reveals that although the total cost of RTÉ Radio One was reduced in 2010, the fall in the size of the audience listening, results in the cost per listener hour remaining the same as 2009. RTÉ 2fm followed a similar trend. The reduction in the cost per listener hour of RTÉ lyric fm is in part due to a reduction in total cost but largely due to an increase in the audience. The significant reduction in the cost per listener hour of RTÉ RnaG was largely due to a reduction in total cost.

Table 6.12: RTÉ Radio Average Cost per Listener Hour (Excluding Transmission Charges) by Channel, 2009 & 2010

	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Cost per Listener Hour
	€m	Hours	€	Average Listeners	€
2009					
RTÉ Radio 1	36.2	8,926	4,100	122,600	0.03
RTÉ 2fm	12.6	8,760	1,400	53,500	0.03
RTÉ lyric fm	6.7	8,760	800	10,200	0.08
RTÉ RnaG	11.5	8,760	1,300	2,600	0.50
2010					
RTÉ Radio 1	33.1	8,898	3,700	112,700	0.03
RTÉ 2fm	11.4	8,760	1,300	41,300	0.03
RTÉ lyric fm	6.4	8,760	700	11,000	0.06
RTÉ RnaG	10.8	8,760	1,200	2,900	0.41

Source: Indecon analysis of RTÉ. Radio audience data sourced from Ipsos/MRBI JNLR 2010/4 & 2009/4 Average Weekly Reach per Hour in 000s for All Adults Aged 15+.

The cost per listener hour of RTÉ Radio programming including transmission charges for 2009 and 2010 is presented in Table 6.13. After the inclusion of transmission charges, the cost per listener hour of each radio station increased proportionately with the exception of RnaG, which records a larger increase in cost per listener hour after transmission charges are taken into account.

Table 6.13: RTÉ Radio Average Cost per Listener Hour (including transmission charges) by Station, 2009 & 2010

	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Cost per Listener Hour
	€m	Hours	€	Average Listeners	€
2009					
RTÉ Radio 1	40.3	8,926	4,500	122,600	0.04
RTÉ 2fm	14.6	8,760	1,700	53,500	0.03
RTÉ lyric fm	8.1	8,760	900	10,200	0.09
RTÉ RnaG	12.8	8,760	1,500	2,600	0.58
2010					
RTÉ Radio 1	36.3	8,898	4,100	112,700	0.04
RTÉ 2fm	13.1	8,760	1,500	41,300	0.04
RTÉ lyric fm	7.5	8,760	900	11,000	0.08
RTÉ RnaG	11.9	8,760	1,400	2,900	0.48

Source: Indecon analysis of RTÉ. Radio audience data sourced from Ipsos/MRBI JNLR 2010/4 & 2009/4 Average Weekly Reach per Hour in 000s for All Adults Aged 15+.

6.3.3 A Comparison of the Cost per Hour of RTÉ In-House versus Commissioned Programming

As a final part of our review of the cost efficiency of RTÉ Television and Radio programming we compare the cost per hour of both in-house and commissioned programming for television and radio. Table 6.14 provides a list of the cost per hour of RTÉ Television programming according to channel and genre. The data applies to first-run indigenous hours only. The data shows that the cost per hour of RTÉ in-house programming exceeds the cost of commissioned programming across a greater majority of the genres. The most significant difference in the cost of in-house versus commissioned programming applies to the drama genre. In 2010 the average cost per hour of in-house drama programming on RTÉ One was €210,900 while the average cost per hour of commissioned drama programming on the same channel was €543,600. In 2010 the average cost per hour of in-house sports programming on RTÉ Two was more than double the cost of commissioned sports programming on the same channel. This difference, however, can be considered in the context of commissioned sport comprising a much smaller number of programmes and events than in-house sport and does not include most of the major high cost of coverage events with high rights costs. This is of particular note during 2010 when the soccer World Cup programming was produced in-house at RTÉ. The average cost per hour of young people's commissioned programming on RTÉ Two was €72,100 in 2010, exceeding the average cost per hour of in-house young people's programming on RTÉ Two which amounted to €32,700.

Indecon however has significant concerns regarding the comparability of these figures and believe that further work is needed in terms of appropriate allocation of overheads. This was discussed previously in section 6.2.2.

Table 6.14: RTÉ First Run Indigenous TV Programmes 2010 Average Cost per Hour, In-House versus Commissioned

Genre	Channel	In-House	Commissioned
		€	€
Arts	RTÉ One	39,500	151,400
Education	RTÉ One		79,200
Religious	RTÉ One	44,100	35,500
Other Factual	RTÉ One	118,300	55,800
	RTÉ Two		125,700
Drama	RTÉ One	210,900	543,600
	RTÉ Two		61,100
Entertainment	RTÉ One	63,300	114,500
	RTÉ Two	138,900	120,400
Music	RTÉ One	61,600	56,300
	RTÉ Two	31,900	17,800
News, Current Affairs & Weather	RTÉ One	33,600	
	RTÉ Two	32,100	
Sport	RTÉ One	10,200	22,500
	RTÉ Two	63,100	29,500
Young Peoples	RTÉ Two	32,700	72,100

Note: cost of production and commissioning are on a full cost absorption basis consistent with RTÉ Financial Statements and include all cost incurred in support of production and commissioning. Costs are programme costs only and do not include cost of broadcast and transmission. Hours are first-run only and therefore do not include repeats.

Source: RTÉ data.

The availability of data allows us to compare the overall cost per hour of RTÉ television in-house versus commissioned programming in 2010 for a select number of genres only (see Table 6.15 below). The data does not show a consistent trend confirming if in-house or commissioned programming is more or less costly than the other on average. The most significant difference applies to the 'other' factual programming on RTÉ RnaG. The average cost of in-house programming in this case was €2,000 in 2010 while commissioned programming was €6,200. In the case of the entertainment genre the average cost of commissioned programming is €8,900 while in-house costs €3,600 per hour on average.

Table 6.15: RTÉ First Run Indigenous Radio Programmes 2010 Cost per Hour, In-House versus Commissioned			
Genre	Channel	In-House	Commissioned
		€	€
Arts	RTÉ 1	4,800	
	RTÉ lyric fm	2,300	
	RTÉ Raidió na Gaeltachta	2,300	
Education	RTÉ 2 fm	600	
Religious	RTÉ 1	5,400	
	RTÉ Raidió na Gaeltachta	3,100	
	RTÉ 1	8,100	4,100
Other Factual	RTÉ lyric fm	2,300	
	RTÉ Raidió na Gaeltachta	2,000	6,200
	RTÉ 1	11,200	
Drama	RTÉ 1	3,600	8,900
	RTÉ 2 fm	2,500	2000
	RTÉ lyric fm	1,000	
Music	RTÉ Raidió na Gaeltachta	1,600	
	RTÉ 1	2,800	
	RTÉ 2 fm	1,000	1,100
	RTÉ lyric fm	800	
	RTÉ Raidió na Gaeltachta	700	
News, Current Affairs & Weather	RTÉ 2fm	6,500	
	RTÉ lyric fm	3,300	
	RTÉ Raidió na Gaeltachta	3,100	
Sport	RTÉ 1	5,800	4,000
	RTÉ 2fm	600	
	RTÉ Raidió na Gaeltachta	2,200	
Young Peoples	RTÉ Raidió na Gaeltachta	400	

