



RTÉ Public Funding Review 2011

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

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Executive Summary

Introduction and Background to Review

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 objectives, as set out in its Annual Statement of Performance Commitments 2011.
- ❑ 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 objectives.
- ❑ Assess the extent to which RTÉ has used the public funding which it has received, in pursuit of its public service objectives, 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 reviews of RTÉ to be undertaken and in subsequent years.

Background to the Review

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 and TG4) have, during the previous financial year, fulfilled their commitments as stated in their annual statements of performance commitments and to review the adequacy of public funding to allow the PSB organisation to meet its public service objectives. 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. This current review by Indecon concerns the examination of RTÉ for the year 2011, in respect of the terms of reference outlined above.

Trends in the Irish Economy & Broadcasting Industry

A review of economy-wide trends and the broadcasting industry in particular, puts RTÉ’s overall performance in 2011 into context in terms of its operating environment and any particular influencing factors.

The declining trend in GNP and Gross National Disposable Income since 2008 persisted in 2011 although GDP recorded a small increase. Both personal consumption of goods and services and total domestic demand declined in each of the years from 2008 to 2011 inclusive. Unemployment levels continued to rise reaching 14.4% in 2011 while average earnings and labour costs have declined from their peak in 2009 and there was a small decrease in hourly labour costs in 2011. The Irish Government is required under the terms of the agreement with IMF/EU to introduce further reductions in public expenditure.

Summary of Key National Economic Indicators 2008-2011				
	2008	2009	2010	2011
Source				
Gross Domestic Product (GDP) - % Change	-5.2	-9.8	-3.0	1.6
GDP per capita - % Change	-7.0	-10.6	-3.2	1.3
Gross National Product (GNP) - % Change	-5.3	-13.4	-2.0	-2.4
Gross National Disposable Income - % Change	-5.5	-13.7	-2.1	-2.3
Personal Consumption of Goods and Services - % Change	1.5	-11.7	-1.3	-0.9
Total Domestic Demand - % Change	-4.4	-16.6	-7.4	-2.7
Average Hourly Earnings (Euro)	21.6	22.2	21.9	21.9
Average Hourly Labour Costs (Euro)	25.1	25.8	25.2	25.1
Standardised Unemployment Rate (Annual Average)	6.3%	11.8%	13.6%	14.4%

Note: All figures are measured at current market prices

Source: *Indecon analysis of data from the CSO National Income and Expenditure Annual Results for 2011, CSO Quarterly National Accounts, Q1 2012 and CSO principal statistics.*

In the television market there was a small increase of 6.6% in the number of homes in Ireland with a TV between May 2007 and May 2012 but more importantly, the proportion of TV homes that are subscribed to digital television expanded rapidly over the period. On October 24th 2012 the analogue television service was switched off and television broadcasting services are provided through Saorview, the Irish Digital Terrestrial Television Service, or Saorsat, the alternative satellite service for those for whom Saorview is not available.

Public service broadcasters are increasingly reliant on different media platforms such as the internet to reach the growing proportion of the TV audience who are choosing to view content through these mediums. RTÉ's online audience performance indicates that the broadcaster is taking steps to respond to the technological changes in the industry. Average monthly page impressions on the RTÉ player have been growing year on year, monthly page impressions on RTÉ player exceeding target and RTÉ Player Applications for smart phones and tablets have been launched. There is however an ongoing challenge for RTÉ to maximise online viewership numbers and also to develop associated revenue sources. This could be considered as a commitment by RTÉ in subsequent years.

The developments in the broadcasting industry and the wider economy in 2011 represented a challenging operating environment for all broadcasters. These factors continue to impact on RTÉ's ability to grow commercial revenue, maintain TV and radio market share and meet its annual commitments.

Examination of Extent to Which Commitments Have Been Met

This section presents a summary of the extent to which RTÉ fulfilled its commitments set out for 2011 with specific focus on RTÉ's programming related performance, in relation to broadcasting hours, indigenous hours, commissioned hours and acquired hours. RTÉ's audience related performance is also reviewed. The commitments in supporting creativity are discussed separately below.

Programming Commitments

RTÉ Television exceeded programming targets for all genres in 2011 while RTÉ Radio met or exceeded its targets for all genres of programming with the exception of a new sports programme on RTÉ RnaG which fell slightly short of the target of 33 hours. It must be noted however, that a number of RTÉ targets set for 2011 were either below the target set in 2010 or below the actual performance of RTÉ in 2010. This raises the fundamental issue of who sets the commitments and whether they are of a sufficiently ambitious nature. This is reflected in our recommendations section.

RTÉ Television and Radio Output Performance against Commitments by Key Genres 2010 & 2011				
	2010		2011	
Television Genre	Target Hours	Actual Hours	Target Hours	Actual Hours
Entertainment & Music	313	397	325	386
Factual	359	430	342	452
Young People's Programming	788	788	650	718
News & Current Affairs	1,069	1,123	1,110	1,220
Subtitling	7,800	8,788	8,500	9,007
Radio Genre				
Entertainment	342	519	272	283
Education	11	16	20	20
Factual	116	156	70	82
News & Current Affairs	1,652	1,651	1,669	1,670
Young People's programming - RTÉ Junior Radio	596	587	200 ¹	276
New Sports Programming – RnaG	-	-	33	31

Note: Drama and sport hours were not specifically targeted in RTÉ's Statement of Performance Commitments 2011. Entertainment & music and factual are peak time indigenous hours. Young people's hours are all-time indigenous hours and subtitling is all-time.

Source: RTÉ 2011 Performance Commitments Report.

On other programming related commitments, RTÉ participated in the transition to digital broadcasting by successfully launching SAORVIEW.

Audience-related Commitments

Maintaining or growing audience share across all platforms is a key ongoing commitment of the broadcaster and is especially important under the present circumstances of an increasingly competitive market. RTÉ Television broadcast the top 20 television programmes in Ireland, exceeding their target of 17, while RTÉ Radio equalled its target by providing 18 of the top 20 Radio programmes. RTÉ Television recorded an average monthly reach of 91.4% against a target of 90%, while RTÉ Radio narrowly failed to achieve its average daily reach target of 36%, recording a daily reach of 35%. RTÉ.ie achieved an average of 4 million unique browsers per month (meeting target), and recorded a monthly average of 1.52 million international unique browsers to a target of 1.5 million. 70.1% of total peak-time broadcast hours on RTÉ One was indigenous which exceeded the target of 65%. RTÉ Player achieved an average of 2.7 million streams per month, marking a 45% increase on 2010 figures. RTÉ Television achieved an audience peak-time share (live viewing) of 40.2% against a target of 40%, while RTÉ Radio met its target of 33% audience - peak-time share.

¹ Applies to original hours on RTÉ Junior.

Finance and Resource Commitments

In recent years, RTÉ's finance and resource commitments have reflected the ongoing need to reduce its cost base and reduce its deficit. RTÉ recorded an operating deficit of €16.8m at the end of 2011. This compared to an earlier budgeted net deficit of €17.3m. RTÉ Television, Radio, NL and Publishing failed to achieve the commercial revenue targets for 2011, falling short by 8%, 14%, 3% and 1.5%, respectively. Personnel-related operating costs represented 54% of RTÉ's total operating costs in 2011; and exceeded the budget of 50%.

The targets set for usage of TV and Radio facilities were achieved, with studio utilisation figures of 75% and 76% for TV and Radio, respectively.

Organisational Development Commitments

RTÉ organisational and development commitments are currently focused on cost reductions. With the need to reduce operating costs significantly, RTÉ's Early Retirement and Voluntary Redundancy Scheme was established.

Conclusions & Recommendations on Commitments

The 2012 commitments in our view are more focussed and reflect actions taken to implement recommended process improvements made in our last year's review but further strengthening and focus is required. Many of the commitments are wide in scope and therefore open to varying degrees of interpretation. This presents a challenge for the independent reviewer to obtain a structured and tangible measure of the ongoing overall performance of the broadcaster. The annual review process would benefit from a shift away from broad scoping statements to a fewer number of more focused targets relating specifically to audience performance, cost control, maximisation of commercial income opportunities and support for the independent sector among others which should be regularly updated to reflect market conditions. Targets revised downwards from the previous year's performance in the absence of any explanation could result in misleading indications of the broadcaster's performance and Indecon believes one should exercise caution on placing too much weight on these measures in terms of facilitating licence fee recommendations. The review process would also benefit from a shift away from the detailed assessment of the target hours for each individual genre of programming and instead a greater focus on identifying those genres which are of greatest importance. Indecon believes the targets should also reflect ambitious indicators to secure necessary cost reductions and other objectives.

Review of RTÉ's Role in Supporting Creativity

RTÉ supported creative talents in the independent sector in 2011 with expenditure incurred of €48.9m on commissioned programmes including RTÉ attributed overhead and this exceeded the required statutory spend by approximately €11m. However there has been a significant reduction in direct commissioned programme costs from €72.2m in 2008 to €52.1m in 2010. This further declined to €45.2m in 2011. This reflects the resource allocations made by RTÉ in the light of declining revenues. This may also be related to the fact that internal costs are fixed in the short term. However the need to address overall salary costs as part of cost reduction is a priority issue which is dealt with in the recommendations.

In 2011 RTÉ also played a role in fostering new talent and supporting and sustaining existing talent in the broadcasting industry and the wider arts sector in Ireland. RTÉ's support took the form of funding, grants and competitions, employment, training sessions, work shops, first-time broadcasts and concert solo performances.

RTÉ directly employed and contracted a number of musicians, producers, writers, actors, directors and composers as shown in the table below. Specific commitments are not set for this level of detail. Indecon believes however that measuring creative employment in the independent sector should be considered.

RTÉ Creative Staff by Role-Type in Contract with RTÉ as at 31 December 2011				
Type	No. of Employees	No. of Employees (FTE)	Non Employee	Grand Total
Directors	*	*	*	*
Producers	*	*	*	*
Actors	-	-	*	*
Composers	-	-	*	*
Musicians	*	*	*	*
Writers	*	*	*	*
Grand Total	*	*	*	*

** Data is commercially sensitive.*

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.

Other support for creativity in the television division included The 'Doc on the Box' initiative launched by the RTÉ Documentary Unit whereby an unpublished documentary writer with an idea to mark RTÉ's TV50 year was supported. Drama series RAW was written by five young Irish first-time writers to television and drama series AMBER introduced a new writer/producer team to television and the soundtrack was written by a first-time composer on RTÉ drama.

RTÉ Radio supported the independent sector through 350 hours of commissioned programming across all stations. RTÉ Radio supported the following new acts in 2011:

- ❑ 12 new arts contributors and two new visual arts reviewers debuted on Arena;
- ❑ Sunday Miscellany on RTÉ Radio 1 broadcast 292 new scripts from a total of 192 writers, 36 of which were first time writers for the programme;
- ❑ RTÉ Radio 1 supports fictional prose writing on an annual basis through the Francis McManus New Writing Award which resulted in 25 finalists being broadcast; and
- ❑ 120 media/journalism students attended a free RTÉ Radio 1 "Radio Days" training course on radio skills and guidance from all of the major RTÉ broadcasters was provided.

Four works commissioned by RTÉ from Irish composers were premiered by the RTÉ Performing Groups. Work for the RTÉ National Symphony Orchestra (NSO) included the orchestra's involvement with the Carlow opera project which involved NSO musicians in workshops and performances. The RTÉ Vanbrugh Quartet carried out ten school/community concerts and workshops. Eighteen original Irish works were showcased and 98 Irish solo artists were engaged in the performances of RTÉ performing groups.

As part of the more fundamental review of targets envisaged for the 5 year review, Indecon recommends consideration be given to additional measures of creativity. Of particular relevance would be the number of innovative independent programmes commissioned and the number of creative personnel supported in the independent sector.

RTÉ Financial Performance, Efficiency and Value for Money

This section reviews RTÉ's financial performance since 2008 and the cost efficiency and value for money of the RTÉ service. 2011 commercially generated revenue fell by 5% and licence fee income fell by 6% compared to 2010. A longer term decline in commercial income and in advertising income is also evident.

For example overall RTÉ Group advertising income fell from over €195m in 2008 to approximately €124m in 2011. TV advertising income has fallen from over €149 million in 2008 to €94 million in 2011².

Composition of RTÉ Group Income 2008-2011					
	2008	2009	2010	2011	% Change 2010-2011
Source	€000s	€000s	€000s	€000s	
Advertising income	195,603	131,671	132,647	123,820	-7%
Sponsorship income	9,376	8,951	8,929	8,155	-9%
Facilities income	2,094	1,773	1,814	2,562	41%
Circulation and event income	7,080	6,623	6,347	6,276	-1%
Transmission, mast and towers income	15,155	15,060	15,085	14,701	-3%
Content, merchandising and related sales	10,306	10,424	10,615	10,689	1%
Other commercial revenue	294	202	262	1,054	302%
Total Commercial Income	239,908	174,704	175,699	167,257	-5%
Licence Fee revenue	200,852	200,217	195,968	183,623	-6%
Total Revenue	440,760	374,921	371,667	350,880	-6%
% of Income from Commercial Income	54.43%	46.60%	47.27%	47.67%	
% of Income from Public Funding	45.57%	53.40%	52.73%	52.33%	

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

Total operating costs in 2011 were 20% lower than 2008. However, reductions to date have not been sufficient enough to compensate for the significant decline in revenue. RTÉ's operating deficit grew from €4.66 million in 2010 to €16.76 in 2011 (see table overleaf). Overall personnel related operating costs increased marginally in 2011. The level of expenditure on personnel related costs has however shown declines since 2008 when they amounted to approximately €222m compared to the 2011 figure of €188.5m.

Analysis of RTÉ Group Operating Costs 2008–2011 (Disaggregated)				
	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
Employee Costs	176,077	161,294	152,955	152,926
Other Personnel Related Costs	45,887	34,103	33,667	35,559
Personnel Related Operating Costs	221,964	195,397	186,622	188,485
Direct Commissioned Programmes Costs	72,202	52,845	52,100	45,220
Direct Acquired Programme Costs	24,199	24,455	23,908	26,116
Sports and Other Copyrights	25,812	16,541	24,589	20,579
Outside Broadcast Contracts	7,130	6,142	6,770	7,056
Communication Circuits	4,015	3,320	3,544	3,316
RTÉ Guide Printing and Related Costs	2,819	2,378	2,152	1,977
Network Electricity	3,140	2,609	2,666	2,895
Music Licences	7,806	7,462	6,433	6,925
Insurance Policies	1,583	1,514	1,138	1,203
Other Third Party Costs	68,818	50,705	46,275	49,639
Non personnel Related Operating Costs (before depreciation and amortisation)	217,524	167,971	169,575	164,926
Depreciation and Amortisation	21,022	26,025	20,400	16,110
Non personnel Related Operating Costs (after depreciation and amortisation)	238,546	193,996	189,975	181,036
Total Operating Costs (before exceptional item)³	460,510	389,393	376,597	369,521

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

² Source: RTÉ Annual Report and Group Financial Statements Note 1(d) forming part of the group financial statements.

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

From 2008 to 2010, RTÉ's cost-income ratio declined due to reductions in total operating costs. In 2011 the gap between income and expenditure widened and the cost-income ratio increased.

RTÉ Cost-Income Ratio 2008-2011				
	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
Total Revenue / Income	440,760	374,921	371,667	350,880
Total Operating Costs (after depreciation & amortisation, before exceptional item ⁴)	460,510	389,393	376,597	369,521
Cost-Income Ratio (%)	104.5%	103.9%	101.3%	105.3%

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

In light of the current market environment and RTÉ financial performance, cost control is of crucial importance for RTÉ. It is therefore a priority for RTÉ to reduce their costs in the face of declines in commercial revenue. RTÉ continues to run a significant operating deficit which is a source of concern for the financial viability of the broadcaster.

It is therefore useful to consider programming costs and also the significant cost of personnel. The average cost per hour of indigenous in-house programming on RTÉ One is significantly higher than that of RTÉ Two, but both declined in 2011.

RTÉ Television Average Cost per Transmitted Hour by Channel, 2010 & 2011			
Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2010			
RTÉ One	146.0	8,760	16,700
RTÉ Two	95.2	8,760	10,900
2011			
RTÉ One	145.7	8,760	16,600
RTÉ Two	88.2	8,760	10,100

Source: RTÉ data from the RTÉ Annual Report 2011.

A small increase in the cost per transmitted hour of RTÉ Radio 1 was observed in 2011 while the cost per transmission hour of all other stations fell.

RTÉ Radio Average Cost per Transmitted Hour by Station, 2010 & 2011			
Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2010			
RTÉ Radio 1	36.3	8,898	4,100
RTÉ 2fm	13.1	8,760	1,500
RTÉ RnaG	11.9	8,760	1,400
RTÉ Lyric fm	7.5	8,760	900
2011			

⁴ Restructuring charge in 2009 = €11,341,000.

RTÉ Radio 1	37.0	8,845	4,200
RTÉ 2fm	12.5	8,760	1,400
RTÉ RnaG	11.6	8,760	1,300
RTÉ Lyric fm	7.3	8,760	800

Source: Indecon analysis of RTÉ data.

Reductions in the cost per viewer hour were realised for both RTÉ One (from €0.12 to €0.13 per hour) and RTÉ Two (from €0.17 to €0.16 per hour) despite a reduction in the average viewing numbers.

RTÉ Television Average Cost per Viewer Hour (Excluding Transmission Charges) by Channel, 2010 & 2011					
	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	€
2010					
RTÉ One	131.1	8,760	15,000	126,700	0.118
RTÉ Two	80.9	8,760	9,200	55,700	0.165
2011					
RTÉ One	130.7	8,760	14,900	132,300	0.113
RTÉ Two	74.5	8,760	8,500	51,700	0.164

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 (03:00-26:59). All Week, Viewing per Hour in 000s for all Individuals Ages 4+ during 2011 (consolidated data), 2010 & 2009 (live data). 2011 is the first full calendar year when consolidated (live + time shifted viewing) TAM data is available.

Reflecting the number of listeners, the average cost per listener hour of RnaG was higher than that of the other RTÉ Radio stations reflecting the smaller number of listeners. A reduction in the cost per listener hour of RTÉ RnaG from €0.41 in 2010 to €0.35 in 2011 was achieved. Reductions in the average cost per listener hour of RTÉ Radio 1 and RTÉ Lyric fm were achieved while an increase in the average cost per listener hour of RTÉ 2fm was recorded.

RTÉ Radio Average Cost per Listener Hour (Excluding Transmission Charges) by Station, 2010 & 2011					
	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Cost per Listener Hour
	€m	Hours	€	Average Listeners	€
2010					
RTÉ Radio 1	33.1	8,898	3,700	112,700	0.033
RTÉ 2fm	11.4	8,760	1,300	41,300	0.031
RTÉ lyric fm	6.4	8,760	700	11,000	0.064
RTÉ RnaG	10.8	8,760	1,200	2,900	0.414
2011					
RTÉ Radio 1	33.6	8,845	3,800	118,700	0.032
RTÉ 2fm	11	8,760	1,300	38,000	0.034
RTÉ lyric fm	6.1	8,760	700	11,400	0.061
RTÉ RnaG	10.3	8,760	1,200	3,400	0.353

Source: Indecon analysis of RTÉ. Radio audience data sourced from Ipsos/MRBI JNLR 2011/4 & 2010/4 Average Weekly Reach per Hour in 000s for All Adults Aged 15+.

As part of the year's review we also commenced work on reviewing the levels of cost allocation within RTÉ so that the cost of in-house programmes could be independently evaluated against the cost of commissioned programmes. This has important implications for the cost efficiency of producing programmes in-house vis-à-vis commissioned programmes. We understand that further work on this is likely to be undertaken as part of the five year review. This is not surprising but the key issue is to ensure that cost allocations reflect the appropriate costs to different areas.

RTÉ Overhead to Direct Cost Relationship for Television Programming 2011				
	Commissioned TV Programmes		In-House TV Programmes	
	€000s	% Share	€000s	% Share
Direct Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*		*	
Overhead as a % of Direct Cost	*		*	

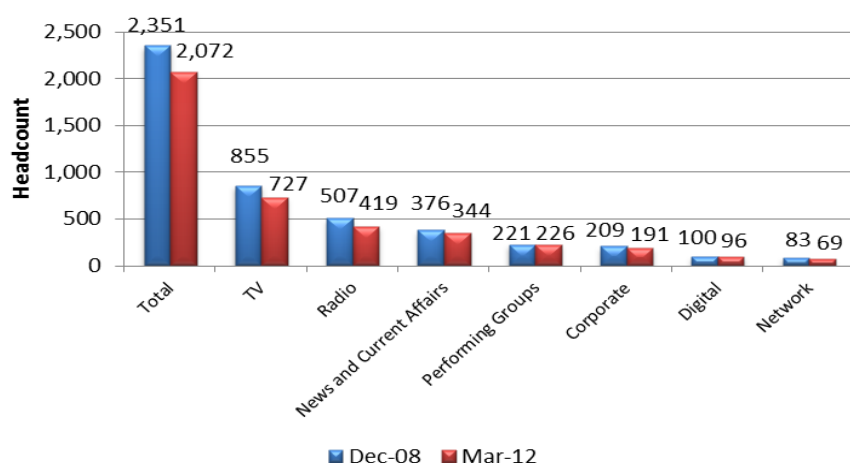
** Data is confidential and commercially sensitive.*

Source: RTÉ data.

Indecon was informed that the system used to operate the cost allocations is designed to drive the cost allocations down to the final cost pool and does not readily facilitate the analysis of the composition of higher level costs forming part of the allocation. Indecon believes that the establishment of a system which allows costs to be more readily traced through each level of allocation is essential in the long run in order for the cost of in-house versus commissioned programming to be independently evaluated. The provision of more detailed information by RTÉ to facilitate the above would strengthen the evidence base from which decisions regarding changes to annual funding can be made and recommendations regarding efficiency and value for money can be put forward. Since the research for this annual review was undertaken, RTÉ have prepared a detailed cost allocation manual. This is a very welcome development and should be of assistance to the 5 year review in their assessment of the adequacy of the financial information systems in providing insights into cost allocations.

A key challenge for RTÉ in enhancing value for money and in reducing their financial deficit concerns overall personnel costs. Over the past four years progress has been made on staff reductions. A reduction in RTÉ staff headcount was recorded for all divisions from the end of 2008 to the first quarter of 2012.

RTÉ Headcount December 2008 Versus March 2012, by Division



Note: The Digital Division was formerly known as Publishing.

Source: Indecon Analysis of RTÉ data from the RTÉ Strategy Update, May 2012.

However, as noted earlier, total personnel costs increased in 2011 but there was a small reduction in employee costs. These costs are determined by employee numbers and by cost per head. The cost per full-time equivalent employee at RTÉ increased from €76.98k to €79.07k in 2011. These combined with the reduction in the total full-time equivalent work-force from 1,987 in 2010 to 1,934 in 2011, resulted in the small decline in employee costs.

RTÉ Employee Costs per Head 2010 & 2011

	2010	2011	Cost per Head FTE 2010	Cost per Head FTE 2011
	€000	€000	€000	€000
Wages and salaries	130,266	129,773	65.6	67.1
Social welfare costs	9,235	9,716	4.6	5.0
Pension costs and life assurances	13,454	13,437	6.8	6.9
Total	152,955	152,926	76.98	79.07

Note: Cost per employee is calculated using FTE numbers as of year end 2010/2011.

Source: Indecon analysis of data from the RTÉ Annual Report 2010 and 2011.

Other cost savings have been achieved by a reduction in the use of external contractors and negotiated better rates with a projected saving of €5.6 million or 18% in 2011.

Our overall assessment is that while cost reductions have been made, the level of cost reductions achieved is not sufficient to deal with the scale of the collapse in revenues. Further reductions in numbers/pay are likely to be required. This could be reflected in a meaningful way in a cost reduction commitment for 2013.

On the issue of overcompensation, as per the guidelines set out by the EU, broadcasters in receipt of public funding are permitted to retain up to 10% of revenues as profit/net income. Table 6.34 shows RTÉ revenue for 2011 and the deficit retained for the year. RTÉ had an operating deficit of €16.76 million in 2011 which amounted to 5% of revenues. This suggests that the issue of surpluses and RTÉ compliance with this EU requirement in 2011 does not apply in 2011.

Evaluation of Overcompensation and Maintenance of Surpluses 2011	
	€000
Revenue (Including Interest Receivable)	352,725
Expenditure (Including Interest Payable and Income Tax)	370,576
Fair Value Adjustment and Unwind of Discount on Restructuring Cost	871
Deficit for the Year	-16,760
Deficit as a % of Revenue	5%

Source: Indecon analysis of RTÉ Financial Statement from the 2011 Annual Report.

Adequacy of Funding

The adequacy of funding relates to the fulfilment of RTÉ's public service objects as well as the extent to which it upheld its commitments outlined for the year. RTÉ achieved most of the output, programming and other commitments which were set for 2011. In some cases, however, the targets set were below the previous year's performance. Progress has also been made on cost reductions during 2011 but further action on the cost base will be required. Eliminating the current operating deficit is a key requirement and the immediate focus should be on continuing to reduce the cost base if RTÉ is to continue to deliver its existing range of output and services. The adequacy of funding cannot be considered in isolation and one has to take account of the efficiency of RTÉ and the potential for cost reductions and also the implications for programming. Our recommendations on any adjustments to public funding for RTÉ are presented in the next table.

Recommendations

A summary of our recommendations is presented overleaf.

Summary of Recommendations

Adjustments to Public Funding

1. RTÉ should continue to give priority to eliminating the financial deficit and further cost reductions should be implemented. Indecon are concerned that RTÉ continues to run a large deficit as this impacts on the future viability of RTÉ.
2. Given the need to pursue cost efficiencies, we do not believe an increase in licence fee would be appropriate at this stage. However, given the scale of the deficit and the fact that RTÉ achieved the commitments set we do not recommend a reduction in the level of public funding.
3. Indecon recommends that RTÉ should be invited by BAI to outline the consequences of any changes in the licence fee. Specifically, we recommend that RTÉ should identify what programming or output improvements would be made in the event of an increase in the licence fee and also the impact on its objectives if reductions in the licence fee were implemented.
4. We also recommend that measures are implemented to provide greater certainty to RTÉ on the likely levels of public funding support.

Process Improvements

5. We recommend a fundamental review of the nature of commitments and the relationship with BAI as part of the five year licence review. These could focus on ambitious programme commitments, as well as targets for spend with the independent sector and internal cost reduction measures. This raises significant challenges for Indecon and for the BAI in making specific recommendations on the licence fee in view of the nature of the [commitments](#) set by the broadcaster.
6. We also recommend an examination of the cost allocation methods used to measure the total cost of in-house programmes versus commissions. This is needed to ensure that all cost allocations are appropriate and is needed to ensure that areas of cost efficiency are identified.
7. Additional analysis of the cost efficiency of RTÉ including international benchmarking is also recommended as part of the five year review. This would assist RTÉ in measuring cost efficiency.
8. Indecon also recommends that additional measures are monitored to evaluate the impact of RTÉ in fostering creativity in the independent commissioned sector. These include [targets for and](#) estimates of the number of creative personnel supported and the number of innovative programmes commissioned.
9. Indecon also recommends that timelines are agreed between RTÉ and the BAI for the provision of information to facilitate the annual licence fee review. Indecon have now standardized most of the required information and while improvements have been made in the speed of data provision further improvements are needed.

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 Diarmaid Breathnach, Aoife Clabby and Celene Craig of the BAI. We also received valuable inputs from our discussions with the Chief Executive, Chairman and the BAI Authority.

Indecon also would like to thank RTÉ for its co-operation and inputs provided during the study, in particular the Director General Noel Curran, Brian Dalton, Grace Berkery, Aisling O'Reilly, Paul Doyle, Breda O'Keeffe, Jean Sheridan, Pauline Annett, and all of the staff who responded to our information requests.

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

1 Introduction and Background to Review

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 objectives, as set out in its Annual Statement of Performance Commitments 2011.
- ☐ 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 objectives.
- ☐ Assess the extent to which RTÉ has used the public funding which it has received, in pursuit of its public service objectives, 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 reviews of RTÉ to be undertaken in subsequent years.

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 their annual statements of performance commitments and to review the adequacy of public funding to allow the PSB organisation to meet its public service objectives. 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 three 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 objectives. 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 (licence fee);
- ☐ 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 2011, in respect of the terms of reference outlined on page 1.

1.3 Methodology and Structure of the Report

Our methodological approach taken in this review was agreed with the BAI and involves a number of phases.

The key phases as follows:

1. Inception of the project, assembling of data and conduction of consultations.
2. Review of RTÉ 2011 commitments, utilisation of funding and their performance on their programming schedule for 2011.
3. Review of the value for money of the RTÉ and the formulation of key conclusions and recommendations.

Phase 1

The first phase of the work programme involved the collection of primary and secondary data from RTÉ. Subsequently, clarifications with senior personnel at RTÉ were undertaken. A review of the data collected underpinned the analysis in this 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. This also included discussion of relevant data/research sources on public service broadcasters in Ireland and on the broadcasting market in general.

This phase of the project also involved reviewing any relevant previous research including the previous annual review of public funding for 2010 and any issues arising from this review. Other relevant research examined included documents such as the PSB's review their performance against their statement of commitments. Indecon also reviewed any relevant comparative information provided by RTÉ.

At the data collection stage of the review, Indecon examined key data which reflected on the performance of RTÉ and their actual programming output. Data on actual programming output by division, market share data 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 undertaken.

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

- ☐ Examination of the level of spend on commissioned programmes;
- ☐ 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, although we know that care is needed in interpreting any such awards;
- ☐ Information on policies undertaken to support creativity within broadcasting staff and suppliers;
- ☐ Detailed data was assembled on the number of creative personnel supported by RTÉ programming; and
- ☐ This year's review also includes a new detailed examination of the cost allocation method for RTÉ in-house and commissioned programming. This is dealt with in Section 6 of this report.

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 their targets, a review of indigenous production and an assessment of repeat versus new/original programming.

Phase 3

Phase 3 was allocated to an assessment of the cost efficiency of RTÉ services and a value for money review. Findings from this facilitated 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; and
- ☐ Capital expenditure.

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

Structure of the Report

Section 2 of this report provides an overview of trends in the Irish economy and in broadcasting. Section 3 contains our analysis of the commitments and performance of RTÉ for 2011 in respect of its public service objectives. Section 4 analyses the extent to which RTÉ fosters and sustains creativity. Section 5 presents a review of the financial results of RTÉ which facilitates the analysis in Section 6 on cost efficiency and value for money of the RTÉ service. Finally, Section 7 provides our overall recommendations.

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 Diarmaid Breathnach, Aoife Clabby and Celene Craig of the BAI. We also received valuable inputs from our discussions with the Chief Executive, Chairman and the BAI Authority.

Indecon also would like to thank RTÉ for its co-operation and inputs provided during the study, in particular the Director General Noel Curran, Brian Dalton, Grace Berkery, Aisling O'Reilly, Paul Doyle, Breda O'Keeffe, Jean Sheridan, Pauline Annett, and all of the staff who responded to our information requests.

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 section reviews recent trends in the Irish economy and the broadcasting market in order to place RTÉ's performance into context. First, the wider Irish economic situation is reviewed, with particular emphasis placed on changes in national income, domestic demand, unemployment rates and CPI over time.

The Irish broadcasting industry is then considered and in particular, the changing nature of the market. RTÉ performance in terms of national audience share is examined and compared to other major channels.

2.2 Irish Economy – Overview

Table 2.1 presents data on the Irish economy for the period 2008 to 2011. GDP, GNP and Gross National Disposable Income all recorded contraction for the period 2008 to 2010. In 2011, GNP and Gross National Disposable Income declined further although GDP recorded a small increase. The overall prospects for the Irish economy in 2012 remain very challenging.

Table 2.1: Annual Percentage Change in National Income 2008-2011				
	2008	2009	2010	2011
Source	%Change	%Change	%Change	%Change
Gross Domestic Product (GDP)	-5.2	-9.8	-3.0	1.6
GDP per capita	-7.0	-10.6	-3.2	1.3
Gross National Product (GNP)	-5.3	-13.4	-2.0	-2.4
Gross National Disposable Income	-5.5	-13.7	-2.1	-2.3

Note: All figures are measured at current market prices

Source: Indecon analysis of data from the CSO National Income and Expenditure Annual Results for 2011.

Table 2.2 presents the trend in the personal consumption of goods and services and in total domestic demand. This is an important consideration for a broadcaster such as RTÉ as consumer spending can impact on commercial revenue. Both personal consumption of goods and services and total domestic demand declined in each of the years including 2011.

Table 2.2: Total Domestic Demand 2008-2011				
	2008	2009	2010	2011
Source	% Change	% Change	% Change	% Change
Personal Consumption of Goods and Services	1.5	-11.7	-1.3	-0.9
Total Domestic Demand	-4.4	-16.6	-7.4	-2.7

Note: All figures measured at current market prices

Source: Indecon analysis of data from the CSO Quarterly National Accounts, Q1 2012.

Data on average hourly earnings and labour costs for 2008 to 2011 is presented in Table 2.3. Average earnings and labour costs have declined from their peak in 2009 and there was a small decrease in hourly labour costs in 2011.

Table 2.3: Earnings and Labour Costs for 2008-2011

	2008	2009	2010	2011
Average Hourly Earnings (Euro)	21.6	22.2	21.9	21.9
Average Hourly Labour Costs (Euro)	25.1	25.8	25.2	25.1

Source: Indecon analysis of data from CSO principal statistics

Unemployment levels have continued to rise is evident from Table 2.4. This has led to dramatic negative changes in the financial circumstances of many individuals.

Table 2.4: Unemployment Rate in Ireland 2008-2011

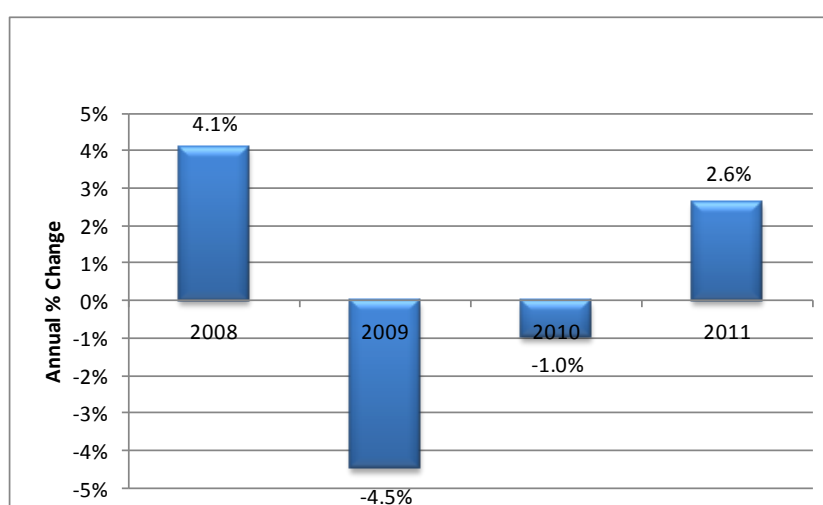
	2008	2009	2010	2011
Standardised Unemployment Rate (Annual Average)	6.3%	11.8%	13.6%	14.4%

Source: Indecon analysis of data from CSO principal statistics

The economic situation in Ireland and in the domestic market remains very difficult. The Government is also required under the terms of Ireland's agreement with IMF/EU to introduce further reductions in public expenditure, which is of importance given the dependence of RTÉ on public funding secured via the licence fee.

As outlined in the Broadcasting Act 2009, changes in the licence fee for broadcasting is partially linked to the annual percentage change in the Consumer Price Index. Figure 2.1 presents the annual percentage change in the Consumer Price Index from 2008 to 2011. Consumer prices grew in 2008 and then fell in 2009 and 2010. However, consumer prices rose slightly in 2011 in part as a result of fuel price movements.

Figure 2.1: Consumer Price Index, Annual Percentage Change 2008-2011



Source: Indecon analysis of data from CSO principal statistics

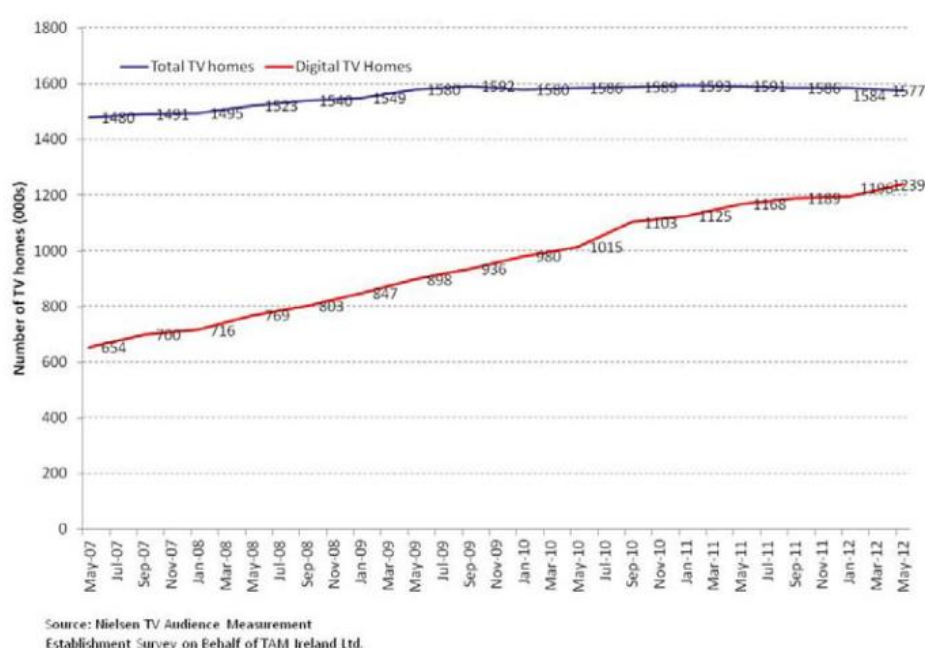
2.3 Trends in the Irish Broadcasting Market

2.3.1 Television Broadcasting

It is useful to place this annual review of RTÉ in the context of the overall trends in the television broadcasting market in Ireland. A feature of the Irish market is the high penetration of television. The Nielsen TV Audience Measurement Survey indicated that there were 1,577,000 TV homes in May 2012; this represents 96% of all homes in Ireland.⁵

Figure 2.2 presents the total number of TV homes in Ireland as well as the number of digital TV homes for the period May 2007 to May 2012. While the total number of TV homes has remained fairly steady over the time period in question (increasing by 6.6%), the proportion of TV homes that are subscribed to digital television is expanding rapidly. Digital homes increased by 89.4% over the five years.

Figure 2.2: Number of TV Homes May 07–May 12

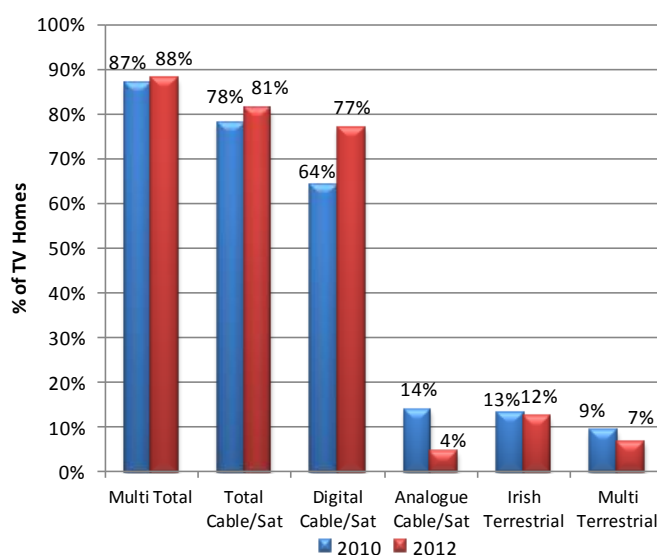


Source: ComReg Quarterly Key Data Report Q1 2012. (Nielsen TV Audience Measurement Establishment Survey on behalf of TAM Ireland)

Figure 2.3 presents Irish TV homes by reception type for May 2010 and May 2012. This diagram demonstrates digital television subscribers growing at the expense of analogue cable/satellite. Analogue cable/satellite subscribers fell from 14% of all TV homes in 2010 to just 4% in early 2012 as the digital switchover was approaching. This was countered by an increase of 13 percentage points in the proportion of digital cable/satellite homes from 64% of all TV homes in 2010 to 77% of all TV homes in 2012. The proportion of TV homes which receive only the four Irish terrestrial channels fell very slightly from 13% in 2010 to 12% in the first half of 2012.

