



RTÉ 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

Indecon

www.indecon.ie

October 2013

Contents

Page

Executive Summary	i
1 Introduction and Background to Review	1
1.1 Introduction	1
1.2 Background to the Review	1
1.3 Methodology and Structure of the Report	2
1.4 Acknowledgements	4
2 Trends in the Irish Economy and Broadcasting Industry	5
2.1 Introduction	5
2.2 Irish Economy – Overview	5
2.3 Trends in the Irish Broadcasting Market	8
3 Examination of Extent to Which Commitments were Met	12
3.1 Introduction	12
3.2 RTÉ Public Service Statement	13
3.3 RTÉ Performance against Commitments 2012	14
3.4 Statement of Performance Commitments 2013	51
3.5 Summary of Findings	53
4 Review of RTÉ's Role in Supporting Creativity	55
4.1 Introduction	55
4.2 RTÉ Support for the Independent Sector	55
4.3 RTÉ Creative Resources	58
4.4 RTÉ Awards and Nominations 2012	60
4.5 Measures taken by RTÉ Television to Support the Creative Sector	61
4.6 Measures taken by RTÉ Radio to Support the Creative Sector	62
4.1 RTÉ Orchestras, Quartet and Choirs 2012	64
4.2 Summary of Findings	65
5 RTÉ Financial Performance	67
5.1 Introduction	67
5.2 Analysis of RTÉ Group Financial Statements 2008-2012	67
5.3 RTÉ Deficit	75
5.4 RTÉ Actual Versus Budgeted Income & Expenditure	79
5.5 Summary of Findings	83
6 Efficiency, Value for Money and Adequacy of Funding	84
6.1 Introduction	84
6.2 Cost of Programming	84
6.3 RTÉ Cost per Transmitted Hour and Cost per Viewer/Listener Hour	95
6.4 A Comparison of the Cost per Hour of RTÉ In-House versus Commissioned Programming and RTÉ Cost Allocation System	101
6.5 Staff Costs and Human Resources	104
6.6 RTÉ Cost Reducing Measures	112
6.7 RTÉ Utilisation of Studios	115
6.8 Utilisation of Licence Income	116
6.9 Control of Overcompensation/Surpluses	117
6.10 Adequacy of RTÉ Funding	118

Contents

Page

6.11	Summary of Cost Efficiency and value for money of RTÉ	118
7	Recommendations	120
7.1	Introduction	120
7.2	Summary of Recommendations	120
	Annex 1 Top 20 Television Programmes	121
	Annex 2 Top 20 All-Week National Radio Programmes	124
	Annex 3 RTÉ Radio Audience Data	126
	Annex 4 RTÉ Player Top 20 Streams April 2013	130
	Annex 5 Detailed List of Commitments 2012	132
	Annex 6 Nielsen / TAM Ireland Definitions of Measures of Television Viewing	139

Tables, figures & boxes

Page

Table 2.1: Annual Percentage Change in National Income 2009-2012	5
Table 2.2: Trend in National Income per Capita and Per Person Employed 2009-2012	6
Table 2.3: Annual % Change in Total Domestic Demand 2009-2012	6
Table 2.4: Earnings and Labour Costs 2009-2012	6
Table 2.5: Unemployment Rate in Ireland 2008-2013	7
Table 2.6: Channel Shares 2010-2012	10
Table 3.1: RTÉ Commitments 2012 – Range of Activities	15
Table 3.2: RTÉ Commitments 2012 – Content Provision	16
Table 3.3: RTÉ Commitments 2012 – Content Provision (Continued)	17
Table 3.4: RTÉ Commitments 2012 – Content Provision (Continued)	18
Table 3.5: RTÉ Television Output Performance against Commitments by Key Genres 2011 & 2012	21
Table 3.6: RTÉ Radio Output Performance against Commitments by Key Genres 2011 & 2012	27
Table 3.7: RTÉ Radio Average Weekday Reach per Hour by Station, Adults 15+ , 2009-2012	34
Table 3.8: RTÉ TV Share (%) by Channel, 2010-2012	35
Table 3.9: RTÉ Commitments 2012 – Governance	38
Table 3.10: RTÉ Commitments 2012 – Technology	39
Table 3.11: Summary of RTÉ Player Performance April 2012 vs April 2013	41
Table 3.12: RTÉ Commitments 2012 – Use of Public Funds	44
Table 3.13: RTÉ Commitments 2012 – Use of Public Funds (Continued)	45
Table 3.14: RTÉ Commitments 2012 – Responsible and Trustworthy	48
Table 3.15: Performance against Commitments Summarised	50
Table 3.16: Evaluation of RTÉ Commitments and Performance against the BAI Criteria	51
Table 3.17: Programme Hours for RTÉ One and RTÉ Two Combined: 2012 Actual and 2013 Projections	52
Table 3.18: RTÉ Radio Hours: 2012 Actual and 2013 Projections	52
Table 4.1: RTÉ TV and Radio Expenditure on Independent Commissions 2011 & 2012	56
Table 4.2: RTÉ Television Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2012	56
Table 4.3: RTÉ Television Non-Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2012	57
Table 4.4: RTÉ Radio Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2012	57
Table 4.5: RTÉ Creative Staff by Role-Type in Contract with RTÉ as at 31 December 2011 & 2012	59
Table 4.6: Actors Employed Directly or Indirectly by RTÉ TV Dramas in 2011 & 2012	60
Table 4.7: Summary of RTÉ Awards and Nominations 2010, 2011 & 2012	60
Table 4.8: RTÉ Entertainment/Comedy Statistics 2011 & 2012	61
Table 4.9: RTÉ Young People's Programming Statistics 2011 & 2012	62
Table 4.10: RTÉ Radio Creative Statistics 2011 & 2012	63
Table 4.11: Live Music Broadcasts on RTÉ Radio 1 2012	63
Table 4.12: Summary of RTÉ Orchestras, Quartet and Choirs 2011 & 2012	65
Table 5.1: Composition of RTÉ Group Income 2009-2012	67
Table 5.2: RTÉ Advertising Revenue by Division 2009-2012	69
Table 5.3: RTÉ Share of TV Advertising Market among a selection of Broadcasters in the Republic of Ireland 2011 & 2012	70

Table 5.4: Fixed AB Prices Issues for 2012 (Average Jan-Dec) & 2013 (Average Jan-Aug)	71
Table 5.5: Analysis of RTÉ Group Operating Costs 2009–2012 (Disaggregated)	73
Table 5.6: RTÉ Components of Operating Costs % Share 2009-2012	74
Table 5.7: RTÉ Cost-Income Ratio 2009-2012	74
Table 5.8: RTÉ Group Income Statement 2009-2012	75
Table 5.9: Consolidated Group Income and Expenditure Statement for RTÉ 2009 - 2012	76
Table 5.10: Consolidated Group Cash Flow for RTÉ 2009-2012	77
Table 5.11: RTÉ Consolidated Group Balance Sheet 2009-2012	78
Table 5.12: RTÉ Income & Expenditure Actual Vs Budget 2012 - 2013	79
Table 5.13: RTÉ 5-Year Indicative Projections for Costed Strategic Plan 2013-2017	81
Table 6.1: RTÉ Total Costs by Output Category 2009-2012	85
Table 6.2: RTÉ First-Run Indigenous In-house Production Costs and Cost per Hour by Channel 2011 & 2012	86
Table 6.3: RTÉ New Commissioned Programmes 2011 & 2012 – Total Value of New Commissions	87
Table 6.4: RTÉ New Commissioned Programmes 2011 & 2012 – Total Value of New Commissions (excludes spend which does not generate broadcasts)	88
Table 6.5: RTÉ In-house Radio Programming Costs, All Stations 2010 - 2012	92
Table 6.6: RTÉ In-House Radio Programming Costs by Station 2010 - 2012	92
Table 6.7: RTÉ Television Average Cost per Transmitted Hour by Channel, 2011 & 2012	96
Table 6.8: RTÉ Television Average Cost per Viewer Hour (Excluding Transmission Charges) by Channel, 2011 & 2012	97
Table 6.9: RTÉ Television Average Cost per Viewer Hour (Including Transmission Charges) by Channel, 2011 & 2012	97
Table 6.10: RTÉ Radio Average Cost per Transmitted Hour by Station, 2011 & 2012	99
Table 6.11: RTÉ Radio Average Cost per Listener Hour (Excluding Transmission Charges) by Station, 2011 & 2012	100
Table 6.12: RTÉ Radio Average Cost per Listener Hour (Including Transmission Charges) by Station, 2011 & 2012	101
Table 6.13: RTÉ Indigenous TV Programmes 2012 Average Cost per Hour, In-House vs Commissioned	102
Table 6.14: RTÉ Overhead to Direct Cost Relationship for Television Programming 2011 & 2012	103
Table 6.15: RTÉ Overhead to Direct Cost Relationship for Television Drama 2011 & 2012	103
Table 6.16: RTÉ Overhead to Direct Cost Relationship for Television Entertainment 2011 & 2012	104
Table 6.17: RTÉ Employee Costs per Head 2010 – 2012	107
Table 6.18: Trend in Personnel-related Operating Costs 2009-2012	108
Table 6.19: Gross Earnings – Staff Members on Net Headcount Quarter 4, 2011 & 2012	108
Table 6.20: Summary of RTÉ Sick Leave and Associated Cost 2011 & 2012	109
Table 6.21: Summary of RTÉ Maternity Leave Associated Cost 2011 & 2012	109
Table 6.22: Summary of RTÉ Privilege Days and Time Off in Lieu 2011 & 2012	110
Table 6.23: Summary of RTÉ Holiday Leave and Associated Costs 2011 & 2012	110
Table 6.24: RTÉ Absenteeism Rates by Division 2010-2012	111
Table 6.25: RTÉ Overtime Costs by Division 2012 versus 2011	111
Table 6.26: RTÉ Reductions in Operating Costs 2010-2012	112
Table 6.27: Summary of Headcount Budgeted for December 2013 & 2012	112
Table 6.28: The Cost of RTÉ Top Ten Presenter Talent 2009 – 2012/13	113
Table 6.29: RTÉ Personnel-related Cost Reduction Activities, Projected Savings	114
Table 6.30: Further Cost Reducing Activities by Division 2012/13	115

Table 6.31: RTÉ Utilisation of Television Studios 2011 & 2012	116
Table 6.32: Evaluation of Overcompensation and Maintenance of Surpluses 2012	118
Table A4.1 : RTÉ Player Top 20 Streams, April 2013	131
Table A5.1: RTÉ Detailed Performance Commitments for 2012 – Range of Activities	133
Table A5.2: RTÉ Detailed Performance Commitments for 2012 – Content Provision	134
Table A5.3: RTÉ Detailed Performance Commitments for 2012 – Governance	135
Table A5.4: RTÉ Detailed Performance Commitments for 2012 – Technology	136
Table A5.5: RTÉ Detailed Performance Commitments for 2012 – Use of Public Funds	137
Table A5.6: RTÉ Detailed Performance Commitments for 2012 – Responsibility and Trustworthy	138
Figure 2.1: Consumer Price Index, Annual Percentage Change 2008-2012	7
Figure 2.2: Number of TV Homes May 08–April 13	8
Figure 2.3: Digital and Analogue TV Reception, May 11-April 2013	9
Figure 3.1: RTÉ Public Service Statement	13
Figure 3.2: RTÉ Television Programme Hours Broadcast 2009 – 2012	19
Figure 3.3: Television Programming Hours Broadcast by Source on RTÉ Channels 2011 & 2012	19
Figure 3.4: RTÉ Indigenous Television Programme Hours Share of Broadcast Hours 2009-2012	20
Figure 3.5: RTÉ Indigenous Television Programme Hours Broadcast by Genre 2009 - 2012	20
Figure 3.6: RTÉ Television International and Irish Acquisitions Hours Broadcast by Genre 2011 & 2012	21
Figure 3.7: Percentage Difference between Actual and Target Hours for RTÉ Television 2012 vs 2011	22
Figure 3.8: RTÉ Television In-house Produced Indigenous Programming Hours by Channel 2011 & 2012	22
Figure 3.9: RTÉ Television In-house Produced Indigenous Programming Hours by Genre 2012	23
Figure 3.10: RTÉ Television Hours of Commissioned Programming Contracted 2010 - 2012	24
Figure 3.11: RTÉ Television Hours of Commissioned Programming Contracted During 2011 & 2012 by Genre	24
Figure 3.12: RTÉ Radio Broadcasting Hours 2009 - 2012	25
Figure 3.13: RTÉ Radio Broadcasting Hours by Station 2009 - 2012	25
Figure 3.14: RTÉ Radio Broadcasting Hours by Source 2009 - 2012	26
Figure 3.15: RTÉ Radio Broadcasting Hours by Genre, 2009 – 2012	26
Figure 3.16: Percentage Differences between Actual and Target Hours for RTÉ Radio 2012 vs 2011	27
Figure 3.17: RTÉ Radio In-house Hours by Station 2011 & 2012	28
Figure 3.18: RTÉ Radio In-house Hours by Genre 2011 & 2012	28
Figure 3.19: RTÉ Radio Commissioned Hours by Station 2011 & 2012	29
Figure 3.20: RTÉ Radio Commissioned Hours by Genre, 2011 & 2012	29
Figure 3.21: RTÉ TV Weekly Reach (%) by Channel, 2011 & 2012 (Live)	33
Figure 3.22: National Radio Average Weekly Reach (%) by Station, Adults 15+, 2008-2012	34
Figure 3.23: RTÉ TV Share (%) by Channel, 2009-2012	35
Figure 3.24: Live Audience Viewing Shares (%) 2012 vs 2011 for RTÉ, TG4 and TV3	36
Figure 3.25: National Radio Average Weekday (07:00-19:00) Market Share (%) by Station, Adults 15+, 2008-2012	36
Figure 3.26: Average Monthly Page Impressions on the RTÉ Website 2008 to Date April 2013	40
Figure 3.27: Trend in Streams and Unique Browsers on the RTÉ Player January 2011–April 2013	41
Figure 3.28: Share (%) of Irish Unique Users of the RTÉ Player by Age, April 2012 & April 2013	42
Figure 3.29: RTÉ % of Monthly Streams by Genre Delivered on the RTÉ Player April 2013 vs April 2012	42
Figure 5.1: Composition of RTÉ Income 2008-2012 (Disaggregated)	68

Figure 5.2: RTÉ Trend in Income by Source 2009-2012	68
Figure 5.3: Trend in RTÉ Commercial Income, RTÉ Licence Fee Revenue and Gross National Product 2009-2012	69
Figure 5.4: Trend in RTÉ Operating Cost Base 2008-2012	72
Figure 6.1: RTÉ Indigenous In-House Television Programming Costs by Genre, 2012	86
Figure 6.2: RTÉ Indigenous In-House Television Programming Average Cost per Hour by Genre, 2012	87
Figure 6.3: RTÉ Commissioned Television Programming Cost by Genre,	88
Figure 6.4: RTÉ Commissioned Television Programming Cost per Hour by Genre,	88
Figure 6.5: RTÉ Cost by Genre for Acquired Irish and Acquired International Television Programming 2011 & 2012	90
Figure 6.6: RTÉ Acquired Irish and Acquired International Programming Average Cost per Programme/Actual Hour by Genre 2011 & 2012	90
Figure 6.7: RTÉ In-House Radio Programming Costs by Station and Cost Type 2012	93
Figure 6.8: RTÉ In-House Radio Programming Average Cost per Hour by Station 2010 - 2012	93
Figure 6.9: RTÉ Total In-House Radio Programming Costs by Genre 2011 & 2012	94
Figure 6.10: RTÉ In-House Radio Programming Average Cost Per Hour by Genre, 2011 & 2012	94
Figure 6.11: RTÉ Television Average Cost per Transmitted Hour by Channel, 2010 – 2012	95
Figure 6.12: RTÉ Television Average Cost per Viewer Hour of Content by Channel, 2010 – 2012	96
Figure 6.13: RTÉ Radio Average Cost per Transmitted Hour by Station, 2010 – 2012	98
Figure 6.14: RTÉ Radio Average Cost per Listener Hour of Content by Station, 2010 – 2011	99
Figure 6.15: RTÉ Group Staff Costs 2009 -2012	105
Figure 6.16: RTÉ Headcount Quarter 4 2011 & 2012, by Division	105
Figure 6.17: RTÉ Employment Trend 2004 – 2012	106
Figure 6.18: RTÉ Average Employee Headcount 2011 & 2012	107
Figure A1.1: Top 20 TV Programmes 1 st January to 31 st of December 2012 All Channels, Live National Individuals 4+	122
Figure A1.2: Top 20 TV Programmes 1 st January to 31 st of December 2012 All Channels, Consolidated National Individuals 4+	123
Figure A2.1: RTÉ Radio Top 20 All-week National Programmes – Adults 15+ Timeblock Reach: National Stations Jan-Dec 2012	125
Figure A3.1: RTÉ Radio Timeblock Reach, Monday – Friday average, January – December 2012	127
Figure A3.2: RTÉ Radio Timeblock Reach, Saturday average, January – December 2012	128
Figure A3.3: RTÉ Radio Timeblock Reach, Sunday average, January – December 2012	129

Executive Summary

Introduction and Background to Review

Introduction

This report is prepared by Indecon International Consultants on behalf of the Broadcasting Authority of Ireland (“BAI” hereafter) and concerns the BAI’s obligation to undertake annual public funding reviews in respect of the public service broadcaster RTÉ. Key elements of the review have included an assessment of the following:

- ❑ The extent to which RTÉ has fulfilled its commitments in respect of its public service objectives, as set out in its Annual Statement of Performance Commitments 2012.
- ❑ The extent to which creativity was fostered and sustained by RTÉ in 2012.
- ❑ The extent to which RTÉ operates efficiently and effectively and provides value for money.
- ❑ The adequacy, or otherwise, of public funding to RTÉ to enable it to meet its public service objectives.
- ❑ The extent to which RTÉ has used the public funding which it has received, in pursuit of its public service objectives, with a view to assessing whether any overcompensation has occurred and if such overcompensation has occurred, the level of such overcompensation.
- ❑ The extent to which RTÉ has complied with the policy of the EC in respect of the maintenance of surpluses.
- ❑ The study also expresses an independent opinion to the BAI as to whether an adjustment in public funding to RTÉ is desirable or necessary.
- ❑ Process improvements to the reviews of RTÉ are also proposed.

Background to Review

According to the Broadcasting Act 2009 (Section 124) the BAI is required each year to carry out a review of the extent to which the PSB organisations (RTÉ and TG4) have, during the previous financial year, fulfilled their commitments as stated in their annual statements of performance commitments and to review the adequacy of public funding to allow the PSB organisation to meet its public service objectives. On the basis of the findings of the annual review, the Authority provides a report to the Minister with a recommendation for any modification to the annual licence fee, in the case of RTÉ. The Authority within three years of the passing of the 2009 Act and every five 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 RTÉ for the year 2012.

Trends in the Irish Economy and Broadcasting Industry

It is important to consider trends in the Irish economy and broadcasting industry to provide the economic and sectoral context within which RTÉ operates and to aid in reviewing RTÉ audience share and related measures, as well as RTÉ’s financial performance.

Small increases in GDP, GNP and Gross National Disposable Income were recorded in 2012, as depicted in the table below. GDP and GNP per capita increased slightly in 2012. Total domestic demand continued to decline. 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 during 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 both RTÉ commercial revenues and also for the ability of households to fund any licence fee increases.

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
GDP at current market prices	-10.0%	-2.6%	2.8%	0.8%
GNP at current market prices	-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.				

In terms of the overall broadcasting market, an important development was that Analogue Switch Off (ASO) occurred in October 2012, and 98% of television households maintained digital television by April 2013. Competition from various platforms along with a large number of channels implied a continuing challenging environment. Traditional viewing on television sets remains the most widely used viewing method, but a significant number of people are watching television through other mediums, such as laptops, smartphones and tablets. This is particularly evident for younger audiences. It is important that RTÉ continues to focus on maintaining television and radio shares, but also continues to develop its online and digital content and services.

Examination of Extent to Which Commitments Have Been Met

Range of Activities

A number of commitments were set covering the range of activities. These include the requirement to operate a national media service in the public interest and to ensure content distribution/delivery across all platforms and devices. There was a quantified target to ensure that awareness of analogue switch off (ASO) reached 90% of the public and this was exceeded and awareness of ASO reached 94% of the public by September 2012.

Content Provision

RTÉ exceeded the targets set for all genres of television programming output in 2012 as indicated in the next table.

RTÉ Television Output Performance against Commitments by Key Genres 2011 & 2012				
	2011	2011	2012	2012
Television Genre	Target Hours	Actual Hours	Target Hours	Actual Hours
Entertainment & Music	325	386	389	452
Factual	342	452	362	434
Young People's Programming	650	718	650	704
News & Current Affairs	1,110	1,220	1,074	1,140
Subtitling	8,500	9,007	8,500	8,550

Note: Drama and sport hours were not specifically targeted in RTÉ's Statement of Performance Commitments 2011. 'Entertainment & music' and 'factual' are peak time indigenous hours. Young people's hours are all-time indigenous hours and subtitling are all-time.
Source: RTÉ 2012 Performance Commitments Report & RTÉ 2011 Performance Commitments Report

With the exception of entertainment hours, RTÉ exceeded the targets set for radio programming genres in 2012. However, of note is that the total target hours set were less than the actual hours achieved in 2011 and the same issue applied to television output targets.

RTÉ Radio Output Performance against Commitments by Key Genres 2011 & 2012					
	2011			2012	
Genre	Target Hours	2011 Actual Hours as per 2011 Target	*2011 Actual Hours as per 2012 Target	Target Hours	Actual Hours
Entertainment	272	283	6,192	6,000	5,858
Education	20	20	-	-	-
Factual	70	82	1,569	1,500	1,701
News & Current Affairs	1,660	1,670	1,670	1,653	1,677
Young People's programming - RTÉ Junior Radio	200 ¹	276 ²	-	-	-
New Sports Programming - RnaG	33	31	-	-	-
Music	-	-	17,892	17,500	18,090

Note 1: *RTÉ Radio 2011 genre-hours targets referred to specific programming strands on individual stations and did not reflect the entirety of genre hours across RTÉ Radio. 2012 targets were updated to reflect overall genre-hours and equivalent 2011 figures are shown for reference.

Note 2: Overnight schedule changes in 2012 impacted on delivery of radio genre hours. More Music programmes were added at the weekends and minor changes to 2fm Entertainment schedule resulted in reduced hours for that genre.

Source: RTÉ 2011 Performance Commitments Report & RTÉ 2012 Performance Commitments Report.

¹ Applies to original hours on RTÉ Junior.

² Applies to original hours on RTÉ Junior.

On the important issue of audience reach which is part of the content provision objectives, RTÉ exceeded its overall target for all television and radio services with a 96% reach for all its services among adults aged 15 years and over. RTÉ had targeted to maintain its national peaktime share for 2012 and exceeded the target of 36% by 1.1% points. However, RTÉ TV market share has been declining year-on-year since 2012 but in 2012 RTÉ Two recorded an increase in its channel share. There was a small decline in RTÉ One share in 2012 which reflects the fact that RTÉ is operating in an increasingly competitive broadcasting market. This has important implications for the ability of the broadcaster to fund existing services unless additional sources of income are secured or costs are reduced. In the case of radio, RTÉ Radio 1 weekly reach has held up well at 36% in 2012 compared to 37% in 2008. However, RTÉ 2FM reach has declined from 31% to 23% over that period.

RTÉ set a target to exceed 80% for the Reaction Panel Appreciation Index for RTÉ TV and its performance was just short of target at 79.2%. In the case of RTÉ Radio, the target of 80% was exceeded at 81%. RTÉ also set out to maintain 18 of the 20 programmes on the Top 20 list for TV and Radio. These commitments were achieved with 20 of the top 20 TV programmes and 19 of the top 20 radio programmes retaining their key positions.

Governance

A range of governance commitments were set covering best practice governance and compliance issue. One specific target was to meet timescale for Freedom of Information requests. RTÉ met timeframes for 91 out of the 96 requests under the Freedom of Information Acts and Data Protection Acts. RTÉ also produced a high quality Annual Report and Group Financial Statements.

Technology

RTÉ Player weekly reach fell 1 percentage point short of year-end target of 20%. Average monthly page impressions of the RTÉ Website have, however, been growing steadily year-on-year. The data also suggests a rising trend in accessing content through mobile devices.

Use of Public Funds

Operating costs were reduced further in 2012 in response to revenue shortfalls. Final operating costs for TV were circa €* less than the original budget. This is an important achievement of the management during the year in moving towards a basis for sustainable viability of RTÉ, which should be recognized. RTÉ did not however meet its commercial revenue targets for TV, Radio, RTÉNL and RTÉ Digital.

RTÉ spent a total of €42.1m on independent commissioning activities in 2012 which was in excess of the minimum statutory expenditure of €38.5m but total commissioning spend was significantly below 2011 levels. This is discussed further under RTÉ's role in supporting creativity.

Responsible and Trustworthy

A range of commitments were set covering responsibility and trustworthiness. One of the quantified targets related to perceptions of fairness and impartiality of RTÉ Nine O'Clock News which in 2012 was 96% which exceeded the target level by 1% point. RTÉ audience perception of fairness and impartiality of Morning Ireland was 91.5% in 2012.

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

Summary

Overall RTÉ met a large proportion of key measurable targets set out under the commitments for 2012. A number of the commitments were not fully achieved but were met to a significant degree. Among the areas where RTÉ did not meet the targets set for 2012 were on some audience performance measures and commercial revenue (TV, radio and RTÉNL). Some of these commitments are strategically important but are influenced by developments in the economy and in the broadcasting sector. Due to the fact that the targets set are subject to a wide range of variation in terms of strategic importance and measurability, Indecon believes it is important for BAI to consider the nature and levels of targets set in future years.

Performance against Commitments Summarised				
	No. of Commitments Set	No. of Targets Set	Number of Targets Met	
	Number	Number	Number	%
Range of Activities	3	6	5	83%
Content Provision	23	95	82	86%
Use of Public Funds	11	30	22	73%
Governance	4	9	7	78%
Technology	6	21	17	81%
Responsible and Trustworthy	9	32	26	81%
Total	56	193	159	
<i>Source: Indecon Analysis of RTÉ Performance</i>				

Review of RTÉ's Role in Supporting Creativity

RTÉ's statutory expenditure on television and radio programming in the independent sector totalled almost €39.27 million which was a slight increase on 2011. RTÉ however significantly reduced its non-statutory expenditure on independent commissions from €8.6m in 2011 to €1.7m in 2012 in response to declining revenues. The total number of creative staff employed or contracted with RTÉ fell from 704 in 2011 to 662 in 2012.

RTÉ Creative Staff by Role-Type in Contract with RTÉ as at 31 December 2011 & 2012				
Type	No. of Employees	No. of Employees (FTE)	Contractors	Grand Total
2011				
Directors/ Producers	*	*	*	*
Actors			*	*
Composers			*	*
Musicians	*	*	*	*
Writers			*	*
Total	*	*	*	*
2012				
Actor			*	*
Composer			*	*
Directors/ Producers	*	*	*	*
Musician	*	*	*	*
Writer			*	*
Total	*	*	*	*
<p><i>Note: *Data is commercially sensitive and has been redacted.</i></p> <p><i>Note: The above numbers do not include creative roles contributing to RTÉ commissions, who by the nature of commissioning process would not be directly in contract with RTÉ. Numbers working via the Independent Sector on RTÉ commissions would not be reflected in counts of individuals in contract with RTÉ. Therefore the number of people in creative roles supported by RTÉ would be significantly higher than the number in contract with RTÉ at any point in time.</i></p> <p>Source: RTÉ data provided to Indecon.</p>				

In 2012, the total number of nominations received increased but the number of awards won declined. RTÉ had targeted in 2012 to be shortlisted for at least 75 international awards and was shortlisted for 65.

RTÉ, however, continues to have a key role in supporting the creative sector:

- ❑ RTÉ directly supported a total of 69 actors through its in-house drama *Fair City*. In 2012, the production of commissioned dramas resulted in RTÉ supporting 157 jobs in the independent production sector.
- ❑ 12 acts were broadcast for the first time on TV with *The Saturday Night Show* and the *Saturday Night with Miriam* show. In total, there were 86 first-time Irish broadcasts on TV through RTÉ Entertainment compared with just 32 in 2011.
- ❑ In 2012, RTÉ transmitted a total of 12 hours of original, commissioned drama and 100 hours of in-house drama programming. In total, 54 actors worked on the commissioned drama *Love/Hate* and approximately 100 people were engaged in making the series.
- ❑ A total of 1,249 short stories were entered into a competition for the best of new Irish writing through the *Francis MacManus Short Story Competition* in 2012.

- ❑ The RTÉ Breakthrough Bursary RAAP was a series of bursaries awarded to emerging musical performances across a wide range of genres and in 2012 a total bursary of €24,500 was available to the winning entries.
- ❑ In 2012, 337 performers were supported by RTÉ Orchestras, Quartet and Choirs of which 132 are full-time professional musicians. In the same year RTÉ's Orchestras, Quartet and Choirs delivered 249 live performances to a total audience of 262,750 people.

RTÉ Financial Performance, Efficiency and Value for Money

Total revenue for the broadcaster continued in decline in 2012. Most of the commercial income earned by RTÉ is in the form of advertising revenue. The table shows that advertising income declined from €132.6 million in 2010 to €123.8 million in 2011 and declined by a further €13 million to €110.0 million in 2012. Licence fee revenue was €196.0 million in 2010, €183.6 million in 2011 and €180.9 million in 2012.

Composition of RTÉ Group Income 2009-2012					
	2009	2010	2011	2012	% Change 2011-2012
Source	€000s	€000s	€000s	€000s	
Advertising income	131,671	132,647	123,820	110,977	-10%
Sponsorship income	8,951	8,929	8,155	9,432	16%
Facilities income	1,773	1,814	2,562	3,519	37%
Circulation and event income	6,623	6,347	6,276	5,728	-9%
Transmission, mast and towers income	15,060	15,085	14,701	13,450	-9%
Content, merchandising and related sales	10,424	10,615	10,689	10,998	3%
Other commercial revenue	202	262	1,054	2,216	110%
Total Commercial Income	174,704	175,699	167,257	156,320	-7%
Licence Fee revenue	200,217	195,968	183,623	180,894	-1%
Total Revenue	374,921	371,667	350,880	337,214	-4%
% of Income from Commercial Income	46.60%	47.27%	47.67%	46.36%	
% of Income from Public Funding	53.40%	52.73%	52.33%	53.64%	

Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

RTÉ has continued to implement year-on-year reductions in its operating costs base in response to the decline in funding. Since 2008 RTÉ has reduced its operating cost base by over €100 million.

Personnel-related costs account for the larger proportion of total operating costs. Reductions in personnel-related operating costs were achieved in 2012 for the fourth consecutive year and in non-personnel related operating costs for the second consecutive year. RTÉ's employee costs were reduced by €12 million in 2012. RTÉ incurred a large restructuring charge of circa €46 million in 2012.

Analysis of RTÉ Group Operating Costs 2009–2012 (Disaggregated)				
	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
Employee Costs	161,294	152,955	152,926	141,017
Other Personnel Related Costs	34,103	33,667	35,559	32,878
Personnel Related Operating Costs	195,397	186,622	188,485	173,895
Direct Commissioned Programmes Costs	52,845	52,100	45,220	38,727
Direct Acquired Programme Costs	24,455	23,908	26,116	24,637
Sports and Other Copyrights	16,541	24,589	20,579	25,276
Outside Broadcast Contracts	6,142	6,770	7,056	6,001
Communication Circuits	3,320	3,544	3,316	4,083
RTÉ Guide Printing and Related Costs	2,378	2,152	1,977	1,666
Network Electricity	2,609	2,666	2,895	2,848
Music Licences	7,462	6,433	6,925	7,223
Insurance Policies	1,514	1,138	1,203	1,460
Other Third Party Costs	50,705	46,275	49,639	49,186
Non personnel Related Operating Costs (before depreciation and amortisation, restructuring and other charges)	167,971	169,575	164,926	161,107
Total Operating Costs (before depreciation and amortisation, restructuring and other charges)	363,368	356,197	353,411	335,002
Total Operating Costs	389,393*	376,597	369,521	352,506**
<i>Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.</i>				
<i>Note: The 2009 and 2010 figures have been reclassified in order to reconcile with the presentation used in the 2012 Annual Report</i>				
<i>*Before exceptional item – restructuring charge in 2009 = €11,341,000.</i>				
<i>** Before exceptional item – restructuring charge in 2012 = €46,161,000.</i>				

Despite the ongoing reductions, total operating costs (before the restructuring charge) exceeded revenue for the fourth consecutive year in 2012. RTÉ has identified the need for further restructuring of its costs base and Indecon would support such measures.

RTÉ Cost-Income Ratio 2009-2012				
	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
Total Revenue/Income	374,921	371,667	350,880	337,214
Total Operating Costs (after depreciation & Amortisation, before restructuring charge)	389,393	376,597	369,521	352,506
Cost-Income Ratio (%)	103.9%	101.3%	105.3%	104.53%
<i>Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.</i>				

The broadcaster restructuring charge of almost €46.2 million is a significant factor contributing to the large operating deficit of €65.1m recorded in 2012. However, RTÉ recorded a deficit of almost €17.7 million before the restructuring charge and pension related finance expense in 2012.

The cost of programming is one potential measure of RTÉ's value for money and efficiency. It is however important that RTÉ continue to invest in new programming content including commissions from the independent production sector. The cost per transmitted hour for RTÉ One was reduced in 2012 while the cost per transmitted hour of television programming on RTÉ Two increased.

RTÉ Television Average Cost per Transmitted Hour by Channel, 2011 & 2012			
	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2011			
RTÉ One	145.6	8,760	16,600
RTÉ Two	88.2	8,760	10,100
2012			
RTÉ One	129.7	8,784	14,800
RTÉ Two	91.3	8,784	10,400

Source: RTÉ data from the RTÉ Annual Reports 2011 & 2012 (most recently published figures).