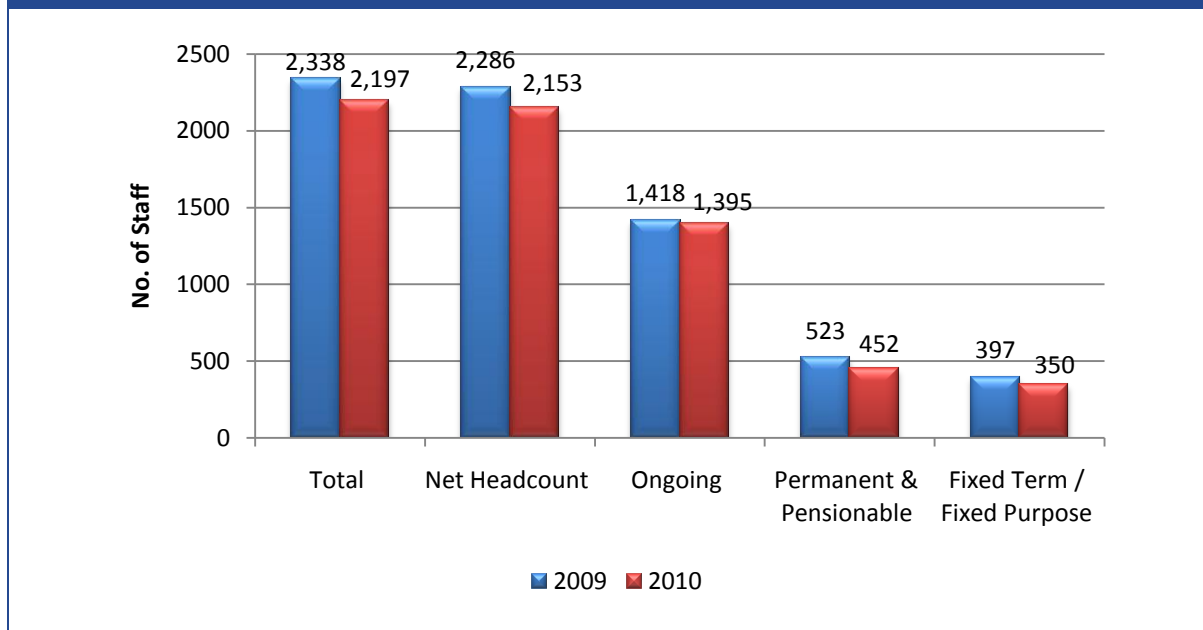
Note: cost of production and commissioning are on a full cost absorption basis consistent with RTÉ Financial Statements and include all cost incurred in support of production and commissioning. Costs are programme costs only and do not include cost of broadcast and transmission. Hours are first-run only and therefore do not include repeats.

Source: RTÉ data.

6.4 Staff Costs and Human Resources

Trends in personnel related and human resource costs and any measures taken to contain or reduce these costs are an important element of the overall analysis of the cost efficiency of the RTÉ service and operations. We first examine the trend in the RTÉ staff headcount over the period from 2009-2010. In 2010 the total staff headcount at RTÉ was reduced by 6% from 2,338 to 2,197. Total permanent and pensionable staff was reduced by 13.5%.

Figure 6.17: RTÉ Average Employee Headcount 2010 & 2009

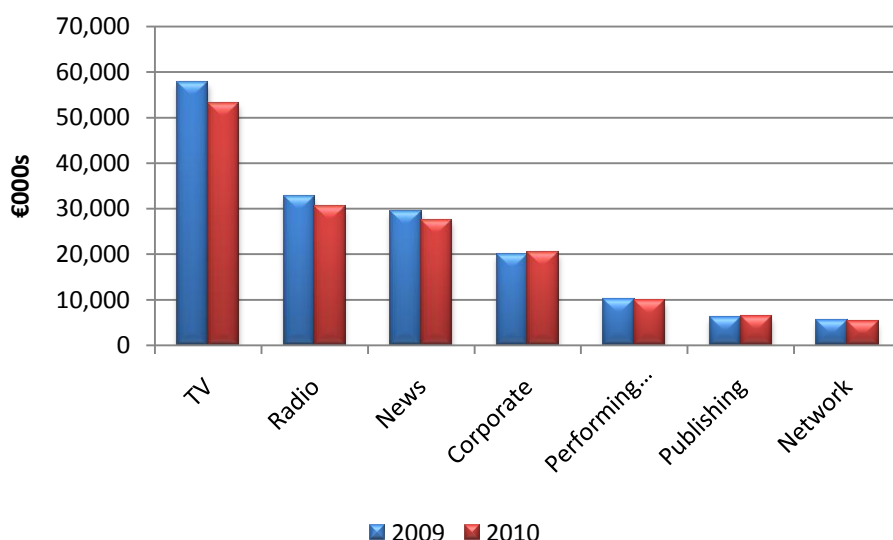


Note: Average staff numbers are based on an average of the total headcount for the months of March, June, September and December 2010. Net headcount is the total headcount excluding casual workers who did not work in that month.

Source: *Indecon Analysis of RTE data.*

RTÉ staff costs disaggregated by division for the years 2009 and 2010 are presented in Figure 6.18. Total staff costs in 2010 were reduced to approximately €161.3m from €152.9m in 2009. As the figure below shows, the staff costs vary by division with television accounting for the largest share followed by radio and news. Staff costs were reduced in all divisions in 2010 excluding corporate and publishing.

Figure 6.18: RTÉ Group Staff Costs 2009 & 2010



Note: Total staff costs are after consolidation adjustment.

Source: Indecon analysis of RTÉ data.

Average staff costs per FTE employee declined slightly from €79.26k to €76.98k in 2010. The average salary per employee in 2010 declined to €65.6k compared to €67.4k in 2009 which represents a reduction of 2.7%. The average cost of pension and life assurances reduced from €7k to €6.8k per employee.

Table 6.16: RTÉ Salary Costs per Employee 2010 vs 2009

	2009	2010	Cost per Head FTE 2009	Cost per Head FTE 2010
	€000	€000	€000	€000
Wages and salaries	137,240	130,266	67.4	65.6
Social welfare costs	9,798	9,235	4.8	4.6
Pension costs and life assurances	14,256	13,454	7.0	6.8

Source: Indecon analysis of data from the RTÉ Annual Report 2010 and 2009.

A recent publication by the Irish Business and Employers Federation (IBEC) found that a total of 11 million days are lost to absence in Ireland every year. They estimated that this trend was costing businesses a total of €1.5 billion or €818 per employee. The report showed a reduced rate of absenteeism compared to 2004 but concluded that there is scope to further reduce the rate.²⁴ These findings highlight the potential significance of absenteeism in the cost base of a business. We examine the absenteeism rates that prevailed among RTÉ staff in 2009 and 2010. While there is a need for ongoing focus of arrangements on minimising absenteeism the figures do not suggest that this is a major source of cost for RTÉ.

²⁴ www.ibec.ie

The absenteeism rates for 2009 and 2010 among RTÉ staff in 2009 and 2010 are presented in Table 6.17 below.

