



TG4 Annual Public Funding Review 2012

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

Prepared for

The Broadcasting Authority of Ireland

Prepared by

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Executive Summary

Introduction and Background to Review

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 TG4. The terms of reference for the study are as outlined below.

- ☐ Assess the extent to which TG4 has fulfilled its commitments in respect of its public service objectives, as set out in its Annual Statement of Performance Commitments 2012.
- ☐ Assess the extent to which creativity is fostered and sustained by TG4.
- ☐ Assess the extent to which TG4 operates efficiently and effectively and provides value for money.
- ☐ Assess the adequacy, or otherwise, of public funding to TG4 to enable it to meet its public service objectives.
- ☐ Assess the extent to which TG4 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 TG4 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 TG4 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 TG4 to be undertaken in subsequent years.

According to the Broadcasting Act 2009 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 provides a report to the Minister with a recommendation for a modification to the annual licence fee and the amount of payment to be made to TG4. The Authority within five years of the passing of the 2009 Act and every three years thereafter, carries out an overall review of the adequacy of public funding in enabling the PSBs to fulfil their public service objectives. The Authority also considers the existing financial resources available to the PSBs, the existing level of funding, the annual nature of the public funding requirements, the level of commercial funding available to the PSB; and any international developments in public service broadcasting. This current review by Indecon concerns the examination of TG4 for the year 2012.

Trends in the Irish Economy and Broadcasting Industry

The trends in the Irish economy and in the broadcasting industry provide the context for the economic and broadcasting environment within which TG4 operates.

Small increases in GDP, GNP and Gross National Disposable Income were recorded in 2012 as depicted in the table below.

Annual Percentage Change in National Income 2009-2012				
	2009	2010	2011	2012
	€Million	€Million	€Million	€Million
GDP at current market prices	162,284	158,097	162,600	163,938
GNP at current market prices	133,919	131,812	130,662	132,649
Gross National Disposable Income at current market prices	132,496	130,398	129,479	131,444
	2008-2009	2009-2010	2010-2011	2011-2012
	%Change	%Change	%Change	%Change
Gross Domestic Product (GDP)	-10.0%	-2.6%	2.8%	0.8%
Gross National Product (GNP)	-13.6%	-1.6%	-0.9%	1.5%
Note: All figures are measured at current market prices				
Source: <i>Indecon analysis of data from the CSO National Income and Expenditure Annual Results for 2012.</i>				

GDP and GNP per capita increased slightly in 2012. Total domestic demand continued to decline across the period from 2008 to 2012. Hourly earnings declined in the period since 2009 but increased very slightly in 2012. The unemployment rate rose dramatically between 2008 and 2011, and increased very slightly by 0.1 percentage points in 2012. The consumer price index increased marginally in 2012.

The prospects for the Irish economy show improvement, but had not improved dramatically in the context of a review of funding for 2012. More significantly, household incomes and domestic expenditure remain very constrained. This has implications for TG4 commercial revenues and also for the ability of households to fund any licence fee increases.

A development in television broadcasting in 2012 was the switch-off of analogue television and the move to digital terrestrial television in October 2012. TG4 is predominantly viewed on DTT which corresponds to 14% of main reception type in households, while TG4 viewing is lower on satellite and cable, which make up a larger proportion of reception types across Ireland. Considered in combination with the continuing importance of digital services, it is important that TG4 continue to invest in innovative content and new services.

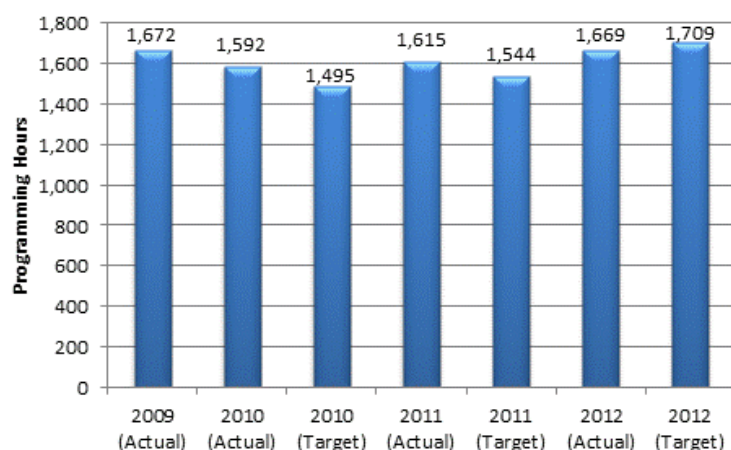
Examination of Extent to Which TG4 Commitments Have Been Met

A number of commitments were set for TG4 concerning programming outputs, promotion and development of the Irish language and culture, service and technology, governance, use of public funds and responsiveness and trustworthy broadcasting.

Programming Outputs

In 2012, TG4 delivered 1,669 hours of new Irish language programming content, compared to a target set of 1,709 hours. TG4's 2012 performance however exceeded hours of new Irish language programming content in 2011.

Total New Irish Language Programming Output TG4, 2012 Vs Prior Years



Note: Hours measured here are according to contracts.

Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) and TG4 Review of 2012 Performance (April 2013).

Promotion and Development of the Irish Language and Culture

A range of commitments were set covering the key objectives of the promotion and development of the Irish language and culture.

TG4 commissioned 673 hours of new Irish language content from the Irish language independent production sector in 2012, exceeding its target of 607 hours. TG4 delivered 52 in-house hours, compared to the commitment of 57 hours.

Service and Technology

Reflecting the position of many of the smaller broadcasters, TG4's reach continued to decline in 2012. TG4's reach has fallen from 16.04% in 2010 to 15.43% in 2011 and 14.01% in 2012. TG4 consolidated channel share declined from 2.00% in 2011 to 1.85% in 2012. One of the commitments for TG4 in 2012 was to maintain and if possible increase their national audience share and reach. TG4's share is highest among adults aged 55 and over and amongst men. TG4 recorded its lowest share among adults between the ages of 15 and 34, and amongst children. In terms of long term sustainability this is an important issue.

TG4 recorded 11.48 million page impressions in 2012, a 22.4% decrease on 2011 figures. There was also a reduction in the number of visits, to 2.12 million, and in the number of unique visitors to 1.21 million in 2012. TG4 notes that this is as a result of a change in the measurement system. There was a 43% reduction in the number of Player streams as a result of the redesign of the TG4 Player. However, hours watched on the TG4 Player have increased by 249% from 53,677 hours in 2011 to 187,294 hours in 2012.

TG4 improved its place in the Alexa rankings for Irish language websites from 3rd in 2011 to 1st in 2012. New online games and apps were released in 2012 for the children's section of the TG4 website, and a children's version of the TG4 Player, CúlaTV, was introduced.

Governance

A number of commitments were set covering governance including to deliver all statutory requirements and to work closely with stakeholders. TG4 maintained regular dialogue with the DCENR and the BAI and engaged extensively with RTÉ.

Responsive and Trustworthy Broadcasting

TG4 commitments included to be independent, impartial and reliable and to foster awareness and understanding of other cultures. TG4 was a founding member of WITBN and engaged with WITBN, the Celtic Media Festival and the EBU on a range of topics.

Use of Public Funds

In 2012, TG4 spent 71.43% of public funding on Irish language content. The target average cost per hour for TG4 commissioned programming (including internal /co-productions) was €25k and this was achieved in 2012. Commitments were also set in terms of supporting jobs in the independent production sector which were met.

Summary

Overall, TG4 met most of its measurable targets set out under the commitments for 2012. However, a major challenge for TG4 concerns meeting commitments on channel share and audience reach.

Review of TG4's Role in Supporting Creativity

TG4 supported a total of 432 creative staff in 2012, which represents an increase of 4.6% on the 2011 figure of 413 creative staff. Music accounted for the highest number of creative staff; documentaries and entertainment recorded increases of 15% and 29% respectively in the number of creative staff supported by the TG4.

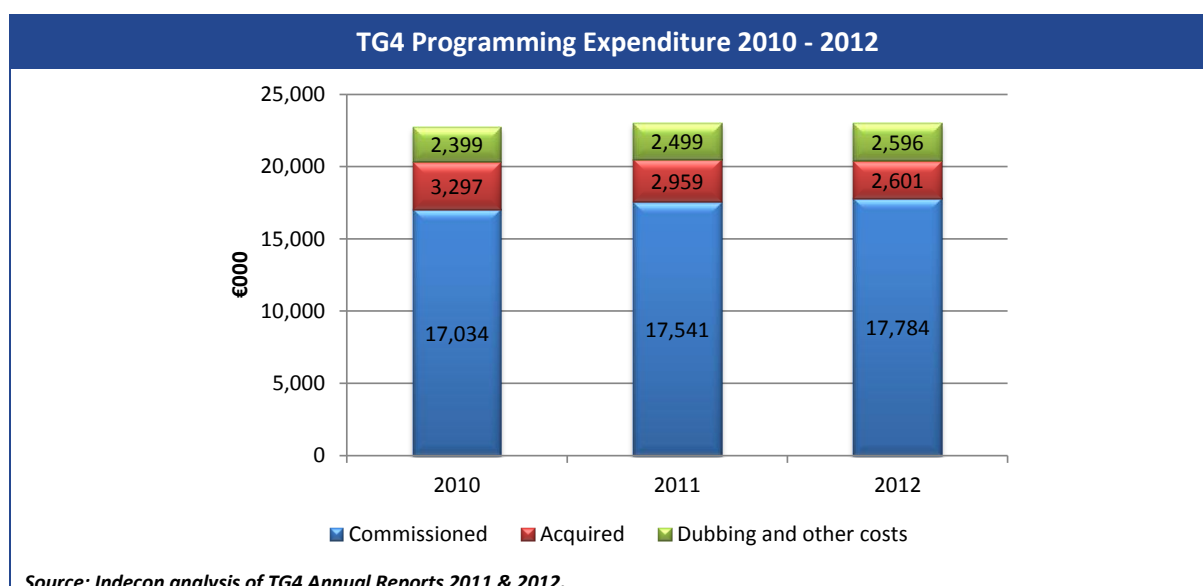
TG4 Creative Resources 2012						
	All Genres	Drama	Documentaries	Entertainment	Art & Sport	Music
Directors	134	19	75	19	10	11
Actors	104	57	20	25	1	1
Musicians/Composers	144	5	12	3	1	123
Writers	38	18	17	2	1	0
First-time Writers	12	8	4	0	0	0
Total	432	107	128	49	13	135

Source: TG4 Review of 2012 Performance (April 2013).

The number of awards/nominations received by TG4 declined slightly from 75 in 2011 to 72 in 2012.

During 2012, TG4 supported Irish comedy, produced three new pilots, reversioned international series and supported Gaeltacht-based independent production companies.

TG4 supports and fosters creativity through its involvement and support of the Irish independent production sector. This support is provided through the commissioning of programmes from the sector and the securing of funding for the sector. The majority of TG4 programming expenditure (77.4% in 2012) is directed towards commissioning programmes from the independent production sector. Commissioned programming expenditure was €17.8 million in 2012 and has increased year-on-year between 2010 and 2012. There was a decline in the funding secured by TG4 for the independent production sector to €5.8 million in 2012.



TG4's Financial Performance, Efficiency and Value for Money

TG4 is heavily reliant on public funding as a source of income. 91.2% of TG4 income was derived from public funding, with the remaining 8.8% obtained from commercial sources. Public funding for TG4 remained fixed at €32.75 million between 2011 and 2012. A slight increase in commercial income from €3.1 million to €3.2 million in 2012 was achieved.

Composition of TG4 Group Income 2010-2012			
	2010	2011	2012
	€000s	€000s	€000s
Public Funding for Current Expenditure ¹	32,250	32,750	32,750
Commercial Income	3,483	3,110	3,171
Total	35,733	35,860	35,921
% Income from Public Funding	90.25%	91.33%	91.17%
% Income from Commercial Income	9.75%	8.67%	8.83%
<i>Source: TG4 Annual Report 2010, 2011 and 2012 (most recently published figures), Indecon analysis.</i>			

TG4's total operating costs increased by 1% between 2011 and 2012. Small increases were recorded for total staff costs, commissioned programming costs, and other costs. Costs declined for some costs including acquired programming, overheads and marketing and research.

Analysis of Principal Drivers of TG4 Operating Costs 2010-2013						
Source	2010	2011	2012	Year to-date April 2013	% change 2011 - 2012	CAGR ² 10-12
	€000	€000	€000	€000	(%)	(%)
Total Staff Costs	4,916	5,166	5,260	1,859	2%	3.44%
Commissioned Programmes Costs	17,034	17,541	17,784	10,135	1%	2.18%
Acquired Programmes Costs	3,297	2,959	2,601	1,032	-12%	-11.18%
Dubbing & Other	2,399	2,499	2,596	971	4%	4.02%
Board Costs	167	185	142	41	-23%	-7.79%
Overheads	1,821	1,985	1,868	791	-6%	1.28%
Marketing & Research	1,679	1,554	1,528	572	-2%	-4.60%
Transmission Costs	3,697	3,404	3,557	608	4%	-1.91%
Depreciation	860	1,302	1,753	988	35%	42.77%
Amortisation of Grants	-704	-1,273	-1,724	-979	35%	-*
Total	35,166	35,322	35,365	16,018	0.1%	0.28%
<i>Note: CAGR = compound annual growth rate.</i>						
<i>*CAGR is not a meaningful statistic when either the start number or the end number is negative.</i>						
<i>Source: TG4 Annual Report 2011 and 2012 (most recently published figures), TG4 data and Indecon analysis.</i>						

TG4's cost income ratio declined marginally to 100.01% in 2012.

¹ This excludes the amortisation of grants and excludes funding from BAI (Sound and Vision) or ILBF as TG4 are not in receipt of this funding.

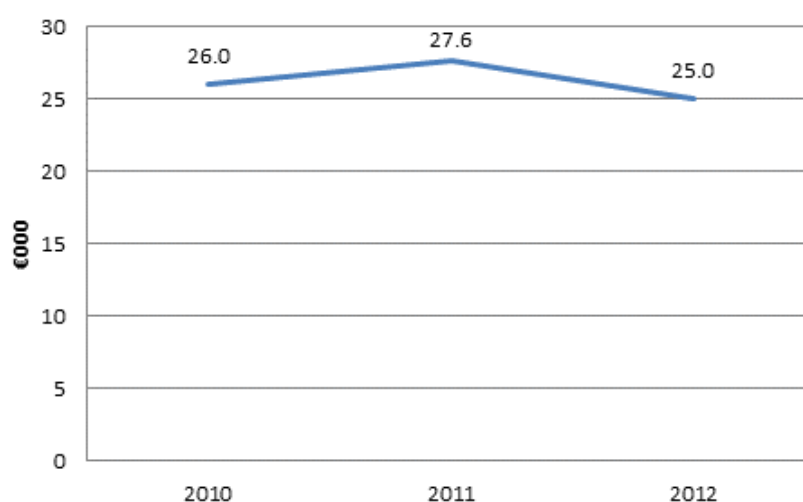
² Compound Annual Growth Rate = $(V_{t_n} / V_{t_0})^{(1/t_n - t_0)} - 1$.

Cost Income Ratio for TG4 2010-2012			
Source	2010	2011	2012
	€000	€000	€000
Gross Commercial Income	3,483	3,110	3,171
(Of Which Net Commercial Income)	2,895	2,557	2,606
Interest Receivable & Similar Income	58	2	7
Public Funding	32,954	34,023	34,474
Total Gross Income	36,495	37,135	37,652
Total Net Income	35,907	36,582	37,087
Gross Operating Expenditure	35,870	36,595	37,089
Net Operating Expenditure	32,975	34,038	34,483
Net Cost – Gross Income Ratio	90.35%	91.66%	91.58%
Gross Cost – Net Income Ratio (%)	99.9%	100.04%	100.01%

Source: Indecon analysis of TG4 Annual Report 2010, 2011 and 2012 (most recently published figures).

Commissioning expenditure accounts for a high proportion of total programming expenditure for TG4. The average contract cost per hour of commissioned programming declined by 9.4% to €25,000 in 2012, following an increase in cost per hour between 2010 and 2011.

Figure 1.1: Trend in TG4 Average Cost per Hour of Commissioned Programming 2010-2012



Note: Cost includes current net spend plus spend deferred from previous year coming into present year. Sport in 2012 incorporates rounding-off of data.

Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

The total cost per broadcast hour **Data is commercially sensitive and has been redacted.**

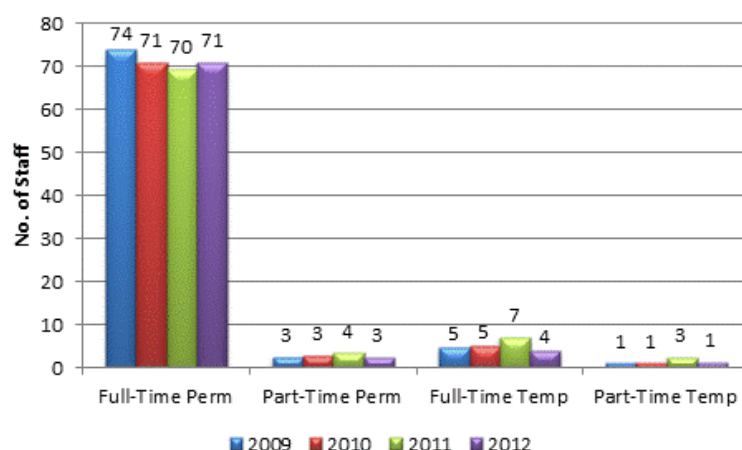
TG4 Broadcast Summary 2012 & 2011			
	Broadcast Hours	Total Cost €000	Cost Per Hour €000
2012		2012	
Irish Language Commissions/In-house	*	*	*
Irish Language Acquired/Dubbed	*	*	*
Total Irish Language	*	*	*
Non-Irish language	*	*	*
Total Broadcast	*	*	*
2011		2011	
Irish Language Commissions/ In-house	*	*	*
Irish Language Acquired/Dubbed	*	*	*
Total Irish Language	*	*	*
Non-Irish language	*	*	*
Total Broadcast	*	*	*
<i>Note: *Data is commercially sensitive and has been redacted.</i>			
<i>Source: Indecon analysis of TG4 data</i>			

The cost per viewer hour excluding the audience for RTÉ-provided hours remained high at €0.25 in 2012 reflecting the specialised audience segment and the low number of viewers compared to major broadcasters. Including audience for RTÉ-provided hours, cost per viewer hour increased in 2012.

Table 1.1: TG4 Cost per Viewer Hour 2010-2012			
	2010	2011	2012
	€	€	€
Cost per viewer hour*	0.24	0.25	0.25
Cost per viewer hour including RTE-provided hours	0.217	0.22	0.24
<i>Note: * Cost per viewer hour excludes the audience of RTÉ provided hours. No cost to TG4 arises from RTÉ 365 hours.</i>			
<i>Source: TG4 Review of 2012 Performance (April 2013).</i>			

There was an increase in the number of full-time permanent staff to 71, contrasting with the downward trend documented in previous years. There was, however, a decline in the number of part-time and temporary staff.

TG4 Headcount of FTE Staff 2012 Vs Prior Years

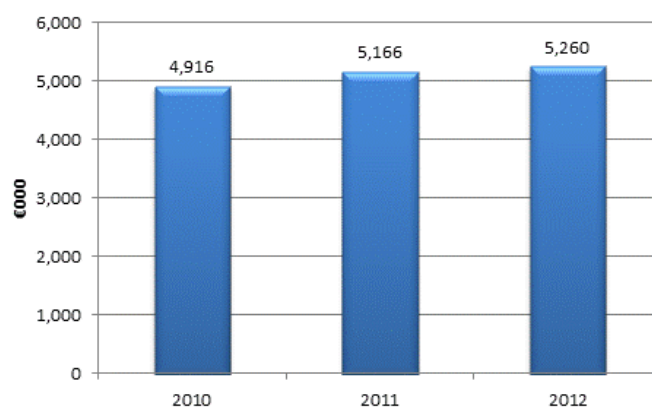


Note: Headcount is full time equivalent (FTE) numbers.

Source: Indecon analysis based on TG4 data.

TG4 staff costs after capitalisation increased marginally in 2012 and amounted to €5.26 million in 2012. Staff costs in 2012 amounted to €5.26m.

TG4 Staff Costs 2012 Vs Prior Years



Note: TG4 labour costs were capitalised in 2010, 2011 and 2012. The gross cost before capitalisation for 2010, 2011 and 2012 was €5.469m, €5.584m and €5.488m respectively. Most recently published data used.

Source: TG4 Financial Statements from the Annual Report 2011 & 2012.

TG4 cost per head of full-time permanent FTEs remained stable between 2011 and 2012. Average salary costs of full time permanent staff amounted to approximately €59,900.

TG4 Salary Cost per Employee 2012 Vs 2011						
	Total Salary Cost		Headcount		Cost per Head	
	2011	2012	2011	2012	2011	2012
	€000	€000	FTE	FTE	€000	€000
Full-time Perm	4,165	4,268	70	71.25	59.5	59.9
<i>Source: Indecon analysis of TG4 data.</i>						

EU Compliance

TG4 recorded a deficit in 2012 and was compliant with the EU guidelines on overcompensation. The deficit in 2012 was approximately €1.7m. However, this was before amortisation of capital grants. If these are included the deficit falls to €3k.

Adequacy of Funding

Indecon's analysis reveals that TG4 recorded a small financial deficit in 2012, after amortisation of capital grants. There was a slight increase in operating costs due primarily to the increase in commissioned programming expenditure. It should be noted however that TG4 remains very dependent on public funding, with public funding accounting for 91.2% of total revenue in 2012. The funding for TG4 is broadly aligned with what is needed to meet the current range of services, however, decisions are required on the role and market position for TG4 and this would have implications for the adequacy of funding.

Recommendations

Based on our analysis we outline below a number of recommendations for consideration by the Authority.

Table 1.2: Summary of Recommendations

Adjustments to Public Funding

1. Indecon would not recommend any reduction in TG4 funding if TG4 is to continue with its current mandate.
2. Indecon would not recommend an increase in TG4 public funding, unless it was proposed to change the levels of Services provided.
3. TG4 should supply a detailed costed strategy, including different levels of digital service provision.

Cost Efficiency

4. Cost efficiencies must continue to be pursued where possible.

Market Share and Reach

5. TG4 must focus on maintaining and increasing market share and reach in order to secure a sustainable future.

Process Improvements

6. Further work is needed to reduce the number of commitments set by TG4 each year although Indecon recognises that the annual review process is likely to change significantly following recommendations from the five-year review of public service broadcasters.
7. Indecon recommends that a detailed analysis of capital expenditure should be included in future annual reviews.

Source: Indecon Analysis.

Acknowledgements

Indecon would like to acknowledge the valuable inputs of officials from the Broadcasting Authority of Ireland and from management and executives in TG4. Particular thanks are due to Diarmaid Breathnach and Margaret Tumelty 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 TG4 for its open approach and co-operation and inputs provided during the study, in particular, Mary Uí Chadhain, Pól Ó Gallchoir 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 TG4. The terms of reference for the study are as outlined below.

- ☐ Assess the extent to which TG4 has fulfilled its commitments in respect of its public service objectives, as set out in its Annual Statement of Performance Commitments 2012.
- ☐ Assess the extent to which creativity is fostered and sustained by TG4.
- ☐ Assess the extent to which TG4 operates efficiently and effectively and provides value for money.
- ☐ Assess the adequacy, or otherwise, of public funding to TG4 to enable it to meet its public service objectives.
- ☐ Assess the extent to which TG4 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 TG4 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 TG4 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 TG4 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 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 provides a report to the Minister with a recommendation for a modification to the annual licence fee and the amount of payment to be made to TG4. The Authority within five years of the passing of the 2009 Act and every three years thereafter, carries out an overall review of the adequacy of public funding in enabling the PSBs to fulfil their public service objectives. The Authority considers:

- ☐ 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 TG4 for the year 2012.

1.3 Methodology and Structure of the Report

Our methodological approach taken in this review was agreed with 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 TG4 2012 commitments, utilisation of funding and their performance on their programming schedule for 2012.
3. Review of the value for money of the TG4 and formulation of key conclusions and recommendations.

Phase 1

The first phase of the work programme involved the collection of primary and secondary data from TG4. Subsequently, clarifications with senior personnel at TG4 were undertaken. A review of the data collected underpinned the analysis in the review.

A project inception meeting was held with the BAI with the purpose of understanding the views of the BAI and addressing any high level issues in relation to the current review including the adequacy of the TG4 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 reviews of public funding for 2010 and 2011 and any issues arising from these review. Other relevant research examined included documents such as the PSB's review of their performance against their statement of commitments. Indecon also reviewed any relevant comparative benchmarking information.

At the data collection stage of the review, Indecon examined key data which reflected on the performance of TG4 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 TG4 fosters and sustains creativity we reviewed data information on a wide range of factors. These included:

- ❑ Details of any measures taken by the broadcasters to support creativity in terms of their commissioning policies and in terms of support for wider creative sectors;
- ❑ Analysis of any programming or other awards achieved, although we know that care is needed in interpreting any such awards;
- ❑ Information on policies undertaken to support creativity within broadcasting staff and suppliers; and
- ❑ Detailed data was assembled on the number of creative personnel supported by TG4 programming.

Phase 2

Phase 2 concerned the review of the commitments, utilisation of funding and programme level commitments of TG4. This phase included an assessment of ability to fulfil stated commitments and other policy operations for TG4, 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 TG4 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 the value for money review and the formulation of the conclusions and recommendations. The following costs were examined in the value for money of the broadcasting service:

1. Personnel related costs
2. Commissioned programming costs
3. Acquired programming costs
4. Overhead costs and administrative costs
5. Non-programme related operating costs
6. Capital expenditure

The analysis involved a breakdown by sub categories, an examination of trends over time, an assessment of outturn vis-a-vis budgets and any comparable costs. 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 TG4 for 2011 in respect of its public service objectives. Section 4 analyses the extent to which TG4 fosters and sustains creativity. Section 5 presents a review of the financial results of TG4. Section 6 examines the cost efficiency and value for money of the TG4 service. Section 7 provides our overall conclusions and 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 TG4. Particular thanks are due to Diarmaid Breathnach and Margaret Tumelty of the BAI. We also received valuable inputs from our discussions on the previous review with the Chief Executive, Chairman and the BAI Authority.

Indecon also would like to thank TG4 for its open approach and co-operation and inputs provided during the study, in particular, Mary Uí Chadhain, Pól Ó Gallcháir and all of the staff who responded to our information requests.

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2 Trends in the Irish Economy and Broadcasting Industry

2.1 Introduction

In this section, we examine trends in the Irish economy and in the broadcasting industry. This provides context for the economic and broadcasting environment within which TG4 operates and informs subsequent analysis when considering changes in revenues and market share.

2.2 Overview of the Irish Economy

Data on the Irish economy from 2009 to 2012 is provided in Table 2.1 below. Last year's review highlighted that the economic situation in Ireland was very challenging due to continuing declines in GNP and Gross National Disposable Income. The overall economic situation improved slightly in 2012, and this is reflected in small increases in GDP, GNP and Gross National Disposable Income.

Table 2.1: Annual Percentage Change in National Income 2009-2012				
	2009	2010	2011	2012
	€Million	€Million	€Million	€Million
GDP at current market prices	162,284	158,097	162,600	163,938
GNP at current market prices	133,919	131,812	130,662	132,649
Gross National Disposable Income at current market prices	132,496	130,398	129,479	131,444
	2008-2009	2009-2010	2010-2011	2011-2012
	%Change	%Change	%Change	%Change
Gross Domestic Product (GDP)	-10.0%	-2.6%	2.8%	0.8%
Gross National Product (GNP)	-13.6%	-1.6%	-0.9%	1.5%
Note: All figures are measured at current market prices				
Source: Indecon analysis of data from the CSO National Income and Expenditure Annual Results for 2012.				

It is also important to consider trends in national income per capita and per person employed over the period 2009 to 2012. The trends in GDP and GNP per capita are very similar to trends in overall GDP and GNP; GDP per capita declined from 2009 to 2010 and then increased slightly across 2010 to 2012, while GNP per capita declined across 2009 to 2011 but increased slightly between 2011 and 2012. The trend is different, however, when GDP and GNP are considered per person employed. There has been an increase in GDP and GNP per capita across 2009 to 2012, reflecting lower numbers in employment as the unemployment rate has increased (examined further in Table 2.5 overleaf).

Table 2.2: Trend in National Income Per Capita and Per Person Employed 2009-2012				
	2009	2010	2011	2012
	€Million	€Million	€Million	€Million
Per Capita				
GDP at current market prices	35,797	34,710	35,542	35,752
GNP at current market prices	29,541	28,939	28,561	28,928
Per Person Employed				
GDP at current market prices	82,211	83,490	87,358	89,281
GNP at current market prices	67,842	69,609	70,199	72,241
Note: All figures are measured at current market prices				
Source: Indecon analysis of data from the CSO National Income and Expenditure Annual Results for 2012.				

Table 2.3 documents the annual percentage change in personal consumption of goods and services and in total domestic demand from 2008 to 2012. This shows that personal consumption of goods and services increased across 2010 to 2012, following declines from 2008 to 2010. Total domestic demand however continued to decline across the period considered. These are relevant factors to consider as changes in domestic demand are likely to impact the commercial revenues received by TG4, even though such revenues are a small element of total income of TG4.

Table 2.3: Annual % Change in Total Domestic Demand 2009-2012				
	2009	2010	2011	2012
Source	% Change	% Change	% Change	% Change
Personal Consumption of Goods and Services	-11.5	-1.3	0.2	0.3
Total Domestic Demand	-16.2	-7.3	-0.6	-0.6
Note: All figures measured at current market prices				
Source: Indecon analysis of data from the CSO Quarterly National Accounts, Q1 2012.				

Table 2.4 presents the trend in average hourly earnings and labour costs across 2009 to 2012. This is an important consideration for TG4 given the importance of public funding. As earnings and income reduce, the ability of households to fund television licence fee or increased public expenditure becomes more difficult. Hourly earnings declined between 2009 and 2010 and remained stable at €21.9 for 2010 and 2011, before increasing very slightly to €22.0 in 2012. Labour costs followed a similar trend, declining across 2009 to 2011 and then increasing slightly in 2012. However, these figures do not fully capture the pressures on households as income tax rates and other taxes have also increased.

Table 2.4: Earnings and Labour Costs for 2009-2012				
	2009	2010	2011	2012
Average Hourly Earnings (Euro)	22.2	21.9	21.9	22.0
Average Hourly Labour Costs (Euro)	25.8	25.2	25.1	25.3
Source: Indecon analysis of data from CSO principal statistics				

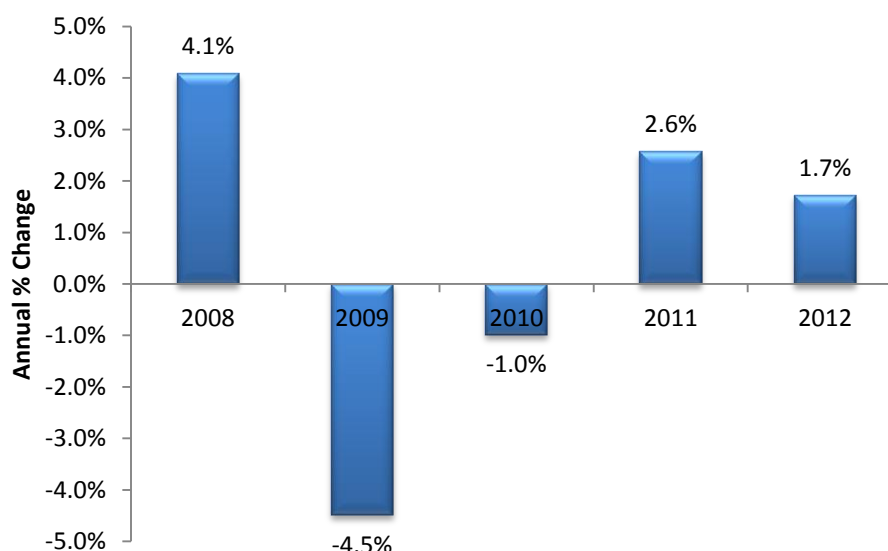
Table 2.5 presents the unemployment rate in Ireland across 2008 to 2013 as another measure of the economic situation in Ireland. The unemployment rate rose dramatically between 2008 and 2009, and then continued to rise between 2009 and 2012. The unemployment rate increased very slightly by 0.1 percentage points between 2011 and 2012 and there has been some signs of improvement in 2013. The average unemployment rate for the first six months of 2012 was 13.7%, which represents a 1 percentage point fall from 2012 (and a fall of 1.2 percentage points on the average unemployment rate across the first six months of 2012).

Table 2.5: Unemployment Rate in Ireland 2009-2013

	2008	2009	2010	2011	2012	2013*
Standardised Unemployment Rate (Annual Average)	6.4%	12.0%	13.8%	14.6%	14.7%	13.7%
<i>Source: Indecon analysis of data from CSO principal statistics</i>						
*2013 figure based on an average for the first six months of 2013.						

Figure 2.1 examines the annual percentage change in the consumer price index from 2008 to 2012. The Broadcasting Act 2009 outlines that any adjustments to the licence fee should take account of changes in the consumer price index less an adjustment. The consumer price index declined between 2007 and 2010, and then increased between 2010 and 2011 and again between 2011 and 2012.

Figure 2.1: Consumer Price Index, Annual Percentage Change 2008-2012



Source: Indecon analysis of data from CSO principal statistics

The overall economic situation in Ireland improved slightly over 2012 in terms of national income and earnings. However, the unemployment rate continued to rise between 2011 and 2012. Early indications from 2013 suggest that the unemployment rate has fallen in 2013. The prospects for the Irish economy show improvement, but had not improved dramatically in the context of a review of funding for 2012.