During 2012 there was a reduction in the cost per viewer hour of RTÉ One Television programming.

RTÉ Television Average Cost per Viewer Hour (Excluding Transmission Charges) by Channel, 2011 & 2012					
	Cost	Annual Transmission Hours	Average Cost per Hour Excluding Transmission Charges	Industry Audience Data	Average Cost per Viewer Hour
	€m	Hours	€	Average Viewing per Hour	€
2011					
RTÉ One	130.7	8,760	14,900	132,300	0.113
RTÉ Two	74.5	8,760	8,500	51,700	0.164
2012					
RTÉ One	115.3	8,784	13,100	118,300	0.111
RTÉ Two	77.1	8,784	8,800	53,100	0.166

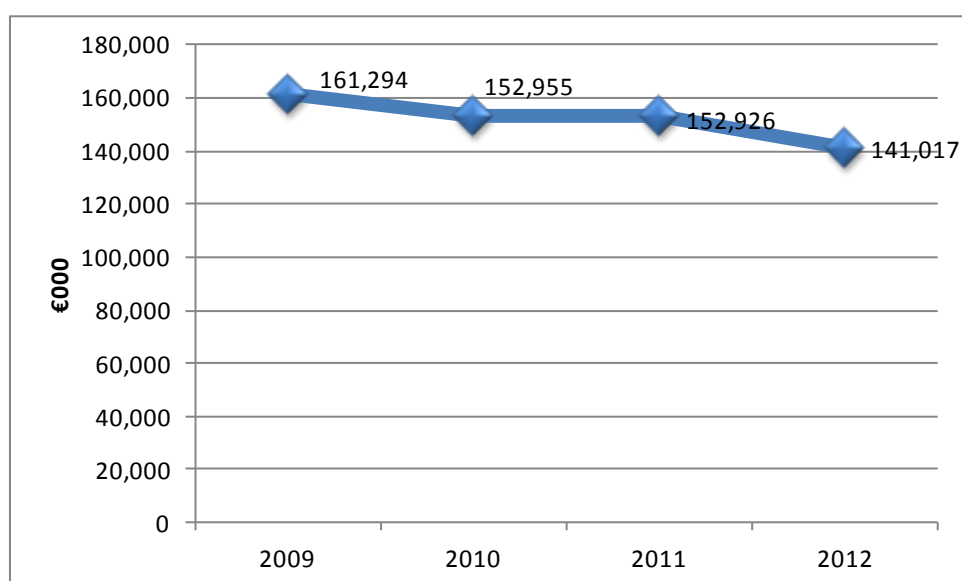
Note: Total cost of indigenous and acquired programming and excludes general broadcast and transmission expenses and transmission & power charges.

Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland Ltd/Nielsen TAM, Consolidated data, National Inds 4+, All Day All Week Avg, Viewing per hour in 000s.

In the case of radio, reductions were achieved in total costs for all stations in 2012, which led to reductions in the cost per transmitted hour for RTÉ radio stations with the exception of RTÉ lyric fm.

Given the importance of staff costs it is essential to examine performance in this area as part of the 2012 Review. Staff costs decreased by 8% to €141 million in 2012. Group staff costs have decreased by 13% on average across the period from 2009 to 2012.

RTÉ Group Staff Costs 2009 -2012



Note: Total staff costs are after consolidation adjustment.

Source: Indecon analysis of RTÉ Annual Reports 2009, 2010, 2011 & 2012.

Total headcount was reduced from 2,093 to 1,858 in 2012. Reductions in headcount were accompanied by a small overall increase in the cost per head of full-time equivalent staff.

RTÉ Employee Costs per Head 2010 – 2012

	2010	2011	2012	Cost per Head FTE 2010	Cost per Head FTE 2011	Cost per Head FTE 2012
	€'000	€'000	€'000	€'000	€'000	€'001
Wages and salaries	130,266	129,773	123,531	65.6	67.1	71.9
Social welfare costs	9,235	9,716	10,258	4.6	5.0	6.0
Pension costs and life assurances	13,454	13,437	7,228	6.8	6.9	4.2
Total	152,955	152,926	141,017	76.98	79.07	82.1

Note: Cost per employee is calculated using FTE numbers as of year-end 2010, 2011 & 2012.

Source: Indecon analysis of data from the RTÉ Annual Report 2011 & 2012.

Indecon's analysis demonstrates that RTÉ has made significant progress in reducing personnel-related operating costs and total operating costs across 2012. However, the overall financial performance of RTÉ as reflected in its initial plans for 2013 indicates that further reductions in headcount and FTE numbers will be required.

EU Compliance

There was no issue of surpluses in 2012; therefore, RTÉ complied with EU requirements relating to retaining no more than 10% of expenditure. RTÉ recorded a deficit in 2012.

Evaluation of Overcompensation and Maintenance of Surpluses 2012

	€000
Revenue (Including Interest Receivable)	338,362
Expenditure (Including Interest Payable and Income Tax)	403,509
Deficit for the Year	65,147

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

Adequacy of Funding

RTÉ broadly fulfilled its commitments in 2012, meeting 159 out of 193 targets set in 2012. However, RTÉ did not achieve some targets relating to audience measures and commercial revenue targets. In addition, some of the targets were set at levels lower than previous year's performance. RTÉ's statutory expenditure on commissioning from the independent production sector exceeded its target, but there was a significant reduction in non-statutory commissioning expenditure.

While RTÉ funding could be seen as adequate to meet its existing services, this is only valid if costs are further reduced and if revenues are maintained. Indecon's 2011 review highlighted the need to reduce RTÉ's operating deficit; RTÉ's operating deficit increased to €17.7 million in 2012 before inclusion of the restructuring charge. Given the 2012 cost base and revenue position, it is clear that funding was not adequate in the year to eliminate its financial deficit. RTÉ during 2012 continued to reduce its cost base but further cost reductions or revenue increases are required to provide a foundation for the sustainable viability of RTÉ.

Recommendations

Based on our analysis Indecon outlines a number of recommendations for consideration by the Authority. These are summarised in the table below.

Summary of Recommendations

Adjustments to Public Funding

1. RTÉ must continue to focus on reducing its operating deficit through further reductions in costs or increases in revenues.
2. We do not recommend a decrease in public funding for RTÉ at present given the scale of the operating deficit. Before any increase in public funding is considered, we believe some additional efficiencies should be secured.

Cost Efficiency

3. We recommend that additional cost reduction measures are implemented.
4. We recommend that an independent evaluation of the costs/benefits of RTÉ in-house production compared to the costs which could be offered by the independent production sector be completed.

Market Share and Reach

5. The challenge of maintaining and increasing market share and reach should continue to be a priority and particular focus should be paid to maintaining RTÉ Radio One market share and reversing the previous declines in RTÉ 2fm market position.

Process Improvements

6. Further work is needed to reduce the total number of commitments set out for RTÉ and additional refinement to the commitments is needed. We note, however, progress on this in the 2013 targets.
7. Indecon recommends that a detailed analysis of capital expenditure in various divisions be undertaken as part of future annual reviews.

Acknowledgements

Indecon would like to acknowledge the valuable inputs of officials from the Broadcasting Authority of Ireland and from management and executives in RTÉ. Particular thanks are due to Diarmaid Breathnach and Margaret Tumelty of the BAI. We also received valuable inputs from our discussions with the Chief Executive, Chairman and the BAI Authority during the previous year's review.

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

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

1 Introduction and Background to Review

1.1 Introduction

This report is prepared by Indecon International Consultants on behalf of the Broadcasting Authority of Ireland (“BAI” hereafter) and concerns the BAI’s obligation to undertake annual public funding reviews in respect of the public service broadcaster RTÉ. Key elements of the review have included an assessment of the following:

- ❑ The extent to which RTÉ has fulfilled its commitments in respect of its public service objectives, as set out in its Annual Statement of Performance Commitments 2012.
- ❑ The extent to which creativity was fostered and sustained by RTÉ in 2012.
- ❑ The extent to which RTÉ operates efficiently and effectively and provides value for money.
- ❑ The adequacy, or otherwise, of public funding to RTÉ to enable it to meet its public service objectives.
- ❑ The extent to which RTÉ has used the public funding which it has received, in pursuit of its public service objectives, with a view to assessing whether any overcompensation has occurred and if such overcompensation has occurred, the level of such overcompensation.
- ❑ The extent to which RTÉ has complied with the policy of the EC in respect of the maintenance of surpluses.
- ❑ The study also expresses an independent opinion to the BAI as to whether an adjustment in public funding to RTÉ is desirable or necessary.
- ❑ Process improvements to the reviews of RTÉ to be undertaken in subsequent years are also proposed.

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 must then provide a report to the Minister with a recommendation for a modification to the annual licence fee, in the case of RTÉ. The Authority within three years of the passing of the 2009 Act and every five 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 (licence fee);
- ❑ The annual nature of the public funding requirements;
- ❑ The level of commercial funding available to the PSB (assuming it is exploiting its commercial opportunities); and
- ❑ Any international developments in public service broadcasting.

This current review by Indecon concerns the examination of RTÉ for the year 2012.

1.3 Methodology and Structure of the Report

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

The key phases are as follows:

1. Agreement on scope and assembling of data and undertaking of consultations.
2. Review of RTÉ 2012 commitments, utilisation of funding and their performance on their programming schedule for 2012.
3. Review of the value for money of the RTÉ and the formulation of key conclusions and recommendations.

Phase 1

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

A project inception meeting was held with the BAI with the purpose of understanding the views of the BAI and addressing any high level issues in relation to the current review including the adequacy of the RTÉ performance framework for the purpose of fulfilling its statutory obligation to conduct public funding reviews under the current broadcasting legislation. This also included discussion of relevant data/research sources on public service broadcasters in Ireland and on the broadcasting market in general.

This phase of the project also involved reviewing any relevant previous research including the previous annual reviews of public funding for 2010 and 2011 and any issues arising from these reviews. Other relevant research examined included documents such as the PSB's review of their performance against their statement of commitments.

At the data collection stage of the review, Indecon examined key evidence which reflected on the performance of RTÉ and their actual programming output. Data on actual programming output by division, market share data and key financial data from the annual reports and programme level financial data were reviewed. A rigorous analysis of all data and underlying assumptions was undertaken.

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

- ☐ Examination of the level of spend on commissioned programmes;
- ☐ Details of any measures taken by the broadcasters to support creativity in terms of their commissioning policies and in terms of support for wider creative sectors;
- ☐ Analysis of any programming or other awards achieved, although we know that care is needed in interpreting any such awards;
- ☐ Information on policies undertaken to support creativity within broadcasting staff and suppliers;
- ☐ Detailed data was assembled on the number of creative personnel supported by RTÉ programming; and
- ☐ A detailed examination of the cost allocation method for RTÉ in-house and commissioned programming. This is dealt with in Section 6 of this report.

Phase 2

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

Phase 3

Phase 3 was focused on an assessment of the cost efficiency of RTÉ services and a value for money review. Findings from this facilitated the formulation of the conclusions and recommendations. The following costs were examined in the value for money of the broadcasting service:

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

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

Structure of the Report

Section 2 of this report provides an overview of trends in the Irish economy and in broadcasting. Section 3 contains our analysis of the commitments and performance of RTÉ for 2012 in respect of its public service objectives. Section 4 analyses the extent to which RTÉ fosters and sustains creativity. Section 5 presents a review of the financial results of RTÉ which facilitates the analysis in Section 6 on cost efficiency and value for money of the RTÉ service. Finally, Section 7 provides our overall recommendations.

1.4 Acknowledgements

Indecon would like to acknowledge the valuable inputs of officials from the Broadcasting Authority of Ireland and from management and executives in RTÉ. Particular thanks are due to Diarmaid Breathnach and Margaret Tumelty of the BAI. We also received valuable inputs from our discussions with the Chief Executive, Chairman and the BAI Authority during the previous year's review.

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

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

2 Trends in the Irish Economy and Broadcasting Industry

2.1 Introduction

This chapter provides an overview of the Irish economy and the broadcasting industry in Ireland. This provides the economic and sectoral context within which RTÉ operates and is useful in reviewing later analyses of RTÉ audience share and related measures, as well as RTÉ's financial performance.

2.2 Irish Economy – Overview

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
GDP at current market prices	-10.0%	-2.6%	2.8%	0.8%
GNP at current market prices	-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 continued to decline across the period considered. These are important factors to consider as changes to domestic demand impact on the commercial revenues received by RTÉ.

Table 2.3: Annual % Change in Total Domestic Demand 2009-2012

	2008-2009	2009-2010	2010-2011	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 2013.				

Table 2.4 presents the trend in average hourly earnings and labour costs across 2009 to 2012. As earnings and income reduce, the ability of households to fund the television licence fee 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 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. The unemployment rate rose dramatically between 2008 and 2009, and then continued to rise between 2009 and 2012. The average unemployment rate for the first six months of 2012 was 13.7%, which represents a one percentage point fall from 2012 (and indeed 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 2008-2013

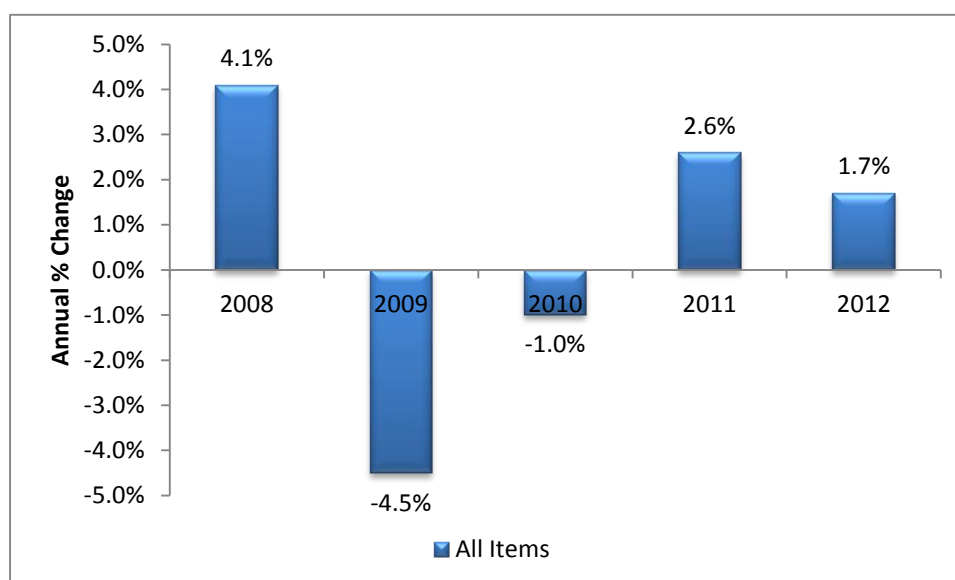
	2008	2009	2010	2011	2012	2013*
Standardised Unemployment Rate (Annual Average)	6.4%	12.0%	13.8%	14.6%	14.7%	13.7%

Source: Indecon analysis of data from CSO principal statistics

*2013 figure based on an average for the first six months of 2013.

Figure 2.1 examines changes in the consumer price index between 2008 and 2012. This is relevant in the review of public funding for RTÉ as adjustments to RTÉ's funding take account of this via the CPI-X formula, which applies changes in the consumer price index less a factor of X to measure efficiency and other issues. The consumer price index declined between 2007 and 2010, and then increased between 2010 and 2011 and increased marginally 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 in 2012 in terms of national income and earnings. However, the unemployment rate continued to rise. 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. More significantly household incomes and domestic expenditure remain very constrained. This has implications for both RTÉ commercial revenues and also for the ability of households to fund any licence fee increases.

2.3 Trends in the Irish Broadcasting Market

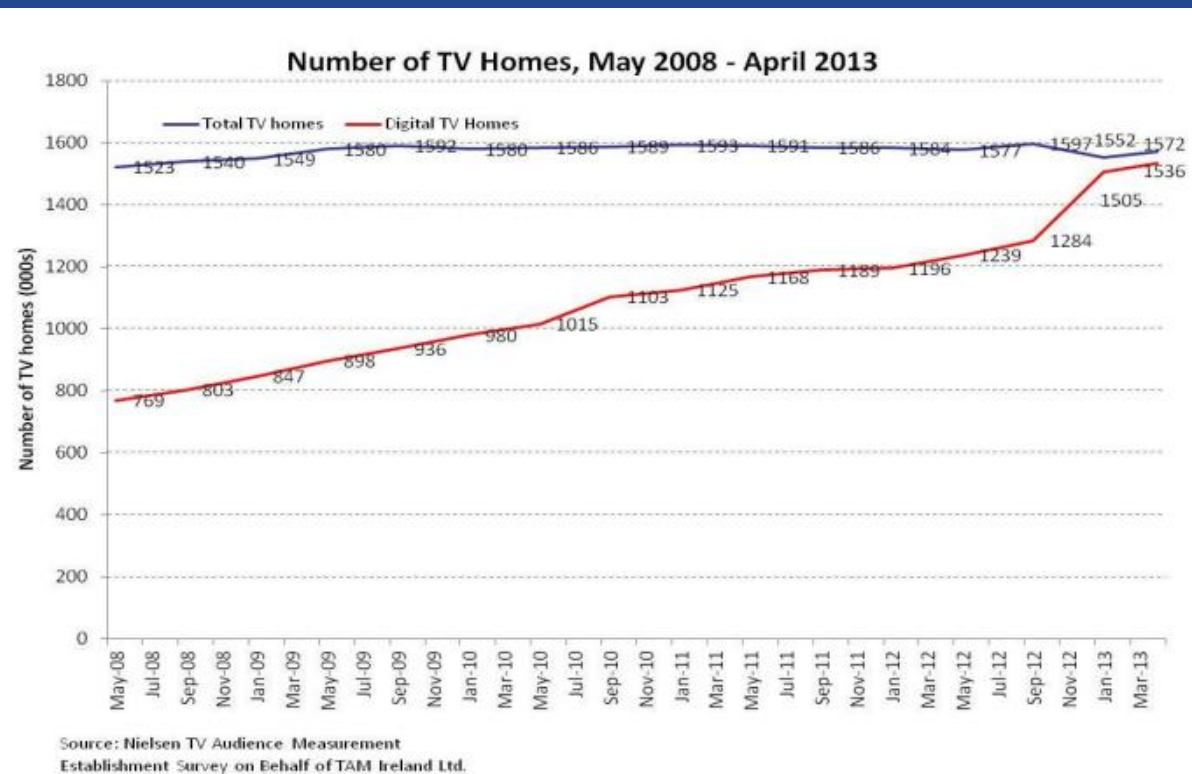
It is important to consider trends in the Irish broadcasting market in order to provide the context for the market within which RTÉ operates. In this section, we consider trends in television broadcasting and radio broadcasting, as well as competition from different platforms.

2.3.1 Television Broadcasting

One development in television broadcasting in 2012 was 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 TV 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.

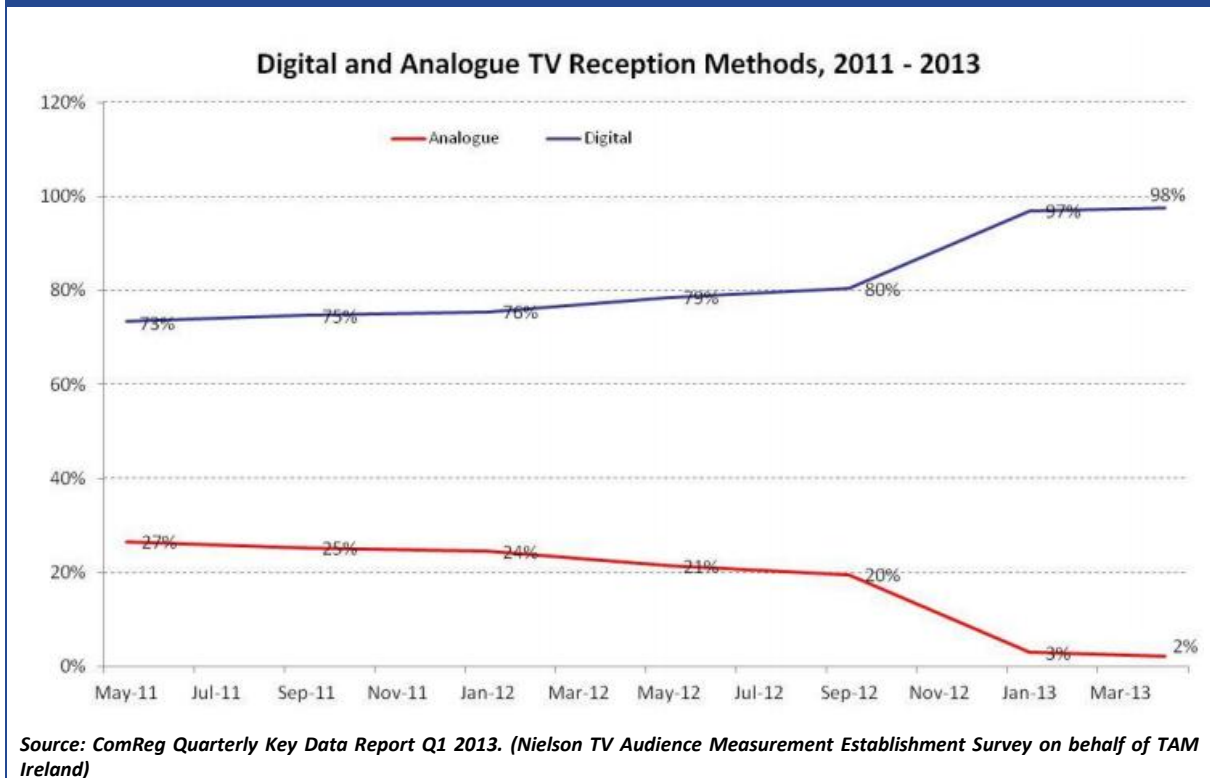
Figure 2.2: Number of TV Homes May 08–April 13



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

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 television households with digital reception was 98% in April 2013.

Figure 2.3: Digital and Analogue TV Reception, May 11-April 2013



When considering RTÉ's performance against its stated commitments for 2012, we examine RTÉ'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. RTÉ One continues to command the highest share in Ireland, while RTÉ Two maintains the third highest share in Ireland. There has been an overall downward trend in audience share for many broadcasters in Ireland between 2011 and 2012. The table overleaf reveals that most broadcasters have demonstrated reductions in their audience share, with the exception of RTÉ Two, BBC One, 3e, E4 and Comedy Central. This is a positive achievement for RTÉ Two. However, RTÉ One Television Station showed a decline in market share in 2012.

Table 2.6: Channel Shares 2010-2012

Channel	2010	2011	2012	Change 2011-2012 (percentage points)
1. RTÉ One	23.16%	23.43%	21.08%	-2.4%
2. TV3	12.19%	12.35%	10.97%	-1.4%
3. RTÉ Two	10.18%	8.99%	9.29%	0.3%
4. BBC One	4.49%	4.18%	4.20%	0.0%
5. UTV	3.75%	3.30%	2.89%	-0.4%
6. BBC Two	2.56%	2.49%	2.17%	-0.3%
7. Channel 4	2.76%	2.29%	2.07%	-0.2%
8. TG4	2.09%	2.06%	1.94%	-0.1%
9. 3e	1.11%	1.30%	1.82%	0.5%
10. Sky One	1.43%	1.25%	1.13%	-0.1%
11. Sky News	0.86%	1.00%	0.77%	-0.2%
12. Sky Living	0.97%	0.80%	0.62%	-0.2%
13. E4	1.01%	0.72%	0.76%	0.0%
14. Comedy Central	0.70%	0.57%	0.73%	0.2%
15. Setanta Ireland	0.42%	0.39%	0.34%	-0.1%

Note: Figures are “Live” shares referring to TV viewing at time of transmission, for all individuals aged 4+, all day.

Source: *Indecon analysis*

2.3.2 Competition from Different Platforms and Importance of Digital Technology

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 growing competition from a number of other platforms, namely, cable, satellite and broadband television.

In addition, there has been a significant increase in online viewing via services such as the RTÉ Player. Indeed, RTÉ’s presentation “Audience Viewing Behaviour in the Digital Era” (16 April 2012) highlights that 91.5% of all minutes viewed were to Live TV and 8.5% were time-shifted (i.e. through playback up to seven days after transmission).

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 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 within the ages of 15 and 34. This demonstrates the importance of developing digital content, particularly to attract younger audiences.

2.3.3 Implications of Trends in the Economy and Broadcasting for RTÉ

RTÉ has been operating in the context of a challenging economic environment in Ireland for the last number of years. As a dual-funded broadcaster (public and commercial funding), this has implications for RTÉ in terms of the level of commercial revenue (via decreases in consumer spending) and on the level of public funding (due to pressure on the Irish Government to cut costs where possible). Examination of 2012 evidence indicates that the situation is improving in terms of national income, earnings and demand. However, the unemployment rate continued to remain very high despite the overall improvement in the Irish economic situation and domestic demand continued to decline.

Analogue Switch Off (ASO) occurred in October 2012, and 98% of households with televisions maintained digital television by April 2013, compared with 2% with analogue reception. Competition from various platforms along with a large number of channels implied a continuing challenging environment. Most channels experienced a decline in market share in 2012; against this backdrop, the ability of RTÉ Two to increase market share is a positive development. However, RTÉ One Television Station showed a decline in market share in 2012. Traditional viewing on television sets remains the most widely used viewing method, but a significant number of people are watching television through other mediums, such as laptops, smartphones and tablets. This is particularly evident for younger audiences. It is important that RTÉ continues to focus on maintaining share, but also that it continues to effectively develop its online and digital content and services to retail audiences.

3 Examination of Extent to Which Commitments were Met

3.1 Introduction

The RTÉ 2012 Performance Commitments report was submitted in accordance with the requirements of the Broadcasting Act 2009 Section 102(4):

“A corporation shall, by 31 January in each year, prepare an annual statement of performance commitments, in accordance with —

- (a) its objects,*
- (b) any extant statement of strategy prepared under Section 99, and*
- (c) any extant public service statement prepared under Section 101.”*

“A corporation shall by 31 March in each year submit to the Minister and the Authority a report on the fulfilment or otherwise of any commitments made in a statement prepared under Subsection (1) for the previous financial year and an explanation of any difference arising.”

(Broadcasting Act 2009)

Following the submission of RTÉ’s report of the fulfilment of its performance commitments, the Broadcasting Authority of Ireland reviews the extent to which RTÉ has, during the previous financial year, fulfilled its commitments as stated in its Annual Statement of Performance Commitments and the adequacy of public funding for RTÉ to meet its public service object. As outlined in Section 1, the purpose of this document is to assist the BAI in its obligation to undertake an annual public funding review of RTÉ. This section, which sets out the extent to which RTÉ fulfilled its *Annual Statement of Performance Commitments 2012*, is a key component of the annual public funding review.

In response to the Irish economic and market developments, RTÉ has undergone a period of substantial cost reductions and restructuring since 2008. The operating environment in which these changes have been implemented is one of significant technological, societal and economic change. In 2012, RTÉ implemented a revised strategic planning process. This involved an examination of all aspects of the business and the service they provide to the public. Stemming from this process, RTÉ has made amendments to the vision, mission and values of the organisation. These are outlined below.

Vision

“RTÉ’s vision is to enrich Irish life; to inform, entertain and challenge; to connect with the lives of all people.”

Mission

RTÉ's revised mission has four main components:

1. Deliver the most trusted, independent, Irish news service, accurate and impartial, for the connected age.
2. Provide the broadest range of value-for-money, quality content and services for all ages, interests and communities.
3. Reflect Ireland's cultural and regional diversity and enable access to major events.
4. Support and nurture Irish production and Irish creative talent.

Values

The following comprises RTÉ's values:

1. Understand our audiences and put them at the heart of everything we do.
2. Be creative, innovative and resourceful.
3. Be open, collaborative and flexible.
4. Be responsible, respectful, honest and accountable to one another and to our audiences.

3.2 RTÉ Public Service Statement

The RTÉ Annual Statement of Performance Commitments is prepared in accordance with the RTÉ Public Service Statement (below) and is also underpinned by RTÉ's vision, mission and values outlined above.

Figure 3.1: RTÉ Public Service Statement

RTÉ will be guided by the following principles:

- ☐ RTÉ will remain independent of any vested interest.
- ☐ RTÉ will provide for and be responsive to interests, needs and concerns of the whole community on the island of Ireland.
- ☐ RTÉ will aim to set and maintain the highest standards of programme and service quality.
- ☐ RTÉ will uphold the democratic values enshrined in the Constitution and serve the public interest.
- ☐ RTÉ will reflect and nurture traditional and contemporary Irish cultural expression and seek to inform a greater understanding of the wider world.
- ☐ RTÉ will be accountable for all that it broadcasts, publishes and performs and will ensure value for money.

Source: RTÉ 2012 Performance Commitments Report.

3.3 RTÉ Performance against Commitments 2012

3.3.1 Overview

The three main principles set out in the BAI's reporting framework for PSB's Annual Statement of Performance Commitments are:

- ☐ Transparency and accountability of broadcaster;
- ☐ Meets needs of stakeholders, including citizens/audiences, BAI, PSB's and Minister; and
- ☐ Reflects and accords with good principles of performance assessment.

Following a revision of the nature and quantity of commitments set out by the broadcaster, the BAI have identified six new high-level themes under which the broadcaster must set out its commitments and specific targets. These themes are:

- ☐ Range of Activities;
- ☐ Content Provisions for both Broadcast services and Non-broadcast services;
- ☐ Use of Public Funds;
- ☐ Governance;
- ☐ Technology; and
- ☐ Responsive and Trustworthy broadcaster.

Following the findings and recommendations of the previous year's annual public funding review, the BAI set out a number of criteria of which the nature and quality of the commitments set should be adhered to. These are:

- ☐ 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'; and
- ☐ Contain rationale and context.

In this section we will review the extent to which RTÉ has fulfilled its commitments set out for 2012 and also the extent to which these commitments have adhered to the necessary guidelines above.

3.3.2 Range of Activities

In Table 3.1 we outline the range of activities undertaken by RTÉ in line with their commitments.

Table 3.1: RTÉ Commitments 2012 – Range of Activities

Commitment	Key Evidence
Operate a range of national media services in the public interest	All of RTÉ's television, radio and online services (RTÉ One, RTÉ Two, RTÉ Radio 1, RTÉ 2fm, RTÉ R na G, RTÉ lyric fm and the RTÉ Player and website) have been maintained as committed in 2012.
Participate fully in transition to digital broadcasting (also corresponds to theme of 'Technology')	Since the analogue switch off (ASO) and the move to digital terrestrial television, RTÉ have continued to operate a nationwide public information campaign to educate the public about SAORVIEW, the new digital free to air television service for the Irish consumer. The latest research revealed that awareness of ASO reached 94% of the public by September 2012, against a target of 90%. Unique RTÉ digital radio services maintained in 2012 and T-DAB coverage was stable at 52%.
Ensure content distribution/delivery across all platforms and devices (also corresponds to theme of 'Technology')	RTÉ set out to ensure 50% of TV and set-top box retail sales would be SAORVIEW approved models in 2012. This target was exceeded by 14 percentage points at a total of 64%. The target 98% DTT coverage in 2012 was achieved.

Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.

Commitment 1: Operate a range of national media services in the public interest

RTÉ's television, radio and online services (RTÉ One, RTÉ Two, RTÉ Radio 1, RTÉ 2fm, RTÉ R na G, RTÉ lyric fm and the RTÉ Player and website) have been maintained as committed in 2012. A strategic issue which RTÉ and the BAI may face in coming years is the merits of adjustments to the range of RTÉ services including ancillary services taking account of the competitive landscape and the performance of the broadcaster.

Commitment 2: Participate fully in transition to digital broadcasting

Since the analogue switch off (ASO) and the move to digital terrestrial television, RTÉ have implemented a nationwide public information campaign to educate the public about SAORVIEW, the new digital free-to-air television service for the Irish consumer. The latest research revealed that awareness of ASO reached 94% of the public by September 2012, against a target of 90%. Unique RTÉ digital radio services maintained in 2012 and T-DAB coverage was stable at 52%.

Commitment 3: Ensure content distribution/delivery across all platforms and devices

RTÉ set out to ensure 50% of TV and set-top box retail sales would be SAORVIEW approved models in 2012. This target was exceeded by 14 percentage points at a total of 64%. The target 98% DTT coverage in 2012 was achieved (see Figure 2.3 in Section 2 of this review).

3.3.3 Content Provision

The detailed RTÉ commitments on content provision are outlined in Table 3.2.