Table 6.17: RTÉ Absenteeism Rates for 2009 & 2010

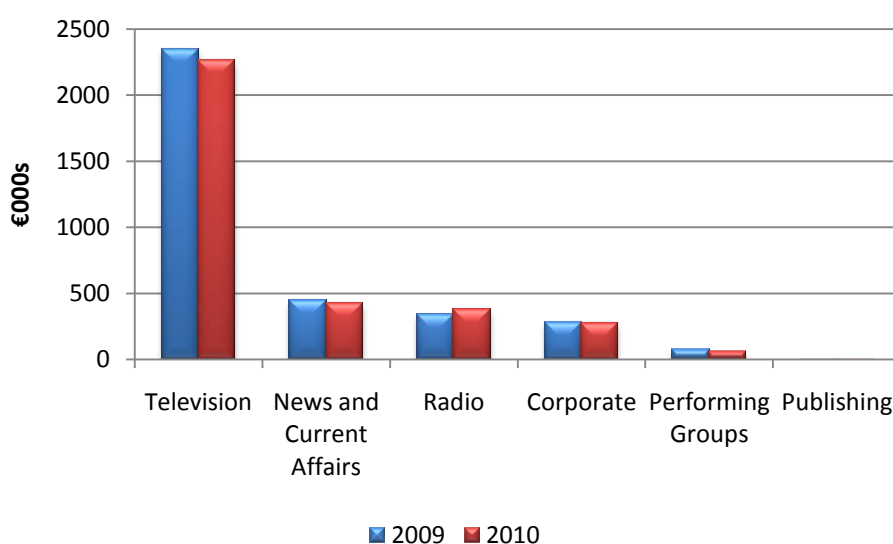
	2009	2010
RTÉ Total	2.82%	2.84%

Note: the absenteeism rates are based on 332 working days per year; excluding 24 days annual leave and 9 days public holidays.

Source: Indecon analysis of RTÉ data.

Overtime cost by division for RTÉ staff is presented in Figure 6.19. The television division accounts for the highest share of these costs both in 2009 and 2010. Costs decline in all divisions in 2010 except for radio.

Figure 6.19: RTÉ Overtime Costs 2010 & 2009



Note: Overtime costs based on Agresso transactions.

Source: Indecon analysis of RTE data.

Table 6.18 below provides the exact figures for the cost of overtime by division among RTÉ staff in 2009 and 2010. The cost of overtime in the television division reduced from €2.34m in 2009 to €2.25m in 2010 this represented a 3.8% reduction. The cost of overtime in the radio division increased by 11.5%, from €339k in 2009 to €378k in 2010.

Table 6.18: RTÉ Overtime Costs by Division 2009 & 2010

Division	2009	2010
	€000s	€000s
Television	2,343	2,256
News and Current Affairs	446	422
Radio	339	378
Corporate	280	278
Performing Groups	76	60
Publishing	1	0
Total	3,485	3,395

Source: Indecon analysis of RTE data.

Table 6.19 presents a summary of RTÉ sick leave and the associated costs incurred for 2009 and 2010. This is broken down into the television and radio divisions. The number of certified and uncertified sick leave days taken by RTÉ staff reduced in 2010 for both the radio and television divisions. Subsequently the cost of sick leave for both divisions reduced in 2010 apart from certified sick leave in the radio division. The difference in sick leave in the radio versus TV IBD's is due to a number of absences accrued to long-term chronic illnesses among staff in the radio division.

Table 6.19: Summary of RTÉ Sick Leave and Associated Cost

	2009		2010	
	Radio	TV	Radio	TV
Sick Leave²⁵				
Days	5252	5850	4118	4207
Persons	185	270	147	245
Cost	€1,452,886	€1,412,788	€1,174,558	€1,054,370
Sick Leave –Uncertified				
Days	426	754	315	700
Persons	155	326	145	304
Cost	€111,630	€180,468	€90,095	€170,265

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred.

Source: Indecon analysis of RTE data.

The cost of paid maternity leave days taken among RTÉ staff is presented in the Table 6.20 and shows a figure of €727k in the radio division and €893k in the television division. The cost of paid maternity leave increased significantly in 2010 for the radio division but reduced in the television division. The total cost of maternity leave increased in 2010.

²⁵ Cost of sick leave is before receipt of benefit payments from the department of social protection.

Table 6.20: Summary of RTÉ Maternity Leave Associated Cost

	2009		2010	
	Radio	TV	Radio	TV
Maternity Leave²⁶				
Days	1187	3443	3033	3444
Persons	14	26	18	22
Cost	€314,602	€978,571	€727,259	€892,949
Maternity Leave Unpaid				
Days	731	1073	670	688
Persons	12	14	9	12
Cost	-	-	-	-

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred.

Source: Indecon analysis of RTÉ data.

The number of working days lost to privilege days and days in lieu decreased significantly in 2010 amounting to a total of 1,261 days in TV and 606 in radio.

Table 6.21: Summary of RTÉ Privilege Days and Time in Lieu

	2009		2010	
	Radio	TV	Radio	TV
Privilege Days²⁷				
Days	231	424	133	333
Persons	188	339	130	327
Time off in Lieu²⁸				
Days	976	2038	606	1261
Persons	152	256	125	184

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers.

Source: Indecon analysis of RTÉ data.

The cost of holiday entitlement in RTÉ amounted to approximately €7.7 million in 2010 which was slightly lower than in 2009.

²⁶ Cost of maternity leave is before receipt of benefit payments from the department of social protection.

²⁷ Two concessionary days are allowed subject to the needs of the service and should not involve any additional cost.

²⁸ No additional costs are incurred from time off in lieu.

Table 6.22: Summary of RTÉ Holiday Leave and Associated Costs

	2009			2010
	Radio	TV	Radio	TV
Holiday Entitlement				
Days	9,986	17,956	9,716	17,438
Persons	435	755	420	731
Cost	€2,881,494	€49,70831	€2,841,149	€4,868,352

Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred.

Source: Indecon analysis of RTÉ data.

6.5 RTÉ Cost Reducing Measures 2010 and 2011

6.5.1 Reductions in Operating Costs

Despite the small increase in commercial revenue in 2010, RTÉ have experienced a significant decline in commercial revenue over recent years to which they have responded by implementing a wide range of measures to reduce costs. Table 6.23 below outlines RTÉ reductions in operating costs for the period of 2008 to 2010. Total operating costs were reduced by 17% in 2009 and a further 2% in 2010. The reduction in 2010 is attributable to personnel operating costs and non-personnel operating costs increased by 1%.

Table 6.23: RTÉ Reductions in Operating Costs 2008-2010

	2008	2009	2010	2009 change on 2008	2010 change on 2009
	€'000	€'000	€'000	%	%
Personnel Related Operating Costs	221,964	195,397	186,622	-12%	-4%
Non Personnel Related Operating Costs	217,524	167,971	169,575	-23%	1%
Operating Costs Before Depreciation Amortisation and Exceptional Items	439,488	363,368	356,197	-17%	-2%

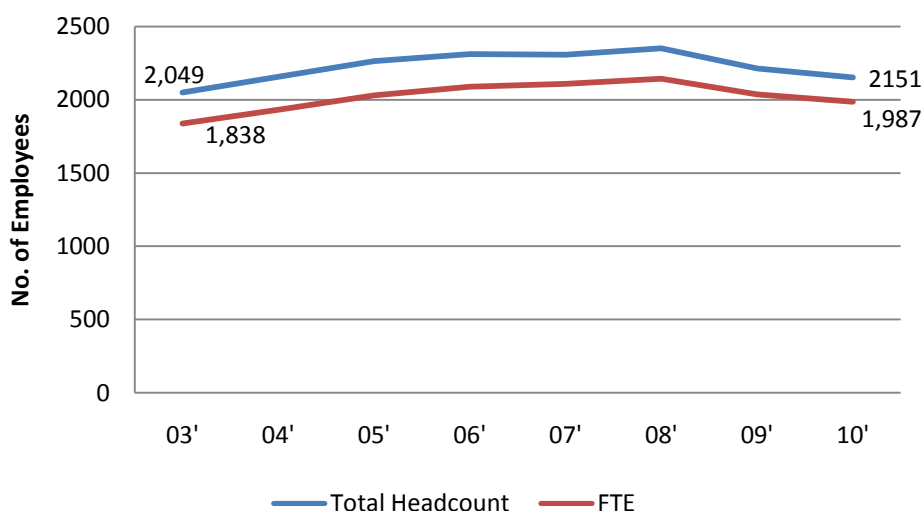
Source: Indecon analysis of RTE data and RTÉ Financial Statements from the Annual Reports 2010 & 2009.