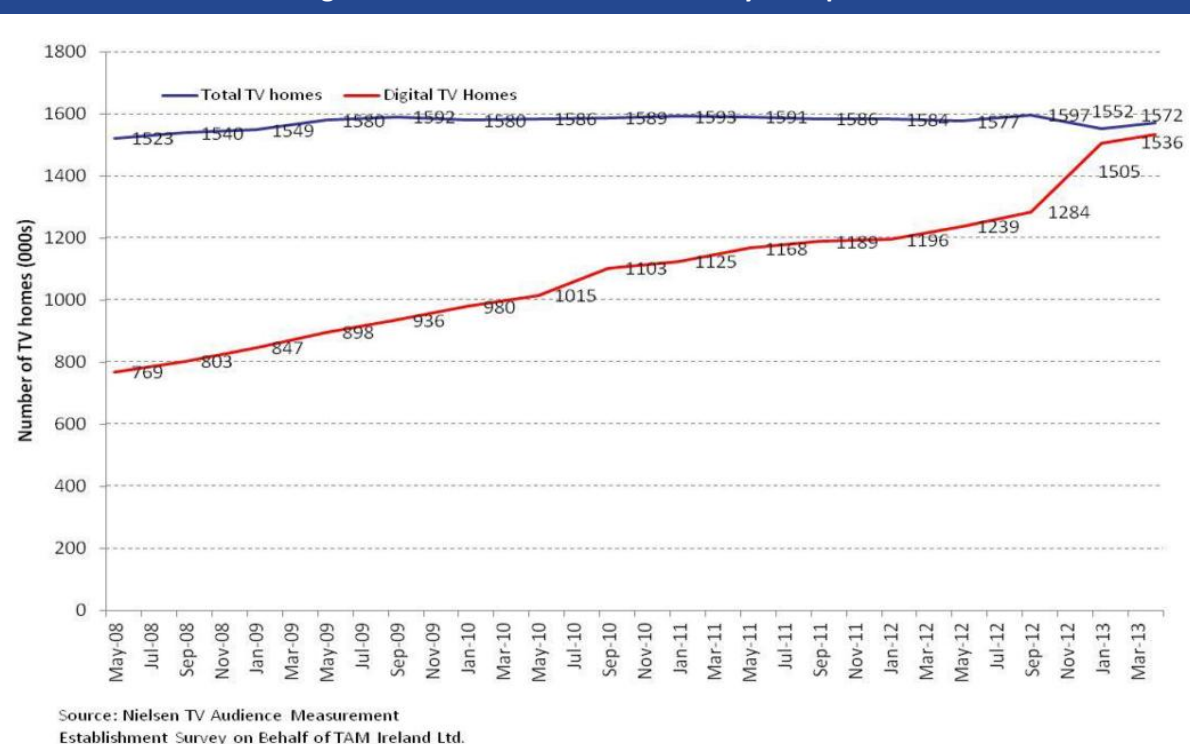
2.3 Trends in the Irish Broadcasting Industry

2.3.1 Television Broadcasting

The nature of television broadcasting changed in 2012 with the switch-off of analogue television and the move to digital terrestrial television in October 2012. Figure 2.2 shows the total number of TV homes and the number of digital TV homes in Ireland between May 2008 and April 2013. The total number of TV homes remained stable across the period, but there was a steady increase in the number of digital homes until September 2012, which saw a much steeper increase in the number of digital TV homes.

Due to the switch to digital television occurring in late 2012, ComReg notes that television achieved 93% penetration throughout homes in Ireland as of January 2013.³

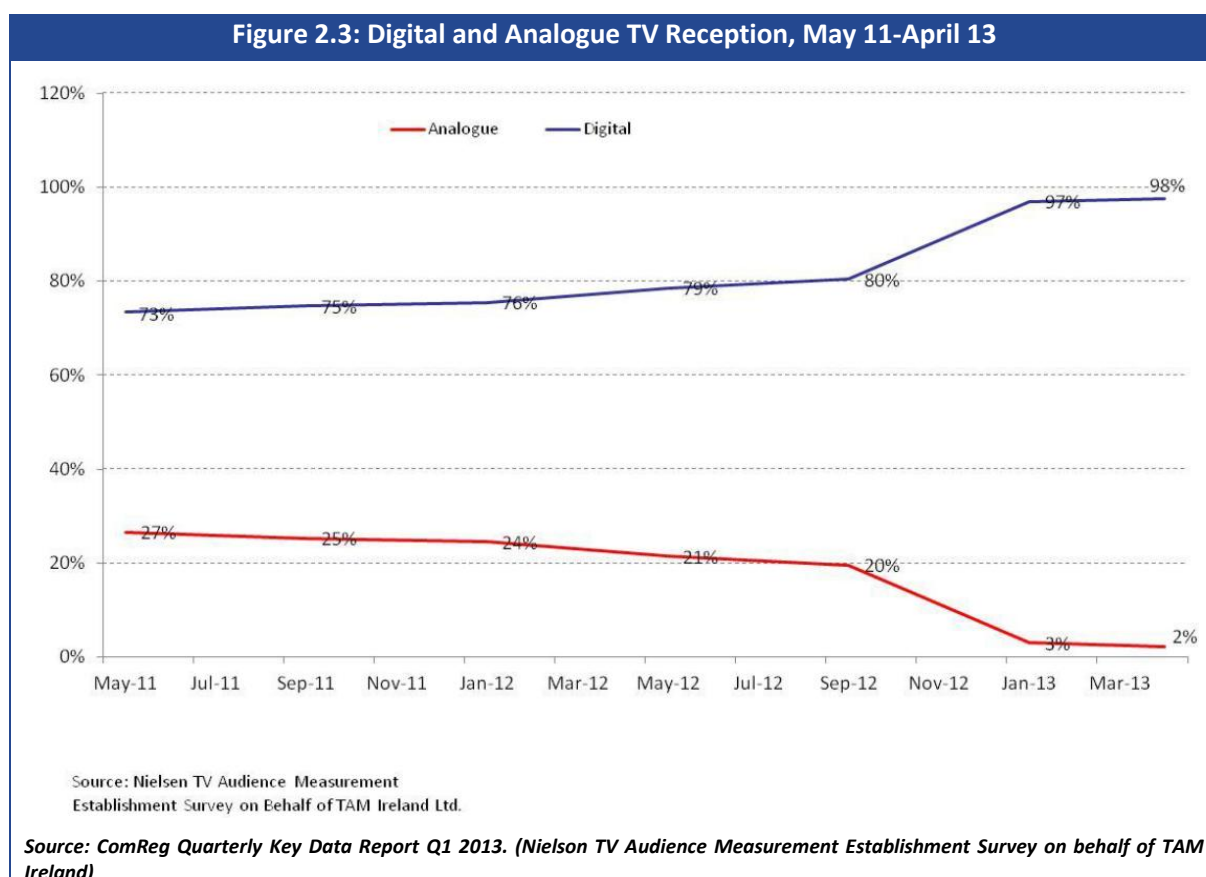
Figure 2.2: Number of TV Homes May 08–April 13



Source: ComReg Quarterly Key Data Report Q1 2013. (Nielsen TV Audience Measurement Establishment Survey on behalf of TAM Ireland)

³ ComReg Quarterly Key Data Report Q1 2013. (Nielsen TV Audience Measurement Establishment Survey on behalf of TAM Ireland)

Figure 2.3 considers digital versus analogue reception types for May 2011 to April 2013, and clearly demonstrates the sharp decline in analogue TV homes from September 2012. The proportion of households with digital reception was 98% in April 2013.



When considering TG4's performance against its stated commitments for 2012, we examine TG4's audience share in 2012. It is instructive to consider this in the context of other broadcasters in Ireland, as provided in Table 2.6 overleaf. TG4's share fell from 2.00% to 1.85% in 2012, which was a fall of 0.15 percentage points. Most of the channels considered overleaf experienced declines in their channel share. Only RTÉ Two, 3e, E4 and Comedy Central achieved share increases between 2011 and 2012. This decline in market share, however, continues to represent a fundamental challenge for TG4 and we understand that TG4 is taking steps to respond to this while not losing sight of their mandate.

Table 2.6: Channel Shares 2012 Vs 2011

Channel	2011	2012	% change
1. RTÉ One	22.76	20.41	-10.3%
2. TV3	12.60	11.13	-11.7%
3. RTÉ Two	8.89	9.16	3.0%
4. BBC One	4.37	4.36	-0.2%
5. UTV	3.16	2.76	-12.7%
6. BBC Two	2.51	2.17	-13.5%
7. Channel 4	2.35	2.16	-8.1%
8. TG4	2.00	1.85	-7.5%
9. Sky One	1.34	1.25	-6.7%
10. 3e	1.31	1.82	38.9%
11. Sky News	0.94	0.71	-24.5%
12. Sky Living	0.89	0.75	-15.7%
13. E4	0.75	0.85	13.3%
14. Comedy Central	0.58	0.73	25.9%
15. Setanta Ireland	0.37	0.31	-16.2%

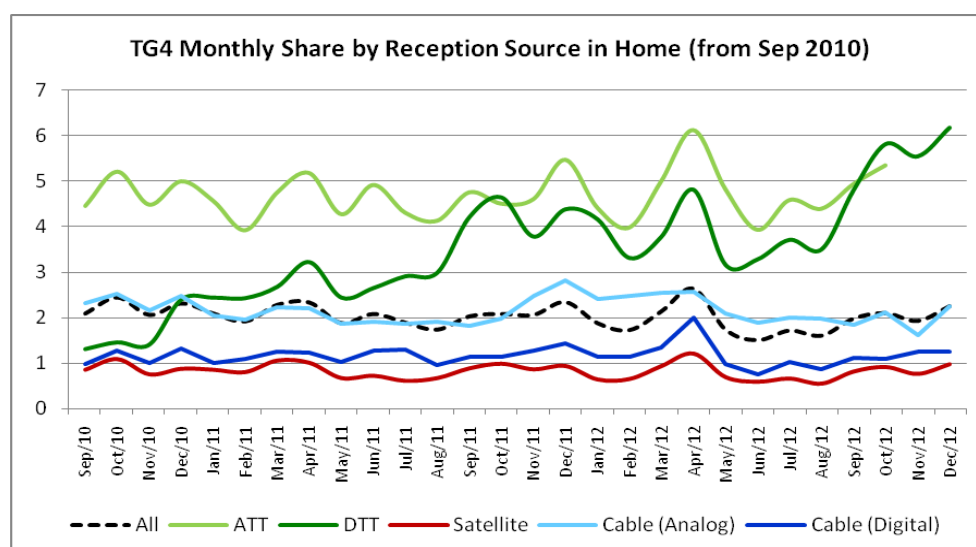
Note: All figures reported are "Consolidated" shares across all TV platforms, referring to live viewing at time of transmission and playback viewing up to 7 days after transmission.
Source: *Indecon analysis of TG4 Review of 2012 Performance (April 2013)*.

2.3.1 Competition from Different Platforms

As discussed above, ASO (Analogue Switch Off) occurred in October 2012, by which point most TV homes in Ireland had switched to digital terrestrial television (DTT). There is now intense competition from a number of other platforms, namely, cable, satellite and broadband television.

Figure 2.4 presents TG4's share by platform for September 2010 to December 2012. This highlights the number of different platforms available for use by TG4 audiences; namely, Analogue Terrestrial Television (until October 2012), DTT, satellite, analogue cable and digital cable. TG4's share on satellite, digital cable and analogue cable remained stable across the period in question, with only small share fluctuations. Figure 2.4 also highlights that TG4's share on DTT increased significantly from just over 1% to over 6% by December 2012. TG4's share is highest on DTT, followed by analogue cable, digital cable and satellite.

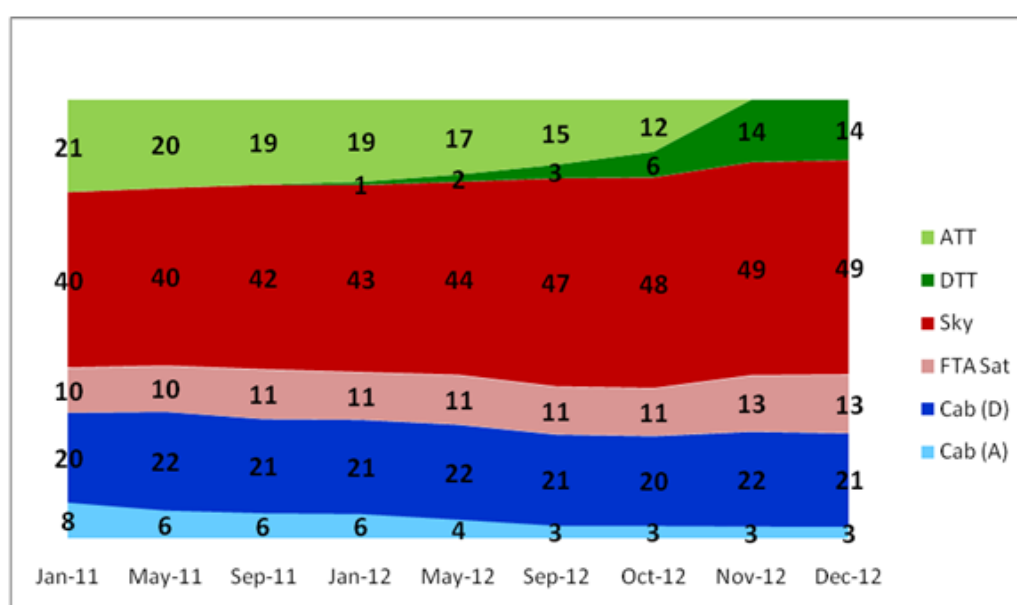
Figure 2.4: TG4 Share by Platform September 2010 – December 2012



Source: TG4 data.

Figure 2.5 presents the main reception type in households by percentage from January 2011 to December 2012. This figure documents the decline in ATT as a main reception type across 2011 and 2012 and the fall to zero by November 2012. The number of households with DTT as their main reception type increased dramatically at the start of 2011 to 14% by December 2012. The percentage of households with analogue cable as their main reception type declined slightly across the period while the percentage of households with digital cable and FTA Sat increased marginally. Satellite was the most common reception type across 2011 to 2012; it also grew the most in percentage point terms.

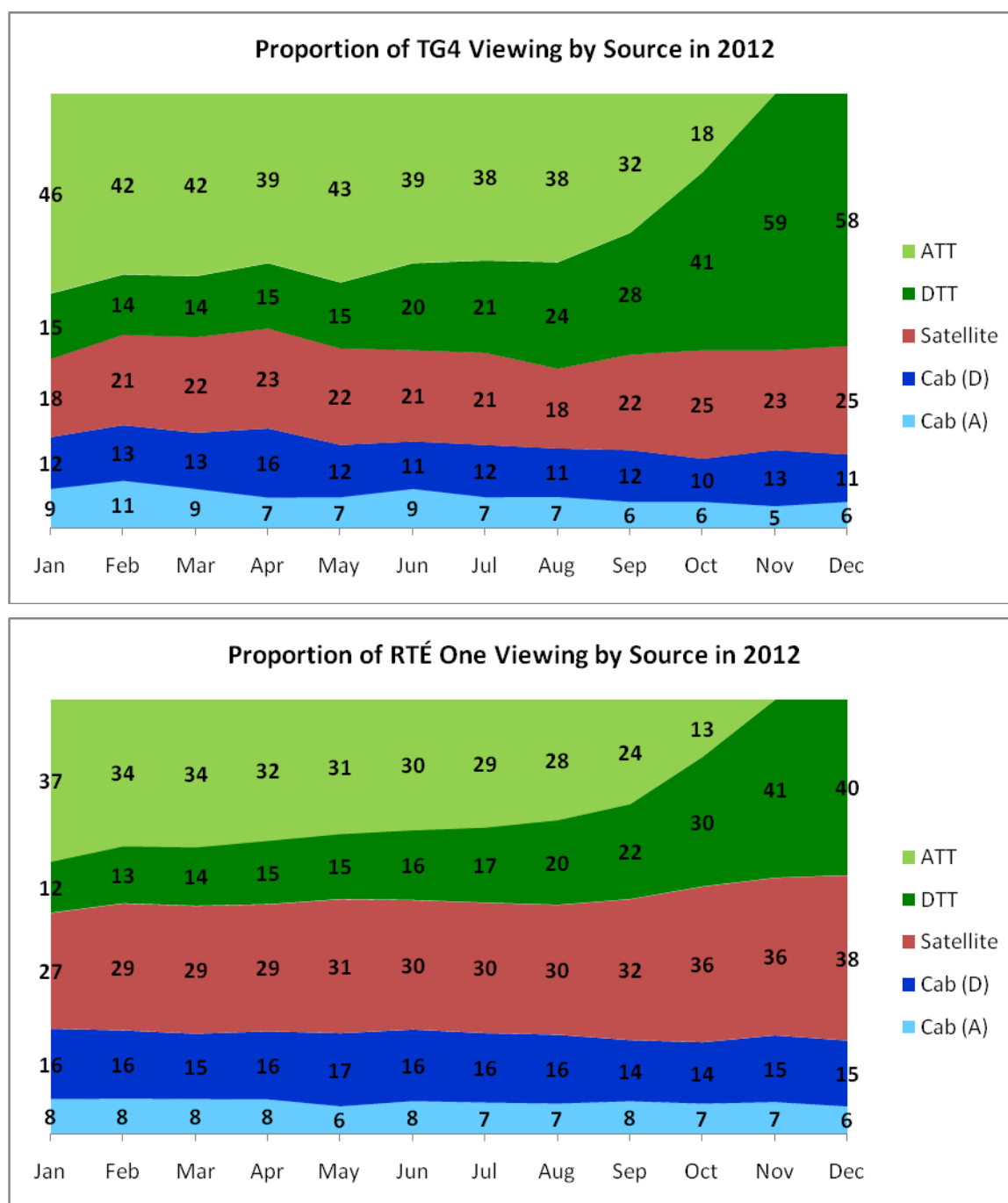
Figure 2.5: % Main Reception Type in Home, 2011-2012



Source: TG4 data.

Figure 2.6 considers the proportion of TG4 viewing by source and compares this to the proportion of RTÉ One viewing by source. TG4 viewing is highly concentrated on DTT at 58% by the end of 2012. In contrast, the proportion of TG4 viewed on satellite and digital cable is low.

Figure 2.6: Proportion of Viewing by Source for TG4 Versus RTÉ One in 2012



Source: TG4 data and analysis.

2.3.2 Continuing Importance of Digital Broadcasting Sector and Technology

The importance of emerging platforms for viewing television content is highlighted in the report by Ipsos MRBI for TAM Ireland titled “TAM Ireland Viewing Habits” (7th March 2013). The survey found that 97% of adults had watched audiovisual content on a television set in the previous day, while 18% had watched content on a device other than a television set (laptop, mobile phone, PC, tablets, etc.). This increased to 34% when the sample was restricted to respondents between the ages of 15 and 34. The vast majority (94%) of respondents had watched live TV in the previous day. This demonstrates the importance of investing in digital content into the future, particularly to attract younger audiences.

Growing market share is an important focus for TG4 into the future, as highlighted in Table 2.6 considered previously. TG4 has specifically targeted continuing development of its online presence in its statement of performance commitments, and has developed new content/services such as applications for mobile phones. This innovation is discussed further in Sections 3 and 4.

2.3.3 Implications of Trends in Irish Economy and Broadcasting Sector for TG4

TG4 has been operating in a challenging economic environment for the last number of years. The declines in earnings, rise in unemployment and the overall economic crisis have reduced commercial opportunities and revenues. In addition, there has been a need for the Government to reduce overall public spending, which is an issue given TG4’s reliance on public funding. However, it seems that the economic situation is slowly improving in Ireland; 2012 saw increases in GDP, GNP, earnings and labour costs. In contrast, there was also a slight increase in the unemployment rate, although early data for 2013 suggests that the unemployment rate has reduced slightly. In conclusion, the economic situation within which TG4 operates improved slightly across 2012.

TG4 also faces challenges in the Irish broadcasting sector. An increasing number of channels and platforms led to declines in market share for many of the Irish channels throughout 2012. TG4’s share declined from 2.00% to 1.85% between 2011 and 2012. In addition, TG4 is predominantly viewed on DTT which corresponds to 14% of main reception type in households, while TG4 viewing is lower on satellite and cable, which make up a larger proportion of reception types across Ireland. Considered in combination with the importance of digital services, it is important that TG4 continue to invest in innovative content and new services.

3 Examination of Extent to Which TG4 Commitments Have Been Met

3.1 Introduction

In this section, we examine TG4's performance in relation to its commitments, which are designed to fulfil its public service objectives.

3.2 TG4 Performance against Commitments 2012

3.2.1 Overview

TG4 is required to submit its Annual Statement of Performance Commitments (ASPC) to the Broadcasting Authority of Ireland (BAI); this incorporates the objectives which TG4 aims to attain in each year. The BAI has clearly set out the following themes under which these commitments must be identified:

- ☐ Content Provision /Programming Outputs;
- ☐ Promotion and Development of the Irish Language & Culture;
- ☐ Use of Public Funds;
- ☐ Governance;
- ☐ Service Technology; and
- ☐ Responsive and Trustworthy Broadcaster.

By the end of the first quarter in each year, TG4 is required to submit a description of its performance against these commitments for the preceding year. In this section, we evaluate TG4's performance against its commitments as set out in the TG4 Review of 2012 Performance, which was submitted to the Department of Communications, Energy and Natural Resources (DCENR) in April 2013.

3.2.2 TG4 Delivery of its Objectives

TG4's objectives as set out in the Broadcasting Act 2009 are provided in Box 3.1 overleaf. Indecon's analysis suggests that these objectives have broadly been met in 2012. The development of a TG4 archive has been delayed; As at April 2013, TG4 was preparing its submission for funding to the BAI for this scheme. As in 2011's review, objectives (c) and (g) were not applicable in 2012. Analogue switch-off occurred in October 2012 and digital terrestrial television (DTT) was made available via Saorview to 98% of the population. TG4 continued to develop its online presence in 2011 and moved from third to first in the Alexa rankings of Irish language websites.

Box 3.1: TG4 Objectives According to the Broadcasting Act 2009

- (a) to establish, maintain and operate a national television broadcasting service, which shall have the character of a public service, be a free-to-air service and be made available, in so far as it is reasonably practicable, to the whole community on the island of Ireland,
- (b) to establish and maintain a website and teletext services in connection with the services of TG4 under paragraphs (a), (c), (d), (e), (f), (g) and (h),
- (c) to establish and maintain choirs and other cultural performing groups in connection with the services of TG4 under paragraphs (a), (f), (g) and (h),
- (d) to assist and co-operate with the relevant public bodies in preparation for, and execution of, the dissemination of relevant information to the public in the event of a major emergency,
- (e) to establish and maintain archives and libraries containing materials relevant to the objectives of TG4 under this subsection, 122,
- (f) to establish, maintain and operate, in so far as it is reasonably practicable, a television broadcasting service, which shall have the character of a public service, to be made available to Irish communities outside of the island of Ireland,
- (g) subject to the consent of the Minister, the Minister having consulted with the Authority, to establish, maintain and operate in so far as it is reasonably practicable, community, local, or regional broadcasting services, which shall have the character of a public service, and be available free-to-air,
- (h) subject to the consent of the Minister, the Minister having consulted with the Authority, to establish and maintain non-broadcast non-linear audio-visual media services, in so far as it is reasonably practicable, which shall have the character of a public broadcasting service (such consent not being required in respect of such services which are ancillary to a broadcasting service provided under paragraphs (a), (d), (f) and (g).

Source: Broadcasting Act 2009.

3.2.3 Programming Outputs

In this section, we consider TG4's performance against its programming commitments, which fall under the heading of content provision in the ASPC framework set out by the BAI.

In Table 3.1, details of TG4's outcomes on their programming commitments in 2012 are presented.

Table 3.1: TG4 Commitments Performance – Programming Outputs

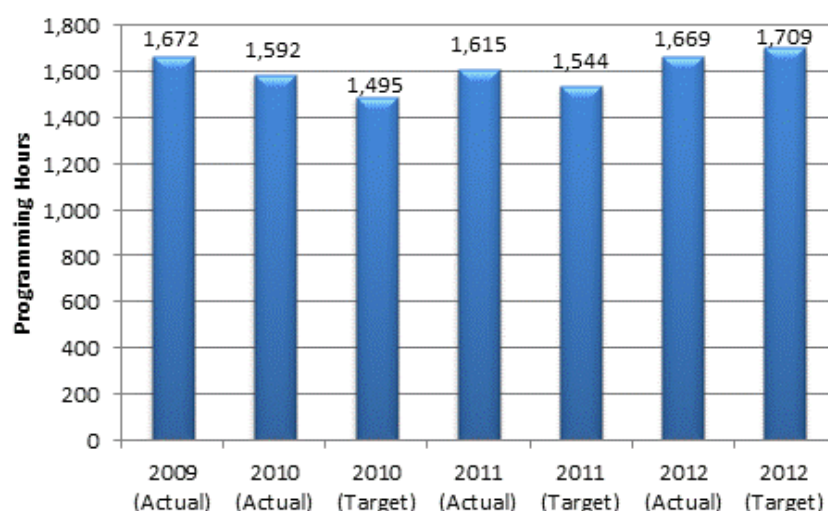
Commitment	Performance
Commission and broadcast a minimum of 1,709 hours of new and original, high quality, Irish language content across all programming genres, ensuring it has TG4's distinctive 'súil eile' perspective.	TG4 delivered 1,669 hours of new Irish language programming content, compared to a target set of 1,709 hours. TG4's 2012 performance exceeded actual hours of new Irish language programming content in 2011.
Remain committed to delivering new high-quality, entertaining, interactive and educational children's and young people's Irish language content and through it, continue to encourage a positive attitude towards the Irish language.	TG4 did not achieve its 2012 targets in relation to hours of new Irish language programming in the children's/teens genre, delivering 284 hours of new Irish language programming content to a target of 324 hours. TG4 states in its performance review that 360 hours of children's/teens programming was acquired, but that only 284 hours were dubbed into Irish due to funding reasons. These 284 hours of new Irish language programming for children/teens represent a drop on the 2011 figure of 295 hours. TG4 agreed to broadcast between 6 and 6.5 hours of children's and teens programming every day; this target was achieved via scheduled broadcasting blocks for every day except Sundays. These blocks comprised separate programming for pre-school kids, older children and teenagers. TG4 focussed on its online presence for children and teenagers, redesigning the Cúla 4 website, releasing three new Irish language apps, reversioning 8 new online games into Irish and creating CúlaTV, the TG4 Player service for children.
Provide independent and in-depth coverage and analysis of, and an alternative viewpoint on, news and current affairs throughout the island of Ireland and the world.	TG4 delivered 200 hours of new Irish language programming in the news and current affairs genre, broadly achieving the 2012 target of 201 hours. This represented a very slight increase of 0.5% on the 199 hours of news and current affairs programming provided in 2011 (the target was to achieve a 1% increase on 2011 hours). TG4 provided 35 hours from the Houses of the Oireachtas and the European Parliament, broadcast a weekly Nuacht insert on the Scottish Gaeltacht, and made 233 hours of news and current affairs programming available on TG4.tv to a target of 200 hours.
Reflect the important role that sport, particularly Irish sport, holds in Irish life and culture. We will broadcast a number of major and live sporting events and overall, Irish language sports coverage will be a key part of our 2012 programming schedule.	TG4 delivered 521 hours of new Irish language sports programming in 2012, which missed the 2012 target of 590 sports hours by 11.7%. TG4 explains that this was due to a one week overlap between Wimbledon and the Tour de France, and no broadcasting of Roland Garros. Total new Irish language sports programming demonstrated a 15% increase on 2011 sports programming hours. Sports programming made up 31.2% of total new Irish language programming hours. TG4 sports programming was made available on the TG4 Player.
Continue to engage and entertain audiences (existing and new) with strong Irish language drama, documentary and entertainment/lifestyle programming including our soap "Ros na Rún".	TG4 exceeded its target of 48 hours of new Irish language drama programming, delivering 53 hours in 2012. This represented a slight increase (3.9%) on 2011 hours. TG4 met its commitment to extend "Ros na Rún" by 2 weeks in 2012, and broadcast "Rásaí na Gaillimhe 2". Other commitments relating to the broadcast of new dramas such as "An Críis sa Bhrúiséil", "Scúip" and "Splan" were deferred to 2013. TG4 realised a number of new drama scripts. TG4 delivered 158 hours of new Irish language documentary programming in 2012, exceeding the 2012 target of 116 hours by 36.2% and 2011 hours by 27.4%. 13 of 15 documentaries outlined in the programming commitments were broadcast, 35 hours of "Fíorscéal" were delivered and 56 hours of documentaries were acquired and re-voiced into Irish. TG4 did not achieve the target of 139 hours of new Irish language entertainment/lifestyle programming, delivering 114 hours in 2012. TG4 indicates that this was due to the deferral of one series and the failure of another series to obtain funding from the Sound and Vision fund. Total hours of new Irish language entertainment/lifestyle programming showed a 6.5% increase on 2011 hours. 31 hours of entertainment programming were acquired and re-voiced (target: 29 hours) and entertainment/lifestyle programmes were available on the TG4 Player.
Deliver content which reflects the importance of music and the arts in Irish life and culture.	TG4 delivered 108 hours of new Irish language music programming in 2012, which equalled 2011 hours and exceeded the 2012 target by 18.7%. Targets relating to broadcasts and commissions were achieved and music programmes were made available on the TG4 Player after broadcast. 25 hours of new Irish language arts programming was provided in 2012, exceeding the 2012 target and 2011 hours by 4.2% and 13.6% respectively. Music and arts programming made up 8% of total new Irish language programming hours in 2012.
Feature content which supports the learning and personal development of audiences, including religious and science & technology programming.	TG4 delivered 20 hours of new Irish language programming in the science & technology and religion genre, missing the target by 31%. This represented an increase on 2011 hours.
Deliver content mainly in the Irish language and strive to broadcast a minimum of 4.68 hours of original/new Irish language content every day.	TG4 broadcast an average of 4.57 hours of new Irish language programming per day, missing the target of 4.68 hours by 2.4%. This was an increase on actual and target average hours per day for 2010 and 2011. 58% of broadcasting hours on TG4 in 2012 were in the Irish language.
Continue to move towards a 35 week core television programming schedule.	In 2012, an average of 5 hours of new Irish language programming per day was delivered over a 32 week core programming schedule, with an average of 4 hours per day for the remaining weeks. Four new programmes were introduced for "Ros na Rún", extending the programme by a further two weeks, and Cogar and music and nature slots were broadcast over 36 weeks and 31 weeks respectively. TG4 produced 52 in-house hours in 2012; TG4 highlights that these additional hours facilitate a move towards increased schedule duration.
Deliver initiatives which stimulate and promote creativity and innovation in our content.	725 hours were commissioned from or co-produced with the Irish language independent production sector. 573 hours represented new hours of existing series. TG4 suggests that the remaining 152 hours represent creativity and innovation. A number of programmes were commissioned by TG4 in 2012 for broadcast in 2013, and scripts were produced which are awaiting funding decisions prior to production.
Commission from the Irish language independent production sector, a minimum of 607 hours of new/original Irish language content. In addition, commission 200 hours of re-voiced material and 400 hours of subtitling.	TG4 commissioned 673 hours of new Irish language content from the independent production sector, exceeding the target for 2012 by 10.9%. TG4 exceeded its target for hours of re-voiced material by 105%; 409 hours were acquired by TG4 in 2012 and re-voiced into the Irish language. TG4 did not achieve its target with regards to commissioning hours of subtitling; almost 300 hours of new Irish language subtitling were commissioned in 2012, along with 60 hours of English language subtitling.
Maximise value-for-money in content creation by working closely with the World Indigenous Television Broadcasters Network (WITBN) and with other broadcasters and media groups etc. on co-production, programming exchange and other initiatives.	TG4 is a founding member of the WITBN and in 2012, exchanged 4 hours for 24 hours of programming with the WITBN as targeted. 12 hours of news and current affairs programmes were exchanged through the WITBN News Exchange scheme. TG4 embarked on co-productions with other broadcasters, including BBC Alba, BBC NI, TV3 Spain, DR2, BBC Scotland, UTV and the Australian Film Archive. TG4 continued its membership of the European Broadcasting Union (EBU), the European Association of Regional Television (Circom), Celtic Media Festival (CMF) and the IBEC Audio Visual Federation.

Source: Indecon analysis of TG4 Review of 2012 Performance (April 2013).

Commitment 1: Commission and broadcast a minimum of 1,709 hours of new and original, high quality, Irish language content across all programming genres, ensuring it has TG4’s distinctive ‘súil eile’ perspective.

In 2012, TG4 delivered 1,669 hours of new Irish language programming content, compared to a target set of 1,709 hours. TG4’s 2012 performance however exceeded actual hours of new Irish language programming content in 2011. Data on total new Irish language programming output for TG4 is presented in Figure 3.1.

Figure 3.1: Total New Irish Language Programming Output TG4, 2012 Vs Prior Years



Note: Hours measured here are according to contracts.

Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) and TG4 Review of 2012 Performance (April 2013).

TG4’s programming commitments are also specifically focussed on delivering new Irish language content under a range of genres. These commitments, and TG4’s performance in relation to them, are set out below.

Commitment 2: Remain committed to delivering new high-quality, entertaining, interactive and educational children’s and young people’s Irish language content and through it, continue to encourage a positive attitude towards the Irish language.

TG4 did not achieve its 2012 targets in relation to hours of new Irish language programming in the children’s/teen’s genre, delivering 284 hours of new Irish language programming content to a target of 324 hours. TG4 states that 360 hours of children’s/teen’s programming was acquired, but that only 284 hours were dubbed into Irish due to funding reasons. These 284 hours of new Irish language programming for children’s/teen’s represent a slight drop on the 2011 figure of 295 hours.