⁵ Source: ComReg Quarterly Key Data Report Q1 2012.

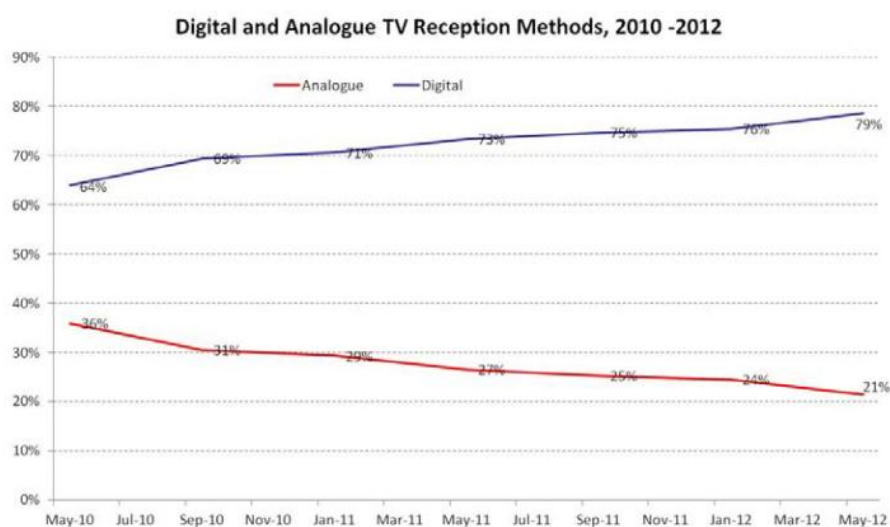
Figure 2.3: TV Homes by Reception Type May 10–May 12



Source: Indecon analysis of ComReg Quarterly Key Data Report Q1 2012. (Nielson TV Audience Measurement Establishment Survey on behalf of TAM Ireland).

Figure 2.4 presents the monthly trend for all digital and all analogue reception types from May 2010 to May 2012. The widening gap between the subscribers to digital and analogue reception types reflects the changes in the industry as consumers prepared for the digital switchover.

Figure 2.4: Digital and Analogue TV Reception, May 10-May 12



Source: Nielson TV Audience Measurement Establishment Survey on behalf of TAM Ireland Ltd.

Source: ComReg Quarterly Key Data Report Q1 2012. (Nielson TV Audience Measurement Establishment Survey on behalf of TAM Ireland)

Television channel shares provide an indication of the shifts in competition in the television broadcasting market. The share level of each major channel in Ireland is outlined in Table 2.5 below. In 2011 the share of RTÉ One grew from 23.16% to 23.43% while RTÉ Two fell from 10.18% to 8.99%. The largest percentage increase in channel share was achieved by 3e albeit from a very small base.⁶ RTÉ One, TV3, Sky News and 3e increased their market share while many other channels experienced market share declines. The rising number of channels available to viewers has increased the level of competition among broadcasters who are striving to maintain their market share. The ability of RTÉ and of the other broadcasters to maintain or improve market share will impact on their ability to generate commercial revenue/advertising.

Table 2.5: Channel Shares 2011 Vs 2010

Channel	2010	2011	% change
1. RTÉ One	23.16%	23.43%	1.2%
2. TV3	12.19%	12.35%	1.3%
3. RTÉ Two	10.18%	8.99%	-11.7%
4. BBC One	4.49%	4.18%	-6.9%
5. UTV	3.75%	3.30%	-12.0%
6. BBC Two	2.56%	2.49%	-2.7%
7. Channel 4	2.76%	2.29%	-17.1%
8. TG4	2.09%	2.06%	-1.5%
9. 3e	1.11%	1.30%	17.1%
10. Sky One	1.43%	1.25%	-12.6%
11. Sky News	0.86%	1.00%	16.3%
12. Sky Living	0.97%	0.80%	-17.5%
13. E4	1.01%	0.72%	-28.7%
14. Comedy Central	0.70%	0.57%	-18.6%
15. Setanta Ireland	0.42%	0.39%	-7.1%

Note: All figures reported are "Live" shares across all TV platforms, referring to viewing at time of transmission.

Source: *Indecon analysis of TG4 Review of 2011 Performance (March 2012)*.

2.3.2 Competition from Different Platforms

In 2011 broadcasting and media related services in Ireland were offered from five distinct platforms. These were:

- Digital Terrestrial Television (DTT)
- Terrestrial Analogue
- Cable
- Satellite
- Broadband Internet

In the past few years, there has been a move to switch from terrestrial analogue to Digital Terrestrial Television (DTT) as viewers prepared for the digital switchover which was mandatory according to European and national policy. On October 24th 2012 the analogue television service was switched off and now television broadcasting services are provided through Saorview, the

⁶Information sourced from the TG4 review of 2010 Performance (April 2011) revealed that 3e grew 32.14% from 0.84% in 2009 to 1.1% in 2010.

Irish Digital Terrestrial Television Service, or Saorsat, the alternative satellite service for those for whom Saorview is not available. Satellite and cable services continue to operate. Given the switchover to digital television, it is important to consider the reach of digital television throughout Ireland.

The impact of a continuing shift to new media platforms will result in a loss of revenue unless RTÉ secures a high market share of the new platforms and also finds mechanisms to generate revenue from these areas.

2.3.3 Importance of the Digital Broadcasting Sector and Technology for PSBs

New innovations and technology have an important role within the broadcasting industry. These developments have implications for all broadcasters including RTÉ.

Public service broadcasters are increasingly reliant on different media platforms; in particular, the Internet has become a key resource. This is highlighted in the EBU report on PSB news broadcasts,⁷ which notes that PSB news websites and social media have become the most important cross-media news sources. This has the advantage of addressing a younger audience and providing a broader range of information.

A separate report from the EBU notes that, “Today users have access to news and other information and entertainment through such non-traditional means as cable and satellite distribution, the Internet, digital transmissions and mobile telephones. These new means of distribution have segregated demand on the part of users. There is increased use of new technology by young people, which has resulted in an erosion of the audience of public service broadcasters for that category of viewers.”⁸

RTÉ’s online audience performance indicates that the broadcaster is taking steps to respond to these changes with average monthly page impressions on the RTÉ player growing year on year, monthly page impressions on RTÉ player exceeding target and the launch of the RTÉ Player Application for smart phones and tablets. RTÉ’s online audience performance is discussed in more detail in Section 3 of this review.

2.3.4 Implications of Trends in the Economy and Broadcasting for RTÉ

The decline in domestic consumer expenditure combined with wider cuts in public expenditure constitutes a challenging context for RTÉ. While policy makers need to reduce public expenditure, RTÉ’s dependence on public funding albeit via the licence fee is becoming more apparent as their commercial income is falling year-on-year. The increasing penetration of satellite and digital television with the switch-off of analogue television has important potential implications for RTÉ in growing or even maintaining market share. The struggle to maintain market share in turn has an impact on the ability to earn commercial revenue.

Overall, the overarching trends in the broadcasting industry and the wider economy present a significantly challenging operating environment for broadcasters together with an increasingly fragmented and competitive broadcasting market that is experiencing ongoing technological

⁷ EUROPEAN BROADCASTING UNION (2011) “PSB TV News – Trends and Developments, Executive Summary”.

⁸ 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 Commission, OJ 2001 C 320/5) – EBU reply to the Commission’s Questionnaire” March 2008.

advancement. At present RTÉ must strive to fulfil its public service objects despite these challenges and in the face of the need to reduce their operating deficit.

3 Examination of Extent to Which Commitments Have Been Met

3.1 Introduction

This section sets out the extent to which RTÉ fulfilled its *Annual Statement of Performance Commitments 2011*. This comprises an evaluation of RTÉ's 2011 Performance Commitments Report and includes specific focus on RTÉ's programming related performance, in relation to broadcasting hours, indigenous hours, commissioned hours and acquired hours. In addition, we consider RTÉ's audience related performance; this is measured in terms of TV and radio share and reach, as well as an evaluation of RTÉ's online achievements in 2011.

3.2 RTÉ Strategic Objectives

Section 102 of the Broadcasting Act 2009 states (in relation to the Annual Statement of Performance Commitments (ASPC)):

A corporation shall by the 31st of January every year prepare an ASPC in accordance with its objects, strategy and public service statement and submit this to the Minister and Authority before publication. ASPC performance is reported to the Minister and the Authority by 31st March of the following financial year.

This requires that RTÉ submit an Annual Statement of Performance Commitments (ASPC), which outlines RTÉ's commitments and related targets for the year. The ASPC sets out these targets with respect to the six high-level strategic objectives outlined in RTÉ's Statement of Strategy 2010-2014. A total of 29 broad-level commitments are allocated to each of the strategic objectives and each of the broad-level commitments incorporate a number of more detailed commitments which total 112 for 2011. Finally, specific targets and/or key measures associated with these detailed commitments are set out.

Due to the large number of detailed commitments set out by RTÉ the strategic objectives, and the associated broad-level commitments relating to each objective only, are examined. The 112 detailed commitments associated with the broad-level commitments are presented in Annex 6 of this report.

In reviewing the commitments Indecon would point out that we have concerns over the number and relevance of some of the commitments set and the fact that these are not set by the BAI. We also note that as outlined earlier, some of the targets for 2011 which were set were below the levels achieved in 2010. Indecon of course accepts that under the ACT it is not a matter for BAI to set commitments, while there is a requirement for PSB to submit the ASPC to BAI and having consulted with BAI, to publish the commitments. The nature of this consultation process could perhaps be revised as part of the five year review to ensure they are meaningful and ambitious while not damaging PSB editorial independence.

Table 3.1 presents the key strategic objectives and targets set by RTÉ in 2011.

Table 3.1: RTÉ Strategic Objectives and Related Performance Commitments for 2011	
	Objective and Related Commitments
	Objective 1: Fulfil all our Public Service Objects and strive for the highest standards in ethics and accountability, on and off-air.
1A.	Deliver a wide range of programming and services as per Broadcasting Act 2009 (s114)
1B.	Place ourselves at the centre of Irish life and society and be a forum for debate
1C.	Promote inclusiveness and diversity
1D.	Retain existing and attract new audiences through the provision of relevant services
1E.	Be accountable, honest and responsible in all of our activities
1F.	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.
2A.	Be the primary source of independent News and Current Affairs in Ireland
2B.	Be the primary source of Irish / home produced content, nationally and from the regions
2C.	Deliver the best quality programmes and services
2D.	Meet the needs of Irish audiences and build affinity with RTÉ
2E.	Implement highest editorial standards
2F.	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.
3A.	Facilitate access to content through digital media and increase connection points with RTÉ
3B.	Implement technology change programme
3C.	Implement end-to-end Digitisation Programme
3D.	Ensure content distribution / delivery across all platforms
3E.	Progress Project 2025
	Objective 4: Effectively manage RTÉ's finances into the future through optimising funding sources and controlling costs.
4A.	Manage finances prudently
4B.	Optimise funding sources
4C.	Optimise market share
4D.	Deliver a value for money service
4E.	Control people costs
4F.	Efficient resource management
	Objective 5: Ensure that RTÉ has a high quality workforce and is optimally organised to deliver the best value for money service to the Irish public.
5A.	Develop people and skills
5B.	Optimise organisational structure
5C.	Optimise work practices
	Objective 6: Establish and maintain collaborative partnerships and take a leadership role in the creative and digital economies in Ireland.
6A.	Maintain and grow collaborative relationships
6B.	Foster creativity, new ideas and cultural expression
6C.	Explore new creative and cultural partnerships

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.

3.3 RTÉ Performance against Commitments 2011

3.3.1 Overview

As set out in Section 3.2 above, the Broadcasting Act 2009 requires that RTÉ submit an ASPC which sets out RTÉ targets and activities for the year. This ASPC must be produced in line with RTÉ's objects, the Statement of Strategy 2010-2014 and RTÉ's Public Service Statement. RTÉ presented the ASPC 2011 to the Broadcasting Authority of Ireland (BAI) on the 31st of March 2011. RTÉ is further required to submit a review of its performance against the targets and commitments outlined in the Annual Statement of Performance Commitments, highlighting fulfilment or non-fulfilment of targets. The RTÉ 2011 Performance Commitments Report was presented to the BAI and the Department of Communications, Energy and Natural Resources (DCENR) on the 30th of March 2012. This section outlines RTÉ's actual performance against its commitments for 2011. For the purpose of this Annual Public Funding Review, the broad-level commitments have been divided into the following thematic areas:

- ☐ Programme-related Commitments;
- ☐ Audience-related Commitments;
- ☐ Finance and Resource Commitments;
- ☐ Creativity Commitments;
- ☐ Organisational Development Commitments; and
- ☐ Other Service Commitments.

3.3.2 RTÉ Programming related commitments

RTÉ's performance against its programming-related commitments is presented in Table 3.2 and continued in Table 3.3. RTÉ committed to deliver a wide range of programming and services as per the Broadcasting Act 2009. RTÉ achieved or exceeded its targeted hours for RTÉ Television, Radio, Young People's Programming and RTÉ Junior with the exception of new sports programmes on Raidió na Gaeltachta; RTÉ produced 31 hours against a target of 33. RTÉ strived to place itself at the centre of Irish society by providing extensive coverage of the General and Presidential Elections, Sports coverage and Documentaries on historical and cultural Ireland. RTÉ also participated in the transition to digital broadcasting by launching a public information campaign for SAORVIEW.

Table 3.2: RTÉ Programming Related Commitments 2011

Commitment	Key Evidence
1A. Deliver a wide range of programming and services as per Broadcasting Act 2009 (s114)	Two TV, four FM radio and an online service were maintained. A new TV science series was commissioned for Young Peoples and a radio series was broadcast for students throughout the duration of the Leaving Cert. RTÉ achieved its targets with relation to music provision: a range of music festivals and RTÉ Music Week were broadcast on various platforms, and the RTÉ Performing Groups met their commitments relating to public performances (187 performance to a target of 180). 95 educational activities were provided, exceeding the target of 77. RTÉ also achieved its target broadcast hours for TV genres ⁹ , Radio genres, Young People's programming and RTÉ Junior. Tables 3.4 and 3.5 below examine RTÉ's actual performance relative to their targets for both television and radio broadcast hours.
1B. Place ourselves at the centre of Irish life and society and be a forum for debate	Target hours for News and Current Affairs on Television and Radio were exceeded. It should be noted that the additional hours reflect coverage of special events in 2011; RTÉ's performance in relation to these targets is presented in Table 3.4 and Table 3.5. RTÉ Raidió na Gaeltachta broadcast 788 hours of News and Current Affairs content to target of 780 hours, but fell short of targeted hours for sports coverage, broadcasting 31 hours of 33 targeted. RTÉ provided coverage of the General Election, including 2 count programmes, leader's debates, and 11 hours of campaign daily on TV and a range of radio programmes from around the country. <i>Prime Time</i> exceeded its live audience share target of 27% by 2.8 share points, and RTÉ Radio 1 achieved a weekday (7am-7pm) reach of 25% (which exceeded the 24% weekday reach target by one percentage point). RTÉ also broadcast many documentaries covering a range of topics, including programmes on historical and contemporary Ireland, which exceeded the target of 7 singles and one series, with at least 4 series and 13 single/2-part documentaries provided. 6 Irish language series were broadcast, as well as a documentary on an Irish hospital. RTÉ achieved their targets in relation to cultural programming: providing 30 new radio plays to a target of 20, and by continuing broadcast of <i>The View</i> and 6 Arts Lives documentaries. 43 out of a targeted 45 educational visits to schools/institutions throughout Ireland were undertaken in 2011, with the remaining 2 performed by the 12/01/2012 due to scheduling requests from the host schools/institutions. RTÉ broadcast a literacy series in 2011, and other educational series. RTÉ achieved 3 out of a targeted 6 choral workshops due to reductions in staff numbers throughout 2011. RTÉ participated in the switch-over to digital broadcasting, by launching a public information campaign for SAORVIEW, and also by ensuring that Terrestrial Digital Audio Broadcasting (T-DAB) coverage remained at 52%.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

RTÉ's commitment to promote inclusiveness and diversity was largely achieved through the transmission of a number of programmes covering a wide range of topics including health, rural affairs, marine affairs, religious and GAA coverage. RTÉ achieved its commitment to deliver quality programmes and services; the 20 top TV programmes in Ireland were on RTÉ Television, exceeding the target of 17, while RTÉ Radio equalled its target by providing 18 of the top 20 Radio programmes. In addition, RTÉ won 78 international and 74 national awards throughout 2011. RTÉ did not develop and publish editorial guidelines for RTÉ.ie but otherwise achieved its commitment to deliver innovative programming and services.

⁹It should be noted that the target for Entertainment and Music was updated during the course of 2011 to 325 2011 hours. The Performance Commitments Report does not specify the previous figure targeted.

Table 3.3: RTÉ Programming Related Commitments 2011 (continued)

Commitment	Key Evidence
1C. Promote inclusiveness and diversity	3 series on health services were committed to, but only 2 were broadcast. The third was postponed until 2012 due to financial cutbacks. 4 TV series made use of RTÉ's archive footage, as well as 2 single documentaries. Two radio series concerning rural affairs and marine matters were broadcast. A planned radio series on Anglo-Irish programming to commemorate the Royal Visit was not made; the resources were diverted into live coverage of the visit and daily programmes relating to the visit. Also in an alternative commitment 2 religious series and 6 short films were broadcast. 3 religious series were broadcast, and the weekly masses, services and devotional programmes were broadcast on RTÉ Radio 1 and Raidió na Gaeltachta. A TV series about the origins of Irish travellers was broadcast. RTÉ Two provided extensive GAA coverage throughout the season. A radio series was also broadcast on the subject of people whose lives are changed by physical or emotional challenges.
2C. Deliver the best quality programmes and services	RTÉ exceeded its targeted Appreciation Index score of 80 for both Television (80.2) and Radio (81). The top 20 television programmes in Ireland in 2011 were on RTÉ television, which exceeded the target of 17 ¹⁰ , while RTÉ Radio maintained its target by broadcasting 18 out of the top 20 radio programmes. 72% of adults agreed with the statement "RTÉ is high quality", exceeding the target by 7 percentage points. ¹¹ RTÉ won 78 international and 74 national awards.
2F. Deliver innovative programming and services	RTÉ did not produce the editorial guidelines for RTÉ.ie that was committed to. RTÉ cite a need to focus on other projects as the reason for this, and state that other documents and mechanisms have been set in place which should facilitate this in the future. 4 new programme formats were introduced on RTÉ Radio. A number of cross-platform and cross-media events were broadcast, including Operation Transformation, RTÉ Big Music Week 2011, Local Heroes, Dirty Old Towns and Heart Land. Furthermore, all Young People's Programmes have cross-media elements. All RTÉ dramas are represented on the RTÉ Website and some also on social media. RTÉ delivered on its commitment to further enhance music accessibility through the creation of 6 new encounters for music and audiences; the RTÉ NSO performed 3 concert series, conductor trials by the RTÉ CO led to the engagement of one young conductor, and the RTÉ Vanbrugh Quartet were involved in two workshops.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

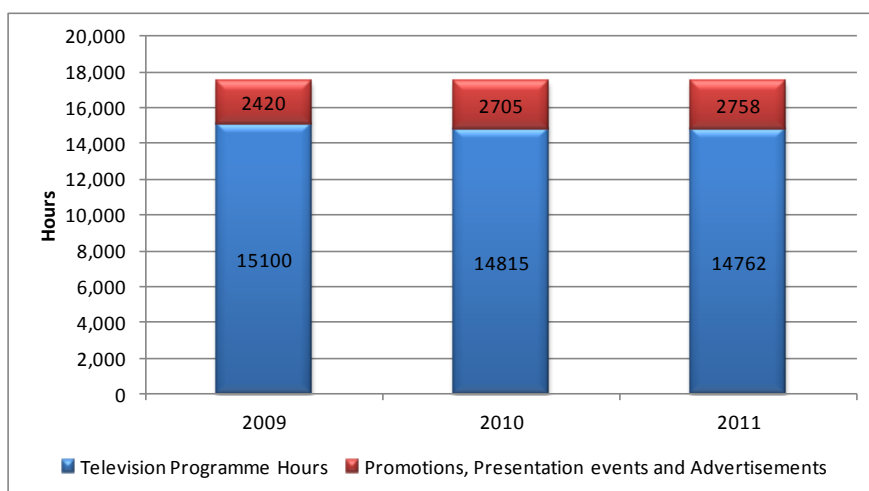
RTÉ Television Broadcasting Hours

Programming commitments form a key component of RTÉ's annual commitments. As such, RTÉ's programming performance in 2011 is examined in greater detail below. Figure 3.1 overleaf provides broadcast hours on RTÉ Television from 2009 to 2011, disaggregated by hours of television programming versus hours of promotions, presentation events and advertisements. Television broadcast hours have remained constant at 17,520 hours each year from 2009 to 2011 but the composition of these broadcast hours has changed somewhat. A fall was observed in programming hours from 15,100 in 2009 to 14,762 in 2011; this reduction was met by an increase in promotions/advertising hours from 2,420 hours in 2009 to 2,758 in 2011.

¹⁰ RTÉ Television also achieved 18 of the top 20 television programmes of consolidated viewing. Further information is provided in Annex 1.

¹¹ Source: RTÉ Corporate Brand Tracking Research Jan – Dec 2011

Figure 3.1: RTÉ Television Programme Hours Broadcast 2009 – 2011

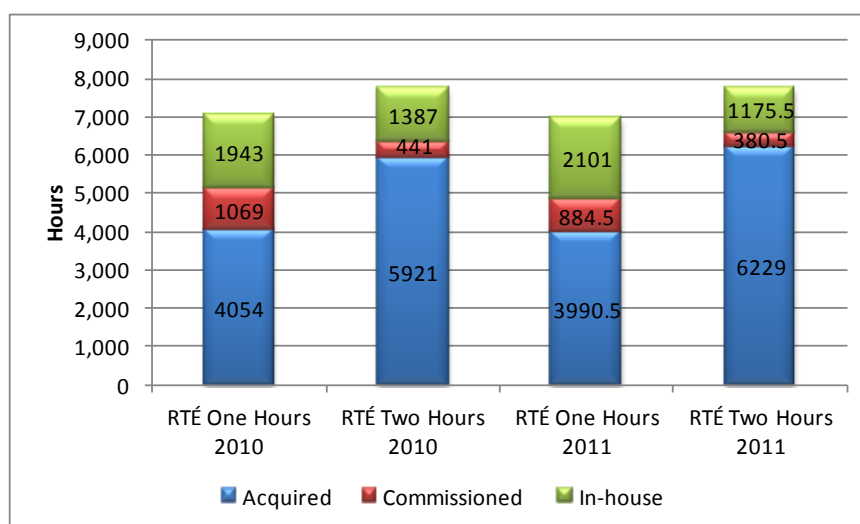


Note: Figures rounded to the nearest hour where necessary.

Source: *Indecon analysis of RTÉ data.*

Broadcast hours on RTÉ One and RTÉ Two are presented disaggregated by source for 2010 and 2011 in Figure 3.2 overleaf. Total hours on RTÉ One fell by 1.3% from 7,066 hours in 2010 to 6,976 hours in 2011, while total broadcast hours on RTÉ Two increased by 0.5% from 7,749 in 2010 to 7,785 in 2011. 2011 saw a fall in hours of acquired and commissioned programming and an increase in hours of in-house programming for RTÉ One. RTÉ Two increased acquired hours for 2011 but saw reductions in broadcast hours of commissioned and in-house programming. RTÉ Two continued to broadcast more hours than RTÉ One in 2011.

Figure 3.2: Television Programming Hours Broadcast by Source on RTÉ Channels 2010 & 2011

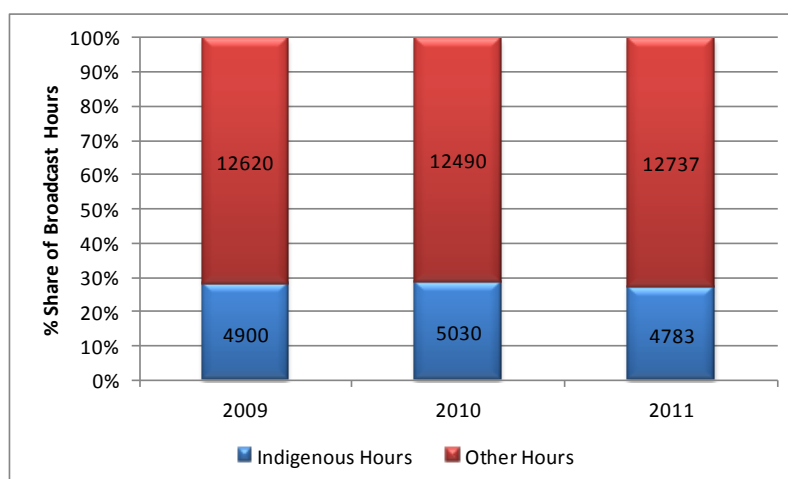


Note: This data shows 'all time hours' which shows a higher acquired content than peak-time hours. Indigenous TV hours broadcast during peak time were 2,113 in 2010 and 2,088 in 2011. Hours broadcast the above graph figure exclude promotions, presentation events and advertisements which together amounted to 2,705 hours in 2010 and 2,758 in 2011. Where necessary, figures have been rounded to the nearest half hour or hour.

Source: Indecon analysis of RTÉ data.

Figure 3.3 presents RTÉ's share of indigenous versus other television programming broadcast hours for 2009 to 2011. The share of indigenous broadcast hours has remained relatively steady, accounting for 28% of hours over the three-year period.

Figure 3.3: RTÉ Indigenous Television Programme Hours Share of Broadcast Hours 2009-2011



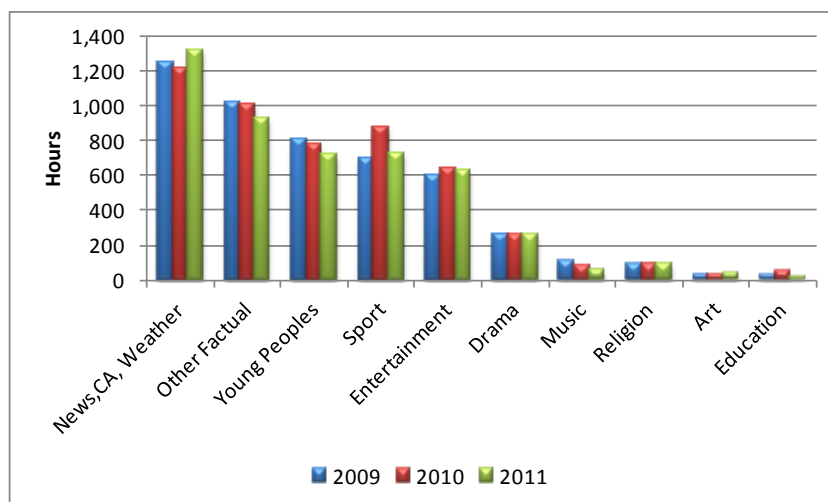
Note: 'Other hours' includes international acquisitions and hours of presentation, promotional events and advertisements. Where necessary, figures were rounded to the nearest hour. In 2011 indigenous hours included 240 hours of Irish Acquisitions.

Source: Indecon analysis of RTÉ data.

In Figure 3.4, the trend in RTÉ's indigenous television programming broadcast hours are presented according to genre for 2009 to 2011. This figure demonstrates that News, Current Affairs and Weather make up the largest proportion of indigenous television hours broadcast on RTÉ, and that these are followed by Other Factual, Young People, Sport and Entertainment indigenous

programming hours. In 2011, News, Current Affairs and Weather increased on 2010 hours, while all other genres of indigenous programming hours remained constant or experienced reductions.

Figure 3.4: RTÉ Indigenous Television Programme Hours Broadcast by Genre 2009 - 2011

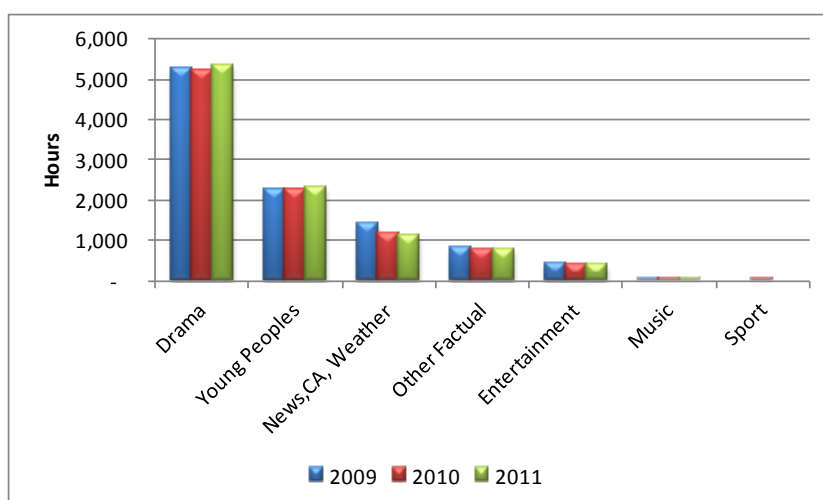


Note: Indigenous hours include RTÉ In-house, commissioned and Irish acquisitions. It excludes international acquisitions and hours of presentation, promotional events and advertisement. Where necessary, figures were rounded to the nearest hour. In 2011 indigenous hours included 240 hours of Irish Acquisitions.

Source: Indecon analysis of RTÉ data.

Figure 3.5 presents broadcast hours of acquired international programming broken down by genre for 2009 to 2011. Drama made up the largest proportion of acquired international programming each year. This was followed by Young People's programming, News, Current Affairs and Weather, Other Factual and Entertainment.

Figure 3.5: RTÉ Television International Acquisitions Hours Broadcast by Genre 2009-2011



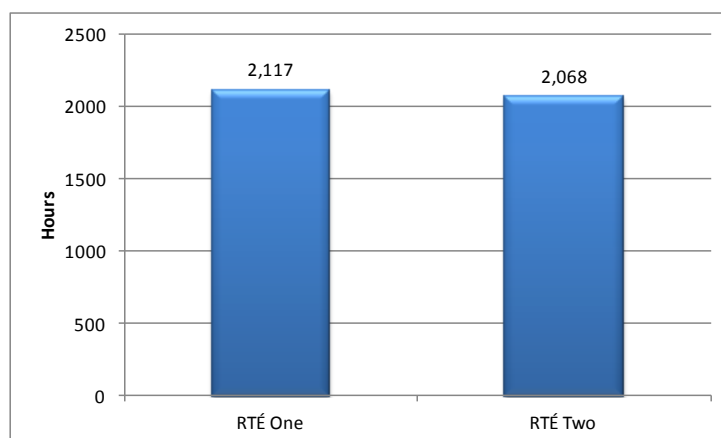
Note: Some figures above have been rounded to the nearest hour or half hour. This data excludes Irish Acquisitions.

Source: Indecon analysis of RTÉ data.

RTÉ Television In-house Programming Hours

We now take a closer look at RTÉ in-house produced and commissioned television programming before examining the actual versus target television hours. RTÉ in-house indigenous productions featured 2,117 hours of programming for RTÉ One and 2,068 for RTÉ Two in 2011.¹² Indigenous television in-house productions for all RTÉ channels totalled 4,185 in 2011.

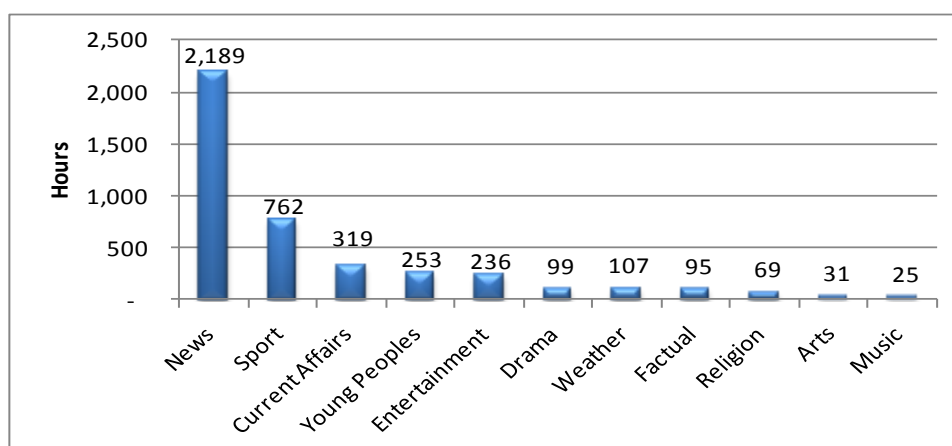
Figure 3.6: RTÉ Television In-house Produced Indigenous Programming Hours by Channel 2011



Source: Indecon analysis of RTÉ data.

A breakdown of all RTÉ indigenous in-house produced hours (RTÉ One and RTÉ Two) by genre is presented in Figure 3.7 below. News programming accounted for more than half of total hours at 2,189 while sports-related productions amounted to 762. Other genres which featured regularly among the 2011 in-house indigenous productions were Current Affairs, Young People's programming, Entertainment, Drama and Weather. Factual, Religion, Arts and Music-related programming were also among the in-house indigenous productions in 2011.

¹² Figures have been rounded to the nearest hour.

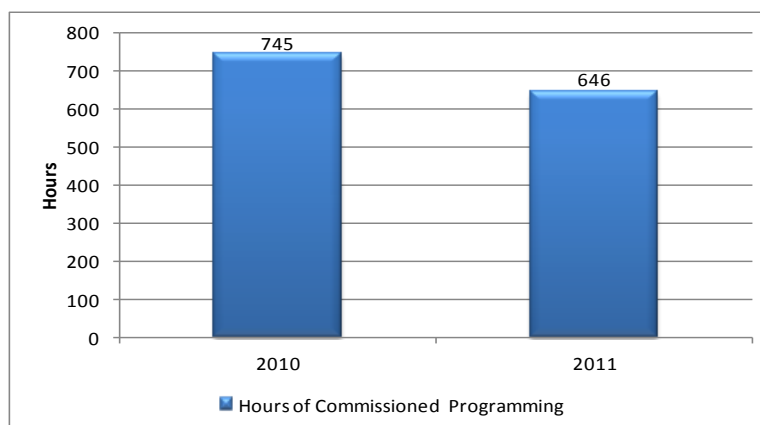
Figure 3.7: RTÉ Television In-house Produced Indigenous Programming Hours by Genre 2011

Note: Total hours for each genre have been rounded to the nearest hour.

Source: Indecon analysis of RTÉ data.

RTÉ Television Commissioned Hours of Programming

Figure 3.8 below provides contracted hours of commissioned television programming for 2010 and 2011. Commissioned programming hours fell by 13% from 745 hours in 2010 to 646 hours in 2011.

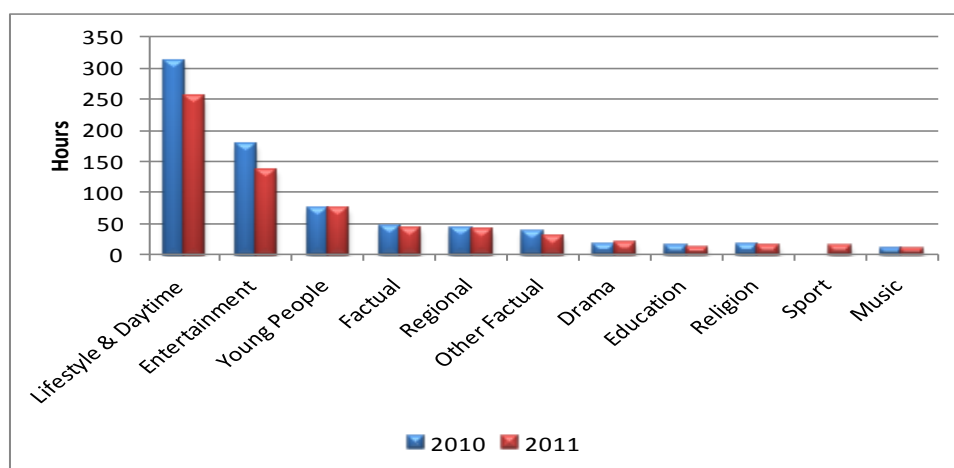
Figure 3.8: RTÉ Television Hours of Commissioned Programming Contracted 2010 & 2011

Note: Sports hours have been excluded from 2010 analysis. Sport amounts to 14 hours in 2011. This data is based on programmes commissioned in the period and not on transmission.

Source: Indecon analysis of RTÉ data.

Figure 3.9 displays contractual hours of commissioned television programming for 2010 and 2011, disaggregated by genre. Lifestyle and Daytime comprised the greatest proportion of commissioned hours, followed by Entertainment, Young People, Factual and Regional. 2011 saw drops in commissioned programming hours from 2010 hours for all categories below except Drama, which recorded a slight increase. This decline was evident for example in lifestyle and daytime, and entertainment commissioned hours.

Figure 3.9: RTÉ Television Hours of Commissioned Programming Contracted During 2010 & 2011 by Genre

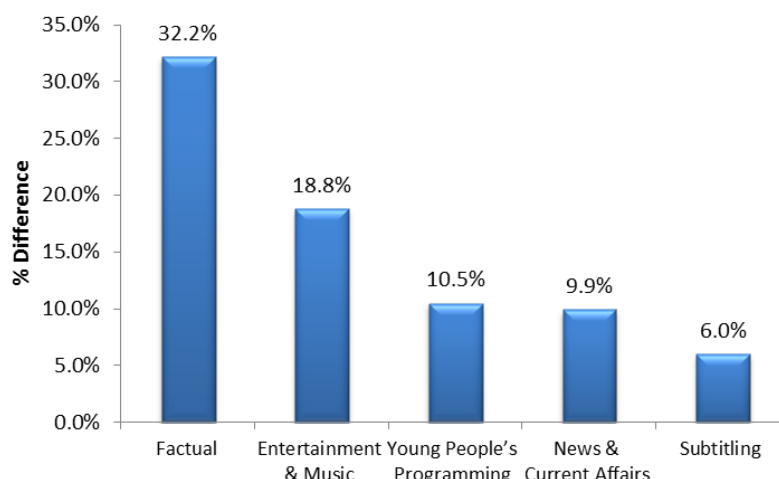


Note: Sports hours have been excluded from 2010 analysis. Sport amounts to 14 hours in 2011. This data is based on programmes commissioned in the period and not on transmission.

Source: Indecon analysis of RTÉ data.

RTÉ Television Programming Hours Actual Versus Target

Another important consideration when examining RTÉ's performance against its programming commitments is to consider 2011 actual performance versus the programming targets set out in the ASPC. Figure 3.10 overleaf displays the percentage difference between actual and targeted television hours for 2011. RTÉ exceeded programming targets for all genres in 2011, exceeding targeted Factual hours by 32% and targeted Entertainment and Music hours by almost 19%. RTÉ Television also exceeded Young People's Programming and News and Current Affairs targets by 10%, and Subtitling targets by 6%. Table 3.4 takes a closer look at the 2011 performance in relation to 2010 actual and target output hours.

Figure 3.10: Percentage Difference between Actual and Target Hours for RTÉ Television 2011

Note: Entertainment & music and factual are peak time indigenous hours. Young people's hours are all-time indigenous hours and subtitling are all-time. Where possible, RTÉ committed to maintaining output hours at 2010 levels. In some cases the number of committed hours had been reduced.

Source: RTÉ 2011 Performance Commitments Report, Indecon Analysis

Table 3.4 below provides further detail relating to RTÉ's performance against television programming commitments in 2011. As discussed above, RTÉ Television exceeded targeted programming hours for all genres. It should be noted, however, that target hours set for 2011 were lower than the actual performance in 2010 for all genres. Indecon accepts that with less resources it may not be feasible to increase target hours but this needs to be considered as part of a fundamental review of commitments. While the scope of our study is to examine progress against commitments we believe it is important to also raise this question concerning the nature of the commitments which have been set.