Note: Overtime costs based on RTÉ data.

6.5.2 Reductions in Personnel Related Operating Costs

Figure 6.20 below displays the changes over time in the number of staff employed at RTÉ from 2003 to 2010 inclusive. From the beginning of 2009 to the year end of 2010 RTÉ reduced its total headcount by 200 people which was 9% of the total staff.

Figure 6.20: RTÉ Employment Trend 2003 - 2010



Note: The years 2003 to 2006 include Nuacht TG4 staff varying from 24 to 28 staff members.

Source: Indecon analysis of RTÉ data.

In terms of personnel related operating costs RTÉ have implemented a number of measures since 2008. These have included:

- Salary reductions ranging from 2.6% to 12.5% came into effect on July 1st 2009 and were applied to all staff at RTÉ. Equivalent reductions were applied to fees paid to contractors;
- Staff eligible for *Variable Performance Related Awards* for 2008 and 2009 did not receive the payments;
- Salary Increments were suspended to June 30th 2010, this applied to all eligible staff;
- Efforts were made to reduce activities that would result in the payment of overtime;
- Some staff departures were not replaced or positions were consolidated on a permanent basis;
- The temporary replacements of positions due to maternity leave or illness were reduced;
- A two – year Incentivised Career Break (ICBF) facility; and,
- An Early Retirement and Redundancy Facility (ERRF).

RTÉ personnel related operating costs were reduced by 12% in 2009 and a further 4% in 2010 reaching a total of €187m. Budgetary data for personnel related operating costs for 2011 is commercially sensitive and is not presented in this report.

Table 6.24: Trend in RTÉ Personnel Related Operating Costs 2008-2011

	2008	2009	2010	Budget 2011		
	€m	€m	€m	€m	% change 08-09	% change 09-10
Personnel related operating costs	222	195	187	191,191	-12%	-4%

Source: Indecon analysis of RTÉ Data.

As part of our analysis we also examined the amount paid by RTÉ to the Top Ten Presenter Talent as part of a review of the efficiency and value for money of the RTÉ service. The average presenter salary has been reduced by 18% since 2008. Our analysis suggests that while these salaries are of symbolic importance they do not represent a significant element of RTÉ costs.

6.5.3 Reductions in Television & Radio Programming Costs

Indecon also analysed some examples of reductions in operating costs implemented by RTÉ in 2010 along with some planned or projected savings running up to 2014. These reductions were disaggregated by the television and radio divisions. Reductions in indigenous television programming and acquired transmitted programming were achieved in 2010 and 2011 through the discontinuance and substitution of programmes as well as price reductions. In some cases programme slots were not filled. RTÉ renegotiated its sports rights over the period from 2011 to 2013 achieving a significant reduction. RTÉ secured a reduction in music licence fees in 2010. Savings were also achieved through the re-negotiation of promotion productions costs. RTÉ also achieved a range of other savings not related to production costs across the areas of news and current affairs, publishing, network and shared services. As much of the information presented to Indecon for analysis was commercially sensitive, the details are not published in this report.

6.6 Adequacy of RTÉ Funding

As per the terms of reference, assessing the adequacy of RTÉ public funding in light of its ability to meet its public service objects is an important element of this review. The adequacy of RTÉ funding is influenced by what that broadcaster is expected to achieve in the year. Its on-going ability to meet its commitments and targets as per the Annual Statement of Performance Commitments somewhat provides an indication of the adequacy of funding but the adequacy of existing funding to allow the broadcaster to remain financially solvent is also a key issue. In light of this, we reviewed RTÉ actual versus budgetary revenue performance by way of providing a context within which the adequacy of funding can be determined. With the exception of publishing, network and other revenue, all sources of revenue as of the end of September 2011 have fallen compared to the same period in 2010. Radio and television advertising income up to the end of September 2011 declined by 8.8% and 6.3% respectively compared to 2010 (see Table 5.1).

Given the cost base within RTÉ, our estimates indicate that there is insufficient funding to enable the organisation to maintain its existing activities. The key priority is therefore to address the cost base with RTÉ and for management to secure the targeted cost savings. There is also as outlined below a need for greater certainty and less volatility in funding over the next 2 to 3 years.

6.7 Summary of Cost Efficiency and value for money of RTÉ

As part of this review we examined in detail a number of cost reducing measures of which RTÉ has introduced or plans to implement in order to address its deficit and reach its target of breaking even by 2013. Among the measures outlined are the reduction of personnel-related operating costs through a voluntary redundancy scheme and other initiatives. RTÉ is also engaging in ongoing negotiations with its contractors in order to secure cost savings. Indecon have undertaken a review of the cost savings achieved by RTÉ in 2010 and 2011 but details of these measures are not explicitly included in this report due to commercially sensitive reasons.

The most important area of potential cost savings is in relation to personnel-related operating costs. This has declined from 52% in 2010 to 50% of total operating costs. However, further potential cost savings have been identified by RTÉ in this area.

The evidence suggests that securing cost efficiencies is now a key focus of RTÉ management. However, it is clear that there is a need for significant further cost reductions in order to reach the target of breaking even by 2013.

7 Conclusions

7.1 Summary of Conclusions

In 2010 RTÉ broadly fulfilled its commitments as set out in its Annual Statement of Performance Commitments 2010, in respect of its high level strategic objectives. Among the most significant targets met, RTÉ met or exceeded all its targets relating to television and radio output by genre in with the exception of young people's programming and news/ current affairs on radio of which they fell slightly short of target. RTÉ exceeded its 2010 target of 89% for television audience reach by 3%. Radio audience reach fell short of the target of 39% by 3%. RTÉ had an operating deficit of €4.7m in 2010 despite aiming to breakeven. RTÉ aimed to reduce its personnel related operating costs to 50% of total operating costs against a target of 52%. The key challenge for RTÉ is how to address its operating deficit. At the start of 2011 RTÉ was facing a potential deficit of €30m. Therefore while RTÉ reduced its personnel related operating costs in 2010 further very significant reductions in RTÉ costs are required.

The evidence suggests that RTÉ performed strongly in its efforts to support creativity in the sector in 2010. A total of 738 creative staff were employed or in contract with RTÉ in 2010. RTÉ estimate the full time equivalent of these employees was 365.1 in 2010. Other creative achievements in 2010 included a 5.8% increase in the number of awards won, relationship building events hosted with independent producers and other key stakeholders, the showcasing of new talent onscreen, on air and through solo roles within performances of the RTÉ performing groups throughout the year. RTÉ also hosted and supported a number of skills workshops both internally and externally in the areas of writing, directing and producing.

The extent to which the broadcaster RTÉ operated efficiently and provides a value-for-money service proves difficult to measure. The evidence depicts that RTÉ, in recent times, has put cost containment and the cost efficiency of its service to the forefront of its objectives. Highlights of cost reducing measures achieved and or implemented in 2010 include a reduction of personnel related operating costs to 50% of total operating costs against a target of 52% and a 3.4% reduction in total programming expenditure in 2010 following a 15% in 2009. RTÉ had an operating deficit of €4.7m in 2010 despite aiming to breakeven; this will continue to be a key challenge for future years. RTÉ also achieved unit cost reductions in television/radio programming across its range of channels/stations with the exception of RTÉ Two which experienced a slight increase in the cost per viewer hour and cost per transmitted hour. There is potential for further ongoing efficiency gains but this must be balanced with the need to maintain a high standard in the quality of programming.