TG4 agreed to broadcast between 6 and 6.5 hours of children’s and teen’s programming every day; this target was achieved via scheduled broadcasting blocks for every day except Sundays. These blocks comprised separate programming for pre-school kids, older children and teenagers.

TG4 focussed on its online presence for children and teenagers, redesigning the Cúla 4 website, releasing three new Irish language apps, reversioning eight new online games into Irish and creating CúlaTV, the TG4 Player service for children.

Commitment 3: Provide independent and in-depth coverage and analysis of, and an alternative viewpoint on, news and current affairs throughout the island of Ireland and the world.

TG4 delivered 200 hours of new Irish language programming in the news and current affairs genre, broadly achieving the 2012 target of 201 hours. This was a very slight increase of 0.5% on the 199 hours of news and current affairs programming provided in 2011 (the target was to achieve a 1% increase on 2011 hours).

TG4 provided 35 hours from the Houses of the Oireachtas and the European Parliament, broadcast a weekly Nuacht insert on the Scottish Gaeltacht, and made 233 hours of news and current affairs programming available on TG4.tv to a target of 200 hours.

Commitment 4: Reflect the important role that sport, particularly Irish sport, holds in Irish life and culture. We will broadcast a number of major and live sporting events and overall, Irish language sports coverage will be a key part of our 2012 programming schedule.

TG4 delivered 521 hours of new Irish language sports programming in 2012, which missed the 2012 target of 590 sports hours by 11.7%. TG4 indicated that this was due to a one week overlap between Wimbledon and the Tour de France, and no broadcasting of Roland Garros. Total new Irish language sports programming demonstrated a 15% increase on 2011 sports programming hours. Overall, sports programming made up 31.2% of total new Irish language programming hours. TG4 sports programming was made available on the TG4 Player.

Commitment 5: Continue to engage and entertain audiences (existing and new) with strong Irish language drama, documentary and entertainment/lifestyle programming including our soap “Ros na Rún”.

TG4 exceeded its target of 48 hours of new Irish language drama programming, delivering 53 hours in 2012 which was a slight increase (3.9%) on 2011 hours. TG4 met its commitment to extend “Ros na Rún” by two weeks in 2012, and broadcast “Rásaí na Gaillimhe 2”. Other commitments relating to the broadcast of new dramas such as “An Crisis sa Bhruiséili”, “Scúp” and “Splanc” were deferred to 2013.

TG4 delivered 158 hours of new Irish language documentary programming in 2012, exceeding the 2012 target of 116 hours by 36.2%. An increase of 27.4% was achieved on 2011 hours. Thirteen of 15 targeted documentaries were broadcast, 35 hours of “Fíorscéal” were delivered and 56 hours of documentaries were acquired and re-voiced into Irish. Commitments relating to documentary commissions were achieved in 2012.

TG4 did not achieve the target of 139 hours of new Irish language entertainment/lifestyle programming, delivering 114 hours in 2012 which missed the target by 18%. TG4 indicates that this was due to the deferral of one series and the failure of another series to obtain funding from the Sound and Vision fund. Total hours of new Irish language entertainment/lifestyle programming demonstrated a 6.5% increase on 2011 hours. Thirty-one hours of entertainment programming were acquired and re-voiced (target: 29 hours) and entertainment/lifestyle programmes were available on the TG4 Player. TG4 achieved its commitments in relation to entertainment/lifestyle commissioning.

Commitment 6: Deliver content which reflects the importance of music and the arts in Irish life and culture.

TG4 delivered 108 hours of new Irish language music programming in 2012, which equalled 2011 hours and exceeded the 2012 target by 18.7%. Targets relating to broadcasts and commissions were achieved and music programmes were made available on the TG4 Player after broadcast.

Twenty-five hours of new Irish language arts programming was provided in 2012, exceeding the 2012 target and 2011 hours by 4.2% and 13.6% respectively.

Overall, music and arts programming made up 8% of total new Irish language programming hours in 2012.

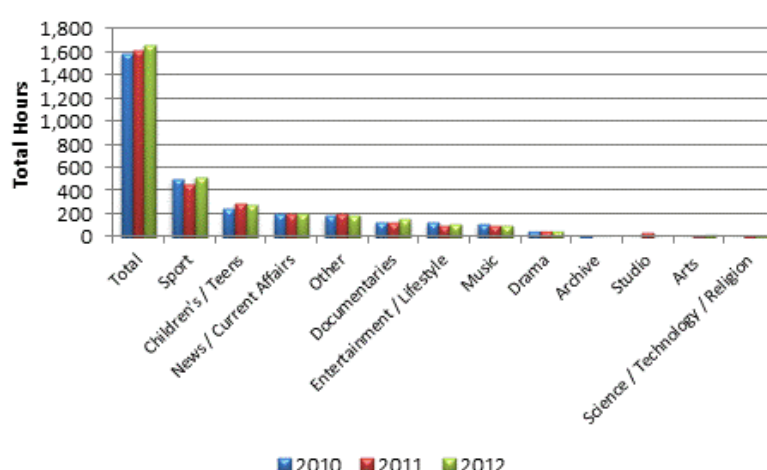
Commitment 7: Feature content which supports the learning and personal development of audiences, including religious and science & technology programming.

TG4 delivered 20 hours of new Irish language programming in the science/technology/religion genre, missing the target by 31%. However, this represented a significant increase on 2011 hours.

We have examined TG4's performance on its genre-specific programming commitments against 2011 performance and 2012 targets. In the following figures, we examine TG4's overall performance in relation to programming commitments by genre.

Figure 3.2 below demonstrates new Irish language programming hours by genre for the period 2010 to 2012. Total hours increased year-on-year between 2010 and 2012. Hours of sports programming, news and current affairs, documentaries, entertainment/lifestyle, drama, arts, science/technology/religion increased between 2011 and 2012. Hours of children's/teens and other programming declined between 2011 and 2012, while music programming hours remained the same. Sports programming made up the highest proportion of total sports programming in each year, followed by children's/teen's programming and news and current affairs. In 2012, drama, arts and science/technology/religion contributed the lowest number of hours of new Irish language programming.

Figure 3.2: TG4 New Irish Language Programming By Genre 2010-2012



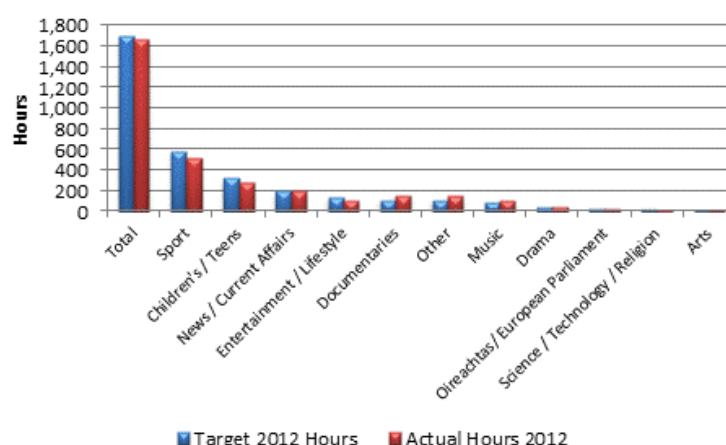
Note: A change occurred in the classification of genres between 2010 and 2011. This resulted in the addition of the Studio, Arts, and Science/technology and Religion categories, and in the removal of the Archive category.

Note: 'Other' consists of internally produced hours of presentation, inserts, weather and Houses of the Oireachtas and European Parliament. 'Other' for 2011 additionally includes 19 hours associated with the monetary contribution of Ros na Rún and 18 hours of archive material from RTÉ.

Source: TG4 Review of 2011 Performance (March 2012) and TG4 Review of 2012 Performance (April 2013).

Figure 3.3 presents TG4's performance against its target programming commitments by genre for 2012. TG4 delivered 1,669 hours of new Irish language programming in 2012, missing the target by 2.4%. Targets were achieved for programming hours of documentaries, music, drama, Oireachtas/European Parliament, arts and other programming. Targets for programming hours of sport, children's/teen's, news/current affairs, entertainment/lifestyle and science/technology/religion were not achieved.

Figure 3.3: Target Vs Actual New Irish Language Programming by Genre, TG4 2012

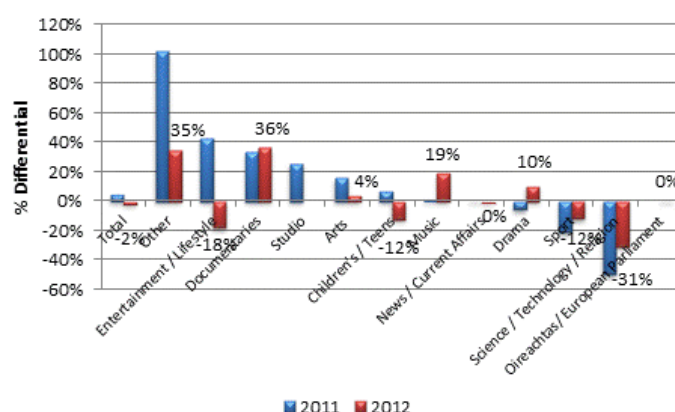


Note: The full title of 'Oireachtas/European Parliament' is 'Houses of the Oireachtas/European Parliament'. 'Other' consists of internally produced hours of presentation, inserts and weather.

Source: TG4 Review of 2012 Performance (April 2013).

TG4's performance against its targets for 2011 and 2012 is provided in Figure 3.4 below. This highlights that sport and science/technology/religion reduced the negative differential between actual performance and target performance between 2011 and 2012. Other programming, documentaries, arts and music continued to exceed targeted hours of programming. Entertainment/lifestyle and children's/teen's programming exceeded targets in 2011 but did not achieve targets in 2012, while the opposite was true for drama programming.

Figure 3.4: % Differential Target Vs Actual New Irish Language Programming by Genre, TG4 2011 & 2012



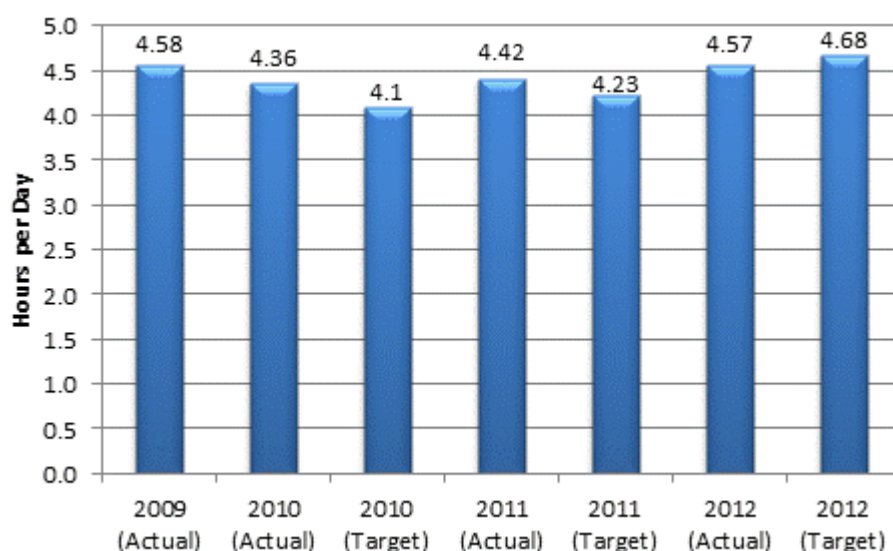
Note: Labels shown are for 2012 figures. 'Other' includes internally produced hours of presentation, inserts and weather. 'Other' for 2011 additionally includes 19 hours associated with the monetary contribution of Ros na Rún and 18 hours of archive material from RTÉ. The full title of 'Oireachtas/European Parliament' is 'Houses of the Oireachtas/European Parliament'. There was no genre category for 'Houses of the Oireachtas/European Parliament' in 2011 and 'Studio' was not a genre category in 2012.

Source: TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

Commitment 8: Deliver content mainly in the Irish language and strive to broadcast a minimum of 4.68 hours of original/new Irish language content every day.

TG4 broadcast an average of 4.57 hours of new Irish language programming per day, missing the target of 4.68 hours by 2.4%. Figure 3.5 below demonstrates that this was an increase on actual and target average hours per day for 2010 and 2011. More than half (58%) of broadcasting hours on TG4 were in the Irish language.

Figure 3.5: New Irish Language Programming, Average Hours per Day TG4, 2012 Vs Prior Years



Source: TG4 review of 2011 Performance (March 2012) and TG4 Review of 2012 Performance (April 2013), Indecon analysis.

Commitment 9: Continue to move towards a 35 week core television programming schedule.

This commitment is aimed at facilitating TG4's move towards a 40 week schedule by 2017. In 2012, an average of five hours of new Irish language programming per day was delivered over a 32-week core programming schedule, with an average of 4 hours per day for the remaining weeks. Four new programmes were introduced for "Ros na Rún", extending the programme by a further two weeks, and Cogar and music and nature slots were broadcast over 36 weeks and 31 weeks respectively. TG4 produced 52 in-house hours in 2012; TG4 highlights that these additional hours facilitate a move towards increased schedule duration.

Commitment 10: Deliver initiatives which stimulate and promote creativity and innovation in our content.

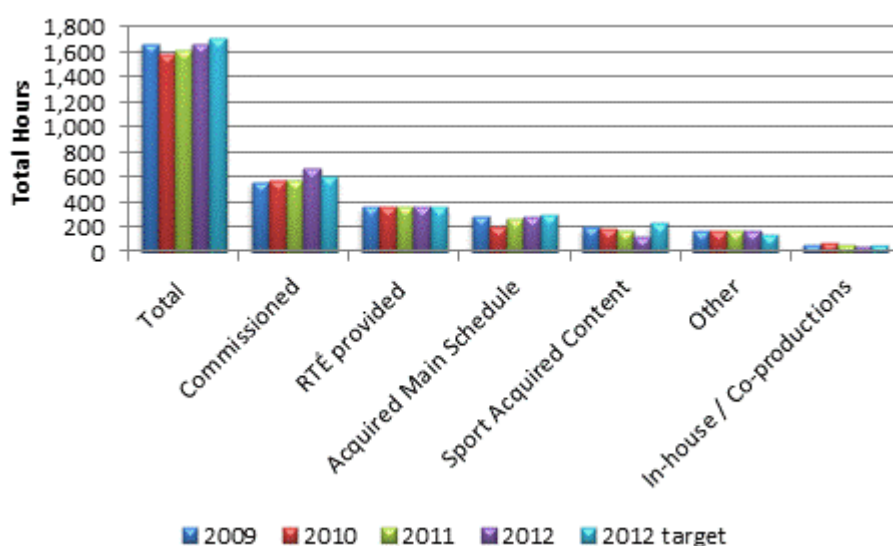
This commitment is considered in greater detail in Section 4 of this report. 725 hours were commissioned from or co-produced with the Irish language independent production sector. Of these, 573 hours represented new hours of existing series. TG4 highlights that the remaining 152 hours represent creativity and innovation. A number of programmes were commissioned by TG4 in 2012 for broadcast in 2013, and scripts were produced which are awaiting funding decisions prior to production.

Commitment 11: Commission from the Irish language independent production sector, a minimum of 607 hours of new/original Irish language content. In addition, commission 200 hours of re-voiced material and 400 hours of subtitling.

TG4 commissioned 673 hours of new Irish language content from the independent production sector, exceeding the target for 2012 by 10.9%. TG4 exceeded its target for hours of re-voiced material by 105%; 409 hours were acquired by TG4 in 2012 and re-voiced into the Irish language. TG4 did not achieve its target with regards to commissioning hours of subtitling; almost 300 hours of new Irish language subtitling were commissioned in 2012, along with 60 hours of English language subtitling. TG4 met 2012 subtitling requirements set out by the BAI (36-42%), delivering 43% subtitling.

Figure 3.6 demonstrates new Irish language programming by source for 2009 to 2012 and including 2012 targets. Commissioned programming in 2012 exceeded commissioned programming in the previous years considered; total hours of commissioned programming increased by 17.5% between 2011 and 2012. Total hours of in-house programming continued to decline, as did hours of sport acquired content and other programming. Hours of other main schedule acquired content increased between 2011 and 2012.

Figure 3.6: TG4 New Irish Language Programming by Source 2012 Vs Prior Years and 2012 Targets

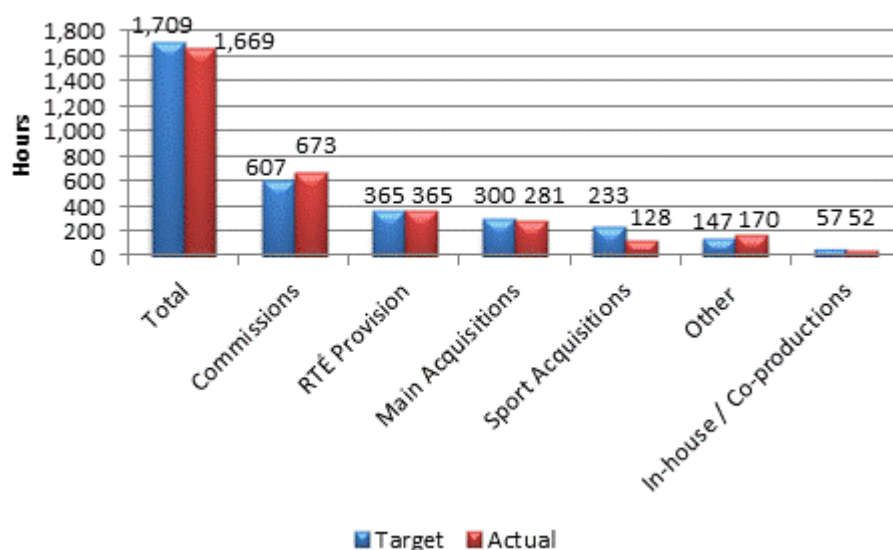


Note: 'Other' consists of internally produced hours of presentation, inserts and weather.

Source: TG4 Review of 2010 Performance (April 2011), TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

Figure 3.7 overleaf presents TG4's performance against its targets for Irish language programming by source in 2012. Commissioned programming formed the largest proportion of new Irish language programming, followed by RTÉ provision and main schedule acquisitions. In-house/co-productions were the smallest source of new Irish language programming for TG4. TG4 exceeded its targets for hours of commissioned programming and other programming, but did not achieve targets for main schedule acquisitions, sport acquisitions and in-house/co-productions.

Figure 3.7: TG4 Target Vs Actual New Irish Language Programming by Source 2012

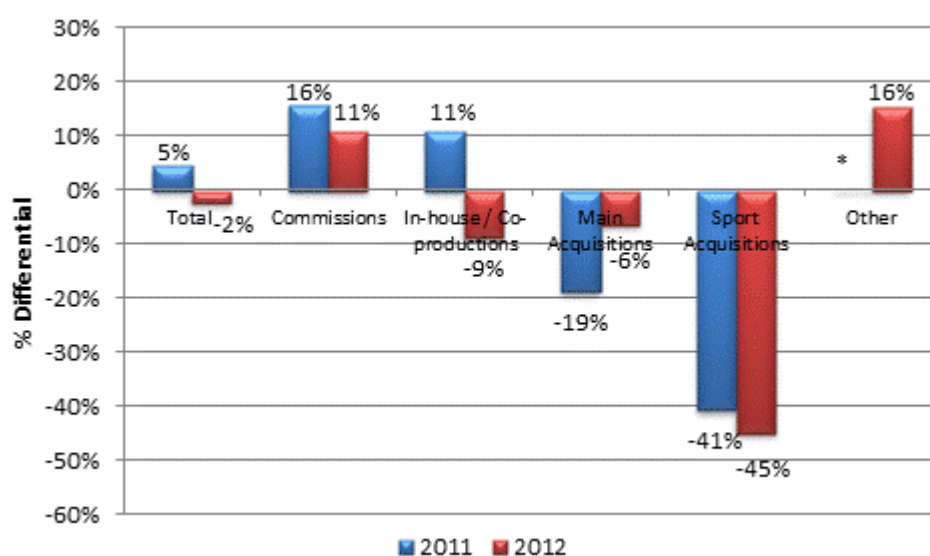


Note: 'Other' consists of internally produced hours of presentation, inserts and weather.

Source: TG4 Review of 2012 Performance (April 2013).

Figure 3.8 provides the differential between target and actual performance for 2011 and 2012. Commissioned programming exceeded targets in 2011 and 2012. The differential between actual and target performance decreased for main schedule acquisitions but increased for sport acquisitions. In-house/co-productions exceeded targets in 2011 but did not achieve the target in 2012. Sport acquisitions in 2012 were 45% less than target.

Figure 3.8: % Differential Actual Vs Target New Irish Programming by Source, TG4 2011/2012

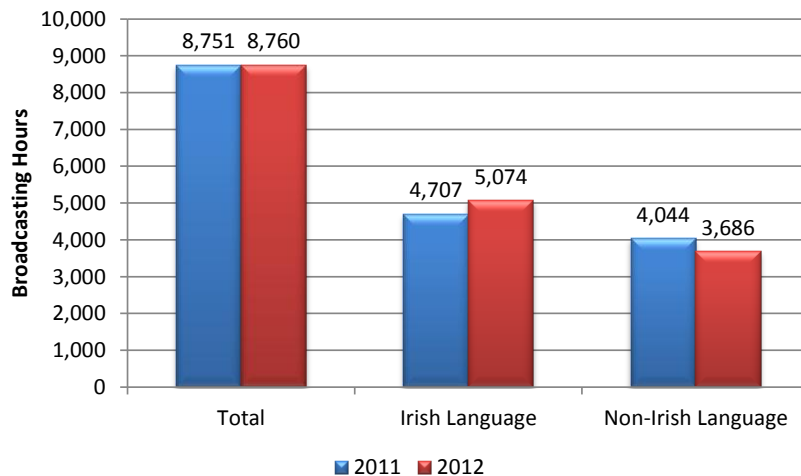


Note: *The % differential for 'Other' was marked as 100% in 2011 because there was no target given for 'Other' programming in 2011 – this is omitted from the table above.

Source: TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

Total broadcasting hours for TG4 in 2011 and 2012 are presented in Figure 3.9 below, which demonstrates that total broadcasting hours increased by 0.1% between 2011 and 2012. This slight increase in total broadcasting hours was composed of a 7.8% rise in Irish language broadcasting hours and an 8.9% reduction in non-Irish language broadcasting hours. Irish language broadcasting hours are the largest component of total broadcasting hours.

Figure 3.9: TG4 Total Broadcast Hours by Language 2011 & 2012

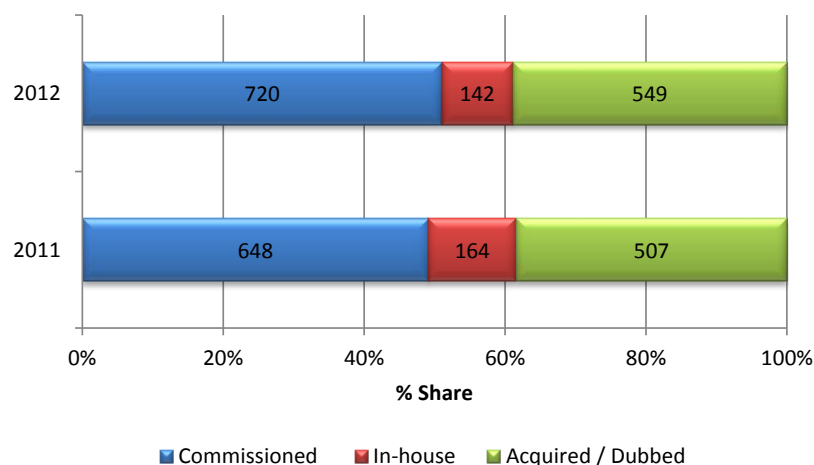


Note: The above hours are live viewing only and include RTÉ provided hours.

Source: Indecon analysis of TG4 data.

Figure 3.10 below presents new Irish language broadcasting hours, disaggregated by source for 2011 and 2012. The composition of new Irish language broadcasting remained similar between 2011 and 2012; commissioned programming formed the largest part of new Irish language broadcasting hours (51% in 2012), followed by acquired programming (38.9%) and then in-house programming (10.1%). The total proportion of in-house broadcasting hours declined between 2011 and 2012, while the proportion of commissioned hours increased.

Figure 3.10: TG4 New Irish Language Broadcasting Hours by Source 2012 Vs 2011

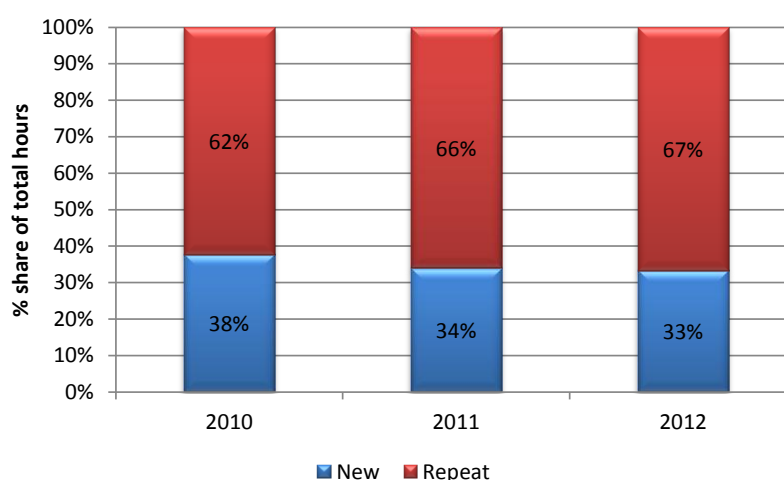


Note: The above new Irish language hours excludes RTÉ 365 hours. The labels inside the bars are total hours.

Source: Indecon analysis of TG4 data

Figure 3.11 below demonstrates that repeated Irish language programming formed a much higher proportion of total Irish broadcasting hours (67%) than new programming (33%). There has been a decline in the proportion of new Irish language broadcasting hours across 2010 to 2012.

Figure 3.11: TG4 New Vs Repeated Irish Language Broadcasting Hours 2010-2012

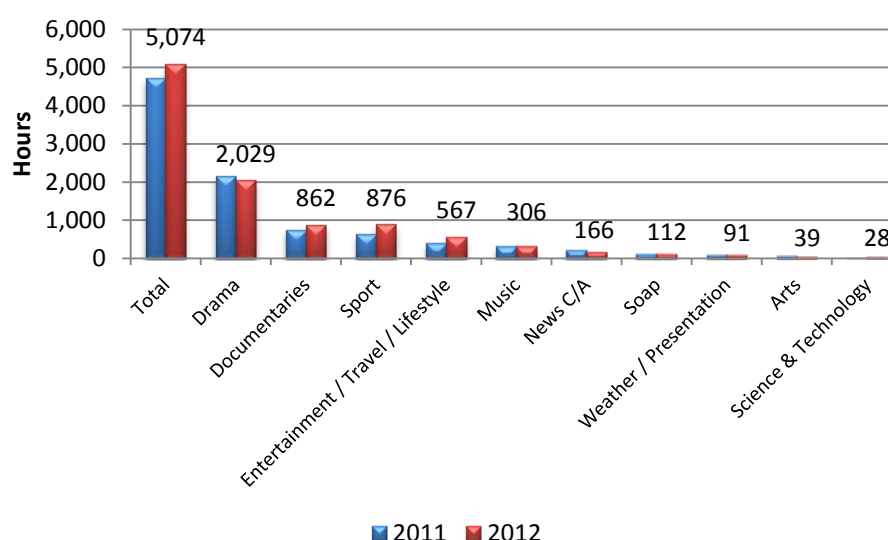


Note: The above includes RTÉ provided hours.

Source: Indecon analysis based on TG4 data.

Figure 3.12 examines Irish language broadcasting hours disaggregated by genre for 2011 and 2012. Drama comprised the highest proportion of total broadcasting hours (40.0%), followed by documentaries (17.0%) and sport (17.3%). Broadcasting hours of documentaries, sport, entertainment/travel/lifestyle, music, soap, weather/presentation and science and technology increased between 2011 and 2012. Broadcasting hours of drama, news and current affairs and arts declined across the period.

Figure 3.12: TG4 Irish Language Broadcast Hours by Genre 2011 & 2012

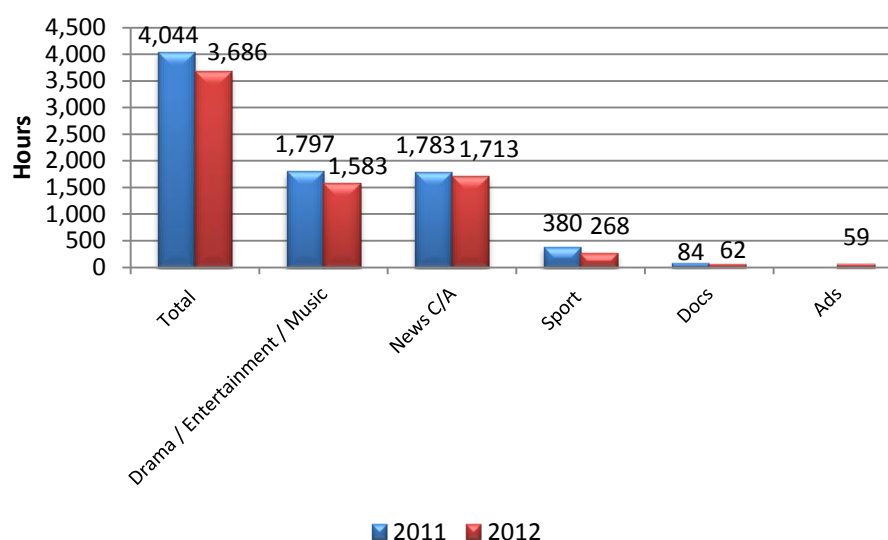


Note: Labels shown are for 2012 figures. The above includes RTÉ provided hours.

Source: Indecon analysis of TG4 data.

Non-Irish language broadcasting hours by genre are considered in Figure 3.13 below. Drama/entertainment/music was the largest category of total non-Irish broadcasting, followed by news and current affairs and sport. There was a decrease in broadcasting hours for every category except ads, which were not specified as a distinct category in 2011.

Figure 3.13: TG4 Non-Irish Language Broadcast Hours by Genre 2011 & 2012

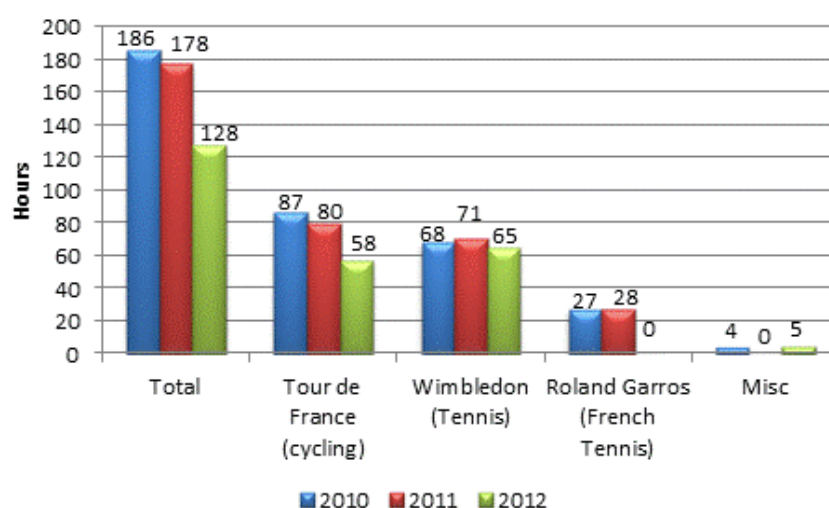


Note: Non-Irish language broadcast hours includes English language hours and other language hours.

Source: Indecon analysis of TG4 data.

Figure 3.14 demonstrates a 28% reduction in total hours of sports acquired content between 2011 and 2012. Total acquired hours of the Tour de France and Wimbledon declined by 27.5% and 8.5% respectively. TG4 explains that this was due to a one-week overlap between the two competitions. No hours of Roland Garros were acquired by TG4 in 2012. As a result, TG4 did not achieve the target of 233 hours set for sport acquired content.

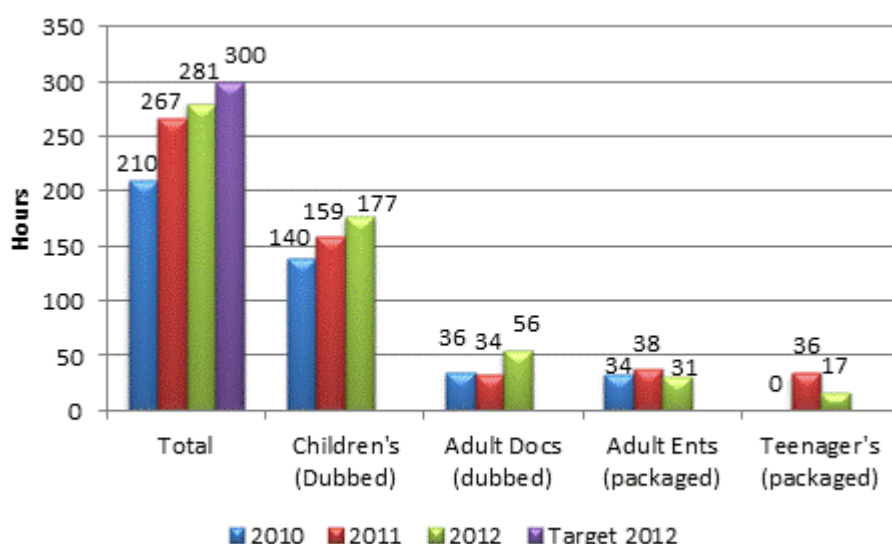
Figure 3.14: TG4 Sports Programming Acquisitions 2012 Vs Prior Years



Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) and TG4 Review of 2012 Performance (April 2013).