Table 3.2: RTÉ Commitments 2012 – Content Provision

Commitment	Key Evidence
Broadcast a wide range of programming, including programmes that are entertaining, informative, educational and inclusive	RTÉ Television exceeded targets for entertainment & music and factual peak-time indigenous output hours in 2012. RTÉ Radio exceeded its targets for output hours of factual and music genres, however was slightly below its target for entertainment output hours. RTÉ also set out in 2012 to provide TV and radio programming in support of the Dublin Year of Science 2012. Three television series were broadcast. RTÉ planned to broadcast a series of radio programmes of public debate with leading scientists but funding was reallocated and the commitment alternatively fulfilled with some coverage of the Dublin City of Science week and the Euroscience Open Forum 2012.
Deliver a wide range of music performances to entertain and educate	This commitment was largely achieved through the RTÉ performing group public appearances, educational talks and workshops, RTÉ radio coverage of 10 festivals and the broadcast of a range of programmes across the schedule to celebrate RTÉ Big Music week 2012. However, the commitment to use resources to develop smaller ensemble programmes in order to build new audiences for RTÉ performing groups was not achieved due to resource and related issues.
Performing Groups to be leading provider of live music of quality and diversity in their field	RTÉ aimed to grow their performing group's audiences in excess of 170,000 people in 2012. The total audience of 262,750 far exceeded this target.
Deliver programming and services relevant to the social and cultural needs of young people living in Ireland	RTÉ exceeded their target set for young people's television programming in 2012. In addition to this, RTÉ met their target in relation to offering a schedule of home-produced programming on RTÉjr and two radio series for Leaving Cert students.
Deliver a comprehensive news and current affairs service	RTÉ exceeded their target hours for news and current affairs on RTÉ television and radio.
Maintain significant audience for flagship news and current affairs programmes	RTÉ fell short of their target average cumulative reach of 35% for RTÉ Six One and Nine O'Clock News with an average of 33.1%. Prime Time achieved a share of 25.2% which was also short of the target of 27%. Morning Ireland maintained the target reach of 12%.
Build audience appreciation for and increase relevance to the RTÉ news and current affairs programmes	RTÉ's television news audience appreciation score was 79.3 in 2012 which was slightly short of the target set to exceed 80%. Similarly, RTÉ aimed to maintain the audience appreciate score for news radio above 80% and largely achieved this with a score of 79.8%.
Maintain and enhance foreign coverage where possible to deliver an Irish perspective on international events	RTÉ fulfilled their target under this commitment which entailed the quality coverage of key international events within resources available. Such events included the euro crisis, 20 years since the beginning of the Balkans conflict, the ongoing David Drumm bankruptcy case and events in Syria.
Provide a space where national conversation, reflection and debate can take place, covering public affairs, democratic values, culture and religious beliefs and practices (also corresponds to theme of 'responsible & trustworthy')	RTÉ broadcast a range of new documentaries that explored contemporary and historical Ireland. RTÉ did not fully maintain the audience share of 30% for Frontline which had an average share of 28%. RTÉ maintained its investigative current affairs content as set out under this commitment. RTÉ Radio 1 achieved a 24% reach for weekdays against a target of 25%. RTÉ broadcast a new series on RTÉ Radio 1 to encourage informed consumption of and debate about media.
Ensure appropriate coverage of key international and national events	RTÉ met their commitments in relation to the coverage of notable national anniversaries and cross platform coverage of key sporting events.
Deliver cross-platform and cross-media initiatives	RTÉ delivered on the three main cross-media events set out in their statement of commitments, namely TV50, RTÉ's Big Music Week and Dublin as the European City of Science 2012.

Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.

Table 3.3: RTÉ Commitments 2012 – Content Provision (Continued)

Commitment	Key Evidence
Maintain commitment to Irish language programming	RTÉ broadcast six new and returning Irish language TV series under this commitment. RTÉ broadcast a range of programmes to celebrate Seachtain na Gaeilge. RTÉ celebrated the 40th anniversary of RnaG through a number of events including a visit from five of the original seven broadcasters to RnaG headquarters, a concert in Derry as part of the Celtic Media Festival and the TV documentary RnaG @ 40.
Maintain commitment to Irish cultural programming	RTÉ broadcast 23 new plays against a target of 20 under the theme of Irish cultural programming. RTÉ also broadcast an Irish language Drama series on RnaG. RTÉ marked the end of copyright on James Joyce's works throughout 2012 with a series of programmes on RTÉ television and radio. The first series of the Works (replacing The View) was delivered and RTÉ exceeded the target of eight arts documentaries.
Undertake education and outreach initiatives	RTÉ lyric fm Education and Outreach was maintained to include 45 visits to schools and 3rd level institutions. RTÉ delivered a returning literacy series on RTÉ television and RTÉ Radio ran a series of four workshops for young composers.
Promote diversity and reflect the daily lives, concerns and the cultural and regional diversity of the whole island of Ireland	RTÉ broadcast three series under this theme including a series on how the economic recession has impacted on new nationals who settled in during the boom and a series on bullying. Transmission of a series on teen mums was delayed until Q1 2013. RTÉ also broadcast a selection of TV programming to mark TV50. RTÉ broadcast two series on rural affairs and one series on women in Irish politics.
Promote inclusiveness and provide coverage of religious, community and cultural activities, including minority cultures and interests	Under this commitment RTÉ broadcast a range of different television and radio series on themes such as social, economic and cultural conditions for travellers in Ireland, GAA coverage and religious programming.
Retain existing and attract new audiences through the provision of relevant services	RTÉ exceeded their overall target for all television and radio services with a 96% reach for all its services among adults aged 15 years and over. In relation to RTÉ television services, the broadcaster's performance was marginally below the target of 80% with a weekly reach of 79.5%. RTÉ set a target to maintain the average weekly reach for all RTÉ services among adults aged 15-34 years, adults over 35 years and adults from 25 to 44 years. All of these targets were exceeded. RTÉ Radio's seven-day reach was 52% for 2012. This was 1% point below the target of 53%. RTÉ failed to build on their 2011 weekly reach for RTÉ.ie with an average of 20% which was 4% points below target. RTÉ cite a shift in audience consumption away from the browser-based RTÉ.ie to the RTÉ News Now App. RTÉ committed to maintaining their relevance score of 65% for "RTÉ is for people like me" but were just short of target at 64%. RTÉ also committed to maintaining their audience connection score for RTÉ TV and radio of 80%. The broadcaster exceeded the target for both these services at 83.8% and 84.8% respectively.
Optimise market share, endeavouring to maintain audience share on television in the face of significant national and international competition and optimise share for key radio services	RTÉ set out to maintain their national peaktime share for 2012 despite the effect of the analogue switch-off which across Europe has tended to have a declining effect. The broadcaster exceeded the target of 36% by 1.1% points. RTÉ also set a target to maintain the weekday peaktime market share for RTÉ Radio 1, 2fm and lyric fm at 30%. The average performance of these stations was 31.6%, 1.6% points above target.
Provide service to Irish Diaspora	Under this commitment RTÉ set out to increase monthly live and on-demand streams on the RTÉ Radio Player by 5% from non-domestic audiences. This target was substantially exceeded with an increase of 83%. The broadcaster cited that the conservative target was set in early 2012 based on limited data from 2011. RTÉ also aimed to build on RTÉ.ie's weekly international unique browser numbers to a total of 550,000. However, the weekly average was 528,000 which was 22,000 below target. RTÉ believes that this was due to a significant rise in the use of related apps on mobile devices.

Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.

Table 3.4: RTÉ Commitments 2012 – Content Provision (Continued)

Commitment	Key Evidence
Be the primary source of Irish/Home Produced content nationally and from the regions, ensuring a high proportion of home-production during peak time on RTÉ One	Under the targets set for this commitment, RTÉ broadcast seven regional series on television, ensured that peaktime Radio 1 and 2fm programmes were brought around the country, broadcast 30 Ceilí House programmes from different counties and six talent showcases from the John Murray show were carried out through the country. In addition, 65% of total peaktime hours on RTÉ One were indigenous hours, exceeding target by 5% points.
Deliver the best quality programmes and services, maintaining perceptions of quality	RTÉ set a target to exceed 80% for the Reaction Panel Appreciation Index for RTÉ TV but its performance was just short of target at 79.2%. In the case of RTÉ Radio, the target of 80% was exceeded at 81%. RTÉ also set out to maintain 18 of the 20 programmes on the Top 20 list for TV and Radio. These commitments were achieved with 20 of the top 20 TV programmes and 19 of the top 20 radio programmes retaining their key positions. RTÉ strived to have at least 75 of RTÉ programmes shortlisted for international competitions and was shortlisted for 65 international awards in total. Finally, RTÉ achieved a quality score in audience appreciation of 71% which exceeded their target of 65%.
Foster creativity, new ideas and cultural expression, through supporting cultural events including minority interests; developing new talent (presenters, musicians, artists, programme makers and content creators); showing leadership within the creative industries and commissioning and premiering new work	Eight new musical initiatives including sourcing new young conductors were delivered in 2012 against a target of six. RTÉ was present at four cultural events as planned – the BT Young Scientist, National Ploughing Championships, Change Nation and The Tall Ships Races 2012. RTÉ covered the arts festivals and the Eurosonic Festival as planned. RTÉ developed new comedy writing and comedy performance on RTÉ Radio 1 and also introduced new talent to television through a range of series. RTÉ continued its participation in animation projects ‘Frameworks animation’ and maintained its leadership role in the creative digital economy by developing a range of strategic partnerships to provide additional platforms for RTÉ content. RTÉ also continued its investment in Storyland the annual online drama and comedy competition to bring new writer/director/producer teams into the heart of RTÉ Television’s creative output. RTÉ extended its partnership with ‘Recorded Artists Actors Performers’ (RAAP) in 2012 with a total breakthrough bursary €24,500. RTÉ composers in residence produced three new compositions and RTÉ published two CDs to help Irish composers to reach a wider audience. RTÉ also broadcast returning series of Raw and Fair City. RTÉ broadcast a new series of Love/Hate as an alternative fulfilment of the commitment to broadcast a new series titled Amber, now due to air in 2013.
Explore the opportunities for new creative and cultural partnerships	RTÉ fulfilled all individual targets set under this commitment with a number of highlights such as Radio 1 as media partner for the Jameson Dublin film festival, RTÉ Radio and IBI joint initiative RadioGAUGE an advertising measurement tool for media buyers and advertisers, partnerships with third party content providers such as Netflix and YouTube to deliver RTÉ content. Short films continue to play on Shortscreen and new contracts were issued with Film Base, Galway Resource Centre and Cork Film Centre. Co-funding initiatives with other broadcasters were pursued.

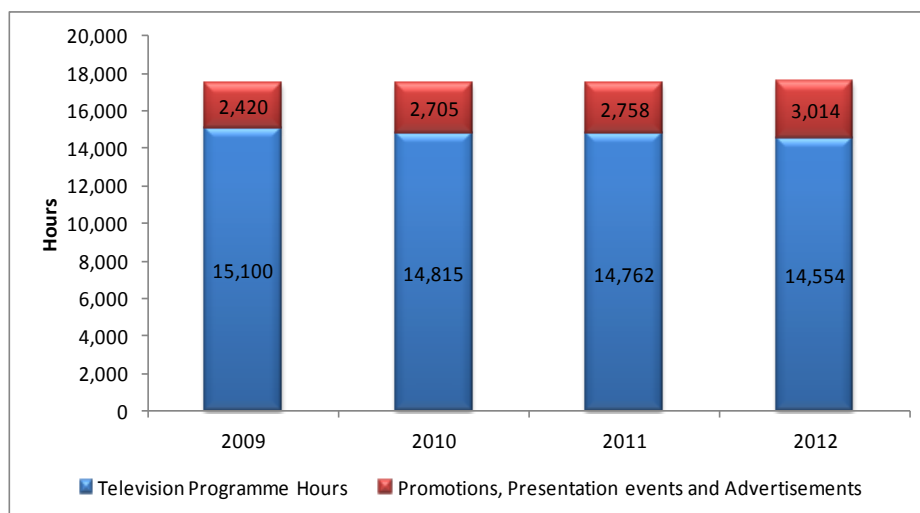
Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.

Commitment 4: Broadcast a wide range of programming, including programmes that are entertaining, informative, educational and inclusive

Figure 3.2 overleaf provides the trend in the number of television programming hours broadcast on RTÉ television channels. 2012 saw a slight reduction in television programming broadcast hours with an increase in hours of promotion, presentation and advertisement (due to an increase of 328 in the number of Teleshopping hours).³

³ Advertising has increased by 50 hours and promotions and presentation events have increased by 216 hours.

Figure 3.2: RTÉ Television Programme Hours Broadcast 2009 – 2012

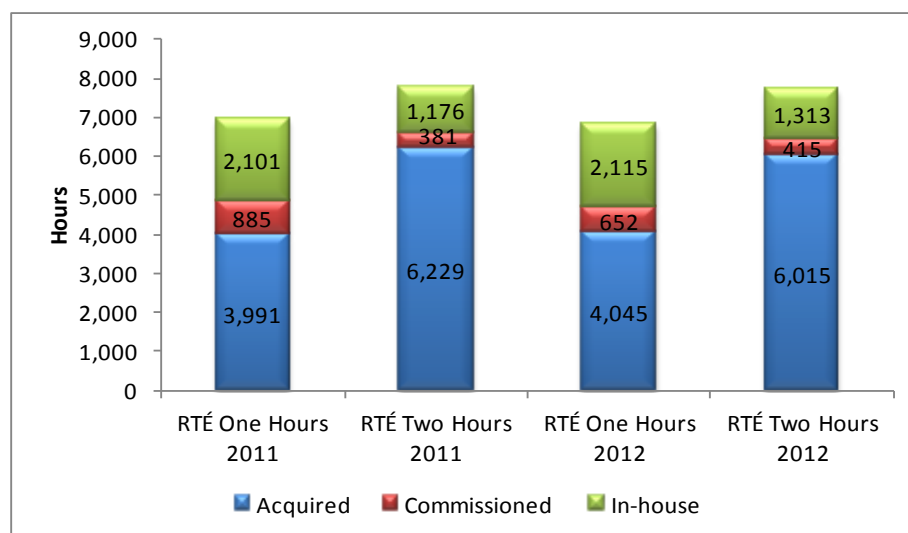


Note: Figures rounded to the nearest hour where necessary.

Source: Indecon analysis of RTÉ data.

The reduction in total television programming broadcast hours was evident in both RTÉ television channels. RTÉ One broadcast hours fell from 6,976 in 2011 to 6,812 in 2012 and there was a reduction in RTÉ Two hours from 7,785 in 2011 to 7,743 in 2012.

Figure 3.3: Television Programming Hours Broadcast by Source on RTÉ Channels 2011 & 2012

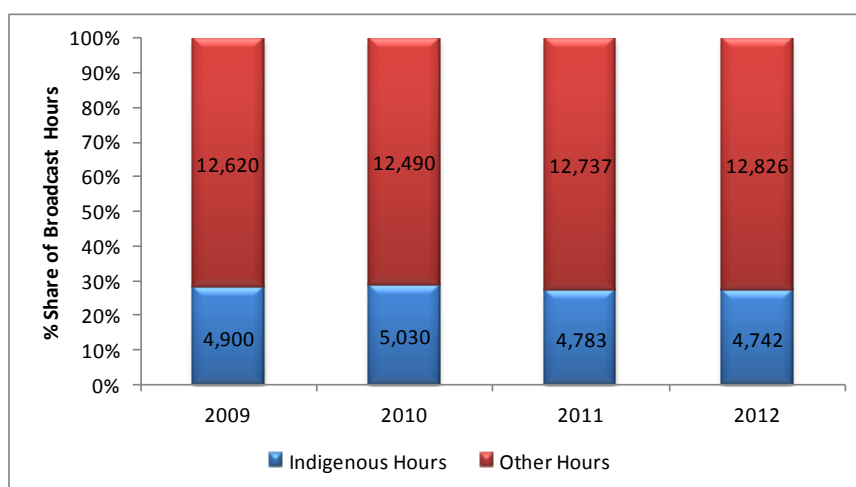


Note: This data shows 'all time hours' which shows a higher acquired content than peak-time hours. Indigenous TV hours broadcast during peak time were 2,088 in 2011 and 2,111 in 2012. Hours broadcast the above graph figure exclude promotions, presentation events and advertisements which together amounted to 2,758 hours in 2011 and 3,014 in 2012. In accordance with the statement of commitments 2010, acquired Irish productions are included as indigenous programming. RTÉ's commitment to the PSB charter includes programming on Arts, Business, Education (adult), History Science and Technology as part of the factual genre. Where necessary, figures have been rounded to the nearest half hour or hour.

Source: Indecon analysis of RTÉ data.

In 2012, RTÉ broadcast 4,742 hours of indigenous programming compared to 12,826 other hours. Below in Figure 3.4 we can see that the number of hours of indigenous programming broadcast on RTÉ television channels decreased by a small amount in 2012.

Figure 3.4: RTÉ Indigenous Television Programme Hours Share of Broadcast Hours 2009-2012

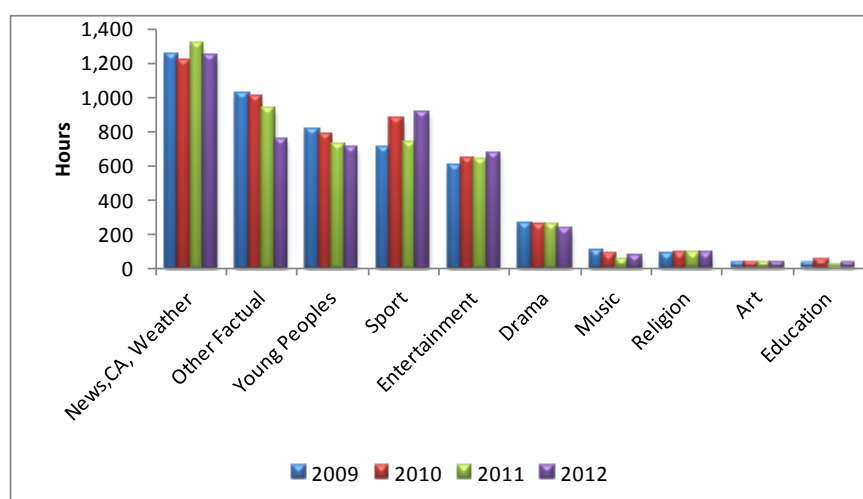


Note: 'Other hours' includes international acquisitions and hours of presentation, promotional events and advertisements. Where necessary, figures were rounded to the nearest hour or half hour. Indigenous hours included 240 hours of Irish Acquisitions in 2011 and 247 hours in 2012.

Source: Indecon analysis of RTÉ data.

Figure 3.5 shows that RTÉ broadcasts a wide range of programming. In 2012 RTÉ broadcast programming including a wide range of areas including news and weather to sport, entertainment, young people, music, religion and art etc.

Figure 3.5: RTÉ Indigenous Television Programme Hours Broadcast by Genre 2009 - 2012

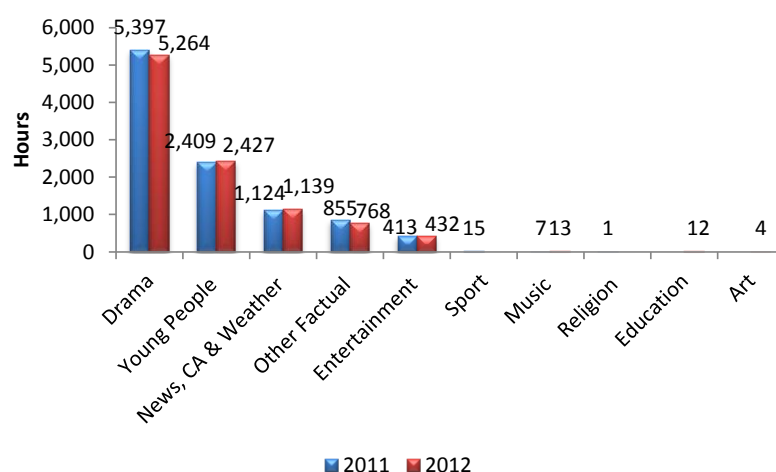


Note: Indigenous hours include RTÉ In-house, commissioned and Irish acquisitions. It excludes international acquisitions and hours of presentation, promotional events and advertisement. Where necessary, figures were rounded to the nearest hour.

Source: Indecon analysis of RTÉ data.

RTÉ broadcast a significant level of acquired programming across a number of genres as shown in Figure 3.6. Drama programming accounts for the largest share of acquired programming.

Figure 3.6: RTÉ Television International and Irish Acquisitions Hours Broadcast by Genre 2011 & 2012



Note: Some figures above have been rounded to the nearest hour or half hour.

Source: Indecon analysis of RTÉ data.

The specific targets set out for programming output hours under RTÉ's commitments, are shown in Table 3.5 below. RTÉ exceeded targets for all genres of television programming output in 2012.

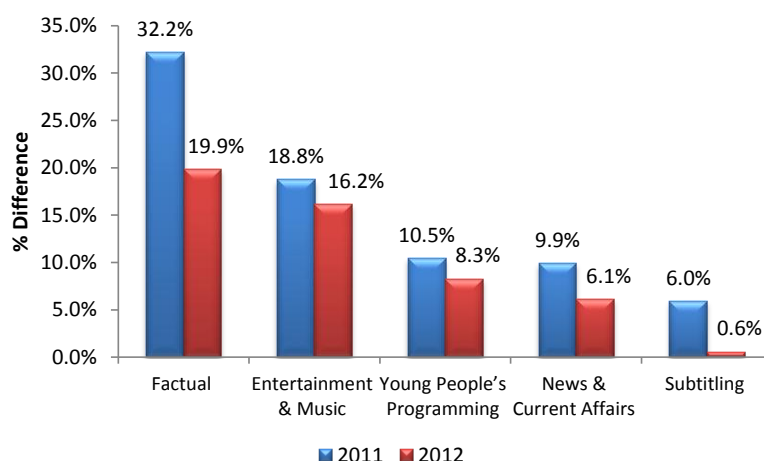
Table 3.5: RTÉ Television Output Performance against Commitments by Key Genres 2011 & 2012

	2011	2011	2012	2012
Genre	Target Hours	Actual Hours	Target Hours	Actual Hours
Entertainment & Music	325	386	389	452
Factual	342	452	362	434
Young People's Programming	650	718	650	704
News & Current Affairs	1,110	1,220	1,074	1,140
Subtitling	8,500	9,007	8,500	8,550

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

Source: RTÉ 2012 Performance Commitments Report & RTÉ 2011 Performance Commitments Report

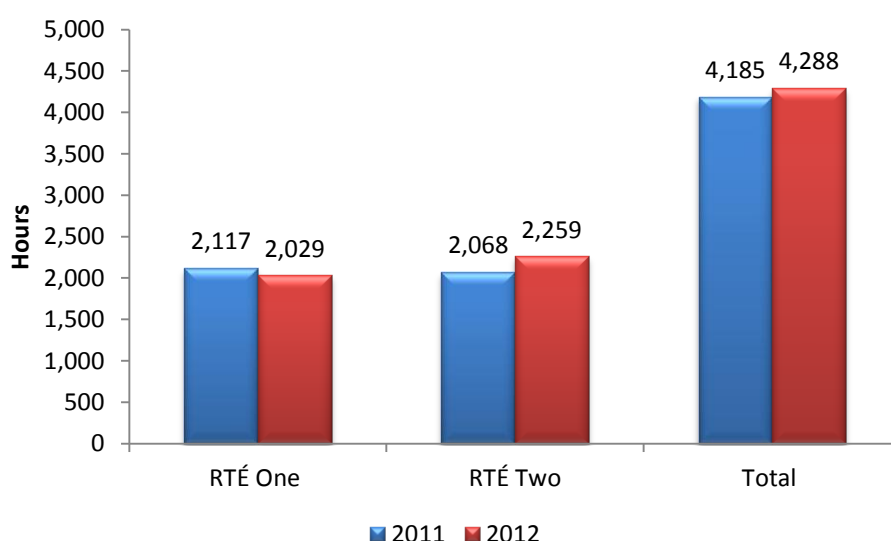
Figure 3.7 overleaf is a graphic of the percentage difference between actual and target hours as set out in the broadcaster's statement of commitments. Actual hours exceeded target hours to a lesser degree in 2012 compared with 2011. However of significance is that the targets set for 2012 for the most part represented a reduction on the actual hours broadcast the previous year (Table 3.5 above). The provision of a rationale/context behind the specific target hours set year-on-year at genre level would facilitate a more meaningful evaluation of the broadcaster's performance.

Figure 3.7: Percentage Difference between Actual and Target Hours for RTÉ Television 2012 vs 2011

Note: Entertainment & music and factual are peak time indigenous hours. Young people's hours are all-time indigenous hours and subtitling are all-time. Where possible, RTÉ committed to maintaining output hours at 2011 levels. In some cases the number of committed hours had been reduced.

Source: RTÉ 2012 Performance Commitments Report & RTÉ 2011 Performance Commitments Report, Indecon Analysis

Before looking at the performance of RTÉ radio under Commitment 4 above, we first examine In-house produced and commissioned television programming in further detail. In-house programming hours on RTÉ Two increased by a small amount in 2012.

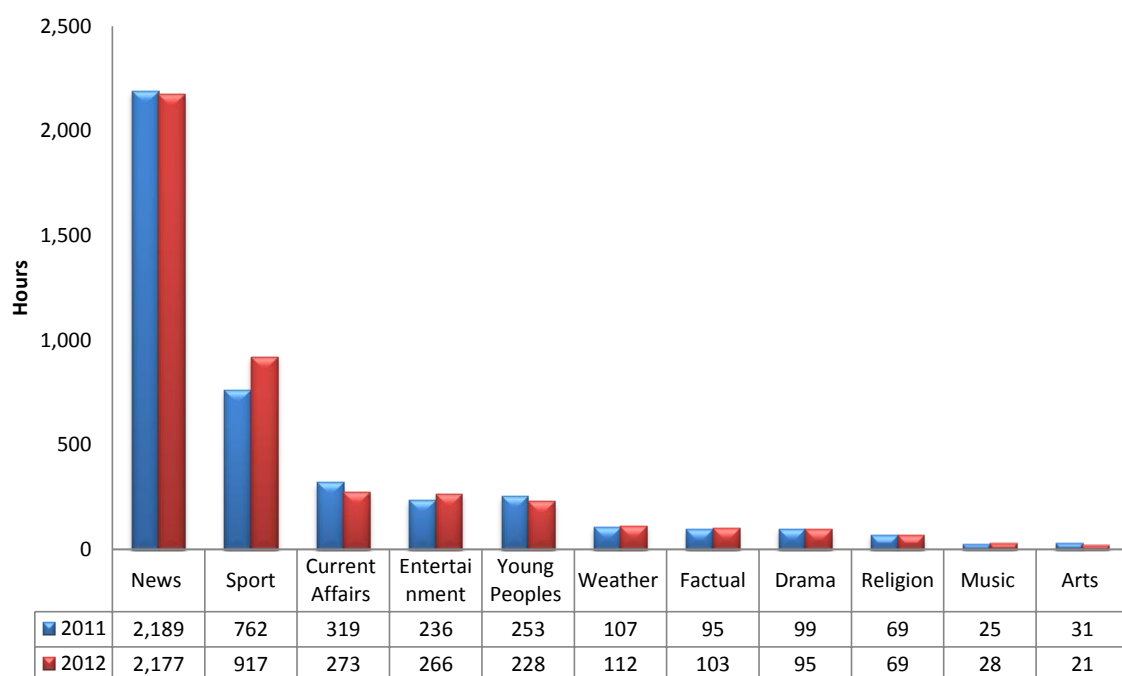
Figure 3.8: RTÉ Television In-house Produced Indigenous Programming Hours by Channel 2011 & 2012

Source: Indecon analysis of RTÉ data.

Note: The hours presented here are commercial hours.

RTÉ's commitment to broadcast a wide range of television programming is also reflected in the wide range of genres of in-house programming output produced by the broadcaster. The number of output hours of sport increased in 2012 while all other genres were broadly similar to the previous year.

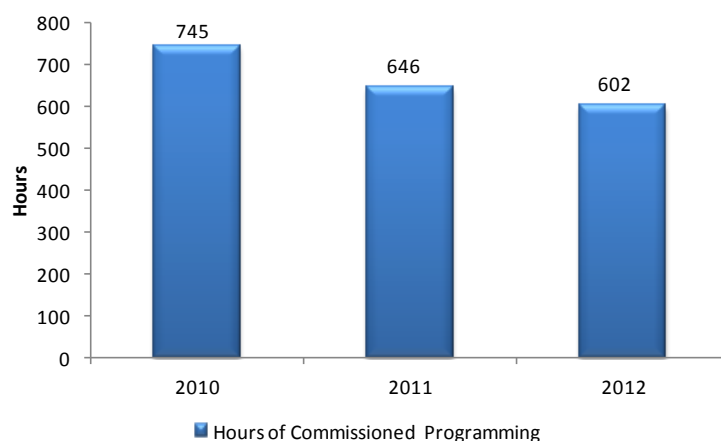
Figure 3.9: RTÉ Television In-house Produced Indigenous Programming Hours by Genre 2012



Note: Total hours for each genre have been rounded to the nearest hour. News in 2012 includes 1,138 hours of Euronews. The hours presented here are commercial hours.

Source: *Indecon analysis of RTÉ data.*

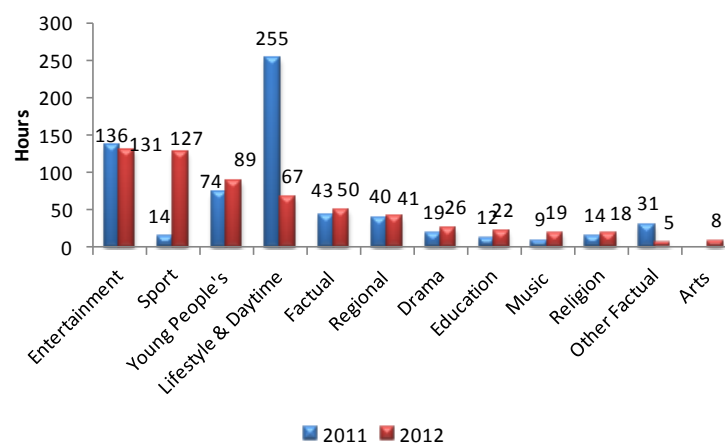
A further small reduction in commissioned television programming hours was recorded in 2012. These hours represent total new hours contracted by RTÉ in 2012 and previous years.

Figure 3.10: RTÉ Television Hours of Commissioned Programming Contracted 2010 - 2012

Note: Sports hours have been excluded from 2010 analysis. Sport amounts to 14 hours in 2011 and 127 hours in 2012. This data is based on programmes commissioned in the period and not on transmission. Total hours are total new hours contracted by RTÉ in 2012.

Source: Indecon analysis of RTÉ data.

A breakdown of contracted hours in 2011 and 2012 by genre in Figure 3.11 below confirms that RTÉ commissions television programming from a wide range of genres, in keeping with its wider objective.

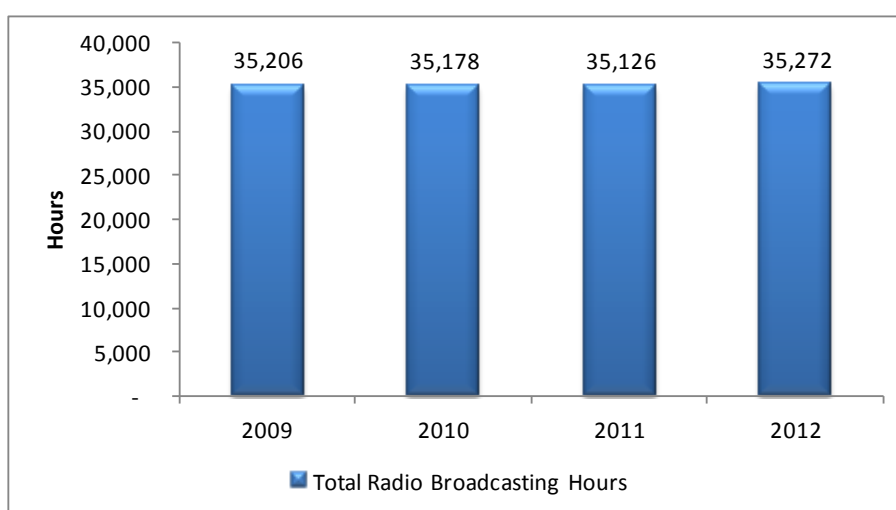
Figure 3.11: RTÉ Television Hours of Commissioned Programming Contracted During 2011 & 2012 by Genre

Note: This data is based on programmes commissioned in the period and not on transmission.

Source: Indecon analysis of RTÉ data.

RTÉ radio programming also forms part of the measures outlined under their commitments. The total number of hours broadcast on RTÉ radio stations has been broadly stable year-on-year, and 2012 saw a slight increase.

Figure 3.12: RTÉ Radio Broadcasting Hours 2009 - 2012

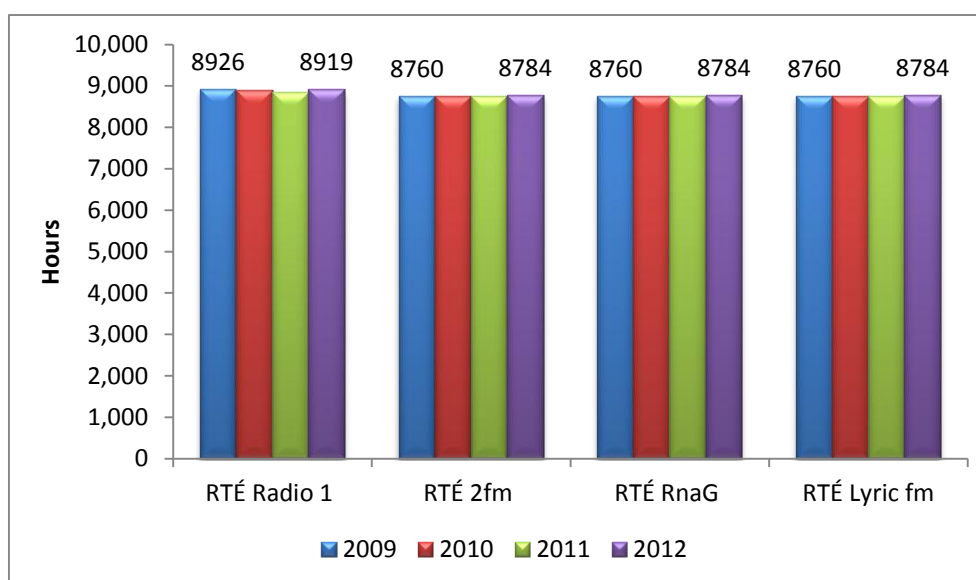


Note: Hours include both in-house and commissioned broadcast hours.

Source: Indecon analysis of RTÉ data.

The consistent trend in the total number of hours broadcast on RTÉ radio stations transcends across to each individual station.