The adequacy or otherwise of public funding to enable RTÉ to meet its public service objects is discussed in section 6.6 above.

RTÉ recorded a deficit in 2010 and therefore the issue of control of surpluses does not arise and therefore RTÉ have complied with the EU requirements.

7.2 Opinion on any Adjustment in Public Funding

The annual adjustments to the licence fee, as proposed in the broadcasting legislation, are based on the price regulation formula known as the 'CPI-X' formula. The 'X' is an adjustment factor which relates to key factors such as cost control, programming/output performance and organisational improvements within the PSB. The 'X' factor may be positive, negative or equal to zero depending on the performance indicators. The CPI is the Irish consumer price index and this declined in 2010 by 1%. If it was deemed that the level of 'X' measuring the efficiency and performance of RTÉ was for example, in line with what could have been expected, this might suggest no adjustment for 'X' and that the only change should reflect the movements in CPI, namely a reduction of 1%.

RTÉ has experienced reductions in commercial income due to the challenging economic climate and the increasing competition facing the PSB in the Irish broadcasting market. Despite these challenges, RTÉ achieved a slight increase in commercial income in 2010 and there may be some potential for further optimisation of existing funding sources and the exploration of new funding sources in on line and new digital areas but this will require of a new integrated commercial strategy. As mentioned, RTÉ recorded an operating deficit of €4.7m in 2010 and it is forecasted that RTÉ will have a net operating deficit by the end of 2011. Given the likely revenue outlook the scale of the deficit will require further very significant reductions in costs. For these reasons, Indecon would not recommend a reduction in RTÉ's public funding in line with the reduction in the CPI as this would impact on RTÉ's ability to meet its public service obligations within the context of an urgent need to contain the expanding gap between income and expenditure.

7.3 Opinion on Process Improvements

Indecon believes that there are some issues surrounding the targets linked to the commitments set out by RTÉ in its Annual Statement of Performance Commitments. In some cases, an issue arises as to whether the targets set represent a forecast of likely future outcomes or whether they reflect challenging stretch targets. There is also an issue of the large number of commitments set, many of which are very different in terms of their relative significance.

We also believe there is a need to have more clarity on how the annual funding review impacts on RTÉ's licence fee and to ensure that it supports the incentives in relation to on-going efficiency measures. Critically, Indecon believes there is an urgent need for greater certainty for RTÉ on funding over at least a one- or two-year period. Ensuring that the annual or multi-annual review process is taken into account in any government decision on licence fee for RTÉ is in our view also essential for the credibility and usefulness of this review process.

Indecon also recommends an enhancement of RTÉ's information systems in order to facilitate the evaluation of the cost of in-house programmes including related overhead costs compared to the cost of commissioned and acquired programming by genre.

Annex 1 Top 50 Television Programmes

Table 1: Top 50 Television Programmes 1 st January – 31 st December 2010, All Channels								
	Programme	Channel	Date	Start Time	End Time	(r) TVR	000s	Share
1	The Late Late Toy Show	RTÉ One	26-11	21:36	23:54	32.2	1318	71.9%
2	The Sunday Game Live (Hurling Final, Kilkenny v. Tipp)	RTÉ Two	05-09	15:23	17:26	23.9	979	68.8%
3	The Rose Of Tralee 2010	RTÉ One	24-08	21:36	23:20	22.2	916	54.0%
4	RTE News: Nine O'clock	RTÉ One	21-12	21:01	21:29	21.8	890	46.6%
5	RTE News: Six One	RTÉ One	01-12	18:01	18:53	21.3	872	55.2%
6	The X Factor: The Results	TV3	12-12	19:29	21:30	20.2	824	43.8%
7	The Eurovision Song Contest	RTÉ One	29-05	20:00	23:20	19.4	798	52.4%
8	Prime Time Investigates: Carry On Regardless	RTÉ One	20-12	21:34	22:30	19.2	783	43.8%
9	Fair City	RTÉ One	30-11	20:04	20:31	19.0	779	42.2%
10	The Sunday Game Live (Football Final, Cork v. Down)	RTÉ Two	19-09	14:47	17:36	18.8	770	60.0%
11	World Cup 2010 (Final, Netherlands v. Spain)	RTÉ Two	11-07	18:59	22:50	18.5	762	49.1%
12	Coronation Street	TV3	06-12	20:31	20:58	18.3	748	39.1%
13	Prime Time	RTÉ One	07-01	21:40	22:14	17.5	722	41.4%
14	The All Ireland Talent Show Results	RTÉ One	14-03	20:34	21:01	17.1	704	42.8%
15	The X Factor 2010	TV3	27-11	19:45	21:37	16.5	676	37.9%
16	The All Ireland Talent Show	RTÉ One	10-01	18:31	19:28	16.0	657	38.1%
17	Eastenders	RTÉ One	30-11	19:29	19:59	15.8	645	37.6%
18	Winning Streak	RTÉ One	18-12	20:26	21:23	15.6	638	36.0%
19	Gerry	RTÉ One	27-12	21:36	22:50	15.5	636	37.3%
20	The Frontline	RTÉ One	08-02	21:36	22:37	15.2	628	41.2%
21	Six Nations (France v. Ireland)	RTÉ Two	13-02	16:24	18:56	15.0	619	48.4%
22	Saturday Night Show, The	RTÉ One	18-12	22:00	23:23	14.6	598	39.8%
23	No Frontiers	RTÉ One	03-01	19:31	19:58	14.4	594	32.1%
24	Desperate Housewives	RTÉ Two	05-01	21:56	22:46	14.4	592	33.3%
25	Reeling In The Years	RTÉ One	06-01	20:02	20:27	14.3	589	34.2%

Note: Data is based on Live, National Individuals, 4+ years. Any Day, Any Time – Best Episode. Programmes ranked by TVR (universe changes 3 times per year). Minimum programme duration is 15 minutes.

Source: Tam Ireland Ltd / Nielsen Television Audience Measurement.

Table 1: Top 50 Television Programmes 1st January – 31st December 2010, All Channels (continued)

	Programme	Channel	Date	Start Time	End Time	(r) TVR	000s	Share
26	Raw	RTÉ One	10-01	21:28	22:27	14.2	583	32.9%
27	Aftershock: Ghost Land	RTÉ One	09-05	21:31	22:25	14.1	580	40.3%
28	Nationwide	RTÉ One	20-12	19:01	19:24	14.0	573	35.1%
29	Euro 2012 Qualifier (Slovakia v. Rep of Ireland)	RTÉ Two	12-10	19:00	21:51	13.9	567	36.4%
30	Ear To The Ground	RTÉ One	29-11	20:35	20:58	13.7	562	31.7%
31	Charlie Bird's American Year	RTÉ One	01-02	21:35	22:34	13.7	563	36.6%
32	Gerry Ryan Confidential	RTÉ One	13-05	22:16	22:48	13.7	563	40.5%
33	Customs	RTÉ One	22-12	20:31	20:57	13.5	554	34.0%
34	Christmas With The Kranks	RTÉ One	18-12	18:37	20:19	13.5	553	35.5%

Note: Data is based on Live, National Individuals, 4+ years. Any Day, Any Time – Best Episode. Programmes ranked by TVR (universe changes 3 times per year). Minimum programme duration is 15 minutes.

Source: Tam Ireland Ltd / Nielsen Television Audience Measurement.