Figure 3.15 examines the composition of main schedule acquisitions for 2010 to 2012. Total hours of main schedule acquisitions increased year-on-year from 2010 to 2012, but the target of 300 hours for 2012 was not achieved. Children's dubbed programming was the largest component of total main schedule acquisitions, followed by adult documentaries; increases were recorded in both of these categories. Hours of adult entertainment programming and teenager's programming declined between 2011 and 2012.

Figure 3.15: TG4 Main Schedule Acquisitions 2012 Vs Prior Years



Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) and TG4 Review of 2012 Performance (April 2013).

Commitment 12: Maximise value-for-money in content creation by working closely with the World Indigenous Television Broadcasters Network (WITBN) and with other broadcasters and media groups etc. on co-production, programming exchange and other initiatives.

TG4 is a founding member of the WITBN and in 2012, exchanged four hours for 24 hours of programming with the WITBN as targeted. Twelve hours of news and current affairs programmes were exchanged through the WITBN News Exchange scheme. TG4 also embarked on a number of co-productions with other broadcasters, including BBC Alba, BBC NI, TV3 Spain, DR2, BBC Scotland, UTV and the Australian Film Archive. TG4 continued its membership of the European Broadcasting Union (EBU), the European Association of Regional Television (Circom), Celtic Media Festival (CMF) and the IBEC Audio Visual Federation.

3.2.4 Promotion and Development of the Irish Language and Culture

Details of TG4 commitments on the promotion and development of the Irish language and culture are presented in Table 3.2 below.

Table 3.2: TG4 Commitments Performance – Promotion and Development of the Irish Language & Culture	
Commitment	Performance
Maintain the on-going development of our TG4 Player service (www.tg4.tv) continually enhancing content and quality.	Development of the TG4 Player service allowed for 24-hour availability of live programmes on the Player service. "Programme parts" were removed, allowing for programmes to be streamed in continuous segments. Approximately 30 hours of programming were prepared for upload on the TG4 Player every week. TG4 developed CúlaTV, the Player service for children's programming.
Provide sub-titling on TG4 programmes and take whatever measures we can to increase the accessibility of programming to audiences with physical, sensory or intellectual disability.	TG4 met the subtitling requirements set out by the BAI (36-42% in 2012), delivering 43% subtitling in 2012. Almost 300 hours of subtitling for new Irish language programmes was provided in 2012, along with 60 hours of subtitling for English language programmes. TG4 subtitling services were tendered in 2012 and awarded to four companies. TG4 indicates that it reported regularly to the BAI on subtitling performance.
Develop and implement a content strategy for leveraging our content to generate new sources of income.	A tendering process was completed and a company selected in order to drive web advertising and sponsorship sales.
Deliver a high quality broadcast and content service that promotes and celebrates the Irish language and identity in an accessible and engaging manner.	These commitments are similar and so are examined together. TG4 delivered 1,669 of new Irish language programming in 2012, falling short of the target of 1,709 hours while representing an increase on 2011 hours. 58% of TG4 broadcasting hours were in Irish and genres including drama, documentaries, sport, children's/teens, news and current affairs, entertainment, music and art were delivered in the Irish language. TG4 continued to hold a "must carry" position on all broadcasting platforms in the State, allowing for a universal Free-to-Air service. The continuing development of the TG4 Player service provided worldwide access to Irish language content. 1.6 million streams were recorded on the TG4 Player service in 2012; 40% of these were accessed from locations outside the island of Ireland.
Deliver programming primarily in the Irish language and provide a daily link for the Irish language to every television household in the island of Ireland and beyond.	
Ensure that our programming reflects the culture of the people of Ireland and in particular, those of the Gaeltachtaí. We will also ensure that our services reflect the requirements of the Gaeltacht communities and households whose daily language is Irish.	Two series based in the Gaeltacht were commissioned in 2012, including Ros na Rún. TG4 indicates that "Sean Nós", "Teilifís Bradach", "Scéal an Mharanthóra" and "I mBarr do Shláinte" are examples of programmes which reflected the requirements of the Gaeltacht communities.
Support the Government to revitalise the Irish language by working closely with it to deliver the 20 Year Strategy for the Irish language (2010-2030).	TG4 attended meetings of the Implementation Group created by the Government to monitor and advise the 20 Year Strategy for the Irish language. TG4 held discussions with the Department of Education's Support Service for the Irish language to determine TG4's role in facilitating the transition to a new oral-skills approach to Irish in the post-primary curriculum. TG4 worked with platform providers in Ireland to provide an Irish summary of all television programmes, thus giving television households in Ireland the opportunity to read Irish. TG4 developed and launched three new Irish language Apps and reversioned eight online games into Irish. TG4 began planning a new Irish language learning resource; the Review of 2012 Performance does not indicate what form this resource will take or when this might be made available.
Deliver an Irish language service worldwide through our web and Player services, achieving 1.5 m unique visitors and 9m page impressions online and 3m programme streams in 2012.	TG4 exceeded its targets for page impressions by 27.6% in 2012. TG4 failed to achieve its targets for Player streams and unique visitors, missing the targets by 46.8% and 19.2% respectively. TG4 indicates that a change in the measurement system caused a reduction in the number of page impressions and unique visitors recorded in 2012. As a result, TG4 has adjusted its targets for years ahead. TG4 has indicated to Indecon that a redesign of the TG4 Player is responsible for the drop in Player streams compared to the 2012 target. The TG4 website is available worldwide and, in 2012, 40% of users were from international locations.
Endeavour to make TG4's website the definitive Irish language website and source for Irish language content online and in particular, for children's Irish language content.	TG4 increased its place in the Alexa world rankings for Irish language websites from third in 2011 to first in 2012. New online games and apps were released in 2012 for the children's section of the TG4 website, and a children's version of the TG4 Player, CúlaTV, was introduced.
Develop an archive to best-in-class industry standards to support and celebrate the Irish language and culture.	TG4 did not develop an archive as planned in 2012. TG4 explains that this is as a result of a delay in European approval for the BAI's Archive Project Scheme, which will help to fund the development of TG4's archive. The Archive Project Scheme was launched in January 2013 and TG4 hoped to commence its archive project in Q2 2013 at the time of writing of the 2012 Performance Review. TG4 began preparatory work to facilitate the introduction of the archive, and archived approximately 650 hours of back catalogue in 2012. TG4 notes that a "35 day archive" is in existence on the TG4 Player, as programmes are stored and available to watch for 35 days after initial broadcast on TG4.
Play a central role in supporting the Irish language independent production sector and in conjunction with other agencies, develop and implement initiatives to advance the talent and creative resources of the sector.	TG4 commissioned 673 hours of new Irish language content from the Irish language independent production sector in 2012, exceeding its target of 607 hours. TG4 delivered 52 in-house hours to a target of 57 hours. TG4's expenditure on commissions from the independent production sector was €17.79 million in 2012, an increase of 1.7% on 2011 expenditure. TG4 spent €2.6 million on dubbing and subtitling services associated with acquired programming from the independent production sector. Total expenditure by TG4 in the independent production sector was thus equal to €20.39 million in 2012, exceeding the target of €19.6 million by 4%. TG4 provided a course on programme distribution, presented TG4's future plans to the independent production sector, and helped Gaeltacht-based companies to stay up-to-date with development opportunities with Eurodoc and Discovery Campus. TG4 worked with the BAI on the new Training & Development policy for the sector, which is currently in negotiation.
Help strengthen the Irish language independent production sector by supporting it to secure a minimum of €4.5m from the BAI and €2m from the ILBF for TG4 commissions in addition to funding for three projects from Bord Scannán na hÉireann/The Irish Film Board.	TG4 failed to fully achieve this commitment. TG4 secured funding of €4.07 million from the BAI Sound & Vision Scheme and funding of €1.72 million from the ILBF, missing targets by 9.6% and 14.2% respectively. 2012 funding figures represented falls on 2011 funding achievements. TG4 does not receive this funding directly. 21 projects were supported by the BAI Sound & Vision fund and 29 projects were co-funded between the ILBF and the independent production sector. TG4 secured funding for two projects from the Bord Scannán na hÉireann/The Irish Film Board in 2012.
Commit a share of Irish language programming spend to Gaeltacht-based companies.	TG4 does not explicitly state what proportion of its Irish language programming expenditure is devoted to Gaeltacht-based companies. TG4 indicates in its Review of 2012 Performance that total Irish programming expenditure was €20.39 million in 2012, and that companies based in the Gaeltacht were the recipients of a significant proportion of this funding.
Work with the ILBF to help develop the Irish language independent production sector in the North by targeting a small number of companies for joint project development.	€1.72 million was secured by TG4 from the ILBF for the independent production sector. This funding supported 29 projects in 2012. TG4 indicates that it worked closely with the companies receiving this funding as a result of the ILBF operating process.

Source: Indecon analysis of TG4 Review of 2012 Performance (April 2013).

Commitment 13: Maintain the on-going development of our TG4 Player service (www.tg4.tv) continually enhancing content and quality.

Development of the TG4 Player service allowed for 24-hour availability of live programmes on the Player service. Other developments included the removal of “programme parts” allowing for programmes to be streamed in continuous segments. Approximately 30 hours of programming were prepared for upload on the TG4 Player every week. TG4 developed CúlaTV, the Player service for children’s programming.

Commitment 14: Provide sub-titling on TG4 programmes and take whatever measures we can to increase the accessibility of programming to audiences with physical, sensory or intellectual disability.

TG4 met the subtitling requirements set out by the BAI (36-42% in 2012), delivering 43% subtitling.⁴ Almost 300 hours of subtitling for new Irish language programmes was provided in 2012, along with 60 hours of subtitling for English language programmes. TG4 subtitling services were tendered in 2012 and awarded to four companies. TG4 notes that it reported regularly to the BAI on subtitling performance.

Commitment 15: Develop and implement a content strategy for leveraging our content to generate new sources of income.

Web advertising and sponsorship sales have been highlighted as key components of TG4’s content strategy. A tendering process was completed and a company selected in order to focus on driving sales in these areas.

Commitment 16: Deliver a high quality broadcast and content service that promotes and celebrates the Irish language and identity in an accessible and engaging manner.

This general commitment was in our opinion met during 2012 but we note that it was not set as a quantified commitment.

Commitment 17: Deliver programming primarily in the Irish language and provide a daily link for the Irish language to every television household in the island of Ireland and beyond.

Commitments 16 and 17 are similar and so we examine them simultaneously. TG4 delivered 1,669 of new Irish language programming in 2012, falling short of the target of 1,709 hours while representing an increase on 2011 hours. 58% of TG4 broadcasting hours were in Irish and a range of genres including drama, documentaries, sport, children’s/teen’s, news and current affairs, entertainment, music and art were delivered in the Irish language. TG4 continued to hold a “must carry” position on all broadcasting platforms in the State, allowing for a universal Free-to-Air service. The continuing development of the TG4 Player service provided worldwide access to Irish language content. 1.6 million streams were recorded on the TG4 Player service in 2012; 40% of these were accessed from locations outside the island of Ireland.

⁴ These requirements are designed so that TG4 will be providing subtitling in the range of 51-57% in 2016.

Commitment 18: Ensure that our programming reflects the culture of the people of Ireland and in particular, those of the Gaeltachtaí. We will also ensure that our services reflect the requirements of the Gaeltacht communities and households whose daily language is Irish.

Two series based in the Gaeltacht were commissioned in 2012, including Ros na Rún. TG4 indicates that “Sean Nós”, “Teilifís Bradach”, “Scéal an Mharanthóra” and “I mBarr do Shláinte” are examples of programmes which reflected the requirements of the Gaeltacht communities.

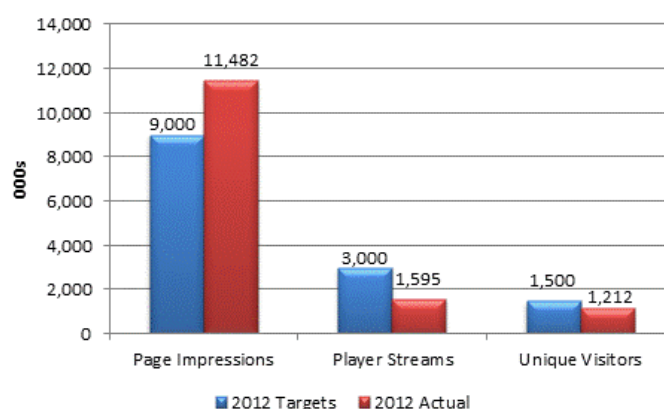
Commitment 19: Support the Government to revitalise the Irish language by working closely with it to deliver the 20 Year Strategy for the Irish language (2010-2030).

TG4 attended meetings of the Implementation Group created by the Government to monitor and advise the 20 Year Strategy for the Irish language. TG4 held discussions with the Department of Education’s Support Service for the Irish language to determine the role which TG4 can play in facilitating the transition to a new oral-skills approach to Irish in the post-primary curriculum. TG4 worked with platform providers in Ireland to provide an Irish summary of television programmes, thus giving all television households in Ireland the opportunity to read Irish. TG4 developed and launched three new Irish language Apps and reversioned eight online games into Irish. TG4 started planning a new Irish language learning resource.

Commitment 20: Deliver an Irish language service worldwide through our web and Player services, achieving 1.5 m unique visitors and 9m page impressions online and 3m programme streams in 2012.

Figure 3.16 below indicates TG4’s actual online performance against its targets for 2012. TG4 exceeded its targets for page impressions by 27.6% in 2012. TG4 failed to achieve its targets for Player streams and unique visitors, missing the targets by 46.8% and 19.2% respectively. TG4 has indicated that there was a change in technology provider in 2012 and that this resulted in a change in the measurement system. This caused a reduction in the number of page impressions and unique visitors in 2012. As a result, TG4 has adjusted its targets for years ahead. TG4 has indicated to Indecon that a redesign of the TG4 Player is responsible for the decline in Player streams compared to the 2012 target. The TG4 website is available worldwide and, in 2012, 40% of users were from international locations.

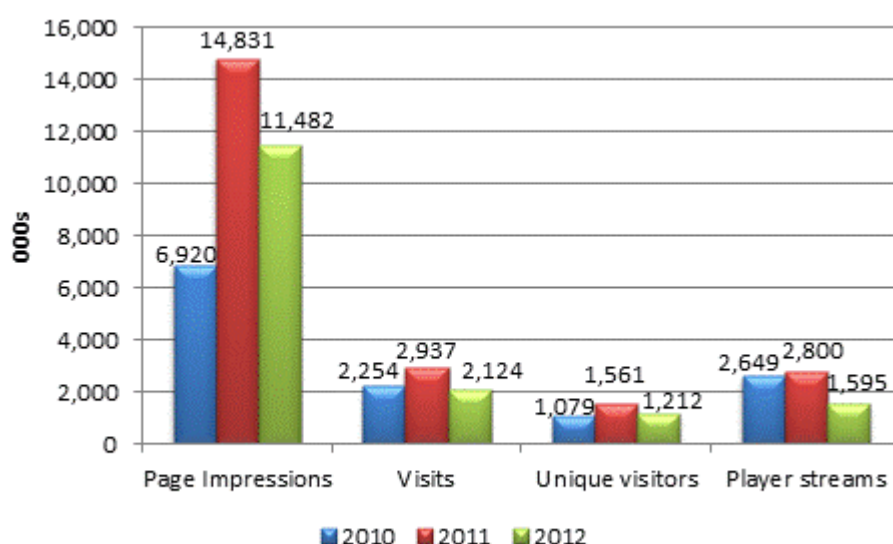
Figure 3.16: TG4 Target vs Actual Online Performance 2012



Note: The 2011 figure for the Player streams is derived from the TG4 Review of 2012 Performance and is thus approximate. A 2012 target was not provided for number of visits and thus actual performance for this measure is not included in this figure.
Source: Indecon analysis of TG4 data and TG4 Review of 2012 Performance (April 2013).

TG4 recorded 11.48 million page impressions in 2012, a 22.4% decrease on 2011 figures. There was also a reduction in the number of visits, to 2.12 million, and in the number of unique visitors to 1.21 million in 2012. As highlighted above, TG4 notes in the Review of 2012 Performance that this is as a result of a change in the measurement system and specifically highlights that this “(...) is not due to a decline in TG4’s performance” (p.42). There was a 43% reduction in the number of Player streams as a result of the redesign of the TG4 Player.

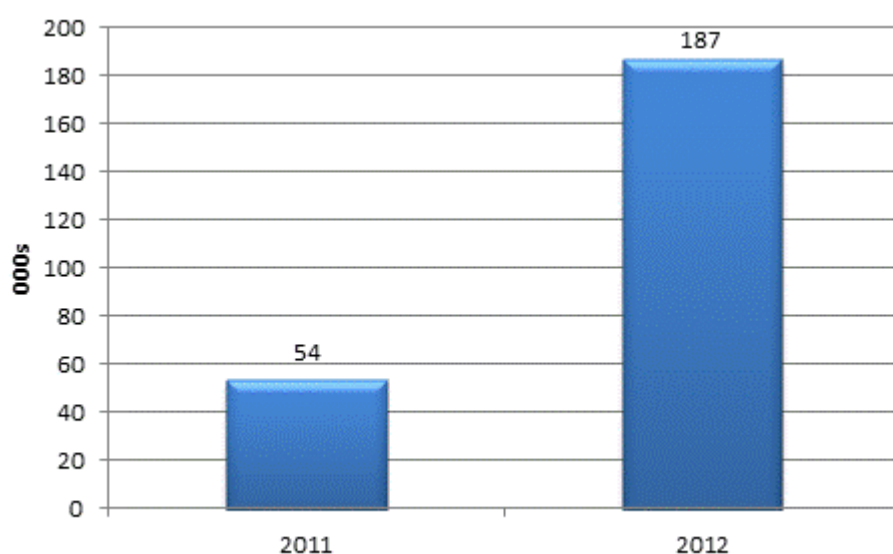
Figure 3.17: Growth in TG4 Website Visitors and Player Streams 2010-2012



Note: The 2011 figure for the Player streams is derived from the TG4 Review of 2012 Performance and is thus approximate.
Source: Indecon analysis of TG4 data and TG4 Review of 2012 Performance (April 2013).

Figure 3.18 demonstrates that hours watched on the TG4 Player have increased by 249% from 53,677 hours in 2011 to 187,294 hours in 2012.

Figure 3.18: Hours Watched on TG4 Player, 2011 & 2012



Source: Indecon analysis of TG4 data.

Commitment 21: Endeavour to make TG4’s website the definitive Irish language website and source for Irish language content online and in particular, for children’s Irish language content.

TG4 improved its place in the Alexa rankings for Irish language websites from 3rd in 2011 to 1st in 2012. New online games and apps were released in 2012 for the children’s section of the TG4 website, and a children’s version of the TG4 Player, CúlaTV, was introduced.

Commitment 22: Develop an archive to best-in-class industry standards to support and celebrate the Irish language and culture.

TG4 did not develop an archive as planned in 2012. TG4 indicated that this was as a result of a delay in European approval for the BAI’s Archive Project Scheme, which will help to fund development of TG4’s archive. The Archive Project Scheme was launched in January 2013 and TG4 hoped to commence its archive project in 2013. TG4 worked on some initial preparatory work to facilitate the introduction of the archive, and archived approximately 650 hours of back catalogue in 2012. A “35 day archive” is in existence on the TG4 Player, as programmes are stored and available to watch for 35 days after initial broadcast on TG4.

Commitment 23: Play a central role in supporting the Irish language independent production sector and in conjunction with other agencies, develop and implement initiatives to advance the talent and creative resources of the sector.

TG4 commissioned 673 hours of new Irish language content from the Irish language independent production sector in 2012, exceeding its target of 607 hours. TG4 delivered 52 in-house hours, which did not fully achieve the commitment of 57 hours.

TG4's expenditure on commissions from the independent production sector was €17.79 million in 2012, an increase of 1.7% on 2011 expenditure. In addition, TG4 spent €2.6 million on dubbing and subtitling services associated with acquired programming from the independent production sector. Total expenditure by TG4 in the independent production sector was equal to €20.39 million in 2012, exceeding the target of €19.6 million by 4%.

TG4 engaged in a number of initiatives with the independent production sector in 2012, providing a course on programme distribution, presenting TG4's future plans to the sector, and helping Gaeltacht-based companies to stay up-to-date with development opportunities with Eurodoc and Discovery Campus. TG4 worked with the BAI on the new Training and Development policy for the sector, which is currently in negotiation.

Commitment 24: Help strengthen the Irish language independent production sector by supporting it to secure a minimum of €4.5m from the BAI and €2m from the ILBF for TG4 commissions in addition to funding for three projects from Bord Scannán na hÉireann/The Irish Film Board.

TG4 did not fully achieve this commitment. TG4 secured funding of €4.07 million from the BAI Sound & Vision Scheme and funding of €1.72 million from the ILBF for the independent production sector. Thus, funding targets from the BAI and the ILBF were missed by 9.6% and 14.2% respectively. These 2012 funding figures represented falls on 2011 funding achievements. TG4 does not receive this funding directly.

Twenty-one projects were supported by the funding received from the BAI Sound & Vision fund and 29 projects were co-funded between the ILBF and the independent production sector. TG4 secured funding for two projects from the Bord Scannán na hÉireann/The Irish Film Board in 2012.

Commitment 25: Commit a share of Irish language programming spend to Gaeltacht-based companies.

TG4 indicates in its Review of 2012 Performance that total Irish programming expenditure was €20.39 million in 2012, and that companies based in the Gaeltacht were the recipients of a significant proportion of this funding. As part of future annual reviews, it would be worthwhile recording the actual percentage.

Commitment 26: Work with the ILBF to help develop the Irish language independent production sector in the North by targeting a small number of companies for joint project development.

€1.72 million was secured by TG4 from the ILBF for the independent production sector. This funding supported 29 projects in 2012. TG4 indicates that it worked closely with the companies receiving this funding as a result of the ILBF operating process.

3.2.5 Service and Technology Development

TG4 commitments under service and technology development are presented in the following table.

Table 3.3: TG4 Commitments Performance – Service & Technology Development

Commitment	Performance
Maintain and if possible increase our national audience share and reach taking account of all means of viewing the service across all digital platforms (traditional and deferred viewing, online etc.). In addition, we will endeavour to improve TG4 share and reach where possible in key demographic sectors such as children, young adults and adults.	TG4 consolidated channel share declined from 2.00% in 2011 to 1.85% in 2012. TG4 maintained its place as the 8th most watched channel in Ireland despite a fall in its audience viewing share. This figure does not include TG4's channel share in Northern Ireland or its share in pubs and clubs in the Republic of Ireland. TG4 achieved a viewing share of 3.3% during the Christmas period and of 4.6% on St Patrick's Day.
Continue to extend and enhance TG4's presence across all content distribution platforms including online and mobile.	TG4 was ranked as the top Irish language website in 2012 according to Alexa rankings, which placed TG4 in third place in 2011. 2012 saw innovations in TG4's online presence: the TG4 Player service was altered so that programmes could be streamed in their entirety and not in "programme parts"; three new Irish language apps were launched and social media plug-ins were introduced. Work began on a TG4 Player app for IOS and TG4 began implementation of its content distribution project.
Complete the rollout of Digital Terrestrial Television (DTT) both North and South, working with RTÉNL on the delivery of TG4 on MUX1 and with the UK authorities on the delivery of TG4 on MUX 7 in the North. In addition, TG4 will explore the possibility of a second TG4 channel on MUX 2 in the South.	The switchover to DTT was successfully achieved through the switch-off of analogue on the 24th of October 2012. Saorview, and TG4 as a result, is now available to 98% of the population of the Republic of Ireland. TG4 participated in a Saorview awareness campaign, with particular focus aimed at Gaeltacht areas. TG4 is available on Freeview in Northern Ireland, which reaches 93% of the population. TG4 has decided to explore the possibility of a second channel online instead of on MUX 2. TG4 states that this is due to funding reasons and as a result of opportunities available in multi-platform settings. A TG4 EPG in English and Irish was delivered on a number of platforms.
Extend TG4's service on an all-island basis, by increasing our availability across all broadcast platforms in the North.	TG4 is delivered on Freeview in the North, available to approximately 93% of the population. TG4 is available on satellite and cable in Northern Ireland.
Implement the High Definition TV (HDTV) plan for 2012 with a view to having migrated to full HDTV capability by 2013.	TG4 remains on course for migrating to HD capability by Q2 2013 on-time and on-budget. TG4 broadcast its first HD programme in October 2012. Studios, associated control rooms, central apparatus rooms and lines/ingest areas have been successfully transitioned to HD.
Integrate the Digital Asset Management (DAM) system with other key TG4 systems and commence the development of DAMS Phase 3 (the archive). We will also continue to upgrade key broadcasting and administrative systems and related processes/work practices.	Integration of the DAM system was achieved. The TG4 Archive was not developed in 2012; TG4 cites that this was due to a delay in the BAI securing funding for its archive project scheme. As of April 2013, TG4 was preparing a submission to the BAI Archive Project Scheme which was announced in January 2013.
Deliver initiatives which foster innovation and experimentation in our broadcasting services.	New programmes and series were commissioned from the Irish language independent production sector. TG4 delivered various training/production initiatives in 2012: a writer and director initiative 'Scéal' which resulted in six new half hour TV dramas, a training initiative in 'Lasair Grinn' resulting in six short Irish language comedy pieces and a training scheme 'Scúip' resulting in two TV dramas currently being broadcast on TG4. TG4 focussed on developing new online content, including three new Irish language apps and online games, and began the development of a TG4 Player app for IOS.
Strengthen TG4 through delivery of innovative and effective marketing and branding campaigns.	TG4 marketing and research expenditure in 2012 was €1.53 million, which represented a 1.7% fall in marketing expenditure from 2011 but exceeded the 2012 target of €1.4 million. TG4 indicates that the budget was exceeded due to increased investment in branding, TG4 font and Idents. TG4 ran marketing campaigns for various programmes, delivered monthly promotional campaigns, increased its social media presence via Facebook, YouTube and Twitter and developed new Idents. TG4 carried out audience research in 2012 with its "Core Audience Research" survey; TG4 indicates that it began to analyse the implications of these results in late 2012. TG4 secured 28 marketing and branding awards throughout 2012.
Secure approximately €3m in commercial revenues in 2012.	Commercial revenues were €3.17 million in 2012 which represented a 2% increase on 2011 commercial income. Income from advertising and sponsorship continued to decline in 2012, but other commercial income increased. Commercial income accounted for 8.8% of total TG4 income in 2012.
Maintain a culture of continuous improvement through our on-going investment in talent and through implementing a strategic approach to skills development.	Performance reviews completed in January 2012 were used to inform a training needs analysis, divisional training and development and personal development plans for staff. Total training hours were 2,484 in 2012. Training in DAMs was completed and three new Irish language talents from a total of 12 were added to TG4's panel of presenters. Training initiatives were undertaken in the areas of finance, technical/engineering/IT, presentations/ acquisitions/ young people and commissioning.

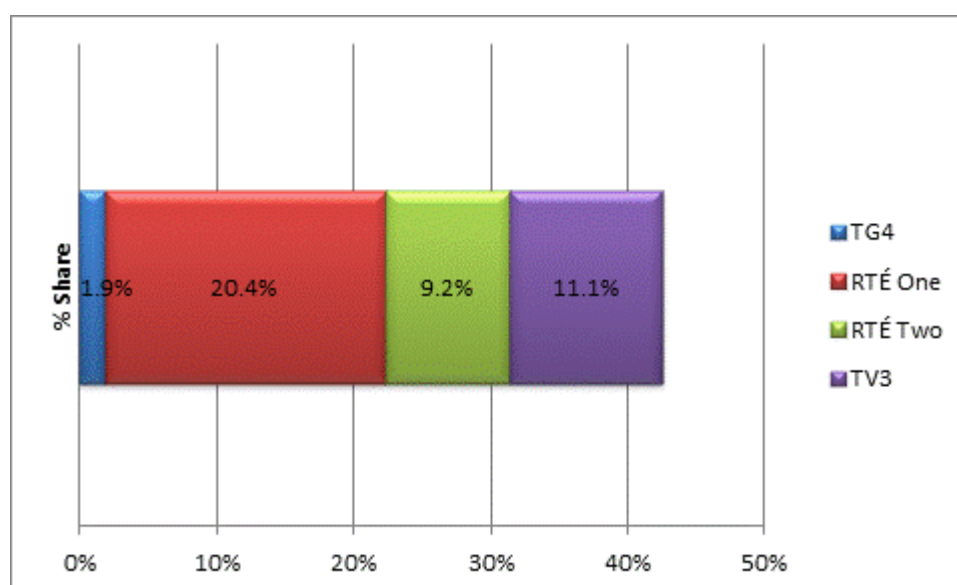
Source: Indecon analysis of TG4 Review of 2012 Performance (April 2013).

Commitment 27: Maintain and if possible increase our national audience share and reach taking account of all means of viewing the service across all digital platforms (traditional and deferred viewing, online etc.). In addition, we will endeavour to improve TG4 share and reach where possible in key demographic sectors such as children, young adults and adults.

TG4 consolidated channel share declined from 2.00% in 2011 to 1.85% in 2012. This decline should be considered in the context of the performance by other major channels in Ireland. Of the 15 channels considered in Table 2.6 only four have demonstrated increases in their share of consolidated viewing between 2011 and 2012. As a result, TG4 has maintained its place as the 8th most watched channel in Ireland despite a fall in its audience viewing share. This figure does not include TG4's channel share in Northern Ireland⁵ or its share in pubs and clubs in the Republic of Ireland.

The figure below demonstrates TG4's audience share compared with the other main Irish terrestrial channels in 2012. TV3 maintained the second highest audience share, after RTE One, at 11.13% in 2012, followed by RTÉ Two with an audience share of 9.2%. TG4 average audience share was however 1.85% in 2012.

Figure 3.19: Average Audience Viewing Shares by Channel for TG4, RTÉ and TV3 2012



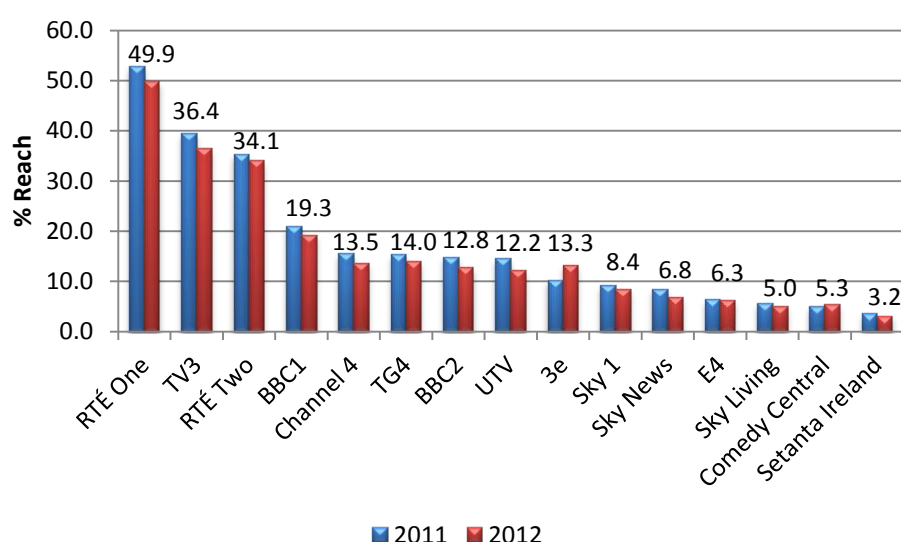
Note: These figures are "Consolidated" shares, which include live viewing and also playback viewing up to 7 days after transmission.

Source: Indecon analysis of TG4 data from the Review of 2012 Performance (April 2013).

⁵ Audience share will be measured in Northern Ireland from 2013 onwards.

TG4's reach continued to decline between 2011 and 2012. TG4's reach has fallen from 16.04% in 2010 to 15.43% in 2011 and 14.01% in 2012. This downward trend in reach can be observed for many of the key channels in Ireland. Indeed, only 3e and Comedy Central demonstrated an increase in reach from 2011 to 2012.

Figure 3.20: Average Daily Reach by Channel 2011 and 2012



Note: These figures are "Consolidated" shares, which include live viewing and also playback viewing up to 7 days after transmission. Labels are shown for 2012 figures.

Source: Indecon analysis of TG4 data from the Review of 2012 Performance (April 2013).

Table 3.4 considers peak viewership, reach and share for TG4 in 2010, 2011 and 2012. Peak time viewership, reach and share declined year-on-year between 2010 and 2012. In 2012, TG4 recorded an average viewership of 26,400, a reach of 397,500 and a share of 1.9% during peak time.

Table 3.4: Summary of TG4 Viewership, Reach and Share for all Programmes during Peak Time, 2010, 2011 & 2012

	Average Viewership (000s)	Reach (000s)	Peak Share (%)
2010	30.1	457.1	2.2%
2011	28.4	430.8	2.0%
2012	26.4	397.5	1.9%

Note: Data presented here is based on consolidated data, 7pm to midnight.

Source: TG4 Review of 2012 Performance (April 2013).