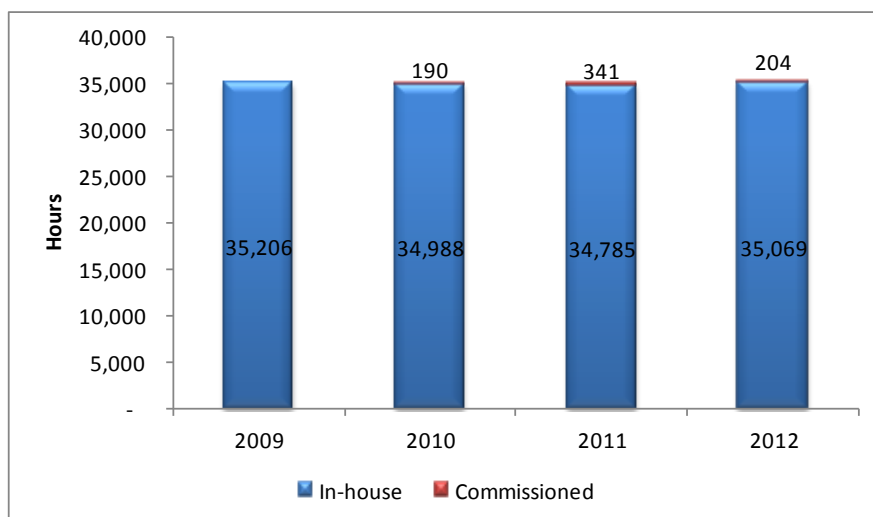
Figure 3.13: RTÉ Radio Broadcasting Hours by Station 2009 - 2012



Source: Indecon analysis of RTE data.

In the case of RTÉ radio broadcasting hours, most are in-house production and there was a slight increase in 2012. Only a tiny percentage of RTÉ radio hours are commissioned, 204 compared to 35,069 in-house hours in 2012.

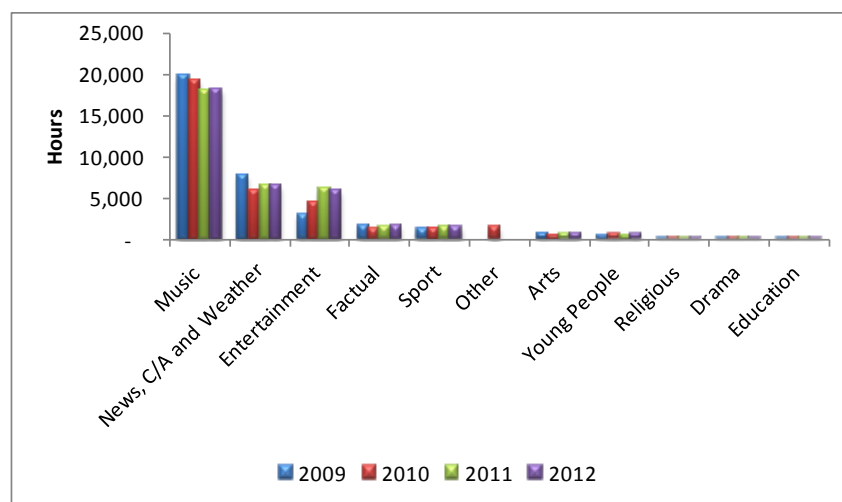
Figure 3.14: RTÉ Radio Broadcasting Hours by Source 2009 - 2012



Source: Indecon analysis of RTE data.

The allocation of genres under which RTÉ broadcast radio programming is shown in Figure 3.15. Music, weather and entertainment continue to account for the greatest number of radio broadcasting hours in 2012.

Figure 3.15: RTÉ Radio Broadcasting Hours by Genre, 2009 – 2012



Source: Indecon analysis of RTE data.

As outlined in the RTÉ ASPC 2012 (under Commitment 4), RTÉ set a number of specific targets for radio programming output by genre. With the exception of entertainment hours, RTÉ exceeded the targets set for radio programming genres in 2012. However, of note is that the total target hours were set less than the actual hours achieved in 2011 and as noted earlier the same issue applied to television output targets.

Table 3.6: RTÉ Radio Output Performance against Commitments by Key Genres 2011 & 2012

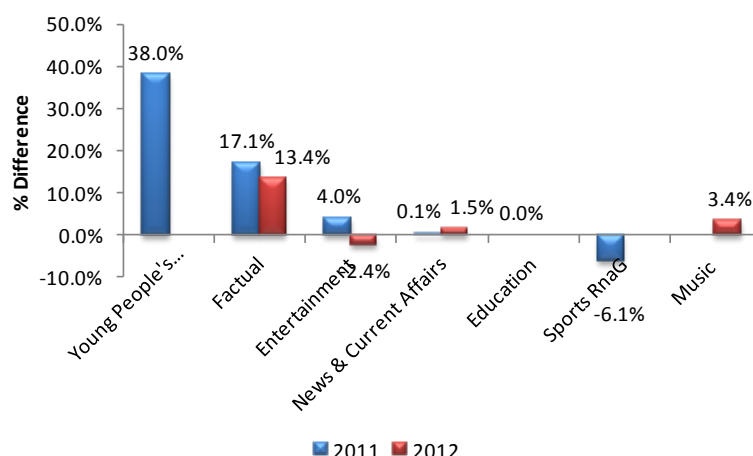
Genre	2011			2012	
	Target Hours	2011 Actual Hours as per 2011 Target	*2011 Actual Hours as per 2012 Target	Target Hours	Actual Hours
Entertainment	272	283	6,192	6,000	5,858
Education	20	20	-	-	-
Factual	70	82	1,569	1,500	1,701
News & Current Affairs	1,660	1,670	1,670	1,653	1,677
Young People's programming - RTÉ Junior Radio	200 ⁴	276 ⁵	-	-	-
New Sports Programming - RnaG	33	31	-	-	-
Music	-	-	17,892	17,500	18,090

Note 1: *RTÉ Radio 2011 genre-hours targets referred to specific programming strands on individual stations and did not reflect the entirety of genre hours across RTÉ Radio. 2012 targets were updated to reflect overall genre-hours and equivalent 2011 figures are shown for reference.

Note 2: Overnight schedule changes in 2012 impacted on delivery of radio genre hours. More Music programmes were added at the weekends and minor changes to 2fm Entertainment schedule resulted in reduced hours for that genre.

Source: RTÉ 2011 Performance Commitments Report & RTÉ 2012 Performance Commitments Report.

The percentage difference between target and actual radio programming hours is shown in Figure 3.16. No specific targets were set for young people's programming, education and sports programming on RnaG.

Figure 3.16: Percentage Differences between Actual and Target Hours for RTÉ Radio 2012 vs 2011

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

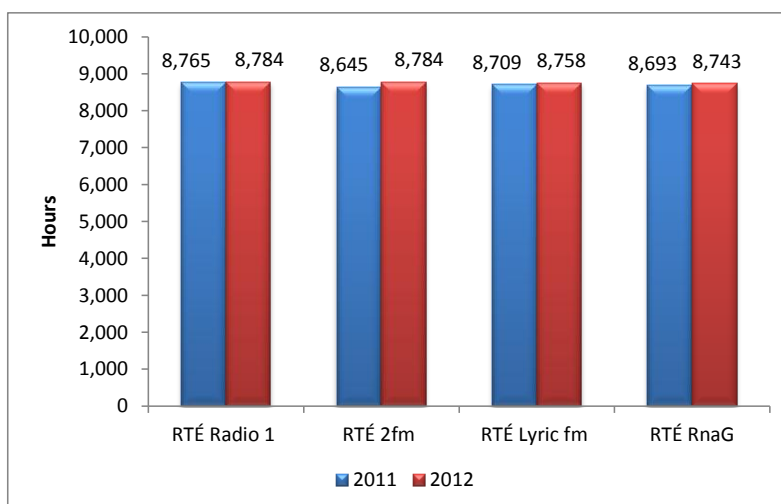
Source: RTÉ 2011 Performance Commitments Report & RTÉ 2012 Performance Commitments Report, Indecon Analysis.

⁴ Applies to original hours on RTÉ Junior.

⁵ Applies to original hours on RTÉ Junior.

The slight increase in in-house radio programming output broadcast outlined earlier is observed for all RTÉ radio stations.

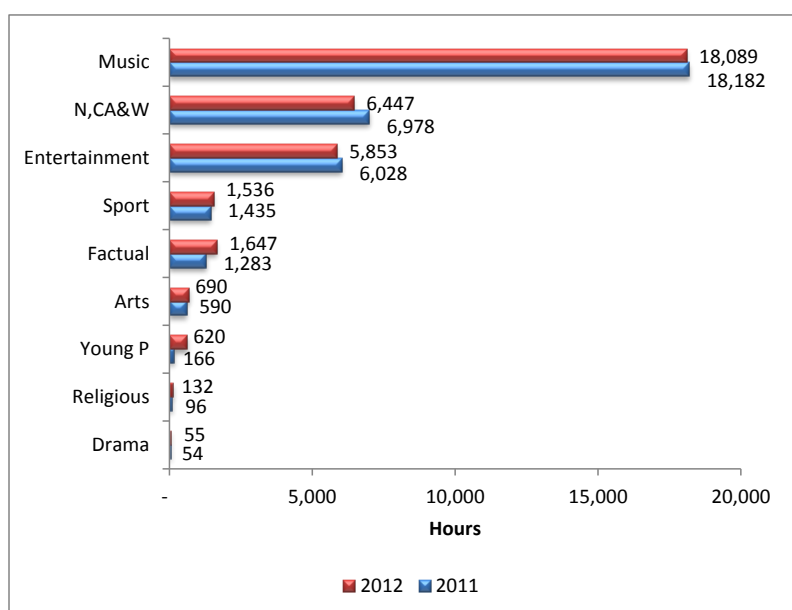
Figure 3.17: RTÉ Radio In-house Hours by Station 2011 & 2012



Source: Indecon analysis of RTÉ Data

Approximately half of RTÉ radio programming output represents music. However, a significant number of hours of other programming such as news, entertainment, sport and factual are broadcast on RTÉ radio stations.

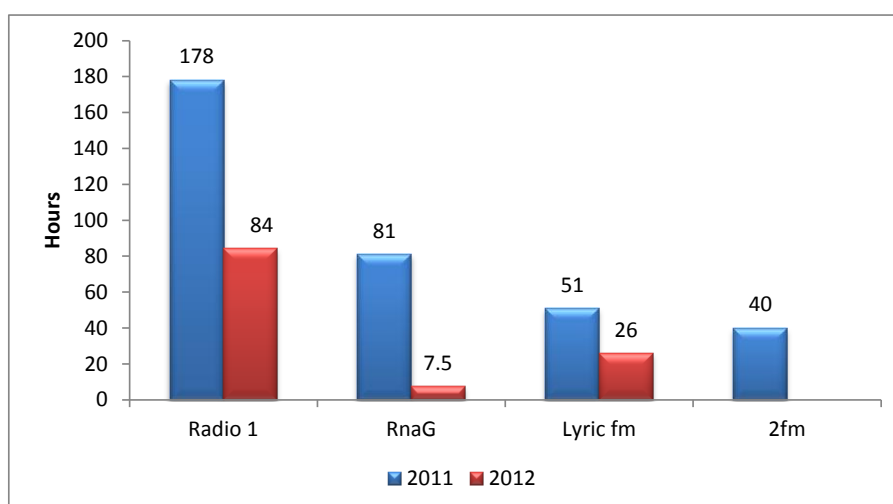
Figure 3.18: RTÉ Radio In-house Hours by Genre 2011 & 2012



Source: Indecon analysis of RTÉ Data

The decline in radio commissioned hours between 2011 and 2012 depicted in Figure 3.19 reflects the fact that there was no commissioning round in 2012.

Figure 3.19: RTÉ Radio Commissioned Hours by Station 2011 & 2012

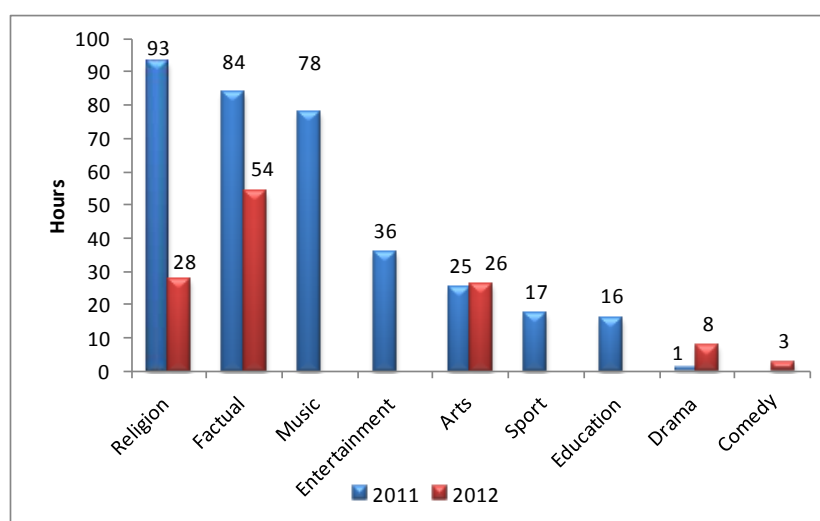


Note: This data is based on programmes commissioned in the period and not on transmission.

Source: Indecon analysis of RTÉ Data

Figure 3.20 shows that RTÉ radio commissions, although small in total, are spread across a wide range of genres appealing to all audiences.

Figure 3.20: RTÉ Radio Commissioned Hours by Genre, 2011 & 2012



Note: This data is based on programmes commissioned in the period and not on transmission.

Source: Indecon analysis of RTÉ Data

RTÉ also set out (under Commitment 4 of the ASPC) in 2012 to provide TV and radio programming in support of the Dublin Year of Science 2012. Three television series were broadcast. RTÉ planned to broadcast a series of radio programmes of public debate with leading scientists but funding was

reallocated and the commitment alternatively fulfilled with some coverage of the Dublin City of Science week and the Euroscience Open Forum 2012.

Commitment 5: Deliver a wide range of music performances to entertain and educate

This commitment was largely achieved through the RTÉ performing group public appearances, educational talks and workshops, RTÉ radio coverage of 10 festivals and the broadcast of a range of programmes across the schedule to celebrate RTÉ Big Music Week 2012. However, the commitment to use resources to develop smaller ensemble programmes in order to build new audiences for RTÉ performing groups was not achieved due to resource and related issues. Further detail on RTÉ performing groups in 2012 is provided in Section 4 of this review.

Commitment 6: Performing Groups to be leading provider of live music of quality and diversity in their field

RTÉ aimed to grow its performing group's audiences in excess of 170,000 people in 2012. The total audience of 262,750 far exceeded this target.

Commitment 7: Deliver programming and services relevant to the social and cultural needs of young people living in Ireland

RTÉ exceeded its target hours for young people's television programming in 2012. In addition to this RTÉ met its target in relation to offering a schedule of home-produced programming on RTÉjr and two radio series for Leaving Cert students.

Commitment 8: Deliver a comprehensive news and current affairs service

RTÉ exceeded target hours for news and current affairs on RTÉ television and radio.

Commitment 9: Maintain significant audience for flagship news and current affairs programmes

RTÉ fell short of the target average cumulative reach of 35% for *RTÉ Six One* and *Nine O'Clock News* with an average of 33.1%. *Prime Time* achieved a share of 25.2% which was also short of the target of 27%. *Morning Ireland* maintained the target reach of 12%.

Commitment 10: Build audience appreciation for and increase relevance to the RTÉ news and current affairs programmes

RTÉ's television news audience appreciation score was 79.3 in 2012 which was slightly short of the target set to exceed 80%. Similarly, RTÉ aimed to maintain the audience appreciation score for news radio above 80% and largely achieved this with a score of 79.8%.

Commitment 11: Maintain and enhance foreign coverage where possible to deliver an Irish perspective on international events

RTÉ fulfilled its target under this commitment which entailed the quality coverage of key international events within resources available. Such events included the euro crisis, 20 years since the beginning of the Balkans conflict and events in Syria.

Commitment 12: Provide a space where national conversation, reflection and debate can take place, covering public affairs, democratic values, culture and religious beliefs and practices (also corresponds to theme of 'responsible & trustworthy')

RTÉ broadcast a range of new documentaries that explored contemporary and historical Ireland. RTÉ did not fully maintain the audience share of 30% for *Frontline* which had an average share of 28%. RTÉ maintained its investigative current affairs content as set out under this commitment. RTÉ Radio 1 achieved a 24% reach for weekdays against a target of 25%. RTÉ broadcast a new series on RTÉ Radio 1 to encourage informed debate about media.

Commitment 13: Ensure appropriate coverage of key international and national events

RTÉ met its commitments in relation to the coverage of notable national anniversaries and cross platform coverage of key sporting events.

Commitment 14: Deliver cross-platform and cross-media initiatives

RTÉ delivered on the three main cross-media events set out in its statement of commitments, namely TV50, RTÉ's Big Music Week and Dublin as the European City of Science 2012.

Commitment 15: Maintain commitment to Irish language programming

RTÉ broadcast six new and returning Irish language TV series under this commitment. RTÉ broadcast a range of programmes to celebrate Seachtain na Gaeilge. RTÉ celebrated the 40th anniversary of RnaG through a number of events including a visit from five of the original seven broadcasters to RnaG headquarters, a concert in Derry as part of the Celtic Media Festival and the TV documentary RnaG @ 40.

Commitment 16: Maintain commitment to Irish cultural programming

RTÉ broadcast 23 new plays against a target of 20 under the theme of Irish cultural programming. RTÉ also broadcast an Irish language Drama series on RnaG. RTÉ marked the end of copyright on James Joyce's works throughout 2012 with a series of programmes on RTÉ television and radio. The first series of the Works (replacing The View) was delivered and RTÉ exceeded the target of arts documentaries.

Commitment 17: Undertake education and outreach initiatives

RTÉ lyric fm Education and Outreach was maintained to include 45 visits to schools and 3rd level institutions. RTÉ delivered a returning literacy series on RTÉ television and RTÉ Radio ran a series of four workshops for young composers.

Commitment 18: Promote diversity and reflect the daily lives, concerns and the cultural and regional diversity of the whole island of Ireland

RTÉ broadcast three series under this theme including a series on how the economic recession has impacted on new nationals who settled in during the boom and a series on bullying. Transmission of a series on teen mums was delayed until Q1 2013. RTÉ also broadcast a selection of TV programming to mark TV50. RTÉ broadcast two series on rural affairs and one series on women in Irish politics.

Commitment 19: Promote inclusiveness and provide coverage of religious, community and cultural activities, including minority cultures and interests

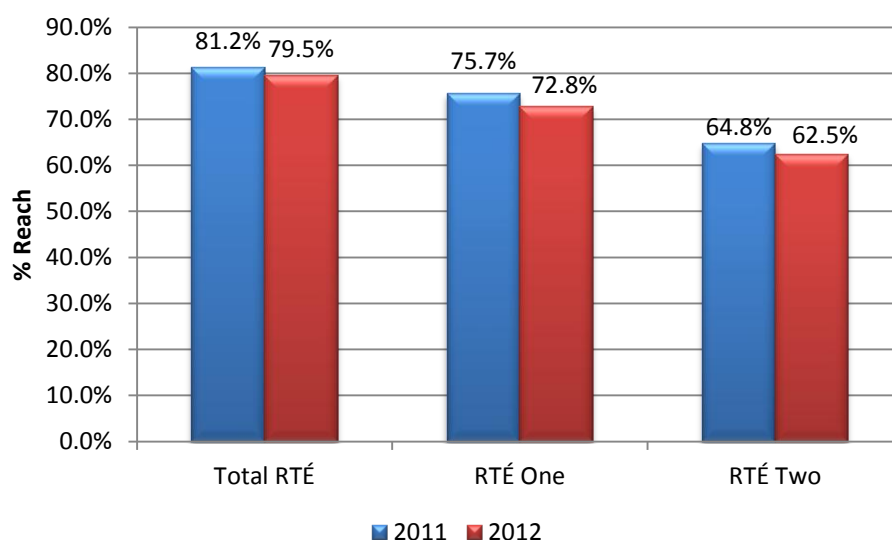
Under this commitment RTÉ broadcast a range of different television and radio series on themes such as social, economic and cultural conditions for travellers in Ireland, GAA coverage and religious programming.

Commitment 20: Retain existing and attract new audiences through the provision of relevant services

On the important issue of audience reach and market share, RTÉ exceeded its overall target for all television and radio services with a 96% reach for all its services among adults aged 15 years and over. In relation to RTÉ television services, the broadcaster's performance was marginally below the target of 80% with a weekly reach of 79.5% (see Figure 3.21). The figure below also reveals that this is a reduction of 1.7 percentage points on the performance of RTÉ television in 2011.

RTÉ set a target to maintain the average weekly reach for all RTÉ services among adults aged 15-34 years, adults over 35 years and adults from 25 to 44 years. All of these targets were exceeded.

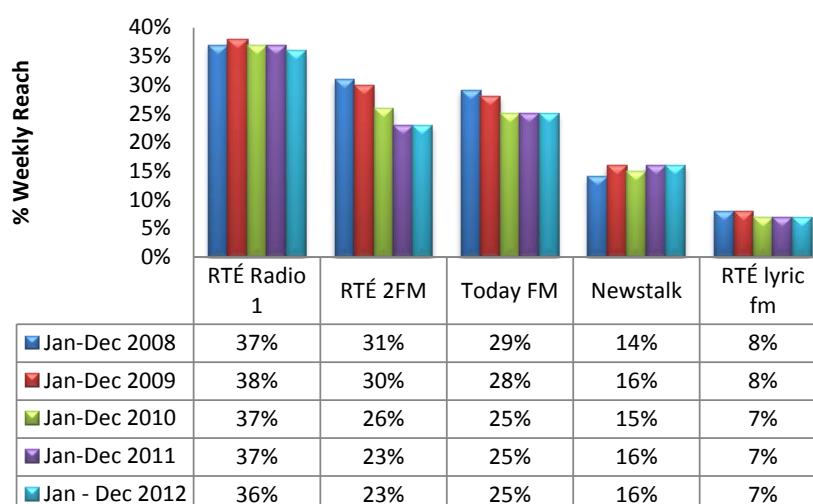
Figure 3.21: RTÉ TV Weekly Reach (%) by Channel, 2011 & 2012 (Live)



Note: 2011 : Weekly reach (5+ min) is based on the calendar weeks from 3rd January to 25th December 2011. 2012: Weekly reach (5+ min) is based on the calendar weeks from the 2nd of January to the 30th of December 2012. RTÉ Total includes viewing to RTÉ One +1 from April 2012.

Source: TAM Ireland Ltd/ Nielsen TAM, Live data, National Inds, 4+, All Day All Week Avg.

RTÉ Radio's seven-day reach was 52% for 2012. This was one percentage point below the target of 53%. RTÉ average weekly reach was broadly maintained in 2012 for all radio stations (see Figure 3.22 overleaf). RTÉ Radio 1 share of weekly reach has held up well at 36% in 2012 compared to 37% in 2008. However, RTÉ 2fm reach has declined from 31% to 23% over that period.

Figure 3.22: National Radio Average Weekly Reach (%) by Station, Adults 15+, 2008-2012

Source: JNLR/Ipsos MRBI 2012/4, 2011/4, 2010/4 & 2008/4.

An analysis of RTÉ Radio 1 Average Weekday Reach shows that this was 116,460 in 2012. Of note is the longer-term decline in average weekday reach for RTÉ 2fm which declined from 53,500 in 2009 to 37,460 in 2012.

Table 3.7: RTÉ Radio Average Weekday Reach per Hour by Station, Adults 15+ , 2009-2012

Year	RTÉ Radio 1	RTÉ 2fm	RTÉ lyric fm	RTÉ RnaG
2009	122,600	53,500	10,200	2,600
2010	112,700	41,300	11,000	2,900
2011	118,700	38,000	11,400	3,400
2012	116,460	37,460	10,540	3,333

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

Source: JNLR/Ipsos MRBI 2012/4, 2011/4, 2010/4 & 2009/4.

RTÉ did not build on 2011 weekly reach for RTÉ.ie and in 2012 this was estimated at an average of 20% which was 4% points below target. RTÉ indicates that this reflects a shift in audience consumption away from the browser-based RTÉ.ie to the RTÉ News Now App.

RTÉ committed to maintaining its relevance score of 65% for “RTÉ is for people like me” but was just short of target at 64%. RTÉ also committed to maintaining its audience connection score of 80% for RTÉ TV and radio. The broadcaster exceeded the target for both television and radio at 83.8% and 84.8%, respectively.

Commitment 21: Optimise market share, endeavouring to maintain audience share on television in the face of significant national and international competition and optimise share for key radio services

Table 3.8 shows the trend in RTÉ TV ‘all day’ share by channel which declined in 2012 for both live and consolidated measures. RTÉ viewership (000s) and television rating declined in 2012. RTÉ had targeted to maintain its national peaktime share for 2012 and exceeded the target of 36% by 1.1% points.

Table 3.8: RTÉ TV Share (%) by Channel, 2010-2012

		2010		2011		2012	
Channel	Variable/Activity	Live	Consolidated (as of 01/09/2010)	Live	Consolidated	Live	Consolidated
RTÉ One	TVR	3.08	3.12	3.11	3.24	2.71	2.87
	000s	126.7	128.3	127.0	132.3	111.6	118.3
	Share	23.16	22.98	23.43	22.76	21.08	20.41
RTÉ Two	TVR	1.35	1.37	1.19	1.27	1.19	1.29
	000s	55.7	56.3	48.8	51.7	49.2	53.1
	Share	10.18	10.09	8.99	8.89	9.29	9.16
RTÉ Total	TVR	4.44	4.49	4.30	4.50	3.94	4.19
	000s	182.4	184.6	175.8	184.0	162.1	172.7
	Share	33.34	33.07	32.42	31.66	30.6	29.78

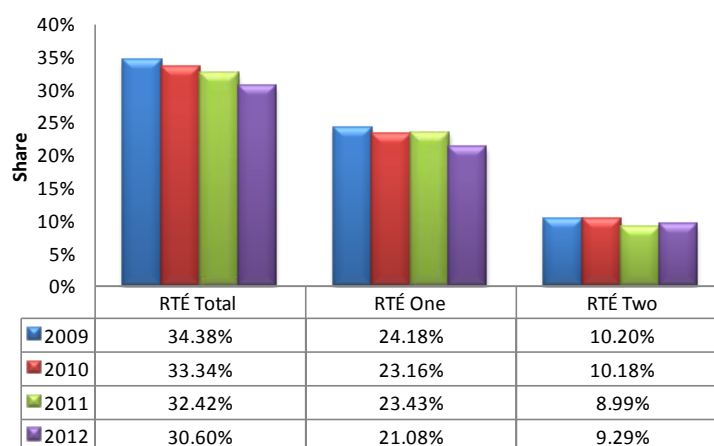
Source: TAM Ireland Ltd/Nielsen TAM, Consolidated data, National Inds 4+, All Day All Week Avg.

Note 1: RTÉ Total includes viewing to RTÉ One +1 from April 2012.

Note 2: See annex 6 for definition of measures TVR, 000s and share in this table.

Figure 3.23 reveals that RTÉ TV market share has been declining year-on-year since 2012 but in 2012 RTÉ Two recorded an increase in its channel share. While the small decline in RTÉ One share in 2012 reflects the fact that RTÉ is operating in an increasingly competitive broadcasting market, this has important implications for the ability of the broadcaster to fund existing services unless additional sources of income are secured or costs are reduced.

Figure 3.23: RTÉ TV Share (%) by Channel, 2009-2012

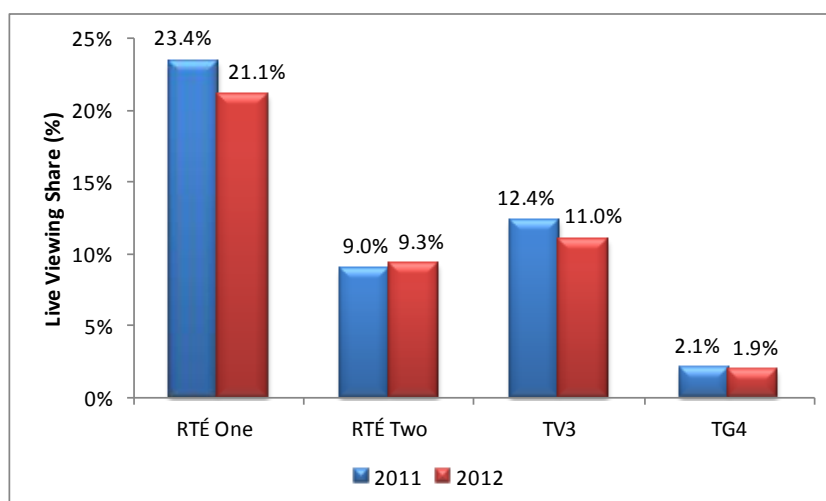


Note: These figures are "Live" shares. RTÉ Total includes viewing to RTÉ One +1 from April 2012.

Source: TAM Ireland Ltd/Nielsen TAM, Live data, National Inds 4+, All Day All Week Avg.

Figure 3.24 compares the change in RTÉ television by channel with that of TV3 and TG4.

Figure 3.24: Live Audience Viewing Shares (%) 2012 vs 2011 for RTÉ, TG4 and TV3

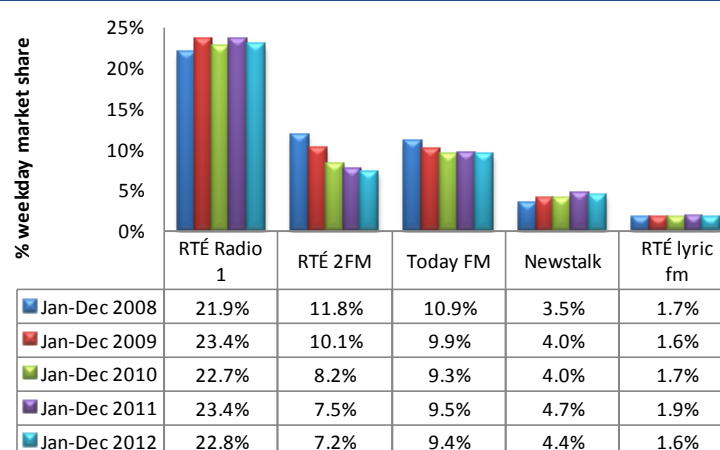


Source: TAM Ireland Ltd/Nielsen TAM, Live data, National Inds 4+, All Day All Week Avg & TG4 Review of 2012 Performance.

Under its commitments, RTÉ set a target to maintain the weekday peaktime market share for RTÉ Radio 1, 2fm and lyric fm at 30%. The average performance of these stations was 31.6% or 1.6% points above target. However, it is also important to consider overall weekday market shares compared to 2011. Again of particular significance is the longer term decline in RTÉ 2fm market share which declined from 11.8% in 2008 to 7.2% in 2012.

Figure 3.25 below shows the weekday shares for each of the individual RTÉ radio stations. This data reveals that market share declined for each of the stations in 2012.

Figure 3.25: National Radio Average Weekday (07:00-19:00) Market Share (%) by Station, Adults 15+, 2008-2012



Source: JNLR/Ipsos MRBI 2012/4, 2011/4, 2010/4, 2009/4 & 2008/4.

Commitment 22: Provide service to Irish Diaspora

Under this commitment RTÉ set out to increase monthly live and on-demand streams on the RTÉ Radio Player by 5% from non-domestic audiences. This target was substantially exceeded with an increase of 83%. RTÉ also aimed to build on RTÉ.ie's weekly international unique browser numbers to a total of 550,000. However, the weekly average was 528,000 which was 22,000 below target. RTÉ believes that this was due to a significant rise in the use of related apps on mobile devices.

Commitment 23: To be the primary source of Irish/Home Produced content nationally and from the regions, ensuring a high proportion of home-production during peak time on RTÉ One

Under the targets set for this commitment, RTÉ broadcast seven regional series on television, ensured that peaktime Radio 1 and 2fm programmes were brought around the country, broadcast 30 Ceilí House programmes from different counties and six talent showcases from the John Murray show were carried out through the country. In addition, 65% of total peaktime hours on RTÉ One were indigenous hours, exceeding target by 5 percentage points.

Commitment 24: Deliver the best quality programmes and services, maintaining perceptions of quality

RTÉ set a target to exceed 80% for the Reaction Panel Appreciation Index for RTÉ TV and its performance was just short of target at 79.2%. In the case of RTÉ Radio, the target of 80% was exceeded at 81%. RTÉ also set out to maintain 18 of the 20 programmes on the Top 20 list for TV and Radio. These commitments were achieved with 20 of the top 20 TV programmes and 19 of the top 20 radio programmes retaining their key positions.⁶ RTÉ targeted to have at least 75 of RTÉ programmes shortlisted for international competitions and was shortlisted for 65 international awards in total. Finally, also under Commitment 24 above, RTÉ achieved a quality score in audience appreciation of 71% which exceeded the target of 65%.

Commitment 25: Foster creativity, new ideas and cultural expression, through supporting cultural events including minority interests; developing new talent (presenters, musicians, artists, programme makers and content creators); showing leadership within the creative industries and commissioning and premiering new work

RTÉ fostering of creativity is achieved through a range of initiatives. Eight new musical initiatives including sourcing new young conductors were delivered in 2012 against a target of six. RTÉ was present at four cultural events as planned – the BT Young Scientist, National Ploughing Championships, Change Nation and The Tall Ships Races 2012. RTÉ covered the arts festivals and the Eurosonic Festival as planned. RTÉ developed new comedy writing and comedy performance on RTÉ Radio 1 and also introduced new talent to television through a range of series. RTÉ continued its participation in animation projects 'Frameworks animation' and maintained its role in the creative digital economy by developing a range of strategic partnerships to provide additional platforms for RTÉ content. RTÉ also continued its investment in *Storyland*, the annual online drama and comedy competition to bring new writer/director/producer teams into the heart of RTÉ Television's creative output. RTÉ extended its partnership with 'Recorded Artists Actors

⁶ See Annex 1 for the full list of top 20 TV and radio programmes.

Performers' (RAAP) in 2012 with a total breakthrough bursary of €24,500. RTÉ composers in residence produced three new compositions and RTÉ published two CDs to help Irish composers to reach a wider audience. RTÉ also broadcast returning series of *Raw* and *Fair City*. RTÉ broadcast a new series of *Love/Hate* as an alternative fulfilment of the commitment to broadcast a new series titled *Amber*, now due to air in 2013.