Table 2: Top 50 Television Programmes 1st January – 31st December 2010, All Channels (Continued)

	Programme	Channel	Date	Start Time	End Time	(r) TVR	000s	Share
35	Santa Clause, The	RTÉ One	04-12	18:36	19:56	13.4	547	34.5%
36	Operation Transformation	RTÉ One	13-01	20:02	20:56	13.3	548	32.5%
37	RTE News (Late)	RTÉ One	29-05	23:26	23:44	13.3	549	48.6%
38	Saturday Night With Miriam	RTÉ One	31-07	21:43	22:45	13.3	547	38.8%
39	About The House	RTÉ One	30-11	20:34	20:59	13.2	539	28.7%
40	Polar Express, The	RTÉ One	27-11	18:40	20:00	13.1	535	34.2%
41	Gaybo Laughs Back	RTÉ One	19-12	20:31	20:58	13.1	534	30.4%
42	Room To Improve	RTÉ One	05-05	20:30	20:57	13.0	537	37.4%
43	Feargal Quinn's Retail Therapy	RTÉ One	09-03	20:35	21:00	13.0	534	34.7%
44	Single Handed	RTÉ One	05-12	21:30	22:28	12.9	528	30.0%
45	Nationwide Revisited	RTÉ One	23-12	19:00	19:24	12.8	524	34.7%
46	At Your Service Christmas Challenge	RTÉ One	22-12	20:02	20:28	12.8	523	33.3%
47	Up For The Match	RTÉ One	18-09	21:49	23:23	12.7	521	37.9%
48	Guinness Series Rugby International	RTÉ Two	20-11	16:45	19:54	12.6	517	38.9%
49	Unwrapped - The Toy Show!	RTÉ One	24-12	20:53	21:51	12.5	513	31.5%
50	My Showhouse	RTÉ One	04-05	20:33	20:58	12.5	516	35.4%

Note: Data is based on Live, National Individuals, 4+ years. Any Day, Any Time – Best Episode. Programmes ranked by TVR (universe changes 3 times per year). Minimum programme duration is 15 minutes.

Source: Tam Ireland Ltd / Nielsen Television Audience Measurement.

Annex 2 RTÉ Radio Audience Data

Table 3: RTÉ Radio Programming Timeblock Reach, Monday – Friday average, January – December 2010

Programme	Station	Time Slot	% Reach	Adults 15+ (000s)
Risin' Time with Maxi	RTÉ Radio 1	05.30-07.00	1%	34
Morning Ireland	RTÉ Radio 1	07:00-09:00	13%	449
The Tubridy Show/The John Murray Show	RTÉ Radio 1	09:00-10:00	9%	332
Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	9%	324
The Ronan Collins Show	RTÉ Radio 1	12:00-13:00	6%	223
News at One	RTÉ Radio 1	13:00-13:45	10%	335
Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	11%	392
Mooney	RTÉ Radio 1	15:00-16:30	6%	211
Drivetime	RTÉ Radio 1	16:30-19:00	7%	234
Sport at Seven	RTÉ Radio 1	19:00-19:30	1%	26
Arena	RTÉ Radio 1	19:30-20:30	1%	21
The John Creedon Show	RTÉ Radio 1	20:30-22:00	1%	19
Arts Tonight / Late Debate	RTÉ Radio 1	22:00-23:00	0%	17
Late Date	RTÉ Radio 1	23:00-02:00	1%	30
Damian Farrelly	RTÉ 2fm	06:00-07:00	0%	14
Breakfast with Hector	RTÉ 2fm	07:00-09:00	4%	133
Tubridy	RTÉ 2fm	09:00-11:00	6%	216
The Colm Hayes Show	RTÉ 2fm	11:00-13:00	5%	161
Larry Gogan's Golden Hour	RTÉ 2fm	13:00-14:00	2%	75
Rick In The Afternoon	RTÉ 2fm	14:00-16:30	4%	134
More Music Drive with Will Leahy	RTÉ 2fm	16:30-19:00	3%	121
Dave Fanning	RTÉ 2fm	19:00-21:00	1%	23
Jenny Huston	RTÉ 2fm	21:00-23:00	0%	10
Dan Hegarty	RTÉ 2fm	23:00-01:00	0%	7
Marty in the Morning (Marty Whelan)	RTÉ lyric fm	07:00-10:00	1%	19
In Tempo with Paul Herriott / Other Music	RTÉ lyric fm	10:00-12:00	1%	25
Liz Nolan's Lunchtime Classics	RTÉ lyric fm	12:00-14:00	1%	30
The John Kelly Ensemble	RTÉ lyric fm	14:00-16:00	1%	30
Niall Carroll's Classic Drive	RTÉ lyric fm	16:00-19:00	1%	50
Var.: Movies/ World/ Jazz/ /Trad./ lyric Feature	RTÉ lyric fm	19:00-20:00	1%	20
Eamonn Lawlor's Lyric Concert	RTÉ lyric fm	20:00-22:00	1%	19
The Blue of the Night with Carl Corcoran (Mon-Thurs)	RTÉ lyric fm	22:00-01:00	0%	15
Music Sequence	RTÉ lyric fm	01:00-07:00	0%	4

Note: Radio weekday reach data includes all who listened regardless of time spent listening.

Source: JNLR /Ipsos mrbi 2010/4

Table 4: RTÉ Radio Programming Timeblock Reach, Saturday Average, January – December 2010

Programme	Station	Time Slot	% Reach	Adults 15+ (000s)
The Weekend on One	RTÉ Radio 1	06:00-08:00	2%	87
News / Papers / CountryWide	RTÉ Radio 1	08:00-09:00	6%	198
Playback	RTÉ Radio 1	09:00-10:00	9%	326
The Business	RTÉ Radio 1	10:00-11:00	10%	351
The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	11%	400
News / Saturday View	RTÉ Radio 1	13:00-14:00	6%	206
Saturday Sport	RTÉ Radio 1	14:00-18:00	5%	192
Documentary on One	RTÉ Radio 1	18:00-19:00	1%	37
Off The Shelf	RTÉ Radio 1	19:00-19:30	0%	17
Archive on One / Arts	RTÉ Radio 1	19:30-20:00	0%	9
Irish Language / Music	RTÉ Radio 1	20:00-21:00	0%	12
Céilí House	RTÉ Radio 1	21:00-22:00	0%	10
Fáilte Isteach	RTÉ Radio 1	22:00-23:00	0%	12
Music on One: Country	RTÉ Radio 1	23:00-24:00	1%	20
Late Date	RTÉ Radio 1	00:00-02:00	0%	11
Radio 1 Through the Night	RTÉ Radio 1	02:00-06:00	0%	7
Weekend Breakfast with Baz & Lucy	RTÉ 2fm	07:00-10:00	2%	83
Smells Like Saturday with Zig & Zag	RTÉ 2fm	10:00-12:00	4%	143
Ballbusters	RTÉ 2fm	12:00-14:00	4%	125
Dave Fanning at the Weekend	RTÉ 2fm	14:00-16:00	3%	95
Weekenders with Ruth & Paddy	RTÉ 2fm	16:00-19:00	2%	72
The Electric Disco with Jenny Greene	RTÉ 2fm	19:00-22:00	0%	13
The Spring Sessions	RTÉ 2fm	22:00-24:00	0%	2
Dave Clarke's White Noise	RTÉ 2fm	24:00-02:00	0%	1
Trish Taylor's Daybreak	RTÉ lyric fm	07:00-09:30	0%	12
George Hamilton's The Hamilton Scores / Other Music	RTÉ lyric fm	09.30-12:00	1%	27
Lunchtime Classics with Frank McNamara	RTÉ lyric fm	12:00-14.00	1%	24
Movies and Musicals with Aedín Gormley	RTÉ lyric fm	14.00-16.00	1%	38
Lorcan Murray's Classic Drive / Magic Carpet	RTÉ lyric fm	16.00-19.00	1%	49
Opera Night	RTÉ lyric fm	19.00-22.00	1%	19
The Blue of the Night with Eamonn Lenihan (Thurs-Sun)	RTÉ lyric fm	22.00-01.00	0%	11
Music Sequence	RTÉ lyric fm	01:00-07:00	0%	0