Table 3.4: RTÉ Television Output Performance against Commitments by Key Genres 2011 & 2010

	2010	2010	2011	2011
Genre	Target Hours	Actual Hours	Target Hours	Actual Hours
Entertainment & Music	313	397	325	386
Factual	359	430	342	452
Young People's Programming	788	788	650	718
News & Current Affairs	1,069	1,123	1,110	1,220
Subtitling	7,800	8,788	8,500	9,007

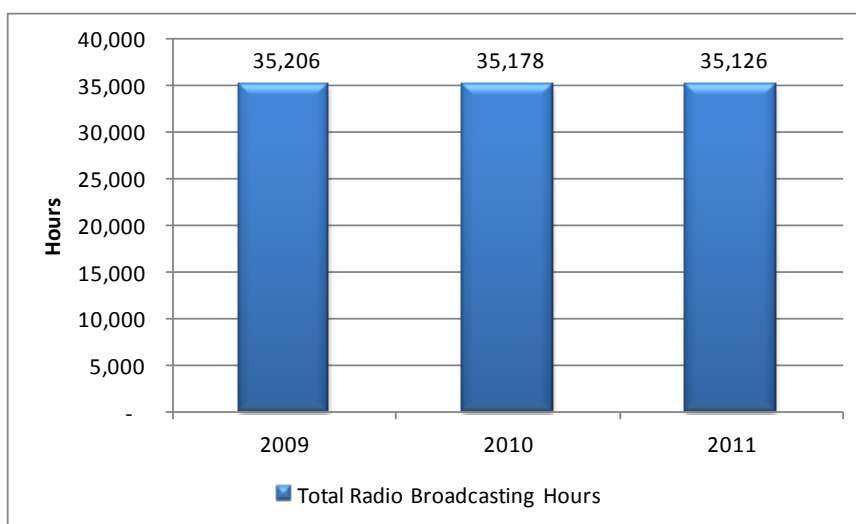
Note: Drama and sport hours were not specifically targeted in RTÉ's Statement of Performance Commitments 2011. Entertainment & music and factual are peak time indigenous hours. Young people's hours are all-time indigenous hours and subtitling are all-time.

Source: RTÉ 2011 Performance Commitments Report.

RTÉ Radio Broadcasting Hours

We now turn attention to the programming performance of RTÉ Radio in 2011. In Figure 3.11, RTÉ Radio broadcasting hours are presented for 2009 to 2011. Broadcasting hours fell slightly by 0.23% from 35,206 hours in 2009 to 35,126 hours in 2011.

Figure 3.11: RTÉ Radio Broadcasting Hours 2009 - 2011

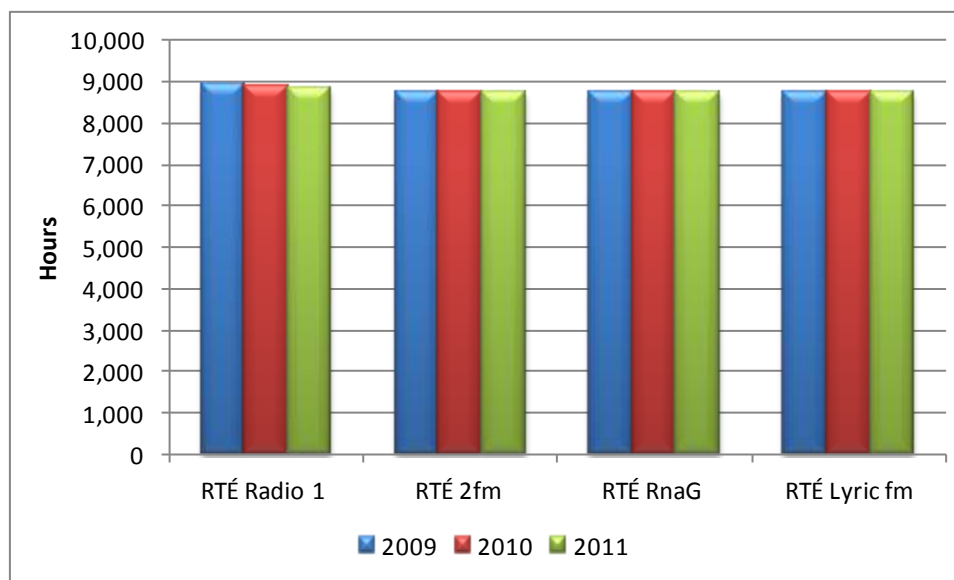


Note: Hours include both in-house and commissioned broadcast hours.

Source: Indecon analysis of RTÉ data.

Figure 3.12 overleaf presents RTÉ Radio broadcasting hours by station for 2009 to 2011. Broadcast hours for RTÉ 2fm, RTÉ RnaG and RTÉ Lyric fm have remained stable over the three years; the decline in total broadcasting hours was thus due to a decrease in RTÉ Radio 1 broadcast hours from 8,926 hours in 2009 to 8,844 hours in 2011.

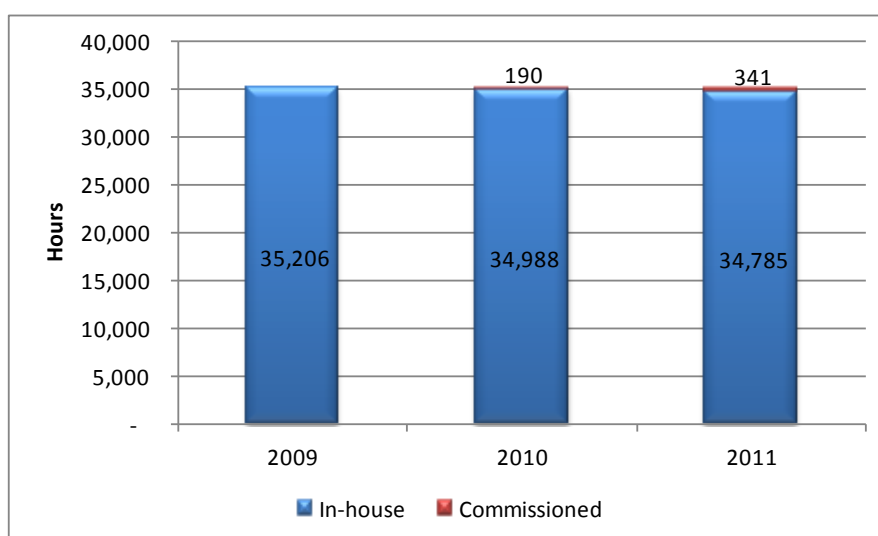
Figure 3.12: RTÉ Radio Broadcasting Hours by Station 2009 - 2011



Source: Indecon analysis of RTE data.

RTÉ Radio broadcasting hours are displayed by source from 2009 to 2011 in Figure 3.13. While in-house programming still makes up the vast majority of Radio broadcasting hours, commissioned programming hours have increased over the three years. Commissioned programming formed 0.5% of total broadcasting hours on RTÉ Radio in 2010 and 1% of total broadcasting hours in 2011. There were no commissioned broadcast hours on RTÉ Radio in 2009.

Figure 3.13: RTÉ Radio Broadcasting Hours by Source 2009 - 2011

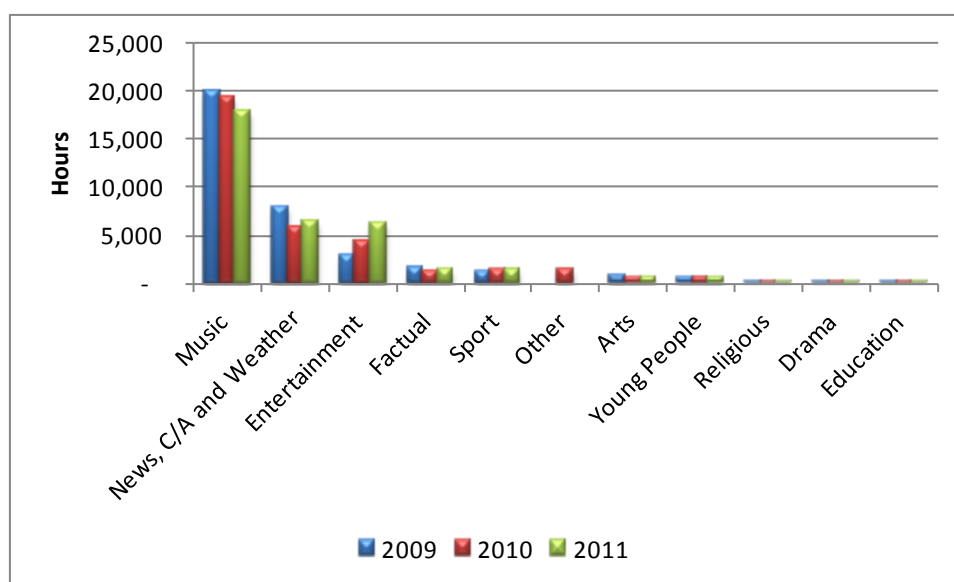


Source: Indecon analysis of RTE data.

In Figure 3.14, RTÉ Radio broadcast hours are presented broken down by genre from 2009 to 2011. This analysis is important given that the commitments set to date are focussed on hours by genre. Over time the trend in such variables may also shed light on RTÉ's performance. Music hours made up the largest component of total broadcasting hours each year, averaging 54% of total broadcasting hours over the three years. This was followed by News, Current Affairs and Weather with 19% of total broadcast hours on average and Entertainment with 13%. The remaining genres each contributed to less than 5% of total broadcast hours on average over the three years.

Radio broadcast hours of music fell from 2009 to 2010 and again from 2010 to 2011. Entertainment hours increased significantly each year from 2009 to 2011 and sports hours also increased steadily from 2009 to 2011. Broadcast hours of News, Current Affairs and Weather, Factual, Arts, Religious, Drama and Education increased from 2010 to 2011; these increases were not enough to fully compensate the fall that had occurred between 2009 and 2010 in each of these genres. Young People's programming broadcast hours increased from 2009 to 2011, although a slight decline in broadcast hours was observed between 2010 and 2011.

Figure 3.14: RTÉ Radio Broadcasting Hours by Genre, 2009 – 2011

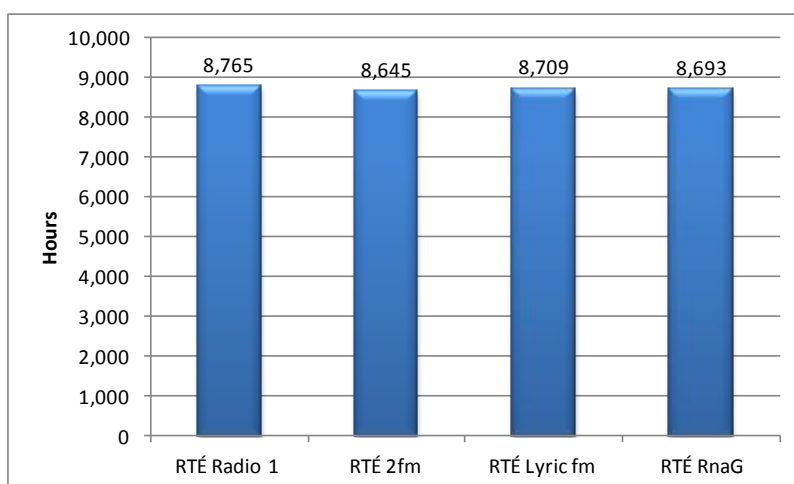


Source: Indecon analysis of RTÉ data.

RTÉ Radio In-house Programming Hours

Figure 3.15 presents RTÉ Radio in-house hours by station in 2011. In-house hours were distributed somewhat evenly across the four stations in 2011. RTÉ Radio 1 demonstrated the highest number of in-house hours with 8,765 in-house hours; this was followed by RTÉ lyric fm with 8,709 hours, RTÉ RnaG with 8,693 hours and RTÉ 2fm with 8,645 in-house hours.

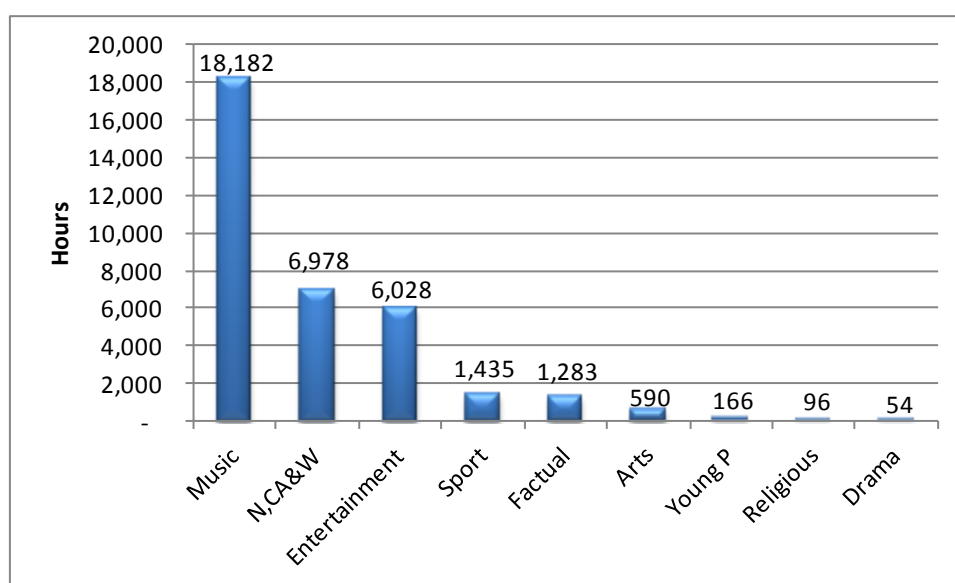
Figure 3.15: RTÉ Radio In-house Hours by Station 2011



Source: Indecon analysis of RTÉ Data

2011 RTÉ Radio in-house hours are displayed broken down by genre in Figure 3.16 below. Music hours made up the largest proportion of total in-house hours in 2011 (52%); this was followed by News and Current Affairs with a 20% share of total in-house hours and Entertainment with 17% of total in-house hours. Hours of Sport, Factual, Arts, Young People, Religious and Drama each contributed to less than 5% of total in-house hours.

Figure 3.16: RTÉ Radio In-house Hours by Genre 2011

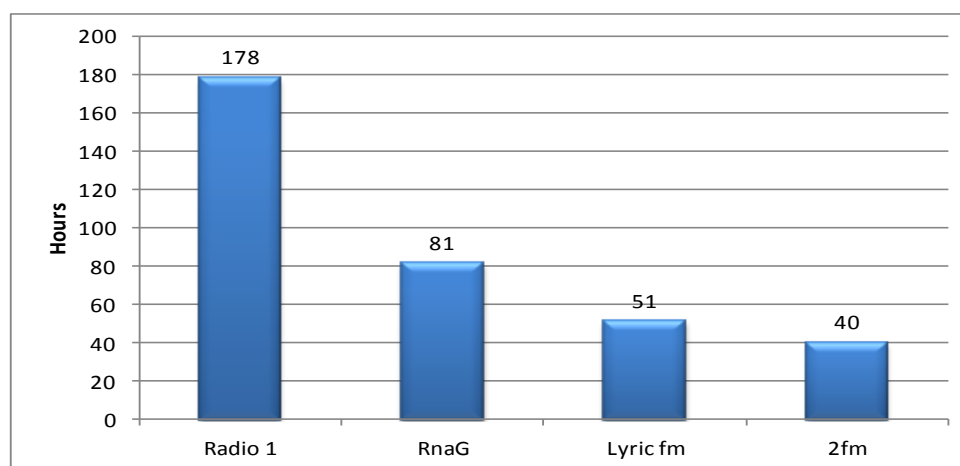


Source: Indecon analysis of RTÉ Data

RTÉ Radio Commissioned Programming Hours

RTÉ Radio commissioned hours for 2011 are provided disaggregated by station in Figure 3.17. RTÉ Radio 1 displayed the highest proportion of commissioned hours in 2011; this was followed by RTÉ RnaG, RTÉ Lyric fm and RTÉ 2fm accounted for the smallest number of commissioned hours. While some of this programming is only a small percentage of output it is important to consider as background to the next section which deals with actual output against the commitments set.

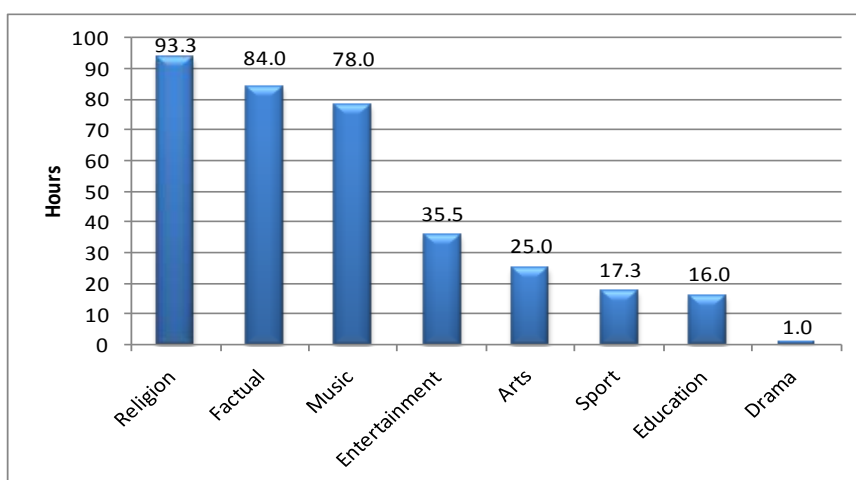
Figure 3.17: RTÉ Radio Commissioned Hours by Station 2011



Source: Indecon analysis of RTÉ Data

Figure 3.18 presents RTÉ commissioned hours by genre for 2011. Religious content comprised the largest share of commissioned programming at 27% of total commissioned programming hours; this was followed by Factual and Music hours, which amounted to 24% and 22% of total commissioned hours respectively. Entertainment hours made up 10% of total commissioned hours, while hours of Arts, Sport, Education and Drama each made up less than 10% of total commissioned hours.

Figure 3.18: RTÉ Radio Commissioned Hours by Genre, 2011

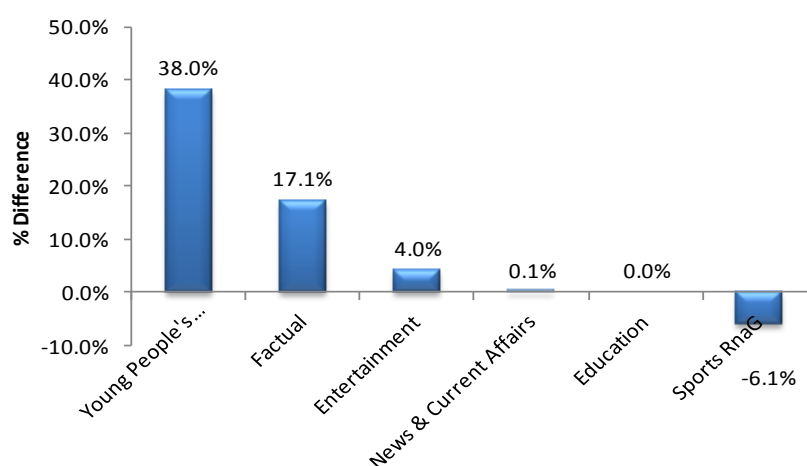


Source: Indecon analysis of RTÉ Data

RTÉ Radio Programming Actual Versus Target

Figure 3.19 displays RTÉ Radio's actual performance against its programming targets for 2011. RTÉ Radio exceeded targeted hours for Young People's Programming by 38%, Factual by 17%, Entertainment by 4% and News and Current Affairs by 0.6%. RTÉ Radio exactly met its targets for Education hours. Targeted sports programming on Raidió na Gaeltachta fell short of its targets by 6%; it should however be noted that the target was set at 33 hours and that actual hours in 2011 were 31 hours.

Figure 3.19: Percentage Differences between Actual and Target Hours for RTÉ Radio 2011



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 2011 Performance Commitments Report, Indecon Analysis

RTÉ's output performance against its commitments for certain key genres is further detailed in Table 3.5 below. Similar to that of television output, some of the targets set for radio output for 2011 are lower than the target set for 2010 and lower than the actual performance in 2010. Target hours set for 2010 are lower than the target set in 2010 and the actual hours achieved in 2010 for all genres except for Education.

Table 3.5:RTÉ Radio Output Performance against Commitments by Key Genres 2011				
Genre	2010		2011	
	Target Hours	Actual Hours	Target Hours	Actual Hours
Entertainment	342	519	272	283
Education	11	16	20	20
Factual	116	156	70	82
News & Current Affairs	1,652	1,651	1,669	1,670
Young People's programming - RTÉ Junior Radio	596	587	200 ¹³	276
New Sports Programming - RnaG	-	-	33	31

Source: RTÉ 2011 Performance Commitments Report & RTÉ 2010 Performance Commitments Report.

3.3.3 Audience Related Commitments

RTÉ's audience-related commitments are presented in Table 3.6 below and continued in subsequent tables. RTÉ Television exceeded its monthly reach targets of 90% for 2011 with an average monthly reach of 91.4%, while RTÉ Radio narrowly failed to achieve its average daily reach target of 36%, achieving a daily reach of 35%. RTÉ increased its monthly reach for all RTÉ services in 2011 to 97%; this represented an increase on 2011 targets and 2010 actual monthly reach.

RTÉ Radio 1 fell short of its target of 28% reach for 35-54 year-olds with a 26% actual 2011 reach, while RTÉ 2fm failed to achieve its targeted reach of 19% among 25-44 year olds, recording a 16% reach. RTÉ.ie achieved an average of 4 million unique browsers per month, which equalled targets in this domain and recorded a monthly average of 1.52 million international unique browsers to a target of 1.5 million.

¹³ Applies to original hours on RTÉ Junior.

Table 3.6: RTÉ Audience Related Commitments 2011

Commitment	Key Evidence
1D. Retain existing and attract new audiences through the provision of relevant services	RTÉ exceeded 98% target coverage for analogue TV and radio, and signal availability was maintained at 99% for all national broadcasters. RTÉ Television recorded an average monthly reach (15+ mins) of 91.4% among all individuals, which exceeded its target of 90%. RTÉ Radio recorded an average daily reach of 35%, which fell short of its 36% target. RTÉ.ie had an average of 4.0 million unique browsers per month, which matched the 2011 target and represented an 8% increase on 2010 figures. RTÉ achieved a 97% monthly reach across all services for adults 15+. This exceeded the 90% monthly reach target, and is an increase on the 92% monthly reach recorded in 2010. RTÉ Radio did not achieve its 28% reach target for 35-54 year olds, recording a 26% reach. RTÉ 2fm failed to achieve a 19% reach for 25-44 year olds as planned, achieving a 16% reach amongst this age category in 2011. RTÉ Television achieved its average monthly reach (15+ mins) targets; recording a 0.1 percentage point increase on the target of 85% for 4-14 year olds and achieving a monthly reach of 86.8% for 15-34 year olds, which exceeded its target of 85%. RTÉ TV exceeded its 95% target monthly reach for adults aged 35+, achieving a 95.9% reach in this age category. The 9,007 subtitling hours delivered exceeded the 2011 target of 8,500 hours, and thus exceeded the commitment of a 9% increase on 2010 target hours. RTÉ devised an international strategy for its online services and provided digital coverage of key events in 2011 such as the General and Presidential elections, Referendums, the 2012 Budget, and the visits of Queen Elizabeth II and President Obama. RTÉ launched an RTÉ Player app which allows audiences worldwide to view RTÉ TV for free. International radio services were provided on 7 platforms and RTÉ Radio is available to the Irish Diaspora via mobile applications. RTÉ.ie increased average monthly international unique browser levels by 10% from 2010 values, with a monthly average of 1.52 million to a target of 1.5 million. 68% of respondents agreed with the statement “RTÉ is for people like me”, exceeding the 65% target by three percentage points ¹⁴ . RTÉ Television and Radio exceeded the targeted Audience Connection score of 80, with RTÉ TV recording a score of 84.5 and RTÉ Radio recording a score of 84.4.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

RTÉ's commitment to be the primary source of News and Current Affairs in Ireland was achieved through foreign coverage of a wide range of events as well as the achievement of targeted reach for *RTÉ News: Six One*, *RTÉ News: Nine O'clock* and *Morning Ireland*.

Indigenous broadcasting made up 70.1% of total peak-time hours on RTÉ One and RTÉ broadcast a number of regional programmes in its achievement of the commitment to be the primary source of Irish home-produced content, nationally and from the regions. RTÉ achieved a 69% satisfaction level in 2011; this exceeded the target 65% satisfaction level by 4 percentage points.

¹⁴ Source: RTÉ Corporate Brand Tracking Research Jan – Dec 2011.

Table 3.7: RTÉ Audience Related Commitments 2011 (continued 1)

Commitment	Key Evidence
2A. Be the primary source of independent News and Current Affairs in Ireland.	RTÉ achieved its reach targets for 2011; <i>RTÉ News: Six One</i> and <i>Nine O'Clock</i> achieved a cumulative reach (ave weekly 5+ mins) of 36.4% against a target of 35%, while <i>Morning Ireland</i> achieved a reach of 13%, exceeding its 12% target by 1 percentage point. Scores of 95% for audience perceptions of "fairness and impartiality" were targeted for <i>RTÉ News: Nine O'clock</i> and <i>Morning Ireland</i> ; <i>RTÉ News: Nine O'clock</i> exceeded this value with a score of 97% and <i>Morning Ireland</i> fell just short with a score of 94.2%. RTÉ News Television and RTÉ News Radio both exceeded their targeted Appreciation Index scores of 80, recording scores of 81.8 and 80.1 respectively. RTÉ provided political coverage of Egypt and Libya, coverage of the earthquakes in Japan and New Zealand, the Euro zone crisis and the 10 th anniversary of 9/11 in the United States. A count programme covering the Northern Ireland Assembly Elections was provided in a new cost-reducing format.
2B. Be the primary source of Irish / home produced content, nationally and from the regions.	RTÉ One maintained a high level of indigenous peak-time broadcasting at 70.1% of total peak-time hours, representing an increase on the target of 65%. RTÉ Television produced in excess of the 8 new regional series targeted. Two peak-time daily radio shows were broadcast from Limerick and Galway, while RTÉ Radio 1 and RTÉ 2fm broadcast primetime shows from a number of locations across Ireland. Raidió na Gaeltachta broadcast <i>Blas</i> and <i>Glór Anoir</i> as planned. RTÉ's Performing Groups audience increased by 19% on 2010 numbers, largely due to several specific events: RTÉ Concert Orchestra with Katherine Jenkins, Cór na nÓg at Andre Rieu tour, the Queen's visit at the convention centre and the RTÉ National Symphony Orchestra Opera.
2D. Meet the needs of Irish audiences and build affinity with RTÉ.	The Audience Reaction panel was modified so as to investigate children's access to and engagement with TV and online media. Due to low survey completion rates among 11-14 year olds, surveys were completed by parents with input from their children where possible. The Audience Reaction Panel was also modified to enable the easy incorporation of panellists' comments into its research output. In addition, the data reporting tool was improved. The impact of new technologies on media consumption habits was investigated in a number of ways. Analysis of the RTÉ Brand Tracker survey data allowed for an investigation of the awareness and usage of RTÉ's 10 key brands. The consumption of traditional versus new media for 15-24 year olds was investigated. A detailed genre-based mapping assessment for all RTÉ broadcast outputs across key delivery platforms was completed, with particular emphasis on the differences in genres within traditional and new delivery platforms. A new method of reporting overall average audience consumption of RTÉ's audio-visual content on a per programme basis was devised and is currently being set up. 68% of respondents agreed with the statement "RTÉ is for people like me", exceeding the target of 65%. RTÉ exceeded its target of 65% satisfaction level, achieving a satisfaction level of 69%.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

RTÉ made a commitment to facilitate access to content through digital media; highlights include the creation of apps for RTÉ Player and RTÉ News Now, the development of the RTÉ Archive website and the launch of the RTÉ Radio Player and the RTÉ Radio homepage. In addition, RTÉ Player achieved an average of 2.7 million streams per month, marking a 45% increase on 2010 figures. RTÉ Television achieved an audience peak-time share (live viewing) of 40.2% against a target of 40%, while RTÉ Radio met its target of 33% audience peak-time share.

Table 3.8: RTÉ Audience Related Commitments 2011 (continued 2)

Commitment	Key Evidence
3A. Facilitate access to content through digital media and increase connection points with RTÉ.	RTÉ Player exceeded its target of 2.2 million average monthly streams, averaging 2.7 million streams per month in 2011, which represented a 45% increase on 2010 figures. New contracts for acquisitions were negotiated with 7 foreign channels and content deals were negotiated with 4 of the 6 major US networks, resulting in a greater increase in acquired content for the RTÉ Player than the 20% increase targeted. Additionally, live simulcasting of RTÉ One and RTÉ Two began on RTÉ player, and the RTÉ Player app was launched in December 2011, achieving 92,000 downloads and 691,000 streams by the end of 2011. RTÉ News Now launched an app for the iPad, which received 59,000 downloads and a monthly average of 1.6 million page impressions to the end of 2011. RTÉ maintained 960,506 average monthly downloads on all available data, which well exceeded the target of 900,000 downloads. An RTÉ Archive website was developed and the launch planned for 2012. By the end of 2011, RTÉ TV Archives had provided almost 700 of the 1,000 digital items videos promised to EUScreen by September 2012. RTÉ Archives also committed to the contribution of video items throughout 2012 to celebrate the 50 th anniversary of RTÉ Online. The target of 7% was achieved for the number of digital radio households, with numbers increasing from 251,000 in 2010 to 256,000 in 2011. RTÉ Radio Pocket Player for Android Smartphone and the RTÉ Player mobile application were launched. <i>The Daily Show</i> incorporated a Right of Reply feature into its programming, including 2 “Your View” items in April 2011. The target of 7 smaller ensemble performances to build new audiences by the RTÉ NSO and RTÉ CO was exceeded, with the NSO and CO providing 6 and 2 performances, respectively. The RTÉ Radio Player and RTÉ Radio Homepage were launched in 2011, while the tender for the new Radio 1 website was completed and a launch planned for 2012. RTÉ.ie presented 2,300 hours of non-broadcast News and Current Affairs throughout 2011. The RTÉ News website created sections for specific events such as the General/ Presidential Elections, the visits of Queen Elizabeth II and President Obama, the 10 th anniversary of 9/11, the Global Irish Economic Forum, the 2011 Dublin Web Summit and Budget 2012, as well as new European and US blogs.
3D. Ensure content distribution / delivery across all platforms.	‘50 Elements’ Project completed in Q1 to define metadata. New production workflows to support Radio Player were defined and agreed within RTÉ’s Radio IBD. A Change Manager was appointed and a Change Management Plan developed in Q3. Work continued through Q4 on initial rollout of Radioman 5. SAORVIEW (Digital Terrestrial Television) was launched in May 2011 by the Minister of Communications, Energy, and Natural Resources and the targeted 97% DTT population coverage for PSB Mux was achieved. SAORVIEW currently carries 8 Irish channels, of which 5 are RTÉ-provided. SAORVIEW also carries digital RTÉ Aertel information services and all of RTÉ’s radio services.
4C. Optimise market share.	RTÉ Television maintained a peak-time national audience share (live viewing) amongst individuals aged 4+ of 40.2% against a target of 40%. RTÉ Radio achieved its target of 33% peak-time audience share.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

During 2011 RTÉ largely achieved its commitments to be accountable, honest and responsible and to exceed minimum standards; further detail on RTÉ’s actual 2011 performance with relation to these commitments is provided overleaf. Highlights in relation to accountability and responsibility include RTÉ’s compliance with the Comreg code of practice, the code of practice for the governance of state bodies and the requirements for the new BAI codes on complaints and right of reply.

Table 3.9: RTÉ Audience Related Commitments 2011 (Continued 3)

Commitment	Key Evidence
1E. Be accountable, honest and responsible in all of our activities.	RTÉ submitted its Annual Report and Group Financial Statements 2010 to the DCENR at the end of Q1; these were prepared in line with International Financial Reporting Standards. The Annual Report included a report on the fees and aggregate expenses paid to Board members. The Register of Regulatory Submissions was maintained through 2011, and the 2011 Performance Commitments Report notes that this is an on-going process. The review of the Irish language scheme is on-going, and the review of the Archive scheme is awaiting response from the DCENR. RTÉ indicates compliance with the ComReg Code of Practice and that no ComReg complaints were upheld. An internal audit was completed and compliance with the Code of Practice for Governance of State Bodies was confirmed in the RTÉ Chairman's Annual Report to the Minister (CENR), presented in Q1. The Internal Audit Charter was tabled during Q2 and Q3, and published on RTÉ.ie in Q3. RTÉ met the necessary requirements for the new BAI codes on Complaints and Right of Reply. RTÉ also made submissions to the BAI on a number of draft codes, guidelines and reviews. RTÉ failed to fully achieve compliance with the Advertising Code and Children's Advertising Code. The two relevant codes were introduced, and whilst a first monitoring exercise by the BAI found that RTÉ was fully compliant with the new codes, a second determined that RTÉ had on one occasion exceeded the maximum of 5 minutes of advertising per hour on Radio 1 and 2fm. The 2011 Performance Commitments Report states that this was due to programmes running over and thereby pushing ad breaks into the next hour. New scheduling procedures were introduced to avoid further occurrences of this nature. A Social Media Review to monitor operations and effectiveness of social media policy was completed. A Communications and Public Affairs Strategy was devised in Q2 and the relevant programme of activity is under way. RTÉ's Public Service Statement was published on RTÉ.ie in Q1, and the 2011 Statement of Commitments was published on RTÉ.ie in Q2. The need to align the Performance Development System objectives to the Annual Statement of Performance Commitments was highlighted to HR representatives and relayed to line management.
1F. Exceed minimum standards.	Subtitling was provided for a large number of TV News and Current Affairs, including the state visits of Queen Elizabeth II and President Obama, Budget 2012 and the funeral of former Taoiseach Dr. Garret Fitzgerald. Subtitling was also provided for a number of children's programmes on RTÉ Two, and RTÉ introduced an Irish Sign Language weekly weather forecast. The commitment to update and publish the Corporate Social Responsibility report was not achieved; the 2011 Performance Commitments report states that this was due to the 50% staffing reduction in the area of Corporate Communications. Telephone information services were maintained, and enhanced so as to address questions about SAORVIEW. As stated in the previous commitment, the Annual Report and Group Financial Statements for 2010 were submitted to DCENR in Q1 and were prepared in line with International Financial Reporting Standards. The report of RTÉ's compliance with the UK Corporate Governance Code was included in the Corporate Governance section of RTÉ's Annual Report, in which no non-compliance issues were noted. The 2011 Performance Commitments Report notes, however, that some of the requirements do not apply to RTÉ given its status as a statutory corporation established under Broadcasting Acts.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

Table 3.10 overleaf presents RTÉ's actual performance versus 2011 targets in the areas of finance and resources. RTÉ achieved reductions in operating costs in 2011 and met its budgetary target for the year, achieving a net deficit of €16.8m versus a budgeted deficit of €17.3m. RTÉ Television, Radio, NL and Publishing failed to achieve commercial revenue targets for 2011, falling short of targets by 8%, 14%, 3% and 1.5%, respectively.

60% of respondents agreed that RTÉ was good value for money, exceeding the target of 55% by 5 percentage points. Personnel related operating costs represented 54% of RTÉ's total operating costs in 2011; this slightly exceeded the budget of 50%.

Targets for efficient usage of TV and Radio facilities were achieved, with studio utilisation figures of 75% and 76% for TV and Radio, respectively.

Table 3.10: RTÉ Finance and Resource Commitments 2011

Commitment	Key Evidence
4A. Manage finances prudently.	RTÉ recorded a Net Deficit of €16.8 million in 2011, which remained within the projected Net Deficit out-turn of €17.3 million submitted in RTÉ's Budget 2011. RTÉ recorded total cash resources of €62.7 million at the end of 2011 which exceeded the €62 million included in RTÉ's Budget 2011. RTÉ's available cash reserves stood at €9.9 million at the end of 2011, which represented a decrease of €33.6 million in available cash reserves from the end of 2010. RTÉ reduced their operating costs by €14 million versus budget, of which €10 million arose from cost-cutting in Television. Commercial revenues continued to fall, and programme cut-backs were instigated to compensate for this. A review of the feasibility of incorporating Radio Sales system into Landmark TV Sales system was performed, and the project approved for 2012.
4B. Optimise funding sources.	RTÉ Television and Radio did not achieve their commercial revenue targets: RTÉ Television fell 8% below target with generated commercial revenue of €107m against a target of €116m, and RTÉ Radio generated €28.6m in commercial revenue, missing the €33m target by 14%. RTÉ indicates that 2011 was a difficult year for all media sales operations, and that RTÉ Radio was further troubled by drops in the 2fm audience. RTÉ Network Limited generated commercial revenue of €28m, which was 3% less than the targeted figure of €29m. The 2011 Performance Commitments Report states that this was caused by a fall in intercompany charges resulting from the Digital Switchover. The RTÉ Publishing Commercial Revenue Target was largely achieved: generated commercial revenue was €16.7m, 1.5% short of the €16.9m target. A strong performance by RTÉ.ie, RTÉ Player & competitors counterbalanced further declines in the RTÉ Guide. New business in 2011 fell 18% from 2010 figures and overall sponsorship revenue was depressed. Nevertheless, some new sponsorship deals were secured and several cross-media events generated significant revenue. An updated code regarding Product Placement from the BAI was introduced in May 2011, and this allowed for the negotiation of RTÉ's first major Product Placement agreement. Paid Product Placement then went live in Q4, with the <i>Fair City</i> shop, <i>Masterchef</i> , and <i>Dragon's Den</i> .
4D. Deliver a value for money service	A programme costing initiative was introduced in order to deliver cost savings. There were further cutbacks in commissioned programme spending and programme spending. Some programmes were co-produced with other networks including the BBC (<i>Mrs. Brown's Boys</i> and <i>The Story of Ireland</i>), UKTV (<i>Rachel Allen's Dinner Parties</i>) and All3Media, who furnished a distribution advance for <i>Raw 3</i> . RTÉ also secured some Advertiser Funded Programmes as well as some multi-annual commissioning contracts. The attribution of the License Fee by service was set out in the Annual Report and Group Financial Statements 2010. 60% of respondents agreed with the statement "RTÉ is good value for money", exceeding the 55% target by 5 percentage points.
4E. Control People Costs	Personnel Related Operating Costs accounted for 54% of RTÉ's Total Operating Costs in 2011, which exceeded the target of 50% set out in RTÉ's Budget 2011. Apart from very senior contracts, all new contracts are now issued centrally. A tender process was completed for an automated workflow and tracking system to enhance process control by HR Shared Services, and a supplier chosen. This system will be introduced in 2012.
4F. Efficient resource management	A statement of average cost per transmitted hour was published in the Financial Review section of the Annual Report and Group Financial Statements 2010. Targets for efficient usage of TV and Radio facilities were achieved, with studio utilisation figures of 75% and 76% for TV and Radio respectively. All tender documents and internal processes were finalised for the purchase of software for personnel assignments. This software was implemented to TV Sport and TV programmes under the supervision of an appointed project leader and trained supervisors, and staff rosters in these areas were issued using the new software. All but one complex report were completed and implemented.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

RTÉ maintained a presence at a number of cultural events throughout Ireland in fulfilment of its creativity commitments in 2011. In addition, RTÉ Radio increased the number of female voices on air, and RTÉ Television saw the introduction of new presenters, directors, filmmakers, comedy and music acts, writers and actors. RTÉ did not produce a planned feature-length TV drama in 2011; the format was changed and production was postponed. Our analysis of overall role of RTÉ in supporting creativity is discussed elsewhere in this report.