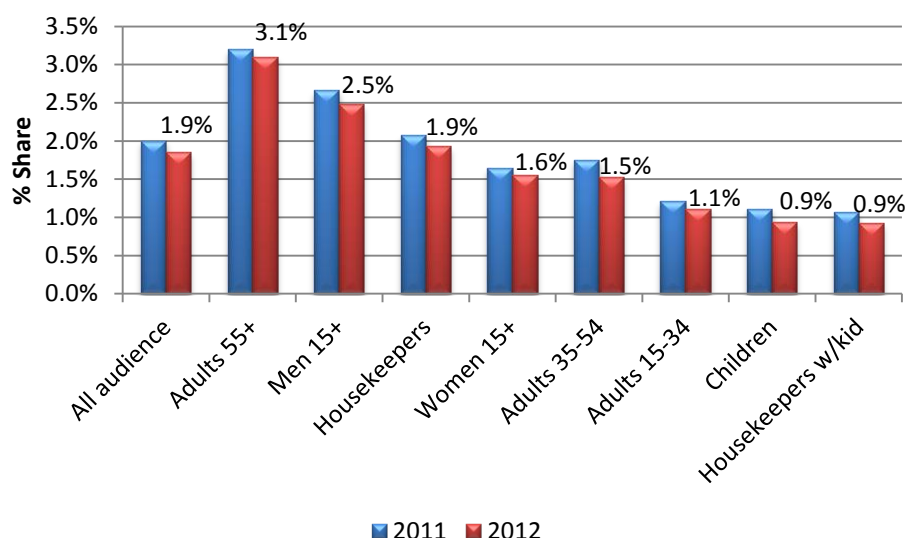
Table 3.5 considers average and peak viewing, reach and share for the top 20 programmes during peak time on TG4 in 2012. A large number of the top 20 programmes during peak time are in the sports genre (8). A further eight programmes in the top 20 were music-related. The remainder of TG4's peak time top 20 programmes were documentaries and films.

Rank	Programme	Date	Time	Ave 000s	Peak 000s	Reach 000s	Share (%)
1.	Rugbaí Beo – Leinster v Munster	06-Oct	18:25- 20:24	236.8	323.0	584.2	17.6%
2.	Opry an Iúir – Philomena Begley	26-Dec	21:32- 22:47	136.8	179.8	309.4	8.2%
3.	GAA Beo – Under 21 Hurling Final	15-Sep	18:44- 20:29	129.7	210.3	337.4	9.3%
4.	Andy Irvine @ 70	30-Dec	21:31- 22:28	121.4	144.3	259.7	7.6%
5.	Johnny McEvoy, An Cheolcoirm	27-Dec	21:34- 22:29	114.9	142.8	254.0	7.1%
6.	Sharon Shannon In Concert	28-Dec	21:42- 22:48	110.5	128.4	261.8	7.2%
7.	Tommy Fleming, A Journey Home	22-Dec	19:45- 20:47	110.3	144.1	277.5	6.6%
8.	The West's Awake – Rugbaí Chonnacht	10-Oct	21:31- 22:38	109.4	160.5	278.1	7.0%
9.	The Dark Knight	02-Jan	21:32- 24:13	109.3	155.5	504.2	7.6%
10.	Rugbaí Beo – Leinster v Connacht	01-Jan	16:30- 19:04	108.8	212.3	406.3	8.0%
11.	Rugbaí Beo – Connacht v Leinster	28-Sep	19:53- 21:56	108.4	176.4	378.3	6.7%
12.	Rugbaí Beo – Connacht v Munster	22-Dec	16:45- 19:22	108.2	200.8	414.2	8.1%
13.	Rugbaí Corn Heineken – Clermont v Leinster	29-Apr	18:04- 19:09	106.8	148.6	259.4	7.6%
14.	Mná an IRA	05-Jan	22:32- 22:59	105.0	145.8	209.6	7.1%
15.	Rugbaí Beo – Leinster v Glasgow	12-May	19:00- 21:41	103.3	189.7	404.2	7.4%
16.	The Dubliners – Live at Vicar Street	17-Mar	22:20- 23:40	98.3	174.0	356.6	7.9%
17.	Opry an Iúir	26-Sep	22:32-23:26	96.8	116.9	211.1	8.7%
18.	Rugbaí Beo – Scarlets v Munster	21-Apr	18:15-20:30	95.0	168.1	363.6	8.1%
19.	A Little Bit Country	05-Dec	22:32- 23:00	93.8	125.2	177.1	7.2%
20.	The Man From Snowy River	24-Aug	21:38- 23:31	93.6	131.2	307.7	7.3%

Note: figures are DayParts. Peak time is from 19:00-24:00 and these figures are Consolidated viewing only.
Source: TG4 data from the TG4 Review of 2012 Performance (April 2013).

Figure 3.21 considers TG4 audience shares by category for 2011 and 2012. TG4's share has declined between 2011 and 2012 in each of the categories considered. TG4's share is highest among adults aged 55 and over, men over the age of 14 and housekeepers. TG4 recorded its lowest share among adults between the ages of 15 and 34, children and housekeepers with children. In terms of long term sustainability of its audience base, this is an important issue for TG4.

Figure 3.21: TG4 Audience Shares by Category, 2012 & 2011



Note: All figures reported are "Consolidated" shares, referring to viewing at time of transmission and also playback viewing up to 7 days after transmission. Data labels shown are for 2012 only.

Source: TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

TG4 performed well during peak viewing periods throughout the year. TG4 achieved a viewing share of 3.3% during the Christmas period and of 4.6% on St Patrick's Day.

Commitment 28: Continue to extend and enhance TG4's presence across all content distribution platforms including online and mobile.

TG4 was ranked as the top Irish language website in 2012 according to Alexa rankings compared to its third-place ranking in 2011. As described previously, 2012 saw a number of innovations in TG4's online presence: the TG4 Player service was altered so that programmes could be streamed in their entirety and not in "programme parts", three new Irish language apps were launched and social media plug-ins were introduced. TG4 demonstrated particular focus on improving its online content for children and young people. Work began on a TG4 Player app for IOS and TG4 began implementation of its content distribution project. This should enable TG4 content to be distributed on all online platforms.

Commitment 29: Complete the rollout of Digital Terrestrial Television (DTT) both North and South, working with RTÉNL on the delivery of TG4 on MUX1 and with the UK authorities on the delivery of TG4 on MUX 7 in the North. In addition, TG4 will explore the possibility of a second TG4 channel on MUX 2 in the South.

The switchover to DTT was successfully achieved through analogue switch-off on the 24th of October 2012. Saorview, and TG4 as a result, is now available to 98% of the population of the Republic of Ireland. TG4 participated in a Saorview awareness campaign, with particular focus aimed at Gaeltacht areas. TG4 is also available on Freeview in Northern Ireland, which reaches 93% of the population. TG4 decided to explore the possibility of a second channel online instead of on MUX 2. TG4 states that this is in part due to funding reasons, but also as a result of opportunities available in multi-platform settings. A TG4 EPG in English and Irish was delivered on a number of platforms.

Commitment 30: Extend TG4's service on an all-island basis, by increasing our availability across all broadcast platforms in the North.

TG4 is delivered on Freeview in the North, available to approximately 93% of the population. TG4 is available on satellite and cable in Northern Ireland.

Commitment 31: Implement the High Definition TV (HDTV) plan for 2012 with a view to having migrated to full HDTV capability by 2013.

TG4 remains on course for migrating to HD capability by Q2 2013 on-time and on-budget. TG4 broadcast its first HD programme in October 2012. Studios, associated control rooms, central apparatus rooms and lines/ingest areas were successfully transitioned to HD.

Commitment 32: Integrate the Digital Asset Management (DAM) system with other key TG4 systems and commence the development of DAMS Phase 3 (the archive). We will also continue to upgrade key broadcasting and administrative systems and related processes/work practices.

Integration of the DAM system was achieved. The TG4 Archive was not developed in 2012; TG4 cites that this was due to a delay in the BAI securing funding for its Archive Project Scheme.

Commitment 33: Deliver initiatives which foster innovation and experimentation in our broadcasting services.

New programmes and series were commissioned from the Irish language independent production sector. TG4 delivered training/production initiatives in 2012: a writer and director initiative 'Scéal' which resulted in six new half-hour TV dramas, a training initiative in 'Lasair Grinn' resulting in six short Irish language comedy pieces and a training scheme 'Scúp' resulting in two TV dramas currently being broadcast on TG4. TG4 focussed on developing new online content, including three new Irish language apps and online games, and began the development of a TG4 Player app for IOS.

Commitment 34: Strengthen TG4 through delivery of innovative and effective marketing and branding campaigns.

TG4 marketing and research expenditure in 2012 was €1.53 million, which represented a 1.7% decline in marketing expenditure from 2011 but exceeded the 2012 target of €1.4 million. TG4 indicates that the budget was exceeded due to increased investment in branding, TG4 font and Idents. TG4 ran a number of marketing campaigns for various programmes, delivered monthly promotional campaigns, increased its social media presence via Facebook, YouTube and Twitter and developed new Idents. TG4 carried out audience research in 2012 with its "Core Audience Research" survey; TG4 secured 28 marketing and branding awards throughout 2012.

Commitment 35: Secure approximately €3m in commercial revenues in 2012.

Commercial revenue was €3.17 million in 2012 which represented a 2% increase on 2011 commercial income. Commercial income is divided into income from advertising and sponsorship, and other commercial income. Income from advertising and sponsorship continued to decline in 2012, but other commercial income increased. Commercial income accounted for 8.8% of total TG4 income in 2012 and TG4 highlights the importance of this income as all non-Irish language content is funded via commercial income.

Commitment 36: Maintain a culture of continuous improvement through our on-going investment in talent and through implementing a strategic approach to skills development.

Performance reviews completed in January 2012 were used to inform a training needs analysis, divisional training and development and personal development plans for all staff. Total training

hours were 2,484 in 2012. Training in DAMs was completed and three new Irish language talents from a total of 12 were added to TG4's panel of presenters. Major training initiatives were undertaken in the areas of finance, technical/engineering/IT, presentations/ acquisitions/ young people and commissioning.

3.2.6 Use of Public Funds

Details of TG4 commitments and performance on the uses of public funds are presented in the table below.

Table 3.6: TG4 Commitments Performance – Use of Public Funds	
Commitment	Performance
Spend at least 70% of our public funding on Irish language content, a further 15% on its broadcast and 15% on overheads. We will limit our use of public funding to the achievement of our public service objects and duties.	In 2012, TG4 spent 71.43% of public funding on Irish language content.
Maintain current programming per hour costs and ensure value for money.	The target average cost per hour for TG4 commissioned programming (including internal /co-productions) was €25k and this was achieved in 2012. Average cost per hour for commissioned programming fell by 9.4% between 2011 and 2012. TG4 indicates that TG4's commissioned cost per hour compared well with average cost per hour of the BBC, S4C and RTÉ.
Continue to operate as cost effectively as possible and to deliver value-for-money in all that we do.	There was a 0.13% increase in TG4's operating costs between 2011 and 2012. 71.43% of public funding was spent on Irish language content, representing an increase of 5.33 percentage points from 2011. The cost per hour of new Irish language content continued to fall in 2012 and the cost-per-broadcast hour remained constant. A fall in TG4's audience share resulted in an increase in cost-per-viewer hour in 2012. TG4 indicates that changes in key costs compared favourably with changes in the Consumer Price Index (CPI) which increased by 1.7% in 2012; total operating expenditure increased by 0.13%, while total staff costs fell by 1.7%. Average staff costs increased by 3.27% in 2012; TG4 indicates that this increase can be explained by a change in the calculation of FTE numbers, rounding issues and the payment of increments (which accounts for 1% of this increase).
Provide some 100 jobs directly and support approximately 300 full-time jobs in the independent production sector, enhancing Ireland's capability in the knowledge-based creative sectors.	TG4 employed 79 FTEs in 2012; this represented a fall of 4.8% from 2011 FTE numbers. IBEC's Film and Television Review for 2012 (which considers 2011 figures) indicated that TG4 directly supported 290 jobs in the independent production sector in 2011.
Build on the previous year's contribution to the national economy by adding circa €58m to national earnings and by having an associated employment impact of some 700 additional jobs.	Using impact multipliers, TG4 estimates that total TG4 contribution to income was €60.4 million in 2012 and that 946 jobs were supported by TG4 throughout the economy.
Source: Indecon analysis of TG4 Review of 2012 Performance (April 2013).	

Commitment 37: Spend at least 70% of our public funding on Irish language content, a further 15% on its broadcast and 15% on overheads. We will limit our use of public funding to the achievement of our public service objects and duties.

In 2012, TG4 spent 71.43% of public funding on Irish language content.

Commitment 38: Maintain current programming per hour costs and ensure value for money.

The target average cost per hour for TG4 commissioned programming (including internal /co-productions) was €25k and this was achieved in 2012. Average cost per hour for commissioned programming fell by 9.4% between 2011 and 2012. TG4 indicates that TG4's commissioned cost per hour compared well with average cost per hour of the BBC, S4C and RTÉ.

Commitment 39: Continue to operate as cost effectively as possible and to deliver value-for-money in all that we do.

There was a slight increase of 0.13% in TG4's operating costs between 2011 and 2012. 71.43% of public funding was spent on Irish language content, representing an increase of 5.33 percentage points from 2011. The cost per hour of new Irish language content continued to decline in 2012 and the cost-per-broadcast hour remained constant. A fall in TG4's audience share resulted in an increase in cost-per-viewer hour in 2012. TG4 indicates that changes in all key costs compared favourably with changes in the Consumer Price Index (CPI) which increased by 1.7% in 2012; total operating expenditure increased by 0.13%, while total staff costs fell by 1.7%. Average staff costs increased by 3.27% in 2012; TG4 indicates that this increase can be explained by a change in the calculation of FTE numbers, and the payment of increments (which accounts for 1% of this increase).

Commitment 40: Provide some 100 jobs directly and support approximately 300 full-time jobs in the independent production sector, enhancing Ireland's capability in the knowledge-based creative sectors.

TG4 employed 79 FTEs⁶ in 2012; this represented a decline of 4.8% from 2011 FTE numbers. IBEC's Film and Television Review for 2012 (which considers 2011 figures) indicated that TG4 directly supported 290 jobs in the independent production sector in 2011.

Commitment 41: Build on the previous year's contribution to the national economy by adding circa €58m to national earnings and by having an associated employment impact of some 700 additional jobs.

Using impact multipliers, TG4 estimates that total TG4 contribution to income was €60.4 million in 2012 and they estimated that 946 jobs were supported by TG4 throughout the economy. A detailed evaluation of the multipliers and impact analysis is outside of the scope of this review.

⁶ Headcount: 84.

3.2.7 Governance

TG4 governance commitments are presented below. This covers statutory compliance requirements and working with various stakeholders.

Table 3.7: TG4 Commitments Performance – Governance

Commitment	Performance
Deliver all our statutory requirements as reflected in our objects, broadcasting codes and regulations etc.	TG4 indicates that statutory and other obligations included in TG4's objects, broadcasting codes and regulations were delivered in 2012. TG4 indicates that TG4 met its regulatory requirements in 2012 and published policies and charters as required by the Broadcasting Act. TG4 was compliant with the Code of Practice for Governance of State Bodies, employment law and the EU Commission State Aid Rules to Public Service Broadcasting. TG4 delivered its ASPC, Performance Review, Annual Report and updated five-year Statement of Strategy as required by legislation.
Work closely with our two key stakeholders, DCENR and the BAI, to support broadcasting policy development and to deliver on all our governance and compliance requirements.	TG4 submitted detailed financial records, 2012 Statement of Commitments, Review of 2011 Performance, 2011 Annual Report and a Code of Fair Trading Practice based on BAI guidelines to the Minister for Communications, Energy and Natural Resources. TG4 was compliant with broadcasting codes and regulations as set out by the BAI and reported regularly to the BAI on aspects such as output, access, subtitling, funding requirements and compliance to programming standards.
Engage in ongoing dialogue with key industry stakeholders, regulators, broadcasters, policy-makers and other key bodies on all aspects of broadcasting operations, codes and regulations.	TG4 maintained regular dialogue with the DCENR and the BAI. TG4 reports that it engaged with RTE and engaged regularly with IBEC's Audio Visual Federation, Circom, WITBN, the Celtic Media Festival and the EBU on topics including governance, policy, legal and technical areas.
Work closely with the TG4 Board to comply with all relevant and binding codes and regulations under which we function.	TG4 reported to the TG4 Board on statutory and broadcasting requirements on a regular basis and the TG4 Board adopted reports and policies prepared by TG4 management. The TG4 Board completed a checklist to ensure that TG4 met reporting, governance and compliance requirements.
Draft and publish an updated Statement of Strategy and continue to position the case with the Government for an increase in funding and a multi-annual funding approach as reflected in the Broadcasting Act 2009.	An updated Statement of Strategy for 2012-2016 comprising a review of TG4's funding plan was delivered and a review of the Statement of Strategy was undertaken as part of the Crowe Horwath five-year funding review. This led to the commencement of a costed Statement of Strategy for 2013-2017 due to be delivered to the DCENR and the BAI in Q1 2013.
Deliver three Internal Audits and a Risk Management review of TG4.	Three internal audits (Purchase to Pay Cycle, Overtime claims and payments, IT and Information Security Review) were undertaken by TG4's internal audit service provider (DHKN) in 2012. A risk management review was delivered by TG4 in conjunction with DHKN.
<i>Source: Indecon analysis of TG4 Review of 2012 Performance (April 2013).</i>	

Commitment 42: Deliver all our statutory requirements as reflected in our objects, broadcasting codes and regulations etc.

TG4 indicates that all statutory and other obligations included in TG4's objects, broadcasting codes and regulations were delivered in 2012. TG4 indicates that TG4 met regulatory requirements in 2012 and published policies and charters as required by the Broadcasting Act. TG4 was compliant with the Code of Practice for Governance of State Bodies, employment law and the EU Commission State Aid Rules to Public Service Broadcasting. Legislation requires that TG4 delivers its ASPC, Performance Review, Annual Report and updated five-year Statement of Strategy; TG4 delivered required plans/reports in 2012.

Commitment 43: Work closely with our two key stakeholders, DCENR and the BAI, to support broadcasting policy development and to deliver on all our governance and compliance requirements.

TG4 submitted a number of plans/reports to the Minister for Communications, Energy and Natural Resources; including detailed financial records, 2012 Statement of Commitments, Review of 2011 Performance, 2011 Annual Report and a Code of Fair Trading Practice based on BAI guidelines. TG4 was compliant with broadcasting codes and regulations as set out by the BAI and reported regularly to the BAI on aspects such as output, access, subtitling, funding requirements and compliance to programming standards.

Commitment 44: Engage in ongoing dialogue with key industry stakeholders, regulators, broadcasters, policy-makers and other key bodies on all aspects of broadcasting operations, codes and regulations.

TG4 maintained regular dialogue with the DCENR and the BAI. TG4 engaged extensively with RTÉ and engaged regularly with IBEC's Audio Visual Federation, Circom, WITBN, the Celtic Media Festival and the EBU on a range of topics including governance, policy, legal and technical areas.

Commitment 45: Work closely with the TG4 Board to comply with all relevant and binding codes and regulations under which we function.

TG4 reported to the TG4 Board on statutory and broadcasting requirements on a regular basis and the TG4 Board adopted reports and policies prepared by TG4 management. The TG4 Board completed a checklist to ensure that TG4 met reporting, governance and compliance requirements. TG4 worked closely with the TG4 Board to produce a strategy and annual commitments.

Commitment 46: Draft and publish an updated Statement of Strategy and continue to position the case with the Government for an increase in funding and a multi-annual funding approach as reflected in the Broadcasting Act 2009.

An updated Statement of Strategy for 2012-2016 comprising a review of TG4's funding plan was delivered and a review of the Statement of Strategy was undertaken as part of the Crowe Horwath five-year funding review. This led to the commencement of a costed Statement of Strategy for 2013-2017 due to be delivered to the DCENR and the BAI in Q1 2013.

Commitment 47: Deliver three Internal Audits and a Risk Management review of TG4.

Three internal audits (Purchase to Pay Cycle, Overtime claims and payments, IT and Information Security Review) were undertaken by TG4's internal audit service provider (DHKN) in 2012. A risk management review was also delivered by TG4 in conjunction with DHKN.

Responsible and Trustworthy Broadcaster

TG4 commitments on being a responsible and trustworthy broadcaster are presented in the table below.

Table 3.8: TG4 Commitments Performance – Responsible and Trustworthy Broadcaster	
Commitment	Performance
Deliver initiatives to ascertain views about TG4 content and services, to ensure we meet the needs of our audiences and that we cater for the expectations of the communities we serve.	A TG4 audience survey was produced by IPSOS MRBI in 2012. Two Audience Council meetings were held in 2012 and one with the Ardstiúrthóir; TG4 indicates that it was ensured that the Audience Council was representative of the groupings required and operated effectively. TG4 performed analysis of Nielsen data. TG4 indicates that it performed other qualitative research but does not specify what this was.
TG4 will be independent, impartial and reliable in all that we do.	TG4 adhered to broadcasting codes and guidelines and delivered a range of high quality programming. TG4 indicates that it maintained the highest standards of editorial integrity and showed no editorial or programming bias in terms of gender, age, disability, race, sexual orientation, religion, and membership of a minority community. TG4 worked with RTÉ to ensure no editorial bias in the Nuacht programme. TG4 indicates that it respected children in programming and advertising. TG4 complied with the BAI's Programming and Standards and was transparent in reporting and expenditures.
TG4 commits to fostering awareness and understanding of other cultures.	As a founding member of the WITBN, TG4 continued its involvement with the leadership of the organisation and exchanged four hours for 24 hours of programming plus 12 news programmes. TG4 engaged with a number of other indigenous broadcasters such as BBC Alba, BBC NI, DR2, TV3 Spain, BBC Scotland, UTV and the Australian Film Archive. TG4 continued its engagement with the EBU and the Celtic Media Festival.
<i>Source: Indecon analysis of TG4 Review of 2012 Performance (April 2013).</i>	

Commitment 48: Deliver initiatives to ascertain views about TG4 content and services, to ensure we meet the needs of our audiences and that we cater for the expectations of the communities we serve.

As discussed previously, a TG4 audience survey was produced by IPSOS MRBI in 2012. Two Audience Council meetings were held in 2012 and one with the Ardstiúrthóir and it was ensured that the Audience Council was representative of the groupings required and operated effectively.

Commitment 49: TG4 will be independent, impartial and reliable in all that we do.

TG4 adhered to broadcasting codes and guidelines and delivered a range of high quality programming. TG4 indicates that it maintained the highest standards of editorial integrity and showed no editorial or programming bias in terms of gender, age, disability, race, sexual orientation, religion, and membership of a minority community. TG4 worked with RTÉ to ensure no editorial bias in the Nuacht programme. TG4 highlights that it respected children in all programming and advertising. TG4 complied with the BAI's Programming and Standards and was transparent in reporting and expenditures.

Commitment 50: TG4 commits to fostering awareness and understanding of other cultures.

As a founding member of the WITBN, TG4 continued its involvement with the leadership of the organisation and exchanged four hours for 24 hours of programming plus 12 news programmes. TG4 engaged with a number of other indigenous broadcasters such as BBC Alba, BBC NI, DR2, TV3 Spain, BBC Scotland, UTV and the Australian Film Archive. TG4 continued its engagement with the EBU and the Celtic Media Festival.

3.3 TG4 Fulfilment of its Public Service Statement

TG4 commitments on its public service statement are presented in the table below.

Table 3.9: TG4 2012 Performance on its Public Service Statement	
Statement	Evidence
Deliver programming primarily in the Irish language and provide a daily link for the Irish language to every household in the island of Ireland	TG4 delivered 1,669 hours of new Irish language programming in 2012 and Irish language programming comprised 58% of total TG4 broadcasting. TG4 is free-to-air on terrestrial, cable and satellite platforms in the Republic of Ireland. TG4 is available on terrestrial, cable and satellite platforms in Northern Ireland.
Ensure that our programming reflects the varied elements which make up the culture of the people of the island of Ireland and have special regard for the elements which distinguish that culture and in particular, for the Gaeltachtaí.	TG4 delivered 1,669 hours of new Irish language programming and ensured that Irish language programming comprised 58% of total programming on TG4. TG4 commissioned Gaeltacht-based series and delivered Nuacht coverage from the Gaeltachtaí. TG4 provided coverage from Oireachtas na Gaeilge and broadcast a series targeting the Irish diaspora.
Ensure that our services reflect the requirements of the Gaeltacht communities and households whose daily language is Irish.	58% of TG4 broadcasting was in Irish. TG4 commissioned Gaeltacht-based series and delivered Nuacht coverage from the Gaeltachtaí. TG4 provided coverage from Oireachtas na Gaeilge.
Ensure that our programming reflects the democratic and social values of Irish society.	TG4 has stated in its performance review that this commitment has been fully achieved, but does not provide specific evidence to verify this.
Feature programming across all genres that informs, entertains and educates audiences of all age groups within Irish society.	The 1,669 hours of new Irish language programming were distributed across a number of genres; namely sport (31.2%), children's/teen programming (17%), news and current affairs (12%), documentaries (9.4%), entertainment/lifestyle (6.8%), music (6.5%) and drama (3.2%).
Always strive to deliver and maintain the highest standards of editorial integrity and to deliver a diverse range of high quality programming.	TG4 states that all staff are aware of the need to inform, educate and entertain audiences and to ensure that content is fair, impartial, accurate and of the highest quality.
Show no editorial or programming bias in terms of gender, age, disability, race, sexual orientation, religion or membership of a minority community.	TG4 has stated in its performance review that this commitment has been fully achieved, but does not provide specific evidence to verify this.
Show no editorial bias in news and current affairs reporting being fair, impartial and objective.	TG4 has stated in its performance review that this commitment has been fully achieved, but does not provide specific evidence to verify this.
Ensure that our broadcasts do not cause harm or offence, do not incite crime or undermine the authority of the State.	TG4 has stated in its performance review that this commitment has been fully achieved, but does not provide specific evidence to verify this.
Respect children in our programming and advertising broadcasts.	TG4 delivered 6 hours per day of children's/teen programming and indicates that it worked to ensure that TG4 programming, advertising and sponsorship respected children and young people.
Take into account, the needs of those with physical, sensory or intellectual disability.	TG4 delivered almost 400 hours of subtitling in 2012 and was compliant with the BAI's subtitling target range for TG4 of 36-42%, delivering 42% subtitling in 2012.
Respect individuals and ensure that the privacy of any individual is not unreasonably encroached upon.	TG4 has stated in its performance review that this commitment has been fully achieved, but does not provide specific evidence to verify this.
Play a leading role in the development of Irish language television by encouraging high standards of programme quality in addition to supporting the talents and creative resources of the independent production sector in Ireland.	TG4 delivered 725 new Irish language hours which were commissioned or co-produced with the independent production sector in Ireland. TG4 spent €20.4 million with the sector in 2012; this spend was composed of commissioning costs (€17.8 million) and dubbing/subtitling services (2.6 million). TG4 delivered initiatives including a Producers day to present TG4's plans to the sector, various training initiatives and attempts to revive comedy production from the Donegal Gaeltacht.
Be mindful of the need for understanding and peace within the whole island of Ireland.	TG4 has stated in its performance review that this commitment has been achieved, but does not provide specific evidence to verify this.
Uphold the democratic values enshrined in the Constitution, especially those relating to rightful liberty of expression.	TG4 has stated in its performance review that this commitment has been achieved, but does not provide specific evidence to verify this.
Have regard to the need for the formation of public awareness and understanding of the values and traditions of countries other than the State, including in particular, those of other EU Member States.	TG4 continued its involvement with the WITBN and exchanged four hours of programming for 24 hours plus 12 news programmes. TG4 continued to work with broadcasters from lesser used language nations such as TV3 Catalonia, DR2, BBC NI, BBC Scotland, BBC Alba and the Australian Film Archive.
Deliver audiences and stakeholders real value-for-money by successfully promoting the Irish language and culture through high quality broadcast and content services and by operating as efficiently as possible.	TG4 spent 71.43% of public funding on Irish language content and 69% of total funding on Irish language content. The cost-per-hour of new Irish language content fell, while the total cost-per-broadcast hour remained constant. The cost-per-viewer hour increased due to a decline in TG4's audience share. Operating costs increased slightly (by 0.13%) and total staff costs fell. TG4 indicates that these changes compare favourably to the increase of 1.7% in CPI. Average staff costs increased from 2011 to 2012; TG4 indicates that this increase is the result of a change in FTE calculation, rounding and the payment of increments.

Source: Indecon analysis of TG4 data from the TG4 Review of 2012 Performance (April 2013).

3.3.1 TG4's Performance against BAI Criteria

In addition to requiring that commitments are set out under a given set of headings, the BAI has indicated that these commitments must be evaluated against the following criteria:

- ☐ High-level and strategic
- ☐ Measurable and realistic
- ☐ Achievable and time bound
- ☐ Set within a context of 'from' and 'to' positions
- ☐ Contain a degree of 'stretch'
- ☐ Contain rationale and context

The table below evaluates TG4's commitments under their various headings compared with the BAI criteria outlined above. Overall, TG4 met most of its measurable targets set out under the commitments for 2012. However, a major challenge for TG4 concerns meeting commitments on channel share and audience reach.

Table 3.10: Evaluation of TG4 Commitments and Performance Against the BAI Criteria					
Theme	High Level & Strategic	Measurable & Realistic	Achievable & Time Bound/ 'from' and 'to' positions	Degree of Stretch	Rationale & Context
Content Provision	Commitments 2,3,4,5,6 and 7 could be represented under a single commitment to target hours of new Irish language programming by genre	Yes	Yes	Yes, for the most part. Target programming hours for drama and music set lower than 2011 targets and 2011 actual performance	Requires on-going consideration
Promotion & Development of the Irish language & culture	Commitments 16&17 could be combined	Yes	Yes	Yes	Yes
Service & Technology Development	Yes	Yes	Yes	Yes	Context not given for commercial revenue target of €3m
Use of Public Funds	Yes	Yes	Yes	Targets for jobs supported by TG4 and TG4 contribution to national incomes set lower than or equal to last year's targets	Adequate
Governance	Yes	Yes	Yes	Not Applicable	Adequate
Responsive & Trustworthy Broadcasting	Yes	Difficult to measure	No – very high level measures which do not have a timeline	Not Applicable	Adequate

Source: Indecon analysis

3.4 Summary of Findings

TG4 broadly achieved its performance commitments in 2012. However, some targets relating to new Irish language programming content, funding secured for the independent production sector and audience-related measures such as reach and share, were not fully achieved. A large range of commitments masks actual performance in relation to some of the more important metrics. Key findings:

- ❑ 1,669 hours of new Irish language programming content, slightly below target by 2.34%
- ❑ 284 hours of new Irish language children's/teens programming compared to target of 324 hours
- ❑ 200 hours of new Irish language news and current affairs (target: 201 hours)
- ❑ 521 hours of new Irish language sports programming, missing target by 11.7%
- ❑ Target 48 hours of new Irish language drama programming exceeded with 53 hours
- ❑ 158 hours of new Irish language documentary programming, exceeding target by 36.2%
- ❑ 114 hours of new Irish language entertainment programming, below target by 18%
- ❑ 108 hours of new Irish language music programming, exceeding target by 18.7%.
- ❑ 58% of broadcasting hours on TG4 were in the Irish language
- ❑ 673 hours of new Irish language content commissioned from the independent production sector, exceeding target by 10.9%. 52 in-house hours delivered (target: 57)
- ❑ Total broadcasting hours increased by 1.4% between 2011 and 2012
- ❑ 7.1% rise in Irish language broadcasting hours and 5.3% reduction in non-Irish language broadcasting hours
- ❑ 1.6 million streams recorded on TG4 Player; 40% accessed from outside of Ireland
- ❑ Target for page impressions exceeded by 27.6% in 2012. Performance for Player streams and unique visitors significantly below targets due to measurement issues
- ❑ Hours watched on TG4 Player increased from 53,677 hours to 187,294 hours in 2012
- ❑ Three new Irish language Apps launched and 8 online games reversioned into Irish
- ❑ TG4 website ranked top Irish language website in 2012 Alexa rankings
- ❑ TG4 Archive not developed
- ❑ Expenditure of €20.39m in the independent production sector, exceeding target by 4%
- ❑ €4.07 million from BAI Sound & Vision Scheme and €1.72 million from ILBF secured for independent production sector. Outturn below targets set.
- ❑ Decline in channel share from 2.00% in 2011 to 1.85% in 2012
- ❑ TG4's reach declined from 15.43% to 14.01% in 2012
- ❑ Commercial revenue was €3.17m in 2012, exceeded target
- ❑ TG4 spent 71.43% of public funding on Irish language content (target: 70%)

4 Review of TG4's Role in Supporting Creativity 2012

4.1 Introduction

The Broadcasting Act 2009 sets out objects and requirements specific to TG4. Included in these is a requirement to “facilitate or assist contemporary cultural expression and encourage or promote innovation and experimentation in broadcasting.” It is clear that TG4's role in fostering creativity is a key objective as a public service broadcaster.

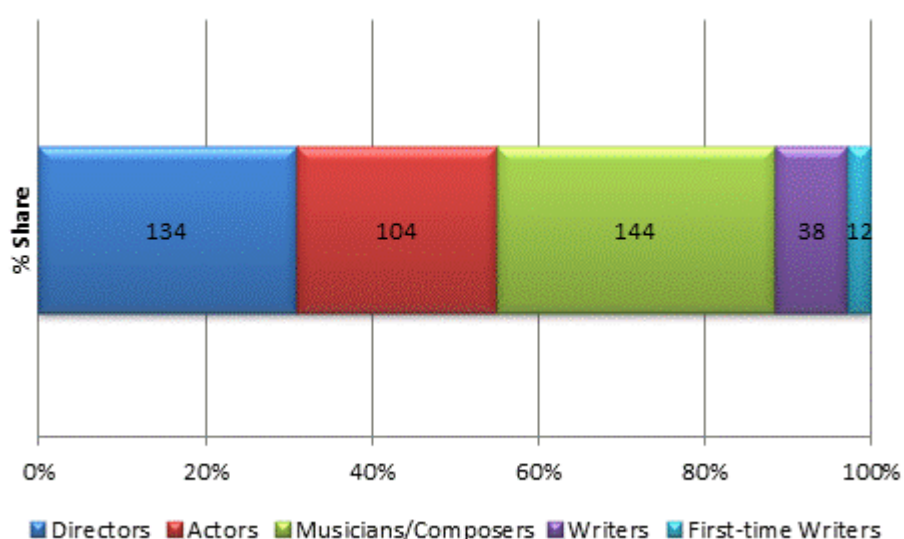
Creativity supported by TG4 can be identified in a number of ways. Firstly, TG4 employs a certain number of creative staff in its own in-house productions. Via the programme commissioning process, TG4 also supports a larger number of creative staff in the independent production sector.