Commitment 26: Explore the opportunities for new creative and cultural partnerships

RTÉ fulfilled individual targets set under this commitment with a number of highlights such as Radio 1 as media partner for the Jameson Dublin film festival, RTÉ Radio and IBI joint initiative RadioGAUGE an advertising measurement tool for media buyers and advertisers, partnerships with third party content providers such as *Netflix* and *YouTube* to deliver RTÉ content. Short films continue to play on Shortscreen and new contracts were issued with Film Base, Galway Resource Centre and Cork Film Centre. Co-funding initiatives with other broadcasters were pursued.

3.3.4 Governance

A detailed review of governance within RTÉ is outside the scope of this assignment. However, the key commitments made on governance and progress achieved are outlined in Table 3.9.

Table 3.9: RTÉ Commitments 2012 – Governance

Commitment	Key Evidence
Maintain best practice governance and reporting systems	RTÉ indicated they fulfilled its targets under this commitment by maintaining the high standards of the RTÉ Annual Report and Group Financial Statements and reporting on board members' fees and aggregate expenses.
Fulfil all legislative and regulatory requirements	RTÉ met timeframes for 91 out of the 96 requests under the Freedom of Information Acts and Data Protection Acts. The Irish language scheme and archive schemes are ongoing and approved. RTÉ received no complaints in relation to compliance with ComReg Code of Practice in 2012.
Ensure compliance with all relevant codes	RTÉ fulfilled all of its commitments in relation to compliance with relevant codes. However, RTÉ set out to review new BAI codes and take action but the new codes were postponed by the BAI until early 2013.
IBD objectives to be aligned with performance measurement system of Annual Statement of Performance Commitments (ASPC)	RTÉ Executive and RTÉ Board were provided with progress updates on the fulfilment of RTÉ's 2012 Annual Statement of Performance Commitments on a regular basis throughout the year.

Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.

Commitment 27: Maintain best practice governance and reporting systems

RTÉ indicated they fulfilled its targets under this commitment. During the year, RTÉ maintained the high standards of the RTÉ Annual Report and Group Financial Statements and reporting on board members' fees and aggregate expenses.

Commitment 28: Fulfil all legislative and regulatory requirements

RTÉ met timeframes for 91 out of the 96 requests under the Freedom of Information Acts and Data Protection Acts. The Irish language scheme and archive schemes are ongoing and approved. RTÉ received no complaints in relation to compliance with ComReg Code of Practice in 2012.

Commitment 29: Ensure compliance with all relevant codes

RTÉ fulfilled all of its commitments in relation to compliance with relevant codes.

Commitment 30: IBD objectives to be aligned with performance measurement system of Annual Statement of Performance Commitments (ASPC)

RTÉ Executive and RTÉ Board were provided with progress updates on the fulfilment of RTÉ's 2012 Annual Statement of Performance Commitments on a regular basis throughout the year.

3.3.5 Technology

A summary of RTÉ's performance against technology commitments is presented in Table 3.10.

Table 3.10: RTÉ Commitments 2012 – Technology

Commitment	Key Evidence
Optimise technology usage to facilitate the delivery of innovation in programming bringing new formats, initiatives and programmes to all media	Under this commitment, RTÉ met its target to implement Clipper, an online content segmentation system, by Q2 of 2012. RTÉ were also successful in the implementation of a plan to enhance RTÉ Two's digital footprint which involved the creation of an RTÉ Two Facebook page and YouTube channel. RTÉ set out to utilise social and mobile application technologies to enhance user experience of TV and radio brands and programmes. This was somewhat achieved through a mobile version of the RTÉ Operation Transformation website and a 'weight tracker'.
Fulfil universal service obligation for analogue TV & Radio	RTÉ's analogue TV and Radio coverage remains at approximately 98% and availability was maintained at over 99% in 2012. Analogue TV was switched off in October of 2012.
Facilitate access to RTÉ content through digital media and increase connection points with RTÉ, maintaining availability of archive content, growing Digital Radio services, delivering mobile applications and developing new avenues to connect with the whole island of Ireland	RTÉ player weekly reach fell one percentage point short of year-end target of 20%. RTÉ set out to increase monthly live on-demand streams by 10% and exceeded this target by 108 percentage points by end of December 2012. Incomplete data on listenership on mobile devices led to a significant underestimation when setting targets in this area. RTÉ implemented a strategy to deliver comprehensive digital access to RTÉ programmes and, clips, exhibitions and merchandising. RTÉ launched the redesign of RTÉ Libraries and Archives website in July of 2012. RTÉ exceeded its target of 8% of households have digital DAB radios at a total of 10%. A statistics/metrics template for Radio reach metrics via Digital platforms has been defined and accepted by the Radio Board. RTÉ aimed to achieve 16 million page impressions per week from mobile services and this target was exceeded in 2012 at a total of 16.9 million per week. RTÉ integrated an enhanced social media sharing functionality into RTÉ Player and the new RTÉ Archives website in Q3. The launch of the RTÉ Radio 1 homepage was not completed until the beginning of 2013.
Implement the technology change programme through the development of new multimedia production models and efficient use of technology for appropriate programme making and transmission of services	RTÉ set out to complete the project to enable access to audio/video content on iPhone and iPad; this was almost completed but was not operational due to the need for content protection functionality to be incorporated into digital's new video management system. The trial and launch of the RTÉ Player on SAORVIEW set-top-boxes was carried out.
Implement the end-to-end digitisation programme. Build the end-to-end digital content production network and migrate to HDTV	RTÉ fulfilled its commitment to introduce file server technology for acquired content and improved workflows for all services. The FAST pilot system enabled new SD services to be developed and the number of hours of HD material transmitted on RTÉ services in 2012 increased to 618. RTÉ also upgraded infrastructure through a new HD routing system live in March 2012 and a new HD master control system built and live in March 2012.
Progress project 2025. Achieve phase 1 targets by 2014	Appropriate zoning for the totality of the lands in RTÉ Donnybrook was non-RTÉ dependent but nevertheless achieved.

Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.

Commitment 31: Optimise technology usage to facilitate the delivery of innovation in programming bringing new formats, initiatives and programmes to all media

Under this commitment, RTÉ met its target to implement Clipper, an online content segmentation system, by Q2 of 2012. RTÉ was also successful in the implementation of a plan to enhance RTÉ Two's digital footprint which involved the creation of an RTÉ Two Facebook page and YouTube channel. RTÉ set out to utilise social and mobile application technologies to enhance user experience of TV and radio brands and programmes. This was somewhat achieved through a mobile version of the RTÉ Operation Transformation website and a 'weight tracker'.

Commitment 32: Fulfil universal service obligation for analogue TV & Radio

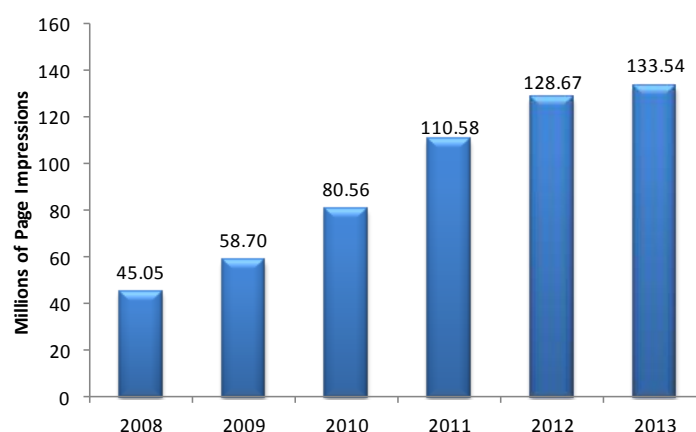
RTÉ's analogue TV and Radio coverage remains at approximately 98% and availability was maintained at over 99% in 2012. Analogue TV was switched off in October of 2012.

Commitment 33: Facilitate access to RTÉ content through digital media and increase connection points with RTÉ, maintaining availability of archive content, growing Digital Radio services, delivering mobile applications and developing new avenues to connect with the whole island of Ireland

RTÉ Player weekly reach fell one percentage point short of year-end target of 20%. RTÉ set out to increase monthly live and on-demand streams for RTÉ Radio by 10% and exceeded this target by 108 percentage points by end of December 2012. Incomplete data on listenership on mobile devices led to a significant underestimation when setting targets in this area. RTÉ implemented a strategy to deliver comprehensive digital access to RTÉ programmes, clips, exhibitions and merchandising. RTÉ launched the redesign of RTÉ Libraries and Archives website in July of 2012. RTÉ exceeded its target of 8% for households with digital DAB radios at a total of 10%. A statistics/metrics template for Radio reach metrics via Digital platforms has been defined and accepted by the Radio Board. RTÉ aimed to achieve 16 million page impressions per week from mobile services and this target was exceeded in 2012 at a total of 16.9 million per week.

Figure 3.26 below shows that the average monthly page impressions of the RTÉ Website have been growing steadily year-on-year.

Figure 3.26: Average Monthly Page Impressions on the RTÉ Website 2008 to Date April 2013



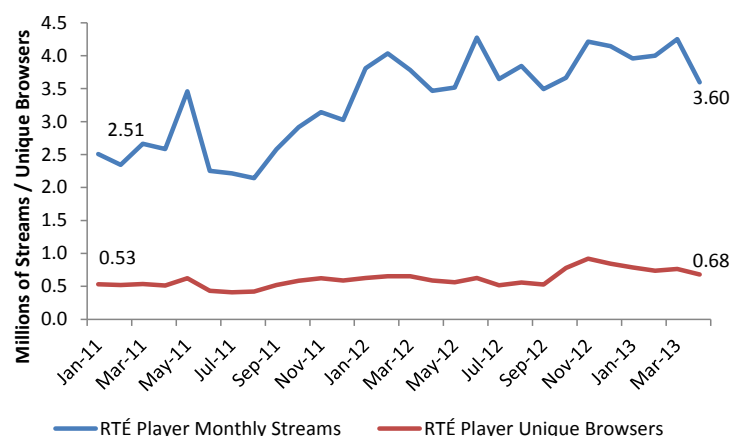
Note: Page impressions include www.RTÉ.ie, m.rte.ie and all RTÉ applications on iPhone, iPad, iPod Touch and Android. Average monthly page impressions for 2013 are based on the first four months of 2013.

Source: Indecon analysis of RTÉ data from Urchin Analytics.

Under Commitment 33 above, RTÉ integrated an enhanced social media sharing functionality into RTÉ Player and the new RTÉ Archives website in Q3. The launch of the RTÉ Radio 1 homepage was not completed until the beginning of 2013.

Figure 3.27 shows the trend in streams and unique browsers on the RTÉ Player since 2011. Both measures have been following an overall increasing trend from year to year.

Figure 3.27: Trend in Streams and Unique Browsers on the RTÉ Player January 2011–April 2013



Source: Indecon analysis of RTÉ data from Urchin Analytics.

Summary statistics in 2013 relating to the RTÉ Player are shown in Table 3.11 below. From April 2012 to April 2013 RTÉ experienced an increase in streams and unique browsers on the RTÉ Player. The total number of app downloads increased significantly. Unlike the RTÉ Radio Player, the international share of streams fell for the RTÉ Player. The data suggests a rising trend in accessing content through mobile devices.

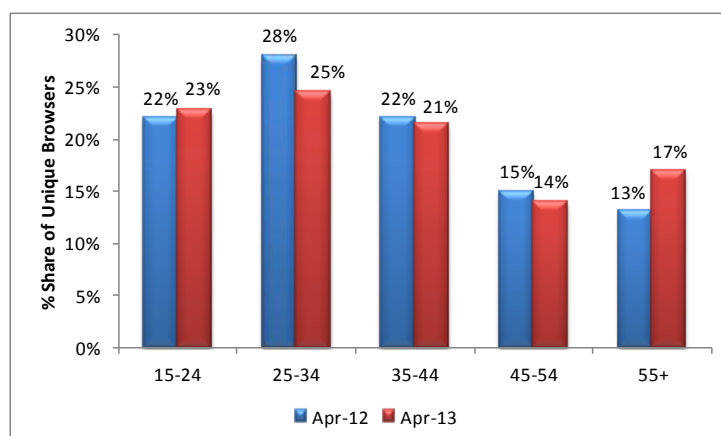
Table 3.11: Summary of RTÉ Player Performance April 2012 vs April 2013

	April 2012	April 2013
Streams	3,465,022	3,596,051
Unique Browsers (excluding apps)	589,474	679,500
Average Streams per Browser (excluding apps)	4.7	3.0
Page Impressions	15,285,253	12,771,343
International share of streams	15.3%	12%
Total number of app downloads	293,831	635,000

Source: RTÉ data from the RTÉ Player April 2012 Review & RTÉ Player April 2013 Review

The age distribution of Irish users on the RTÉ Player as a percentage of all users is shown in the figure below. Of interest is the increasing share of 55+.

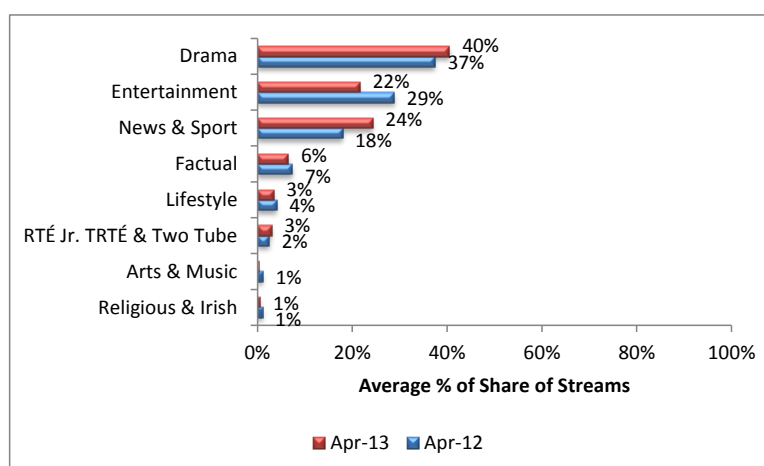
Figure 3.28: Share (%) of Irish Unique Users of the RTÉ Player by Age, April 2012 & April 2013



Source: RTÉ Player April 2012 Review & RTÉ Player April 2013 Review

In terms of the percentage monthly streams delivered on the RTÉ Player, drama, entertainment and news and sport are the most popular genres of programming. This finding is in line with the television data.

Figure 3.29: RTÉ % of Monthly Streams by Genre Delivered on the RTÉ Player April 2013 vs April 2012



Source: RTÉ Player April 2012 Review & RTÉ Player April 2013 Review.

Commitment 34: Implement the technology change programme through the development of new multimedia production models and efficient use of technology for appropriate programme making and transmission of services

RTÉ set out to complete the project to enable access to audio/video content on iPhone and iPad; this was almost completed but was not operational due to the need for content protection functionality to be incorporated into digital's new video management system. The trial and launch of the RTÉ Player on SAORVIEW set-top-boxes was carried out.

Commitment 35: Implement the end-to-end digitisation programme. Build the end-to-end digital content production network and migrate to HDTV

RTÉ fulfilled its commitment to introduce file server technology for acquired content and improved workflows for all services. The FAST pilot system enabled new SD services to be developed and the number of hours of HD material transmitted on RTÉ services in 2012 increased to 618. RTÉ also upgraded infrastructure through a new HD routing system live in March 2012 and a new HD master control system built and live in March 2012.

Commitment 36: Progress project 2025. Achieve phase 1 targets by 2014

Appropriate zoning for the totality of the lands in RTÉ Donnybrook was achieved.

3.3.6 Use of Public Funds

A summary of RTÉ's use of public funds is presented in Table 3.12.

Table 3.12: RTÉ Commitments 2012 – Use of Public Funds

Commitment	Key Evidence
Meet budgetary target for 2012	A revised forecast/budget 2012 was approved by the RTÉ Board in October 2012 and was adopted for reporting purposes for the remainder of the year. RTÉ met its target of the agreed Budget out-turn for the year 2012.
Solvency: Target availability of cash / facilities to meet commitments as they fall due	Despite a reduction in cash reserves from €60.7m at the end of 2011 to €37.1m at the end of 2012, RTÉ met their target to have available cash/facilities to meet commitments as they fall due.
Implement cost control and curtailment initiatives	*
Review ERP (Enterprise Resource Planning) systems and implement new integrated system by 2014	RTÉ Radio sales were moved to landmark TV sales system by the end of Q3 2013.
Ensure Radio and Television independent commissioning meet statutory spending requirements	RTÉ spent a total of €42.1m on independent commissioning activities in 2012 which was in excess of the minimum statutory expenditure of €38.5m.
Optimise funding sources by maximising the exploitation of all revenue streams both traditional and new, diversifying and increasing funding sources and exploring new financing partnerships to maximise revenue and reduce costs	RTÉ did not meet its commercial revenue targets for TV, Radio, RTÉNL and RTÉ Digital and revenue fell below the Interim (restated) Budget amount. In particular, RTÉ TV commercial revenue and RTÉ Radio revenue were 9% and 18% below the revised Interim Budget amount. Revenue shortfalls continue to be a challenging issue for the broadcasters. RTÉ reported that they met their commitment to exploit opportunities for product placement revenue and to deliver additional programming to the schedule through sponsorship and AFP initiatives.
Deliver a value for money service ensuring that best value is achieved in all areas of the business, by continuing to make best use of the Licence Fee income and enhance audience perceptions of “value for money”	Under this commitment RTÉ set out to deliver programmes with reduced budgets year-on-year and to exploit co-funding opportunities. Budgets for commissioning programmes have been reduced by 5% year-on-year and other funding has been sought for key slots. RTÉ also set out to report their licence fee attribution by service in the Annual Report and Group Financial Statements 2011 and this was achieved. RTÉ set out to achieve a value for money score of 55% in the audience perception survey and this was exceeded by 5%.
Control people costs, through monitoring and management of the reduction of Personnel Related Operating Costs (PROCs) and headcount and new contracts	RTÉ reported that they were on target with pay-related operating costs accounting for 52% of total operating costs at the end of 2012. The broadcaster also set a target to fully implement the HR Shared Services automated workflow system by Q3 of 2012; this was not achieved and was postponed to 2013.
Efficiently manage resources through monitoring cost per transmitted hour, the efficient usage of facilities and improved resource management procedures and utilisation of programme personnel	RTÉ published the cost per transmission hour report as part of the annual report. The RTÉ TV studio utilisation was 71% which was 4% below the 2012 target due to reductions in studio output. However, the radio studio utilisation target was met with 76%. RTÉ's efforts to analyse labour demand versus resource allocation in order to maximise efficiencies among TV programme teams using the ScheduleAll system is ongoing and well within target for 2012.
<i>Note: *Data is commercially sensitive and has been redacted.</i>	
<i>Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.</i>	

Table 3.13: RTÉ Commitments 2012 – Use of Public Funds (Continued)

Commitment	Key Evidence
Optimise organisational structure and work practices to fulfil public purpose in best manner, regularly reviewing workforce numbers to achieve further optimisation where possible	RTÉ aimed to have the new Shared Services in place by the end of 2012. It was stated that progress on this was ongoing and would be met by the end of the first quarter of 2013 which would be behind target. RTÉ also implemented a new staff structure under this commitment in 2012. This included the introduction of a Commercial Director, Chief Technology Officer and new RTÉ Digital division. Ongoing headcount reductions in RTÉ staff were delivered within target and RTÉ are at advanced stages of negotiation with the unions regarding work-practice reforms in order to align the broadcaster with the new multimedia environment in which it works in.
Develop people and skills through cost-neutral internal training and by providing relevant staff development opportunities, in line with business requirements	RTÉ met its targets under this commitment in relation to iPhone technology and multi-media journalistic training. RTÉ also met their target to deliver presentations, training sessions and workshops on various aspects of Radio business. RTÉ maintained best practice in communications to staff by issuing bulletins on a regular basis.
<i>Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.</i>	

Commitment 37: Meet budgetary target for 2012

A revised Forecast/Budget 2012 was approved by the RTÉ Board in October 2012 and was adopted for reporting purposes for the remainder of the year. RTÉ met its target of the agreed Budget out-turn for the year 2012.

Commitment 38: Solvency Target availability of cash/facilities to meet commitments as they fall due

Despite a reduction in cash reserves from €60.7m at the end of 2011 to €37.1m at the end of 2012, RTÉ met their target to have available cash/facilities to meet commitments as they fall due.

Commitment 39: Implement cost control and curtailment initiatives

RTÉ set out to maintain TV operating costs at 2011 levels while incorporating €*⁷ additional expenditure in 2012 relating to two major sporting events and other one-off adjustments. Throughout 2012, operating costs were cut back further in response to revenue shortfalls and final operating costs for TV were circa €* less than the original budget.

Commitment 40: Review ERP (Enterprise Resource Planning) systems and implement new integrated system by 2014

RTÉ Radio sales were moved to Landmark TV Sales system by the end of Q3 2013.

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

Commitment 41: Ensure Radio and Television independent commissioning meet statutory spending requirements

RTÉ spent a total of €42.1m on independent commissioning activities in 2012 which was in excess of the minimum statutory expenditure of €38.5m. However, of significance is that direct expenditure on commissioned programmes declined from €47.2m in 2011 to €41.0m in 2012. This is discussed further under RTÉ's role in supporting creativity.

Commitment 42: Optimise funding sources by maximising the exploitation of all revenue streams both traditional and new, diversifying and increasing funding sources and exploring new financing partnerships to maximise revenue and reduce costs

RTÉ did not meet its commercial revenue targets for TV, Radio, RTÉNL and RTÉ Digital and revenue fell below the Interim (restated) Budget amount. In particular, RTÉ TV commercial revenue and RTÉ Radio revenue were 9% and 18% below the revised Interim Budget amount. Revenue shortfalls continue to be a major issue for the broadcasters. RTÉ reported that it met its commitment to exploit opportunities for product placement revenue and to deliver additional programming to the schedule through sponsorship and AFP initiatives.

Commitment 43: Deliver a value for money service ensuring that best value is achieved in all areas of the business, by continuing to make best use of the Licence Fee income and enhance audience perceptions of "value for money"

Under the commitment above, RTÉ set out to deliver programmes with reduced budgets year-on-year and to exploit co-funding opportunities. Budgets for commissioning programmes have been reduced by 5% year-on-year. RTÉ also set out to report their licence fee attribution by service in the Annual Report and Group Financial Statements 2011 and this was achieved. RTÉ set out to achieve a value for money score of 55% in the audience perception survey and this was exceeded by 5%. The importance of public service providers ensuring value for money in today's economic conditions is one of the most significant issues for both BAI and for RTÉ.

Commitment 44: Control people costs, through monitoring and management of the reduction of Personnel Related Operating Costs (PROCs) and headcount and new contracts

Of significance is that RTÉ reported that it was on target with pay-related operating costs accounting for 52% of total operating costs at the end of 2012. However, a specific target was not mentioned in the ASPC and the Interim Budget was revised in the interim. Under Commitment 44 above, the broadcaster also set a target to fully implement the HR Shared Services automated workflow system by Q3 of 2012; this was not achieved and was postponed to 2013.

Commitment 45: Efficiently manage resources through monitoring cost per transmitted hour, the efficient usage of facilities and improved resource management procedures and utilisation of programme personnel

RTÉ published the cost per transmission hour report as part of the Annual Report. The RTÉ TV studio utilisation was 71% which was 4% below the 2012 target due to reductions in studio output. However, the radio studio utilisation target was met with 76%. RTÉ's efforts to analyse labour demand versus resource allocation in order to maximise efficiencies among TV programme teams using the *ScheduleAll* system is ongoing.

Commitment 46: Optimise organisational structure and work practices to fulfil public purpose in best manner, regularly reviewing workforce numbers to achieve further optimisation where possible

RTÉ aimed to have the new Shared Services in place by the end of 2012. It was stated that progress on this was ongoing and would be met by the end of the first quarter of 2013. RTÉ also implemented a new staff structure under this commitment in 2012. This included the introduction of a Commercial Director, Chief Technology Officer and new RTÉ Digital division. Ongoing headcount reductions in RTÉ staff were delivered within target and RTÉ are at advanced stages of negotiation with the unions regarding work-practice reforms in order to align the broadcaster with the new multimedia environment in which it works. Details of these work practice reforms were not reported in the ASPC document.

Commitment 47: Develop people and skills through cost-neutral internal training and by providing relevant staff development opportunities, in line with business requirements

RTÉ met its targets under this commitment in relation to iPhone technology and multi-media journalistic training. RTÉ also met its target to deliver presentations, training sessions and workshops on various aspects of Radio business. RTÉ maintained best practice in communications to staff by issuing bulletins on a regular basis.

3.3.7 Responsible and Trustworthy

On the difficult but important issue of responsibility and trust, RTÉ performance against commitments set is outlined in Table 3.14. The year included a number of major issues notably The Mission to Prey investigation.

Table 3.14: RTÉ Commitments 2012 – Responsible and Trustworthy

Commitment	Key Evidence
Implement the highest editorial standards, reviewing editorial guidelines in the context of legislation and codes of practice and minimising legal/regulatory corrective actions	RTÉ drafted and published new Journalism Guidelines which include social media. For programme makers, new Content Standard Guidelines were drafted, a general advice note on Privacy Law provided and four legal seminars were given. RTÉ set out to have no programme complaints upheld against them in 2012 but by the end of the year ten complaints were upheld in relation to TV and radio programming. All the BAI complaints were dealt with within the mandatory timeframe.
Deliver impartial and objective news and current affairs (corresponds with content)	The perception of fairness and impartiality of RTÉ Nine O'Clock News was 96% in 2012 which exceeded the target level by 1% point. RTÉ audience perception of fairness and impartiality of Morning Ireland during 2012 was 91.5%.
Demonstrate leadership in access services by exceeding minimum standards and providing new/innovative services where possible, to facilitate access to TV for those with sensory disabilities (corresponds to content)	RTÉ met their commitments in relation to subtitling content and they exceeded the target hours of 8,500 by 50 hours. RTÉ's Audio Description project has been delayed due to the requirement to build a new RTÉjr channel which is scheduled to launch in April 2013.
Ensure highest business and accounting standards through voluntary compliance with international codes & IFRS (corresponds to Governance)	RTÉ delivered on all of its targets under this commitment. The broadcaster's Annual Report and Group Financial Statements complied with IFRS accounting standards and the RTÉ Board updated and approved their Good Faith Reporting policy. The broadcaster also conformed to all applicable aspects of the UK Corporate Governance Code and Ireland specific requirements of the Irish Stock Exchange Corporate Governance Annex.
Publish Corporate Social Responsibility plan annually	RTÉ did not update their Corporate Social Responsibility report in 2012. Instead, resources for this were required for other strategic projects.
Maintain public access via central phone and email information services	The RTÉ telephone information service was made available six days a week as per this commitment.
Ensure transparency and pro-active communications	RTÉ's fortnightly bulletins on their public affairs strategy was maintained substantially but was paused temporarily relating to the BAI's enquiry into Mission to Prey. RTÉ delivered on the publication of its ASPC and reported on fulfilment of the previous year's commitments in the RTÉ Annual Report and Group Financial Statements.
Deliver research to access the needs of Irish audiences to ensure that we meet those needs and build affinity with RTÉ	RTÉ largely achieved all its targets under this commitment. The broadcaster provided audience research for programme makers, investigated how audiences engage with multiple new technologies simultaneously and achieved a satisfaction score of 66% (1% point above target). The broadcaster received a relevance score of 64% which was just 1% point short of target.
Maintain and grow collaborative partnerships with key industry bodies, stakeholders, regulators, broadcasters and with EBU and other European bodies, as appropriate	RTÉ met all but one of its targets set under this commitment. RTÉ continued the IRP commissioning process in 2012, provided a two-day training workshop or independent producers and Run Radio Days for third level students and RTÉ Performing Groups continued to explore collaborative opportunities. RTÉ's commercial department set out to host the electronic media conference but a revenue shortfall resulted in this event being postponed. RTÉ maintained regular meeting and communication with the BAI and regular attendance to industry meetings. RTÉ lyric fm offered 30 concerts of Irish material to the EBU. RTÉ produced and broadcast a documentary in partnership with Radio Ulster to mark the Centenary of the Titanic. RTÉ engaged in partnerships and co-productions with BBC and other broadcasters.

Source: Indecon analysis of RTÉ 2012 Performance Commitments Report.

Commitment 48: Implement the highest editorial standards, reviewing editorial guidelines in the context of legislation and codes of practice and minimising legal/regulatory corrective actions

RTÉ drafted and published new Journalism Guidelines which include social media. For programme makers, new Content Standard Guidelines were drafted, a general advice note on Privacy Law provided and four legal seminars were given. RTÉ set out to have no programme complaints upheld against it in 2012 but by the end of the year ten complaints were upheld in relation to TV and radio programming. All the BAI complaints were dealt with within the mandatory timeframe.

Commitment 49: Deliver impartial and objective news and current affairs (corresponds with content)

The perception of fairness and impartiality of *RTÉ Nine O'Clock News* was 96% which in 2012 exceeded the target level by 1% point. RTÉ audience perception of fairness and impartiality of *Morning Ireland* was 91.5% in 2012.

Commitment 50: Demonstrate leadership in access services by exceeding minimum standards and providing new/innovative services where possible, to facilitate access to TV for those with sensory disabilities (corresponds to content)

RTÉ met its commitments in relation to subtitling content and exceeded the target hours of 8,500 by 50 hours. RTÉ's Audio Description project has been delayed due to the requirement to build a new RTÉJr channel which is scheduled to launch in April 2013.

Commitment 51: Ensure highest business and accounting standards through voluntary compliance with international codes & IFRS (corresponds to Governance)

RTÉ delivered on all of its targets under this commitment. The broadcaster's Annual Report and Group Financial Statements complied with IFRS accounting standards and the RTÉ Board updated and approved their Good Faith Reporting policy. The broadcaster also conformed to all aspects of the UK Corporate Governance Code and Ireland specific requirements of the Irish Stock Exchange Corporate Governance Annex.

Commitment 52: Publish Corporate Social Responsibility plan annually

RTÉ did not update its Corporate Social Responsibility report in 2012. Instead, resources for this were required for other strategic projects. No further detail on the nature of these other strategic projects was provided in the ASPC.

Commitment 53: Maintain public access via central phone and email information services

The RTÉ telephone information service was made available six days a week as per this commitment.

Commitment 54: Ensure transparency and pro-active communications

RTÉ's fortnightly bulletins on its public affairs strategy maintained substantially but was paused temporarily relating to the BAI's enquiry into *Mission to Prey*. RTÉ delivered on the publication of its ASPC and reported on fulfilment of the previous year's commitments in the RTÉ Annual Report and Group Financial Statements.

Commitment 55: Deliver research to access the needs of Irish audiences to ensure that we meet those needs and build affinity with RTÉ

RTÉ largely achieved all its targets under this commitment. The broadcaster provided audience research for programme makers, investigated how audiences engage with multiple new technologies simultaneously and achieved a satisfaction score of 66% (one percentage point above target). The broadcaster received a relevance score of 64% which was just one percentage point short of target.

Commitment 56: Maintain and grow collaborative partnerships with key industry bodies, stakeholders, regulators, broadcasters and with EBU and other European bodies, as appropriate

RTÉ met all but one of its targets set under this commitment. RTÉ continued the IRP commissioning process in 2012, provided a two-day training workshop for independent producers and Run Radio Days for third level students and RTÉ Performing Groups continued to explore collaborative opportunities. RTÉ's commercial department set out to host the electronic media conference but a revenue shortfall resulted in this event being postponed. RTÉ maintained regular meetings and communication with the BAI and regular attendance to industry meetings. RTÉ lyric fm offered 30 concerts of Irish material to the EBU. RTÉ produced and broadcast a documentary in partnership with Radio Ulster to mark the Centenary of the Titanic. RTÉ engaged in partnerships and co-productions with BBC and other broadcasters.

3.3.8 Summary of RTÉ Performance against their Commitments 2012

Overall RTÉ met a large proportion of key measurable targets set out under the commitments for 2012. A number of the commitments were not fully achieved but were met to a significant degree. However, due to the fact that the targets set are subject to a wide range of variation in terms of strategic importance and measurability, Indecon believes it is important for BAI to consider the nature and levels of targets set in future years.

Table 3.15: Performance against Commitments Summarised

	No. of Commitments Set	No. of Targets Set	Number of Targets Met	
	Number	Number	Number	%
Range of Activities	3	6	5	83%
Content Provision	23	95	82	86%
Use of Public Funds	11	30	22	73%
Governance	4	9	7	78%
Technology	6	21	17	81%
Responsible and Trustworthy	9	32	26	81%
Total	56	193	159	

Source: Indecon Analysis of RTÉ Performance

Among the areas where RTÉ did not meet the targets set for 2012 were on some audience performance measures and commercial revenue (TV, radio and RTÉNL). Some of these commitments are strategically important but are influenced by developments in the economy and in the broadcasting sector. Our summary evaluation of the nature of the targets set is presented in Table 3.16.

Table 3.16: Evaluation of RTÉ Commitments and Performance against the BAI Criteria					
Theme	High-level & Strategic	Measureable & Realistic	Achievable & Time bound/ 'from' and 'to' positions	Characteristics of Targets	Rationale & Context
Range of Activities	Yes	Yes	Yes		Adequate
Content Provision	Very large number of commitments - many of which could be amalgamated and the number of key measurables reduced*	A number of the commitments are subjective by their nature and others are less well defined defined**	Yes	A number of the programming output target hours were set below what levels in the previous year	Further context behind the decision regarding programming hours may facilitate a more meaningful interpretation
Use of Public Funds	Yes	Yes	Yes		Greater context for commitments 40, 42 & 46 would be beneficial
Governance	Yes	Yes	Yes		Adequate
Technology	Yes	Yes	Yes		Adequate
Responsive and Trustworthy	Yes	Yes	Yes	Not Applicable	Adequate
Source: Indecon analysis *Commitments no. 4, 7 & 16 could be combined. Commitments no. 18 & 19 could be combined. Commitments no. 5 & 6 could be combined. Commitments no. 8 & 10 could be combined. Commitments 11 & 13 could be combined.					