Table 3.11: RTÉ Creativity Commitments 2011

Commitment	Key Evidence
6C. Explore new creative and cultural partnerships.	An RTÉ UCD Project Archivist was appointed, and the transfer of literary and cultural documents from RTÉ Corporate Written Archive is ongoing. An inventory of RTÉ's existing support for the arts was completed. After meetings with the Arts Council, the Council of National Cultural Institutions and stakeholders, new initiatives to leverage RTÉ resources for key cultural events have been put in place or are in the implementation stage. Consultation with external bodies including Irish national cultural institutions, universities and the Irish Film Archive to evolve a policy regarding National Audio-Visual policy and collections is ongoing.
6B. Foster creativity, new ideas and cultural expression.	RTÉ sponsored a category in the BT Young Scientist and Technology Exhibition 2011 and was title sponsor of the All Ireland Amateur Drama Festival. RTÉ was also the official media partner of the Tall Ships race, and maintained a presence at all three of the events previously described, as well as the National Ploughing Championships. In addition, RTÉ provided broadcasts from the Young Scientist and Technology exhibition, RTÉ Radio covered the Amateur Drama Festival, and the Tall Ships Race and the National Ploughing Championships were featured on RTÉ Television and Radio. RTÉ Radio also provided coverage of 4 major arts festivals, as well as 12 smaller festivals which featured on Arena. 2 Irish acts were supported by RTÉ at the 2011 Eurosonic festival. RTÉ's commitment to include more female voices on RTÉ Radio was achieved; 11 new female presenters featured on a wide variety of programmes. RTÉ also committed to developing new talent on RTÉ Television. This was achieved through the introduction of new presenters, a first-time director, a first-time sitcom director and a first-time film-maker. RTÉ's Documentary Unit undertook training for new documentary makers and the writing collective Theatre Club was involved in the creation of scenarios for <i>Frenemies</i> . New Irish comedians were showcased on several TV shows, while new comedy and music acts were introduced on <i>The Saturday Night Show</i> , <i>The Late Late Show</i> and <i>Red Radar</i> . Under the drama heading, <i>Love/Hate</i> and <i>Raw</i> saw the introduction of new actors/ writers, while <i>Storyland</i> was responsible for eight newly commissioned teams of writer/director/producers. Following a workshop instigated by <i>Fair City</i> , new writers and cast members were engaged. RTÉ continued to invest in <i>Frameworks</i> , an established scheme for the making of animated short films from Irish animators, co-funded with BSÉ/IFB, the Arts Council and BAI. 6 <i>Frameworks</i> commissions were broadcast on RTÉ in 2011, and an animated series was also commissioned. 5 CDs were published by RTÉ Radio to promote Irish composers and musicians. A new Composer-in-Residence was appointed to RTÉ Lyric fm, and 11 new works were premiered by RTÉ Performing Groups. It was not possible for RTÉ to host the 2011 Electroacoustic Composition competition due to the organisers' decision not to hold the competition in 2011. 2 New drama TV series returned as planned, and continued development of <i>Fair City</i> contributed to an increased audience share. However, RTÉ did not produce the planned feature-length TV drama in 2011. Production of this was postponed and the format changed to support instead a 3x90 minute series. 2 Irish acquired short films were also broadcast on RTÉ Two.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

RTÉ's commitments with respect to the overall development of the organisation are set out in Table 3.12. RTÉ's Early Retirement and Voluntary Redundancy Scheme was set in motion in 2011. RTÉ completed a benchmarking exercise against other European broadcasters.

€48.9m was spent by RTÉ on independent commissioning activities, exceeding the required statutory spend by €11m. However, as noted elsewhere overall spend on commission from the independent has declined significantly since 2008. RTÉ did not host the fourth electronic media conference in 2011 due to cost-cutting endeavours. RTÉ maintained collaborative relationships across Performing Groups and RTÉ Radio and continued to forge close relationships with regulatory and trade bodies.

Table 3.12: RTÉ Organisation Development Commitments 2011

Commitment	Key Evidence
3E. Progress Project 2025.	RTÉ's commitment to achieve appropriate zoning for the totality of the lands in RTÉ Donnybrook was not achieved. Legal proceedings to challenge an unsatisfactory zoning decision in the Dublin City development plan began in January 2011 and the process is ongoing.
5A. Develop people and skills.	A review of the Pilot Mentoring Programme was conducted although its possible rollout to the whole organisation will be given careful consideration due to restricted resources in 2012. Performance Management Workshops were offered to all supervisory staff and a workshop on interviewing skills was offered to all line managers. A reduced cost base in Radio necessitated the introduction of a 24 project scheme to ensure fitness for purpose. This scheme is entitled Cost Labour Reductions; phase 2 was designed in Q4 and implementation planned for 2012. Regular messages to staff were provided throughout the year.
5B. Optimise organisational structure.	The Early Retirement and Voluntary Redundancy Scheme was set in motion; Phase 1 exits were commenced in November and work on Phase 2 began in December. The benchmarking of RTÉ's structures, grades and work practices against other European broadcasters was completed. Further benchmarking on work practices is planned for 2012 to inform the implementation of reform plans suggested by RTÉ's 2011 Organisational Review. The Roll-out Headcounts Reports project was not achieved. Initially postponed until the end of 2011, this project was not completed due to the prioritisation of the Early Retirement and Voluntary Redundancy Scheme and the Organisational Review.
5C. Optimise work practices.	The internal work practice review is continuing and changes have been identified; discussions with relevant stakeholders are planned for 2012. RTÉ Publishing introduced work practice change/convergence in the Entertainment Hub, and convergence projects are ongoing in Publishing and News & Current Affairs.
6A. Maintain and grow collaborative relationships	The Independent Radio Productions commissioning process continued through 2011, with recommissions, rolling commissions and one-off commissions. A TV cross genre open day held by RTÉ was attended by over 120 representatives from independent production companies. RTÉ Drama attended an open day and also hosted an open day with the independent sector, while Young People's Programming contributed to the Cartoon Forum. RTÉ spent a total of €48.9m on independent commissioning activities, which represented a 9.4% drop on the 2010 spend of €54m but exceeded the required statutory spend by €11m. RTÉ Radio hosted a media training course and also provided training sessions for the BAI-funded Learning Waves training initiative. The RTÉ NSO had 8 collaborations while the RTÉ CO maintained a number of partnerships, with 7 outlined specifically in the 2011 Performance Commitments Report. RTÉ did not host the fourth electronic media conference due to cost-cutting endeavours. RTÉ lyric fm offered 31 concerts of Irish material to the EBU. RTÉ Radio continued to broadcast BBC co-productions on RnaG, agreed a new BBC partnership with lyric fm, while Radio 1 discussed a new collaboration with the BBC and lyric fm negotiated another with the BBC/EBU. RTÉ Radio's Director of Operations was appointed Vice Chair of the EBU New Media Group. Further collaborations were established with the Ulster Bank Dublin Theatre Festival and the Mill Theatre, Dundrum. RTÉ engaged in regular meetings and discussions with the BAI, the DCENR and ComReg. RTÉ is a subscribing member of IBEC and attended IBEC meetings in 2011. There were a number of meetings between RTÉ and SPI. RTÉ Radio and the IBI agreed to jointly run the Irish pilot of an international standard to measure the effectiveness of radio advertising. RTÉ is a member of the AOP and maintained regular engagement with the IAB. RTÉ attended all meetings of the Technical Committee and of the Full Board of TAM Ireland. RTÉ attended all 4 meetings of the JNLR Management Committee; separately, the Group is chaired by an RTÉ employee functioning in an independent capacity.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

RTÉ's remaining service commitments, and actual performance in relation to them, are set out in Table 3.13 overleaf. Seven BAI complaints were upheld in 2011; these were all dealt with within the required timeframe.

Table 3.13: RTÉ Other Service Commitments 2011

Commitment	Key Evidence
2E. Implement highest editorial standards.	RTÉ's commitment to publish the Revised Programme Maker Guidelines was not achieved in 2011 due to increased demand on the Broadcast Compliance Office resulting from the General and Presidential Elections. The guidelines were since published in Q1 2012. RTÉ claims full compliance with the BAI Broadcasting Codes on General and Presidential Elections and Referenda coverage. 3 internal workshops were delivered and 2 General Advice notes published on RTÉ's intranet. 7 BAI complaints were upheld in 2011. All BAI complaints were dealt with within the mandatory time frame.
3B. Implement technology change programme.	Software-based desktop editing tools were used to produce RTÉ TEN bulletins on RTÉ News Now and to produce video packages. Field acquisition cameras were also used in the production of RTÉ TEN website material. 3 external production companies made use of Avid, the in-house editing system. Software-based production tools were introduced to facilitate the playout of hourly news bulletins for RTÉ News Now, and were operational from October. Extensive election coverage was provided by RTÉ's online services, including a 24-Hour Social Media desk to monitor Twitter and Facebook, and user generated content that was posted on <i>Campaign Daily</i> , an interactive television programme available on RTÉ.ie and RTÉ Player. In addition, extended live and near-live video coverage was provided from count centres around the country, and General Election coverage was available on all of RTÉ's free-to-access public service platforms.
3C. Implement end-to-end Digitisation programme.	Tenders were received and reviewed for FAST (File Acquisition Server Technology) project, and a preferred supplier chosen. Contracts were put in place and equipment installed for Phase 1, Development and Training System. RTÉ Two transmitted a number of sporting events in HD throughout 2011.

Source: Indecon analysis of RTÉ data from the RTÉ 2011 Performance Commitments Report.

3.4 RTÉ Audience Related Performance

3.4.1 RTÉ Television Audience

Table 3.14 presents RTÉ Television's share by channel for 2009 to 2011. Explanations of the measures of RTÉ Television performance used are presented in the box below.

Box 1: Nielsen / TAM Ireland Definitions of Measures of Television Viewing

TVR: The average of a target audience who have viewed a programme, daypart, spot, minute etc expressed as a % of that target audience universe. For example, an adult TVR of 15 for a programme indicates that on average 15% of all adults watched the programme.

000s: The average target audience who have viewed a programme, daypart, spot, minute etc. expressed in thousands. The 000's figure is linked to the TVR. E.g. an adult TVR of 18 will equate to a 000's figure of 569 (based on a National Adult Universe of 3,161 Sept 05 to August 06).

Share: The percentage of the viewing audience accounted for by a particular channel at a specific point in time i.e. of those people who are viewing television what proportion are viewing channel 'X'. E.g. an adult share of 30 for a programme indicates that of all adults who are watching TV, 30% of them watched the programme on channel 'X'.

Source: Nielsen Television Audience Measurement / TAM Ireland

The table below demonstrates that RTÉ Television overall viewership declined further in 2011. After a decline in all three measures between 2009 and 2010, RTÉ One displayed an increase in TVR¹⁵, 000s¹⁶ and share between 2010 and 2011. RTÉ Two had previously demonstrated increases in TVR and 000s between 2009 and 2010 coupled with a slight share decrease; 2011 saw significant decreases in all three measures.

Table 3.14: RTÉ TV Share by Channel 2009-2011

		2009		2010		2011	
Channel	Variable / Activity	Live	Consolidated	Live	Consolidated (as of 01/09/2010)	Live	Consolidated (as of 01/09/2010)
RTÉ One	TVR	3.10	n/a	3.08	3.12	3.11	3.24
	000s	128.2	n/a	126.7	128.3	127.0	132.3
	Share	24.18	n/a	23.16	22.98	23.43	22.76
RTÉ Two	TVR	1.31	n/a	1.35	1.37	1.19	1.27
	000s	54.1	n/a	55.7	56.3	48.8	51.7
	Share	10.20	n/a	10.18	10.09	8.99	8.89
RTÉ Total	TVR	4.41	n/a	4.44	4.49	4.30	4.50
	000s	182.2	n/a	182.4	184.6	175.8	184.0
	Share	34.38	n/a	33.34	33.07	32.42	31.66

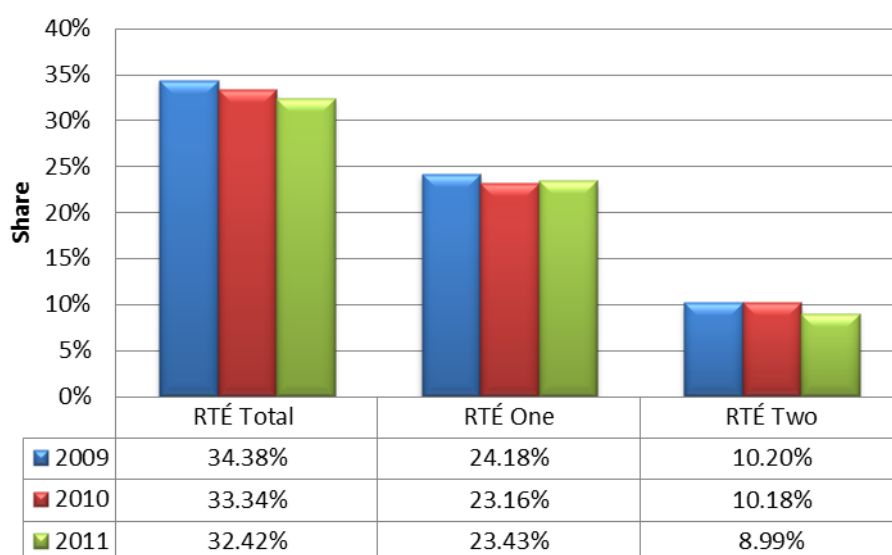
Source: TAM Ireland Ltd / Nielsen TAM, Individuals 4+, All Day (03:00-26:59) Share.

RTÉ TV share by channel for 2009 to 2011 (live viewing) is further highlighted in Figure 3.20 overleaf. RTÉ total TV share has declined steadily each year and while RTÉ One demonstrated a slight share increase between 2010 and 2011, this was more than matched by a share decrease for RTÉ Two.

¹⁵ TVR (The Television Rating) is a measure of a programme, daypart, commercial break or advertisement, by comparing its audience to the TV population as a whole. One TVR is numerically equivalent to one percent of a target audience.

¹⁶ 000s is the average target audience who viewed a programme, daypart, sport or minute etc, expressed in thousands. The 000s figure is linked to the TVR.

Figure 3.20: RTÉ TV Share by Channel, 2009-2011

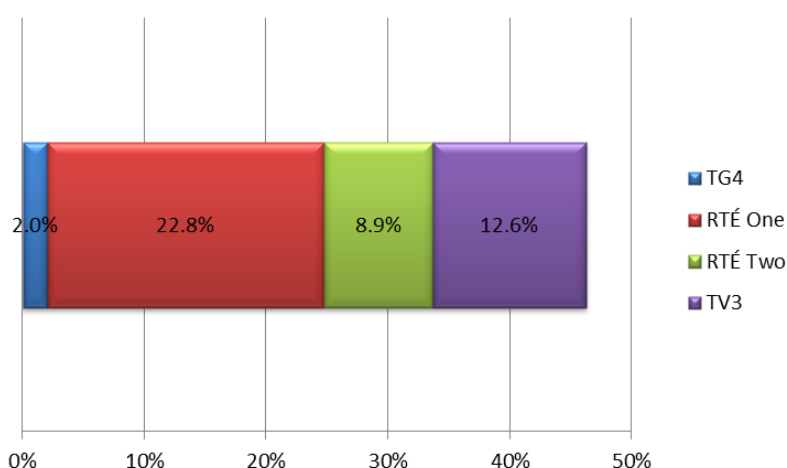


Note: These figures are "Live" shares.

Source: TAM Ireland Ltd / Nielsen TAM, Individuals 4+ All Day (03:00-26:59), Share.

Figure 3.21 presents the 2011 average audience viewing shares (consolidated viewing) for the four Irish terrestrial channels – RTÉ One, RTÉ Two, TV3 and TG4. RTÉ One demonstrated the highest share with 22.8%; this was followed by TV3, RTÉ Two and TG4 with shares of 12.6%, 8.9% and 2% respectively. RTÉ maintained a combined viewing share of 31.7% across RTÉ One and RTÉ Two.

Figure 3.21: Average Audience Viewing Shares 2011 for RTÉ, TG4 and TV3

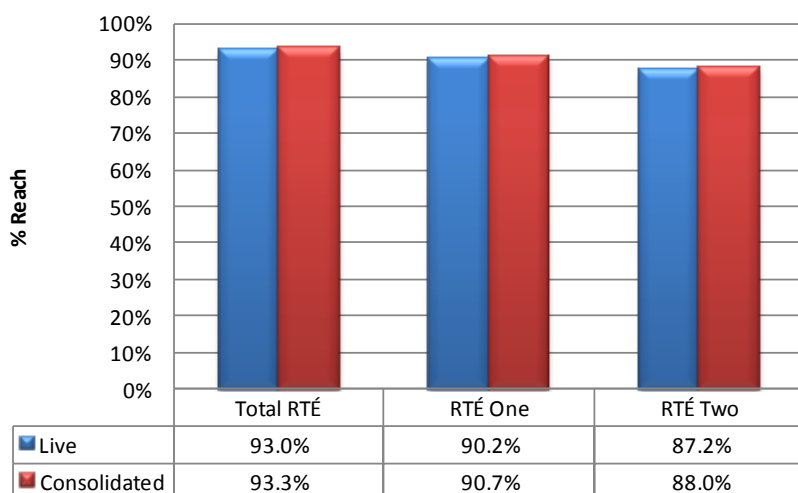


Note: These figures are "Consolidated" shares, which include live viewing and also playback viewing up to 7 days after transmission.

Source: TAM Ireland Ltd/Nielsen TAM, Individuals 4+, All Day (03:00-26:59) share.

Figure 3.22 displays RTÉ's average monthly reach by channel for 2011, i.e., the average percentage share of the target audience who viewed RTÉ for five minutes or more. This figure demonstrates that RTÉ reach is high across RTÉ One and RTÉ Two; indeed, total RTÉ reach was measured at 93% of live viewing and 93.3% of consolidated viewing. This figure additionally demonstrates that reach expressed in terms of live viewing does not differ greatly from reach expressed in terms of consolidated viewing.

Figure 3.22: RTÉ TV Reach by Channel 2011



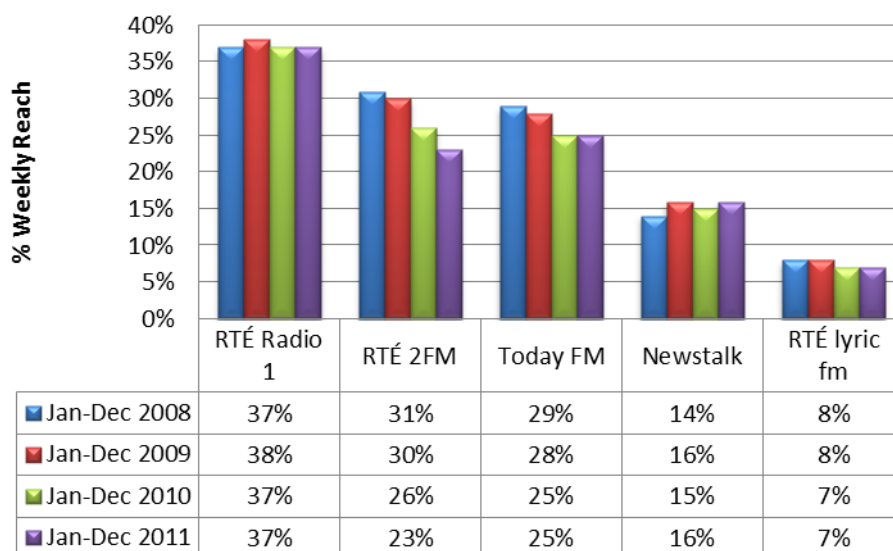
Note: This data represents the average monthly (January – December 2011) national reach % 5+ consecutive minutes, all individuals, all Day (03:00-26:59).

Source: TAM Ireland Ltd/ Nielsen TAM, Live and Consolidated Data.

3.4.1 RTÉ Radio Audience

National Radio average weekly reach for the period 2008 to 2011 is presented in Figure 3.23 overleaf, disaggregated by radio station. This figure provides a comparison between RTÉ Radio stations and two of their competitors, Today FM and Newstalk. RTÉ Radio 1 maintained a fairly steady reach over the four-year period in question, achieving a reach of 37% in 2011. RTÉ 2fm demonstrated a significant decrease in reach from 31% in 2008 to 23% in 2011. Today FM also demonstrated a notable decrease in reach from 29% in 2008 to 25% in 2011; this decline was less significant than that of RTÉ 2fm, however, and thus Today FM overtook RTÉ 2fm in terms of reach in 2011. Newstalk achieved an increased reach from 14% to 16% over the time period in question, while RTÉ lyric fm demonstrated a slight decrease in reach from 8% in 2008 to 7% in 2011. The broadly declining trend in reach among the stations reflects the increasing level of competition being faced by the broadcasters.

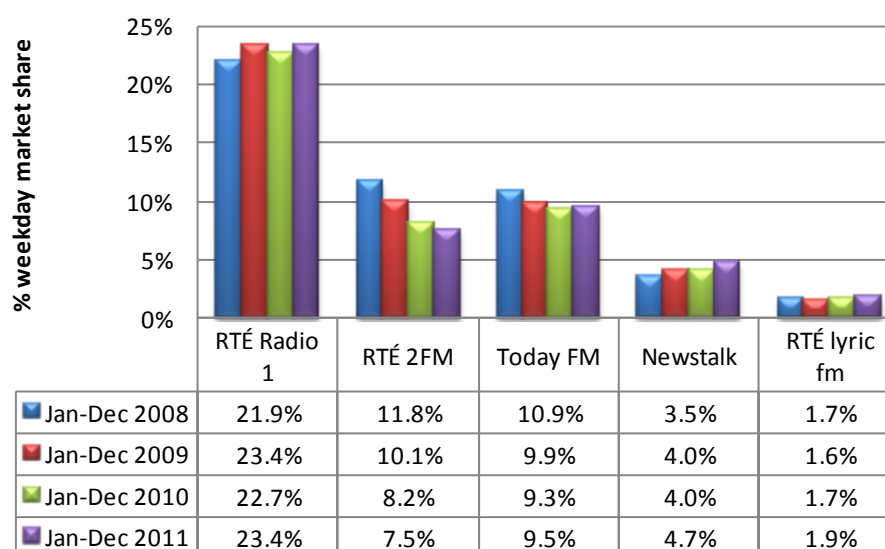
Figure 3.23: Average Weekly Reach (%) by National Station, Adults 15+, 2008-2011



Source: JNLR / Ipsos MRBI 2011/4, 2010/4 & 2008/4.

Figure 3.24 displays the average weekday market share of the national radio stations for the period 2008 to 2011. RTÉ Radio 1 and RTÉ lyric fm both achieved increased shares over the two years, from 21.9% to 23.4% and from 1.7% to 1.9%, respectively. There was a decrease in the percentage weekday market share from 11.8% to 7.5% for RTÉ 2fm. The average weekday market share for Today FM declined by 1.4 percentage points to 9.5% in 2011, while average market share for Newstalk increased by 1.2 percentage points to 4.7%.

Figure 3.24: Average Weekday Peak-time (07:00-19:00) Market Share (%) by National Station, Adults 15+, 2008-2011



Note: Time slot – 7am – 7pm.

Source: JNLR/Ipsos MRBI 2011/4, 2010/4, 2009/4 & 2008/4.

Table 3.15 presents the average weekday reach per hour for RTÉ Radio stations in 2009, 2010 and 2011. RTÉ Radio 1's reach declined from 122,600 to 112,700 between 2009 and 2010, but rose to 118,700 in 2011. The reach for RTÉ 2fm declined by 23% from 53,500 in 2009 to 41,300 in 2010 and declined by a further 8% from 2010 to 38,000 in 2011. The reach for RTÉ lyric fm and RTÉ RnaG increased year-on-year to 11,400 and 3,400 in 2011 respectively. According to the Ipsos MRBI topline data,¹⁷ the average daily reach of any national radio station has been experiencing a moderate increase since quarter 3 of 2011 after a period of decline. The data below suggests that the average weekday reach of RTÉ Radio stations has broadly followed the national trend with the exception of RTÉ 2fm which has continued to decline.

Table 3.15: RTÉ Radio Average Weekday Reach (000s) per Hour by Station, Adults 15+ , 2009-2011

Year	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG
2009	122,600	53,500	10,200	2,600
2010	112,700	41,300	11,000	2,900
2011	118,700	38,000	11,400	3,400

Note: Average Weekday Reach per Hour is not published as standard in the JNLR. These Reach Figures have been derived by RTÉ, using JNLR data, for the purpose of calculating cost-per-listener hour.

Source: JNLR/Ipsos/MRBI 2011/4, 2010/4 & 2009/4.

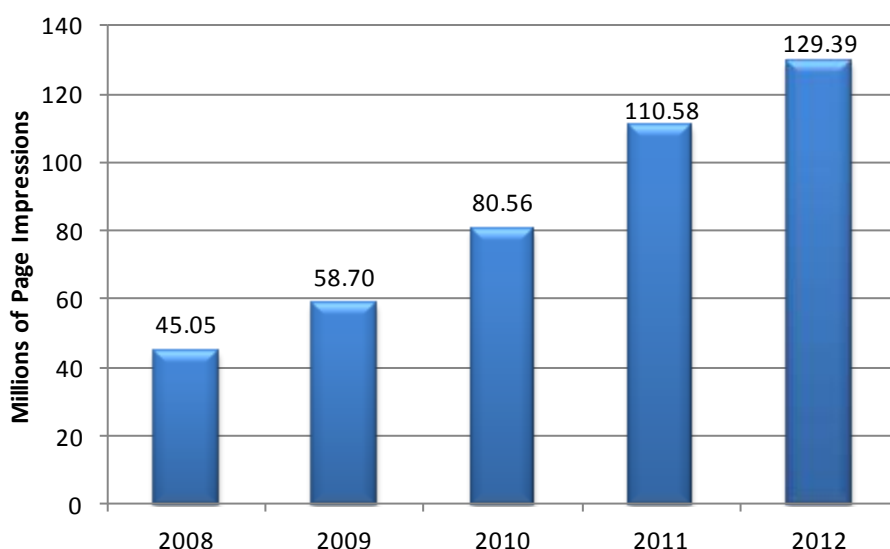
¹⁷ Source: <http://www.info.ipsosmrbi.com/jnlr/top-line-data/top-line-data-report#>

3.4.2 RTÉ Website and RTÉ Player

One aspect of RTÉ's audience-related performance relates to RTÉ's online audience. This is noteworthy given the increasing importance of digital media; RTÉ's commitment to facilitate access to content through digital media has already been discussed in a previous section. Online viewing is also becoming an increasingly important medium through which broadcasters can generate advertising revenue in an otherwise declining market.

Figure 3.25 below displays average monthly page impressions on the RTÉ website by year from 2008 to 2012.¹⁸ Average monthly page impressions for the RTÉ website have demonstrated a year-on-year increase since 2008, and in particular have increased by 187% from 45.05 million in 2008 to 129.39 million at the end of April 2012.

Figure 3.25: Average Monthly Page Impressions on the RTÉ Website 2008 to Date April 2012



Note: Page impressions include www.RTÉ.ie, m.rte.ie and all RTÉ applications on iPhone, iPad, iPod Touch and Android.

Source: Indecon analysis of RTÉ data from Urchin Analytics.

Table 3.16 presents key statistics of RTÉ Player performance in April 2012. RTÉ Player achieved 3.47 million streams, 589,474 unique browsers and 15.29 million page impressions in April 2012. International streams comprised 15.3% of all streams on RTÉ Player in April 2012. The RTÉ Player app recorded 298,831 downloads.

¹⁸ The 2012 figure represents the average of the monthly page impressions recorded for January, February, March and April 2012.

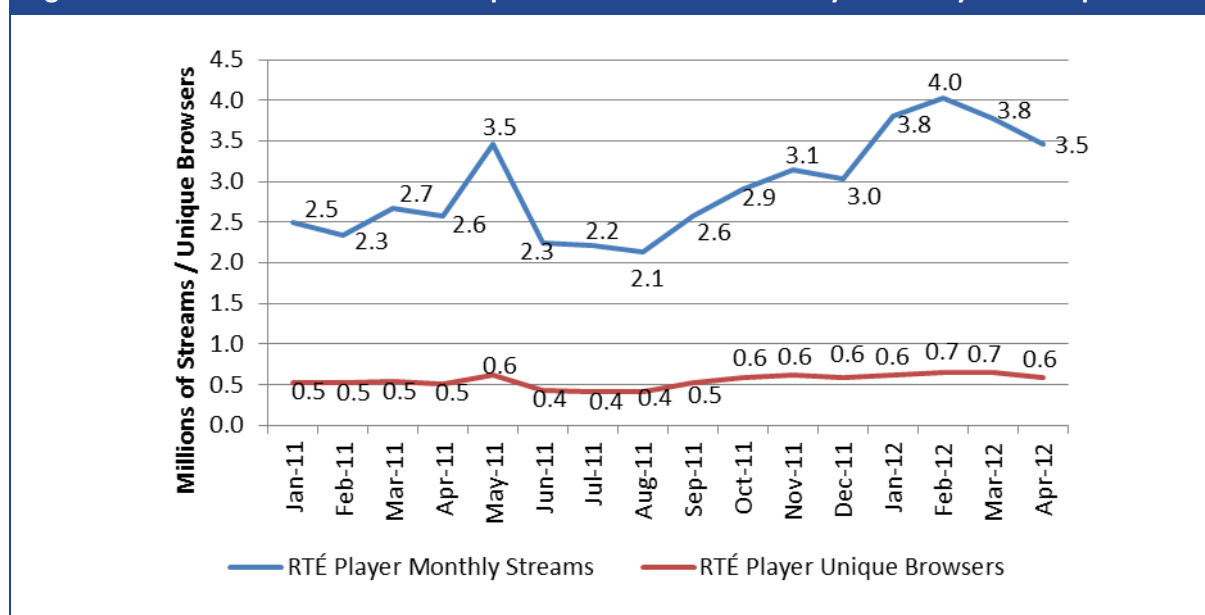
Table 3.16: Summary of RTÉ Player Performance April 2012

	April 2012	Month on Month Change
Streams	3,465,022	-13.0%
Unique Browsers (excluding apps)	589,474	-10.0%
Average Streams per Browser (excluding apps)	4.7	-3.4%
Page Impressions	15,285,253	-13.8%
International share of streams	15.3%	
Total number of app downloads to April 29th	298,831	

Source: RTÉ data from the RTÉ Player April 2012 Review.

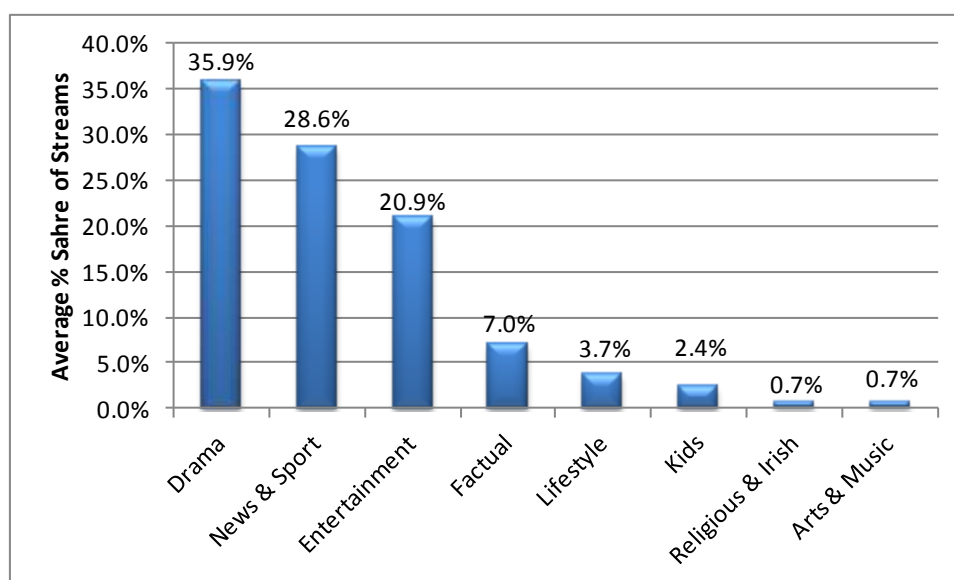
Figure 3.26 presents the trends in RTÉ Player streams and unique browsers from January 2011 to April 2012. The number of streams varied from month-to-month and demonstrated peaks in March 2011, May 2011, November 2011 and February 2012. The monthly number of streams increased from 2.5 million in January 2011 to 3.5 million in April 2012. The number of unique browsers fell to 0.4 million between June 2011 and August 2011, but increased to 0.6 million in April 2012.

Figure 3.26: Trend in Streams and Unique Browsers on the RTÉ Player January 2011 – April 2012



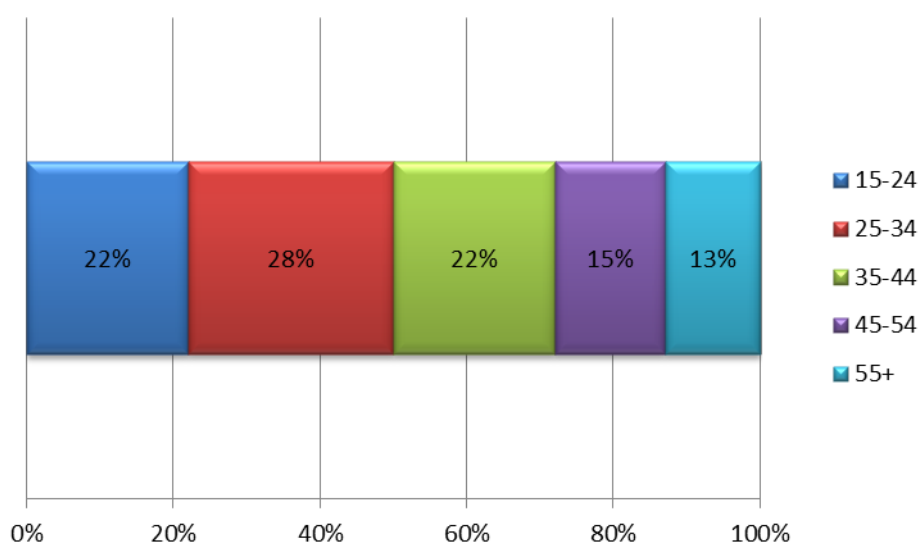
Source: Indecon analysis of RTÉ data from Urchin Analytics.

Figure 3.27 represents the average percentage share of streams by genre on RTÉ Player for 2011. Drama made up the greatest proportion of streams on RTÉ Player in 2011 with 35.9%, followed by News and Sport (28.6%) and Entertainment (20.9%).

Figure 3.27: RTÉ % of Monthly Streams by Genre Delivered January – December 2011

Source: Indecon analysis of RTÉ data.

It is also instructive to consider the age profile of RTÉ Player users in April 2012, demonstrated below in Figure 3.28. The greatest proportion (28%) of RTÉ Player viewers are in the 25-34 year age category; this is followed by viewers in the 15-24 year and 34-44 year age categories which each make up a further 22% of total viewers respectively. Overall, this figure demonstrates that 72% of all RTÉ Player users are between the ages of 15 and 44.

Figure 3.28: Share of Irish Unique Users of the RTÉ Player by Age, April 2012

Source: RTÉ Player April 2012 Review

3.5 2012 Revised Performance Commitments

Among the recommendations put forward by Indecon in the 2010 Annual Funding Review was the need to address the large number of commitments set out each year in RTÉ's Statement of Performance Commitments and the varying degree of importance of each of these commitments. Due to the timing of the publication of the reports, this issue could not be addressed in 2011. However, RTÉ have adopted a more condensed, focused number of commitments in their Revised Statement of Performance Commitments for 2012. The 2012 commitments are organised according to the following thematic areas (which represent a greater focus on the core activities of the broadcast and also the key thematic areas identified by the BAI).

- ☐ Range of Activities;
- ☐ Content Provision;
- ☐ Governance;
- ☐ Technology;
- ☐ Use of Public Funds; and
- ☐ Responsible and Trustworthy.

A total of 56 detailed commitments have been outlined under these thematic areas which represents a significant reduction on the 112 detailed commitments that were set out for 2011. Key commitments have been retained as per the previous statements while others have been condensed or revised for further clarity. It is important to note that 2012 commitments in our view are more focussed and reflect actions taken to implement recommended process improvements made in our last year's review. However, Indecon is still concerned that the commitments set require further strengthening and focus.

Although the general theme of the commitments are relevant, many are wide in scope and therefore open to varying degrees of interpretation which allows for too great a degree of flexibility in measuring year-on-year performance. This presents a challenge for the independent reviewer to obtain a structured and tangible measure of the ongoing overall performance of the broadcaster. The annual review process would benefit from a shift away from broad scoping statements to a fewer number of more focused targets relating specifically to audience performance, cost control, maximisation of commercial income opportunities and support for the independent sector among others which should be regularly updated to reflect market conditions. Targets revised downwards from the previous year's performance in the absence of any explanation could result in misleading indications of the broadcaster's performance and Indecon believes one should exercise caution on placing too much weight on these measures in terms of facilitating licence fee recommendations. The annual performance commitments report and the subsequent annual funding review would also benefit from a shift away from the detailed assessment of the target hours for each individual genre of programming and instead a greater focus on identifying those genres which are of greatest importance. The targets should also reflect ambitious indicators to secure necessary cost reductions and other objectives.

3.6 Summary of Findings

This section has provided a review of RTÉ actual performance in 2011 in relation to RTÉ commitments highlighted in the Annual Statements of Performance Commitments. RTÉ, for the most part, met the commitments set out for 2011. The online audience related-performance was among the highlights as well as the participation in the digital switchover. The key findings are as follows:

- ❑ RTÉ Television exceeded programming targets for all genres in 2011, exceeding targeted Factual hours by 32% and targeted Entertainment and Music hours by 19%. RTÉ Television also exceeded Young People's Programming and News and Current Affairs targets by 10%, and Subtitling targets by 6%.
- ❑ RTÉ Radio exceeded targeted hours for Young People's Programming by 38%, Factual by 17%, Entertainment by 4% and News and Current Affairs by 0.6%. RTÉ Radio exactly met its targets for Education hours.
- ❑ The majority of RTÉ Television and Radio targets set for 2011 were below the target set in 2010 and/or below the actual performance of RTÉ in 2010. This raises the need to consider a fundamental review of commitments for future years.
- ❑ RTÉ participated in the transition to digital broadcasting by launching a public information campaign for SAORVIEW.
- ❑ The 20 top TV programmes in Ireland were on RTÉ Television, exceeding the target of 17, while RTÉ Radio equaled its target by providing 18 of the top 20 Radio programmes.
- ❑ RTÉ won 78 international and 74 national awards throughout 2011.
- ❑ RTÉ Television exceeded its monthly reach targets of 90% for 2011 with an average monthly reach of 91.4%, while RTÉ Radio failed to achieve its average daily reach target of 36%, achieving instead a daily reach of 35%.
- ❑ RTÉ increased its monthly reach for all RTÉ services in 2011 to 97%; this represented an increase on 2011 targets and 2010 actual monthly reach.
- ❑ RTÉ Radio 1 did not achieve its target of 28% reach for 35-54 year-olds with a 26% actual 2011 reach, while RTÉ 2fm failed to achieve its targeted reach of 19% among 25-44 year olds, recording a 16% reach.
- ❑ RTÉ.ie achieved an average of 4 million unique browsers per month, which met targets in this domain and recorded a monthly average of 1.52 million international unique browsers to a target of 1.5 million.
- ❑ Indigenous broadcasting made up 70.1% of total peak-time hours on RTÉ One, exceeding the target of 65%.
- ❑ RTÉ achieved a 69% satisfaction level in 2011; this exceeded the target 65% satisfaction level by 4 percentage points.
- ❑ RTÉ Player achieved an average of 2.7 million streams per month, marking a 45% increase on 2010 figures.
- ❑ RTÉ recorded a net deficit of €16.8m versus a budgeted net deficit out-turn of €17.3m.
- ❑ RTÉ Television, Radio, NL and Publishing failed to achieve commercial revenue targets for 2011, falling short of targets by 8%, 14%, 3% and 1.5%, respectively.
- ❑ Personnel related operating costs represented 54% of RTÉ's total operating costs in 2011; this exceeded the budget of 50%.
- ❑ RTÉ's Early Retirement and Voluntary Redundancy Scheme was established in 2011.

- ❑ €48.9m was spent by RTÉ on independent commissioning activities, exceeding the required statutory spend by €11m. However, the level of spending on commissioning programming has declined significantly since 2008.

4 Review of RTÉ's Role in Supporting Creativity

4.1 Introduction

Supporting creative talent, new and innovative ideas, artistic and cultural expression as well as sustaining these resources among the creative staff at RTÉ, the independent sector and indeed the wider arts sector is a key objective of RTÉ in its position as a public service broadcaster. An assessment of the extent to which RTÉ fulfils this objective is an integral part of Annual Public Funding Review.

Given that creativity is a complex concept, measuring the extent to which RTÉ recognises and supports creative potential is difficult. Our approach to this includes a number of measures in order to measure creativeness from various viewpoints. Our approach begins with an overview of RTÉ's support for the independent sector through the commissioning process but this needs to be read jointly with the development discussed earlier of the reduction in expenditure on independent commissions. This is followed by a look at the creative talent employed directly and indirectly by RTÉ. We then consider the variety and number of awards that RTÉ won in 2011 which directly or indirectly recognise exceptional creative talent at work. Detailed measures taken by both RTÉ Television and RTÉ Radio to support creative talent in various fields of work are individually assessed. Finally we review activities undertaken by the RTÉ performing groups in 2011.

4.2 RTÉ Support for the Independent Sector

Commissioned programming forms part of RTÉ's radio and television output hours each year as was highlighted earlier in Section 3 of this report. The commissioning process presents an important medium through which RTÉ strive to support employment in the independent sector as well as ensuring diversity in their programming.