Source: JNLR / Ipsos mrbi 2010/4

Table 5: RTÉ Radio Programming Listenership and Reach Average Sunday

Programme	Station	Time Slot	% Reach	Adults 15+ (000s)
The Weekend on One	RTÉ Radio 1	06:00-08:00	2%	61
Papers / World Report / Bowman	RTÉ Radio 1	08:00-09:00	4%	147
News / Papers / Sunday Miscellany	RTÉ Radio 1	09:00-10:00	7%	231
Miriam Meets	RTÉ Radio 1	10:00-11:00	7%	262
Marian Finucane	RTÉ Radio 1	11:00-13:00	11%	369
This Week	RTÉ Radio 1	13:00-14:00	6%	201
Sunday Sport	RTÉ Radio 1	14:00-18:00	4%	154
Sunday Forum / Take Your Point/The History Show	RTÉ Radio 1	18:00-19:00	1%	40
Arts Tonight (Rpt) / Doc on One (Rpt)	RTÉ Radio 1	19:00-20:00	0%	13
Sunday Playhouse	RTÉ Radio 1	20:00-21:00	0%	11
Music on One: SWB / Music	RTÉ Radio 1	21:00-22:00	0%	6
Music on One: RW / Music	RTÉ Radio 1	22:00-23:00	0%	7
Music on One: OoS / Music	RTÉ Radio 1	23:00-24:00	1%	22
Late Date	RTÉ Radio 1	00:00-02:00	0%	10
Radio 1 Through the Night	RTÉ Radio 1	02:00-05:30	0%	6
Weekend Breakfast with Baz & Lucy	RTÉ 2fm	07:00-10:00	2%	56
Best of Tubridy	RTÉ 2fm	10:00-11:00	2%	68
Ireland's Biggest Jukebox	RTÉ 2fm	11:00-14:00	4%	127
Weekenders with Ruth & Paddy	RTÉ 2fm	14:00-17:00	3%	108
Michael Cahill	RTÉ 2fm	17:00-19:00	1%	52
The Battle Axe	RTÉ 2fm	19:00-22:00	1%	32
2xm on 2fm	RTÉ 2fm	22:00-24:00	0%	3
Gloria with Tim Thurston	RTÉ lyric fm	07:00-09:00	0%	5
The Music Box with Trish Taylor	RTÉ lyric fm	09:00-12:00	1%	23
Lunchtime Classics with Frank McNamara	RTÉ lyric fm	12:00-14:00	1%	25
Sunday with Gay Byrne	RTÉ lyric fm	14:00-16:00	1%	46
Lorcan Murray's Classic Drive	RTÉ lyric fm	16:00-19:00	1%	48
The Magic Carpet with Rachel Blech	RTÉ lyric fm	19:00-21:00	0%	14
Nova with Bernard Clarke	RTÉ lyric fm	21:00-22:00	0%	11
The Blue of the Night with Eamonn Lenihan (Fri-Sun) / Magic Carpe	RTÉ lyric fm	22:00-01:00	0%	10
Music Sequence	RTÉ lyric fm	01:00-07:00	0%	1

Source: JNLR / Ipsos mrbi 2010/4

Annex 3 RTÉ Awards

Competition

Agricultural Journalism Awards
 Ake Blomstrom Award
 British Animation Awards
 Cancun CVB International Journalism Awards
 Cartoons On The Bay, Italy
 Celtic Media Festival
 Celtic Media Festival
 Celtic Media Festival
 Celtic Media Festival
 Celtic Media Festival
 Celtic Media Festival
 Cinanima Short Film Festival, Portugal
 Cinema Tous Écran
 Cork Film Festival
 Corona Fastnet Film Festival
 Corona Fastnet Film Festival
 Crossroads Film Festival, Mississippi
 Crystal Clear Literacy Health Awards

Entry

Higher Ground
 Eight Years On: Christopher Cleary
 The Secret Of Kells
 Deirdre Mullins, rte.ie/travel
 Granny O'Grimm's Sleeping Beauty
 If I Should Fall Behind
 Jump, Spin, Grind
 Looking For Fairytale Castles
 Prime Time Investigates: Travellers - On The Edge
 The Secret Of Kells
 Seamus Heaney: Out Of The Marvellous
 Granny O'Grimm's Sleeping Beauty
 Love/Hate
 Passing
 Tufty
 Tufty
 The Last Confession Of Alexander Pearce
 Operation Transformation

Category

National Broadcast
 Scholarship Award
 Best European Feature
 Internet Category: Honourable Mention
 Best Animated Character
 Short Drama
 Children's, TV
 Radio Documentary
 Current Affairs
 Animation
 Arts
 Best Animated Film - Special Mention
 Best Series
 Best Irish Short Film
 Shorts: Best Direction
 Shorts: Best Original Music
 Best Narrative Feature
 Best Health Communication Through Journalism

European Religious Television Festival	Would You Believe: My Father's House	Best Documentary
European Year Journalist Award	Music Changes Lives	To mark Year for Combating Poverty and Social Inclusion
Hot Docs, Canada	Autumn Gold	Filmmaker's Award
HSE Community Games Media Awards	Ciarán Mullooly	For contribution to awareness
Hugo Awards, Chicago International Film Festival	A 100 Dead People In My Truck	Gold Plaque: Social/Political Documentary
IFTA Awards	Blood Of The Irish	Documentary Series
IFTA Awards	Grand Slam Journey	Sports
IFTA Awards	Harper's Island: Elaine Cassidy	Actress In A Lead Role
IFTA Awards	On The Block: Tory Island	Children's/Youth
IFTA Awards	Ondine: Anna Rackard	Production Design, Film
IFTA Awards	Ondine: Colin Farrell	Actor In A Lead Role, Film
IFTA Awards	Ondine: Deasy, Johnson and Gaines	Sound, Film
IFTA Awards	Ondine: Dervla Kirwan	Actress In A Supporting Role, Film
IFTA Awards	Runners	Short Film
IFTA Awards	Seamus Heaney: Out Of The Marvellous	Single Documentary
IFTA Awards	The Frontline	Current Affairs
IFTA Awards	The Secret Of Kells	Animation
IFTA Awards	Tomm Moore	Rising Star
IFTA Awards	Zonad: Brian Byrne	Original Score
IFTA Awards	Father & Son	Actor In Supporting Role: TV: Stephen Rea
IFTA Awards	Father & Son	Script TV: Frank Deasy
IFTA Awards	The Clinic	Drama Series/Soap
IFTA Awards	The Eclipse	Best Feature Film
IFTA Awards	The Eclipse: Aidan Quinn	Actor In Supporting Role: Film
IFTA Awards	The Eclipse: Conor McPherson, Billy Roche	Script Film
Inside Film Awards (Australia)	The Last Confession Of Alexander Pearce	Best Documentary Award
Institute Of Designers In Ireland Awards	Does God Hate?	Title Design And Branding
Institute Of Designers In Ireland Awards	Podge And Rodge's Stickit Inn	Set Design: Highly Commended
Institute Of Designers In Ireland Awards	RTÉ Sports Awards 2009	Title Design And Branding: Highly Commended
Institute Of Designers In Ireland Awards	RTÉ Two Rebrand	Title Design And Branding: Highly Commended
Institute Of Designers In Ireland Awards	That's All We've Got Time For	Set Design
Institute Of Designers In Ireland Awards	The Frontline	Set Design: Highly Commended
Irish Contract Cleaning Awards	Cleaner Of The Year : Momentum, Jacek Worcik	Offices Over 100,00 Square Feet
Irish Medical Media Awards	Fergal Bowers on Tallaght X-Ray Backlog	Journalist Of The Year
Irish Medical Media Awards	Nationwide Report on Men's Health	News - Consumer Broadcast
Irish Medical Media Awards	Prime Time Investigates: A Shocking Truth – The Michael Shine Scandal	Documentary: Consumer Broadcast
Justice Media Awards	Prime Time: Crime And Punishment	TV Documentary
Justice Media Awards	Six One News:Community Service	TV Documentary
Kerry Film Festival	Passing	Best Short
Kerry Person Of The Year	Daithí Ó Sé	Person Of The Year
Kidscreen	Aisling's Diary: TV Movies	TV Movie
Leinster Society of Chartered Accountants	RTÉ Annual Report	Statutory Unquoted Large Entities
Malibu Film Festival	Runners	Best International Short Film