3.4 Statement of Performance Commitments 2013

RTÉ's Statement of Performance Commitments 2013 demonstrates significant progress towards improving the ASPC process in terms of the number of commitments set, and their alignment with the key themes identified by the BAI in terms of the nature of the annual commitments. The total number of commitments has been reduced from 56 in 2012 to 27 in 2013 with greater focus on alignment with their strategic priorities. Further reductions in the number of individual key measures and targets set may still be appropriate but this is something to be considered in the 2013 Annual Performance Review.

Table 3.17 overleaf outlines the individual commitments set for television programming hours in 2013. A number of the targets are lower than 2012 levels.

Table 3.17: Programme Hours for RTÉ One and RTÉ Two Combined: 2012 Actual and 2013 Projections

	2012	2013
Genre	Actual Hours	Target Hours
Drama	228	228
News, Current Affairs & Weather	1,237	1,549
Young People's	701	566
Sport	906	569
Entertainment	673	693
Music	74	80
Factual	899	927
Total	4,718	4,612

Note: The hours quoted above are All-Day indigenous transmitted hours and comprise all In-House, Independent and Acquired programme hours that were originated in Ireland. Hours are calculated on a transmission basis which includes first-run transmission and repeats. Hours have been rounded for ease of comprehension.

The projected hours for 2013 are indicative of current schedules as envisaged in planning as of February 2013. RTÉ One and RTÉ Two schedules are fluid and the projected hours are subject to change. The live and reactive nature of a multi-genre Public Service schedule means that flexibility is required to respond to factors ranging from changing audience needs to external factors such as special events.

Source: RTÉ Statement of Performance Commitments 2013.

The RTÉ Radio hours targets set for 2013 are presented for comparison purposes in Table 3.18.

Table 3.18: RTÉ Radio Hours: 2012 Actual and 2013 Projections

	2012	2013
Genre	Actual Hours	Target Hours
Arts	716	703
Drama	86	56
News, Current Affairs & Weather	6,447	6,447
Young Peoples	620	620
Education	11	11
Sport	1,536	1,698
Music	18,089	17,895
Other Factual	1,701	1,710
Entertainment	5,859	5,856
Religious	207	165
Total	35,270	35,159

Source: RTÉ Statement of Performance Commitments 2013.

3.5 Summary of Findings

Highlights for RTÉ in relation to their performance against their commitments set for 2012 include:

- ❑ Awareness of ASO reached 94% of the public by September 2012, against a target of 90%.
- ❑ RTÉ exceeded target for genres of TV programming output in 2012.
- ❑ RTÉ did not achieve target for average cumulative reach of 35% for *RTÉ Six One* and *Nine O'Clock News* with an average of 33.1% evident in 2012. *Prime Time* achieved a share of 25.2% compared to the target of 27%. *Morning Ireland* maintained the target reach of 12%.
- ❑ RTÉ's television news audience appreciation score was 79.3%, slightly below the target set to exceed 80%.
- ❑ RTÉ exceeded its overall targets for all television and radio services with a 96% reach for all its services among adults aged 15 years and over. Performance was marginally below the target of 80% for TV services with a weekly reach of 79.5%.
- ❑ RTÉ did not build on 2011 weekly reach for RTÉ.ie with an average of 20%.
- ❑ RTÉ's relevance score of 65% for "RTÉ is for people like me" was just short of target at 64%.
- ❑ RTÉ committed to maintaining its audience connection score for RTÉ TV and radio of 80%. The broadcaster exceeded the target for both these services at 83.8% and 84.8% respectively.
- ❑ RTÉ set out to maintain its national peaktime share for 2012. The broadcaster exceeded the target of 36% by 1.1 percentage points. However, of concern is the decline in market share for certain areas of television and radio including 2FM. While this reflects developments in the broadcasting sector it also has important implications for future market position of RTÉ.
- ❑ RTÉ set out to increase monthly live and on-demand streams on the RTÉ Radio Player by 5% from non-domestic audiences. This target was substantially exceeded with an increase of 83%.
- ❑ All of the top 20 TV programmes and 19 of the top 20 radio programmes were RTÉ programmes.
- ❑ RTÉ targeted to have at least 75 of RTÉ programmes shortlisted for international competitions and was shortlisted for 65.
- ❑ RTÉ achieved a quality score in audience appreciation of 71% which exceeded the target of 65%.
- ❑ RTÉ met timeframes for 91 of the 96 requests under the Freedom of Information Acts and Data Protection Acts
- ❑ Operating costs were reduced further in response to revenue shortfalls and final operating costs for TV were circa €⁸ * less than the original budget. This is an important achievement

⁸ Note: *Data is commercially sensitive and has been redacted.

of the management during the year in moving towards a basis for the sustainable viability of RTÉ which should be recognized.

- ❑ RTÉ spent a total of €42.1m on independent commissioning activities in 2012 which was in excess of the minimum statutory expenditure of €38.5m but total commissioning spend was significantly below 2011 levels.
- ❑ RTÉ did not meet its commercial revenue targets for TV, Radio, RTÉNL and RTÉ Digital.
- ❑ Budgets for commissioning programmes have been reduced by 5% year-on-year.
- ❑ RTÉ set out to achieve a value for money score of 55% in the audience perception survey and this was exceeded by 5%.
- ❑ Indecon believes that further consideration of the nature of the targets set is appropriate but we recognize that significant refinements have been made to 2013 targets.

4 Review of RTÉ's Role in Supporting Creativity

4.1 Introduction

In its 2013 – 2017 Plan RTÉ points out that:

“At its heart, RTÉ is a creative organisation – making and commissioning a broad range of high-quality programming and content and delivering it to multiple audiences is RTÉ's primary public purpose and focus” (RTÉ Today, Tomorrow, 2013-2017).

One of the objectives of the annual review is to assess the extent to which creativity was fostered and sustained by RTÉ in 2012. Supporting creative talent and sustaining creative resources in-house and in the independent sector is an essential component of RTÉ's wider obligations to society as a whole, in its capacity as a dual-funded Public Service Media Organisation. RTÉ's portfolio of services and channels is designed to meet the changing needs of multiple audiences and to encapsulate a wide range of varied creative talents, new and innovative ideas and artistic and cultural expression.

As part of the ASPC 2012, RTÉ set out to *“Foster creativity, new ideas and cultural expression, through supporting cultural events including minority interests; developing new talent (presenters, musicians, artists, programme makers and content creators); showing leadership within the creative industries and commissioning and premiering new work.”*

Attempting to quantify or measure the extent to which RTÉ supports creative talent is challenging given the very nature of the concept. In this section we first review RTÉ's ongoing progress in 2012 in relation to supporting the independent sector. This is followed by a review of the number of in-house creative personnel supported directly by RTÉ and other creative staff in the independent sector. Following a brief review of the number of awards and nominations received by RTÉ in 2012, we then examine the three main components of RTÉ's portfolio of services, RTÉ TV, RTÉ Radio and RTÉ Performing Groups in terms of how these services support and foster creative talent.

4.2 RTÉ Support for the Independent Sector

RTÉ has a long-standing strong working relationship with the independent sector. RTÉ's commissioning teams meet with independent production companies through the year to ensure that commissioning briefs are up to date and reflect the current priorities of the sector. A critical way in which RTÉ supports talent on an ongoing basis is through commissioning rounds and calls for ideas from new and established companies and talent across television and radio programming. Later in this section we explore some of the 2012 outcomes of these processes.

As a dual-funded Broadcaster, RTÉ must comply with the minimum statutory expenditure on independent commissions each year. This is one element of information relating to RTÉ's support of creative talent in the independent sector. Table 4.1 below is extracted from the RTÉ Independent Productions Annual Report 2012 and details the total amount of statutory and other expenditure on commissioned programmes from the independent sector. RTÉ's statutory expenditure on television and radio programming in the independent sector totalled €39.265 million which was a slight increase on 2011. RTÉ however significantly reduced its non-statutory expenditure on independent commissions from €8.6m to €1.7m in 2012 in response to their declining revenues.

Table 4.1: RTÉ TV and Radio Expenditure on Independent Commissions 2011 & 2012		
Expenditure Incurred	2011*	2012
	€000s	€000s
Statutory Expenditure	38,571	39,265
Additional Expenditure	8,613	1,732
Direct Expenditure on Commissioned Programmes	47,184	40,997
RTÉ Attributable Overhead	1,685	1,078
Expenditure incurred on commissioning activities	48,869	42,075
<i>Source: RTÉ Independent productions annual report 2012.</i>		
*During the year RTÉ has reclassified costs which were previously stated as statutory expenditure, as additional expenditure on the basis that the relevant costs were non statutory related. The prior year split has been restated on the same basis. RTÉ has and continues to maintain a total spend each year through the independent programmes account in excess of the statutory minimum.		

Table 4.2 below breaks down the statutory expenditure on commissioned programming for television by programme category and hours for 2012, taking into account the commissions carried forward from 2011 and the hours deferred to next year. Drama, sports, young peoples, entertainment and music account for the largest share of total expenditure and number of hours commissioned.

Table 4.2: RTÉ Television Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2012					
Programme Category	Total Hours	2011 Commissions Carried Forward	2012 New Commissions	2012 Commissions Carried Forward	2012 Total Cost
		€000s	€000s	€000s	€000s
Daytime & Lifestyle	61.5	*	*	*	*
Documentaries & Arts	48.2	*	*	*	*
Regional, Education, Religion & other Factual	85.5	*	*	*	*
Drama, Sport & Young Peoples	242.4	*	*	*	*
Entertainment & Music	147.6	*	*	*	*
Overall totals	585.2	*	*	*	*

Awards/schemes	-	-	-	-	*
Overheads and other costs	-	-	-	-	*
Direct expenditure incurred	-	-	-	-	*
<i>Note: *Data is commercially sensitive and has been redacted.</i> <i>Note: Excludes RTÉ attributable overhead.</i> <i>Source: RTÉ Independent productions annual report 2012.</i>					

Non-statutory expenditure on commissioned television programmes in 2012 consisted of drama, sport, young peoples, factual, entertainment and music. 17 hours of programming was commissioned over and above the statutory spend on television commissioning.

Table 4.3: RTÉ Television Non-Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2012

Programme Genre	Total Hours	2011 Commissions Carried Forward	2012 New Commissions	2012 Commissions Carried Forward	2012 Total Cost
		€000s	€000s	€000s	€000s
Drama, Sport & Young Peoples		*	*		*
Factual, Entertainment & Music	17	*	*	*	*
Overall totals	17	*	*	*	*
Awards					*
Cost of RTE Facilities provided					*
Direct expenditure incurred					*
<i>Note: *Data is commercially sensitive and has been redacted.</i> <i>Note: Excludes RTÉ attributable overhead.</i> <i>Source: RTÉ Independent productions annual report 2012.</i>					

Statutory expenditure on radio programming in the independent sector amounted to just €982,000. Radio commissioning was established through legislation in 2009 and the first round of radio commissioning was in 2010. To date, radio commissioning accounts for a very small share of total radio broadcast output hours.

Table 4.4: RTÉ Radio Statutory Expenditure Incurred on Commissioned Programmes by Programme Category 2012

Programme Category	Total Hours	2011 Commissions Carried Forward	2012 New Commissions	2012 New Commissions	2012 Total Cost
Arts, Regional, Education, Religion & Other Factual	115.3	350	574	(203)	721
Drama, Sport & Young Peoples					*

Entertainment & Music	2.5	168	*		*
Overall Totals	117.8	518	*	*	*
Overheads & Other Costs					*
Direct Expenditure Incurred					*
<i>Note: *Data is commercially sensitive and has been redacted. Data excludes RTÉ attributable overhead. Source: RTÉ Independent Productions Annual Report 2012.</i>					

Overall, RTÉ met its requirements in terms of statutory expenditure on commissioning but non-statutory expenditure was reduced significantly due to budgetary constraints.

In 2012 a new ideas development initiative called *Format Farm* was launched by RTÉ. This initiative involved major distributors such as Warner Brothers investing in pilot programmes, giving an international platform for original Irish ideas.

The RTÉ Television division also ask staff on a regular basis to submit ideas for the BAI Sound & Vision schemes and also for in-house productions. In 2012, RTÉ ran a broad call for ideas across several genres and two projects are currently in pre-production for autumn 2013.

4.3 RTÉ Creative Resources

Table 4.5 below shows the number of creative staff in employment with RTÉ in 2011 and 2012. The total number of creative staff employed or contracted with RTÉ fell from 704 in 2011 to 662 in 2012. The number of persons employed in most roles declined in 2012.

Table 4.5: RTÉ Creative Staff by Role-Type in Contract with RTÉ as at 31 December 2011 & 2012

Type	No. of Employees	No. of Employees (FTE)	Contractors	Grand Total
2011				
Directors ⁹ / Producers ¹⁰	*	*	*	*
Actors			*	*
Composers			*	*
Musicians	*	*	*	*
Writers			*	*
Total	*	*	*	*
2012				
Actor			*	*
Composer			*	*
Directors ¹¹ / Producers ¹²	*	*	*	*
Musician	*	*	*	*
Writer			*	*
	*	*	*	*
<p><i>Note: *Data is commercially sensitive and has been redacted.</i></p> <p><i>Note: The above numbers do not include creative roles contributing to RTÉ commissions, who by the nature of commissioning process would not be directly in contract with RTÉ. Numbers working via the Independent Sector on RTÉ commissions would not be reflected in counts of individuals in contract with RTÉ. Therefore the number of people in creative roles supported by RTÉ would be significantly higher than the number in contract with RTÉ at any point in time.</i></p> <p>Source: RTÉ data provided to Indecon.</p>				

⁹ Directors include 68 producers/directors in TV and News & Current Affairs divisions in addition to 8 TV directors.

¹⁰ Producers include producers, assistant producers, clár reachtairí, executive producers, producer/operators and senior producers.

¹¹ Directors includes producer/directors in TV and News & Current Affairs division in addition TV directors.

¹² Producers include producers, assistant producers, clár reachtairí, executive producers, producer/operators and senior producers.

The following table looks at the number of actors employed in RTÉ Dramas. RTÉ supported a total of 69 actors through its in-house drama *Fair City*. This was a small reduction on 2011 numbers. *Raw*, *Love/Hate*, *Hardy Bucks*, *Storyland* and *Shortscreen* are drama productions which RTÉ commissions through the independent sector. In 2012, the production of these dramas resulted in RTÉ supporting 157 jobs in the independent production sector.

Table 4.6: Actors Employed Directly or Indirectly by RTÉ TV Dramas in 2011 & 2012			
Drama	Source	Number of Actors 2011	Number of Actors 2012
TV Key Dramas			
Fair City	In-house RTÉ Production	*	*
Raw	Independent Production Company	*	*
Love/Hate	Independent Production Company	*	*
Hardy Bucks (Series 2)	Independent Production Company	*	*
Storyland	Independent Production Company	*	*
Shortscreen	Independent Production Company	-	*
<p><i>Note: *Data is commercially sensitive and has been redacted.</i></p> <p><i>Note: This list of actors is not exhaustive and therefore RTÉ supported over 500 actors in 2011.</i></p> <p><i>Source: RTÉ data provided to Indecon.</i></p>			

4.4 RTÉ Awards and Nominations 2012

The total number of awards and nominations received by the broadcaster is a potential indication of their creative success. In 2012, the total number of nominations received increased but the number of awards won declined. RTÉ had targeted in 2012 to be shortlisted for at least 75 international awards and was shortlisted for 65. Indecon believes that consideration should be given to refinements of this commitment to better reflect the significance of different types of awards.

Table 4.7: Summary of RTÉ Awards and Nominations 2010, 2011 & 2012			
	2010	2011	2012
Nominations Received	214	154	190
Awards Won	147	152	109
<i>Source: Indecon analysis of data from the RTÉ Annual Report 2011, RTÉ 2011 Performance Commitments Report & RTÉ data.</i>			

4.5 Measures taken by RTÉ Television to Support the Creative Sector

4.5.1 RTÉ Entertainment

In 2012, RTÉ Entertainment continued to support creative talent among comedy, music, format development and new talent. In particular, the *Late Late Show* is a major supporter of Irish music on television. In 2012 nearly 120 acts appeared on the show, the majority of which were Irish. 26 of the acts were first-time broadcasts. The *Late Late Show* also launched a 'showcase' initiative to give emerging Irish acts the opportunity to appear on the show. Similarly, 12 acts were broadcast for the first time on TV with *The Saturday Night Show* and the *Saturday Night with Miriam* show. In total, there were 86 first-time Irish broadcasts on TV through RTÉ Entertainment compared with just 32 in 2011. In 2011, one first-time writer was commissioned to work in RTÉ Entertainment. In 2012, 45 writers including first-time writers were commissioned.

Table 4.8: RTÉ Entertainment/Comedy Statistics 2011 & 2012

	No. of Creative Staff 2011	No. of Creative Staff 2012
Entertainment		
First Time Irish Broadcasts on TV (Acts & Artists)	*	*
First Time Writers Commissioned	*	*
<i>Note: *Data is commercially sensitive and has been redacted.</i> <i>Source: RTÉ data provided to Indecon.</i>		

4.5.2 RTÉ Young People's Programming

2012 saw the continued development of RTÉ's three Young People's brands – *Two Tube*, *TRTÉ* and *RTÉjr* with emphasis on social media strategies to increase audience outreach and interaction. As is evident from the summary statistics in Table 4.9 below, RTÉ's Young People's programming supports creative talent both in-house and through the independent sector. The department's staff are young, creative and multi-skilled in self-editing and self-shooting production methodologies. The number of in-house directors, actors, and writers fell slightly but the number commissioned from the independent sector increased. A large number of in-house musicians performed for broadcast and recorded material for RTÉ Young People's Programming in 2012.

Table 4.9: RTÉ Young People's Programming Statistics 2011 & 2012

	No. of Creative Staff 2011	No. of Creative Staff 2012
Young People's Programming		
In-House Directors	*	*
IPU Directors	*	*
In-House Actors	*	*
IPU Actors	*	*
In-House Musicians	*	*
IPU Musicians		*
In-House Composers	*	*
In-House Writers	*	*
IPU Writers	*	*
<i>Note: *Data is commercially sensitive and has been redacted.</i> <i>Note: IPU = Independent Productions Unit.</i> <i>Source: RTÉ data provided to Indecon.</i>		

4.5.3 Other TV Programming Creativity

In 2012, RTÉ *Factual* employed 38 directors and 40 producers, many of whom received national and international awards/nominations of a creative nature. RTÉ religious programming has an in-house team which varies from eight to 15 staff members including an executive producer, two producer/directors, a reporter/presenter, an assistant producer/multi-camera director, a researcher, a broadcasting co-ordinator and a programme assistant. In addition to the in-house team, commissioned religious programming provided output in 2012 for two executive producers, two producers, one director and freelance cameramen, sound, light and editing technicians.

RTÉ Drama is a very important ongoing source of support for creative talent in-house and in the independent sector. In 2012, RTÉ transmitted a total of 12 hours of original, commissioned drama and 100 hours of in-house drama programming. In total, 54 actors worked on the commissioned drama *Love/Hate* and approximately 100 people were engaged in total in making the series. RTÉ's in-house drama *Fair City* employed 33 script writers and a team of 45 story writers in 2012. 13 of the script writers were new to television drama.

4.6 Measures taken by RTÉ Radio to Support the Creative Sector

Table 4.10 shows that in 2012, RTÉ Radio continued to support creative talent, particularly in the area of new writing for drama, comedy and documentary. However, the number of new music commissions dropped from 15 to nine which is reflective of the overall reduction in radio

commissioned hours observed earlier in this report. There was an increase in the total number of actors supported by RTÉ Radio in 2012 but a reduction in the number of writers across several genres.

Table 4.10: RTÉ Radio Creative Statistics 2011 & 2012				
	2011		2012	
Genre	Total	Including Commissions from /Appearances by Artists New to RTÉ Radio	Total	Including Commissions from /Appearances by Artists New to RTÉ Radio
Music Commissions	*	*	*	*
Actors	*	*	*	*
Drama Directors	*	*	*	*
Contributors	*	*	*	*
New Writing – Drama	*	*	*	*
New Writing – Comedy	*	*	*	*
New Writing – Prose, Poetry and Speech	*	*	*	*
New Writing – Documentary	*	*	-	-
Documentary Makers	-	-	*	*
Recordings	*	*	*	*
Producers			70 RTÉ in-house producers work across the schedules on Arts, Drama, Music and Entertainment.	
Musicians	An extensive body of musicians contributed to the breadth and scope of music coverage across the music schedule on the four FM channels and six (2011: seven) digital channels –four of which are dedicated music channels.			
<i>Note: *Data is commercially sensitive and has been redacted.</i>				
<i>Source: RTÉ data provided to Indecon.</i>				

Live music broadcasts are a means through which new creative talent can make an impact to the general public. In particular, Table 4.11 below shows that “Today with Pat Kenny”, “Arena” and the “John Murray Show” were important sources of live music broadcasts in 2012.

Table 4.11: Live Music Broadcasts on RTÉ Radio 1 2012				
	Total Outside Broadcasts	Live Broadcasts	With Live Music	Live Music in studio-based programmes
Today with Pat Kenny	*	*	*	*

Arts Specials	*	*	*	
Arena	*	*	*	*
In Concert	*	*	*	
Liveline	*	*	*	
Mooney	*	*	*	
The John Murray Show	*	*	*	*
The Business	*	*	*	
<i>Note: *Data is commercially sensitive and has been redacted.</i> Source: RTÉ Data.				

RTÉ Radio continued to support creative talent in 2012 through competitions as well as broadcasts and commissions. “Arena” broadcast two music sessions a week and circa 85% of musicians/groups were new or emerging talent performing material for the first time. “Arena” also showcases young poets of the age group of 20-30 as guests and poetry reviewers. RTÉ Radio drama spent a total of €131,406 and €72,633 on actor’s fees and playwright’s fees, respectively in 2012. RTÉ Radio drama also employed 139 actors, commissioned 29 new plays and commissioned four composers to write original music throughout the year. *Sunday Miscellany* broadcast 285 new scripts by 138 contributors. Of these contributors, 62 were new to the programme. A total of 1,249 short stories were entered into a competition for the best of new Irish writing through the *Francis MacManus Short Story Competition* in 2012 which was a record level of entries since the establishment of the competition in 1986.

The RTÉ Breakthrough Bursary RAAP was a series of bursaries awarded to emerging musical performances across a wide range of genres and in 2012 a total bursary of €24,500 was available to the winning entries. The RAAP Breakthrough Bursary 2012 shortlist was unveiled across RTÉ Radio’s four FM stations. Each shortlisted entry was given the opportunity to perform live on a flagship radio programme across one of the four RTÉ Radio stations.

4.1 RTÉ Orchestras, Quartet and Choirs 2012

During 2012, the RTÉ Performing Groups was renamed the ‘RTÉ Orchestras, Quartet and Choirs’ as part of a consultation process which involved improving their branding and marketing initiatives to improve their public impact.

In 2012, 337 performers were supported by these five ensembles of which 132 are full-time professional musicians. In the same year RTÉ’s Orchestras, Quartet and Choirs delivered 249 live performances to a total audience of 262,750 people. This represented an increase on 2011 when they performed 231 live concerts to an audience of 202,879 people. Concerts span a range of genres including contemporary music, opera, ballet, jazz etc., appealing to a wide audience.

The Orchestras, Quartet and Choirs collectively undertook 77 educational performances and workshops which promote creativity among the wider society.

85 original Irish soloists were showcased in concert by RTÉ in 2012. This is an opportunity for new artists to promote themselves and in which RTÉ can ensure new talent is being brought to the fore on an ongoing basis.

RTÉ Orchestras, Quartet and Choirs support the independent sector through the commissioning process. Composers were invited in 2012 to apply for RTÉ music commission through a public criteria-based process which resulted in six new commissions. RTÉ Orchestras, Quartet and Choirs presented four world premieres of RTÉ commissions in 2012 and four Irish composers were featured by the RTÉ National Symphony Orchestra. TV and radio broadcasts of RTÉ Orchestras, Quartet and Choirs performances can broaden the exposure of the new artists to an international audience.

Other initiatives in 2012 included a number of CD's recorded by the RTÉ Concert Orchestras (CO) and plans were made for the RTÉ inaugural conducting competition which sees the collaboration of RTÉ CO and Dublin Feis Ceoil and the inaugural New Music Dublin Festival in 2013.

Table 4.12 summarizes some key statistics relating to RTÉ Orchestras, Quartet and Choirs in 2012. The total number of performances in 2012 declined slightly but the number of live/public performances increased.

Table 4.12: Summary of RTÉ Orchestras, Quartet and Choirs 2011 & 2012		
Resources/Events	2011	2012
Total number of performers	340	337
Full time musicians	134	132
Public performances	187	202
Education related performances, workshops and talks	95	77
Original Irish works showcased	18	85 ¹³
Irish solo roles engaged in concert	98	-
World/Irish premieres	11	7
Voluntary singers	205	205
<i>Source: RTÉ data provided to Indecon.</i>		

4.2 Summary of Findings

A summary of some of the main findings from this section are as follows:

- ❑ RTÉ's statutory expenditure on television and radio programming in the independent sector totalled almost €39.27 million which was a slight increase on 2011. RTÉ, however, significantly reduced non-statutory expenditure on independent commissions from €8.6m in 2011 to €1.7m in 2012, reflecting a response to their decline in revenue.
- ❑ The total number of creative staff employed or contracted with RTÉ declined from 704 in 2011 to 662 in 2012.

¹³ 85 original Irish works showcased in 2012 were Irish soloists engaged in concert.

- ❑ RTÉ directly supported a total of 69 actors through its in-house drama *Fair City*. In 2012, the production of commissioned dramas resulted in RTÉ supporting 157 jobs in the independent production sector.
- ❑ In 2012, the total number of nominations received increased but the number of awards won declined significantly. RTÉ set out in 2012 to be shortlisted for at least 75 international awards and was shortlisted for 65.
- ❑ 12 acts were broadcast for the first time on TV with *The Saturday Night Show* and the *Saturday Night with Miriam* show. In total, there were 86 first-time Irish broadcasts on TV through RTÉ Entertainment compared with just 32 in 2011.
- ❑ In 2012, RTÉ transmitted a total of 12 hours of original, commissioned drama and 100 hours of in-house drama programming. In total, 54 actors worked on the commissioned drama *Love/Hate* and approximately 100 people were engaged in total in making the series. RTÉ's in-house drama *Fair City* in 2012 employed 33 script writers and a team of 45 story writers. Thirteen of the script writers were new to television drama.
- ❑ "Arena" radio show broadcast two music sessions a week and circa 85% of musicians/groups were new or emerging talent performing material for the first time.
- ❑ *Sunday Miscellany* radio show broadcast 285 new scripts by 138 contributors. Of these contributors, 62 were new to the programme.
- ❑ A total of 1,249 short stories were entered into a competition for the best of new Irish writing through the *Francis MacManus Short Story Competition* in 2012 which was a record level of entries since the establishment of the competition in 1986.
- ❑ The RTÉ Breakthrough Bursary *RAAP* was a series of bursaries awarded to emerging musical performances across a wide range of genres and in 2012 a total bursary of €24,500 was available to the winning entries. Each shortlisted entry was given the opportunity to perform live on a flagship radio programme across one of the four RTÉ Radio stations.
- ❑ In 2012, 337 performers are supported by RTÉ Orchestras, Quartet and Choirs of which 132 are full-time professional musicians. In the same year RTÉ's Orchestras, Quartet and Choirs delivered 249 live performances to a total audience of 262,750 people.

5 RTÉ Financial Performance

5.1 Introduction

This section reviews the financial performance of RTÉ. The financial outlook facing RTÉ in 2012 was one of the most fundamental challenges facing the organisation. During the year significant progress was made in reducing costs but actions to respond to the scale of the decline in revenue remain a key challenge.

5.2 Analysis of RTÉ Group Financial Statements 2008-2012

5.2.1 RTÉ Income

Total RTÉ revenue includes both commercial income and public funding in the form of licence fee revenue. Total revenue for the broadcaster continued in decline in 2012. Most of the commercial income earned by RTÉ is in the form of advertising revenue. The table shows that advertising income declined from €132.6 million in 2010 to €111.0 million in 2012. Licence fee revenue was €196.0 million in 2010 and €180.9 million in 2012.

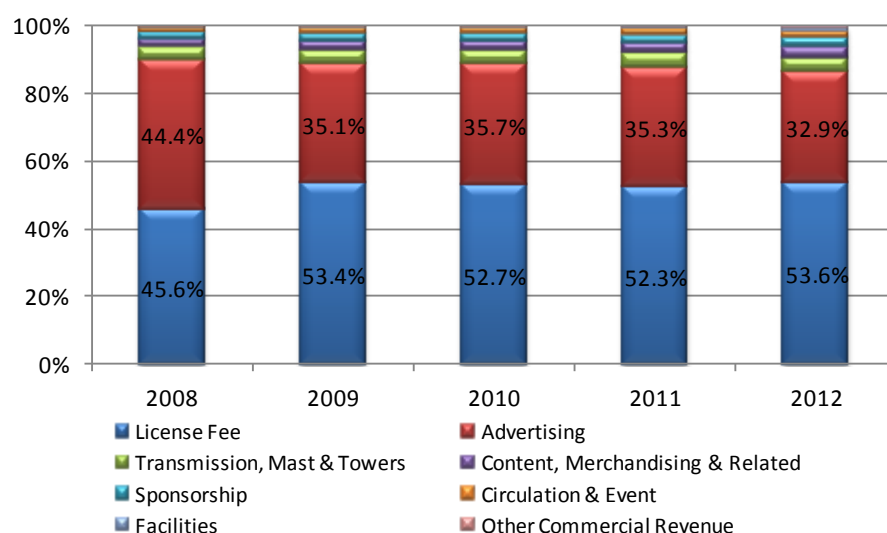
Table 5.1: Composition of RTÉ Group Income 2009-2012

	2009	2010	2011	2012	% Change 2011-2012
Source	€000s	€000s	€000s	€000s	
Advertising income	131,671	132,647	123,820	110,977	-10%
Sponsorship income	8,951	8,929	8,155	9,432	16%
Facilities income	1,773	1,814	2,562	3,519	37%
Circulation and event income	6,623	6,347	6,276	5,728	-9%
Transmission, mast and towers income	15,060	15,085	14,701	13,450	-9%
Content, merchandising and related sales	10,424	10,615	10,689	10,998	3%
Other commercial revenue	202	262	1,054	2,216	110%
Total Commercial Income	174,704	175,699	167,257	156,320	-7%
Licence Fee revenue	200,217	195,968	183,623	180,894	-1%
Total Revenue	374,921	371,667	350,880	337,214	-4%
% of Income from Commercial Income	46.60%	47.27%	47.67%	46.36%	
% of Income from Public Funding	53.40%	52.73%	52.33%	53.64%	

Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

Figure 5.1 reveals that the composition of RTÉ income is changing slightly. However, the organisation remains very dependent on licence fee income and advertising revenue.

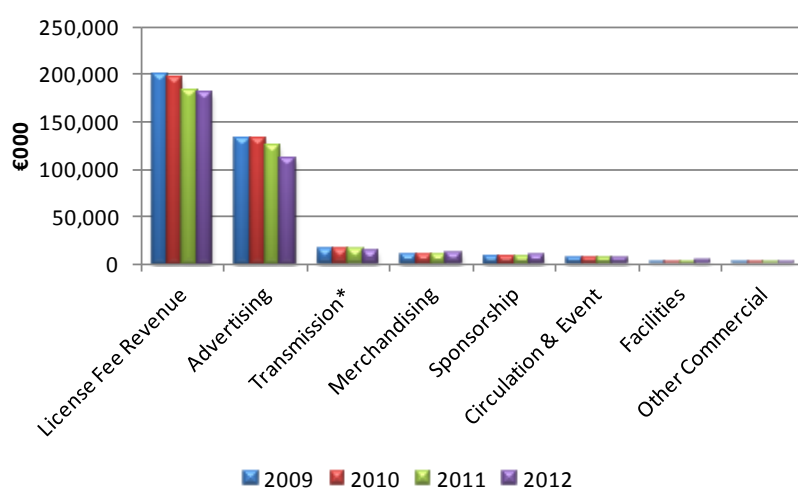
Figure 5.1: Composition of RTÉ Income 2008-2012 (Disaggregated)



Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

Figure 5.2 displays the trend in the individual sources of income which the broadcaster earns. It is evident that the largest sources, namely licence fee, advertising and transmission, have been following a downward trend. Other small sources of income such as sponsorship and merchandising increased in 2012.

Figure 5.2: RTÉ Trend in Income by Source 2009-2012



* Transmission includes mast and tower income.

Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

A breakdown of advertising revenue is shown in Table 5.2. The overall reduction in advertising revenue reflects reductions in both TV and radio advertising revenue.