Each year RTÉ has a statutory obligation to spend a pre-agreed minimum amount on independently produced television and radio programming. RTÉ supported creative talents in the independent sector in 2011 with expenditure incurred of €48.9m on commissioned programmes (including RTÉ attributed overhead) exceeding the required statutory spend by approximately €11m. However there has been a significant reduction in direct commissioned programme costs from €72.2m in 2008 to €52.1m in 2010. This further declined to €45.2m in 2011 due to a reduction in hours and average rates. This differs from €48.9m due to excluding RTÉ attributed overheads.

In 2011 RTÉ produced 47 of the 50 most watched programmes of the year and 13 of these programmes were independently produced. In the same year RTÉ Radio commissioned a total of 350 hours of programming across all the stations.

4.3 RTÉ Creative Resources

The number and variety of staff employed by RTÉ according to the role they perform is shown below in Table 4.1. This provides an indication of the extent to which RTÉ support jobs that are creative in nature including directors, producers, actors, musicians and writers. Among those staff that are employed directly by RTÉ and those who are contracted by RTÉ for a period of time there are a total of 198 musicians, 182 producers, 146 writers, 85 actors, 76 directors and 17 composers. These staff numbers do not include people who are working on RTÉ commissions via the independent sector but this latter area is one which RTÉ might consider measuring in future years. RTÉ supports a number of creative roles through the commissioning process and therefore the number of people in contract with RTÉ in Table 4.1 below does not fully reflect the extent to which RTÉ supports creative roles in the wider sector.

Table 4.1: RTÉ Creative Staff by Role-Type in Contract with RTÉ as at 31 December 2011				
Type	No. of Employees	No. of Employees (FTE)	Non Employee	Grand Total
Directors	*	*	*	*
Producers	*	*	*	*
Actors			*	*
Composers			*	*
Musicians	*	*	*	*
Writers			*	*
Grand Total	*	*	*	*

** Data is commercially sensitive.*

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 examines the number of actors who are employed directly or indirectly in relation to RTÉ drama series. This table captures some of the acting jobs which are supported by RTÉ through the commissioning process.

Table 4.2: Actors Employed Directly or Indirectly by RTÉ TV Dramas in 2011		
Drama	Source	Number of Actors
TV Key Dramas		
Fair City	In-house RTÉ Production	*
Raw (Series 3)	Independent Production Company	*
Love/Hate (Series 2)	Independent Production Company	*
Hardy Bucks (Series 2)	Independent Production Company	*

Note: Data is confidential and commercially sensitive.

Source: RTÉ data provided to Indecon.

One way in which RTÉ can effectively showcase new talent is through first time broadcasts on television or radio. In 2011, RTÉ was responsible for the broadcasting of acts and artists for the first time on television and or radio within the Entertainment genre of programming. Within Drama programming, RTÉ commissioned writers and independent directors.

The independent productions unit was created to foster new sources of creativity and energy within the independent production sector. This works through commissioning programmes from a wide range of independent producers. Within the genre of Young People's programming, RTÉ supported IPU directors, IPU actors, and IPU writers in 2011. This is an example of RTÉ's involvement with the existing initiatives in place that support creative talent in the wider sector in addition to their own initiatives which will be further discussed.

Table 4.3:RTÉ Additional Creativity Statistics 2011

	No. of Creative Staff
Entertainment	
First Time Irish Broadcasts on TV (Acts & Artists)	*
First Time Writers Commissioned	*
Drama	
Writers Commissioned	*
Independent Directors	*
Young People's Programming	
In-House Directors	*
IPU Directors	*
In-House Actors	*
IPU Actors	*
In-House Musicians	*
In-House Composers	*
In-House Writers	*
IPU Writers	*

Note: Data is confidential and commercially sensitive.

Source: RTÉ data provided to Indecon.

4.4 RTÉ Awards and Nominations 2011

The number of nominations received and awards won by RTÉ each year is some indication of the level of recognition that RTÉ programming exhibits creative talent.

In 2011 RTÉ received 154 nominations which was a reduction on the number received in 2010. However, the total number of awards won by RTÉ increased from 147 in 2010 to 152 in 2011. However, the nature of awards can vary significantly and so the aggregate changes should be interpreted carefully.

Table 4.4: Summary of RTÉ Awards and Nominations 2010 & 2011

	2010	2011	% Change in no. of Awards Won
Nominations Received	214	154	-
Awards Won	147	152	3.4%

Source: Indecon analysis of data from the RTÉ Annual Report 2011 and the RTÉ 2011 Performance Commitments Report.

4.5 Measures taken by RTÉ Television to Support the Creative Sector

As a major employer of people working in the creative industry, RTÉ Television supports creativity through in-house production and commissioning from the independent sector.

In the genre of Entertainment, programmes on RTÉ television such as *The Late Late Show*, *The Saturday Night Live Show*, *For One Night Only*, *The Voice of Ireland*, *Saturday Night with Miriam*, and *Fleadh Cheoil* among others provide an opportunity for young emerging talent in the areas of musicians, actors, comedians and entertainers to be showcased.

Each year RTÉ broadcast the IFTA Awards Ceremony which showcases and celebrates existing and new talent to the film and television industries.

RTÉ Factual and Arts commission approximately 50 original documentaries each year through which a wide range of creative talent including directors, producers, camera people, lighting, sound, graphic designers, animators, composers, script writers and editors among others are employed from the independent sector.

The In-house RTÉ Documentary unit was set up in 2009 and aims to develop new talent in documentary making while also ensuring a cost effective workflow. In 2011 the unit employed a total of 19 staff and among them were a camera man, three editors, a first-time freelance director and a first-time freelance researcher. This team delivered a total of 53 documentaries in 2011.

The RTÉ Documentary Unit also launched the 'Doc on the Box' initiative in 2011 whereby they collaborated with Filmbase to search for an unpublished documentary writer with an idea that would appeal to the 'twentysomething audience' with online or social media potential to mark RTÉ's TV50 year. The winner is currently being mentored by the Documentary Unit's executive producer to produce and direct his project.

RTÉ send out calls to the Independent Production Sector on an ongoing basis for fresh ideas and new creative and original approaches to programming across the genres. Calls are sent out on a project basis and often result in partnerships being created, ideas being put into production and projects being commissioned.

RTÉ Drama is a key source of support for new creative talent. The drama series *RAW* was written by five young Irish first-time writers to television and it entails a cast of 23 including both experienced and new actors and a production team of over 100 people. The drama series *AMBER* introduced a new writer/producer team to television and the soundtrack was written by a first-time composer on RTÉ drama. This series had a cast of 26 in 2011 with a production team of 66.

4.6 Measures taken by RTÉ Radio to Support the Creative Sector

RTÉ Radio producers, presenters and researchers attempt to identify new creative content for daily and weekly shows in order to maintain a high standard of content on a long-running schedule

that is familiar to the audience. In this section some recent examples of creative development across the schedule on RTÉ Radio stations are discussed and a summary of some key radio creativity statistics is also included.

In the genre of Arts the programme *Arena* aims to develop new on-air talent with a particular focus on the 20-30 age category. In 2011, 12 new arts contributors and 2 new visual arts reviewers were debuted on *Arena*. Two music sessions a week are broadcast on *Arena* and approximately 85% of acts were new to the industry.

A radio programme called *Sunday Miscellany* on RTÉ Radio 1 promotes new prose writing on an ongoing basis. In 2011 the programme broadcast 292 new scripts from a total of 192 writers, 36 of which were first time writers for the programme. RTÉ Radio 1 supports fictional prose writing on an annual basis through the Francis McManus New Writing Award which received 810 entries in 2011 of which 25 finalists were broadcast.

New dramatic writing is another genre of writing which RTÉ Radio supports through the P.J. O'Connor Awards. In 2011 this competition received 170 entries and subsequently three plays were broadcast.

RTÉ Radio is also involved in the promotion of music festivals and media partnerships through which new Irish musical talents are given a platform for exposure through the broadcasting of interviews on radio.

In 2011 RTÉ Radio 1 introduced a training course called "*Radio Days*" in which 120 media/journalism students from universities around Ireland attended a free two-day training course on radio skills including sessions with all of the major RTÉ broadcasters.

Finally, Table 4.5 presents some additional creativity statistics relating to RTÉ Radio. New writers showcased on RTÉ Radio in the genres of Drama, Comedy, Prose, Poetry and Speech and Documentary amounted to 207 in 2011.

Table 4.5: RTÉ Radio Creative Statistics 2011		
Genre	Total	Including Commissions from / Appearances by Artists New to RTÉ Radio
Musicians	Difficult to quantify given the breadth and scope of music coverage across the music schedule on the four FM channels and seven digital channels – four of which are dedicated music channels	
Actors	*	*
Drama Directors	*	*
Contributors	*	*
New Writing – Drama	*	*
New Writing – Comedy	*	*
New Writing – Prose, Poetry and Speech	*	*
New Writing – Documentary	*	*
Other		
Music Commissions	*	*
Recordings	*	N/A

Note: Data is confidential and commercially sensitive.

Source: RTÉ data provided to Indecon.

4.7 RTÉ Performing Groups 2011

The RTÉ performing group portfolio includes the RTÉ National Symphony Orchestra, RTÉ Concert Orchestra, RTÉ Vanbrugh Quartet, RTÉ Philharmonic Choir and RTÉ Cór na nÓg. In this section we highlight certain examples of how RTÉ performing groups foster and sustain creativity along with some of the key highlights for 2011. The RTÉ performing groups provide a solo platform for Irish artists and engage Irish performers in key creative roles such as conductors and soloist musicians. In 2011, four works commissioned by RTÉ from Irish composers were premiered.

The RTÉ National Symphony Orchestra (NSO) incorporates a total of 89 musicians and is the only full-time professional provider of large scale symphonic music in the state. In 2011-2012 the orchestra performed over 70 events at the National Concert hall. The full season of the orchestra's performances is broadcast live on RTÉ Lyric fm and several of the concerts are also broadcast internationally through the European Broadcasting Union. In 2011 this included the orchestra's involvement in a community project called the Carlow opera project which involved NSO musicians in workshops and performances.

The RTÉ Concert Orchestra employed 45 full-time musicians in 2011 playing to audiences of wide and diverse music tastes. The orchestra have developed a new relationship with Cork Opera House and some key concerts have been held in Cork. The orchestra has also carried out conductor trials for seeking out new talented young conductors through which one trialist was offered a debut engagement in a summer concert.

The RTÉ Vanbrugh Quartet is based in Cork and performed 20 concerts in 2011. This performing group also carried out ten school/community concerts and workshops across the regions of Ireland. A recent key highlight of the Quartet's support for young Irish composers was the premiering of the new quartet of a young Irish composer Sam Perkin.

The RTÉ Philharmonic Choir is the only year-round professionally managed symphonic chorus in the state. The choir has 140 voluntary members from Dublin and nearby counties. This performing group has four to six major concerts annually.

The RTÉ Cór na nÓg children's choir has 65 members who rehearse twice weekly and perform regularly in Dublin. In 2011, the choir gave eight performances including an appearance with Andre Rieu at the O2 in Dublin.

A final summary of the scope of creative talent involved in the RTÉ Performing Group performances in 2011 is presented in Table 4.6 below. In 2011, 18 original Irish works were showcased and 98 Irish solo artists were engaged in the performances of RTÉ performing groups.

Table 4.6: Summary of RTÉ Performing Groups 2011

Resources / Events	2011
Total number of performers	340
Full time musicians	134
Public performances in 2011	187
Education related performances, workshops and talks	95
Original Irish works showcased	18
Irish solo roles engaged in concert	98
World / Irish premieres	11
Voluntary singers	205

Source: RTÉ data provided to Indecon.

4.8 Summary of RTÉ's Role in Fostering Creativity

In this section we assessed the performance of RTÉ in supporting and sustaining creativeness in the industry through various mediums. The evidence shows that RTÉ played a role in fostering new talent and supporting and sustaining existing talent in the broadcasting industry and the wider arts sector in Ireland. The scope of RTÉ's support was wide and varied including financial support through funding, grants and competitions, employment support both directly and indirectly, training sessions, work shops, first-time broadcasts and showcasing of new talent through television, radio and other mediums such as concert solo performances. Our review of RTÉ's role in creativity includes an examination of new measures of creativity developed by Indecon in our previous annual review which were not considered previously. These include evidence on the number of creative personnel employed by RTÉ.

As part of the more fundamental review of targets envisaged for the 5 year review, Indecon recommends consideration be given to additional measures of [and targets for](#) creativity. Of particular relevance would be the number of innovative independent programmes commissioned and [changes in the](#) number of creative personnel supported in the independent sector.

Below we present a summary of the key findings relating to RTÉ's efforts to support creativity in 2011:

- ❑ Statutory expenditure on television and radio programming was pre-determined at €38.695 million and actual expenditure exceeded this at €47.184 million. However, RTÉ expenditure on commissioned programmes has declined significantly over recent years due to a reduction in the number of hours commissioned and reductions in average rates
- ❑ RTÉ Television produced 47 of the 50 most watched programmes of the year, 13 of which were independently produced.
- ❑ RTÉ directly employed and contracted a total of 198 musicians, 182 producers, 146 writers, 85 actors, 76 directors and 17 composers. RTÉ also supported a great number of creative roles through the commissioning process.
- ❑ The RTÉ In-house drama *Fair City* directly employed a total of 71 actors. RTÉ commissioned *Raw* (series 3), *Love/Hate* (series 2) and *Hardy Bucks* (series 2). Collectively, 132 acting roles were supported by RTÉ through these series.
- ❑ RTÉ broadcast 32 acts and artists for the first time on television and/or radio within the Entertainment genre of programming. RTÉ commissioned a total of 34 writers and 15 independent directors for Drama programming.
- ❑ Within the genre of Young People's programming, RTÉ supported 20 IPU directors, 27 IPU actors, and 18 IPU writers in 2011.
- ❑ The total number of awards won by RTÉ increased from 147 in 2010 to 152 in 2011.
- ❑ RTÉ Radio commissioned 350 hours of programming across all stations.
- ❑ In 2011, 12 new arts contributors and two new visual arts reviewers were debuted on *Arena* two music sessions a week are broadcast on *Arena* and approximately 85% of acts were new to the industry.

- ❑ *Sunday Miscellany* on RTÉ Radio 1 broadcast 292 new scripts from a total of 192 writers, 36 of which were first time writers for the programme.
- ❑ RTÉ Radio 1 supports fictional prose writing on an annual basis through the Francis McManus New Writing Award which received 810 entries in 2011 of which 25 finalists were broadcast.
- ❑ RTÉ Radio 1 introduced a training course called “*Radio Days*” in which 120 media/journalism students from universities around Ireland attended a free two-day training course on radio skills including sessions with all of the major RTÉ broadcasters.
- ❑ Four works commissioned by RTÉ from Irish composers were premiered by the RTÉ Performing Groups.
- ❑ The RTÉ National Symphony Orchestra (NSO) included the orchestra’s involvement in a community project called the Carlow opera project which involved NSO musicians in workshops and performances.
- ❑ The RTÉ Vanbrugh Quartet carried out ten school/community concerts and workshops across the regions of Ireland.
- ❑ 18 original Irish works were showcased and 98 Irish solo artists were engaged in the performances of RTÉ performing groups.

5 RTÉ Financial Performance

5.1 Introduction

This section reviews the financial performance of RTÉ in terms of funding, commercial revenue generated and expenditure from 2008 to 2011. This is followed by an assessment of the budget for 2012 and indicative likely projections for 2013 and 2014.

This section sets the scene for the next section which examines RTÉ cost control, efficiency and value-for-money.

5.2 Analysis of RTÉ Group Financial Statements 2008-2011

5.2.1 RTÉ Income

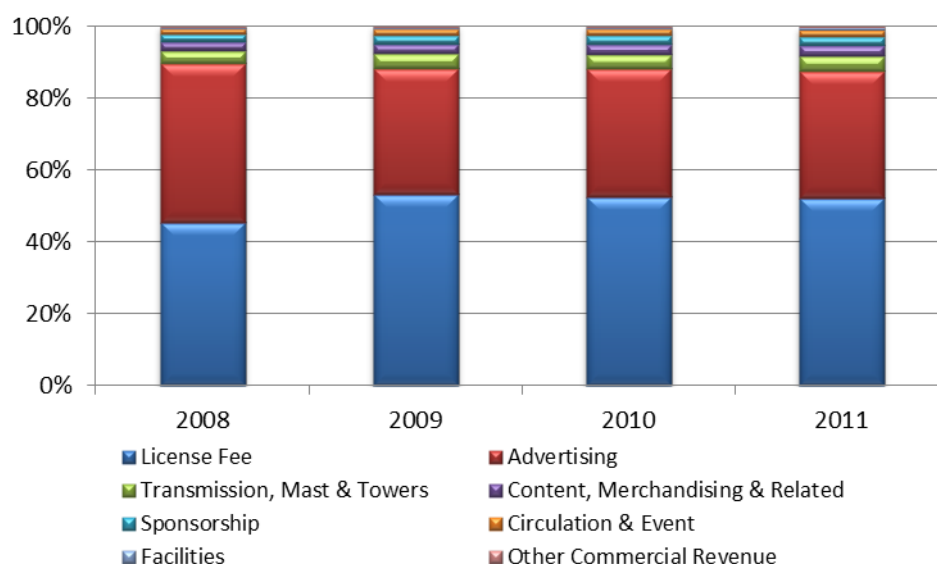
As a dual funded public service broadcaster, RTÉ's revenue is comprised of both commercial income (generated for the most part from advertising) and public funding in the form of a licence fee paid by the consumer. Recent trends show that a marginally greater proportion of RTÉ's revenue comes from public funding, at just over 52.3% in 2011. Commercially generated revenue fell by 5% and licence fee income fell by 6% (see Table 5.1). While facilities income and other commercial revenue increased these are a tiny source of income and so too much attention should not be given to annual changes. These trends reflect the overall downward trend in the advertising market and the wider reductions in consumer spending.

Table 5.1: Composition of RTÉ Group Income 2008-2011					
	2008	2009	2010	2011	% Change 2010-2011
Source	€000s	€000s	€000s	€000s	
Advertising income	195,603	131,671	132,647	123,820	-7%
Sponsorship income	9,376	8,951	8,929	8,155	-9%
Facilities income	2,094	1,773	1,814	2,562	41%
Circulation and event income	7,080	6,623	6,347	6,276	-1%
Transmission, mast and towers income	15,155	15,060	15,085	14,701	-3%
Content, merchandising and related sales	10,306	10,424	10,615	10,689	1%
Other commercial revenue	294	202	262	1,054	302%
Total Commercial Income	239,908	174,704	175,699	167,257	-5%
Licence Fee revenue	200,852	200,217	195,968	183,623	-6%
Total Revenue	440,760	374,921	371,667	350,880	-6%
% of Income from Commercial Income	54.43%	46.60%	47.27%	47.67%	
% of Income from Public Funding	45.57%	53.40%	52.73%	52.33%	

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

The chart below shows the detailed breakdown of RTÉ income by source and demonstrates that RTÉ rely for the most part on income from the licence fee and advertising income. The other sources of additional income include transmission income, sponsorship, charges for the use of RTÉ facilities, circulations and event income and sale of merchandise etc. Circulation and event income and income from transmission, mast and towers fell in 2011 while other additional income categories increased.

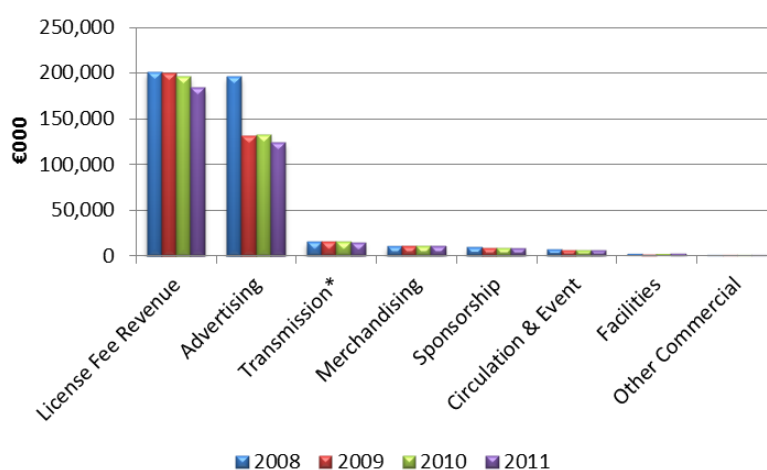
Figure 5.1: Composition of RTÉ Income 2008-2011 (Disaggregated)



Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

The trends from 2008 to 2011 for the individual income sources for RTÉ are presented graphically in Figure 5.2 below. The significant drop in advertising income in 2009 reflects the sudden change in the operating environment of the broadcaster with the onset of the economic downturn.

Figure 5.2: RTÉ Trend in Income by Source 2008-2011



* Transmission includes mast and tower income.

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

RTÉ's operating deficit grew from €4.66 million in 2010 to €16.76 in 2011 as shown in the RTÉ Group Income Statement in Table 5.2 below. It is evident that the reductions in operating costs to date have not been sufficient enough to compensate for the scale of the reductions in revenue. In 2011, RTÉ reduced their operating expenditure to €369 million from €376 million in 2010. However, the drop in revenue continued to outweigh any reductions in expenditure and the gap between income and expenditure widened.

Table 5.2: RTÉ Group Income Statement 2008-2011

	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
Continuing Operations				
Revenue	440,760	374,921	371,667	350,880
Operating costs	-460,510	-400,734*	-376,597	-369,521
Results from Operating Activities	-19,750	-25,813	-4,930	-18,641
Finance income	5,363	1,826	1,737	3,356
Finance expense	-764	-661	-735	-1,134
Net Defined Benefit Pension Related Finance (expense)/income	5,725	-2,814	116	220
Net Finance (expense)/income	10,324	-1,649	1,118	2,442
Deficit Before Income Tax	-9,426	-27,462	-3,812	-16,199
Income Tax (expense)/credit	9,459	-339	-850	-561
(Deficit)/Surplus for the Year	33	-27,801	-4,662	-16,760

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

Note: Figures are for year ended 31st December 2008, 2009, 2010 & 2011.

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

RTÉ Advertising Revenue, Pricing and Trading System

Table 5.3 shows a breakdown of RTÉ advertising revenue by division or source from 2008 to 2011. It is clear that television advertising income accounts for the largest share of total advertising income each year. This source of advertising income has fallen from over €149 million in 2008 to €94 million in 2011. Reflecting the overall trend in advertising income, television advertising income recovered slightly in 2010 before falling again in 2011. Radio advertising income forms the most significant component of advertising revenue after television and continued to fall in 2011 reaching just over €24 million.

Table 5.3: RTÉ Advertising Revenue by Division 2008-2011

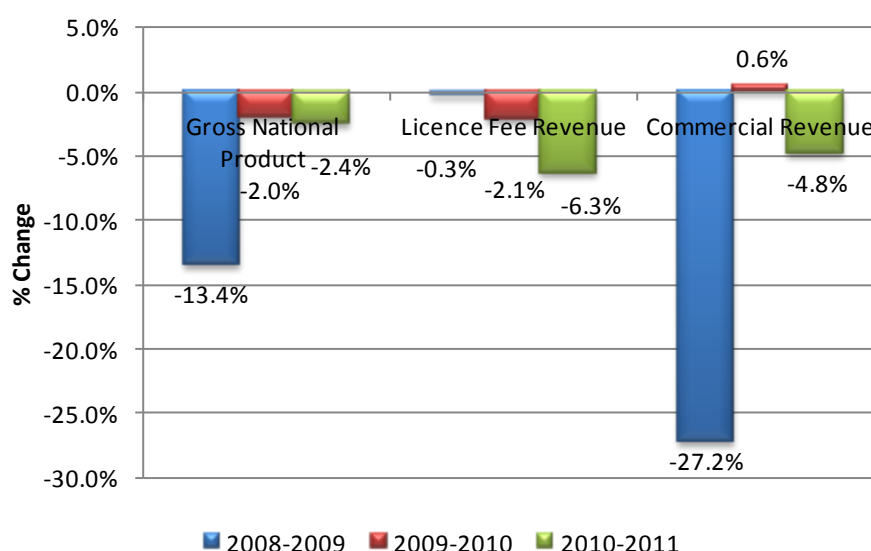
	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
TV	149,110	99,411	100,532	94,233
Radio	41,105	29,811	27,724	24,268
Performing Groups	11	3	-	2
Publishing	5,861	4,104	5,704	6,225
Consolidation Adjustments	-484	-1,658	-1,313	-908
Group total	195,603	131,671	132,647	123,820

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

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

In order to provide context, we compare the trend in RTÉ licence fee revenue and commercial revenue with that of national income from 2008 to 2011. Gross National Product (GNP) dropped by a significant 13.4% in 2009 and continued to fall by a further 2% in 2010 and 2.4% in 2011. The severe drop of over 27% in commercial revenue generated by RTÉ in 2009 reflects the wider economic conditions. The slight increase in RTÉ commercial revenue in 2010 was achieved despite the fact that national income continued to decline. In 2011, RTÉ experienced almost a 5% reduction in commercial income which exceeded the overall reduction in national income.

Figure 5.3: Trend in RTÉ Commercial Income, RTÉ Licence Fee Revenue and Gross National Product 2008-2011



Note: GDP = GDP at current market prices.

Source: Indecon analysis of RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures) and data from the CSO National Income and Expenditure Results for 2011.

Recent data from Nielsen Ireland reveals that RTÉ's share of the television advertising market in the republic was 17.6% in 2011, accounting for the largest share among its competitors. However international competitors such as BBC, ITV, Channel 4 and Sky far exceed RTÉ in terms of revenue generated from advertising. The introduction of digital terrestrial television in Ireland has meant that RTÉ will continue to compete with a growing number of television channels who advertise. Indeed the growing number of radio stations available to listeners in Ireland is also a source of concern in terms of RTÉ's potential to raise revenue from radio advertising. The change in market share of RTÉ television channels has a direct impact on the potential of RTÉ to exploit commercial revenue opportunities. However, as was mentioned in Section 3 of this report, all RTÉ radio stations have experienced recent increases in market share, with the exception of RTÉ 2fm which has continued to decline. The downturn in the Irish advertising market coupled with the rising levels of competition in the Irish broadcasting industry presents a challenging environment.

Expectations for 2012 are that television and radio advertising are likely to continue to fall by 2% and 3%, respectively.¹⁹ Growth in digital media advertising will contribute to the overall advertising market in 2012.

Table 5.4: RTÉ Share of TV Advertising Market in Republic of Ireland 2011

	Expenditure 2011 - €	Share of Total Market 2011
RTÉ Television	162,100,908	17.6%
TV3 Television Network Ltd	88,240,164	9.6%
Ulster TV (out of Dublin)	15,848,261	1.7%
Bskyb	14,968,210	1.6%
C4 (Out of Dublin)	12,845,425	1.4%
Viacom	7,934,994	0.9%
TG4	5,041,302	0.5%
Universal Channel UK	1,704,761	0.2%
Discovery Communication Inc	1,618,876	0.2%
Setanta	876,945	0.1%
Total	311,179,846	33.7%

Note: These are estimates of relative advertising spend only, based on inventory sold at rate card prices. Revenue figures contained in the table greatly overstate the actual position, and are only reliable as an expression of market relativities.

Source: Source: figures extracted from AC Nielsen Ad Dynamix 2011.

RTÉ have introduced new features to their advertising trading system since July of 2012. By achieving efficiencies in the scheduling of advertising (ensuring the spots that appear in a break are targeting the audiences that perform best within that break) RTÉ can negotiate with advertisers in the form of discounts for increased spending with RTÉ. Prior to July, the base price offered by RTÉ to the advertiser was primarily based on the share of spend allocated to RTÉ. Concerns raised in relation to competition law led to RTÉ dropping this approach but retaining volume discounts and placing greater emphasis on the buying behaviour of the advertisers. Certain requirements and or restrictions on behalf of the advertiser are taken into account.

New discounts are offered for pre-arranged annual expenditure levels, those who can approve their monthly campaign budgets to RTÉ by the published advanced booking deadline dates and times and discounts are also available to advertisers who agree terms within two months of commencement of an annual deal period and are able to nominate a budget for the period. These discounts ensure more certainty for RTÉ in terms of their potential of their potential to raise commercial revenue.

Below is an example of advertising costs issued for 2012. Prices are issued for each month of the year and the minimum, maximum and average price is presented below for each of the audience categories. Men aged 18-34 and Adults aged 15-24 perform best and therefore are the most costly audiences to target for the advertiser. Costs vary significantly throughout the calendar year as is evident from the wide gap between minimum and maximum prices.

¹⁹ Accenture estimates from the RTÉ Strategy Update: May 2012.

Table 5.5: Fixed AB Prices Issues for 2012 (Average Jan-Dec)

	Min	Max	Average
Adults 15+	5	11.67	8.36
Adults 15-24	59.35	141.53	98.36
Adults 15-34	23.42	55.76	38.68
Adults 25-44	18.81	43.03	30.17
Adults ABC1	17.62	41.65	29.55
Men 15+	12.08	28.00	19.63
Men 15-34	55.43	132.22	89.39
Men ABC1	42.81	101.70	70.28
Women 15+	8.53	20.00	14.62
Women 15-34	40.63	96.65	68.35
Women ABC1	29.88	71.74	51.03
Housekeepers	8.51	19.91	14.43
HK with Kids	37.46	86.98	62.65
HK ABC1	32.81	74.58	53.48
Children	63.32	112.25	89.53
Adults 18-34*	26.23	63.41	43.85
Men 18-34*	59.02	154.10	100.78
Women 18-34*	47.3	109.74	77.86

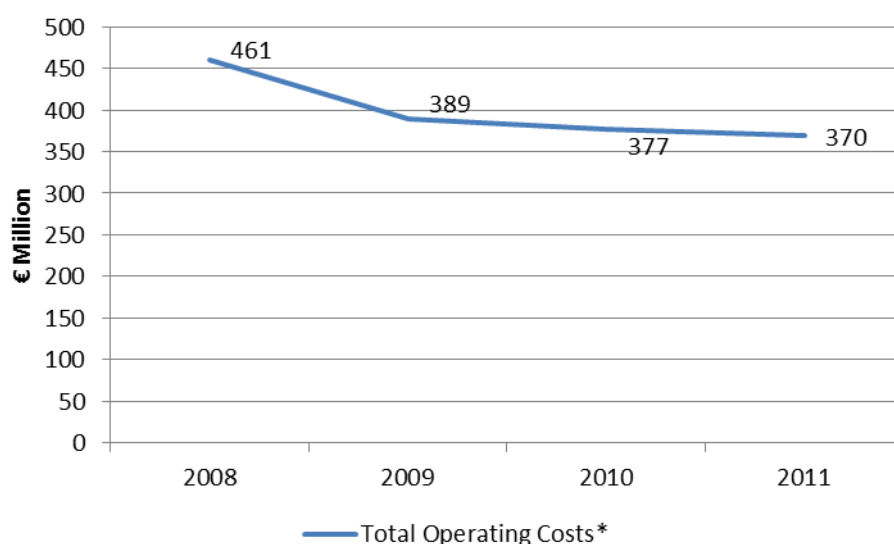
*These final three audiences are available for trading for trading for alcohol brands only. Costs are based on May-Aug universes as issues by Nielsen TAM. Costs are subject to change when universe figures for Sept to Dec are issued. These prices have been updated on a monthly basis for universe changes since September 2012. It should be noted that minimum, maximum and averages are simple figures, and do not take into account strong seasonal variations in price and revenue.

Source: Based on RTÉ issued fixed prices in April 2012.

5.2.1 RTÉ Expenditure

Since 2009, RTÉ has achieved yearly reductions in its operating costs falling from a total of €461 million in 2008 to €370 million in 2011. This represents a reduction of almost 20% for the total period. Such reductions have been achieved in the face of declining commercial income and in response to an urgent need to reduce its operating deficit.

Figure 5.4: RTÉ Operating Costs 2008-2011



*Before exceptional items.

Source: Indecon analysis of data from the RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures).

Table 5.6 below presents the trend in the detailed components of RTÉ operating costs from 2008 to 2011 inclusive. While total operating cost present a consistent downward trend, the trend in the components of operating costs and the source of overall savings has varied from one year to the next. In 2009 the overall reduction in operating costs was driven by reductions in both personnel-related costs and non-personnel costs. In 2011 an overall reduction in non-personnel costs was achieved but there was a small increase in personnel costs.

Table 5.6: Analysis of RTÉ Group Operating Costs 2008–2011 (Disaggregated)

	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
Employee Costs	176,077	161,294	152,955	152,926
Other Personnel Related Costs	45,887	34,103	33,667	35,559
Personnel Related Operating Costs	221,964	195,397	186,622	188,485
Direct Commissioned Programmes Costs	72,202	52,845	52,100	45,220
Direct Acquired Programme Costs	24,199	24,455	23,908	26,116
Sports and Other Copyrights	25,812	16,541	24,589	20,579
Outside Broadcast Contracts	7,130	6,142	6,770	7,056
Communication Circuits	4,015	3,320	3,544	3,316
RTÉ Guide Printing and Related Costs	2,819	2,378	2,152	1,977
Network Electricity	3,140	2,609	2,666	2,895
Music Licences	7,806	7,462	6,433	6,925
Insurance Policies	1,583	1,514	1,138	1,203
Other Third Party Costs	68,818	50,705	46,275	49,639
Non personnel Related Operating Costs (before depreciation and amortisation)	217,524	167,971	169,575	164,926
Depreciation and Amortisation	21,022	26,025	20,400	16,110
Non personnel Related Operating Costs (after depreciation and amortisation)	238,546	193,996	189,975	181,036
Total Operating Costs (before exceptional item)²⁰	460,510	389,393	376,597	369,521

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

Table 5.7 presents the trend in the percentage share of total operating costs accounted for by each of the components. This allows us to identify what components are the most significant drivers of total RTÉ operating costs. Personnel-related costs account for a slightly larger share than non-personnel costs each year. Employee costs are the most significant driver of operating costs among the individual components of personnel and non-personnel costs. Although reductions in both personnel costs and non-personnel costs were achieved in 2009, the share of total costs account for by personnel costs increased from 40% to 44% due to the fact that reductions in non-personnel costs outweighed reductions in personnel costs. Following this, personnel costs' share of operating costs reduced to 42.9% in 2010 but increased again to 43.3% in 2011 due to an overall increase in this category coupled with a reduction in non-personnel costs.

²⁰ Restructuring charge in 2009 = €11,341,000.

Table 5.7: RTÉ Components of Operating Costs % Share 2008-2011

Source	% Share			
	2008	2009	2010	2011
Employee Costs	40.1%	44.4%	42.9%	43.3%
Other Personnel Related Costs	10.4%	9.4%	9.5%	10.1%
Personnel Related Operating Costs	50.5%	53.8%	52.4%	53.3%
Direct Commissioned Programmes Costs	16.4%	14.5%	14.6%	12.8%
Direct Acquired Programme Costs	5.5%	6.7%	6.7%	7.4%
Sports and Other Copyrights	5.9%	4.6%	6.9%	5.8%
Outside Broadcast Contracts	1.6%	1.7%	1.9%	2.0%
Communication Circuits	0.9%	0.9%	1.0%	0.9%
RTÉ Guide Printing and Related Costs	0.6%	0.7%	0.6%	0.6%
Network Electricity	0.7%	0.7%	0.7%	0.8%
Music Licences	1.8%	2.1%	1.8%	2.0%
Insurance Policies	0.4%	0.4%	0.3%	0.3%
Other Third Party Costs	15.7%	14.0%	13.0%	14.0%
Non personnel Related Operating Costs (before depreciation and amortisation)	49.5%	46.2%	47.6%	46.7%
Total (before depreciation and amortisation)	100.0%	100.0%	100.0%	100.0%

Note: Share calculated as a percentage of total operating costs before depreciation and amortisation.

Source: Indecon analysis of data from the RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures).

From 2008 to 2010 RTÉ's cost-income ratio declined due to reductions in total operating costs and despite year-on-year declines in revenue. However, in 2011 the gap between income and expenditure widened and the costs income ratio of 105.3% exceeded that of 2008 at 104.5%. The drop in revenue in 2011 outweighed reductions achieved in operating expenditure. The urgent need to reduce the RTÉ operating deficit persists into 2012.

Table 5.8: RTÉ Cost-Income Ratio 2008-2011

	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
Total Revenue / Income	440,760	374,921	371,667	350,880
Total Operating Costs (after depreciation & Amortisation, before exceptional item ²¹)	460,510	389,393	376,597	369,521
Cost-Income Ratio (%)	104.5%	103.9%	101.3%	105.3%

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

²¹ Restructuring charge in 2009 = €11,341,000.

Table 5.9 presents the RTÉ consolidated income and expenditure statement from 2008 to 2011. This allows us to examine the components of expenditure in more detail and also the RTÉ net deficit/surplus at the end of each year. At the end of 2011 RTÉ continued to record a deficit for the third consecutive year. In addition the deficit increased from -€4.6 million in 2010 to -€16.7 in 2011. The fact that RTÉ continues to run a large deficit is a source of concern for the ongoing financial viability of the broadcaster.

Table 5.9: Consolidated Group Income and Expenditure Statement for RTÉ 2008 - 2011				
	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
Revenue				
Advertising income	195,603	131,671	132,647	123,820
Sponsorship income	9,376	8,951	8,929	8,155
Facilities income	2,094	1,773	1,814	2,562
Circulation and event income	7,080	6,623	6,347	6,276
Transmission, mast and towers income	15,155	15,060	15,085	14,701
Content, merchandising and related sales	10,306	10,424	10,615	10,689
Other commercial revenue	294	202	262	1,054
Commercial revenue	239,908	174,704	175,699	167,257
Licence Fee revenue attribution	200,852	200,217	195,968	183,623
	440,760	374,921	371,667	350,880
Costs by output category				
<i>Programme costs - by source</i>				
In-house productions	-245,007	-209,166	-200,196	-199,031
Statutory commissions	-35,868	-37,222	-40,164	-39,552
Non - statutory commissions	-44,026	-22,857	-17,408	-10,589
Indigenous programming	-324,901	-269,245	-257,768	-249,172
Acquired programmes - Ireland	-426	-391	-650	-902
Acquired programmes - Overseas	-24,698	-24,975	-23,849	-24,184
	-350,025	-294,611	-282,267	-274,258
General broadcast and transmission costs	-51,637	-46,093	-46,257	-43,476
RTÉ NL transmission and power charges	-	-	-	-
Sales costs	-12,662	-9,404	-9,795	-9,102
Other output related costs	-39,537	-35,407	-34,244	-36,671
Total	-453,861	-385,515	-372,563	-363,507
Unallocated revenues and costs				
Restructuring charge	-	-11,341	-	-
Corporate HQ	-5,813	-3,914	-4,119	-4,503
Interest Payable	-752	-625	-650	-1,134
Interest Receivable	4,515	1,826	1,737	1,845
IBD Surplus / (Deficit)	-15,151	-24,648	-3,928	-16,419
Net defined benefit pension related finance income	5,725	-2,814	116	220
Deficit / Surplus before Income Tax	-9,426	-27,462	-3,812	-16,199
Income tax credit	9,459	-339	-850	-561
Deficit / Surplus for the Year	33	-27,801	-4,662	-16,760

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

In 2011 RTÉ's net cash flow statements shows an initial deficit of -€16.7 and this is subsequently reflected in negative net cash from operating activities at -€17.66 million following a positive result in 2010. Net cash from financing activities increased significantly from €4.5 million in 2010 to €50.2 million in 2011 which resulted in an overall net increase in cash and cash equivalents. However changes in financing which arise from investments and from borrowings are subject to significant annual change and for example were €73m in 2008. The large change in 2011 related to €38m in borrowings. This concerned a new RTÉ NL five year programme loan facility.