To evaluate creativity within TG4 content, we consider the number of nominations received and awards won throughout the year, as well as examining several programmes which TG4 has highlighted as demonstrating creativity in 2012. TG4 has focussed on developing its online presence over the last number of years; Indecon examines innovation and developments in TG4's online services. We then consider additional creative initiatives delivered by TG4 in 2012.

4.2 Creative Staff Supported by TG4

Figure 4.1 overleaf considers the creative resources employed by TG4 in 2012 and examines these by job type. Musicians/composers comprise 33% of all creative staff employed by TG4; these are followed by directors (31%) and actors (24%). First-time writers comprise 3% of total creative staff supported by TG4 in 2012 and other writers form 9% of total creative staff.

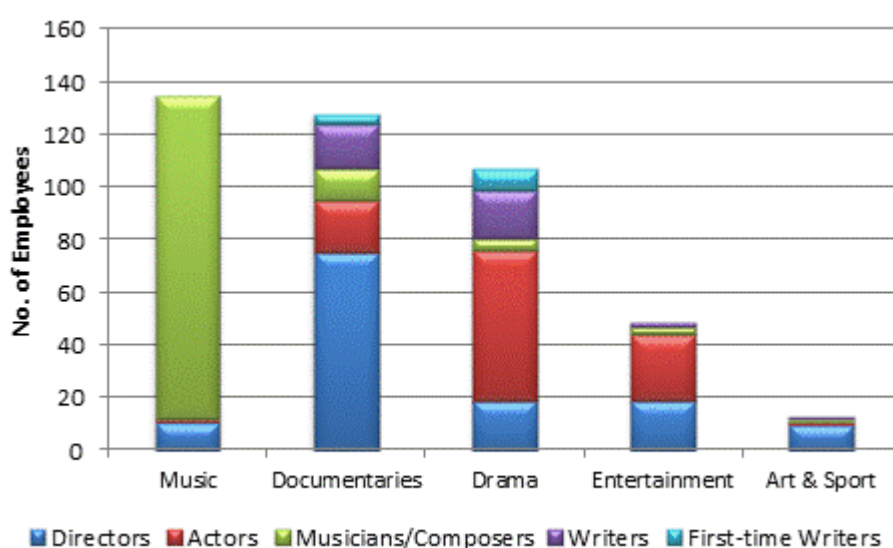
Figure 4.1: Breakdown of Staff Supported by TG4 in the Creative Industry 2012



Source: TG4 Review of 2012 Performance (April 2013).

Figure 4.2 considers the number of creative staff supported by TG4 in 2012 disaggregated by genre. The greatest proportion of creative staff is employed within the music genre, followed by documentaries and drama. As expected, there is a concentration of musicians/composers within the music genre, of directors within the documentaries genre and of actors in the drama genre.

Figure 4.2: Staff Supported by TG4 in the Creative Industry by Genre 2012



Source: TG4 Review of 2012 Performance (April 2013).

Table 4.1 provides a summary table of creative staff supported by TG4 in 2012 by genre and occupation. TG4 supported a total of 432 creative staff in 2012, which represents an increase of 4.6% on the 2011 figure of 413 creative staff. Music accounted for the highest number of creative staff; documentaries and entertainment recorded increases of 15% and 29% respectively in the number of creative staff supported by TG4.

Table 4.1: TG4 Creative Resources 2012						
	All Genres	Drama	Documentaries	Entertainment	Art & Sport	Music
Directors	134	19	75	19	10	11
Actors	104	57	20	25	1	1
Musicians/Composers	144	5	12	3	1	123
Writers	38	18	17	2	1	0
First-time Writers	12	8	4	0	0	0
Total	432	107	128	49	13	135
<i>Source: TG4 Review of 2012 Performance (April 2013).</i>						

4.3 Innovation in TG4 content

4.3.1 TG4 Awards/Nominations

One measure of creative innovation is the number of nominations received and awards won in 2012. Indecon advises caution when comparing across years as awards vary in significance and so it is not possible to determine that there is an increase (decline) in innovation if the number of awards/nominations increases (decreases).

The number of awards/nominations received by TG4 declined slightly from 75 in 2011 to 72 in 2012. Indecon believes that future refinement of this measure is required to differentiate between the significance of different awards.

Table 4.2: TG4 Awards/Nominations 2010-2012			
Category	2010	2011	2012
Programming	49	45	35
Marketing/Branding	17	20	28
TG4 Personalities	16	10	9
Total	82	75	72
<i>Source: Indecon analysis of TG4 Review of 2012 Performance (April 2013), TG4 Review of 2011 Performance (March 2012) and TG4 Review of 2010 Performance (April 2011)</i>			

4.3.2 Programmes Highlighted by TG4

TG4 has indicated six programmes which it believes demonstrated exceptional creativity in 2012. Three of these programmes were in the drama genre, while the other three were in the genres of soap, reality and travel. All of the programmes were part- or fully funded by TG4; the other funding sources were Section 481, the BAI, ILBF and BBCNI. We now consider these programmes in greater detail.

Scúp is an eight-part drama about a newspaper “An Nuacht”, its owner, editor, staff and community. This programme was produced in 2012 and was set to be broadcast in February and March 2013. The production of this programme was a direct result of the Scúp 2011 training scheme provided by TG4. **Crisis Eile** is a six-part drama and sequel to An Crisis. Crisis Eile is a political comedy following the experiences of a newly-appointed Irish EU Commissioner for Culture, Heritage, Multiculturalism and Climate Action and her team in Brussels. These two programmes represent topical programming which reflects storylines of particular interest for current audiences.

Ros na Rún is the only soap set in the Irish Gaeltacht and is in its 17th year of production. **Scéal 1** is the product of TG4's new Irish language writer and director development initiative and resulted in six new half-hour dramas. **Dúshlán na Marcach** (otherwise known as Jockey Eile) is a reality programme which set out to find the champion jockey from a group of aspiring jockeys and won the IFTA 2013 award for a Reality programme. **Wwoofáil** is a travel series which follows two TG4 presenters taking part in Wwoofing - participation in World Wide Opportunities on Organic Farms.

It is clear that the programmes highlighted by TG4 demonstrating creativity cover a wide range of topics. It is also noteworthy that two of the programmes were the result of TG4 training schemes and initiatives in 2011.

Table 4.3: Programmes Highlighted by TG4 as Demonstrating Creativity in 2012

Title	Company	Genre	Funders	Awards & Nominations
Scúp	Stirling Film & TV Productions	Drama	TG4/ILBF/BBCNI	N/A
Crisis Eile	Wildfire Productions	Drama	TG4/BAI/S481	N/A
Ros na Rún	Eo Fís Teo. & Tyrone Productions	Soap	TG4/S481	N/A
Scéal 1	Síol Scéal Teo	Drama	TG4/BAI/S481	N/A
Dúshlán na Marcach	Abú Media Teo	Reality	TG4	IFTA Winner 2013
Wwoofáil	Stirling Film & TV Productions	Travel	TG4/ILBF	N/A

Source: TG4 Review of 2012 Performance (April 2013).

4.3.3 TG4 Development of Online Presence

TG4 has recognised the importance of its online presence, in particular for targeting a younger audience. TG4's performance in relation to its online targets has been considered previously in Section 3. TG4 recorded 11.5 million page impressions in 2012, which exceeded the 2012 target but represented a decline on the 2011 figure of 14.8 million. The number of unique visitors to the TG4 website fell by 19% from 1.5 million in 2011 to 1.2 million in 2012, and did not achieve the target of 1.5 million. The number of Player streams declined by 43% from 2.8 million to 1.6 million and did not reach the target of 3 million. As noted earlier, TG4 has indicated to Indecon that these declines can be explained by a change in the technology provider for TG4 online services and a

resulting change in the measurement system and do not represent an actual decline in the audience for the TG4 website. Alterations to the TG4 Player service mean that programme streams no longer start immediately upon entry to the Player service, but have to be selected. The number of recorded Player streams has decreased as a result, but the uptake in the TG4 Player services is demonstrated by the significant increase in hours watched on the TG4 Player from 53,677 hours in 2011 to 187,294 hours in 2012.

TG4 further developed its online presence by providing seven new online games and releasing three new Irish language apps for preschool children. The development of a TG4 Player app for iOS was undertaken and the launch of this service is planned for 2013.

4.3.4 Other Creative Initiatives Supported by TG4

TG4 highlighted other creative initiatives undertaken in 2012.

Irish comedy

Six new short Irish language comedy pieces were delivered through “Lasair Grinn”, which contained a training element and was developed by TG4 and Film Base. Six comedy scripts from the Donegal Gaeltacht were delivered and submitted by TG4 to the most recent BAI round.

Pilots

Three new pilot ideas were sought by TG4, produced throughout 2012 and led to three new series for TG4; “Ó Cuisine”, “Sean Níos” and “I mBarr do Shláinte”.

Reversioning of international series

TG4 worked with local companies to reversion international series, in fulfilment of its 2012 commitments.

Support for Gaeltacht-based independent production companies

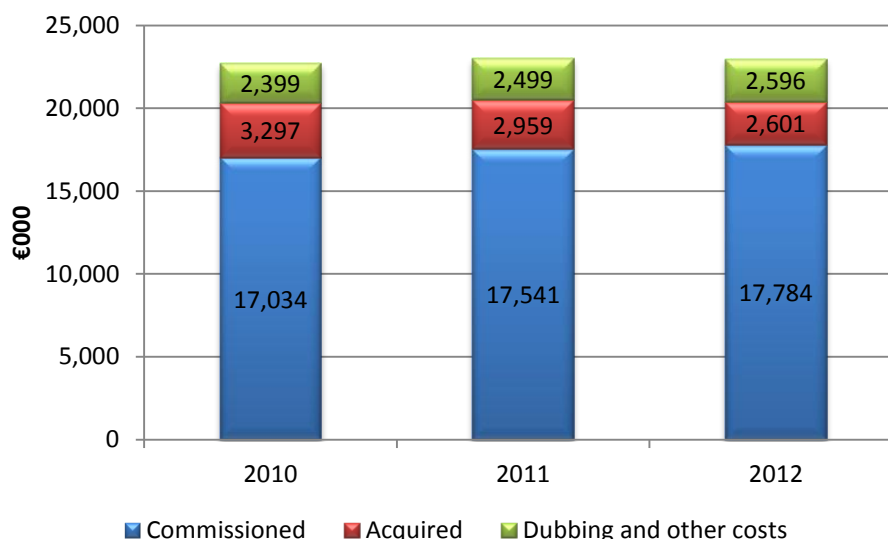
TG4 ensured that Gaeltacht-based independent production companies were made aware of Media Eurodoc and Discovery campus initiatives. A co-production titled “Welcome to Conamara” is in development with a representative of one of these companies who has newly been accepted to the EBU Archive initiative.

4.4 TG4 Support for the Independent Production Sector

TG4 supports and fosters creativity through its involvement and support of the Irish independent production sector. This support is provided through the commissioning of programmes from the sector and the securing of funding for the sector. Support of the sector is also provided by TG4 through training initiatives, open days and regular dialogue with the sector.

Figure 4.3 below provides a breakdown of TG4 programming expenditure from 2010 to 2012. This figure demonstrates that the majority of TG4 programming expenditure (77.4% in 2012) is directed towards commissioning programmes from the independent production sector. Commissioned programming expenditure was €17.8 million in 2012 and has increased year-on-year between 2010 and 2012.

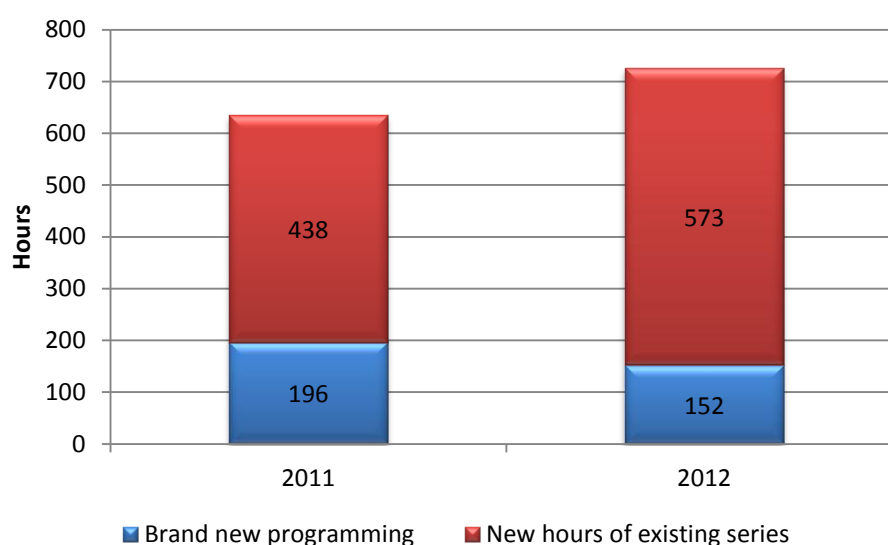
Figure 4.3: TG4 Programming Expenditure 2010 - 2012



Source: Indecon analysis of TG4 Annual Reports 2011 & 2012.

Figure 4.4 demonstrates the breakdown of hours of commissioned programming in 2011 and 2012. TG4 commissioned 673 hours from the independent production sector and produced another 52 in-house hours, the majority of which were co-produced with the independent production sector. This led to 725 hours of commissioned/co-produced programming in 2012, which was an increase of 14% on the 2011 figure of 634 hours. This programming can be broken down into new hours of existing series and brand new hours, as below. There was a 22% decline in the number of hours of new programming.

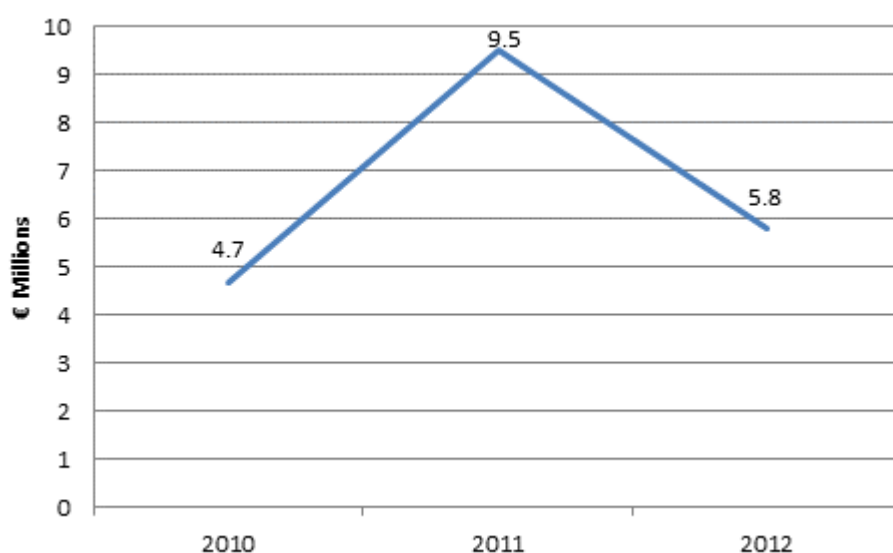
Figure 4.4: TG4 Commissioned Programming, 2011 & 2012



Source: TG4 Review of 2012 Performance (April 2013) & TG4 Review of 2011 Performance (March 2012).

Another facet of TG4's support for the independent production sector is the funding which it secures for the sector from the BAI Sound & Vision Fund and the ILBF. TG4 is not in receipt of this funding as it is received directly by companies within the sector. Figure 4.5 below demonstrates a significant decline in the funding secured by TG4 for the independent production sector to €5.8 million in 2012. TG4 indicated that the funding level in 2011 was higher than normal due to delays in 2010 funding allocations. TG4 did not achieve its funding target of €6.5 million in 2012.

Figure 4.5: Trend in Production Funds Secured for TG4 Commissions 2010-2012



Note: TG4 is not in receipt of this funding.

Source: TG4 Review of 2012 Performance (April 2013), TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2010 Performance (April 2011).

4.5 Summary of Findings

The information provided in this section indicates that TG4 supported creativity in a number of ways throughout 2012. There were increases in the number of creative staff supported by TG4, expenditure on commissions from the independent production sector and the number of hours commissioned/co-produced with the sector. However, there was a decline in the number of hours of new programming commissioned/co-produced with the sector and the funding secured by TG4 for the independent production sector did not achieve its 2012 target.

The key findings of this section are as follows:

- ❑ 4.6% increase in creative staff supported by TG4 from 413 in 2011 to 432 in 2012.
- ❑ Creative staff supported by TG4 concentrated in the music, documentary and drama genres.
- ❑ Decline in the number of awards/nominations from 75 in 2011 to 72 in 2012.
- ❑ Development of TG4's online presence though provision of seven new online games and release of three new Irish language apps for preschool children. Further development to be launched in 2013.

- ❑ A number of creative initiatives delivered in 2012, including production of new Irish comedy, pilots for new series, reversioning of international series and support for Gaeltacht-based independent production companies.
- ❑ Commissioned programming expenditure was €17.8 million in 2012 and has increased year-on-year between 2010 and 2012.
- ❑ 77.4% of TG4 programming expenditure in 2012 was directed towards commissioning programmes from the independent production sector.
- ❑ Increase of 14% in commissioned/co-produced hours from 634 hours in 2011 to 725 hours in 2012.
- ❑ 22% decline in the number of hours of new programming.
- ❑ TG4 secured €5.8 million for the independent production sector in 2012, which represents a decline on 2011 funding.

5 Analysis of TG4's Financial Performance

5.1 Introduction

In this section we analyse TG4's financial performance in 2012 and compare this to recent years.

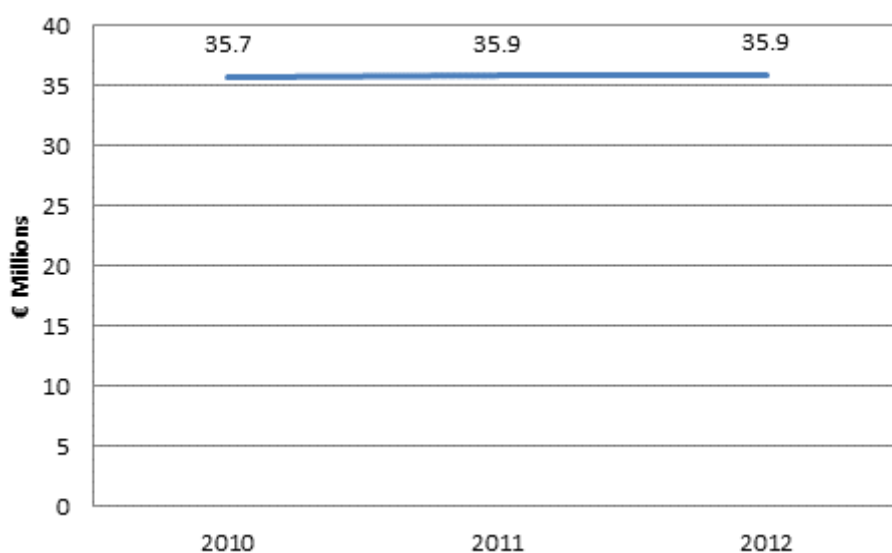
5.2 TG4 Group Financial Performance 2010-2012

This section reviews historical financial data for TG4 and considers income, expenditure, balance sheets and actual performance against budgets.

5.2.1 TG4 Income

Figure 5.1 demonstrates that TG4 income has been broadly stable between 2010 and 2012. There was a slight increase of 0.4% between 2010 and 2011, followed by another slight increase of 0.2% between 2011 and 2012. TG4's total income was €35.921 million in 2012.

Figure 5.1: Trend in TG4 Income 2010-2012



Source: TG4 Financial Statements from the Annual Reports 2010, 2011 & 2012, Indecon Analysis.

TG4 is heavily reliant on public funding as a source of income. Table 5.1 demonstrates that 91.2% of TG4 income was derived from public funding, with the remaining 8.8% obtained from commercial sources. Public funding for TG4 remained fixed at €32.75 million between 2011 and 2012. A slight increase in commercial income from €3.1 million to €3.2 million in 2012 was achieved.

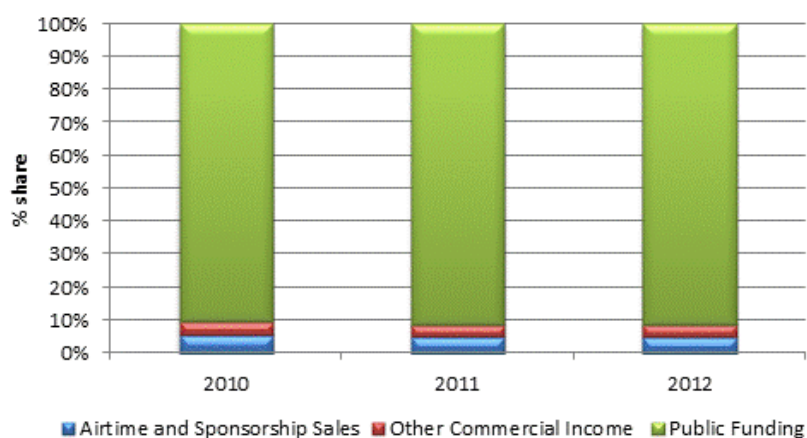
Table 5.1: Composition of TG4 Group Income 2010-2012

	2010	2011	2012
	€000s	€000s	€000s
Public Funding for Current Expenditure ⁷	32,250	32,750	32,750
Commercial Income	3,483	3,110	3,171
Total	35,733	35,860	35,921
% Income from Public Funding	90.25%	91.33%	91.17%
% Income from Commercial Income	9.75%	8.67%	8.83%

Source: TG4 Annual Report 2010, 2011 and 2012 (most recently published figures), Indecon analysis.

In Figure 5.2, we consider the composition of TG4 group income over the period 2010 to 2012. The composition has remained broadly similar across the period examined, with public funding accounting for over 90% of total group income in each year. This is followed by income derived from airtime and sponsorship sales, which accounts for 5% of total TG4 income on average, and other commercial income which accounts for 4% of income on average.

Figure 5.2: Composition of TG4 Group Income 2010–2012 (% share)



Note: Other commercial income comprises facilities charge-out and sundry income.

Source: Indecon analysis of TG4 data from the TG4 Annual Report 2010, 2011 and 2012 (most recently published figures).

⁷ This excludes the amortisation of grants and excludes funding from BAI (Sound and Vision) or ILBF as TG4 are not in receipt of this funding. Commercial income is gross income excluding the cost of sales.

Table 5.2 demonstrates TG4's net income in 2010, 2011 and 2012. Gross commercial income and cost of sales declined between 2010 and 2011 and then increased between 2011 and 2012. As a result, net commercial sales declined by 11.7% between 2010 and 2011 and increased by 1.9% between 2011 and 2012.

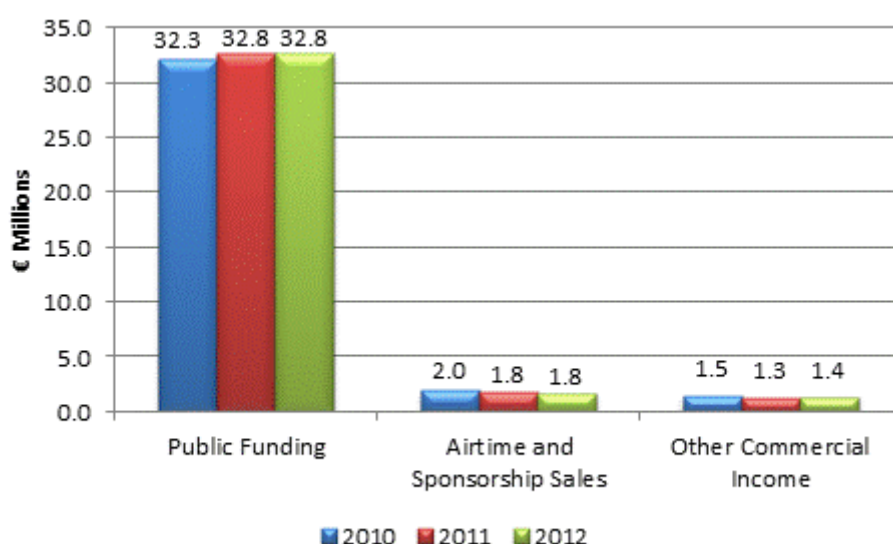
Table 5.2: TG4 Net Commercial Income 2010-2012

	2010	2011	2012
	€000s	€000s	€000s
Commercial Income	3,483	3,110	3,171
Cost of Sales	-588	-553	-565
Net Commercial Income (Net Sales)	2,895	2,557	2,606

Source: TG4 Annual Report 2011 & 2012 (most recently published figures), Indecon analysis.

In the figure below, trends in TG4's income by source of income are considered. TG4's public funding increased slightly between 2010 and 2011 and then remained stable between 2011 and 2012. There was a year-on-year decline in airtime and sponsorship sales while other commercial income declined between 2010 and 2011 and increased slightly between 2011 and 2012.

Figure 5.3: Trend in TG4 Income by Source 2012 Vs Prior Years



Source: TG4 Financial Statements from the Annual Reports 2012, 2011 and 2010, Indecon Analysis.

Table 5.3 provides the composition of TG4's commercial income across the period 2010 to 2012. Airtime and sponsorship sales declined by 10.4% between 2010 and 2011 and then decreased by 2.2% between 2011 and 2012, demonstrating that the decline in airtime and sponsorship sales has slowed across the period examined. TG4's share of total advertising TV expenditure in Ireland (€200m in 2012) was approximately 0.97%. TG4 devotes a high proportion of its programming content to children's programming, which has limited advertising opportunities. TG4's share of

advertising expenditure for adults was 1.9% in 2012, which was a decline from the 2011 figure of 1.97%.

Income from facilities charge-out increased year-on-year and sundry income decreased between 2010 and 2011 but increased between 2011 and 2012. TG4's total commercial income was €3.17 million in 2012.

Table 5.3: Composition of TG4 Group Commercial Income 2010-2012

Source	2010	2011	2012
	€000s	€000s	€000s
Airtime and Sponsorship Sales	2,009	1,801	1,762
Facilities Charge-out	551	562	575
Sundry Income	923	747	834
Total Commercial Income	3,483	3,110	3,171

Source: TG4 Annual Report 2011 & 2012 (most recently published figures), Indecon analysis.

It is instructive to consider changes in TG4's commercial income and public funding in the context of the wider economic environment. In Figure 5.4, the trend in commercial income and public funding for 2011 and 2012 is compared with the change in GNP at current prices. Commercial income decreased by 10.7% between 2010 and 2011, while GNP declined by 0.9%. In contrast, TG4's public funding increased by 1.6% between 2010 and 2011. TG4 saw no change in public funding between 2011 and 2012. TG4's commercial income increased by 2% between 2011 and 2012.

Figure 5.4: Trend in TG4 Commercial Income, TG4 Public Funding and Irish Gross National Product of Irish Economy 2010–2012

*

Note: GNP is measured at current prices.

Source: Indecon analysis of TG4 data and CSO national income and expenditure data for 2010-2012.

Table 5.4 presents a detailed examination of TG4's commercial revenue, and in particular, provides a breakdown of TG4's sundry income as presented in the annual accounts. *Data is commercially sensitive and has been redacted.*

Table 5.4: TG4 Other Revenues 2010-2012

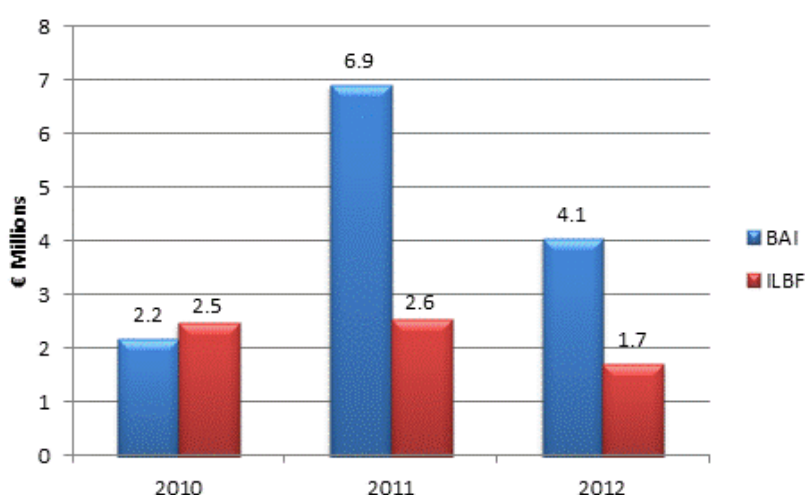
Source	2010	2011	2012
	€000s	€000s	€000s
Revenue from Use of Studios			
Production & Presentation of European Lottery	*	*	*
Facilities & Services to RTÉ	*	*	*
Design & Marketing Services	*	*	*
Other	*	*	*
Subtotal	*	*	*
Sale of Programmes	*	*	*
Other income	-	-	*
Airtime Sales and Sponsorship	*	*	*

Source: TG4 data provided to Indecon.

*Note: *Data is commercially sensitive and has been redacted.*

While not forming part of TG4's income, it is instructive to consider the trend in production funds secured by TG4 for the independent production sector. These funds are received directly by independent production companies and are sourced from the BAI's Sound & Vision Fund and the Irish Language Broadcasting Fund (ILBF). TG4 secured €4.1 million from the BAI and €1.7 million from the ILBF in 2012. This represented a decrease from 2011 funding from both sources, but an increase on 2010 funding. TG4 did not achieve its funding targets in this respect; funding from the BAI and ILBF was 9.6% and 14.2% short of target funding, respectively.

Figure 5.5: Production Funds Facilitated for the Independent Sector by TG4 by Source, 2012 Vs Prior Years

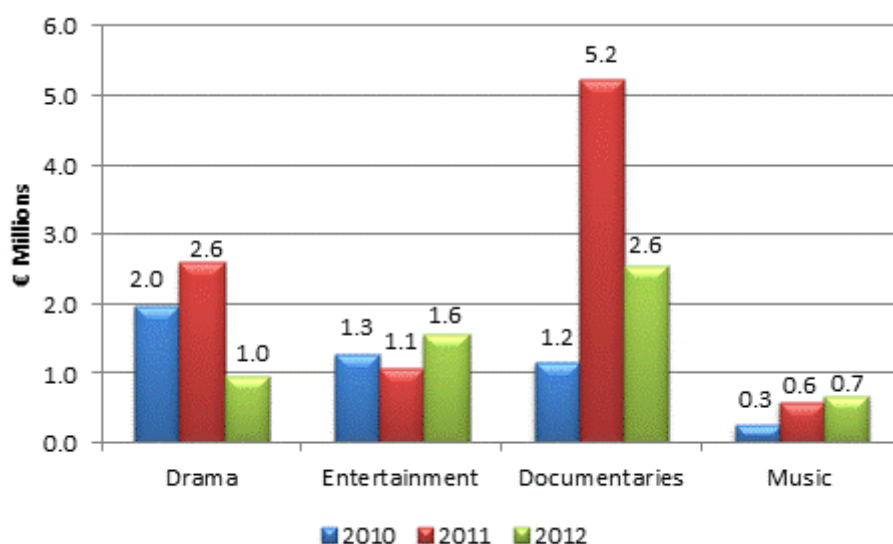


Note: TG4 facilitate the applications for funding available to the industry for specific productions. TG4 is not in receipt of this funding.

Source: TG4 Review of 2012 Performance (April 2013), TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2010 Performance (April 2011).

Figure 5.6 demonstrates that there was a reduction in funding secured for programmes in the drama and documentaries genre, while there was an increase in funding secured for programmes in the entertainment and music genres. Documentaries received the greatest proportion of BAI and ILBF funding in 2012, followed by entertainment programmes, drama and music.

Figure 5.6: Production Funds Facilitated for the Independent Sector by TG4 by Genre, 2012 Vs Prior Years



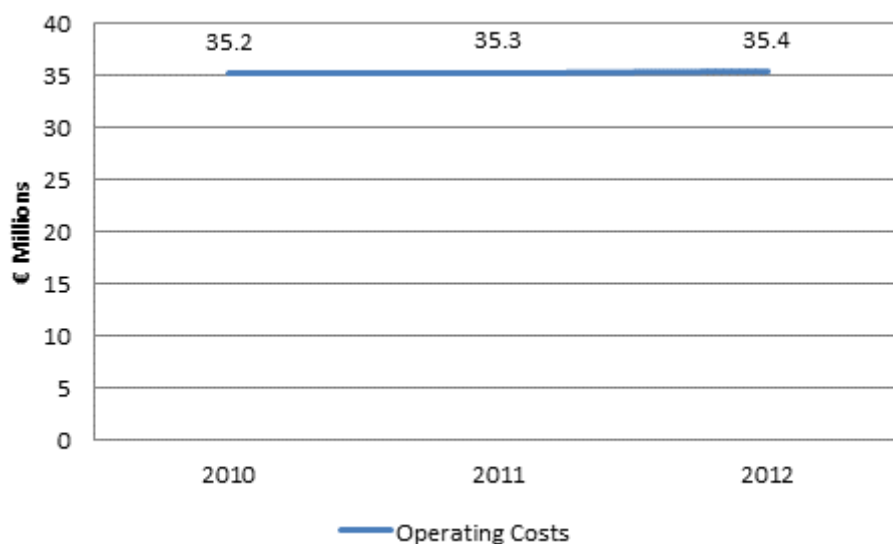
Source: TG4 Review of 2012 Performance (April 2013), TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2010 Performance (April 2011).

Indecon's analysis has demonstrated that there have been slight increases in TG4's commercial income and total income between 2011 and 2012, following decreases between 2010 and 2011. Having considered TG4's income, it is now important to consider TG4's expenditure to determine whether TG4's funding is adequate or indeed excessive.