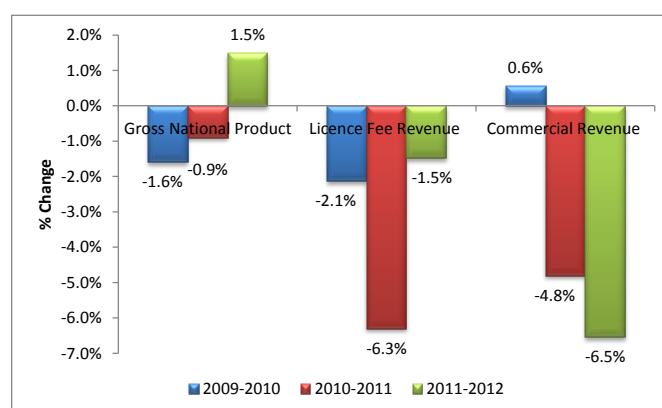
Table 5.2: RTÉ Advertising Revenue by Division 2009-2012

	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
TV	99,411	100,532	94,233	84,548
Radio	29,811	27,724	24,268	21,052
Performing Groups/orchestras	3	-	2	-
Publishing	4,104	5,704	- ¹⁴	-
Digital	-	-	4,552	4,535
All other segments	-	-	1,673	1,112
Consolidation Adjustments	-1,658	-1,313	-908	-270
Group total	131,671	132,647	123,820	110,977

*Note: Consolidation adjustments involve the elimination of intra-group revenue and costs at arm's length. Publishing includes online. **
Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

Figure 5.3 compares the drop in commercial income and licence fee income with the year-on-year trend in Gross National Product from 2009 to 2012. The declines of -1.5% in licence fee income and of -6.5% in commercial revenue were in contrast to the 1.5% growth in GNP for the Irish economy. The broadcaster's potential to earn commercial revenue is influenced by a range of factors including the reduction in disposable incomes, weak domestic demand and increasing competition in the advertising and wider broadcasting market. It is also influenced by RTÉ pricing policy and by trends in market share.

Figure 5.3: Trend in RTÉ Commercial Income, RTÉ Licence Fee Revenue and Gross National Product 2009-2012



Note: GDP = GDP at current market prices.

Source: Indecon analysis of RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures) and data from the CSO National Income and Expenditure Results for 2012.

A closer look at the performance of RTÉ television with that of other competing broadcasters in the wider advertising market is provided in Table 5.3. RTÉ's share of advertising expenditure has declined marginally and the largest gainer appears to be BSkyB.

¹⁴ The RTÉ Annual Report 2012 reflects a reorganisation. The 2011 figures have been restated to reflect this. The former Publishing division which previously recorded advertising revenue of €6,225,000 had advertising revenue from the RTÉ Guide and from online advertising. Online advertising is now included in the Digital division and RTÉ Guide advertising is now included in all other segments.

Table 5.3: RTÉ Share of TV Advertising Market among a selection of Broadcasters in the Republic of Ireland 2011 & 2012

	Expenditure 2011 - €	Share of Total Market 2011	Expenditure 2012 - €	Share of Total Market 2012
RTÉ Television	165,201,971	51.76%	147,094,545	49.06%
TV3 Television Network Ltd	91,563,356	28.69%	84,532,691	28.19%
Ulster TV (out of Dublin)	16,042,899	5.03%	14,575,138	4.86%
Bskyb	15,559,134	4.87%	19,863,238	6.62%
C4 (Out of Dublin)	13,396,499	4.20%	14,819,146	4.94%
Viacom	8,146,909	2.55%	9,888,194	3.30%
TG4	5,116,018	1.60%	4,960,263	1.65%
Discovery Communication Inc	1,680,270	0.53%	1,919,485	0.64%
Universal Channel UK	1,600,912	0.50%	1,486,423	0.50%
Setanta	884,407	0.28%	715,129	0.24%
Total	319,192,375	100%	299,854,252	100%

Note: These are estimates of relative advertising spend only, based on inventory sold at rate card prices. Revenue figures contained in the table greatly overstate the actual position, and are only reliable as an expression of market relativities. Figures extracted from AC Nielsen Ad Dynamix for 2012.

Source: figures extracted from AC Nielsen Ad Dynamix 2011 and 2012.

Table 5.4 presents an example of advertising costs issued by RTÉ for 2013 compared with that of 2012. It appears that there have been some price reductions in the maximum levels charged but also some increases in minimum levels. There have also been changes in the nature of discount systems implemented. The design of advertising pricing to maximise revenue taking account of different levels of price elasticity of demand and competition requirements requires careful attention.

Table 5.4: Fixed AB Prices Issues for 2012 (Average Jan-Dec) & 2013 (Average Jan-Aug)

	2012		2013	
	Min	Max	Min	Max
Adults 15+	5	11.67	5.37	9.55
Adults 15-24	59.35	141.53	64.57	117.10
Adults 15-34	23.42	55.76	24.84	44.58
Adults 25-44	18.81	43.03	18.90	33.88
Adults ABC1	17.62	41.65	18.42	32.55
Men 15+	12.08	28	12.88	22.05
Men 15-34	55.43	132.22	62.41	105.20
Men ABC1	42.81	101.7	45.19	77.71
Women 15+	8.53	20	9.20	16.86
Women 15-34	40.63	96.65	41.28	77.37
Women ABC1	29.88	71.74	31.10	56.04
Housekeepers	8.51	19.91	9.31	16.51
HK with Kids	37.46	86.98	37.72	73.52
HK ABC1	32.81	74.58	33.66	57.19
Children*	63.32	112.25	11.00	21.26
Adults 18-34**	26.23	63.41	27.89	51.55
Men 18-34**	59.02	154.1	68.60	118.72
Women 18-34**	47.3	109.74	46.98	91.12

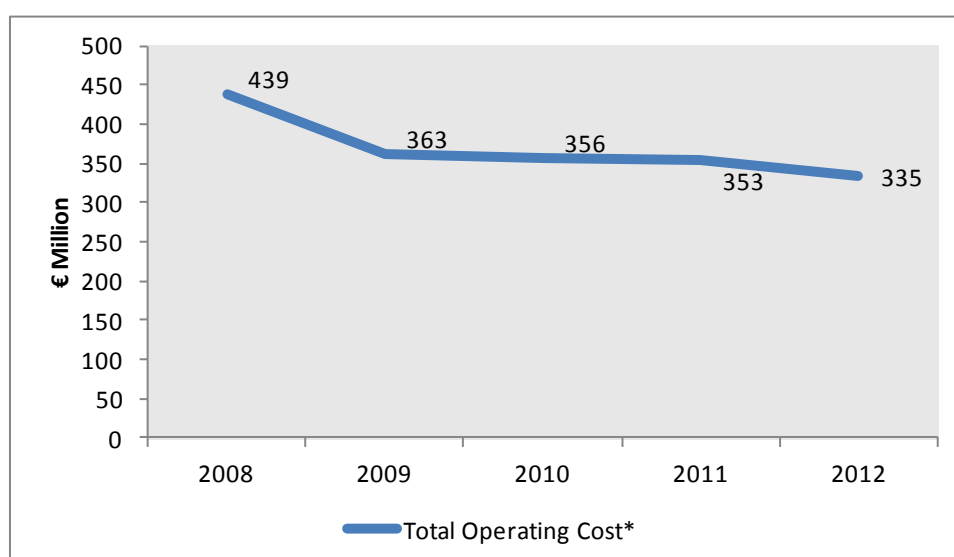
*Children prices in 2013 are for airtime bought in TRTÉ time. **These final three audiences are available for trading for trading for alcohol brands only. Costs are based on May-Aug universes as issues by Nielsen TAM. Costs are subject to change when universe figures for Sept to Dec are issued. These prices have been updated on a monthly basis for universe changes since September 2012. It should be noted that minimum, maximum are simple figures, and do not take into account strong seasonal variations in price and revenue.

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

5.2.2 RTÉ Costs

The trend in the RTÉ operating cost base (before depreciation, amortisation and restructuring) is shown in Figure 5.4. RTÉ has continued to implement year-on-year reductions in its operating cost base in response to the decline in funding. Since 2008 RTÉ has reduced its operating cost base by over €100 million. These savings were as a result of reducing costs in a range of areas such as staff costs and headcount, commissioning expenditure, contracting and other cost savings. Staff-related costs reductions achieved were part of a wider restructuring programme which included an Early Retirement and Redundancy Facility (ERRF) and a Voluntary Severance Facility (VSF), under which 350 staff members left RTÉ. RTÉ has identified the need for further restructuring of its cost base to be implemented. This is considered in Section 6 of this review.

Figure 5.4: Trend in RTÉ Operating Cost Base 2008-2012



*Before depreciation, amortisation and restructuring charges in 2009 and 2012.

Source: Indecon analysis of data from the RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures).

Table 5.5 shows the detailed trend in operating costs both excluding and including depreciation, amortisation and restructuring charges. Costs are also disaggregated by personnel-related and non-personnel-related costs. Personnel-related costs account for the larger proportion of total operating costs. Reductions in personnel-related operating costs were achieved in 2012 for the fourth consecutive year and in non-personnel related operating costs for the second consecutive year. RTÉ's employee costs were reduced by €12 million in 2012. RTÉ incurred a large restructuring charge of circa €46 million in 2012.

Table 5.5: Analysis of RTÉ Group Operating Costs 2009–2012 (Disaggregated)

	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
Employee Costs	161,294	152,955	152,926	141,017
Other Personnel Related Costs	34,103	33,667	35,559	32,878
Personnel Related Operating Costs	195,397	186,622	188,485	173,895
Direct Commissioned Programmes Costs	52,845	52,100	45,220	38,727
Direct Acquired Programme Costs	24,455	23,908	26,116	24,637
Sports and Other Copyrights	16,541	24,589	20,579	25,276
Outside Broadcast Contracts	6,142	6,770	7,056	6,001
Communication Circuits	3,320	3,544	3,316	4,083
RTÉ Guide Printing and Related Costs	2,378	2,152	1,977	1,666
Network Electricity	2,609	2,666	2,895	2,848
Music Licences	7,462	6,433	6,925	7,223
Insurance Policies	1,514	1,138	1,203	1,460
Other Third Party Costs	50,705	46,275	49,639	49,186
Non personnel Related Operating Costs (before depreciation and amortisation, restructuring and other charges)	167,971	169,575	164,926	161,107
Total Operating Costs (before depreciation and amortisation, restructuring and other charges)	363,368	356,197	353,411	335,002
Total Operating Costs	389,393*	376,597	369,521	352,506**

Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

Note: The 2009 and 2010 figures have been reclassified in order to reconcile with the presentation used in the 2012 Annual Report

**Before exceptional item – restructuring charge in 2009 = €11,341,000.*

*** Before exceptional item – restructuring charge in 2012 = €46,161,000.*

Table 5.6 looks at the components of RTÉ operating costs as a share of total operating costs. After employee costs, programming costs account for the largest share of total operating costs. Reductions in commissioned programming costs were recorded in 2012 as RTÉ significantly reduced non-statutory expenditure on commissions. Personnel-related operating costs accounted for almost 52% of total operating costs in 2012.

Table 5.6: RTÉ Components of Operating Costs % Share 2009-2012

Source	% Share			
	2009	2010	2011	2012
Employee Costs	44.4%	42.9%	43.3%	42.09%
Other Personnel Related Costs	9.4%	9.5%	10.1%	9.81%
Personnel Related Operating Costs	53.8%	52.4%	53.3%	51.91%
Direct Commissioned Programmes Costs	14.5%	14.6%	12.8%	11.56%
Direct Acquired Programme Costs	6.7%	6.7%	7.4%	7.35%
Sports and Other Copyrights	4.6%	6.9%	5.8%	7.55%
Outside Broadcast Contracts	1.7%	1.9%	2.0%	1.79%
Communication Circuits	0.9%	1.0%	0.9%	1.22%
RTÉ Guide Printing and Related Costs	0.7%	0.6%	0.6%	0.50%
Network Electricity	0.7%	0.7%	0.8%	0.85%
Music Licences	2.1%	1.8%	2.0%	2.16%
Insurance Policies	0.4%	0.3%	0.3%	0.44%
Other Third Party Costs	14.0%	13.0%	14.0%	14.68%
Non personnel Related Operating Costs (before depreciation and amortisation and restructuring charge)	46.2%	47.6%	46.7%	48.09%
Total (before depreciation and amortisation and restructuring charge)	100%	100%	100%	100%

Note: Share calculated as a percentage of total operating costs before depreciation and amortisation.
Source: Indecon analysis of data from the RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures).

Despite the cost reductions achieved, total operating costs (before the restructuring charge) exceeded revenue for the fourth consecutive year in 2012. Further restructuring of RTÉ's cost base is needed and this is reflected in RTÉ's internal plans for 2013.

Table 5.7: RTÉ Cost-Income Ratio 2009-2012

	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
Total Revenue/Income	374,921	371,667	350,880	337,214
Total Operating Costs (after depreciation & Amortisation, before restructuring charge)	389,393	376,597	369,521	352,506
Cost-Income Ratio (%)	103.9%	101.3%	105.3%	104.53%

Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

5.3 RTÉ Deficit

The RTÉ group income statement shown in Table 5.8 reveals that the broadcaster restructuring charge of almost €46.2 million is a significant factor contributing to the large operating deficit of €65.1m recorded in 2012. However, even excluding this restructuring charge there remains a significant gap between revenues and costs.

Table 5.8: RTÉ Group Income Statement 2009-2012				
	2009	2010	2011	2012
	€000s	€000s	€000s	€000s
Continuing Operations				
Revenue	374,921	371,667	350,880	337,214
Operating costs (before depreciation, amortisation, restructuring and other charges)	-389,393	-376,597	-353,411	-335,002
EBITDA¹⁵ (before restructuring and other charges)	-14,472	-4,930	-2,531	2,212
Depreciation and amortisation	-26,025	-20,400	-16,110	-17,504
Restructuring and other charges	-11,341	-	-	-46,161
Results from Operating Activities after restructuring and other charges	-51,838	-25,330	-18,641	-61,453
Net Finance (expense)/income	-1,649	1,118	2,442	-3,737
Deficit Before Income Tax	-53,487	-24,212	-16,199	-65,190
Income Tax (expense)/credit	-339	-850	-561	43
(Deficit)/Surplus for the Year	-53,826	-25,062	-16,760	-65,147
<i>Note: The 2009 and 2010 figures have been reclassified in order to reconcile with the presentation used in the 2012 Annual Report. Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.</i>				

The RTÉ group income and expenditure presented in Table 5.9 shows that the broadcaster recorded a deficit of almost €17.7 million before the restructuring charge and pension related finance expense in 2012.

¹⁵ EBITDA: Earnings (Operating Profit / (Loss)) before Interest, Tax, Depreciation and Amortisation.

Table 5.9: Consolidated Group Income and Expenditure Statement for RTÉ 2009 - 2012

	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
Revenue				
Advertising income	131,671	132,647	123,820	110,977
Sponsorship income	8,951	8,929	8,155	9,432
Facilities income	1,773	1,814	2,562	3,519
Circulation and event income	6,623	6,347	6,276	5,728
Transmission, mast and towers income	15,060	15,085	14,701	13,450
Content, merchandising and related sales	10,424	10,615	10,689	10,998
Other commercial revenue	202	262	1,054	2,216
Commercial revenue	174,704	175,699	167,257	156,320
Licence Fee revenue attribution	200,217	195,968	183,623	180,894
	374,921	371,667	350,880	337,214
Costs by output category				
<i>Programme costs - by source</i>				
In-house productions	-209,166	-200,196	-200,319	-192,000
Statutory commissions	-37,222	-40,164	-39,552	-38,128
Non - statutory commissions	-22,857	-17,408	-10,589	-3,754
Indigenous programming	-269,245	-257,768	-250,460	-233,882
Acquired programmes - Ireland	-391	-650	-902	-834
Acquired programmes - Overseas	-24,975	-23,849	-24,184	-25,179
	-294,611	-282,267	-275,546	-259,895
General broadcast and transmission costs	-46,093	-46,257	-44,509	-44,966
RTÉ NL transmission and power charges	-	-	-	-
Sales costs	-9,404	-9,795	-9,263	-8,984
Other output related costs	-35,407	-34,244	-34,189	-35,152
Total	-385,515	-372,563	-363,507	-348,997
Unallocated revenues and costs				
Corporate HQ	-3,914	-4,119	-4,503	-4,881
Interest Payable	-625	-650	-1,134	-2,145
Interest Receivable	1,826	1,737	1,845	1,148
IBD Surplus/(Deficit)	-13,307	-3,928	-16,419	-17,661
Net defined benefit pension related finance income / expense	-2,814	116	220	-1,368
Restructuring charge	-11,341			-46,161
Deficit/Surplus before Income Tax	-27,462	-3,812	-16,199	65,190
Income tax	-339	-850	-561	43
Deficit/Surplus for the Year	-27,801	-4,662	-16,760	-65,147

Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.
Note: 2011 figures were re-stated in the 2012 Annual Report.

RTÉ's operating deficit (before the restructuring charge) is reflected in the negative net cash from operating activities of -€22.06 million in 2012 as shown in Table 5.10 below.

Table 5.10: Consolidated Group Cash Flow for RTÉ 2009-2012

	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
Cash Flows from Operating Activities				
Surplus/Deficit for the year	-27,801	-4,662	-16,760	-65,147
Adjustments for:				
Restructuring charge	11,341	-	-	46,161
Depreciation of property, plant and equipment	24,537	18,548	14,585	16,072
Amortisation of intangible assets	1,488	1,852	1,525	1,432
Loss/(gain) on disposal of property, plant and equipment	49	5	-23	-6
Difference between pension charge and cash contributions	1,485	1,321	1,113	-4,821
Net finance (expense) income	1,649	-1,118	-2,442	3,737
Income tax (credit)/expense	339	850	561	-43
Total	13,087	16,796	-1,441	-2,615
Change in inventories and related inventory payables	-1,557	4,390	-1,203	1,909
Change in trade and other receivables	14,637	-982	2,135	2,482
Change in prepayments	-3,071	57	-1,160	420
Change in provisions and trade and other payables	476	-1,399	-3,639	3,284
Change in taxation and social welfare	1,588	127	-1,287	-2,398
Change in employee benefits	-15,837	-4,508	-11,070	-25,143
Net Cash from Operating Activities	9,323	14,481	-17,665	-22,061
Cash Flows from Investing Activities				
Interest received	1,764	1,620	2,033	1,019
Proceeds from sale of property, plant and equipment	64	35	29	15
Acquisition of property, plant and equipment	-19,342	-11,449	-21,785	-13,163
Acquisition of intangible assets	-1,228	-318	-1,343	-1,684
Net Cash used in Investing Activities	-18,742	-10,112	-21,066	-13,813
Cash Flows from Financing Activities				
Proceeds from borrowings*	-	-	38,250	15,000
Interest Paid	-	-	-	-1,746
Restricted cash**	-	-	-2,000	-1,000
Decrease/(increase) in liquid investments	-41,718	4,536	13,981	6,990
Net Cash from Financing Activities	-41,718	4,536	50,231	19,244
Net increase/(decrease) in cash and cash equivalents	-51,137	8,905	11,500	-16,630
Cash and cash equivalents at 1 January	68,267	17,130	26,035	37,535
Cash and Cash Equivalents at 31 December	17,130	26,035	37,535	20,905
Note: 2011 figures were re-stated in the 2012 Annual Report.				
*On 22 December 2010, RTÉNL entered into a five year project loan facility agreement amounting to €38.25 million.				
**In accordance with the Barclay's project loan facility entered into on 22 December 2010 (see note above), the Group was obliged to pay €2 million into a restricted cash account as at 31 December 2011.				
Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.				

RTÉ recorded a reduction in net assets in 2012 following a slight increase in 2011. The details are presented in Table 5.11.

Table 5.11: RTÉ Consolidated Group Balance Sheet 2009-2012

	2009	2010	2011	2012
Source	€000s	€000s	€000s	€000s
ASSETS				
Non-Current Assets				
Property, plant and equipment	98,286	92,115	100,248	96,591
Intangible assets	4,711	3,329	3,681	4,348
Pension asset	9,208	3,861	664	746
Restricted cash	-	-	2,000	3,000
Derivative financial instruments	-	-	239	-
Deferred tax assets	-	474	348	400
Other receivables	503	338	208	87
Total Non-Current Assets	112,708	100,117	107,388	105,172
Current Assets				
Inventories	37,156	35,663	37,044	33,936
Trade and other receivables	38,620	39,778	37,763	35,402
Prepayments and accrued income	14,654	14,720	15,779	15,524
Derivative financial instruments	-	-	1,004	-
Liquid investments	41,718	37,182	23,201	16,211
Cash and cash equivalents	17,130	26,035	37,535	20,905
Total Current Assets	149,278	153,378	152,326	121,978
Total Assets	261,986	253,495	259,714	227,150
EQUITY				
Retained earnings	145,435	137,299	70,838	-127
Cash flow hedge reserve	-	-	-2,338	-2,807
Total Equity	145,435	137,299	68,500	-2,934
LIABILITIES				
Non-Current Liabilities				
Interest-bearing loans and borrowings	-	-	38,250	51,375
Employee benefits	14,879	12,805	9,231	24,731
Pension liability	-	-	47,797	47,086
Derivative financial instruments	-	-	1,926	2,088
Deferred tax liabilities	969	-	-	-
Total Non-Current Liabilities	15,848	12,805	97,204	125,280
Current Liabilities				
Interest-bearing loans and borrowings	-	-	-	1,875
Trade and other payables	65,115	67,848	71,629	76,246
Taxation and social welfare	10,282	12,034	10,448	8,002
Derivative financial instruments	184	268	746	1,249
Employee benefits	19,332	17,549	11,187	17,432
Provisions	5,790	5,692	-*	-
Total Current Liabilities	100,703	103,391	94,010	104,804
Total Liabilities	116,551	116,196	191,214	230,084
Total Equity and Liabilities	261,986	253,495	259,714	227,150

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

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

Source: RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures), Indecon Analysis.

5.4 RTÉ Actual Versus Budgeted Income & Expenditure

In this section we review the financial performance of RTÉ versus budget for 2012 and the latest budget figures for 2013. We also look at a summary of the five-year costed plan that RTÉ submitted as part of the five-year public funding review.

At the end of 2012, total revenue marginally exceeded the final budget amount. However, budget figures for revenue were revised throughout the year when revenue was falling short of expectations. Personnel-related operating costs amounted to less than final budget for 2012 but non-personnel-related costs exceeded budget. Overall total operating costs exceeded budget by approximately €4 million.

Table 5.12: RTÉ Income & Expenditure Actual Vs Budget 2012 - 2013

	Final Budget 2012	Actual 2012	Budget 2013
	€000s	€000s	€000s
Commercial Income	*	156,320	*
Licence Fee Income	*	180,894	*
Total Revenue	*	337,214	*
	*		*
Personnel Related Operating Costs	*	173,895	*
Non-personnel Related Operating Costs	*	161,107	*
Total Operating Costs*	*	335,002	*
E.B.I.T.D.A.	*	2,212	*
Amortisation/Depreciation	*	-17,504	*
Interest Receivable/(Payable)	*	-2,369	*
Surplus/(Deficit) before restructuring Provision and Net Defined Benefit Pension Related Finance Income/(Expense)	*	-17,661	*
Restructuring provision	*	-46,161	*
Net Defined Benefit Pension Related Finance Income/(Expenditure)	*	-1,368	*
Tax	*	43	*
Net Surplus/(Deficit)	*	-65,147	*

*Note: *Data is commercially sensitive and has been redacted.*
**Before depreciation, amortisation, restructuring and other charges.*
Note: The 2009 and 2010 figures have been restated in order to reconcile with the reporting method used in the 2012 Annual Report.
Source: RTÉ Budget 2013.

The base case scenario for the RTÉ five-year costed strategic plan is presented overleaf. In this case RTÉ predicts a year-on-year decline in television revenue of approximately 1-2% with increased digital choice and reduced audience share. The advertising market is expected by RTÉ to continue to decline in 2013 and some small growth is expected thereafter with reductions in unemployment in the economy and increases in consumption. It is expected that the radio advertising market will stabilise after 2014 and growth in radio revenue is expected. Digital revenues are seen as a promising source for RTÉ and it is expected they will account for approximately 15% of commercial revenue by 2015. Licence fee income is expected in this RTÉ submission to increase due to increases in CPI and an increase in the efficiency of collection and reduced evasion.

Pay-related operating costs are forecast by RTÉ to increase slightly due to the cost of increments and wage inflation. The broadcaster has reduced acquired spending in 2013 and plans to maintain this for the period. The base case scenario predicts an operating surplus from 2013 onwards for the broadcaster which is expected to grow to €9 million by 2017.

In the event that there is no licence fee collection efficiency/reduced evasion gains and no increase due to licence fee, RTÉ indicates that Scenario 1 will be implemented where this loss will be compensated for by additional content and service cuts. The predicted net surplus is set to remain the same as the base case scenario for every year except 2017, where it is predicted that the net surplus would be €7 million.

Table 5.13: RTÉ 5-Year Indicative Projections for Costed Strategic Plan 2013-2017

	Base Case Scenario – maintain current levels of output and service 2013					Scenario 1 – Reduced Licence Fee Income				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
	€'M	€'M	€'M	€'M	€'M	€'M	€'M	€'M	€'M	€'M
Commercial Revenue	*	*	*	*	*	*	*	*	*	*
Licence Fee Income	*	*	*	*	*	*	*	*	*	*
Licence Fee Collection Efficiency/ Reduced Evasion	*	*	*	*	*	*	*	*	*	*
Total Revenue	*	*	*	*	*	*	*	*	*	*
PROC's	*	*	*	*	*	*	*	*	*	*
Non PROC's	*	*	*	*	*	*	*	*	*	*
Cost Efficiencies	*	*	*	*	*	*	*	*	*	*
Special Event Cost	*	*	*	*	*	*	*	*	*	*
Content & Service Cuts	*	*	*	*	*	*	*	*	*	*
Total Operating Costs	*	*	*	*	*	*	*	*	*	*
EBITDA	*	*	*	*	*	*	*	*	*	*
Amortisation/Depr /Interest/Tax/Net Defined Benefit	*	*	*	*	*	*	*	*	*	*
Restructuring Provision	*	*	*	*	*	*	*	*	*	*
Net Surplus (Deficit)	*	*	*	*	*	*	*	*	*	*

*Note: *Data is commercially sensitive and has been redacted.*
Source: RTÉ Outline Projections 2013 to 2017.

Scenario 2 builds on Scenario 1 above with an assumption of commercial revenue being reduced further by 5% compared with the base case. This will require additional content and service cuts over and above Scenario 1. Net surplus in Scenario 2 is predicted to equal net surplus for Scenario 1 across the five-year period.

In Scenario 3, income from the TV licence fee is assumed to increase. In this scenario additional content and service expenditure would be provided. This would result in higher net surpluses for the years 2014 and 2015, but lower net surpluses further into the future.

Table 5.14: RTÉ 5-Year Indicative Projections for Costed Strategic Plan 2013-2017 (Continued)

	Scenario 2 – Reduced Licence Fee Income plus Reduced Commercial Income					Scenario 3 – Increased Licence Fee Income				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
	€'M	€'M	€'M	€'M	€'M	€'M	€'M	€'M	€'M	€'M
Commercial Revenue	*	*	*	*	*	*	*	*	*	*
Licence Fee Income*	*	*	*	*	*	*	*	*	*	*
Licence Fee Collection Efficiency/ Reduced Evasion	*	*	*	*	*	*	*	*	*	*
Additional Public Funding**	*	*	*	*	*	*	*	*	*	*
Total Revenue	*	*	*	*	*	*	*	*	*	*
PROC's	*	*	*	*	*	*	*	*	*	*
Non PROC's	*	*	*	*	*	*	*	*	*	*
Cost Efficiencies	*	*	*	*	*	*	*	*	*	*
Special Event Cost	*	*	*	*	*	*	*	*	*	*
Additional Content & Service Cuts/Expenditure	*	*	*	*	*	*	*	*	*	*
Total Operating Costs	*	*	*	*	*	*	*	*	*	*
EBITDA	*	*	*	*	*	*	*	*	*	*
Amortisation/Depr /Interest/Tax/Net Defined Benefit	*	*	*	*	*	*	*	*	*	*
Restructuring Provision	*	*	*	*	*	*	*	*	*	*
Net Surplus (Deficit)	*	*	*	*	*	*	*	*	*	*

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

*Licence income represents licence income at current levels for Scenario 3.

**Shown net of any possible reduction in commercial revenue, which may arise following a revaluation of RTÉ's commercial activities

Source: RTÉ Outline Projections 2013 to 2017.

RTÉ's five-year costed strategic plan predicts a growing operating surplus for the period from 2013 to 2017 despite the possible challenges of reduced commercial revenue. The scenarios presented by RTÉ are a useful input to BAI detailed assessment of the implications of different funding outlooks.

5.5 Summary of Findings

- ❑ Advertising income declined from €132.6 million in 2010 to €123.8 million in 2011 and declined by a further €13 million to €110.9 million in 2012.
- ❑ Licence fee revenue was €195.9 million in 2010, €183.6 million in 2011 and €180.9 million in 2012.
- ❑ Since 2008 RTÉ has reduced its operating cost base by over €100 million.
- ❑ RTÉ's employee costs were reduced by €12 million in 2012.
- ❑ Reductions in commissioned programming costs were recorded in 2012 as RTÉ significantly reduced non-statutory expenditure on commissions.
- ❑ The RTÉ group income statement reveals that the broadcaster's restructuring charge of almost €46.2 million is a significant factor contributing to the large operating deficit of €65.1m recorded in 2012.
- ❑ RTÉ group income and expenditure statement shows that the broadcaster recorded a deficit of almost €17.7 million before the restructuring charge and pension related finance expense in 2012.
- ❑ RTÉ's operating deficit (before the restructuring charge) is reflected in the negative net cash from operating activities of -€22.06 million in 2012.
- ❑ RTÉ's five-year costed strategic plan predicts a growing operating surplus for the period from 2013 to 2017 income but this is dependent on increases in licence fee and continued cost reductions.

6 Efficiency, Value for Money and Adequacy of Funding

6.1 Introduction

In this section, we review RTÉ's efficiency and value for money. This is examined via a detailed analysis of programming expenditure and cost per hour for in-house, commissioned and acquired programming. RTÉ's efficiency with regards to human resources and staff costs is analysed, as well as RTÉ's cost reducing measures. This analysis also considers Indecon's evaluation of adequacy of funding for RTÉ and whether RTÉ is compliant with EU guidelines on the maintenance of surpluses.

Audience perceptions of value for money are examined via RTÉ's Corporate Brand Tracking Research survey. The majority (60%) of respondents in 2012 agreed with the statement that RTÉ represented "good value for money", demonstrating that RTÉ has maintained its audience perception score of value for money between 2011 and 2012. However, in Indecon's view this is not an adequate measure on its own of the efficiency or otherwise of RTÉ.

6.2 Cost of Programming

The cost of programming is one element of RTÉ's value for money and efficiency. It is, however, important that RTÉ continue to invest in new programming content including commissions from the independent production sector.

6.2.1 Overview

Table 6.1 provides an overview of RTÉ's total costs by output category for the period 2009 to 2012. Total costs have declined by 9.5% across the four-year period in question. Expenditure on in-house productions has reduced year-on-year, declining by 8.2% across 2009 to 2012, and by 4.2% between 2011 and 2012. Expenditure on statutory commissions in 2012 exceeded 2009 expenditure, but represented a decline of 3.6% on 2011 expenditure. The greatest reduction in programming expenditure has been on non-statutory commissions, which has declined by 84% across 2009 to 2012, and reduced by 65% between 2011 and 2012.

Table 6.1 also demonstrates that expenditure on in-house productions accounts for over half of total output costs on average across the four-year period examined. General broadcast and transmission costs account for the next largest component of total costs, followed by expenditure on statutory commissions at 10.5% on average. Expenditure on non-statutory commissions accounted for 5.9% of total output costs in 2009 and declined to 1.1% as a proportion of total output costs in 2012.

Table 6.1: RTÉ Total Costs by Output Category 2009-2012

	2009	2010	2011	2012	Average % of Total Costs 2009-2012	% Change 2009- 2012
Source	€000	€000	€000	€000	%	%
In-house Productions	209,166	200,196	200,319	192,000	54.5%	-8.2%
Statutory Commissions	37,222	40,164	39,552	38,128	10.5%	2.4%
Non-Statutory Commissions	22,857	17,408	10,589	3,754	3.7%	-83.6%
Acquired Programmes (Ireland)	391	650	902	834	0.2%	113.3%
Acquired Programmes (Overseas)	24,975	23,849	24,184	25,179	6.7%	0.8%
General Broadcast and Transmission	46,093	46,257	44,509	44,966	12.4%	-2.4%
RTENL Transmission and Power	-	-	-	-	0.0%	-
Sales Costs	9,404	9,795	9,263	8,984	2.5%	-4.5%
Other Output Related Costs	35,407	34,244	34,189	35,152	9.5%	-0.7%
Total Costs	385,515	372,563	363,507	348,997		-9.5%

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

Source: Indecon analysis of data from the RTÉ Annual Reports 2009, 2010, 2011 & 2012 (most recently published figures).

6.2.2 RTÉ Television Programming Costs

This subsection examines RTÉ Television programming costs. Costs and costs per hour are evaluated for in-house, commissioned and acquired programming on RTÉ Television.

RTÉ Television In-house Programming Costs

When examining cost per hour for individual programmes it is useful to consider commercial hours. A commercial hour is the programme duration plus the commercial minutes around the programme. The broadcast hours are based on transmitted hour run times.

Table 6.2 examines costs and cost per hour for in-house productions on RTÉ One and Two for 2011 and 2012. A reduction in expenditure and the number of hours produced for in-house programming was implemented for RTÉ One in 2012. Expenditure on RTÉ Two increased along with the total number of output hours. The cost per hour of in-house programming decreased for both channels.

Total in-house output hours on RTÉ Television increased between 2011 and 2012 while total costs reduced, leading to a decline in cost per output hour from €* to €*.

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

Table 6.2: RTÉ First-Run Indigenous In-house Production Costs and Cost per Hour by Channel 2011 & 2012

Channel	Hours	Total Cost €	Cost per Hour €000	Hours	Total Cost €	Cost per Hour €000
	2011			2012		
RTÉ One	*	*	*	*	*	*
RTÉ Two	*	*	*	*	*	*
Online	*	*	*	*	*	*
Total	*	*	*	*	*	*

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

Note 1: Under RTÉ's accounting policy programme overheads incurred in respect of programmes not transmitted are not included in year-end inventory. They therefore appear in the year of production or commissioning even where the direct cost, direct labour and hours appear in the year of transmission. As the process is ongoing these items should be taken into account when estimating cost per hour.