Table 5.10: Consolidated Group Cash Flow for RTÉ 2008-2011

	2008	2009	2010	2011
	€000s	€000s	€000s	€000s
Source				
Cash Flows from Operating Activities				
Surplus/Deficit for the year	33	-27,801	-4,662	-16,760
Adjustments for:				
Restructuring charge	-	11,341	-	-
Depreciation of property, plant and equipment	19,970	24,537	18,548	14,585
Amortisation of intangible assets	1,052	1,488	1,852	1,525
Loss/(gain) on disposal of property, plant and equipment	32	49	5	-23
Loss on disposal of intangible assets	16	-	-	-
Difference between pension charge and cash contributions	4,613	1,485	1,321	1,113
Net finance income	-10,324	1,649	-1,118	-2,442
Income tax (credit)/expense	-9,459	339	850	561
Total	5,933	13,087	16,796	-1,441
Change in inventories and related inventory payables	2,581	-1,557	4,390	-1,203
Change in trade and other receivables	9,145	14,637	-982	2,135
Change in prepayments	6,910	-3,071	57	-2,431
Change in provisions and trade and other payables	259	476	-1,399	-2,368
Change in taxation and social welfare	-5,514	1,588	127	-1,287
Change in employee benefits	-877	-15,837	-4,508	-11,070
Net Cash from Operating Activities	18,437	9,323	14,481	-17,665
Cash Flows from Investing Activities				
Cash disposed of on discontinued operation				
Interest received	5,602	1,764	1,620	2,033
Proceeds from sale of property, plant and equipment	63	64	35	29
Acquisition of property, plant and equipment	-44,432	-19,342	-11,449	-21,785
Acquisition of intangible assets	-1,538	-1,228	-318	-1,343
Net Cash used in Investing Activities	-40,305	-18,742	-10,112	-21,066
Cash Flows from Financing Activities				
Proceeds from borrowings*	-	-	-	38,250
Restricted cash**	-	-	-	-2,000
Decrease/(increase) in liquid investments	73,405	-41,718	4,536	13,981
Net Cash from Financing Activities	73,405	-41,718	4,536	50,231
Net increase/decrease in cash and cash equivalents	51,537	-51,137	8,905	11,500
Cash and cash equivalents at 1 January	16,730	68,267	17,130	26,035
Cash and Cash Equivalents at 31 December	68,267	17,130	26,035	37,535

*On 22 December 2010, RTÉNL entered into a five year project loan facility agreement amounting to €38.25 million.

**In accordance with the Barclay's project loan facility entered into on 22 December 2010 (see note above), the Group was obliged to pay €2 million into a restricted cash account as at 31 December 2011.

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

Table 5.11 presents the RTÉ group balance sheet from 2008 to 2011 inclusive. In 2011 RTÉ recorded an overall increase in net assets after a reduction in 2009 and 2010.

Table 5.11: RTÉ Consolidated Group Balance Sheet 2008-2011				
	2008	2009	2010	2011
Source	€000s	€000s	€000s	€000s
ASSETS				
Non-Current Assets				
Property, plant and equipment	108,931	98,286	92,115	100,248
Intangible assets	4,973	4,711	3,329	3,681
Pension asset	-	9,208	3,861	664
Restricted cash	-	-	-	2,000
Derivative financial instruments	-	-	-	239
Deferred tax assets	923	-	474	348
Other receivables	626	503	338	208
Total Non-Current Assets	115,453	112,708	100,117	107,388
Current Assets				
Inventories	41,314	37,156	35,663	37,044
Trade and other receivables	53,134	38,620	39,778	37,763
Prepayments and accrued income	11,468	14,654	14,720	15,779
Derivative financial instruments	-	-	-	1,004
Liquid investments	-	41,718	37,182	23,201
Cash and cash equivalents	68,267	17,130	26,035	37,535
Total Current Assets	174,183	149,278	153,378	152,326
Total Assets	289,636	261,986	253,495	259,714
EQUITY				
Retained earnings	74,263	145,435	137,299	70,838
Cash flow hedge reserve	-	-	-	-2,338
Total Equity	74,263	145,435	137,299	68,500
LIABILITIES				
Non-Current Liabilities				
Interest-bearing loans and borrowings	-	-	-	38,250
Employee benefits	8,806	14,879	12,805	9,231
Pension liability	86,617	-	-	47,797
Derivative financial instruments	-	-	-	1,926
Deferred tax liabilities	-	969	-	-
Total Non-Current Liabilities	95,423	15,848	12,805	97,204
Current Liabilities				
Trade and other payables	76,899	65,115	67,848	71,629
Taxation and social welfare	9,095	10,282	12,034	10,448
Derivative financial instruments	148	184	268	746
Employee benefits	29,276	19,332	17,549	11,187
Provisions	4,532	5,790	5,692	-*
Total Current Liabilities	119,950	100,703	103,391	94,010
Total Liabilities	215,373	116,551	116,196	191,214
Total Equity and Liabilities	289,636	261,986	253,495	259,714

*In the RTÉ Annual Report 2011, "Provisions" appears to have been included under the heading "Trade and other payables". RTÉ Annual Report 2011 states that provisions in 2010 were re-classified as accruals and comparative information restated accordingly.

Note: In the Financial Statements for 2011 amounts shown as provisions of €5.69 million in the prior year have been reclassified as accruals and the comparative information has been restated accordingly. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of the interest rate swap related to the Barclay's project loan facility. During the year €135,000 was transferred to Property, Plant and Equipment and €90,000 was transferred to the Income Statement representing the loss realised during the year on the interest rate swap.

Source: RTÉ Annual Reports 2009, 2010 & 2011 (most recently published figures), Indecon Analysis.

5.3 Summary of Findings

- ❑ In 2011 commercially generated revenue fell by 5% and licence fee income fell by 6%.
- ❑ RTÉ's operating deficit grew from €4.66 million in 2010 to €16.76 in 2011. Reductions in operating costs to date have not been sufficient enough to compensate for the significant and persistent reductions in revenue.
- ❑ TV advertising income represents the largest share of total advertising income each year. This source of advertising income has fallen from over €149 million in 2008 to €94 million in 2011.
- ❑ From 2008 to 2010 RTÉ's cost-income ratio declined gradually due to reductions in total operating costs and despite year-on-year declines in revenue. In 2011 the gap between income and expenditure widened and the cost-income ratio of 105.3% exceeded that of 2008 at 104.5%.
- ❑ At the end of 2011 RTÉ continued to record a deficit for the third consecutive year. The deficit increased from -€4.6 million in 2010 to -€16.7 in 2011.
- ❑ Overall the key conclusion for the review of RTÉ financial performance in 2011 is that the scale of the deficit will require ongoing priority to reductions in the cost base.

6 Efficiency, Value for Money and Adequacy of Funding

6.1 Introduction

A review of the cost efficiency of RTÉ's operations and the value for money of the service is a key part to the annual public funding review process. Cost efficiency and value for money are co-dependent in this context. Drawing upon evidence of cost efficiency is essential in reaching a conclusion on the appropriateness of funding. As most of the existing commitments do not focus on efficiency or cost reduction measures but rather on programming output this section does not simply focus on outturns versus commitments but rather deals with wider issues.

RTÉ Corporate Brand Tracking Research in 2011²² revealed that by the fourth quarter of 2011, 60% of respondents agreed that the RTÉ service was good value for money compared with 56% in the latter half of 2010. In order to obtain an indication of the value for money of the RTÉ service, we examine television and radio programming expenditure, unit costs of programming and cost per viewer/listener hour. We also examine staff costs.

6.2 Cost of Programming

6.2.1 Overview

As discussed in Section 5 of this report, total RTÉ operating costs amounted to €369.5 million in 2011. Table 6.1 reveals that €363.5 million of these costs are output related (television and radio programming).

Yearly reductions in programming costs from 2008 to 2011 have resulted in savings of almost 20%. The largest decline in expenditure over the period was for non-statutory commissions.

In 2008, expenditure on in-house productions was over €245 million and this has been reduced each year to just over €199 million in 2011. This represents savings of almost 19% in in-house expenditure over the period.

While expenditure on statutory commissions in 2011 was more than double that of 2008, this category of programming expenditure accounts for less than 10% of total expenditure. Expenditure on commissions impacts directly on the independent sector and on new talent and creativity²³. Whether this is appropriate is something which should be considered in the context of consultations on future commitments.

Yearly expenditure on Irish acquired programming has more than doubled from 2008 to 2011 but these programmes account for less than 1% of total programming expenditure. Expenditure on international acquisitions has remained relatively consistent each year; accounting for just over 6% of total expenditure.

²² RTÉ Corporate Brand Tracking Research – January to December 2011.

²³ Outlined in section 3 of this report.

Table 6.1: RTÉ Total Costs by Output Category 2008-2011

	2008	2009	2010	2011	Average % of Total Costs 2008- 2011	% Change 2008- 2011
Source	€000	€000	€000	€000	%	%
In-house Productions	245,007	209,166	200,196	199,031	54.17%	-18.77%
Statutory Commissions	35,868	37,222	40,164	39,552	9.70%	10.27%
Non-Statutory Commissions	44,026	22,857	17,408	10,589	6.02%	-75.95%
Acquired Programmes (Ireland)	426	391	650	902	0.15%	111.74%
Acquired Programmes (Overseas)	24,698	24,975	23,849	24,184	6.20%	-2.08%
General Broadcast and Transmission	51,637	46,093	46,257	43,476	11.90%	-15.80%
RTENL Transmission and Power	-	-	-	-		
Sales Costs	12,662	9,404	9,795	9,102	2.60%	-28.12%
Other Output Related Costs	39,537	35,407	34,244	36,671	9.26%	-7.25%
Total Costs	453,861	385,515	372,563	363,507	100%	-19.91%

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

Source: Indecon analysis of data from the RTÉ Annual Reports 2009, 2010 & 2011.

6.2.2 RTÉ Television Programming Costs

RTÉ Television In-house Programming Costs

Table 6.2 below presents the total cost of indigenous in-house programming for 2011. Expenditure on these programmes amount to over €134 million. The average cost per hour of indigenous in-house programming on RTÉ One is significantly higher than that of RTÉ Two.

Table 6.2: RTÉ First-Run Indigenous In-house Production Costs and Cost per Hour by Channel 2011

Channel	Hours	Total Cost €	Cost per Hour €000
RTÉ One	*	*	*
RTÉ Two	*	*	*
Online	-	*	-
Total	*	*	*

* Data is confidential and commercially sensitive.

Note 1: Under RTÉ's accounting policy programme overheads incurred in respect of programmes not transmitted are not included in year-end inventory. They therefore appear in the year of production or commissioning even where the direct cost, direct labour and hours appear in the year of transmission. As the process is ongoing these items should be taken into account when estimating cost per hour. **Note 2:** Accounts prepared on the accruals basis require the estimation of costs related to a programme, which have not been finally invoiced and settled at the end of the accounting year. Differences between year-end estimates and final settlement can give rise to an apparent negative in a subsequent year. As this is an ongoing feature of the accounting process these negative amounts should be included in calculating cost per hour estimations. **Note 3:** Taking note 1 and note 2 into consideration and given that Indecon was provided with data on a sample basis for the calculation of in-house programming in 2010 (the sample did not include negative costs) a comparison of the cost per hour estimations for 2011 with that of 2010 would not be an accurate or appropriate exercise.

Source: Indecon Analysis of RTÉ Data.

Indigenous in-house programming expenditure broken down by genre is shown below in Figure 6.1. Sports-related programming accounts for the largest share of expenditure on indigenous in-house programming. at. The next largest share of expenditure is accrued to News. Drama, Current Affairs, Entertainment, Factual and Young People’s programming each account for a significant share of total expenditure while expenditure on Religious programming, Arts, Music and Weather each represent minimal shares of total spend.

Figure 6.1: RTÉ Indigenous In-House Television Programming Costs by Genre, 2011

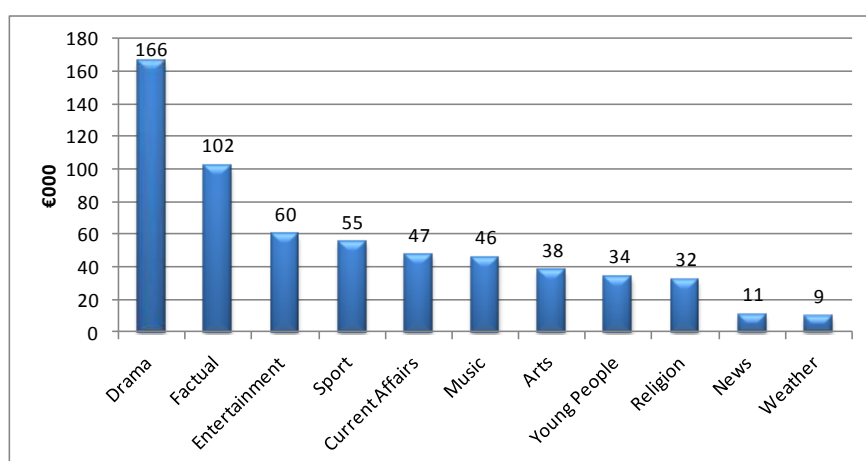
*

** Data is confidential and commercially sensitive.*

Note: Costs have been rounded to the nearest one hundred thousand.

Source: Indecon analysis of RTE data.

The average cost per hour by genre of indigenous in-house productions in 2011 is presented in Figure 6.2 below. Drama programming was the most costly per hour among all genres of indigenous in-house produced programming in 2011. This genre also accounts for a significant share of overall expenditure. The largest category of total expenditure, Sports-related programming, is above average in terms of cost per hour.

Figure 6.2: RTÉ Indigenous In-House Television Programming Average Cost per Hour by Genre, 2011

Source: Indecon analysis of RTÉ data.

RTÉ Television Commissioned Programming Costs

Presented in Table 6.3 is the total value of newly commissioned programmes in 2011. This amounts to €41.77 million. As shown in Section 3 of this report, 646 hours of programming was newly commissioned in 2011. The cost per hour of these programmes is €64.68k on average.

Table 6.3: RTÉ New Commissioned Programmes 2011 – Total Value of New Commissions

Value of Commissions 2011	Hours	Cost per Hour
€41,773,685	646	€64,686

Note: The above is the total value of all new commissions contracted by RTÉ in 2011. Value includes non-recoverable VAT, excludes Awards & Schemes which are shown separately in the IPU Annual Report. Agrees to IPU Annual Report Schedules 4, 5 & 6.

Source: RTÉ Data

A comparison of RTÉ expenditure on commissioned television programming in 2010 and 2011 by genre is presented in Figure 6.3 below. Programming expenditure fell for all genres with the exception of Lifestyle and Daytime and Drama, both of which increased slightly. A glance at Figure 6.3 below reveals that both the cost per hour of Lifestyle and Daytime and Drama programming increased in 2011. The number of hours commissioned in the Lifestyle and Daytime genre fell in 2011 and the increase in expenditure can be explained by increases in the cost per hour of this genre. In the case of Drama there was a slight increase in the number of hours commissioned.

Figure 6.3: RTÉ Commissioned Television Programming Cost by Genre Excluding Sport, 2010 & 2011 Contracted Programming

*

Note: Data is confidential and commercially sensitive.

As mentioned above, the figure below presents the cost per hour by genre of commissioned programming in 2011 compared with 2010. With the exception of Drama and Lifestyle and Daytime programming (as discussed) cost per hour of each genre of programming fell or remained constant.

Figure 6.4: RTÉ Commissioned Television Programming Cost per Hour by Genre Excluding Sport, 2010 & 2011 Contracted Programming

*

** Data is confidential and commercially sensitive.*

Table 6.4 shows expenditure incurred on commissioned programmes in 2010 and 2011 according to the RTÉ Independent Productions Annual Report. Additional expenditure over and above statutory commissions fell from almost €14 million in 2010 to short of €8.5 million in 2011. There was no significant change in statutory expenditure from 2010 to 2011.

Table 6.4: RTÉ TV 2011 Expenditure on Independent Commissions 2010 & 2011		
Expenditure Incurred	2010	2011
	€000s	€000s
Statutory Expenditure	37,319	37,345
Additional Expenditure	13,991	8,489
Direct Expenditure on Commissioned Programmes	51,310	45,834
RTÉ Attributable Overhead	1,850	1,681
Expenditure incurred on commissioning activities	53,160	47,515

Source: RTÉ Independent productions annual report 2011.

Table 6.5 focuses on the breakdown of 2011 statutory expenditure on commissions alone by genre and also shows the amounts which are brought forward from 2010 and what is deferred to the next year. The balance in expenditure after commissions are brought forward and deferred is somewhat close to the amount of expenditure on new commissions in the year. Drama, Sport and Young People, and Entertainment and Music both account for the largest amounts of total statutory expenditure.

Table 6.5: RTÉ Television Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2011

Programme Category	Total Hours	2010 commissions carried forward ²⁴	2011 new commissions	2011 commissions carried forward	2011 Total Cost ²⁵
		€000s	€000s	€000s	€000s
Daytime & Lifestyle	74.5	*	*	*	*
Documentaries & Arts	27.6	*	*	*	*
Regional, Education, Religion & other Factual	87.4	*	*	*	*
Drama, Sport & Young Peoples	93.3	*	*	*	*
Entertainment & Music	121.9	*	*	*	*
Overall totals	405	*	*	*	*
Awards/schemes	-				*
Overheads and other costs	-				*
Direct expenditure incurred²⁶	-				*

* Data is confidential and commercially sensitive.

Source: RTÉ Independent productions annual report 2011.

The allocation of non-statutory expenditure by genre is presented below and shows that drama and lifestyle are the largest individual category of spend (see table overleaf).

Table 6.6: RTÉ Television Non-Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2011

Programme Genre	Total Hours	2010 commissions carried forward ²⁷	2011 New commissions	2011 commissions carried forward	2011 total cost ²⁸
		€000s	€000s	€000s	€000s
Daytime & Lifestyle	180.3	*	*	*	*
Documentaries	15.3	*	*	*	*
Regional, Education, Religion & other Factual	8.5	*	*	*	*
Drama, Sport & Young Peoples	14.0	*	*	*	*
Entertainment & Music	23.3	*	*	*	*
Overall totals	241	*	*	*	*
Awards					*
Cost of RTE Facilities provided					*
Direct expenditure incurred²⁹					*

* Data is confidential and commercially sensitive

Source: RTÉ Independent productions annual report 2011.

²⁴ 2010 Commissions have been restated for cost variances and the retiming of programme commitments; as such these figures differ from those presented as 2010 carry-forwards in last year's review.

²⁵ Total cost is inclusive of Non Recoverable VAT (NRV).

²⁶ Excludes RTÉ Attributable Overhead.

²⁷ 2010 Commissions have been restated for cost variances and the retiming of programme commitments; as such these figures differ from those presented as 2010 carry-forwards in last year's review.

²⁸ Total cost is inclusive of Non Recoverable VAT (NRV).

²⁹ Excludes RTÉ Attributable Overhead.

RTÉ Television Acquired Programming Costs

The cost of RTÉ acquired transmissions amounted to approximately €25.09 million in 2011 and the breakdown of expenditure by genre are presented in Table 6.6. The remaining expenditure is allocated to Young People's programming, other Factual, Entertainment, Music and Religion.

Figure 6.5: RTÉ Cost by Genre for Acquired Irish and Acquired International Television Programming 2011

*

**Data is confidential and commercially sensitive.*

Figure 6.6: RTÉ Acquired Irish and Acquired International Programming Average Cost per Programme/Actual Hour by Genre 2011

*

**Data is confidential and commercially sensitive.*

6.2.3 Radio Programming Costs

In this section we examine RTÉ Radio programming costs in detail. For the most part, radio programmes are in-house productions but in 2010 and 2011 a small amount of radio programming was commissioned.

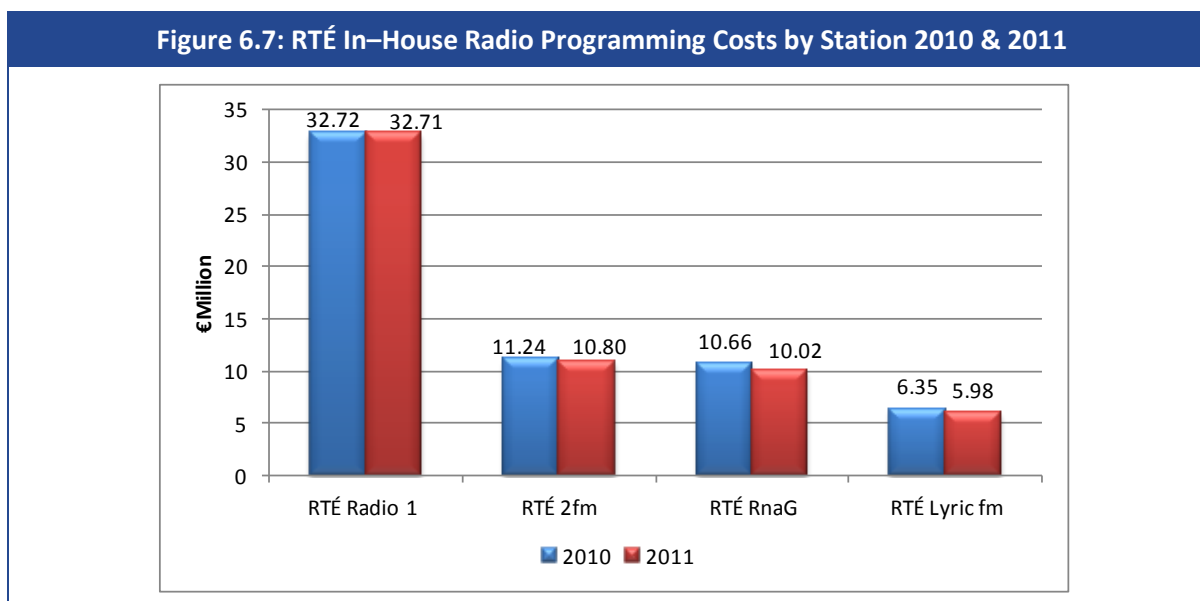
RTÉ Radio In-house Programming Costs

RTÉ in-house radio programming costs for all stations in 2010 and 2011 are presented in Table 6.7 below. Total expenditure fell from €60.97 million in 2010 to €59.5 million in 2011. This drop in expenditure is driven by a reduction in direct programme expenditure. In 2011, a higher proportion of expenditure was accrued to labour, support and indirect costs etc.

Table 6.7: RTÉ In-house Radio Programming Costs, All Stations 2010 & 2011		
	2010	2011
	€Million	€Million
Direct Programme Driven Costs	14.5	7.93
Standard Cost Labour, News Gathering, Support and Indirect Costs	46.47	51.57
Total	60.97	59.5

Source: RTÉ Data

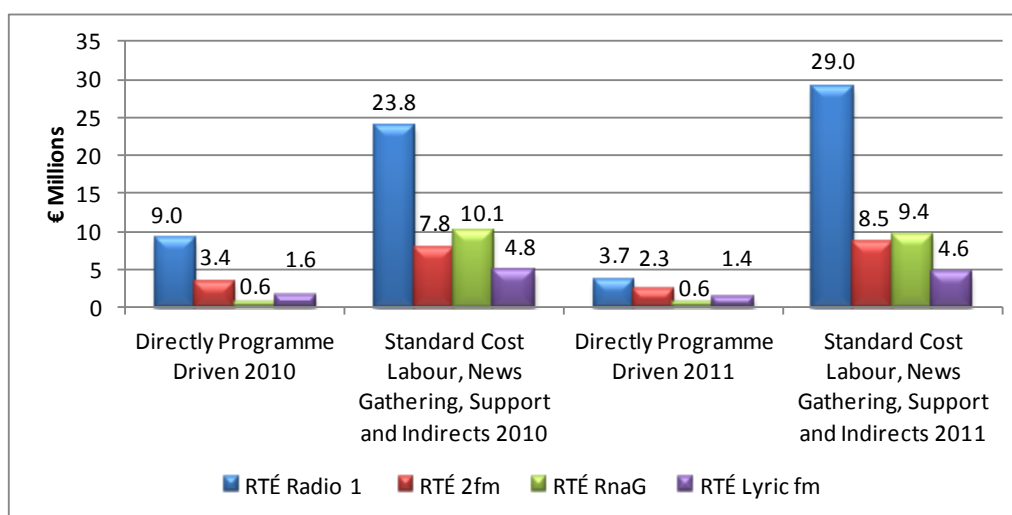
Figure 6.7 below allows us to take a closer look at radio programming expenditure by station. RTÉ Radio 1 continued to account for the largest share of total programming expenditure.



Source: Indecon analysis of RTÉ data.

Figure 6.8 presents the breakdown of direct and indirect programme costs by station for 2010 and 2011. In 2011 the composition of RTÉ Radio 1 costs changed. Labour, supports and indirect programming costs increased for RTÉ Radio 1 while direct programming costs fell. The same trend was observed for RTÉ 2fm.

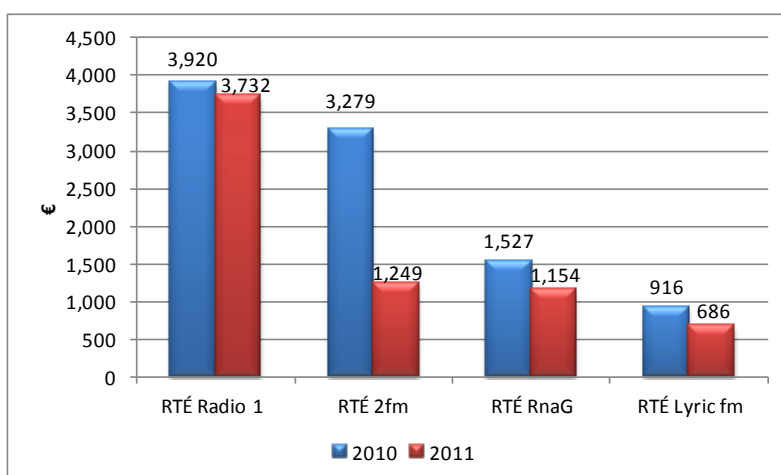
Figure 6.8: RTÉ In-House Radio Programming Costs by Station and Cost Type 2010 & 2011



Source: Indecon analysis of RTÉ data.

The average cost per hour by station for RTÉ In-house Radio is shown in Figure 6.9. Reductions in the cost per hour of programming were achieved for all stations in 2011. This chart shows a substantial reduction in the cost per hour of RTÉ 2fm from €3.28k in 2010 to €1.25k in 2011 which represent savings of approximately €2.03k per hour. Savings in the order of €188, €373 and €230 per hour were achieved for RTÉ Radio 1, RTÉ RnaG and RTÉ Lyric fm respectively.

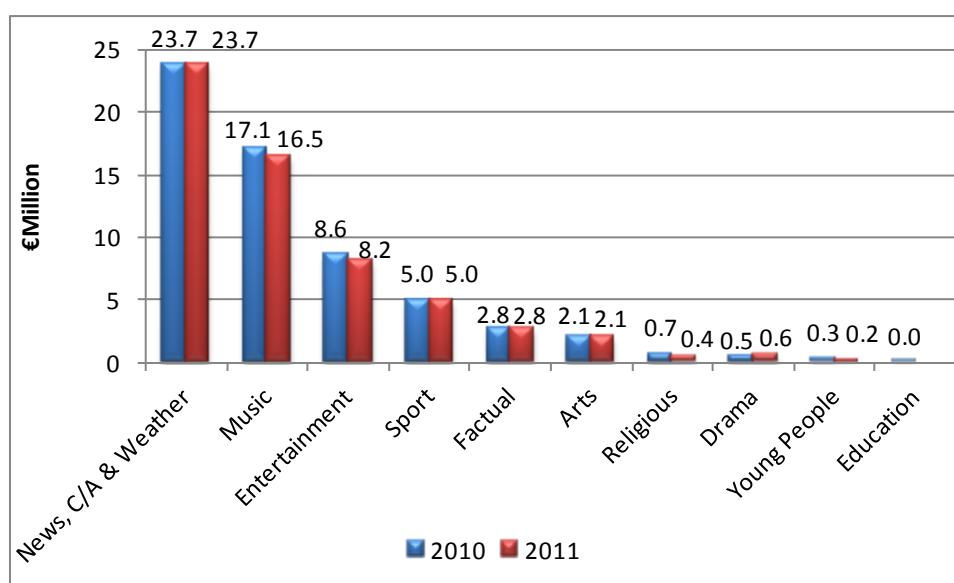
The annual movements in cost per hour show that savings were made in all RTÉ radio stations with particular savings made in RTÉ 2fm.

Figure 6.9: RTÉ In-House Radio Programming Average Cost per Hour by Station 2010 & 2011

Note: Cost per hour data was provided by RTÉ on a sample of in-house programmes in 2010. The average cost per hour in this sample for 2010 provides an indication of the overall average cost per hour of RTÉ Radio programming by station. Estimates for 2011 are based on all radio programmes. Therefore caution should be placed in interpreting the change in cost per hour from 2010 to 2011.

Source: Indecon analysis of RTÉ data.

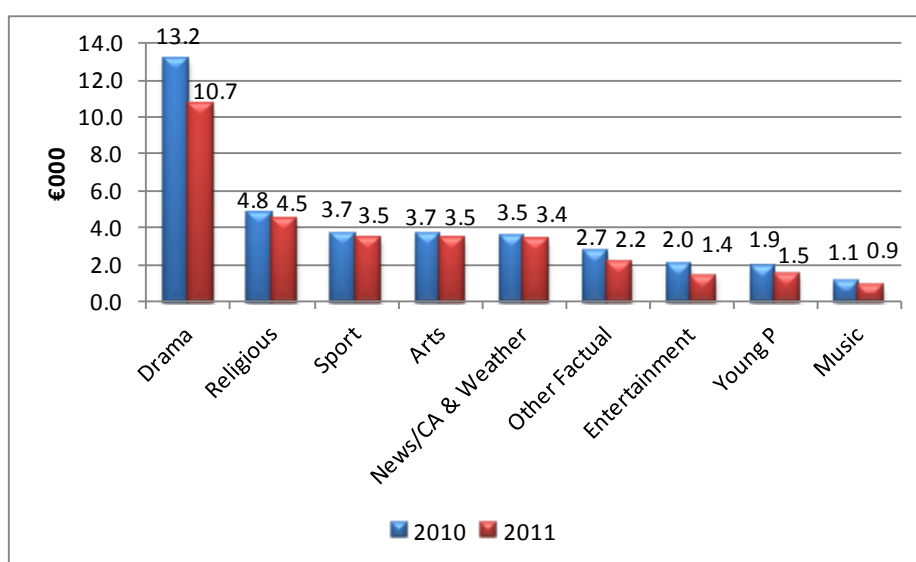
Total radio programming expenditure by genre is presented in Figure 6.10 below. There were no significant changes in the amount of programming expenditure by genre in 2011 compared with 2010. News, C/A and Weather, Music and Entertainment continue to be three genres in which the most amount of expenditure is allocated.

Figure 6.10: RTÉ Total In-House Radio Programming Costs by Genre 2010 & 2011

Source: Indecon analysis of RTÉ data.

Some notable changes in the average costs per hour of radio programming by genre can be observed in Figure 6.11. The most significant reductions in the average cost per hour of programming were observed in the two mostly cost genres of programming; Drama, Entertainment and Young People. The cost per hour of these genres fell from €13.2 to €10.7k and from €9.6k to €3.4k, respectively. This represents savings of €2.5k per hour and €6.2k per hour. Reductions in cost per hour were also achieved for the genres Other Factual, Entertainment, Young People and Music.

Figure 6.11: RTÉ In-House Radio Programming Average Cost Per Hour by Genre, 2010 & 2011



Note: Cost per hour data was provided by RTÉ on a sample of in-house programmes for 2010.

Source: Indecon analysis of RTÉ data.

RTÉ Radio Commissioned Programming Costs

A small amount of programming on RTÉ Radio was commissioned in 2010 and 2011. In 2011 this amounted to €1.35 million which represents just over 2% of in-house radio programming expenditure.

Statutory expenditure on commissioned radio programming is presented below by genre. Arts, Regional, Education, Religion and Other Factual programming collectively accounts for the largest proportion of spend in 2011.

Table 6.8: RTÉ Radio Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2011

Programme Category	Total Hours	2010 Commissions Carried Forward €000s	2011 New Commissions €000s	2011 Commissions Carried Forward €000s	2011 Total Cost ³⁰ €000s
Arts, Regional, Education, Religion & Other Factual	218.3	*	*	*	*
Drama, Sport & Young Peoples	18.3	-	*	-	*
Entertainment & Music	113.5	*	*	*	*
Overall totals	350	*	*	*	*
Overheads and other costs					*
Direct expenditure incurred					*

**Data is confidential and commercially sensitive.*

Source: RTÉ Independent Productions Annual Report 2011.

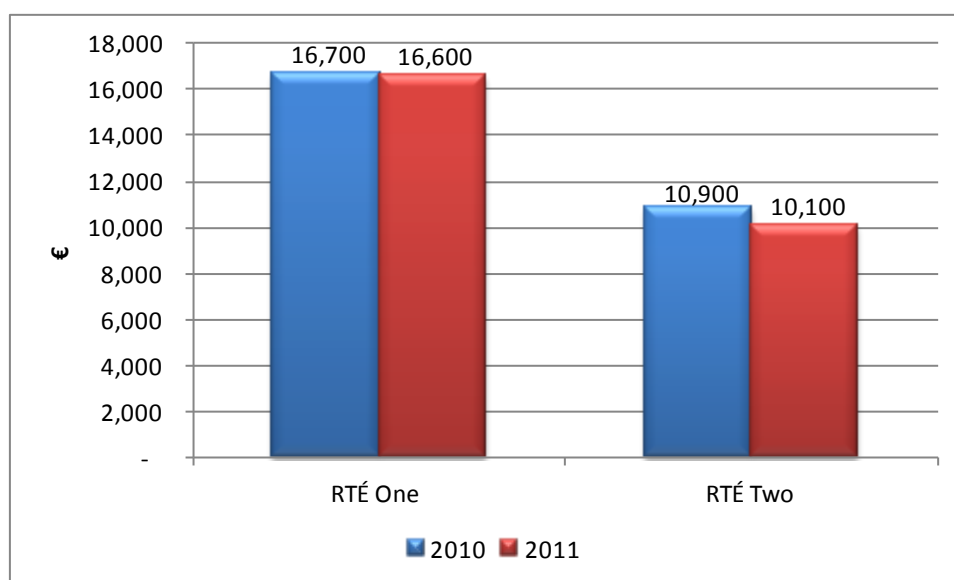
6.3 RTÉ Cost per Transmitted Hour and Cost per Viewer/Listener Hour

The RTÉ/EBU Value for Money/KPI Survey 2012 revealed that cost per hour metrics are widely used among Public Service Broadcasters (PSBs) in Europe and among these metrics are the cost per transmitted hour, cost per viewer hour and cost per listener hour.

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

Figure 6.12 reveals the average cost per transmitted hour of RTÉ One and RTÉ Two for 2010 and 2011. The average cost per transmitted hour for RTÉ One is historically higher than that of RTÉ Two due to differences in the nature of the programming. The average cost per transmitted hour of RTÉ One was €16.7k across all programmes in 2010. This was reduced to €16.6k in 2011 on average, representing a saving of €100 per hour across all programming on RTÉ One. RTÉ Two recorded a cost per transmitted hour of €10.9k per hour across all stations in 2010 and in 2011 achieved a reduction of €800 per hour to an average of €10.1k per hour.

³⁰ Total cost is inclusive of Non Recoverable VAT (NRV).

Figure 6.12: RTÉ Television Average Cost per Transmitted Hour by Channel, 2010 & 2011

Source: Indecon analysis of RTÉ data.

Table 6.9 reveals the changes driving the overall change in the cost per transmitted hour of both RTÉ One and RTÉ Two programming from 2010 to 2011. The number of transmitted hours for RTÉ One and RTÉ two are consistently 8,760³¹ each year. The total spend for RTÉ One and RTÉ Two fell from €146 million to €145.7 million and from €95.2 million to €88.2 million. Total savings per channel amount to €300k and €7 million for RTÉ One and RTÉ Two, respectively.

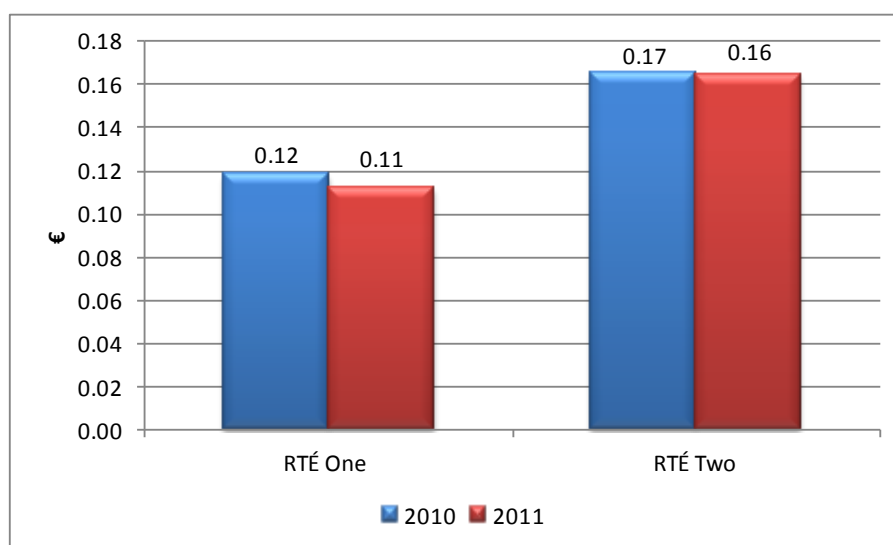
Table 6.9: RTÉ Television Average Cost per Transmitted Hour by Channel, 2010 & 2011

Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2010			
RTÉ One	146.0	8,760	16,700
RTÉ Two	95.2	8,760	10,900
2011			
RTÉ One	145.7	8,760	16,600
RTÉ Two	88.2	8,760	10,100

Source: RTÉ data from the RTÉ Annual Report 2011.

The average cost per viewer hour depends on the size of the audience viewing the channel. Figure 6.13 reveals that RTÉ Two is comparatively more expensive than RTÉ One in terms of the cost per viewer hour. Reductions in the cost per viewer hour were achieved for both RTÉ One (from €0.12 to €0.13 per hour) and RTÉ Two (from €0.17 to €0.16 per hour).

³¹ 24 hours a day 365 days a year.

Figure 6.13: RTÉ Television Average Cost per Viewer Hour of Content by Channel, 2010 & 2011

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 (03:00 – 26:59), All Week, Viewing per Hour in 000s for all individuals aged 4+ during 2011 (consolidated data), 2010 & 2009 (live data). 2011 is the first full calendar year when consolidated (live + time shifted viewing) TAM data is available.

In Table 6.10 we examine the changes in the drivers of the cost per viewer hour of RTÉ One and RTÉ Two. The estimates below are arrived at using cost figures that exclude transmission charges.

The data reveals that the size of the RTÉ One audience is more than twice that of RTÉ Two and this effect outweighs the fact that expenditure is higher for RTÉ One and therefore the cost per viewer hour for this channel is significantly lower. The higher level of expenditure on RTÉ One programming could in part explain the larger audience if one assumes that higher spend relates to higher quality programming.

Table 6.10: RTÉ Television Average Cost per Viewer Hour (Excluding Transmission Charges) by Channel, 2010 & 2011

	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	€
2010					
RTÉ One	131.1	8,760	15,000	126,700	0.118
RTÉ Two	80.9	8,760	9,200	55,700	0.165
2011					
RTÉ One	130.7	8,760	14,900	132,300	0.113
RTÉ Two	74.5	8,760	8,500	51,700	0.164

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 (03:00-26:59), All Week, Viewing per Hour in 000s for all Individuals Ages 4+ during 2011 (consolidated data), 2010 & 2009 (live data). 2011 is the first full calendar year when consolidated (live + time shifted viewing) TAM data is available.

We revisit the cost per viewer hour for RTÉ One and RTÉ Two in Table 6.11 below uses cost estimates that include the transmission charges. The inclusion of transmission charges does not significantly impact on the relationship between the cost per viewer of RTÉ One and RTÉ Two.

Table 6.11: RTÉ Television Average Cost per Viewer Hour (Including Transmission Charges) by Channel, 2010 & 2011

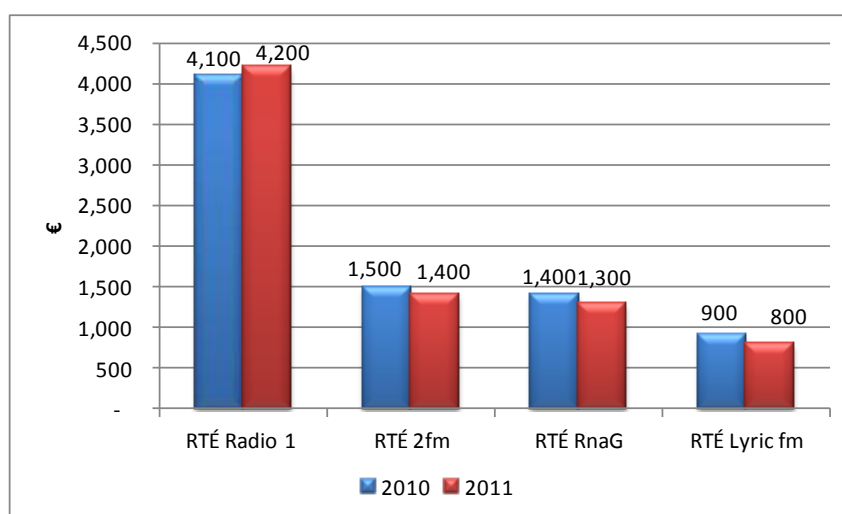
	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Average Cost per Viewer Hour
	€m	Hours	€	Average Viewing per Hour	€
2010					
RTÉ One	146.0	8,760	16,700	126,700	0.132
RTÉ Two	95.2	8,760	10,900	55,700	0.196
2011					
RTÉ One	145.7	8,760	16,600	132,300	0.125
RTÉ Two	88.2	8,760	10,100	51,700	0.195

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 2011 (consolidated data), 2010 & 2009 (live data). 2011 is the first full calendar year when consolidated (live and time shifted viewing) TAM data is available.