David Manley Emerging Entrepreneurs Awards	The Business: John Murray	Media Award
Desmond Wettem Maritime Media Awards	Tom MacSweeney, Marine Correspondent	For Raising Awareness Of Maritime Issues
Digital Media Awards	Documentary On One	Best In Podcasting: Gold
Digital Media Awards	Granny O'Grimm's Sleeping Beauty	Special Merit Award For Outstanding Achievement
Digital Media Awards	Morning Ireland	Best In Media: Silver
Digital Media Awards	RTÉ News Now	Best In Media: Bronze
Digital Media Awards	RTÉ Player	Best Digital Design: Bronze
EBU Connect Awards	The Late Late Toy Show: Nigel Gordon	Silver: Comedy, Reality or Entertainment Promo
Entertainment.ie Awards	Rick O'Shea	Sexist Radio Voice
Entertainment.ie Awards	The Colm and Jim Jim Show	Best Breakfast Show
European Independent Film Festival	The Last Confession Of Alexander Pearce	Best Non-European Dramatic Feature
Net Visionary Awards	RTÉ Player	Best Business Video and Podcasting
New York Festivals Radio	8 Years On	Human Relations: Bronze World Medal
New York Festivals Radio	Annotated Jack	Profiles/Community Portraits: Silver World Medal
New York Festivals Radio	Dancing With Two Left Legs	Human Relations: Bronze World Medal
New York Festivals Radio	Deadly Sleeper	Health/Medical: Finalist Certificate
New York Festivals Radio	Forgotten People	Best Editing: Silver World Medal
New York Festivals Radio	Grace Notes: Scots Traditional Awards	Best Music Special: Bronze World Medal
New York Festivals Radio	Silver Stars Unplugged	Culture And Arts: Silver World Medal
New York Festivals Radio	Songs From The Inside	Educational: Finalist Certificate
New York Festivals Radio	The Blue Tar Road	Music Special :Bronze Award
New York Festivals Radio	The Carberrys - Running In The Family	Sports Commentary/Analysis: Finalist Certificate
New York Festivals Radio	The Runners	Social Issues/Current Affairs: Gold World Medal
New York Festivals Television	A 100 Dead People In My Truck	Health/Medical Information: Gold Medal
New York Festivals Television	Seamus Heaney: Out Of The Marvellous	Arts : Bronze Medal
New York Festivals Television	The House	Community Portraits:Bronze Medal
New York Festivals Television	Single Handed 3	Drama:Silver Medal
Newport International Film Festival	The Last Confession Of Alexander Pearce	Special Jury Prize
Oireachtas Media Awards	Daithí Ó Sé	Gael Star Of The Year
Oireachtas Media Awards	Rónán Beo@3	Radio Series Of The Year
Oireachtas Media Awards	Rónán MacAodha Bhui	Radio Personality Of The Year
People Of The Year Awards	Gerry Ryan	For Services To Irish Broadcasting
PPI Awards	Ball Busters	Sports: Silver Award
PPI Awards	Cian McCormack	News Reporter Of The Year: Gold Award

PPI Awards	Countrywide	Speech Driven Magazine Programme: Silver Award
PPI Awards	Dave Fanning	Specialist Music Broadcaster Of The Year : Gold Award
PPI Awards	Deirdre Gribbin Special	New Irish Music/Musical Talent Programme: Silver Award
PPI Awards	Documentary On One: 8 Years On	Documentary: Gold Award
PPI Awards	Drivetime: The Murphy Report	Current Affairs Programme: Gold Award
PPI Awards	Glórtha ón Ghorta	Craolthoireacht Le Gaeilge: Gold Award
PPI Awards	In My Place (RTÉ Junior)	Short Feature: Bronze Award
PPI Awards	Jim Jim's Bits	Entertainment Inserts : Bronze Award
PPI Awards	Larry Gogan	Outstanding Achievement Award
PPI Awards	Liveline	Community/Social Action Programme: Silver Award
PPI Awards	Morning Ireland	News Programme: Silver Award
PPI Awards	Morning Ireland - 25th Anniversary Programme	Innovation: Silver Award
PPI Awards	Nob Nation	Entertainment Inserts: Gold Award
PPI Awards	Philip Boucher Hayes	News Reporter Of The Year : Silver Award
PPI Awards	Portrane - The Big Move	On-The-Air Promotion: Bronze Award
PPI Awards	RTÉ 2fm	Music Station Of The Year: Bronze Award
PPI Awards	RTÉ lyric fm	Music Station Of The Year : Gold Award
PPI Awards	RTÉ Radio News At One	News Programme : Gold Medal
PPI Awards	Seán O'Rourke	News Reporter Of The Year : Gold Award
PPI Awards	The Blue Tar Road	Music Special: Bronze Award
PPI Awards	The Mooney Show	Music Special: Gold Award
PPI Awards	The Tubridy Show: OB Natural History Museum	Speech Driven Show : Bronze Award
Prix Europa	The Runners	Radio Documentary
Prix Jeunesse	The Shrinks	7-11 Non Fiction
Radharc Awards	Music Changes Lives	Highly Commended
Radharc Awards	The House	Best Irish Documentary Film
Radio Advertising Awards	Licence Fee Ad ("Auntie")	Best Business - Financial, Insurance, Assurance
RNLI Maritime Person Of The Year Award	Tom MacSweeney, Maritime Correspondent	For contribution to maritime awareness
Screen Music Awards, Australia	The Last Confession Of Alexander Pearce	Best Music For A Telemovie
Shanghai International Film Festival	Ondine	Christopher Doyle Golden Goblet Award for cinematography
Sydney Morning Herald TV Awards	The Last Confession Of Alexander Pearce	Best Local Telemovie
The Accolade Competition	Seamus Heaney: Out Of The Marvellous	Documentary Feature: Award Of Merit
The Accolade Competition	Single Handed 3	Drama Program/Series: Award Of Excellence
The Appys	RTÉ News App	Best Apple App
The Appys	RTÉ News App	Best Media App
The Appys	RTÉ News App	Overall Grand Prix App
The Appys	RTÉ Sports App	Best Sports App
Travel Extra Journalism Awards	Kathryn Thomas: No Frontiers	Television
Travel Extra Journalism Awards	Valerie Cox: Drivetime	Radio