5.2.2 TG4 Expenditure

The trend in TG4's operating costs is presented in Figure 5.7 overleaf. TG4's operating costs have remained broadly stable across the period, increasing by 0.4% between 2010 and 2011 and by 0.1% between 2011 and 2012. Total operating expenditure was €35.365 million in 2012.

Figure 5.7: Trend in TG4 Operating Costs 2010-2012

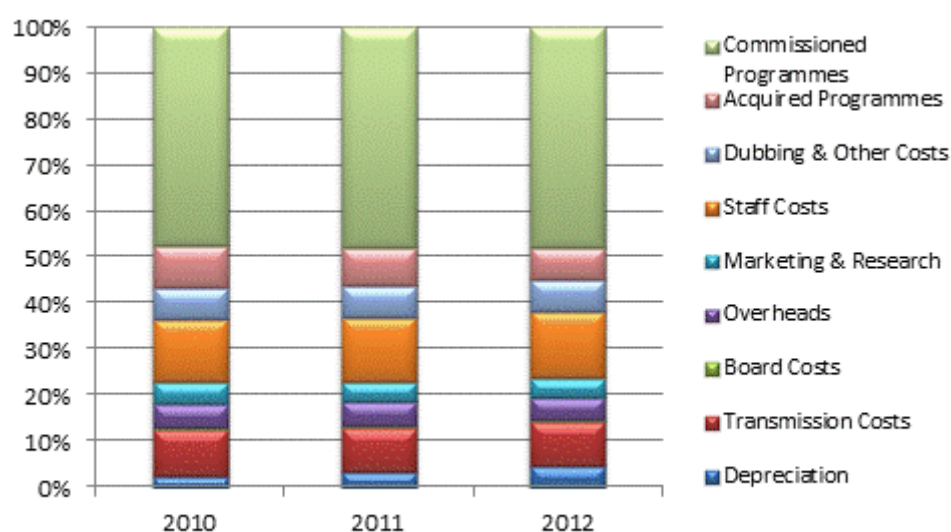


Note: The following figures compare with that of table 5.5 below.

Source: TG4 Financial Statements from the Annual Reports 2010, 2011 and 2012, Indecon Analysis

Figure 5.8 below presents TG4's operating costs by cost category for 2010, 2011 and 2012. Commissioned programming costs accounted for 48% of total costs on average across the period. After commissioned programming costs, staff costs and transmission costs formed the highest proportion of total costs. The composition of TG4's operating costs remained very similar across the period examined.

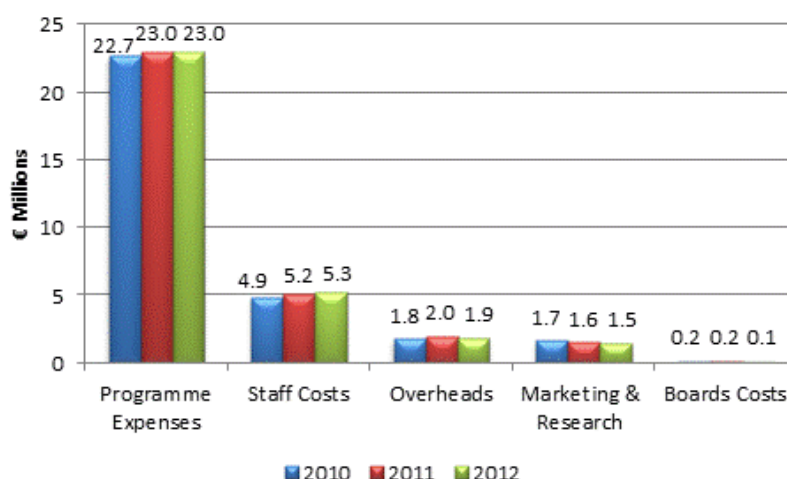
Figure 5.8: TG4 Operating Costs by Category, 2012 versus Prior Years



Source: Indecon analysis of TG4 Group Financial Statements

TG4's operating costs by category are provided in the figure below. TG4's programme expenses increased between 2010 and 2011 and then fell very slightly between 2011 and 2012. Staff costs increased year-on-year while overheads, marketing and research expenditure and board costs fell between 2011 and 2012.

Figure 5.9: TG4 Operating Expenditure by Category, 2012 Vs Prior Years



Note: staff costs were capitalised in 2010, 2011 and 2012.

Source: TG4 Financial Statements from the Annual Reports 2010, 2011 & 2012, Indecon Analysis

TG4's total operating costs increased by 1% between 2011 and 2012. This increase was composed of increases in total staff costs, commissioned programming costs, and other costs. Costs declined for some costs including acquired programming, overheads and marketing and research. Table 5.5 also provides TG4's year-to-date expenditure for 2013.

Table 5.5: Analysis of Principal Drivers of TG4 Operating Costs 2010-2013

Source	2010	2011	2012	Year to-date April 2013	% change 2011 - 2012	CAGR ⁸ 10-12
	€000	€000	€000	€000	(%)	(%)
Total Staff Costs	4,916	5,166	5,260	1,859	2%	3.44%
Commissioned Programmes Costs	17,034	17,541	17,784	10,135	1%	2.18%
Acquired Programmes Costs	3,297	2,959	2,601	1,032	-12%	-11.18%
Dubbing & Other	2,399	2,499	2,596	971	4%	4.02%
Board Costs	167	185	142	41	-23%	-7.79%
Overheads	1,821	1,985	1,868	791	-6%	1.28%
Marketing & Research	1,679	1,554	1,528	572	-2%	-4.60%
Transmission Costs	3,697	3,404	3,557	608	4%	-1.91%
Depreciation	860	1,302	1,753	988	35%	42.77%
Amortisation of Grants	-704	-1,273	-1,724	-979	35%	-*
Total	35,166	35,322	35,365	16,018	0.1%	0.28%

Note: CAGR = compound annual growth rate.

⁸ Compound Annual Growth Rate = $(V_{t_n} / V_{t_0})^{(1/t_n - t_0)} - 1$.

*CAGR is not a meaningful statistic when either the start number or the end number is negative.

Source: TG4 Annual Report 2011 and 2012 (most recently published figures), TG4 data and Indecon analysis.

Having considered TG4 income and expenditure separately, it is now important to compare them. TG4's cost income ratio is provided in the table below. This demonstrates that TG4's cost income ratio declined marginally to 100.01% in 2012. This table demonstrates that TG4's costs very slightly outweigh its income but that the difference is minimal.

Table 5.6: Cost Income Ratio for TG4 2010-2012

Source	2010	2011	2012
	€000	€000	€000
Gross Commercial Income	3,483	3,110	3,171
(Of Which Net Commercial Income)	2,895	2,557	2,606
Interest Receivable & Similar Income	58	2	7
Public Funding	32,954	34,023	34,474
Total Gross Income	36,495	37,135	37,652
Total Net Income	35,907	36,582	37,087
Gross Operating Expenditure	35,870	36,595	37,089
Net Operating Expenditure	32,975	34,038	34,483
Net Cost – Gross Income Ratio	90.35%	91.66%	91.58%
Gross Cost – Net Income Ratio (%)	99.9%	100.04%	100.01%

Source: Indecon analysis of TG4 Annual Report 2010, 2011 and 2012 (most recently published figures).

TG4's income and expenditure statement is provided in Table 5.7 below. This table demonstrates that TG4 broke even prior to taxation in 2012. After taxation, TG4 recorded a very small deficit of €3k.

Table 5.7: Income and Expenditure Statement for TG4 2010-2012

Source	2010	2011	2012
	€000	€000	€000
Sales			
Commercial Income	3,483	3,110	3,171
Cost of Sales	-588	-553	-565
Net Sales	2,895	2,557	2,606
Expenditure			
Staff costs	4,916	5,166	5,260
Board members' fees and expenses	167	185	142
Programme expenditure	22,730	22,999	22,981
Transmission costs	3,697	3,404	3,557
Marketing & Research	1,679	1,554	1,528
Overheads	1,821	1,985	1,868
Depreciation	860	1,302	1,753
Total Expenditure	35,870	36,595	37,089
Net Operating Expenditure for the year	-32,975	-34,038	-34,483
Interest receivable and similar income	58	2	7
Surplus/Deficit on disposal of fixed assets	-6	-7	2
	-32,923	-34,043	-34,474
Public funding	32,954	34,023	34,474
Deficit/Surplus on ordinary activities before taxation	31	-20	-
Taxation	-62	-5	-3

Retained deficit/surplus for the financial year	-31	-25	-3
Source: TG4 Annual Report 2010, 2011 and 2012 (most recently published figures), Indecon analysis.			

5.2.3 TG4 Balance Sheet

TG4's balance sheet provides changes in TG4's assets, liabilities, capital and reserves. TG4's tangible fixed assets increased between 2010 and 2011 and decreased between 2011 and 2012. TG4's current assets increased year-on-year between 2010 and 2011, as did TG4's current liabilities. This led to an increase in TG4's net current liabilities.

Table 5.8: TG4 Balance Sheet 2010-2012

Source	2010	2011	2012
	€000	€000	€000
Fixed Assets			
Tangible Assets	9,386	11,619	10,902
	9,386	11,619	10,902
Current Assets			
Debtors	1,522	1,553	1,599
Cash at bank and in hand	42	81	124
	1,564	1,634	1,723
Current liabilities			
Creditors –falling due within 1 year	-1,718	-1,842	-2,132
Net Current Liabilities	-154	-208	-409
Net Assets Excluding Pension Asset	9,232	11,411	10,493
Pension asset	71	109	79
Net Assets Including Pension Asset	9,303	11,520	10,572
Capital and Reserves			
Capital grants	9,298	11,535	10,646
Pension reserves	71	109	79
Revenue reserves	-66	-124	-153
	9,303	11,520	10,572

Source: TG4 Annual Report 2009, 2010 & 2011 (most recently published figures), Indecon analysis.

TG4's cash flow statement is provided in Table 5.9 below. TG4's capital expenditure increased in 2012. TG4's net cash inflow was €43k in 2012 net of State grant, which represented a slight increase on 2011 cash inflow of €39k.

Table 5.9: TG4 Cash Flow 2010-2012

Source	2010	2011	2012
	€000	€000	€000
Operating Activities – net cash (outflow)/inflow – (net of state grant)	-22	74	241
Return on Investment and Servicing of Finance			
Interest Received	<u>46</u>	<u>2</u>	<u>5</u>
Net Cash Inflow from Returns on Investment and Servicing of Finance	<u>46</u>	<u>2</u>	<u>5</u>
Taxation			
Tax Charge for the Year	<u>-62</u>	<u>-5</u>	<u>-3</u>
Net Cash Outflow from Taxation	-62	-5	-3
Capital Expenditure			
Payments to acquire tangible fixed assets	-1,811	-3,542	-1,060
Receipts from sale of fixed assets	22	-	25
State Capital Grants	<u>1,800</u>	<u>3,510</u>	<u>835</u>
Net Cash Outflow from Capital Expenditure	<u>11</u>	<u>-32</u>	<u>-200</u>
Net Cash (Outflow)/Inflow	<u>-27</u>	<u>39</u>	<u>43</u>

Source: TG4 Annual Report 2010, 2011 and 2012 (most recently published figures), Indecon analysis.

5.3 TG4 Financial Outlook

In this subsection, we consider TG4's financial outlook by comparing year-to-date performance for 2013 against 2013 forecasts and 2012 actual performance. The outlook for TG4's operating costs is presented in Table 5.10 below. TG4's operating costs are forecast **Data is commercially sensitive and has been redacted.**

Table 5.10: Outlook for TG4 Operating Costs 2013

Source	2012	Year to-date April 2013	Forecast 2013
	€000	€000	€000
Total Staff Costs	*	*	*
Commissioned Programmes Costs	*	*	*
Acquired Programmes Costs	*	*	*
Dubbing & Other	*	*	*
Board Costs	*	*	*
Overheads	*	*	*
Marketing & Research	*	*	*
Transmission Costs	*	*	*
Depreciation	*	*	*
Amortisation of Grants	*	*	*
Total	*	*	*

Source: TG4 data and Indecon analysis.

Note: *Data is commercially sensitive and has been redacted.

Table 5.11 below considers TG4 expenditure in the year to date against budget for year-to-date and budget 2013 versus an updated forecast for 2013 expenditure. TG4 is on track to meet its budget for the year. TG4's expenditure on overheads, marketing and research and transmission costs in the year-to-date exceeded budget for year-to-date, but total staff costs, programming costs and board costs were under budget. TG4's expenditure in the year-to-date is **Data is commercially sensitive and has been redacted.**

Table 5.11: TG4 Expenditure for 2013 to date May 2013 and TG4 Forecast for 2013					
Description	Budget 2013	Figure year to date April 2013	Budget Year to Date	Year to Date-diff 2013	Forecast 2013
	€000	€000	€000	€000	€000
Total Staff costs	*	*	*	*	*
Commissioned programme costs	*	*	*	*	*
Acquired Programme costs	*	*	*	*	*
Dubbing & Other	*	*	*	*	*
Board Costs	*	*	*	*	*
Overheads	*	*	*	*	*
Marketing & research	*	*	*	*	*
Transmission costs	*	*	*	*	*
Depreciation	*	*	*	*	*
Amortisation of Grants	*	*	*	*	*
Total	*	*	*	*	*

Source: TG4 data.

Note: *Data is commercially sensitive and has been redacted.

5.4 Summary of Findings

TG4 recorded a deficit in 2012. TG4 exceeded 2012 budget in both net income and operating expenditure. The key findings of this section are:

- ❑ TG4's total income was €35.921 million in 2012.
- ❑ 0.4% increase in total income between 2010 and 2011, followed by 0.2% increase between 2011 and 2012.
- ❑ 91.2% of TG4 income in 2012 was derived from public funding, with the remaining 8.8% obtained from commercial sources (airtime and sponsorship sales, facilities charge-out and sundry income).
- ❑ Net commercial sales increased by 1.9% between 2011 and 2012.
- ❑ TG4's share of total advertising TV expenditure in Ireland was approximately 0.97%.
- ❑ TG4's total commercial income was €3.17 million in 2012.
- ❑ Between 2011 and 2012, TG4 saw no change in public funding.
- ❑ TG4 secured €4.1 million from the BAI and €1.7 million from the ILBF in 2012 for the independent production sector. TG4 did not achieve its funding targets in this area.
- ❑ Total operating expenditure was €35.365 million in 2012.
- ❑ TG4's operating costs increased by 0.4% between 2010 and 2011, and by 0.1% between 2011 and 2012.

- ❑ Commissioned programming costs accounted for 48% of total costs on average across 2010 to 2012.
- ❑ TG4's cost income ratio declined marginally to 100.01% in 2012.
- ❑ TG4 broke even prior to taxation in 2012. After taxation, TG4 recorded a deficit of €3k. TG4 had previously recorded a deficit of €31k in 2010 and of €25k in 2011.
- ❑ TG4's operating costs are forecast to decline slightly between 2012 and 2013.
- ❑ TG4 is on track to meet its budget for 2013 and forecast for 2013.
- ❑ TG4's expenditure in the year-to-date is €1.2 million less than the budget.

6 Examination of TG4 Efficiency, Effectiveness and Value for Money in 2012

6.1 Introduction

This section considers TG4's efficiency, effectiveness and value for money in 2012.

In considering value for money, it is useful to compare programming costs and costs per hour against previous years to monitor changes. In terms of efficiency, we examine trends in TG4 staff numbers and costs and planned cost efficiency measures by TG4. Finally, we examine whether TG4 is compliant with EU Guidelines regarding maintenance of surpluses for public service broadcasters.

6.2 Overview – Cost of Programming

TG4 committed to spending a minimum of 70% of exchequer funding on the production of Irish language content. In 2012, 71.4% of public funding was spent on Irish language content, which was an increase of five percentage points on the 2011 figure of 66.1%.

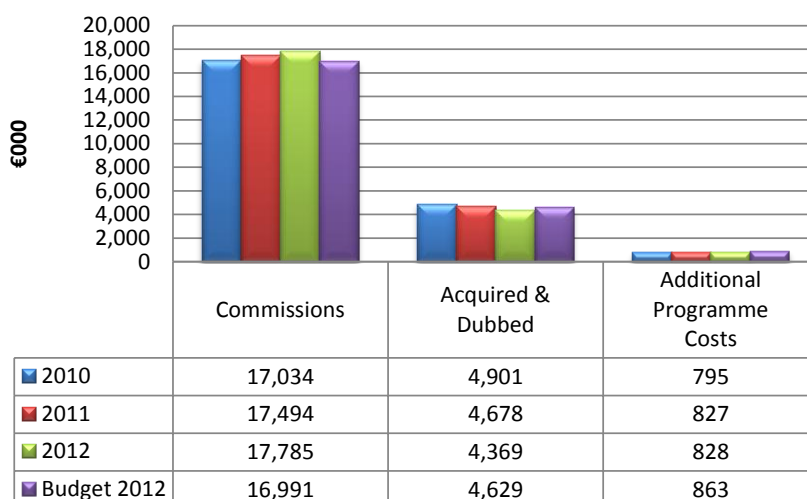
Table 6.1 below provides an overview of TG4 total programme expenses for the period from 2010 to 2012. Total programme expenses in 2012 were €22.98 million. Programme expenses increased by 1.2% between 2010 and 2011 and then fell slightly by 0.1% between 2011 and 2012.

Table 6.1: TG4 Programme Expenses 2010- 2012		
Year	Programme Expenses	% change
	€000	
2010	22,730	-
2011	22,999	1.18%
2012	22,981	-0.08%
Note: The most recently published figure is reported in each case.		
Source: Indecon analysis of TG4 Annual Financial Statements 2010, 2012 & 2012.		

Figure 6.1 overleaf presents TG4's programming expenditure by source for 2010 to 2012 and provides a comparison with the programming budget for 2012. Commissioned programming

expenditure accounts for a high proportion of total programming expenditure and has increased year-on-year between 2010 and 2012. Acquired programming has decreased year-on-year.

Figure 6.1: TG4 Programming Expenditure by Source, 2012 Vs Prior Years & Budget 2012



Note: Additional programme costs include programming rights. Acquired and Dubbed includes Packaged and Subtitled.

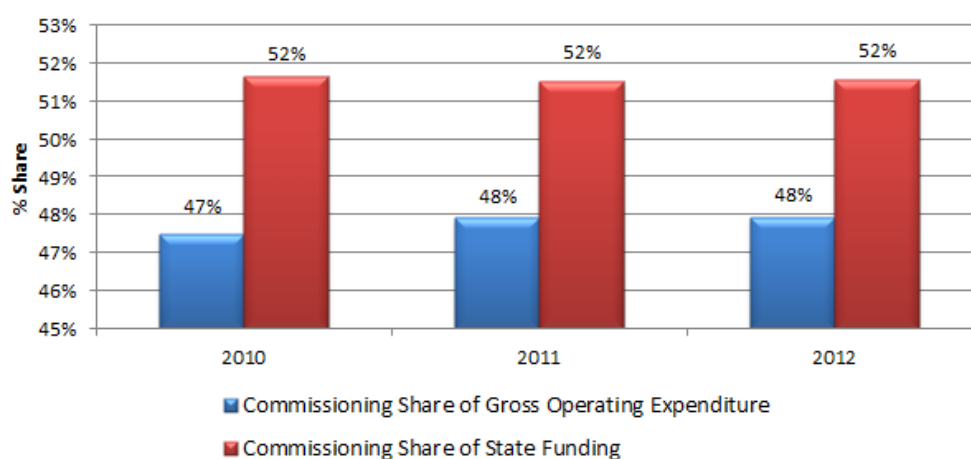
Source: TG4 Review of 2012 Performance (April 2013).

6.3 Commissioning Expenditure and Cost per Hour

As highlighted above, commissioning expenditure accounts for a high proportion of total programming expenditure for TG4. It is thus instructive to examine this in greater detail.

Figure 6.2 examines TG4 commissioning expenditure as a share of total public funding and total operating expenditure in 2010, 2011 and 2012. Commissioning expenditure has remained stable at 52% as a proportion of total public funding across the period. Commissioning expenditure increased very slightly from 47% in 2010 to 48% in 2011 as a share of total operating expenditure and remained at 48% in 2012.

Figure 6.2: TG4 Commissioned Programming Expenditure Share of Exchequer Funding and Operating Expenditure, 2012 Vs Prior Years



Source: Indecon analysis of TG4 Financial Statements from the Annual Reports 2010, 2011 and 2012.

in considering TG4's cost of commissioning for 2012, it is important to note that the commissioning process spans over two years and that programmes commissioned in 2012 may not be broadcast. Similarly, some programmes were commissioned in 2011 to be broadcast in 2012.

Table 6.2 demonstrates that the budget for total 2012 commissioning was **Data is commercially sensitive and has been redacted.**

Table 6.2: Overview of TG4 Commissioning Budget 2012

	€m
Contracted in 2012	*
Deferred to 2013	*
Contractual commitments brought forward from 2011	*
NRV	*
Commissioning Budget 2012	*

Source: Indecon analysis of TG4 data.

Note: *Data is commercially sensitive and has been redacted.

The following table presents a summary of TG4 commissioning by genre in 2012. **Data is commercially sensitive and has been redacted.**

It is also instructive to consider the contract cost per hour for individual programmes within each genre. **Data is commercially sensitive and has been redacted.**

Table 6.3: TG4 Commissioning Contracts Summary 2012

Genre	No.	Hours	Contract Cost €	Net Cost €*	Cost Per Hour €	Contract Cost Per Hour by Range (€)				
						<20	20-40	40-80	80-100	>100
Soaps	*	*	*	*	*				*	
Drama	*	*	*	*	*	*		*	*	*
Schemes	*	*	*	*	*	*		*	*	*
Human Interest	*	*	*	*	*	*		*	*	*
Literature**	*	*	*	*	*	*	*	*	*	*
Documentaries	*	*	*	*	*	*	*	*	*	*
Music and Dance	*	*	*	*	*	*	*	*	*	*
Entertainment	*	*	*	*	*	*		*	*	
Hobbies	*	*	*	*	*	*	*		*	
Art	*	*	*	*	*	*	*		*	
Sport	*	*	*	*	*	*	*		*	
Subtotal	*	*	*	*	*		*		*	
Internal Commissioning	*	*	*	*	*	*	*			
Total	*	*	*	*	*	*	*	*	*	*

Note: *Data is commercially sensitive and has been redacted.

Note: Total net cost excludes internal commissioning. Note that the number of commissioned hours is considerably lower than the number of commissioned hours in 2011 – this is due to total hours for the sports output contract being reflected in 2011.

*Expenditure adjusted for contracts brought forward from 2011 and inclusive of those deferred to 2013.

**Literature genre also includes culture and history programmes.

***Contract cost per hour has been calculated excluding contracts deferred in and out of the year.

Source: Indecon analysis of TG4 data.

6.3.1 Total Commissioning Expenditure

Total commissioning expenditure was Data is commercially sensitive and has been redacted.

Figure 6.3: TG4 Total Cost of Commissioning Contracts in 2012 by Genre

*

Note: Cost excludes contracts deferred in and out of the year. Soaps are not presented due to confidential commercial reasons. TG4 entered into a three-year contract for sports programme in 2011; the figure presented here does not reflect the cost of this contract.

Source: Indecon analysis of TG4 data.

Note: *Data is commercially sensitive and has been redacted.

In Figure 6.4 total cost of commissioned hours by genre is presented. This data includes deferrals coming in from the previous year as well as current net spend, and as such is not comparable with the figures displayed previously.

Total cost of commissioned programming was highest for Data is commercially sensitive and

has been redacted.

Figure 6.4: TG4 Trend in Cost of Commissioned Programmes by Genre 2010-2012

*

Note: Cost includes current net spend plus spend deferred from previous year coming into present year. Sport in 2012 incorporates rounding-off of data.

Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

*Note: *Data is commercially sensitive and has been redacted.*

The cost of sports programming as a percentage share of total commissioned programming **Data is commercially sensitive and has been redacted.**

Figure 6.5: TG4 Total Cost of Commissioned Programmes by Genre 2010–2012 (% share)

*

Note: 2011 Total Cost excluded €47k cost for acquiring addition rights of commissioned programmes. Sport in 2012 incorporates rounding-off of data.

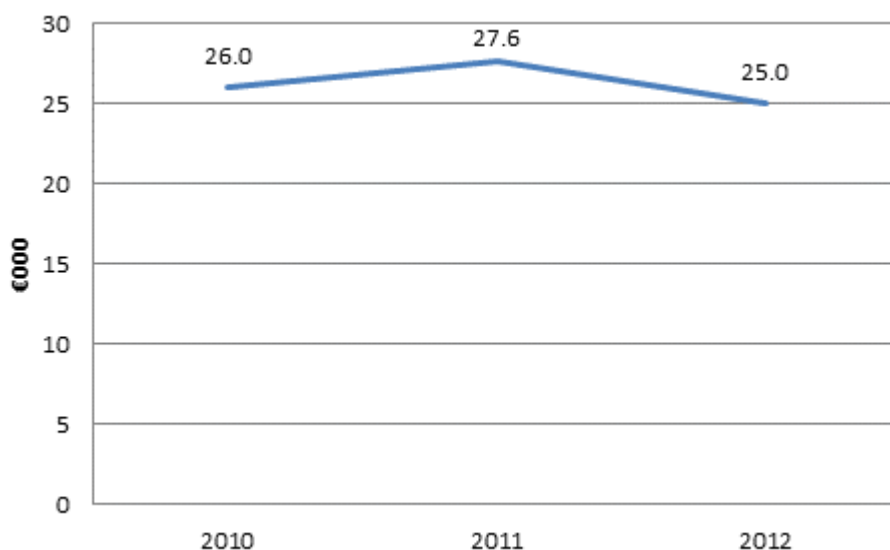
Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

*Note: *Data is commercially sensitive and has been redacted.*

6.3.2 Commissioning Contract Cost per Hour

The average contract cost per hour of commissioned programming declined by 9.4% to €25,000 in 2012, following an increase in cost per hour between 2010 and 2011. TG4 met its target of €25,000 in fulfilment of this commitment, as highlighted previously in Section 3.

Figure 6.6: Trend in TG4 Average Cost per Hour of Commissioned Programming 2010-2012



Note: Cost includes current net spend plus spend deferred from previous year coming into present year. Sport in 2012 incorporates rounding-off of data.

Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

Contract cost per hour is highest **Data is commercially sensitive and has been redacted.**

Figure 6.7: TG4 Average Cost per Hour of Commissioned Programmes by Genre 2010-2012

*

Note: Cost includes current net spend plus spend deferred from previous year coming into present year. Sport in 2012 incorporates rounding-off of data.

Source: Indecon analysis of TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

Note: *Data is commercially sensitive and has been redacted.

As highlighted previously, internal commissioning accounted for lower hours and costs than external commissioning. Table 6.4 presents TG4's internal studio commissioned programmes by cost and hours. Total contract costs for internal commissioning were **Data is commercially sensitive and has been redacted.**

Table 6.4: TG4 Cost of Internal Studio Commissioning 2012

Programme	Hours	Contract Cost ⁹	Cost per Hour
Internal/Studio Commissioning			
Siar an Bóthar	*	*	*

⁹ Direct Contract Cost.

7 Lá	*	*	*
Cómhrá	*	*	*
Sean Nos	*	*	*
I mbarr do Shláinte	*	*	*
Subtotal	*	*	*
Direct Overheads		*	
Indirect Overheads		*	
Total Commissioning		*	
<i>Note: *Data is commercially sensitive and has been redacted.</i>			
<i>Source: Indecon analysis of TG4 data</i>			

In the following sections, we consider expenditure on in-house productions and acquired programming.

6.4 Internal Productions

Table 6.5 presents the cost of internal productions for TG4's in-house production of Cula 4, TG4's dedicated children's programme. The direct contract cost of Cula 4 is **Data is commercially sensitive and has been redacted.**

Table 6.5: TG4 Cost of Internal Studio/Cula 4 2012	
Programme	Contract Cost ¹⁰
Cula 4	*
Direct Overheads	*
Indirect Overheads	*
Total Studio Cost – Cula 4	*
<i>Note: *Data is commercially sensitive and has been redacted.</i>	
<i>Source: Indecon analysis of TG4 data</i>	

Table 6.6 presents detailed analysis of the allocation of indirect costs for internal studio productions at TG4 in 2012. This provides a separate analysis for its in-house production Cula 4, and its internal commissions which have been examined in the previous section. Costas Cula 4/Ponc and Commissioning Costs refer to direct contract costs for TG4, while Cula 4 CC and Studio CC represent direct overheads. The remaining categories, namely broadcasting technicians, engineering and commissioning and other overhead costs account for indirect overheads, which totalled **Data is commercially sensitive and has been redacted.**

¹⁰ Direct Contract Cost.

Table 6.6: TG4 Internal Productions - Allocation of Indirect Costs to Studio 2012			
	Cula 4	Internal Studio Commissioning	Total
Indirect Overheads Allocated to Studio			
Broadcast tech	*	*	*
Engineering	*	*	*
Commissioning & other overhead costs		*	*
Studio CC		*	*
Cula 4 CC	*		*
Costas Cula 4/Ponc	*		*
Commissioning costs		*	*
Total Indirect Costs Allocated to Studio	*	*	*
<i>Note: *Data is commercially sensitive and has been redacted.</i>			
<i>Source: Indecon analysis of TG4 data</i>			

6.5 TG4 Acquisitions Expenditure and Cost per Hour

In this section, we consider acquired contract hours for TG4 in 2012. It should be noted that the data presented below represents active acquisition contracts for the year 2012 only and does not include acquisitions supplied/to be supplied in other years. **Data is commercially sensitive and has been redacted.**

Table 6.7: Summary of TG4 Acquisitions 2012						
Genre	Hours		Total Contract Cost €000		Cost per Hour €	
	Irish	Non-Irish	Irish	Non-Irish	Irish	Non-Irish
Factual/ Documentary	*	*	*	*	*	*
Sport	*	*	*	*	*	*
Drama/ Entertainment	*	*	*	*	*	*
Total	*	*	*	*	*	*
<i>Source: Indecon analysis of TG4 data.</i>						

*Note: *Data is commercially sensitive and has been redacted.*

The contract costs per acquired hour for Irish and non-Irish acquisitions were **Data is commercially sensitive and has been redacted.**

Figure 6.8: Average Cost per Hour of Acquisitions by Genre 2012

*

Source: Indecon analysis of TG4 data

Note: *Data is commercially sensitive and has been redacted.

Total commissioning expenditure increased between 2011 and 2012 but a reduction was achieved in the contract cost per hour for commissioned programmes.

6.6 TG4 Broadcasting Hours and Cost per Hour

Table 6.8 below provides a summary of TG4 broadcast hours, costs and costs per broadcast hour for 2011 and 2012. The number of Irish language broadcast hours increased between 2011 and 2012 but total broadcast hours decreased by 2.2% from 8,173 to 7,993 due to a decrease in non-Irish broadcast hours. Total costs decreased by 6% between 2011 and 2012. The total cost per broadcast hour Data is commercially sensitive and has been redacted.

Table 6.8: TG4 Broadcast Summary 2012 & 2011

	Broadcast Hours	Total Cost €000	Cost Per Hour €000
2012			
Irish Language Commissions/In-house	*	*	*
Irish Language Acquired/Dubbed	*	*	*
Total Irish Language	*	*	*
Non-Irish language	*	*	*
Total Broadcast	*	*	*
2011			
Irish Language Commissions/ In-house	*	*	*
Irish Language Acquired/Dubbed	*	*	*
Total Irish Language	*	*	*
Non-Irish language	*	*	*
Total Broadcast	*	*	*

Note: RTE 365 hours not included.

Source: Indecon analysis of TG4 data

Note: *Data is commercially sensitive and has been redacted

Data is commercially sensitive and has been redacted.

Figure 6.9: TG4 Cost Per Broadcast Hour by Source 2012 Vs 2011

*

Note: Data excludes cost of RTÉ 365 hours.

Source: Indecon analysis of TG4 data.

*Note: *Data is commercially sensitive and has been redacted*

Figure 6.10 overleaf presents cost per broadcast hour for commissioned/in-house programming and demonstrates that Data is commercially sensitive and has been redacted

Figure 6.10: TG4 Cost Per Broadcast Hour Commissioned/In-house Irish Language Programming by Genre 2012 Vs 2011

*

Source: Indecon analysis of TG4 data.

*Note: *Data is commercially sensitive and has been redacted*

6.7 TG4 Cost per Viewer Hour

An alternative measure of TG4's programme efficiency is TG4's cost per viewer hour. This reflects the cost to TG4 per viewer of programmes broadcast on TG4 and is affected by changes in broadcast hours and audience viewing numbers. The cost per viewer hour excluding the audience for RTÉ-provided hours Data is commercially sensitive and has been redacted

Table 6.9: TG4 Cost per Viewer Hour 2010-2012

	2010	2011	2012
	€	€	€
Cost per viewer hour*	*	*	*
Cost per viewer hour including RTE-provided hours	*	*	*

Note: * Cost per viewer hour excludes the audience of RTÉ provided hours. No cost to TG4 arises from RTÉ 365 hours.
Source: TG4 Review of 2012 Performance (April 2013).

6.8 Other Programming Costs

The cost of TG4 programming is also determined by costs of specialists such as producers, directors, sound and camera. Table 6.10 presents TG4's budget line maximum rates for 2012 disaggregated by within Dublin and outside Dublin rates. Data is commercially sensitive and has been redacted.

Table 6.10: TG4 Individual Budget Line Maximum Rates 2012			
	TG4 Dublin Rates (max)	TG4 Rates Outside Dublin (max)	Average TG4 Rate (max)
	€	€	€
Producer	*	*	*
Director	*	*	*
Sound	*	*	*
Camera	*	*	*
Note: *Data is commercially sensitive and has been redacted. Source: Indecon analysis of TG4 data.			