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

Figure 6.14 reveals that the cost per transmitted hour of RTÉ Radio 1 was higher than other stations. In addition a small increase in the cost per transmitted hour of RTÉ Radio 1 was observed in 2011 while the cost per transmission hour of other stations fell.

Figure 6.14: RTÉ Radio Average Cost per Transmitted Hour by Station, 2010 & 2011



Source: Indecon analysis of RTÉ data.

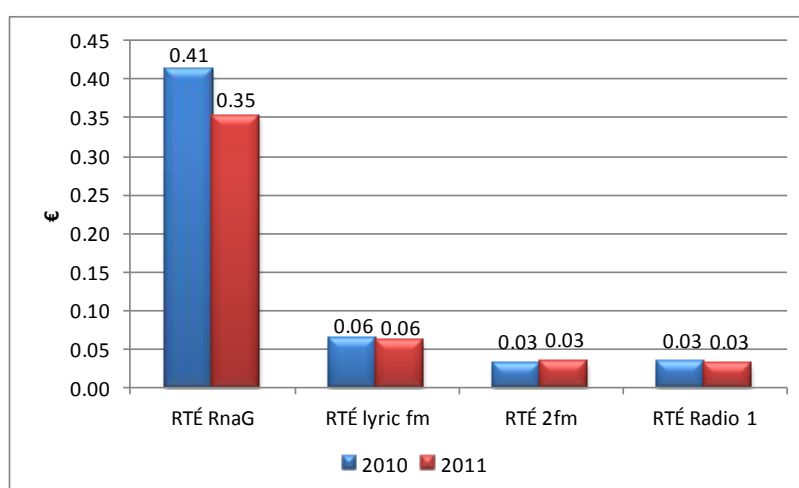
Looking at the drivers of the cost per transmission hour estimates in Table 6.12 we can see that the increase in the average cost per hour of programming on RTÉ Radio 1 in 2011 is explained by both an increase in total expenditure and a reduction in the number of hours transmitted. Proportionally, the increase in the total spend had a greater affect than the drop in the number of hours. Reductions in total expenditure for each of RTÉ 2fm, RTÉ RnaG and RTÉ Lyric fm explain the overall reduction in the average cost per transmitted hour of each of these stations in 2011.

Table 6.12: RTÉ Radio Average Cost per Transmitted Hour by Station, 2010 & 2011			
Channel	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2010			
RTÉ Radio 1	36.3	8,898	4,100
RTÉ 2fm	13.1	8,760	1,500
RTÉ RnaG	11.9	8,760	1,400
RTÉ Lyric fm	7.5	8,760	900
2011			
RTÉ Radio 1	37.0	8,845	4,200
RTÉ 2fm	12.5	8,760	1,400
RTÉ RnaG	11.6	8,760	1,300
RTÉ Lyric fm	7.3	8,760	800

Source: Indecon analysis of RTÉ data.

Although RTÉ RnaG was one of the least costly radio stations per transmitted hour, Figure 6.15 reveals that the average cost per listener hour of this station exceeds that of the other RTÉ Radio stations. A reduction in the cost per listener hour of RTÉ RnaG from €0.41 in 2010 to €0.35 in 2011 was achieved.

Figure 6.15: RTÉ Radio Average Cost per Listener Hour of Content by Station, 2010 & 2011



Note: Cost excludes transmission costs.

Source: Indecon analysis of RTÉ data. Radio audience data sourced from Ipsos/MRBI JNLR 2011/4 & 2010/4 Average Weekday Reach per Hour in 000s for all Adults Aged 15+.

The reduction in the average cost per hour of RTÉ RnaG in 2011 was due to a reduction in spend from €10.8 million to €10.3 million and an increase in listenership as is evident in Table 6.13. Reductions in total expenditure for RTÉ 2fm and RTÉ Lyric fm were observed in 2011. The reduction in spend was coupled with a drop in listenership in the case of RTÉ 2fm and an increase in listenership in the case of RTÉ RnaG. Overall the average cost per hour of RTÉ 2fm increased slightly while a slight reduction was achieved for RTÉ Lyric fm.

Table 6.13: RTÉ Radio Average Cost per Listener Hour (Excluding Transmission Charges) by Station, 2010 & 2011					
	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Cost per Listener Hour
	€m	Hours	€	Average Listeners	€
2010					
RTÉ Radio 1	33.1	8,898	3,700	112,700	0.033
RTÉ 2fm	11.4	8,760	1,300	41,300	0.031
RTÉ lyric fm	6.4	8,760	700	11,000	0.064
RTÉ RnaG	10.8	8,760	1,200	2,900	0.414
2011					
RTÉ Radio 1	33.6	8,845	3,800	118,700	0.032
RTÉ 2fm	11	8,760	1,300	38,000	0.034
RTÉ lyric fm	6.1	8,760	700	11,400	0.061
RTÉ RnaG	10.3	8,760	1,200	3,400	0.353

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

An assessment of the average cost per listener hour including transmission charges for each of the RTÉ Radio stations reveals that the inclusion of these costs does not change the relative cost of each of the station to a significant degree nor does it affect the direction of the change from 2010 to 2011.

Table 6.14: RTÉ Radio Average Cost per Listener Hour (Including Transmission Charges) by Station, 2010 & 2011

	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Cost per Listener Hour
	€m	Hours	€	Average Listeners	€
2010					
RTÉ Radio 1	36.3	8,898	4,100	112,700	0.036
RTÉ 2fm	13.1	8,760	1,500	41,300	0.036
RTÉ lyric fm	7.5	8,760	900	11,000	0.082
RTÉ RnaG	11.9	8,760	1,400	2,900	0.483
2011					
RTÉ Radio 1	37	8,845	4,200	118,700	0.035
RTÉ 2fm	12.5	8,760	1,400	38,000	0.037
RTÉ lyric fm	7.3	8,760	800	11,400	0.070
RTÉ RnaG	11.6	8,760	1,300	3,400	0.382

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

6.3.2 A Comparison of the Cost per Hour of RTÉ In-House versus Commissioned Programming and RTÉ Cost Allocation System

In this section we examine the difference in cost per hour of RTÉ In-house programming versus commissioned and we also look at the approach taken by RTÉ towards allocating direct and overhead programming costs for both in-house and commissioned programmes. Comparisons are made at genre level across channels. However, it is important to note that this is unlikely to fully control for differences in the nature of the programming.

While the data below might suggest that on average in-house programming is less costly per hour than commissioned programming, only a certain number of genres are comparable across in-house and commissioned programming. More significantly we believe that caution should be exercised in interpreting such findings and only a direct like by like comparison would indicate which option represents the best value for money on any specific programme. Indecon also notes that there are issues concerning the comparability of these figures in terms of the allocation of overhead costs and while we commenced consideration of this in the current year, we are recommending further analysis as part of the five-year review.

Table 6.15: RTÉ Indigenous TV Programmes 2011 Average Cost per Hour, In-House versus Commissioned

Genre	Channel	Cost Per Hour	
		In-House	Commissioned
Arts	RTÉ One	*	*
Drama	RTÉ One	*	*
Entertainment	RTÉ Two	*	*
Entertainment	RTÉ One	*	*
Factual	RTÉ One	*	*
Music	RTÉ One	*	*
Religion	RTÉ One	*	*
Young Peoples	RTÉ Two	*	*

** Data is confidential and commercially sensitive.*

Note: The estimates are based on costs and hours of indigenous visual programmes (produced by RTÉ or commissioned by RTÉ) transmitted on RTÉ One or RTÉ Two. Hours used to calculate the costs per hour are actual run times excluding commercials. Hours are first-run indigenous hours.

Source: *Indecon Analysis of RTÉ data.*

Indecon believes that the comparison of the cost per hour of in-house programming with that of commissioned programming as per Table 6.15 above is potentially important in considering the value for money of alternative options re in-house production or external commissioning. However, the estimations of the cost per hour of programming are influenced by a number of factors. For example, accounts are prepared on the accruals basis and therefore the cost of programmes which are not fully settled at the end of the year must be estimated. Differences between the year-end estimate and the final settlement can give rise to negative costs in the subsequent year. Since this is an ongoing feature of the accounting system, the negative costs are included in the estimations of the average cost per hour of programming. In addition, and more importantly, the estimation of programme overheads is a key issue which could influence relative cost comparisons. This combined with the fundamental challenge of ensuring one is comparing like with like in terms of programming are key issues.

In an effort to establish a more detailed understanding of the relationship between the costs per hour of in-house versus commissioned programming, Indecon submitted a detailed information request to RTÉ for the purpose of understanding the basis for the cost allocation method for in-house productions so that the cost of in-house programmes could be independently evaluated against the cost of commissioned programmes.

Table 6.16 below presents at a high level the allocation of direct versus overhead costs for in-house and commissioned programming. On average across all programming a greater percentage of costs are allocated to overheads in the case of in-house programming than that of commissioned programming.

Table 6.16: RTÉ Overhead to Direct Cost Relationship for Television Programming 2011				
	Commissioned TV Programmes		In-House TV Programmes	
	€000s	% Share	€000s	% Share
Direct Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*	*	*	
Overhead as a % of Direct Cost	*		*	

* Data is confidential and commercially sensitive.

Source: RTÉ data.

Next we examine this relationship more closely for two key genres, Drama and Entertainment, which were chosen because programming belonging to these two genres include programmes produced in-house and commissioned independently.

In the case of Drama television programming (Table 6.17) we can see that not surprisingly a greater proportion of in-house costs are allocated to overheads than that of the average across all programmes shown in the table above. A slightly smaller proportion of commissioned costs are allocated to overheads for this genre compared to all commissioned spend above.

Table 6.17: RTÉ Overhead to Direct Cost Relationship for Television Drama 2011				
	Commissioned TV Drama		In-House TV Drama	
	€000s	% Share	€000s	% Share
Direct Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*		*	
Overhead as a % of Direct Cost	*		*	

* Data is confidential and commercially sensitive.

Note: Drama was chosen for it's reliance on both commissioned and in-house input.

Source: RTÉ data.

Table 6.18: RTÉ Overhead to Direct Cost Relationship for Television Entertainment 2011				
	Commissioned TV Entertainment		In-House TV Entertainment	
	€000s	% Share	€000s	% Share
Direct Overhead Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*		*	
Overhead as a % of Direct Cost	*		*	

* Data is confidential and commercially sensitive.

Note: Entertainment was chosen for it's reliance on both commissioned and in-house input.

Source: RTÉ data.

A breakdown of the components of the allocated overhead costs for in-house Drama television programming is presented in Table 6.19 below. The types of costs which are allocated to

overheads include depreciation, commissioning editors and assistant directors, production management, production planning & control and technical operators, international unit, TV finance and shared support costs, human resources, finance and shared support, human resources, property and related services, management personnel charge, technology, legal services and finance shared services. The most significant of these components is property and related services. Human resource-related costs, asset depreciation and charge for management personnel each account for a significant share of allocated overheads.

Table 6.19: In-house TV Drama 2011 Direct & Overhead Costs by Programme			
	Direct Costs	Overheads	Total
	€000s	€000s	€000s
In-house Drama Programme 1*	*	-	*
In-house Drama Programme 2	*	*	*
Total	*	*	*
Analysis of Overhead Allocation	€		
Asset Depreciation	*		
Commissioning Editors and Assistant Directors of Programmes	*		
Production Management	*		
Production , Planning & Control and Technical Operators	*		
International Unit	*		
TV Finance and Shared Support Costs	*		
Human Resources Related	*		
Property and Related Services	*		
Charge for Management Personnel	*		
Technology	*		
Legal Services	*		
Finance Shared Services	*		
Total Overheads	*		

* Data is confidential and commercially sensitive.

*Funding contribution for TG4 coproduction. Under the protocol agreed between RTE and TG4 for the supply of RTE's programme contribution to TG4, part of this is programme contribution takes the form of funding contribution by RTE to TG4 by an independent production company. Because this funding contribution doesn't rely on RTE production infrastructure or other supports it does not attract allocation of RTE in-house programme production support overhead.

Source: RTÉ data.

A breakdown of the allocation of direct and overhead costs at the individual programme level is provided in Annex 5 of this report. The proportion of overheads versus direct programming costs varies greatly among the programme level. This is understandable as the use of different facilities and overheads will inevitably vary by programme.

Table 6.20 shows the components of commissioned drama television programming allocated overhead costs. Each of the cost categories below is also allocated overheads in the case of in-house drama programming. Those in-house drama programming allocated overheads which do not feature in the commissioned drama overhead categories below include commissioning editors and assistant directors of programmes, production planning and control, and technical operators, international unit and property-related services.

Table 6.20: Commissioned TV Drama 2011 Analysis of Overhead Allocation

Analysis of Overhead Allocation	€
Finance shared services	*
Cost of administration of commissioning	*
Legal services	*
Asset depreciation	*
Technology	*
Charge for management personnel	*
Human Resources related	*
Property & Services related	*
	*

* Data is confidential and commercially sensitive.

Note: Rounding occurred in this table.

Source: RTE data.

Table 6.21: In-House TV Entertainment 2011 Analysis of Overhead Allocation

Analysis of Overhead Allocation	€
Commissioning Editors and Assistant Directors of Programmes	*
Production management	*
Production, Planning & Control and Technical Operators	*
International unit	*
TV Finance and shared support costs	*
Human Resources related	*
Property & Services related	*
Charge for management personnel	*
Technology	*
Legal services	*
Finance shared services	*
Asset depreciation	*
In-house entertainment programme 26*	*
Total	*

* Data is confidential and commercially sensitive.

*While this is an in-house programme in terms of editorial control, production relies on contracted facilities resulting in minimal reliance on RTE infrastructure, support and administration.

Source: RTE data.

The breakdown of commissioned Entertainment programming does not differ greatly from that of commissioned Entertainment below (Table 6.22). The cost of administration of commissioning represents almost 65% of total overheads.

Table 6.22: Commissioned TV Entertainment 2011 Analysis of Overhead Allocation

Analysis of Overhead Allocation	€
Asset depreciation	*
Production management	*
Production , Planning & Control and Technical Operators	*
Charge for Management Personnel	*
Human Resources Related	*
Legal Services	*
Property & Services related	*
Technology	*
Cost of Administration of Commissioning	*
International Unit	*
TV Finance and Shared Support Costs	*
Finance Shared Services	*
Total	*

* Data is confidential and commercially sensitive.

Source: RTÉ data.

The data in this section for the first time as part of the annual reviews shows how RTÉ cost allocation method influences cost comparisons between in-house and commissioned programming. This is an important basis for evaluation of the cost efficiency of decisions on in-house versus sourced in programming. However a wide range of factors need to be taken into account in such decisions. These should inform RTÉ commitments concerning spend for the independent sector. Indecon was informed that the system used to operate the cost allocations is designed to drive the cost allocations down to the final cost pool and does not readily facilitate the analysis of the composition of higher level costs forming part of the allocation. Indecon believes that the establishment of a system which allows costs to be more readily traced through each level of allocation is essential in the long run in order for the cost of in-house versus commissioned programming to be independently evaluated. The provision of more detailed information by RTÉ to facilitate the above would strengthen the evidence base from which decisions regarding changes to annual funding can be made and recommendations regarding efficiency and value for money can be put forward.

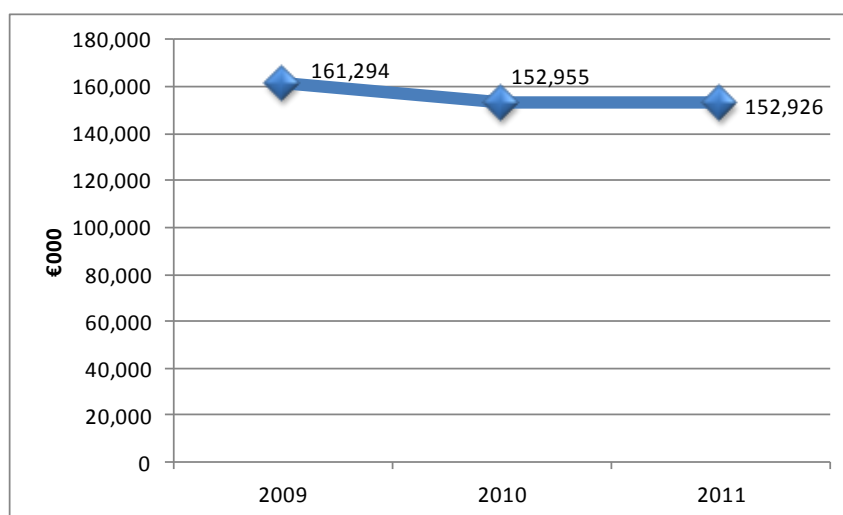
Indecon notes that since the research for this annual review was undertaken, RTÉ have prepared a detailed cost allocation manual. This is a very welcome development and should be of assistance to the 5 year review in their assessment of the adequacy of the financial information systems in providing insights into cost allocations.

6.4 Staff Costs and Human Resources

Personnel-related operating costs account for more than half of total operating costs and therefore an examination of the components of and the trends in these costs is an essential part of an overall assessment of cost efficiency and value for money at RTÉ.

The trend in RTÉ staff costs from 2009 to 2011 is presented in the figure below. A reduction in staff costs has been achieved each year. In 2011, staff costs amount to €152.9 million which is almost the same as in 2010.

Figure 6.16: RTÉ Group Staff Costs 2009 -2011



Note: Total staff costs are after consolidation adjustment.

Source: Indecon analysis of RTÉ data.

One of the key drivers of total staff costs are the number of people employed at RTÉ. Figure 6.17 below shows that a reduction in RTÉ staff headcount was recorded for all divisions from the end of 2008 to the first quarter of 2012. These reductions have been achieved following the implementation of an Early Retirement and Redundancy Facility (ERRF) and a Voluntary Severance Facility (VSF). This represents a decrease of almost 11.9% of the work-force. The impact of the initiatives thus far has resulted in a voluntary reduction in the total number of employees from 2,351 people at the end of 2008 to 2,072 by the first quarter of 2012. Reductions were achieved across all divisions with no one particular division experiencing a proportionately larger reduction than another.

The ERRF and the VSF have been re-opened in 2012 with the intention that significant further reductions in staff will be implemented by the last quarter of 2012.

Figure 6.17: RTÉ Headcount December 2008 Versus March 2012, by Division

*

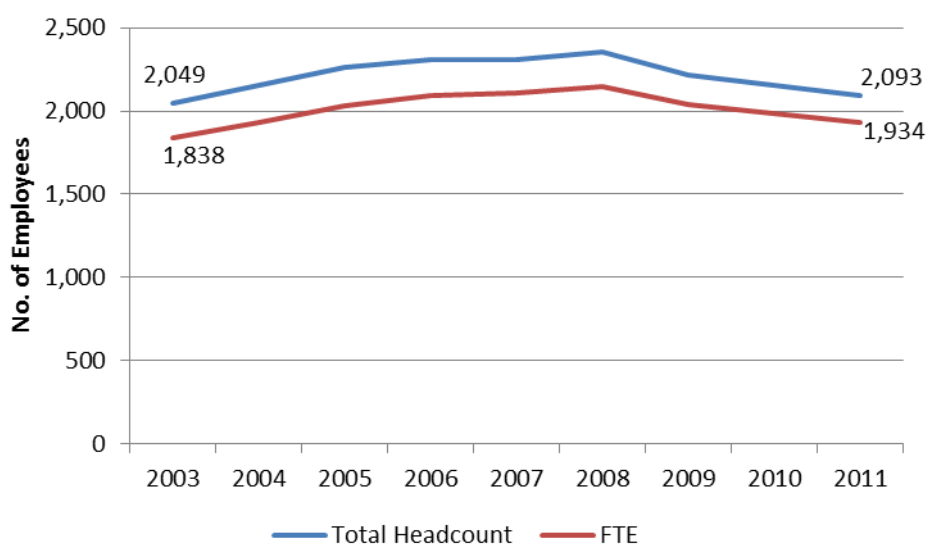
* Data is commercially sensitive.

Note: The Digital Division was formerly known as Publishing.

Source: Indecon Analysis of RTÉ data from the RTÉ Strategy Update, May 2012.

Figure 6.18 below shows long term employment trend at RTÉ in terms of total headcount and full-time equivalent employment figures. Total headcount and total full-time equivalent staff employed at RTÉ by the end of 2011 exceeded that of 2003 despite the voluntary reductions in the total number of employees in 2011. However, as is evident above, further reductions have since been achieved in the first quarter of 2012 and further reductions are planned for the end of year.

Figure 6.18: RTÉ Employment Trend 2003 – 2011

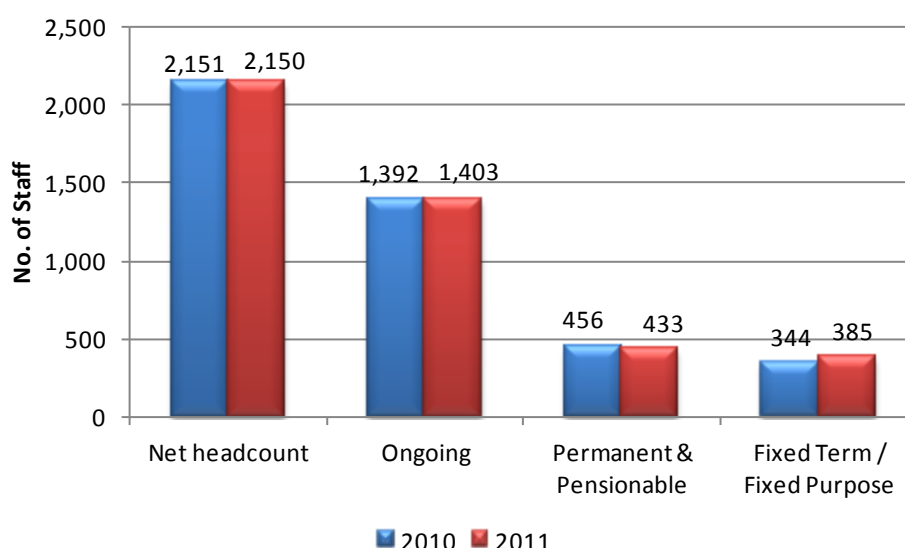


Note: The years 2003 to 2006 include Nuacht TG4 staff varying from 24 to 28 staff members.

Source: Indecon analysis of RTÉ data.

The average employee headcount at RTÉ are shown below for 2010 and 2011. This measure is obtained by averaging month end estimates and it shows a slight reduction in net headcount (excluding casual workers who didn't work in that month) from 2,151 to 2,150. The number of permanent and pensionable staff reduced somewhat while ongoing and fixed term/fixed purpose staff increased.

Figure 6.19: RTÉ Average Employee Headcount 2010 & 2011



Note: The years 2003 to 2006 include Nuacht TG4 staff varying from 24 to 28 staff members. This data is not comparable with the data in Figure 6.16 and Figure 6.17.

Source: Indecon analysis of RTÉ data.

The overall staff costs are, however, influenced by pay rates as well as numbers. The cost per full-time equivalent employee at RTÉ increased from €76.98k in 2010 to €79.07k in 2011.

Table 6.23: RTÉ Employee Costs per Head 2010 & 2011

	2010	2011	Cost per Head FTE 2010	Cost per Head FTE 2011
	€000	€000	€000	€000
Wages and salaries	130,266	129,773	65.6	67.1
Social welfare costs	9,235	9,716	4.6	5.0
Pension costs and life assurances	13,454	13,437	6.8	6.9
Total	152,955	152,926	76.98	79.07

Note: Cost per employee is calculated using FTE numbers as of year end 2010/2011.

Source: Indecon analysis of data from the RTÉ Annual Report 2010 and 2011.

The gross earnings of RTÉ staff in the television and radio divisions broken down by full time, part time and casual employees is presented in Table 6.24 below. Total gross earnings of television and radio staff (based on net headcount) amounted to almost €71.39 million in 2011. This represents close to half of total employee costs in that year. The earnings of full-time staff represent the majority of total earnings.

Table 6.24: RTÉ Gross Earnings 2011 – Staff Members on Net Headcount Dec 2011				
	Full Time	Part Time	Casual	Total Gross Earnings Total €
Television IBD	€43,582,661	€2,006,101	€677,301	€46,266,063
Radio IBD	€23,230,231	€1,473,898	€417,643	€25,121,772
Total	€66,812,892	€3,479,998	€1,094,944	€71,387,835

Note: Includes fixed term, permanent and casual staff.

Source: RTÉ Data.

Cost of Staff Leave at RTÉ

Notwithstanding that the majority of staff leave is statutory, Indecon believes it is important to monitor these costs over time.

A summary of RTÉ sick leave and the costs associated with this are presented in Table 6.25 below. This is broken down by certified and uncertified leave for both the television and radio divisions. The cost of certified sick leave for the radio division reduced from 2010 to 2011 while an increase was recorded in the television division for same. Uncertified sick leave costs significantly less than certified leave for both radio and television. Reductions in uncertified leave were achieved in 2011 in both the television and radio divisions.

Table 6.25: Summary of RTÉ Sick Leave and Associated Cost 2010 & 2011				
	2010		2011	
	Radio	TV	Radio	TV
Sick Leave³²				
Days	4118	4207	3639	5869
Persons	147	245	138	267
Cost	€1,174,558	€1,054,370	€1,060,547	€1,452,162
Sick Leave –Uncertified				
Days	315	700	290	607
Persons	145	304	134	275
Cost	€90,095	€170,265	€79,199	€147,772

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.

³² Cost of sick leave is before receipt of benefit payments from the department of social protection.

Maternity leave forms another part of the statutory leave of an employee. The cost of paid maternity leave for 2011 among the RTÉ staff amounted to almost €1.07 million for the television division in 2011 and €621.5k for the radio division in 2011. Paid maternity leave, however, is not a cost that is within the control of RTÉ and will vary from year to year.

Table 6.26: Summary of RTÉ Maternity Leave Associated Cost 2001 & 2011

	2010		2011	
	Radio	TV	Radio	TV
Maternity Leave³³				
Days	3033	3444	2521	4330
Persons	18	22	18	32
Cost	€727,259	€892,949	€621,542	€1,069,160
Maternity Leave Unpaid				
Days	670	688	777	1109
Persons	9	12	7	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 taken and the number of days taken as time off in lieu by RTÉ staff increased across both the television and radio divisions in 2011. The number of persons involved increased also but are a very small part of costs.

Table 6.27: Summary of RTÉ Privilege Days and Time in Lieu 2010 & 2011

	2010		2011	
	Radio	TV	Radio	TV
Privilege Days³⁴				
Days	133	333	295	555
Persons	130	327	195	356
Time off in Lieu³⁵				
Days	606	1261	775	1602
Persons	125	184	135	202

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.

A summary of RTÉ holiday leave and the costs associated is presented in Table 6.28 below. This leave is part of the statutory holiday entitlement of the staff at RTÉ. These costs did not change significantly in 2011 for either the television or radio divisions.

— ³³ Cost of maternity leave is before receipt of benefit payments from the department of social protection.

— ³⁴ Two concessionary days are allowed subject to the needs of the service and should not involve any additional cost.

— ³⁵ No additional costs are incurred from time off in lieu.

Table 6.28: Summary of RTÉ Holiday Leave and Associated Costs 2010 & 2011

	2010		2011	
	Radio	TV	Radio	TV
Holiday Entitlement				
Days	*	*	*	*
Persons	*	*	*	*
Cost	*	*	*	*

** Data is confidential and commercially sensitive.*

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 table below provides an overall summary of absenteeism rates at RTÉ from 2009 to 2011. These figures exclude annual leave and public holidays. The rate of absenteeism has fallen year on year across the entire organisation from 2.84% in 2009 to 2.79% in 2011.

Table 6.29: RTÉ Absenteeism Rates by Division 2009-2011

	2009	2010	2011
Digital (Previously Publishing 2012)	1.15%	0.85%	2.35%
News	1.52%	2.39%	2.09%
Network	3.05%	2.40%	2.35%
Performing Groups	3.98%	4.07%	1.71%
Corporate	2.31%	4.15%	5.41%
Radio	4.09%	3.33%	3.22%
Television	2.82%	2.30%	2.62%
RTÉ Total	2.84%	2.82%	2.79%

Note: RTÉ absenteeism rates have been compiled by an external organisation The Well at Work. Figures were calculated on the basis of 332 days per year: excluding annual leave and public holidays (using 24 days annual leave and 9 public holidays).

Source: Indecon analysis of RTÉ data.

The cost of overtime at RTÉ in 2011 and 2010 is broken down by division in the table below. Total overtime costs increased from €3.39 million in 2010 to almost €4.16 million in 2011. Overtime costs are larger in the television division and increased by 20% in 2011.

Table 6.30: RTÉ Overtime Costs by Division 2011 versus 2010

Division	Cost - €		% Change 2010-2011
	2010	2011	
Television	2,255,895	2,697,571	+20%
News and Current Affairs	421,640	605,865	+44%
Radio	378,411	457,166	+21%
Corporate	278,175	307,252	+10%
Performing Groups	60,003	91,107	+52%
Publishing	395	786	+99%
Total	3,394,519	4,159,747	+23%

Source: Indecon analysis of RTÉ data.

6.5 RTÉ Cost Reducing Measures

Measures taken by RTÉ to reduce costs across all categories provide an indication of the emphasis being placed on improving cost efficiency at RTÉ and ensuring a value-for-money service. Reductions in personnel-related operating costs, programming costs and other costs are ongoing at RTÉ and we look at the trend in these savings achieved over time.

6.5.1 Reductions in Operating Costs

As observed previously in Section 5 of this report, personnel-related operating costs increased slightly by 1% in 2011 while non-personnel costs decreased by approx 3%.

Table 6.31: RTÉ Reductions in Operating Costs 2009-2011

	2009	2010	2011	2010 change on 2009	2011 change on 2010
	€'000	€'000	€'000	%	%
Personnel Related Operating Costs	195,397	186,622	188,485	-4%	1%
Non Personnel Related Operating Costs	167,971	169,575	164,926	1%	-3%
Operating Costs Before Depreciation Amortisation and Exceptional Items	363,368	356,197	353,411	-2%	-1%

Source: Indecon analysis of RTE data and RTÉ Financial Statements from the Annual Reports 2011 & 2010.

6.5.1 Reductions in Personnel Related Operating Costs

Table 6.32 below shows that according to the 2011 updated budget, RTÉ forecasted a total of 2,093 staff (headcount) equating to a full-time equivalent total of 1,934.

Table 6.32: Summary of Headcount Budgeted for December 2012

	Interim Budget at 31 st Dec 2012		Actual Budget at 31st Dec 2011	
	Headcount	FTE	Headcount	FTE
TV	*	*	*	*
Radio	*	*	*	*
News & Current Affairs (Incl. Nuacht)	*	*	*	*
Network	*	*	*	*
Publishing	*	*	*	*
Performing Groups	*	*	*	*
Corporate				
-Directorate	*	*	*	*
-Internal Audit	*	*	*	*
-Central Human Resources	*	*	*	*
-Legal Affairs	*	*	*	*
-Central IT	*	*	*	*
-Central Property and Services	*	*	*	*
-Communications & Public Affairs	*	*	*	*
-Group Finance	*	*	*	*
Corporate Subtotal	*	*	*	*
Grand Total	*	*	*	*

* data is commercially sensitive.

Source: RTÉ Interim Budget 2012.

Table 6.33: The Cost of RTÉ Top Ten Presenter Talent 2009 – 2011

Year	Total Earnings	Personnel Related Operating Costs	% of Personnel Related Operating Costs
	€m	€m	%
2009	*	*	*
2010	*	*	*
2011	*	*	*

* data is commercially sensitive.

Source: Indecon analysis of RTÉ data.

6.5.1 Reductions in RTÉ Costs and Projected Savings 2008-2012

The available forecasts suggest that RTÉ will reduce the gross cost³⁶ of its operating activities by 20% or €92.4 million by 2012 compared with 2008. Table 6.34 presents a summary of the principle categories of cost reductions in respect of the overall savings in operating costs between 2008 and 2012.

³⁶ Before regulatory and associated charges, after the effect of an increase in capital funding and taxation charges.

The combined effect of pay cuts and non-payment of performance-related earnings in 2009 with reductions in staff numbers from 2008 to 2011 resulted in a reduction in RTÉ staff costs by approximately 15%. This excludes the impact of the 2012 ERRF/VSF underway and further substantial reductions are expected in 2013, reflecting the full year impact of the 2012 ERRF/VSF.

Savings related to the procurement of commissioned programming from the independent sector are projected to reach €32.2 million by the end of the four-year period.

RTÉ has reduced its use of external contractors and negotiated better rates with a projected saving of €5.6 million or 18%. Other cost reductions include marketing and communications campaigns (€4.1 million), reductions in travel rates (€3.6 million) and savings of €10.6 million in other third party costs have been achieved.

Table 6.34: A selection of RTÉ Cost Reduction Activities, Projected Savings 2008-2012

Source of Saving	Total Projected Reduction / Saving		Description
	€ million	%	
Personnel Related Operating Costs			
Staff costs	*	*	Combined effect of pay cuts and reductions in numbers employed by RTÉ. ³⁷ Further substantial costs to come in 2013, reflecting the full year effect of the 2012 ERRF/VSF
Non-Personnel Related Operating Costs	*	*	
Commissioned programmes	*	*	Volume, duration and rate reductions
Outside Broadcast	*	*	Process re-design and more competitive procurement rates
Premises & Related*	*	*	Reductions in input price, rent and volume
Travel	*	*	Reductions in travel rates and quantum
Computing**	*	*	Combination of system rationalisation, lower license utilisation and reduced input prices
RTÉ Guide Print Run	*	*	Combination of lower usage and improved pricing
Promotions / Marketing	*	*	Scale-back of Marketing and Communications campaigns
Equipment	*	*	Lower levels of Non-DTT Capital Expenditure
External contractors	*	*	Reductions in annual rates and usage
Other 3rd party procured costs	*	*	Competitive procurement adjustments allied to lesser volumes acquired and lower levels of activity
TOTAL	*		

* data is commercially sensitive. Projected savings are as at 3rd July 2012 post the implementation of the 2012 ERRF/VSF.

*excluding staff costs but including the main Donnybrook site. **excluding staff costs.

Source: Indecon analysis of RTE data.

Our overall assessment is that while cost reductions have been made the level of cost reductions achieved is not sufficient to deal with the scale of the collapse in revenues. Further reductions in numbers/pay will be required above the levels achieved by 2011, the year of the focus of this review.

³⁷ Excluding 2012 effect of 2012 scheme exits.

6.5.1 Other Cost Reduction Initiatives

Further detail on people-related and non-people related cost reducing initiatives in 2012 are presented in Table 6.35. These costs reducing measures reflect the recognition of management at RTÉ that significant additional costs must be removed from the RTÉ cost base in order to respond to operating deficit.

These cost savings are expected to include significant reductions in people-related costs. We understand that this will be implemented through phase 2 of the voluntary exits, a more flexible working environment in terms of working patterns, multi-skilling and re-deployment of staff along with cuts in contracting costs.

The remaining savings are expected to come from non-people related savings. These savings initiatives include reductions in sports rights (by 2014) and acquired programming of 25% and 10% respectively. Reductions in fixed costs, savings through negotiations with suppliers, reductions in all divisional budgets and the closure of the London Office are elements in the 2012 plans for savings in non-personnel costs.

Table 6.35: Examples of 2012 Cost Reduction Initiatives	
People Related Cost Initiatives: *	2012 ERRF & VSF Facilities
	A new overarching Organisation / Union Agreement to reflect changes in New Technology, Digital Convergence and the need to reduce the cost of programming
	Shift and Working Pattern Changes
	Multi-Skilling and retraining
	Greater flexibility across Business Divisions – break the silos
	Staff Redeployment
	Substantial cuts in contractor costs
Non-People Related Cost Initiatives: *	25% Cut in Sport Rights by 2014
	10% Cut in Acquired Programmes
	Significant Reductions in all Divisional Budgets
	Work Unit consolidation
	Closure of London Office
	Significantly reduce fixed costs: leases, rents
	Reorganise regional spend to reduce duplication
	Supplier negotiations to reduce costs
	New Leaner Programme Production Models: TV; Radio and Digital

* data is commercially sensitive.

Source: RTÉ data from the RTÉ Strategy Update, May 2012.

6.6 RTÉ Utilisation of Studios

In 2011 RTÉ utilisation of studios was 75% on average. This estimate is based on the studio being available for 364 days in the year and is based on studio floor occupation only. If the studio is utilised for more than eight hours it is recorded as having been used for the full day. In the event that the studio is used for more than three hours but less than eight hours, it is recorded that the

studio was used for a half day. The utilisation of some studios in 2011 was as low as 55% while others were utilised to 100%.

Table 6.36: RTÉ Utilisation of Studios 2011

Studio	Days in Use	Days Available	Utilisation (%)
Studio 1	239.5	364	66%
Studio 2	198.5	364	55%
Studio 3	360.5	364	99%
Studio 4	287.5	364	79%
Studio 5	229.5	364	63%
Studio 6	248	364	68%
Studio 7	364	364	100%
Studio 8	234	364	64%
Stage B	201	364	55%
Stage A/C	364	364	100%
Total	2,727	3,640	75%

Note: Calculation is based on studio floor occupation only. If the studio is occupied for more than 8 hours then this is recorded as a full day. Use of the studio for more than 3 hours but less than 8 hours is recorded as a half day. Finally, use of the studio for less than 3 hours is recorded as no use. Activity included is programme production, rig, derig, lighting / electrical rig, maintenance etc.

Source: *Indecon analysis of RTÉ data.*

6.7 Utilisation of Licence Income

In the 2010 Annual Funding Review the need for greater certainty for RTÉ on funding over at least a one- or two-year process was highlighted. This would allow advanced planning on behalf of the broadcaster in relation to the percentage of the licence fee that will be allocated to the various services. With variability in licence fee income and uncertainty surrounding commercial income due to the present volatile advertising market, there is little scope to plan the allocation of the licence fee until the end of each year.

Indecon accepts that it should be feasible for RTÉ to provide indicative estimates based on their financial projections. We also recommend that RTÉ should provide an account to BAI of how different levels of licence income allocations would impact on programming and on other objectives. Despite this uncertainty, RTÉ have adopted a broad set of guidelines which outline their allocation of licence fee income at a broad level across their services. Those services (such as RTÉ RnaG) which do not generate any commercial income require full funding from the licence fee to meet their costs while other services with limited ability to generate commercial revenue also rely heavily on licence fee income. Such services include the RTÉ Lyric fm radio station and the RTÉ Performing Groups. RTÉ 2fm earns adequate commercial income to fund the cost of the radio station and any surplus income is allocated to RTÉ Radio 1. RTÉ Radio 1 receives a portion of the licence fee income to cover the net cost after commercial income earned and a subsidy from RTÉ 2fm. The remainder of the licence fee is allocated to both RTÉ One and RTÉ Two television services according to the proportion of indigenous programming on each channel.

In 2011, 44% of total licence fee funding was allocated to RTÉ One while 24% was allocated to RTÉ Two. From 2008 to 2011, the proportion of the licence fee income allocated to the RTÉ One television service has increased from approximately 41% to 44% while the proportion of funding

allocated to RTÉ RnaG and RTÉ Performing Groups has fallen from 7% to 6% and 8% to 7%, respectively. Funding proportions for all other services have not changed significantly over the period.³⁸

6.8 Control of Overcompensation/Surpluses

As per the guidelines set out by the EU, broadcasters in receipt of public funding should be able to retain no more than 10% of revenues as profit/net income. Table 6.38 below shows that RTÉ revenue for 2011 and the deficit retained for the year. RTÉ had an operating deficit of €16.76 million in 2011 which amounted to 5% of revenues. This means that there was no issue of surpluses and RTÉ complied with this EU requirement in 2011.

Table 6.37: Evaluation of Overcompensation and Maintenance of Surpluses 2011	
	€000
Revenue (Including Interest Receivable)	352,725
Expenditure (Including Interest Payable and Income Tax)	370,576
Fair Value Adjustment and Unwind of Discount on Restructuring Cost	871
Deficit for the Year	-16,760
Deficit as a % of Revenue	5%

Source: Indecon analysis of RTÉ Financial Statement from the 2011 Annual Report.

In 2011 €183.623 million of total licence fee income was allocated to RTÉ, this represented a reduction of 6% on the previous year. Licence fee income accounted for a total of 52.33% of RTÉ income in 2011.

6.9 Adequacy of RTÉ Funding

An assessment of the adequacy of RTÉ Public Funding in terms of the broadcaster's ability to meet its public service objects forms part of the terms of reference of the Annual Public Funding Review. The adequacy of funding relates to the fulfilment of RTÉ's public service objects as well as the extent to which it upheld its commitments outlined for the year. RTÉ achieved most of the output, programming and other commitments which were set for 2011. In some cases, however, the targets set were below the previous year's performance. Progress has also been made on cost reductions during 2011 but further action on the cost base will be required. Eliminating the current operating deficit is a key requirement and the immediate focus should be on continuing to reduce the cost base if RTÉ is to continue to deliver its existing range of output and services. The adequacy of funding cannot be considered in isolation and one has to take account of the efficiency of RTÉ and also the expectations for the level and quality of programming.

³⁸ These findings are based on Indecon analysis of RTÉ data from the RTÉ Revised Statement of Performance Commitments 2012.

6.10 Summary of Cost Efficiency and value for money of RTÉ

Key findings from this section are listed below:

- ❑ Yearly reductions in programming costs from 2008 to 2011 have amounted to savings of almost 20%.
- ❑ In 2011 in-house production expenditure totaled €199 million from a total of €245 million in 2008. €134.3 million of spend was on first run in-house indigenous programming.
- ❑ Commissions account for less than 10% of total expenditure on average. The total value of 646 hours of newly commissioned programmes in 2011 was €41.77 million at an average cost per hour of €64.68k.
- ❑ Acquired transmissions amounted to approximately €25.09 million in 2011.
- ❑ The average cost per hour of indigenous in-house programming on RTÉ One is significantly higher than that of RTÉ two.
- ❑ RTÉ In-house radio programming costs for all stations fell from €60.97 million in 2010 to €59.5 million in 2011.
- ❑ A substantial reduction in the cost per hour of RTÉ 2fm from €3.28k in 2010 to €1.25k in 2011 was achieved. Savings in the order of €188, €373 and €230 per hour were achieved for RTÉ Radio 1, RTÉ RnaG and RTÉ Lyric fm respectively.
- ❑ The average cost per transmitted hour of RTÉ One was €16.7k across all programmes in 2010. This was reduced to €16.6k in 2011 on average. A reduction of €800 in the cost per transmitted hour of RTÉ Two was obtained.
- ❑ Reductions in the cost per viewer hour were realised for both RTÉ One (from €0.12 to €0.13 per hour) and RTÉ Two (from €0.17 to €0.16 per hour).
- ❑ The cost per transmitted hour of RTÉ Radio 1 greatly exceeds all other stations. However this does not take account of cost per listener now which is adjusted for audience numbers. A small increase in the cost per transmitted hour of RTÉ Radio 1 was observed in 2011 while the cost per transmission hour of all other stations fell.
- ❑ The average cost per listener hour of RnaG far exceeds that of the other RTÉ Radio stations. A reduction in the cost per listener hour of RTÉ RnaG from €0.41 in 2010 to €0.35 in 2011 was achieved.
- ❑ Total personnel costs increased in 2011 but there was a small reduction in employee costs.
- ❑ A reduction in RTÉ staff headcount was recorded for all divisions from the end of 2008 to the first quarter of 2012.
- ❑ The cost per full-time equivalent employee at RTÉ has increased from €76.98k in 2010 to €79.07k in 2011.
- ❑ The most recently available forecasts predict that RTÉ will reduce the gross cost³⁹ of its operating activities by 20% or €92.4 million by 2012 compared with 2008.
- ❑ RTÉ has reduced its use of external contractors and negotiated better rates with a projected saving of €5.6 million or 18%.
- ❑ Significant additional savings in RTÉ cost base are required if RTÉ is to address its financial deficit.

³⁹ Before regulatory and associated charges, after the effect of an increase in capital funding and taxation charges.

7 Recommendations

7.1 Introduction

This Annual Public Funding Review is concerned with the performance of RTÉ in 2011. As per the terms of reference of this review, a detailed examination of the extent to which RTÉ fulfilled each of the commitments set out for 2011 relating to their public service objects. A detailed examination of the financial performance of RTÉ in 2011 was also undertaken and facilitates our consideration of recommendations on any adjustments to public funding as well as possible improvements to the annual funding review process.

7.2 Summary of Recommendations

A summary of our recommendations is presented overleaf.

Summary of Recommendations

Adjustments to Public Funding

1. RTÉ should continue to give priority to eliminating the financial deficit and further cost reductions should be implemented. Our analysis in this review examined the scale of the ongoing deficit and highlights the urgency of measures to address this. Indecon are concerned that RTÉ continues to run a large deficit as this impacts on the future viability of RTÉ.
2. Given the need to pursue cost efficiencies, we do not believe an increase in licence fee would be appropriate at this stage. However, given the scale of the deficit and the fact that RTÉ achieved the commitments set we do not recommend a reduction in the level of public funding.
3. Indecon recommends that RTÉ should be invited by BAI to outline the consequences of any changes in the licence fee. Specifically, we recommend that RTÉ should identify what programming or output improvements would be made in the event of an increase in the licence fee and also the impact on its objectives if reductions in the licence fee were implemented.
4. We also recommend that measures are implemented to provide greater certainty to RTÉ on the likely levels of public funding support.

Process Improvements

5. We recommend a fundamental review of the nature of commitments and the relationship with BAI as part of the five year licence review. These could focus on ambitious programme commitments, as well as targets for spend with the independent sector and internal cost reduction measures. Our review showed that there were multiple commitments set but some of these were lower than those set in 2010. This raises significant challenges for Indecon and for the BAI in making specific recommendations on the licence fee in view of the nature of the [commitments](#) set by the broadcaster.
6. We also recommend an examination of the cost allocation methods used to measure the total cost of in-house programmes versus commissions. This is needed to ensure that all cost allocations are appropriate and is needed to ensure that areas of cost efficiency are identified. As part of this review we examined the cost allocation methods but some further validation is merited.
7. Additional analysis of the cost efficiency of RTÉ including international benchmarking is also recommended as part of the five year review. This is particularly important given the challenge in measuring cost efficiency. This would assist RTÉ in measuring cost efficiency.
8. Indecon also recommends that additional measures are monitored to evaluate the impact of RTÉ in fostering creativity in the independent commissioned sector. These include [targets for and](#) estimates of the number of creative personnel supported and the number of innovative programmes commissioned.
9. Indecon also recommends that timelines are agreed between RTÉ and the BAI for the provision of information to facilitate the annual licence fee review. Indecon have now standardized most of the required information and while improvements have been made in the speed of data provision further improvements are needed.

7.3 Opinion on any Adjustment in Public Funding

In 2011 public funding for RTÉ given its existing cost base is insufficient to allow the broadcaster to continue its existing level of service without incurring financial deficits. Given the need to address additional cost savings Indecon would, however, not recommend any increase in RTÉ's public funding at this stage. However, given the scale of the deficit and the fact that RTÉ achieved the commitments set we do not recommend a reduction in the level of funding.

Greater clarity surrounding the impact that either a reduction in public funding or an increase in public funding would have on the RTÉ services is needed in order to facilitate the decision making process. We therefore recommend that RTÉ is invited to indicate what improvements could be made to the RTÉ service if they received an increase in public funding and similarly the impact that a reduction in public funding might have on the quality of service.

We also recommend that measures are implemented to provide greater certainty to RTÉ on the likely levels of public funding support.

7.4 Opinion on Process Improvements

The issue of the number and nature of RTÉ targets set merits a review to ensure they are aligned with the strategic challenges facing RTÉ. We note in this context that the RTÉ Revised Statement of Performance Commitments 2012 shows a reduced number of commitments and a more focused approach compared to previous years, and this is welcome. Indecon recommends that as part of the five- year review a fundamental review of the nature of commitments and the relationship with BAI and the link with any licence fee adjustments. This would provide greater certainty both to RTÉ and to the wider public concerning the basis for any future licence fee changes.

In this year's review, an analysis was undertaken on the cost allocation method of RTÉ in-house versus commissioned programming in terms of direct and allocated overhead costs. However, the cost allocation requires further detailed assessment as part of the five year review.

In order to confirm that appropriate costs savings have been identified, additional analysis of the cost efficiency of RTÉ including international benchmarking should be undertaken.

The Five Year Review of Public Funding for Public Service Broadcasters represents an opportunity to undertake the above process recommendations which are likely to contribute to a clearer and more effective funding review process.

Annex 1 Top 20 Television Programmes

Table 1: Top 20 Television Programmes 1st January – 31st December 2011, All Channels Live

	Programme	Channel	Date	Start Time	End Time	(r) TVR	000s	Share
1	The Late Late Toy Show	RTÉ One	02-12	21:37	23:48	30.43	1,246.0	69.39
2	The Eurovision Song Contest	RTÉ One	14-05	20:00	23:27	27.60	1,125.2	64.19
3	The Sunday Game Live (Senior Football Final Kerry vs. Dublin)	RTÉ Two	18-09	15:28	17:53	25.96	1,063.0	69.95
4	The Frontline Leaders Debate	RTÉ One	14-02	21:37	23:05	22.27	910.2	59.94
5	The Late Late Show	RTÉ One	11-02	21:38	23:43	20.30	829.8	56.53
6	Mrs Brown's Boys	RTÉ One	05-02	21:21	21:52	20.22	826.3	53.79
7	The Sunday Game Live (Senior Hurling Final Kilkenny vs. Tipperary)	RTÉ Two	04-09	15:09	17:41	20.18	826.6	64.34
8	RTÉ News: Nine O'clock	RTÉ One	20-03	21:02	21:20	19.64	802.6	45.97
9	The Rose of Tralee	RTÉ One	23-08	21:35	23:26	19.01	775.2	54.59
10	Prime Time Leaders Debate	RTÉ One	22-02	21:39	23:11	18.77	767.1	50.55
11	RTÉ News: Six One	RTÉ One	17-01	18:01	18:54	18.69	763.8	55.07
12	Mrs Brown's Boys Christmas Special	RTÉ One	25-12	22:04	22:32	17.98	736.2	46.61
13	The All Ireland Talent Show	RTÉ One	20-03	20:28	20:59	17.78	726.9	43.39
14	The Frontline	RTÉ One	24-10	21:40	23:28	17.78	728.1	47.93
15	Queen Elizabeth II in Ireland	RTÉ One	18-05	19:26	20:37	16.70	680.8	51.80
16	Fair City	RTÉ One	04-01	20:02	20:28	16.69	682.3	41.68
17	Six Nations Rugby (Ireland vs. England)	RTÉ Two	19-03	16:50	19:45	16.61	678.8	48.14
18	New Year's Eve Show Live	RTÉ One	31-12	22:41	24:29	16.53	677.0	53.33
19	Prime Time Investigates	RTÉ One	16-05	21:37	22:31	16.50	672.5	44.45
20	Election 2011	RTÉ One	26-02	18:35	20:54	16.34	667.9	46.22

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 20 Television Programmes 1st January – 31st December 2011, All Channels Live + VOSDAL

	Programme	Channel	Date	Start Time	End Time	(r) TVR	000s	Share
1	The Late Late Toy Show	RTÉ One	02-12	21:37	23:48	34.54	1,414.3	69.54
2	The Eurovision Song Contest	RTÉ One	14-05	20:00	23:27	28.80	1,174.3	64.23
3	The Sunday Game Live (Senior Football Final Kerry vs. Dublin)	RTÉ Two	18-09	15:28	17:53	26.31	1,077.5	69.00
4	The Frontline Leaders Debate	RTÉ One	14-02	21:37	23:05	23.52	961.3	59.88
5	Mrs Brown's Boys Christmas Special	RTÉ One	25-12	22:04	22:32	21.48	879.7	48.58
6	Mrs Brown's Boys	RTÉ One	05-02	21:21	21:52	21.24	867.9	52.19
7	The Late Late Show	RTÉ One	11-02	21:38	23:43	21.22	867.1	56.03
8	The Sunday Game Live (Senior Hurling Final Kilkenny vs. Tipperary)	RTÉ Two	04-09	15:09	17:41	20.68	847.0	63.19
9	The Rose of Tralee	RTÉ One	23-08	21:35	23:26	20.21	823.9	54.30
10	RTÉ News: Nine O'Clock	RTÉ One	20-03	21:02	21:20	19.89	813.1	43.45
11	Prime Time Leaders Debate	RTÉ One	22-02	21:39	23:11	19.54	798.5	49.81
12	The Frontline	RTÉ One	24-10	21:40	23:28	19.21	786.7	47.65
13	RTÉ News: Six One	RTÉ One	17-01	18:01	18:54	18.86	770.8	54.47
14	The All Ireland Talent Show	RTÉ One	20-03	20:28	20:59	18.20	743.7	42.54
15	Fair City	RTÉ One	04-01	20:02	20:28	18.10	739.6	42.99
16	The X Factor – The Result	TV3	06-11	19:59	20:58	17.50	716.7	36.47
17	Coronation Street	TV3	03-01	20:32	20:59	17.42	712.0	37.66
18	Queen Elizabeth II in Ireland	RTÉ One	18-05	19:26	20:37	17.32	706.0	52.02
19	Prime Time Investigates	RTÉ One	16-05	21:37	22:31	17.31	705.6	44.07
20	Six Nations Rugby (Ireland vs. England)	RTÉ Two	19-03	16:50	19:45	16.86	689.2	47.56

Note: Data is based on Live + VOSDAL 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 3: Top 20 Television Programmes 1st January – 31st December 2011, All Channels Consolidated

	Programme	Channel	Date	Start Time	End Time	(r) TVR	000s	Share
1	The Late Late Toy Show	RTÉ One	02-12	21:37	23:48	37.33	1,528.8	68.77
2	The Eurovision Song Contest	RTÉ One	14-05	20:00	23:27	29.01	1,182.7	63.50
3	The Sunday Game Live (Senior Football Final Kerry vs. Dublin)	RTÉ Two	18-09	15:28	17:53	26.50	1,085.2	68.84
4	The Frontline Leaders Debate	RTÉ One	14-02	21:37	23:05	23.61	964.8	58.06
5	Mrs Brown's Boys Christmas Special	RTÉ One	25-12	22:04	22:32	23.24	951.7	49.19
6	Mrs Brown's Boys	RTÉ One	05-02	21:21	21:52	22.61	924.2	52.36
7	The Late Late Show	RTÉ One	11-02	21:38	23:43	21.68	886.1	55.67
8	The Sunday Game Live (Senior Hurling Final Kilkenny vs. Tipperary)	RTÉ Two	04-09	15:09	17:41	20.68	847.0	63.19
9	The Rose of Tralee	RTÉ One	23-08	21:35	23:26	20.34	829.2	52.95
10	RTÉ News: Nine O'Clock	RTÉ One	20-03	21:02	21:20	19.90	813.3	42.68
11	Prime Time Leaders Debate	RTÉ One	22-02	21:39	23:11	19.74	806.7	47.55
12	The Frontline	RTÉ One	24-10	21:40	23:28	19.34	791.9	46.41
13	RTÉ News: Six One	RTÉ One	17-01	18:01	18:54	18.87	771.1	53.98
14	Fair City	RTÉ One	04-01	20:02	20:28	18.70	764.4	43.48
15	The All Ireland Talent Show	RTÉ One	20-03	20:28	20:59	18.34	749.7	42.22
16	Coronation Street	TV3	03-01	20:32	20:59	18.34	749.4	38.38
17	The X Factor – The Result	TV3	06-11	19:59	20:58	17.82	729.6	36.42
18	Prime Time Investigates	RTÉ One	16-05	21:37	22:31	17.74	723.1	43.35
19	Queen Elizabeth II in Ireland	RTÉ One	19-05	22:18	23:29	17.43	710.4	45.78
20	New Year's Eve Show Live	RTÉ One	31-12	22:41	24:29	17.00	696.1	51.56

Note: Data is based on Consolidated 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 Top 20 All-Week National Radio Programmes

Table 1: Top 20 All-Week National Radio Programmes – Adults 15+, January-December 2011

	Programme	Station	Time-slot	Period	Adults 15+ Prog Reach %	No. of Adults 15+ (000s)
1	Morning Ireland	RTÉ Radio 1	07:00-09:00	Mon-Fri	13%	446
2	Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	Mon-Fri	12%	414
3	The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sat	10%	365
4	The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sun	10%	349
5	News at One	RTÉ Radio 1	13:00-13:45	Mon-Fri	10%	345
6	Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	Mon-Fri	9%	329
7	The John Murray Show	RTÉ Radio 1	09:00-10:00	Mon-Fri	9%	327
8	The Business	RTÉ Radio 1	10:00-11:00	Sat	9%	326
9	Playback	RTÉ Radio 1	09:00-10:00	Sat	8%	292
10	Miriam Meets...	RTÉ Radio 1	10:00-11:00	Sun	8%	272
11	Drivetime	RTÉ Radio 1	16:30-19:00	Mon-Fri	7%	243
12	Mooney	RTÉ Radio 1	15:00-16:30	Mon-Fri	7%	238
13	Ray D'Arcy Show	Today FM	09:00-12:00	Mon-Fri	7%	234
14	News / Papers / Sunday Miscellany	RTÉ Radio 1	09:00-10:00	Sun	7%	233
15	News / Green Tea / Saturday with Charlie Bird	RTÉ Radio 1	13:00-14:30	Sat	7%	232
16	The Ronan Collins Show	RTÉ Radio 1	12:00-13:00	Mon-Fri	6%	227
17	This Week	RTÉ Radio 1	13:00-14:00	Sun	6%	208
18	News / Papers / CountryWide	RTÉ Radio 1	08:00-09:00	Sat	6%	201
19	Tubridy	RTÉ 2fm	09:00-11:00	Mon-Fri	5%	176
20	Ian Dempsey Breakfast Show	Today FM	07:00-09:00	Mon-Fri	5%	171

Source: JNLR / Ipsos MRBI 2011 / 4

Annex 3 RTÉ Radio Audience Data

Table 1: RTÉ Radio Programming Timeblock Reach, Monday – Friday average, January – December 2011

Programme	Station	Time Slot	% Reach	Adults 15+ (000s)
Risin' Time	RTÉ Radio 1	05:30-07:00	1%	40
Morning Ireland	RTÉ Radio 1	07:00-09:00	13%	446
The John Murray Show	RTÉ Radio 1	09:00-10:00	9%	327
Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	9%	329
The Ronan Collins Show	RTÉ Radio 1	12:00-13:00	6%	227
News at One	RTÉ Radio 1	13:00-13:45	10%	345
Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	12%	414
Mooney	RTÉ Radio 1	15:00-16:30	7%	238
Drivetime	RTÉ Radio 1	16:30-19:00	7%	243
Sport @ Seven	RTÉ Radio 1	19:00-19:30	1%	28
Arena	RTÉ Radio 1	19:30-20:30	1%	31
The John Creedon Show	RTÉ Radio 1	20:30-22:00	1%	31
Arts Tonight / Late Debate / Features	RTÉ Radio 1	22:00-23:00	1%	23
Late Date incl Book on One	RTÉ Radio 1	23:00-02:00	1%	27
Damian Farrelly	RTÉ 2fm	06:00-07:00	0%	6
Breakfast with Hector	RTÉ 2fm	07:00-09:00	4%	124
Tubridy	RTÉ 2fm	09:00-11:00	5%	176
Colm Hayes	RTÉ 2fm	11:00-13:00	4%	140
Larry Gogan's Golden Hour	RTÉ 2fm	13:00-14:00	2%	86
Rick in the Afternoon	RTÉ 2fm	14:00-16:30	3%	116
More Music Drive with Will Leahy	RTÉ 2fm	16:30-19:00	3%	105
Dave Fanning (Mon-Thurs); Jenny Greene (Fri)	RTÉ 2fm	19:00-21:00	1%	22
Jenny Huston (Mon-Thurs); RTÉ Pulse on 2fm (Fri)	RTÉ 2fm	21:00-23:00	0%	12
Dan Hegarty (Mon-Thurs); The Spring Sessions (Fri)	RTÉ 2fm	23:00-01:00	0%	2
Marty in the Morning	RTÉ lyric fm	07:00-10:00	1%	25
Paul Herriot in the Tempo	RTÉ lyric fm	10:00-12:00	1%	26
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%	35
Niall Carroll's Classic Drive	RTÉ lyric fm	16:00-19:00	2%	57
Lyric Feature / Reels to Ragas / Jazz Alley / Grace Notes	RTÉ lyric fm	19:00-20:00	0%	12
The Lyric Concert	RTÉ lyric fm	20:00-22:00	0%	16
The Blue of the Night	RTÉ lyric fm	22:00-01:00	0%	14
Lyric Through the Night	RTÉ lyric fm	01:00-07:00	0%	3

Source: JNLR / Ipsos MRBI 2011/4

Table 2 RTÉ Radio Programming Listenership and Reach, Average Sunday January-December 2011

Programme	Station	Time Slot	% Reach	Adults 15+ (000s)
Sunday Rise	RTÉ Radio 1	06:00-08:00	1%	50
Papers / World Report / Bowman	RTÉ Radio 1	08:00-09:00	4%	148
News / Papers / Sunday Miscellany	RTÉ Radio 1	09:00-10:00	7%	233
Miriam Meets...	RTÉ Radio 1	10:00-11:00	8%	272
The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	10%	349
This Week	RTÉ Radio 1	13:00-14:00	6%	208
Sunday Sport	RTÉ Radio 1	14:00-18:00	4%	155
The History Show	RTÉ Radio 1	18:00-19:00	1%	31
Arts Tonight (Rpt) / Doc on One (rpt)	RTÉ Radio 1	19:00-20:00	0%	16
Drama on One	RTÉ Radio 1	20:00-21:00	0%	15
Music on One: South Wind Blows	RTÉ Radio 1	21:00-22:00	0%	10
Music on One: The Rolling Wave	RTÉ Radio 1	22:00-23:00	0%	11
Music on One: OoS / In Concert	RTÉ Radio 1	23:00-24:00	1%	18
Late Date	RTÉ Radio 1	00:00-02:00	0%	6
Radio 1 Through the Night	RTÉ Radio 1	02:00-05:30	0%	4
Weekend Breakfast with Baz & Lucy	RTÉ 2fm	07:00-10:00	1%	45
The Best of Tubridy	RTÉ 2fm	10:00-11:00	2%	54
Ireland's Biggest Jukebox	RTÉ 2fm	11:00-14:00	3%	120
Weekenders with Ruth Scott & Paddy McKenna	RTÉ 2fm	14:00-17:00	2%	59
Michael Cahill	RTÉ 2fm	17:00-19:00	1%	30
The Battle Axe	RTÉ 2fm	19:00-22:00	0%	16
2XM on 2fm	RTÉ 2fm	22:00-24:00	0%	7
	RTÉ 2fm	24:00-06:00	0%	2
Gloria	RTÉ lyric fm	08:00-10:00	0%	14
The Music Box	RTÉ lyric fm	10:00-12:00	1%	19
Weekend Classics with Frank McNamara	RTÉ lyric fm	12:00-14:00	1%	20
Sunday with Gay Byrne / Movies and Musicals	RTÉ lyric fm	14:00-16:00	1%	36
Lorcan Murray's Classic Drive	RTÉ lyric fm	16:00-19:00	1%	38
The Magic Carpet	RTÉ lyric fm	19:00-21:00	0%	10
Nova	RTÉ lyric fm	21:00-22:00	0%	4
The Blue of the Night	RTÉ lyric fm	22:00-01:00	0%	4
Lyric Through the Night	RTÉ lyric fm	01:00-07:00	0%	2

Source: JNLR / Ipsos MRBI 2011/4

Annex 4 RTÉ Player Top 20 Streams April 2012

Table 1 : RTÉ Player Top 20 Streams, April 2012

	RTÉ.ie / Player Programme	Streams 000's	RTÉ Player App version Programme	Streams 000's
1	Republic of Telly 16 th April	30.9	Republic of Telly 16 th April	18.2
2	Republic of Telly 2 nd April	29.1	Republic of Telly 9 th April	16.2
3	The Late Late Show 20 th April	26.4	Republic of Telly 23 rd April	10.4
4	Desperate Housewives 24 th April	25.5	The Savage Eye 16 th April	9.8
5	Desperate Housewives 17 th April	24.7	The Savage Eye 2 nd April	8.8
6	The Savage Eye 2 nd April	24.5	Republic of Telly 2 nd April	8.3
7	The Savage Eye 16 th April	23.6	The Savage Eye 9 th April	7.8
8	Republic of Telly 9 th April	23.5	The Late Late Show 27 th April	7.2
9	The Late Late Show 27 th April	22.4	The Late Late Show 20 th April	6.8
10	Desperate Housewives 10 th April	22.1	Republic of Telly 2 nd April	6.2
11	Republic of Telly 23 rd April	21.7	Home & Away 13 th April	5.4
12	Desperate Housewives 3 rd April	21.0	Home & Away 16 th April	5.0
13	The Late Late Show 13 th April	18.4	The Savage Eye 23 rd April	4.9
14	The Savage Eye 23 rd April	17.3	The Late Late Show 13 th April	4.6
15	Home & Away 26 th April	16.7	UEFA Champions League 25 th April	4.4
16	The Savage Eye 9 th April	15.5	The Late Late Show 6 th April	3.8
17	Home & Away 6 th April	15.3	Home & Away 25 th April	3.2
18	Home & Away 24 th April	15.3	Republic of Telly 26 th of April	2.8
19	Home & Away 27 th April	15.0	Home & Away 27 th April	2.8
20	Home & Away 12 th April	15.0	Home & Away 6 th April	2.6

Source: Blue Metrix.

Annex 5 Breakdown of RTÉ Direct versus Allocated Overhead Costs

In-house and Commissioned Drama and Entertainment Programming

Table 1: Commissioned TV Drama 2011 Direct & Overhead Costs by Programme			
	Direct Costs	Overheads	Total
	€000s	€000s	€000s
Commissioned Drama programme 1	*	*	*
Commissioned Drama programme 2	*	*	*
Commissioned Drama programme 3	*	*	*
Commissioned Drama programme 4	*	*	*
Commissioned Drama programme 5	*	*	*
Commissioned Drama programme 6	*	*	*
Commissioned Drama programme 7	*	*	*
Commissioned Drama programme 8	*	*	*
Commissioned Drama programme 9	*	*	*
Commissioned Drama programme 10	*	*	*
Commissioned Drama programme 11	*	*	*
Commissioned Drama programme 12	*	*	*
Commissioned Drama programme 13	*	*	*
Commissioned Drama programme 14	*	*	*
Commissioned Drama programme 15	*	*	*
Commissioned Drama programme 16	*	*	*
Commissioned Drama programme 17*	*	*	*
Commissioned Drama programme 18	*	*	*
Commissioned Drama programmes - Other	*	*	*
Total	*	*	*

** Data is confidential and commercially sensitive.*

*Accounting adjustment re prior year revisions not actualised.

Note: Rounding occurs in this table.

Source: RTÉ data.

Table 2: In-House TV Entertainment 2011 Direct & Overhead Costs by Programme			
	Direct Costs	Overheads	Total
	€000s	€000s	€000s
In-House Entertainment programme 1*	*	*	*
In-House Entertainment programme 2	*	*	*
In-House Entertainment programme 3	*	*	*
In-House Entertainment programme 4	*	*	*
In-House Entertainment programme 5	*	*	*
In-House Entertainment programme 6	*	*	*
In-House Entertainment programme 7	*	*	*
In-House Entertainment programme 8	*	*	*
In-House Entertainment programme 9	*	*	*
In-House Entertainment programme 10	*	*	*
In-House Entertainment programme 11	*	*	*
In-House Entertainment programme 12	*	*	*
In-House Entertainment programme 13	*	*	*
In-House Entertainment programme 14	*	*	*
In-House Entertainment programme 15	*	*	*
In-House Entertainment programme 16	*	*	*
In-House Entertainment programme 17	*	*	*
In-House Entertainment programme 18	*	*	*
In-House Entertainment programme 19	*	*	*
In-House Entertainment programme 20	*	*	*
In-House Entertainment programme 21	*	*	*
In-House Entertainment programme 22	*	*	*
In-House Entertainment programme 23	*	*	*
In-House Entertainment programme 24	*	*	*
In-House Entertainment programme 25**	*	*	*
In-House Entertainment programmes other	*	*	*
	*	*	*

* Data is confidential and commercially sensitive.

*Accounting adjustment re prior year provisions not actualised.

**While this is an in-house programme in terms of editorial control, production relies on contracted facilities resulting in minimal reliance on RTE infrastructure, support and administration.

Note: Rounding Occurs in this Table.

Source: RTE data.

Table 3: Commissioned TV Entertainment 2011 Direct & Overhead Costs by Programme

	Direct Costs	Overheads	Total
	€000s	€000s	€000s
Commissioned Entertainment programme 1	*	*	*
Commissioned Entertainment programme 2	*	-	*
Commissioned Entertainment programme 3	*	-	*
Commissioned Entertainment programme 4	*	-	*
Commissioned Entertainment programme 5	*	*	*
Commissioned Entertainment programme 6	*	-	*
Commissioned Entertainment programme 7	*	*	*
Commissioned Entertainment programme 8	*	*	*
Commissioned Entertainment programme 9	*	*	*
Commissioned Entertainment programme 10	*	*	*
Commissioned Entertainment programme 11	*	*	*
Commissioned Entertainment programme 12	*	*	*
Commissioned Entertainment programme 13	*	*	*
Commissioned Entertainment programme 14	*	*	*
Commissioned Entertainment programme 15	*	*	*
Commissioned Entertainment programme 16	*	*	*
Commissioned Entertainment programme 17	-	*	*
Commissioned Entertainment programme 18	*	*	*
Commissioned Entertainment programme 19	*	*	*
Commissioned Entertainment programme 20	*	*	*
Commissioned Entertainment programme 21	*	*	*
Commissioned Entertainment programme 22	*	*	*
Commissioned Entertainment programme 23	*	*	*
Commissioned Entertainment programme 24	*	*	*
Commissioned Entertainment programme 25	*	*	*
Commissioned Entertainment programme 26	*	*	*
Commissioned Entertainment programme 27	*	*	*
Commissioned Entertainment programme 28	*	*	*
Commissioned Entertainment programme 29	*	*	*
Commissioned Entertainment programme 30	*	*	*
Commissioned Entertainment programme 31	*	*	*
Commissioned Entertainment programme 32	*	*	*
Commissioned Entertainment programme 33	*	*	*
Commissioned Entertainment programme 34	*	*	*
Commissioned Entertainment programme 35	*	*	*
Commissioned Entertainment programme 36	*	*	*
Commissioned Entertainment programme 37	*	*	*
Commissioned Entertainment programme 38	*	*	*
Commissioned Entertainment programme 39	*	*	*
Commissioned Entertainment programme 40	*	*	*

*: Data is confidential and commercially sensitive.

Note: Rounding occurs in this table.

Source: RTÉ data.

**Table 4: Commissioned TV Entertainment 2011 Direct & Overhead Costs by Programme
(Continued)**

	Direct Costs	Overheads	Total
	€000s	€000s	€000s
Commissioned Entertainment programme 41	*	*	*
Commissioned Entertainment programme 42	*	*	*
Commissioned Entertainment programme 43	*	*	*
Commissioned Entertainment programme 44	*	*	*
Commissioned Entertainment programme 45	*	*	*
Commissioned Entertainment programme 46	*	*	*
Commissioned Entertainment programmes other	*	*	*
Total	*	*	*

** Data is confidential and commercially sensitive.*

Source: RTÉ data.

Annex 6 Detailed List of Commitments 2011

Table 1: RTÉ Strategic Objective 1 and Related Detailed Performance Commitments for 2011

	Objective 1: Fulfil all our Public Service Objects and strive for the highest standards in ethics and accountability, on and off-air
1A.	Deliver a wide range of programming and services as per Broadcasting Act 2009 (s114)
	Operate a range of national media services in the public interest
	Broadcast a range of programming, including programmes that are entertaining, informative, educational and inclusive
	Deliver a range of music performances to entertain and educate
	Deliver programming and services relevant to social and cultural needs of young people living Ireland
1B.	Place ourselves at the centre of Irish life and society and be a forum for debate
	Deliver comprehensive News and Current Affairs service
	Ensure appropriate coverage of key international and national events: notably the General Election
	Social programmes on General Election: Debate with Party Leaders and <i>Campaign Daily</i>
	Take a range of radio programmes around the country to cover the General Election
	Cross-platform coverage of minimum 4 international events involving Irish teams or individuals
	Guarantee space where national conversation, reflection, and debate can take place, covering public affairs, democratic values, culture, and religious beliefs and practices
	Maintain commitment to Irish language programming
	Maintain commitment to Irish cultural programming
	Undertake education and outreach initiatives
	Participate fully in transition to digital broadcasting
1C.	Promote inclusiveness and diversity
	Reflect the daily lives, concerns and the cultural and regional diversity of the people of the whole island of Ireland
	Provide coverage of religious, community and cultural activities including minority cultures and interests

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.

Table 2: RTÉ Strategic Objective 1 and Related Detailed Performance Commitments for 2011 (Continued)

	Objective 1: Fulfil all our Public Service Objects and strive for the highest standards in ethics and accountability, on and off-air
1D.	Retain existing and attract new audiences through the provision of relevant services
	Fulfil universe service obligation for analogue TV & radio
	Increase / maintain reach for RTÉ television services
	Increase / maintain reach for RTÉ radio services
	Increase / maintain reach for RTÉ online services
	Increase / maintain reach for all RTÉ services
	Maintain reach among key audience cohorts and increase where possible
	Facilitate access to TV for those with sensory disabilities
	Provide service to Irish Diaspora
	Increase audience perceptions of relevance
	Maintain audience connection with services
1E.	Be accountable, honest and responsible in all of our activities
	Maintain best practice governance and reporting systems
	Fulfil all legislative and regulatory requirements
	Ensure compliance with all relevant codes
	Ensure best practice policies used for new technologies and social media tools
	Ensure transparency and pro-active communications
	Align management Performance Development System with performance
	Measurement systems where practicable
1F.	Exceed minimum standards
	Demonstrate leadership in access services by exceeding minimum standards and providing new / innovative services where possible
	Publish Corporate Social Responsibility Report annually
	Maintain public access via central phone and email information services
	Ensure highest business and accounting standards through voluntary compliance with international codes & IFRS

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.

Table 3: RTÉ Strategic Objective 1 and Related Detailed Performance Commitments for 2011

	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
2A.	Be the primary source of independent News and Current Affairs in Ireland
	Maintain significant audience flagship News and Current Affairs programmes
	Deliver impartial and objective News and Current Affairs
	Build audience appreciation for and increase relevance of RTÉ News and Current Affairs programmes
	Maintain and enhance foreign coverage where possible to deliver an Irish perspective on international events
2B.	Be the primary source of Irish / home produced content, nationally and from the regions
	Ensure a high proportion of home-production during peak on RTÉ One
	Ensure regional coverage
	Performing groups to be the leading provider of live music of quality and diversity in their field
2C.	Deliver the best quality programmes and services
	Be the leader in Irish TV & Radio programmes across all key genres
	Continue strong RTÉ performance on annual top 20 programme lists
	Maintain highest production standards (Perceptions of Quality)
	Participate in international and national competitions
2D.	Meet the needs of Irish audiences and build affinity with RTÉ
	Provide state of the art audience research for programme makers
	Further embed research in decision-making processes through optimising benefits of enhancements to ARP verbatim tool
	Build affinity with RTÉ
	Build loyalty to RTÉ
2E.	Implement highest editorial standards
	Review editorial guidelines in context of legislation and codes of practice
	Minimise legal / regulatory corrective actions
	Minimise BAO complaints upheld
	Deal with BAI complaints promptly
2F.	Deliver innovative programming and services
	Optimise technology usage to facilitate innovation in programming
	Bring new formats, initiatives and programmes to all media
	Deliver cross-platform and cross-media initiatives
	Create new encounters for musicians and audiences

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.

Table 4: RTÉ Strategic Objective 1 and Related Detailed Performance Commitments for 2011

	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
3A.	Facilitate access to content through digital media and increase connection points with RTÉ
	Increase accessibility to RTÉ content
	Maintain availability of archive content via online services
	Grow Digital Radio Services, on digital radio and online
	Deliver mobile applications for relevant products
	Develop new avenues to connect with audiences across the whole island of Ireland and facilitate interaction with RTÉ
3B.	Implement technology change programme
	Develop new multimedia production models
	Efficient use of technology for appropriate programme making and transmission of services
3C.	Implement end-to-end Digitisation Programme
	Build end-to-end digital content production network over 4 years
	Migrate to HDTV
3D.	Ensure content distribution / delivery across all platforms
	Use end-to-end digital content production network to populate all platforms and devices
	Ensure delivery on digital terrestrial, cable, satellite, as well as (mobile) internet and across IP networks
	Achieve targeted population coverage for DTT
3E.	Progress Project 2025
	Achieve phase 1 targets by 2014

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.

Table 5: RTÉ Strategic Objectives and Related Performance Commitments for 2011 (Continued)

	Objective 4: Effectively manage RTÉ's finances into the future through optimising funding sources and controlling costs
4A.	Manage finances prudently
	Meet budgetary target for 2011
	Solvency: Target availability of cash / facilities to meet commitments as they fall due
	Cost control and cost curtailment initiatives
	Review ERP systems and implement new integrated system by 2014
4B.	Optimise funding sources
	Maximise the exploitation of all revenue streams both traditional and new
	Diversify and increase funding sources
	Maximise the potential of paid Production Placement, within the parameters of regulations
4C.	Optimise market share
	Endeavour to maintain audience share on television in the face of significant national and international competition
	Optimise audience share for key radio services
4D.	Deliver a value for money service
	Ensure best value for money achieved in all areas of the business
	Continue to make best use of Licence Fee Income
	Enhance audience perception of "value for money" of Licence Fee
4E.	Control people costs
	Set Personnel Related Operating Costs (PROCs) at not more than 50% of total costs
	Management of headcount and new contracts
4F.	Efficient resource management
	Monitor cost per transmitted hour
	Efficient usage of facilities (TV Centre)
	Efficient usage of facilities (Radio Centre)
	Improve resource management procedures and utilisation of programme personnel

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.

Table 6: RTÉ Strategic Objectives and Related Performance Commitments for 2011 (Continued)

	Objective 5: Ensure that RTÉ has a high quality workforce and is optimally organised to deliver the best value for money service to the Irish public
5A.	Develop people and skills
	Conduct cost-neutral internal training in line with business requirements
	Provide relevant staff development opportunities
	Maintain best practice in communications to staff
5B.	Optimise organisational structure
	Regularly review workforce numbers to achieve further optimisation where possible
	Review organisational structure to fulfil public purpose in best manner
	Deliver annual manpower plan in each IBD and monitor adherence to same
5C.	Optimise work practices
	Review work practices

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.

Table 7: RTÉ Strategic Objectives and Related Performance Commitments for 2011 (Continued)

	Objective 6: Establish and maintain collaborative partnerships and take a leadership role in the creative and digital economies in Ireland
6A.	Maintain and grow collaborative relationships
	Support the development of the independent production sector
	Ensure Radio and Television independent commissioning meet statutory spending requirements
	Develop training initiatives with independent producers, the BAI and other organisations
	Nurture productive relations with local authorities and others to enable meaningful engagement at local and international events
	Explore opportunities to host media industry events
	Maintain strong membership of EBU and contribute to other European and international projects as appropriate
	Continue to forge close relationships with regulatory bodies
	Continue to forge close relationship with trade bodies
6B.	Foster creativity, new ideas and cultural expression
	Support cultural events, including minority interests
	Develop new talent (presenters, musicians, artists, programme makers and content creators)
	Show leadership within the creative industries
	Commission and premiere new work
6C.	Explore new creative and cultural partnerships
	Explore opportunities for partnerships
	Engage other agencies in evolving a policy regarding National Audio-Visual policy and collections

Source: Data from the RTÉ Annual Statement of Performance Commitments 2011.