6.9 Outturn versus Budget

Table 6.11 compares TG4's actual income and expenditure for 2012 against 2012 budget and additionally considers budget 2013. Total staff costs, board costs and acquired and dubbing costs were Data is commercially sensitive and has been redacted.

Table 6.11: TG4 Actual Vs Budget Income & Expenditure Summary 2012/2013			
Source	Actual 2012	Budget 2012	Budget 2013
	€000	€000	€000
Staff Costs (before capitalisation of labour) ¹¹	*	*	*
Board Costs	*	*	*
	*	*	*
Total Commissions	*	*	*
Acquired, Dubbing & Other	*	*	*
Total Programme Costs	*	*	*
Total Transmission	*	*	*
Total Overheads & Marketing	*	*	*
Net Income	*	*	*
Goods/Capital Equipment	-	*	*
Total Grants 2012	*	*	*

Note: Budgetary figures are for the total budget – combined current and capital. Figures are rounded to the nearest thousand. Most recently published figures are used.

Source: Indecon analysis based on TG4 data and TG4 Annual Report 2012

Note: *Data is commercially sensitive and has been redacted.

Figure 6.11 presents actual versus budget cost per hour of commissioned programming in 2012 by genre. This reflects current net spend and contracts deferred from previous years. Actual cost per contract hour Data is commercially sensitive and has been redacted

Figure 6.11: Actual Vs Budget Average Cost Per Hour of TG4 Commissioned Programmes 2012
*

Note: The average cost per hour includes net present expenditure plus expenditure deferred from the previous year coming into the present year.

Source: TG4 Review of 2012 Performance (April 2013).

Note: *Data is commercially sensitive and has been redacted.

Figure 6.12 presents the percentage differentials between actual and budget cost per hour of commissioned programming for 2011 and 2012. This demonstrates a possible attempt on the part of TG4 to address fulfilment of targets: Data is commercially sensitive and has been redacted.

¹¹ Staff costs = 5,260,000 + 228,000

Figure 6.12: Actual Vs Budget Average Cost Per Hour of TG4 Commissioned Programmes by Genre 2011 & 2012 - % Differential of Actual Versus Budgeted Cost

*

Note: The average cost per hour includes spend from 2012 plus spend on deferrals coming in to 2012 from earlier years.

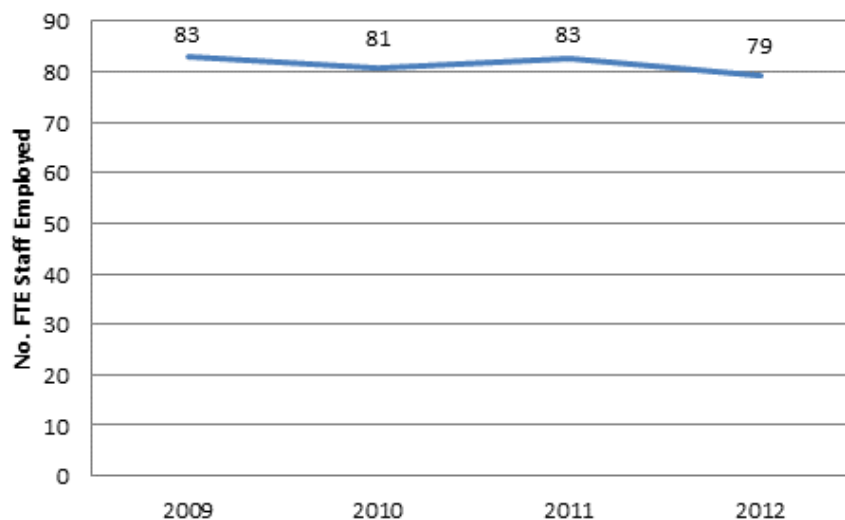
Source: TG4 Review of 2011 Performance (March 2012) & TG4 Review of 2012 Performance (April 2013).

*Note: *Data is commercially sensitive and has been redacted.*

6.10 Staff Costs and Human Resources

Another important measure of TG4 efficiency is TG4 staff costs and human resources. The total number of FTE staff reduced from 83 to 79 between 2011 and 2012.

Figure 6.13: TG4 Trend in Headcount of FTE Staff 2009-2012



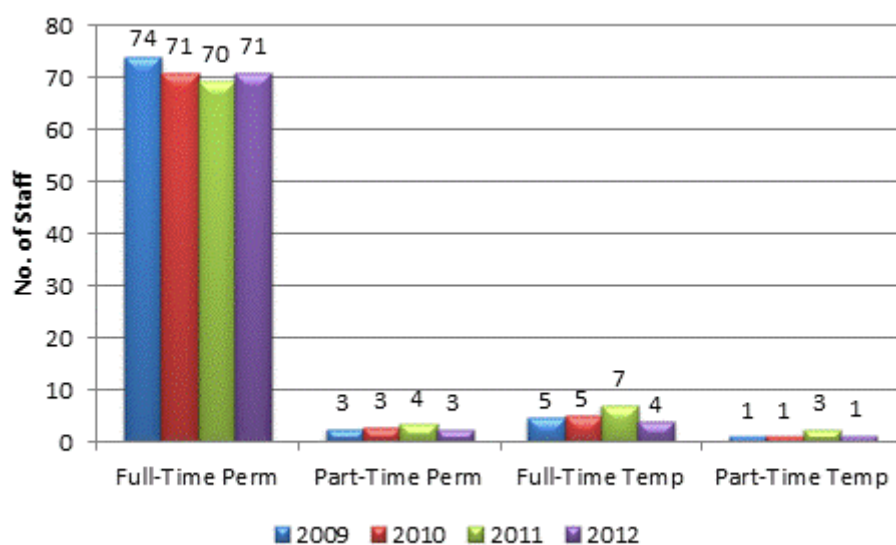
Note: Headcount is full time equivalent (FTE) numbers.

Source: Indecon analysis based on TG4 data.

This change in the number of FTE staff is examined in greater detail in Figure 6.14 overleaf, which examines FTE staff for 2009 to 2012 disaggregated by full-time permanent, part-time permanent, full-time temporary and part-time temporary. There was an increase in the number of full-time

permanent staff to 71, contrasting with the downward trend documented in previous years. There was, however, a decline in the number of part-time and temporary staff. The largest decline was observed in the number of full-time temporary staff.

Figure 6.14: TG4 Headcount of FTE Staff 2012 Vs Prior Years

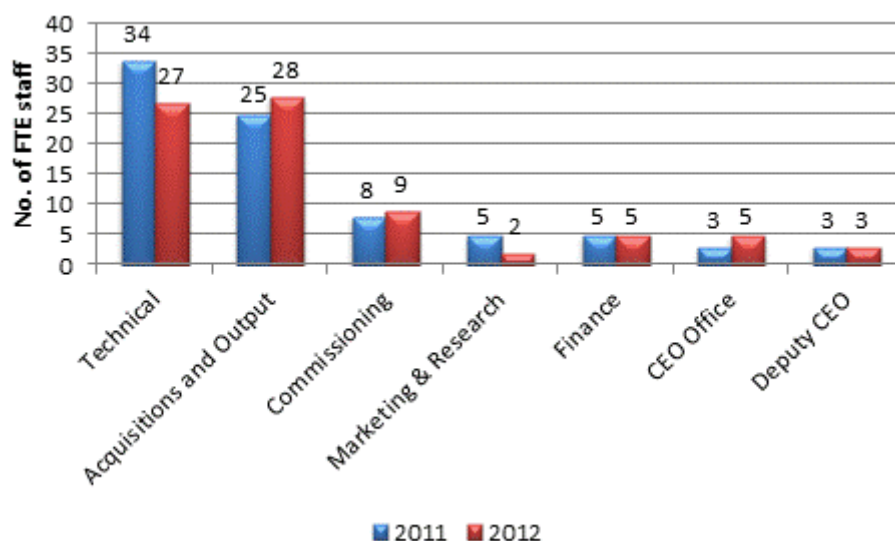


Note: Headcount is full time equivalent (FTE) numbers.

Source: Indecon analysis based on TG4 data.

Figure 6.15 examines TG4 human resources by department for 2011 and 2012. There was a drop in the number of FTE staff employed in the technical department and increases in FTE numbers for acquisitions and output and commissioning. This figure demonstrates that TG4 staff continued to be concentrated in programming-related areas, with smaller numbers in areas such as marketing, finance and CEO-related departments.

Figure 6.15: TG4 Human Resources by Department 2012 Vs 2011

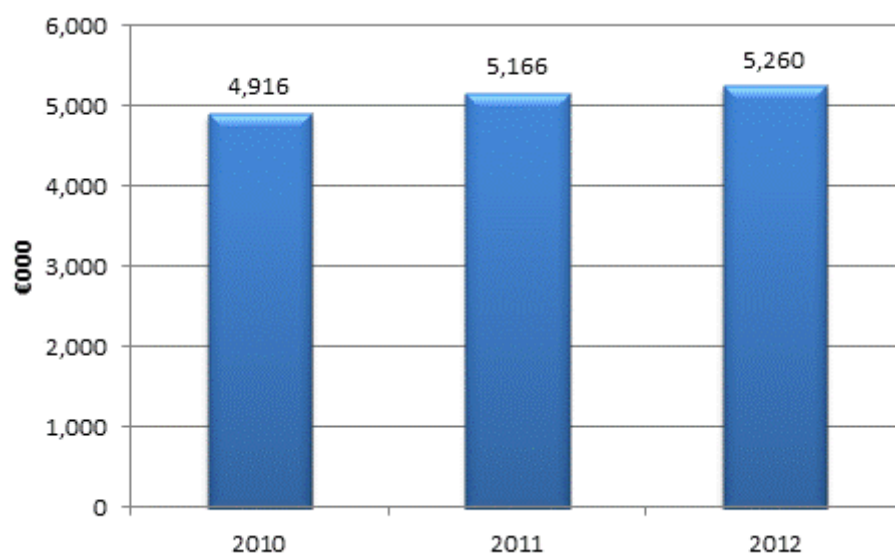


Note: 2012 saw a re-distribution of the "Commercial" Department – a new department (Marketing & Research) was formed and some responsibilities were passed to the Finance and CEO Office Departments. The Marketing and Research figure for 2010 above is thus the "Commercial" figure from the TG4 Review of 2011 Performance. Headcount is full time equivalent (FTE) numbers.

Source: Indecon analysis of TG4 review of 2011 Performance (March 2012) and TG4 Review of 2012 Performance (April 2013).

TG4 staff costs after capitalisation are presented in the figure overleaf. TG4 staff costs increased marginally in 2012 and amounted to €5.26 million in 2012.

Figure 6.16: TG4 Staff Costs 2012 Vs Prior Years

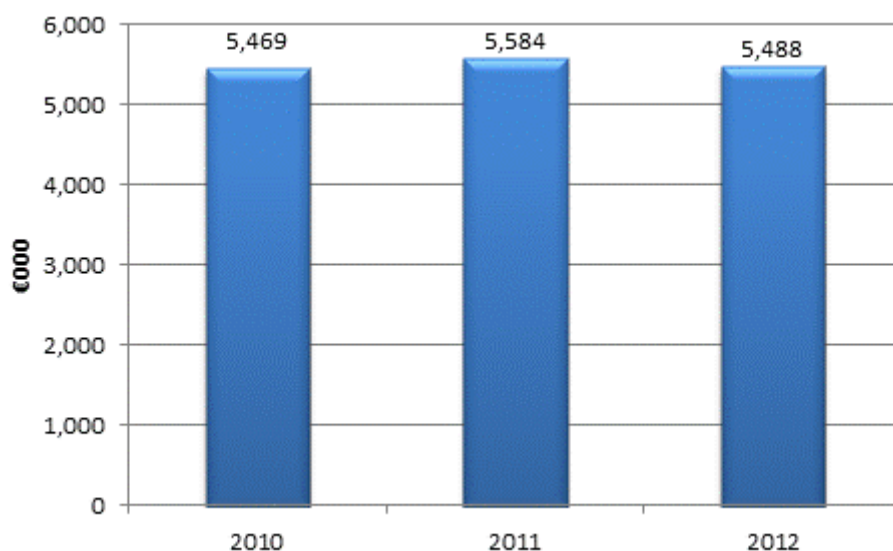


Note: TG4 labour costs were capitalised in 2010, 2011 and 2012. The gross cost before capitalisation for 2010, 2011 and 2012 was €5.469m, €5.584m and €5.488m respectively. Most recently published data used.

Source: TG4 Financial Statements from the Annual Report 2011 & 2012.

TG4 staff costs before capitalisation of costs are presented below. There was a reduction in staff costs from €5.6 million in 2011 to €5.5 million in 2012, following an earlier increase in staff costs between 2010 and 2011.

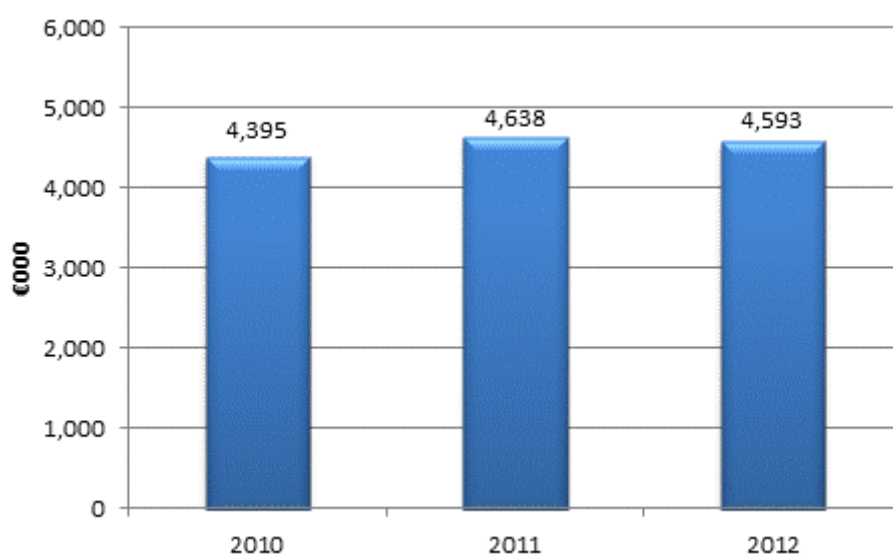
Figure 6.17: TG4 Staff Costs 2012 vs Prior Years (before capitalisation of staff costs)



Source: Indecon analysis of TG4 Financial Statements from the Annual Report 2011 & 2012.

TG4 salary costs are examined in Figure 6.18 below. TG4 salary costs were €4.6 million in 2012, representing a decline of 1% on 2011 salary costs.

Figure 6.18: TG4 Salary Costs 2012 Vs Prior Years



Source: Indecon analysis of TG4 data.

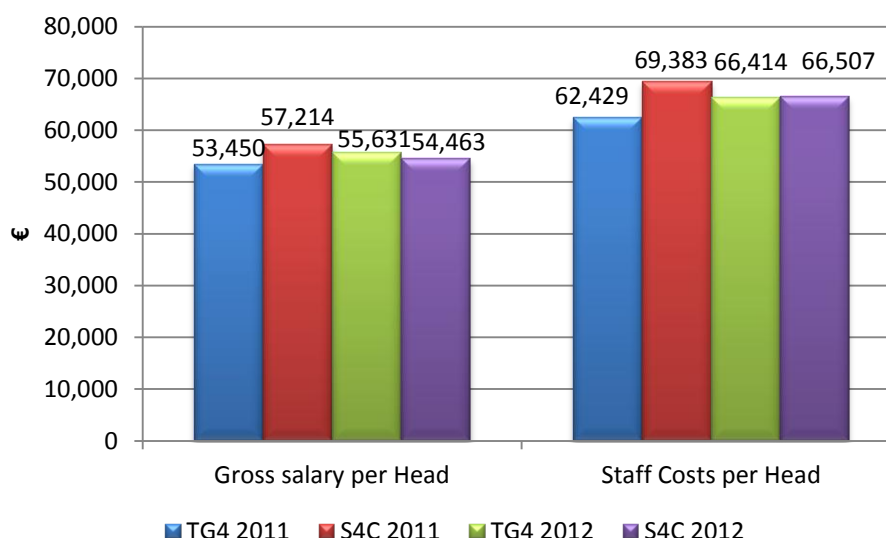
Given that full-time permanent employees comprise the majority of total TG4 employees, it is instructive to consider the change in cost per head of these employees. Table 6.12 demonstrates that there was an increase in total salary costs and FTE numbers. TG4 cost per head of full-time permanent FTEs remained stable at €59.9k between 2011 and 2012.

Table 6.12: TG4 Salary Cost per Employee 2012 Vs 2011						
	Total Salary Cost		Headcount		Cost per Head	
	2011	2012	2011	2012	2011	2012
	€000	€000	FTE	FTE	€000	€000
Full-time Perm	4,165	4,268	70	71.25	59.9	59.9
<i>Source: Indecon analysis of TG4 data.</i>						

In order to determine TG4's efficiency with regards to staff costs, it is important to compare staff costs per head against those of other broadcasters. Figure 6.19 examines TG4's salary per head and staff costs per head against S4C. Indecon believes that S4C provides a valid comparator with TG4, as S4C functions within the same remit as TG4. It is an indigenous public service broadcaster in the United Kingdom, specifically charged with broadcasting Welsh content. S4C underwent significant restructuring in 2012 due to challenging economic and financial circumstances, which resulted in a 13% drop in total headcount from 145 employees in 2011 to 126 in 2012.

TG4's gross salary per head and staff costs per head increased between 2011 and 2012, while S4C's gross salary per head and staff costs per head declined between 2011 and 2012. In 2011, S4C gross salary per head and staff costs per head exceeded those of TG4, while in 2012 gross salary per head of S4C was slightly lower than for TG4. Staff costs per head of S4C remained slightly above TG4 staff costs per head in 2012. It should be noted that 2011 figures for S4C differ from last year's review. This difference results from using a more up-to-date exchange rate to convert S4C costs.

Figure 6.19: TG4 Staff Costs and Wages Per Head Versus S4C, 2011 & 2012



Note: S4C salaries and staff costs have been converted from pounds to euro using Irish Times exchange rate as of 12/08/2013. Gross salaries for S4C include payments made under the redundancy scheme. Calculations are based on staff costs after deduction of capitalised labour. Capitalised labour costs were lower in 2012 than in 2011. The increase in staff costs per head is substantially due to this fact.

Source: Indecon analysis of TG4 data, data from TG4 annual report 2012 and S4C annual report 2012.

The conclusions from this section are that TG4 has reduced FTE numbers in 2012 but that there has been a slight increase in staff costs after capitalisation, which has resulted in an associated increase in salary per head and staff costs per head. TG4 staff costs per head and gross salary per head are very close to those for S4C.

6.11 Absenteeism and Related Costs

We now examine absenteeism and related costs in TG4. Data is commercially sensitive and has been redacted.

Table 6.13: TG4 Absenteeism Numbers, Hours and Cost 2012

	2012		
	Force Majeure	Compassionate Leave	Total
No. of Hours	*	*	*
No. of Persons Involved	*	*	*
Associated Cost	*	*	*

Note: *Data is commercially sensitive and has been redacted.

Source: Indecon Analysis based on TG4 data.

Indecon also examined costs associated with sick leave, maternity leave and holiday leave. Total costs associated with holiday leave were **Data is commercially sensitive and has been redacted.**

Hours and costs of privilege days, time in lieu and career break leave are outlined in Table 6.14 below. The cost associated with bank holiday leave was **Data is commercially sensitive and has been redacted.**

Table 6.14: TG4 Privilege Days, Time in Lieu and Associated Costs 2012	
	2012
Bank Holidays	
Hours	*
No. of Persons Involved	*
Associated Cost	*
Time Off in Lieu of Work Done	
Hours	*
No. of Persons Involved	*
Associated Cost	*
Career Break Leave, Unpaid	
Hours	*
No. of Persons Involved	*
Associated Costs	*
Parental Leave Unpaid	
Hours	*
No. of People	*
Cost	*
Total Associated Cost	*
<i>Note: *Data is commercially sensitive and has been redacted.</i>	
<i>Source: Indecon analysis of TG4 data.</i>	

6.12 TG4 Subcontracting

In addition to the commissioning of programmes highlighted previously in this section, TG4 subcontracts companies to provide support services for TG4. Many of the contracts entered into by TG4 have a three-year duration. New contracts agreed in 2012 **Data is commercially sensitive and has been redacted.**

Table 6.15: TG4 Subcontracting 2012 – Contracts

Good/Service	Start Date	Completion Date	Value per Year	Contract
Internal Audit	*	*	*	*
Weather Services	*	*	*	*
Marketing	*	*	*	*
Catering	*	*	*	*
Accounting	*	*	*	*
Business Consulting	*	*	*	*
Taxation	*	*	*	*
HD Transition Project	*	*	*	*
Pension (Consultancy)	*	*	*	*
Pension (Administration)	*	*	*	*
Social Media	*	*	*	*
Subtitling	*	*	*	*
Security	*	*	*	*
Cleaning	*	*	*	*
Cúla 4 Merchandise	*	*	*	*
Billings Service	*	*	*	*
Broadband Services	*	*	*	*
Airtime Sales	*	*	*	*
Airtime Sales (Web Sales)	*	*	*	*
<i>Note: *Data is commercially sensitive and has been redacted.</i>				
<i>Source: Indecon analysis of TG4 data.</i>				

In addition to the subcontracting of services outlined above, TG4 subcontracts for **Data is commercially sensitive and has been redacted.**

Table 6.16: TG4 Subcontracting 2012

Type	Amount Gross - €
Camera Operators in Studio	*
Make Up in Studio	*
Presenters/Producers in Studio	*
Editing in Studio	*
Sound/Broadcast Technician/Deko in Studio	*
Riggers/Light Operators in Studio	*
Sports Commentators in Studio	*
Live 2 way Video Link	*
Grand Total	*

*Note: *Data is commercially sensitive and has been redacted.*
Source: Indecon analysis of TG4 data.

6.13 TG4 Planned Cost Efficiency Measures

Indecon requested that TG4 provide details of cost reducing measures implemented in 2012. Many of the cost reducing measures highlighted by TG4 in 2012 represent continuations of cost reducing measures from 2011, which in Indecon's opinion do not represent new cost efficiencies. These are as follows:

Data is commercially sensitive and has been redacted.

In addition to maintain the cost reduction measures effected in 2011, TG4 also highlighted the following cost efficiency:

Data is commercially sensitive and has been redacted.

Indecon was also provided with a cost efficiency measure which has been put forward to the Department of Communications, Energy and Natural Resources. *Data is commercially sensitive and has been redacted.*

Further details regarding this cost efficiency measure are outlined in Table 6.17.

Table 6.17: Examples of Planned TG4 Cost Efficiency Measures 2012

Example	Details	Saving €
*	*	*

Source: TG4 data.

*Note: *Data is commercially sensitive and has been redacted.*

6.14 EU Compliance

This final subsection concerns TG4's compliance with EU guidelines on the maintenance of surpluses. EU guidelines state that publicly funded public service broadcasters must not retain

profits which exceed 10% of their expenditure on public service. TG4 recorded a deficit in 2012 and was thus compliant with the EU guidelines on overcompensation.

6.15 Adequacy of TG4 Funding

Indecon's analysis reveals that TG4 recorded a small financial deficit in 2012, after amortisation of capital grants. There was a slight increase in operating costs due primarily to the increase in commissioned programming expenditure. It should be noted however that TG4 remains very dependent on public funding, with public funding accounting for 91.2% of total revenue in 2012. The funding for TG4 is broadly aligned with what is needed to meet the current range of services, however, decisions are required on the role and market position for TG4 and this would have implications for the adequacy of funding.

6.16 Summary of Findings

This section has considered TG4's efficiency and value for money, as well as compliance with EU guidelines. **Data is commercially sensitive and has been redacted.**

These metrics indicate that TG4 performed well with regards to programming costs in 2012. However, TG4 must concentrate on maintaining and, if possible, increasing its audience share to ensure that costs per viewer hour do not continue to increase.

TG4 reduced FTE numbers in 2012 but there was a slight increase in staff costs after capitalisation, which resulted in an increase in salary per head and staff costs per head. Indecon believes that this is an area which requires continuing focus by TG4. TG4 should also consider new cost reducing measures for 2013 as maintaining cost reductions introduced in previous years does not represent new cost efficiencies. TG4 maintained a small deficit in 2012 as in previous years and was compliant with EU guidelines.

A more detailed description of the key findings in this section is presented below.

Data is commercially sensitive and has been redacted.

7 Recommendations

7.1 Introduction

Our recommendations are based on the following high level conclusions of our analysis:

- ❑ Indecon analysed TG4's performance against its stated commitments for 2012 and concludes that commitments were broadly achieved in 2012. In particular, TG4 achieved a large number of commitments, but did not achieve some of the important commitments relating to audience-related measures such as reach and share. The decline in market share and reach for TG4 occurred in the context of declines for many of the major broadcasters in Ireland.
- ❑ TG4 continued to support creativity throughout 2012 through increases in the number of creative staff supported by TG4, expenditure on commissions and number of hours commissioned. Funding secured by TG4 for the independent production sector did not achieve the 2012 target.
- ❑ TG4 further reduced its operating deficit in 2012 to €3k after taxation; this was achieved through increases in revenue and operating costs. A small increase in commercial revenue was observed in 2012.

7.2 Recommendations

Based on our analysis we outline in the table below a number of recommendations for consideration by the Authority.

Table 7.1: Summary of Recommendations

Adjustments to Public Funding

1. Indecon would not recommend any reduction in TG4 funding if TG4 is to continue with its current mandate.
2. Indecon would not recommend an increase in TG4 public funding, unless it was proposed to change the levels of Services provided.
3. TG4 should supply a detailed costed strategy, including different levels of digital service provision.

Cost Efficiency

4. Cost efficiencies must continue to be pursued where possible.

Market Share and Reach

5. TG4 must focus on maintaining and increasing market share and reach in order to secure a sustainable future.

Process Improvements

6. Further work is needed to reduce the number of commitments set by TG4 each year although Indecon recognises that the annual review process is likely to change significantly following recommendations from the five-year review of public service broadcasters.
7. Indecon recommends that a detailed analysis of capital expenditure should be included in future annual reviews.

Source: Indecon Analysis.

Annex 1 TG4 Audience Data

Table A1.1: TG4 Top 50 Programmes – Highest Audience 2012

		Day	Date	Time	Ave 000s	Peak 000s	Reach 000s	Share (%)
1.	GAA Beo - Allianz D1 Football Final - Cork v Mayo	Sun	29-Apr	15:56 - 17:59	264.6	347.3	559	24.4%
2.	Rugbaí Beo - Leinster v Munster	Sat	06-Oct	18:25 - 20:24	236.8	323	584.2	17.6%
3.	GAA Beo - Cork v Tipperary	Sun	22-Apr	15:57 - 17:49	190.3	236.8	402.4	18.1%
4.	Peil na mBan Beo - Senior Final	Sun	07-Oct	15:50 - 17:33	189.8	249.1	392.2	19.7%
5.	GAA Beo - Cork v Down	Sun	15-Apr	16:18 - 18:14	178	220.3	433.6	18.5%
6.	GAA Beo - Tipperary v Cork	Sun	01-Apr	16:10 - 17:30	168.3	194.6	298.6	21.3%
7.	GAA Beo - Kilkenny v Cork	Sun	06-May	15:33 - 17:49	167.7	220.9	355.7	20.6%
8.	GAA Beo - Mayo v Kerry	Sun	15-Apr	13:30 - 16:14	159.6	279.1	420.1	22.7%
9.	GAA Beo - Allianz D2 Football Final - Kildare v Tyrone	Sun	29-Apr	13:30 - 15:51	154.8	261	449.1	18.4%
10.	GAA Beo - AIB Connacht Semi-Final	Sun	18-Nov	15:55 - 17:19	151.5	177.3	318.3	13.9%
11.	GAA Beo - Galway v Kildare	Sun	08-Apr	16:13 - 17:36	144.7	194	324.6	14.1%
12.	GAA Beo - Kilkenny v Clare	Sun	22-Apr	13:30 - 15:52	142.3	224.3	359.6	17.1%
13.	GAA Beo - Cork v Kerry	Sun	18-Mar	14:25 - 16:19	137.5	177	324.9	18.7%
14.	Opry an Iúir - Philomena Begley	Wed	26-Dec	21:32 - 22:47	136.8	179.8	309.4	8.2%
15.	GAA Beo - U21 Hurling Final - Clare v Kilkenny	Sat	15-Sep	18:44 - 20:29	129.7	210.3	337.4	9.3%
16.	GAA Beo - Kilkenny v Galway	Sun	01-Apr	14:00 - 16:06	127.2	183.7	342.2	17.7%
17.	GAA Beo - AIB Club Football Final	Sat	17-Mar	15:30 - 17:23	125.2	233.2	377.9	11.8%
18.	Andy Irvine @ 70	Sun	30-Dec	21:31 - 22:28	121.4	144.3	259.7	7.6%
19.	GAA Beo - Kilkenny v Tipperary	Sun	26-Feb	14:00 - 16:06	120.8	170.4	351.8	12.9%
20.	Johnny McEvoy, An Cheolchoirm	Thu	27-Dec	21:34 - 22:29	114.9	142.8	254	7.1%
21.	GAA Beo - Mayo v Dublin	Sun	01-Apr	17:35 - 17:50	113.6	126.3	151	13.0%
22.	GAA Beo - AIB Club Hurling Final	Sat	17-Mar	13:30 - 15:25	111.5	199	341.7	12.5%
23.	Sharon Shannon in Concert	Fri	28-Dec	21:42 - 22:48	110.5	128.4	261.8	7.2%
24.	Tommy Fleming - A Journey Home	Sat	22-Dec	19:45 - 20:47	110.3	144.1	277.5	6.6%
25.	GAA Beo - AIB Ulster Football Final	Sun	02-Dec	15:28 - 16:47	109.4	142.1	243.9	10.0%
26.	The West's Awake - Rugbaí Chonnacht	Wed	10-Oct	21:31 - 22:38	109.4	160.5	278.1	7.0%
27.	The Dark Knight	Mon	02-Jan	21:32 - 24:13	109.3	155.5	504.2	7.6%
28.	Rugbaí Beo - Connacht v Leinster	Sun	01-Jan	16:30 - 19:04	108.8	212.3	406.3	8.0%
29.	Rugbaí Beo - Connacht v Leinster	Fri	28-Sep	19:53 - 21:56	108.4	176.4	378.3	6.7%
30.	Rugbaí Beo - Connacht v Munster	Sat	22-Dec	16:45 - 19:22	108.2	200.8	414.2	8.1%
31.	GAA Beo - Cork v Dublin	Sun	08-Apr	14:00 - 16:08	107.5	213.3	398	11.8%
32.	Rugbaí Corn Heineken - Clermont v Leinster	Sun	29-Apr	18:04 - 19:09	106.8	148.6	259.4	7.6%
33.	Mná an IRA	Thu	05-Jan	22:32 - 22:59	105	145.8	209.6	7.1%

Note: figures are DayParts. Audience is all individuals aged 4+. These figures are Consolidated viewing.

Source: TG4 data.

Table A1.2: TG4 Top 50 Programmes – Highest Audience 2012 (Continued)

		Day	Date	Time	Ave 000s	Peak 000s	Reach 000s	Share (%)
34.	Rugbaí Beo - Leinster v Glasgow	Sat	12-May	19:00 - 21:41	103.3	189.7	404.2	7.4%
35.	GAA Beo - Cork v Kilkenny	Sun	25-Mar	14:00 - 16:06	100.1	175	279.4	18.3%
36.	Rugbaí Corn Heineken - Munster v Ulster	Sun	08-Apr	17:44 - 18:54	99.2	130.2	220.5	8.0%
37.	GAA Beo - AIB Munster Football Final	Sun	02-Dec	13:30 - 15:23	99	153.8	248.1	12.0%
38.	GAA Beo - Galway v Dublin	Sat	21-Apr	15:31 - 17:52	98.7	153.8	258.1	13.9%
39.	The Dubliners - Live at Vicar Street	Sat	17-Mar	22:20 - 23:40	98.3	174	356.6	7.9%
40.	Opry an Iúir	Wed	26-Sep	22:32 - 23:26	96.8	116.9	211.1	8.7%
41.	Rugbaí Beo - Scarlets v Munster	Sat	21-Apr	18:15 - 20:30	95	168.1	363.6	8.1%
42.	GAA Beo - AIB Leinster Hurling Final	Sun	09-Dec	15:33 - 16:50	93.9	120.4	185.2	9.9%
43.	A Little Bit Country	Wed	05-Dec	22:32 - 23:00	93.8	125.2	177.1	7.2%
44.	The Man From Snowy River	Fri	24-Aug	21:38 - 23:31	93.6	131.2	307.7	7.3%
45.	Peil na mBan Beo - Intermediate Final	Sun	07-Oct	13:36 - 15:33	92.3	117.9	281.2	12.7%
46.	Daniel O'Donnell - 30 Bliain ag Ceol	Tue	25-Dec	20:01 - 21:13	91.2	145.8	265.3	4.6%
47.	Rugbaí Beo - Munster v Scarlets	Sun	25-Nov	17:00 - 19:10	90.6	141.9	336.7	6.4%
48.	GAA Beo - AIB Munster Hurling Semi-Final	Sun	11-Nov	14:00 - 15:56	90.5	132.1	250.2	10.6%
49.	GAA Beo - Dublin v Cork	Sun	11-Mar	13:30 - 15:40	90.1	142	308.2	11.7%
50.	Rugbaí Beo - Cardiff v Munster	Fri	02-Nov	19:00 - 21:05	90	179.2	346.9	6.0%

Note: figures are DayParts. Audience is all individuals aged 4+. These figures are Consolidated viewing.

Source: TG4 data.