Note 2: Accounts prepared on the accruals basis require the estimation of costs related to a programme, which have not been finally invoiced and settled at the end of the accounting year. Differences between year-end estimates and final settlement can give rise to an apparent negative in a subsequent year. As this is an ongoing feature of the accounting process these negative amounts should be included in calculating cost per hour estimations. **Note 3:** Taking note 1 and note 2 into consideration and given that Indecon was provided with data on a sample basis for the calculation of in-house programming in 2010 (the sample did not include negative costs) a comparison of the cost per hour estimations for 2011 and 2012 with that of 2010 would not be an accurate or appropriate exercise.

Note 3: The increase in costs per hour for RTÉ two is due to the Olympics and European Cup.

Source: Indecon Analysis of RTÉ Data.

Total in-house programming costs are presented by genre in Figure 6.1 below. Expenditure on sports programming accounts for the greatest proportion of total in-house television programming costs. This is followed by news, drama, entertainment, current affairs, factual and young people's programming. In-house programming expenditure on religious programming, arts, music, weather and Euronews accounts for a very small proportion of total in-house expenditure. Reductions in total expenditure were recorded for every genre except sport, which saw an increase.

Figure 6.1: RTÉ Indigenous In-House Television Programming Costs by Genre, 2012

*

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

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

Source: Indecon analysis of RTE data.

The average cost per hour of in-house productions is examined disaggregated by genre for 2012 in Figure 6.2. Drama/soaps represents the most costly in-house produced programming per hour, followed by factual, entertainment, arts, sport and current affairs.

Figure 6.2: RTÉ Indigenous In-House Television Programming Average Cost per Hour by Genre, 2012

*

*Note: *Data is commercially sensitive and has been redacted.**Source: Indecon analysis of RTÉ data.***RTÉ Television Commissioned Programming Costs**

Table 6.3 presents the total value and hours of programmes commissioned in 2012. RTÉ commissioned 602 hours of television programming in 2012 which resulted in a slight decrease in expenditure compared with 2011. The cost per hour of programming in 2012 increased but aggregate figures are likely to reflect differences in content.

Table 6.3: RTÉ New Commissioned Programmes 2011 & 2012 – Total Value of New Commissions

Year	Value of Commissions	Hours	Cost per Hour
2011	€41,773,685	646	€64,686
2012	€39,863,092	602	€66,226

Note: Figures are the total value of all new commissions contracted by RTÉ in 2012. Value excludes non-recoverable VAT, excludes awards and schemes which are shown separately in the IPU Annual Report. Figures agree to IPU Annual Report Schedules 4, 5, & 6.

Source: RTÉ Data.

Table 6.4 examines the total value of new commissions. This excludes development costs and other related programme costs such as presenter costs. Total expenditure declined to €37.4 million but there was an increase in cost per hour from €61.1k to €62.1k.

Table 6.4: RTÉ New Commissioned Programmes 2011 & 2012 – Total Value of New Commissions (excludes spend which does not generate broadcasts)

Year	Value of Commissions	Hours	Cost per Hour
2011	€39,483,231	646	€61,139
2012	€37,426,781	602	€62,178

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

Source: RTÉ Data.

Figure 6.3 reveals the reduction in the total value of new commissions in 2012. A reduction in expenditure on commissioned drama programming with a slight increase in the number of hours commissioned resulted in a significant reduction in the cost per hour of drama (see figures below and overleaf).

Figure 6.3: RTÉ Commissioned Television Programming Cost by Genre, 2011 & 2012 Contracted Programming

*

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

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

Source: Indecon analysis of RTÉ data.

As discussed above, 2012 saw a large reduction in the cost per hour of commissioned programming in the drama genre. Increases were observed in the cost per hour of lifestyle & daytime, education and music commissioned programming. Commissioned costs per hour in the other genres decreased.

Figure 6.4: RTÉ Commissioned Television Programming Cost per Hour by Genre, 2011 & 2012 Contracted Programming

*

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

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

Source: Indecon analysis of RTÉ data.

RTÉ Television Acquired Programming Costs

Figure 6.5 presents RTÉ expenditure on Irish and international acquisitions in 2011 and 2012. Expenditure on acquired programming increased in 2012. Drama expenditure comprised 78% of total acquired programming expenditure in 2012.

Figure 6.5: RTÉ Cost by Genre for Acquired Irish and Acquired International Television Programming 2011 & 2012

*

Source: Indecon analysis of RTÉ data.

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

*Religion programming amounted to €832 in 2011.

Note: Sport has been excluded from the cost analysis. 2. News & C/A refers to Euronews. Euronews is categorised at acquired hours in broadcast hours but not included as an acquired cost. It is classified as in-house spend. RTE is one of 21 public broadcasters who hold shares in Euronews SA (the provider). RTE, in common with other shareholders contributes material to Euronews and pays a licence fee for Euronews SA, giving RTE access to Euronews material for transmission on RTE services. Considering RTE's involvement as a shareholder and contributing member, and the public service nature of the Euronews service, it is classified differently to programming for which RTE obtains the Irish rights on commercial terms from third parties. Drama includes feature films and comedies. Some movies are categorised as Young People's programmes and not drama. A small number of acquired programmes are listed with no cost associated with them. There are some situations when no cost is attributed to a transmission. This can occur whereby in accordance with RTÉ's accounting policy no element of cost is attributed to third runs, or no charge is made by the supplier for the content, or free showings are provided for the content. Costs of programming include operational overheads and attributable foreign currency gains and losses.

Source: Indecon analysis of RTÉ data.

The cost per hour of acquired programming increased for all genres, excluding music.

Figure 6.6: RTÉ Acquired Irish and Acquired International Programming Average Cost per Programme/Actual Hour by Genre 2011 & 2012

*

Source: Indecon analysis of RTÉ data.

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

*Religion programming amounted to €832 in 2011.

Note: Sport has been excluded from the cost analysis. 2. News & C/A refers to Euronews. Euronews is categorised at acquired hours in broadcast hours but not included as an acquired cost. It is classified as in-house spend. RTE is one of 21 public broadcasters who hold shares in Euronews SA (the provider). RTE, in common with other shareholders contributes material to Euronews and pays a licence fee for Euronews SA, giving RTE access to Euronews material for transmission on RTE services. Considering RTE's involvement as a shareholder and contributing member, and the public service nature of the Euronews service, it is classified differently to programming for which RTE obtains the Irish rights on commercial terms from third parties. Drama includes feature films and comedies. Some movies are categorised as Young People's programmes and not drama. A small number of acquired programmes are listed with no cost associated with them. There are some situations when no cost is attributed to a transmission. This can occur whereby in accordance with RTÉ's accounting policy no element of cost is attributed to third runs, or no charge is made by the supplier for the content, or free showings are provided for the content. Costs of programming include operational overheads and attributable foreign currency gains and losses.

The analysis of RTÉ Television programming costs reveals that total expenditure on in-house and commissioned programming declined between 2011 and 2012, while acquired programming expenditure slightly increased. Drama demonstrated the highest cost per hour across in-house,

commissioned and acquired programming in 2012. Increases in cost per hour for drama were observed for in-house and acquired programming.

6.2.3 Radio Programming Costs

In this subsection, we examine programming costs and cost per hour on RTÉ Radio. In-house programming accounted for over 99% of total radio broadcast hours.

RTÉ Radio In-house Programming Costs

Expenditure on RTÉ in-house radio programming costs was reduced significantly in 2012. This reduction was composed of a slight decrease in labour and indirect costs combined with a large decrease in direct programme costs.

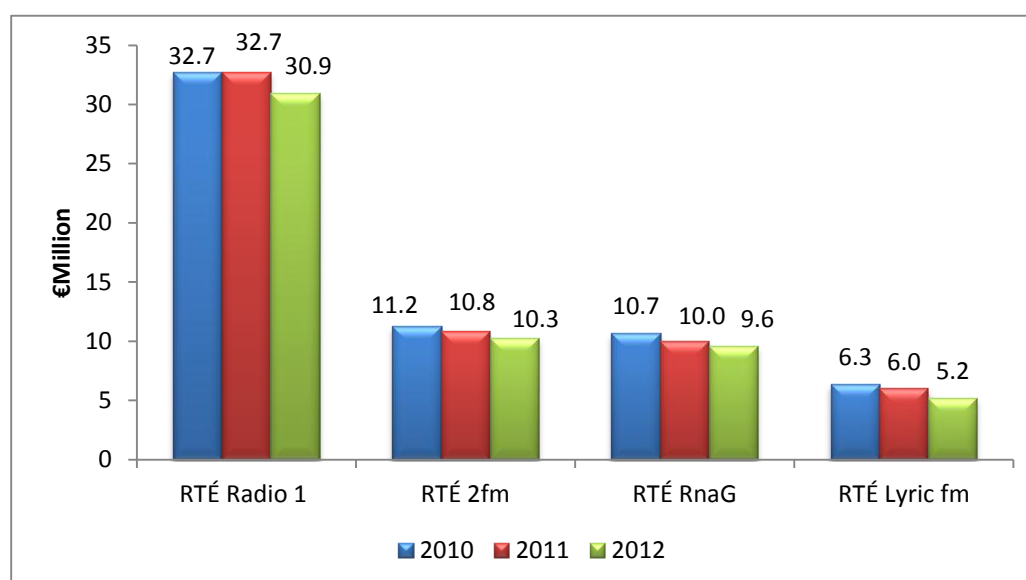
Table 6.5: RTÉ In-house Radio Programming Costs, All Stations 2010 - 2012

	2010	2011	2012
	€Million	€Million	€Million
Direct Programme Driven Costs	14.5	7.93	4.84
Standard Cost Labour, News Gathering, Support and Indirect Costs	46.47	51.57	51.04
Total	60.97	59.5	55.9

Source: RTÉ Data.

The reduction in total in-house radio programming was for the most part reflected in a reduction in RTÉ Radio 1 programming expenditure. Reductions in expenditure for the remaining radio stations (RTÉ 2fm, RTÉ RnaG and RTÉ Lyric fm) were also realised. RTÉ Radio 1 accounted for 55% of total in-house radio programming costs in 2012.

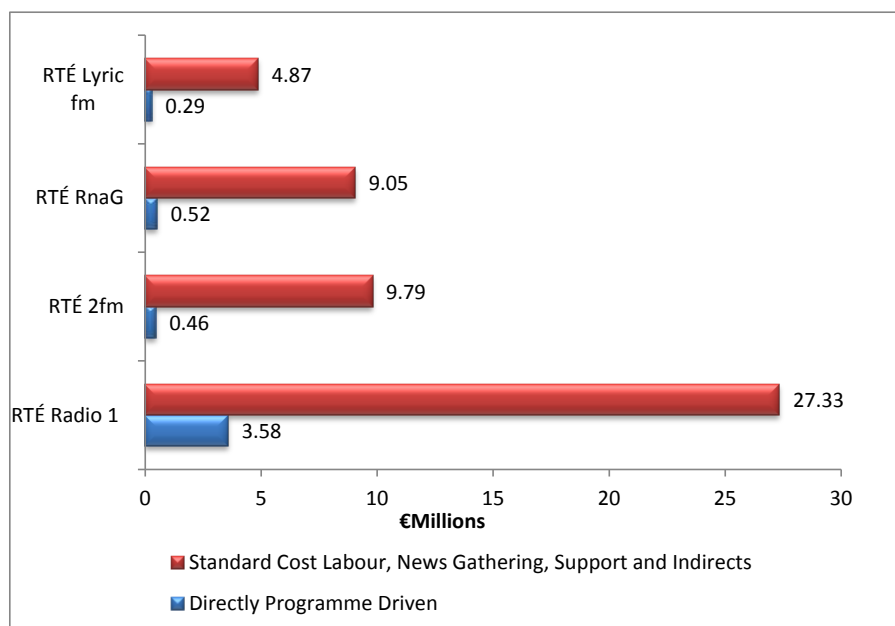
Table 6.6: RTÉ In-House Radio Programming Costs by Station 2010 - 2012



Source: Indecon analysis of RTÉ data.

Figure 6.7 examines in-house programming costs by station and cost type for 2012. This reveals that labour and indirect costs account for a large proportion of total in-house programming costs for each station.

Figure 6.7: RTÉ In-House Radio Programming Costs by Station and Cost Type 2012



Source: Indecon analysis of RTÉ data.

Figure 6.8 presents cost per hour by station for 2010 to 2012. The cost per hour of in-house programming was reduced in 2012.

Figure 6.8: RTÉ In-House Radio Programming Average Cost per Hour by Station 2010 - 2012

*

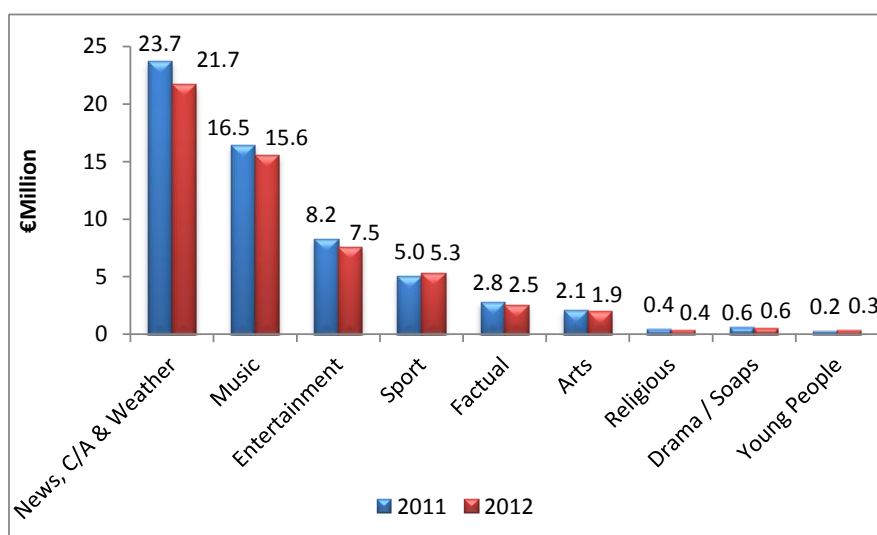
Note: *Data is commercially sensitive and has been redacted.

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

Source: Indecon analysis of RTÉ data.

Figure 6.9 considers in-house programming costs by genre. Total costs declined for most genre categories in 2012. In-house programming expenditure remained highest for the news, current affairs and weather genre, followed by music, entertainment, sport, factual and arts.

Figure 6.9: RTÉ Total In-House Radio Programming Costs by Genre 2011 & 2012



Source: Indecon analysis of RTÉ data.

Costs per hour by genre for in-house radio programming are presented in Figure 6.10 below. Reductions in cost per hour were achieved in 2012.

Figure 6.10: RTÉ In-House Radio Programming Average Cost Per Hour by Genre, 2011 & 2012

*

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

Source: Indecon analysis of RTÉ data.

RTÉ Radio Commissioned Programming Costs

As highlighted previously, commissioned programming accounts for a very small proportion of total output hours on RTÉ Radio. 117.8 hours were contracted in 2012 at a total value of €626k, representing a significant decline on the 350 hours commissioned in 2011. This decline reflects the fact that there was no commissioning round in 2012 and any commissions represented re-commissions of previously commissioned programmes.

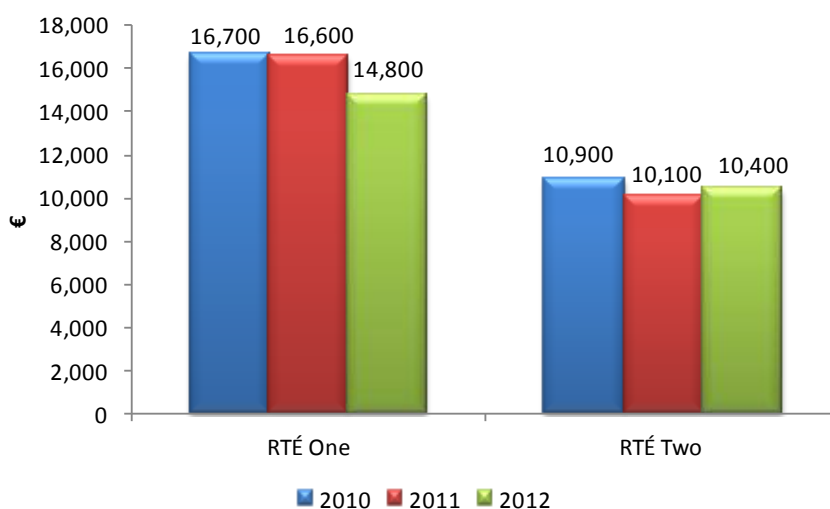
6.3 RTÉ Cost per Transmitted Hour and Cost per Viewer/Listener Hour

Another way to consider aspects of efficiency and value for money is to consider cost per transmitted hour and cost per viewer/listener hour. Changes in cost per viewer/listener hour are of particular interest as calculation of these reflects changes in audience levels.

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

The average cost per transmitted hour of RTÉ One and RTÉ Two is presented in Figure 6.11 below. RTÉ One demonstrated a higher cost per transmitted hour than RTÉ Two for 2010, 2011 and 2012. Average cost per transmitted hour on RTÉ One declined further in 2012, while there was a slight increase in the cost per transmitted hour on RTÉ Two.

Figure 6.11: RTÉ Television Average Cost per Transmitted Hour by Channel, 2010 – 2012



Source: Indecon analysis of RTÉ data.

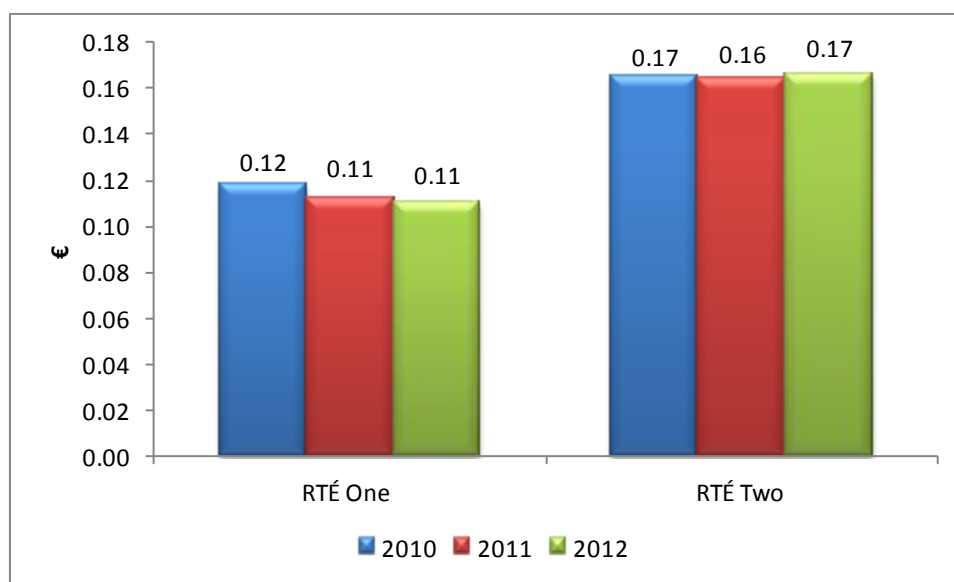
The total cost of transmissions on RTÉ One decreased by 11% between 2011 and 2012 and the cost of transmissions on RTÉ Two increased by 3.5%. There was a slight increase of 0.3% in total transmitted hours for both channels. The cost per transmitted hour for RTÉ One was reduced in 2012 while the cost per transmitted hour of television programming on RTÉ Two increased.

Table 6.7: RTÉ Television Average Cost per Transmitted Hour by Channel, 2011 & 2012

	Total Cost	Annual Transmission Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2011			
RTÉ One	145.6	8,760	16,600
RTÉ Two	88.2	8,760	10,100
2012			
RTÉ One	129.7	8,784	14,800
RTÉ Two	91.3	8,784	10,400

Source: RTÉ data from the RTÉ Annual Reports 2011 & 2012 (most recently published figures).

Figure 6.12 demonstrates the average cost per viewer hour by channel for 2010 to 2012. Cost per viewer hour is highest for RTÉ Two. The average cost per viewer hour on RTÉ One remained broadly the same between 2011 and 2012, declining very slightly. The average cost per viewer hour on RTÉ Two increased very slightly.

Figure 6.12: RTÉ Television Average Cost per Viewer Hour of Content by Channel, 2010 – 2012

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

Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland Ltd/Nielsen TAM, National Inds 4+, All Day All Week Avg, Viewing per hour in 000s. Note: 2011 and 2012 based on Consolidated data, 2010 based on Live data.

Cost per transmitted hour and cost per viewer hour calculated excluding transmission charges are provided in Table 6.8 overleaf.

Table 6.8: RTÉ Television Average Cost per Viewer Hour (Excluding Transmission Charges) by Channel, 2011 & 2012

	Cost	Annual Transmission Hours	Average Cost per Hour Excluding Transmission Charges	Industry Audience Data	Average Cost per Viewer Hour
	€m	Hours	€	Average Viewing per Hour	€
2011					
RTÉ One	130.7	8,760	14,900	132,300	0.113
RTÉ Two	74.5	8,760	8,500	51,700	0.164
2012					
RTÉ One	115.3	8,784	13,100	118,300	0.111
RTÉ Two	77.1	8,784	8,800	53,100	0.166

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

Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland Ltd/Nielsen TAM, Consolidated data, National Inds 4+, All Day All Week Avg, Viewing per hour in 000s.

Average cost per transmitted hour and average cost per viewer hour calculated including transmission charges are provided in Table 6.9 below. Average cost per transmitted hour declined for RTÉ One but increased for RTÉ Two. Average cost per viewer hour in 2012 was €0.13 for RTÉ One and €0.2 for RTÉ Two.

Table 6.9: RTÉ Television Average Cost per Viewer Hour (Including Transmission Charges) by Channel, 2011 & 2012

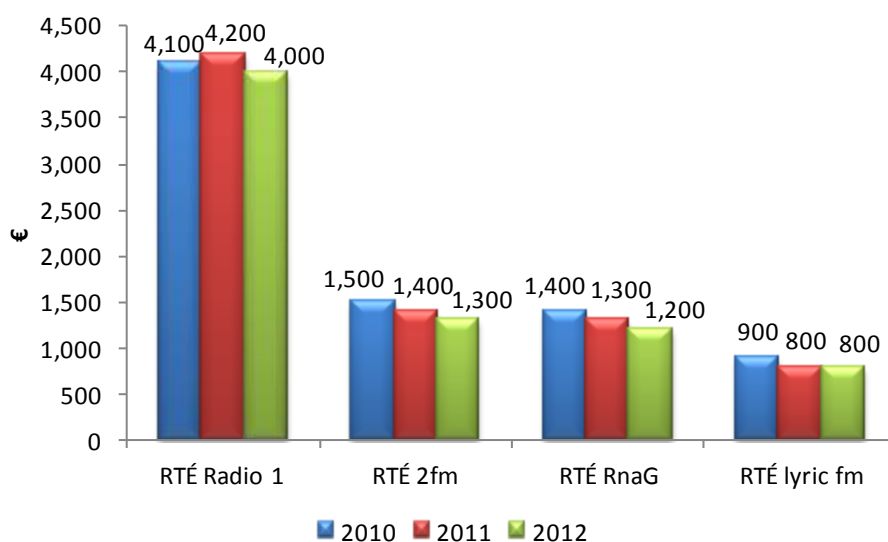
	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Average Cost per Viewer Hour
	€m	Hours	€	Average Viewing per Hour	€
2011					
RTÉ One	145.7	8,760	16,600	132,300	0.125
RTÉ Two	88.2	8,760	10,100	51,700	0.195
2012					
RTÉ One	129.7	8,784	14,800	118,300	0.125
RTÉ Two	91.3	8,784	10,400	53,100	0.196

Source: Indecon analysis of RTÉ data. TV audience data sourced from TAM Ireland Ltd/Nielsen TAM, Consolidated data, National Inds 4+, All Day All Week Avg, Viewing per hour in 000s.

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

The average cost per transmitted hour on RTÉ Radio by station is provided in the figure below. This demonstrates that reductions in cost per transmitted hour were achieved for RTÉ Radio 1, 2fm and RnaG, while cost per transmitted hour was maintained at €800 for RTÉ lyric fm between 2011 and 2012. Cost per transmitted hour was highest for RTÉ Radio 1 at €4,000, followed by RTÉ 2fm (€1,300) and RTÉ RnaG (€1,200).

Figure 6.13: RTÉ Radio Average Cost per Transmitted Hour by Station, 2010 – 2012



Source: Indecon analysis of RTÉ data. Radio audience data sourced from JNLR/Ipsos MRBI 2012/4, 2011/4 & 2010/4

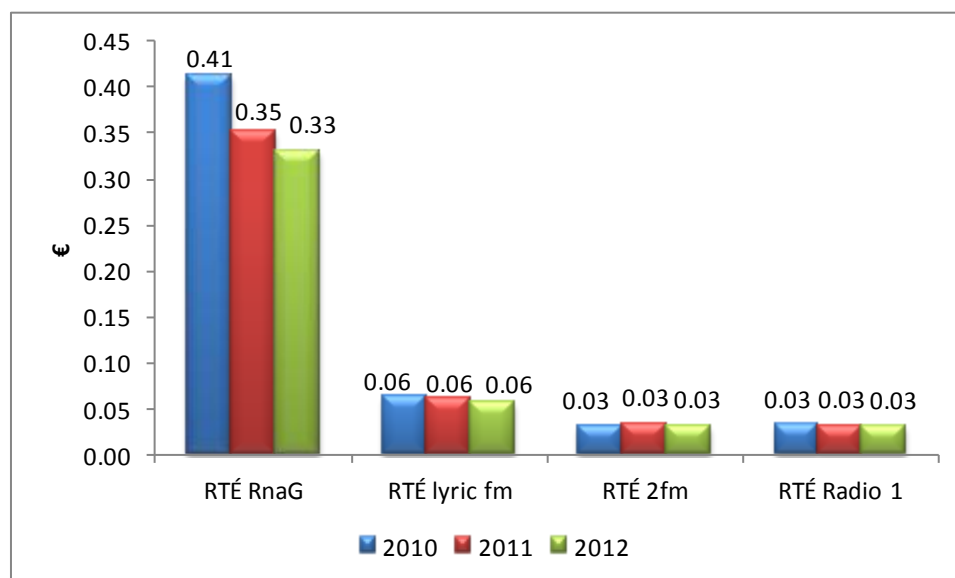
Table 6.10 considers the average cost per transmitted hour by station in greater detail. The total number of transmitted hours was highest for RTÉ Radio 1 and increased for all stations between 2011 and 2012. Reductions were achieved in total costs in 2012, which led to reductions in the cost per transmitted hour for RTÉ radio stations with the exception of RTÉ lyric fm.

Table 6.10: RTÉ Radio Average Cost per Transmitted Hour by Station, 2011 & 2012

Channel	Total Cost	Annual Transmitted Hours	Overall Average Cost per Transmitted Hour
	€m	Hours	€
2011			
RTÉ Radio 1	37.0	8,845	4,200
RTÉ 2fm	12.5	8,760	1,400
RTÉ Lyric fm	7.3	8,760	800
RTÉ RnaG	11.6	8,760	1,300
2012			
RTÉ Radio 1	35.3	8,918	4,000
RTÉ 2fm	11.7	8,784	1,300
RTÉ Lyric fm	6.6	8,784	800
RTÉ RnaG	10.7	8,784	1,200

Source: Indecon analysis of RTÉ data. Radio audience data sourced from JNLR/Ipsos MRBI 2012/4 & 2011/4.

We now examine cost per listener hour on RTÉ Radio, presented in Figure 6.14 below. The cost per listener hour continued to decline in 2012 for radio stations. The cost per listener hour was highest for RTÉ RnaG, RTÉ's Irish language radio station, followed by RTÉ lyric fm. RTÉ 2fm and RTÉ Radio 1 maintained very similar costs per listener hour.

Figure 6.14: RTÉ Radio Average Cost per Listener Hour of Content by Station, 2010 – 2011

Note: Cost excludes transmission costs.

Source: Indecon analysis of RTÉ data. Radio audience data sourced from JNLR/Ipsos MRBI 2012/4, 2011/4 & 2010/4

Table 6.11 presents RTÉ Radio cost per transmission hour and cost per listener hour by station excluding transmission charges for 2011 and 2012 in greater detail. The decline in total costs and increase in transmission hours resulted in a decrease in the average cost per transmitted hour. The audience for all stations declined slightly between 2011 and 2012.

Table 6.11: RTÉ Radio Average Cost per Listener Hour (Excluding Transmission Charges) by Station, 2011 & 2012					
	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Average Cost per Listener Hour
	€m	Hours	€	Average Listening per Hour	€
2011					
RTÉ Radio 1	33.6	8,845	3,800	118,700	0.032
RTÉ 2fm	11	8,760	1,300	38,000	0.034
RTÉ Lyric fm	6.1	8,760	700	11,400	0.061
RTÉ RnaG	10.3	8,760	1,200	3,400	0.353
2012					
RTÉ Radio 1	31.9	8,918	3,600	116,460	0.031
RTÉ 2fm	10.3	8,784	1,200	37,460	0.032
RTÉ Lyric fm	5.3	8,784	600	10,540	0.057
RTÉ RnaG	9.6	8,784	1,100	3,333	0.330
<i>Source: Indecon analysis of RTÉ. Radio audience data sourced from JNLR/Ipsos MRBI 2012/4 & 2011/4 (2).</i>					

The average cost per transmission hour and average cost per listener hour including transmission charges are presented in Table 6.12. When transmission charges are included, the cost per transmitted hour declined for all stations with the exception of RTÉ lyric fm, for which cost per transmitted hour remained fixed between 2011 and 2012. There was an increase in the average cost per listener hour of RTÉ lyric fm between 2011 and 2012 due to the decrease in average listening per hour.

Table 6.12: RTÉ Radio Average Cost per Listener Hour (Including Transmission Charges) by Station, 2011 & 2012

	Cost	Annual Transmission Hours	Average Cost per Hour	Industry Audience Data	Average Cost per Listener Hour
	€m	Hours	€	Average Listening per Hour	€
2011					
RTÉ Radio 1	37	8,845	4,200	118,700	0.035
RTÉ 2fm	12.5	8,760	1,400	38,000	0.037
RTÉ Lyric fm	7.3	8,760	800	11,400	0.070
RTÉ RnaG	11.6	8,760	1,300	3,400	0.382
2012					
RTÉ Radio 1	35.3	8,918	4,000	116,460	0.034
RTÉ 2fm	11.7	8,784	1,300	37,460	0.035
RTÉ Lyric fm	6.6	8,784	800	10,540	0.076
RTÉ RnaG	10.7	8,784	1,200	3,333	0.360

Source: Indecon analysis of RTÉ. Radio audience data sourced from JNLR/Ipsos MRBI 2012/4 & 2011/4 (2).

Indecon's analysis of cost per transmission hour and cost per viewer/listener hour has revealed that costs per transmission hour declined for RTÉ One, increased slightly for RTÉ Two and declined for RTÉ Radio.

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

In this section, we consider cost per hour and cost allocation of in-house versus commissioned programming on RTÉ Television. This analysis is performed at a genre level but given differences in the types of programming within genre, Indecon advises caution when comparing across in-house/commissioned programming. In addition, some genre categories do not produce both in-house and commissioned programming, and these genres are excluded from the analysis below.

Table 6.13 overleaf provides a mixed picture of the cost per hour of in-house versus commissioned programming. Some genres of in-house programming have a lower cost per hour than commissioned programming (e.g. arts, drama, entertainment, factual on RTÉ Two, religion and young people's programming). The remaining genres (factual on RTÉ One, music and sport) have a higher cost per hour for in-house programming. The aggregate analysis does not, however, provide a basis to judge whether externally commissioned or internally produced programming represents the best value for money.

The five-year review of public funding for PSBs was completed in 2013. Indecon has analysed RTÉ's submission to the five-year review which considered the merits of sourcing existing in-house productions from the independent production sector. In this submission, RTÉ concluded that there was little evidence to suggest significant costs savings arising from externally commissioning existing in-house productions and that it would generate significant one-off costs due to transfer of production. The BAI five-year review recommended that further rigorous empirical analysis was needed in order to determine whether or not external commissions would represent better value for money. Central to an analysis of this type would be a direct like-for-like comparison of costs of in-house production against external commissions.

Indecon supports the merits of a separate examination of the relative costs of in-house versus external commissioning of RTÉ programmes. There may be merit in testing this via seeking tenders for key productions which are currently produced in-house as well as a more detailed analytical examination. Data on the average cost per hour of in-house and commissioned programmes is presented below. It would also be useful to examine this by cost per viewer hour in order to reflect potential differences in the nature of the programmes.

Table 6.13: RTÉ Indigenous TV Programmes 2012 Average Cost per Hour, In-House vs Commissioned			
Genre	Channel	Cost per Hour	
		In-House	Commissioned
Arts	RTÉ One	*	*
Drama	RTÉ One	*	*
Entertainment	RTÉ One	*	*
Entertainment	RTÉ Two	*	*
Factual	RTÉ One	*	*
Factual	RTÉ Two	*	*
Music	RTÉ One	*	*
Music	RTÉ Two	*	*
Religion	RTÉ One	*	*
Sport	RTÉ One	*	*
Sport	RTÉ Two	*	*
Young People's Programming	RTÉ Two	*	*

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

Note: The estimates are based on costs and hours of indigenous visual programmes (produced by RTÉ or commissioned by RTÉ) transmitted on RTÉ One or RTÉ Two. Hours used to calculate the costs per hour are 'actual' run times excluding commercials. Hours are first-run indigenous hours. In-house and commissioned costs per hour for the Factual genre on RTÉ Two each include a programme designated as a Factual & Religion programme.

Source: Indecon Analysis of RTÉ data.

We also considered cost allocation for commissioned versus in-house programming. Table 6.14 provides cost allocations for commissioned and in-house programming across television programming. Total costs for both in-house and commissioned programming declined between 2011 and 2012. There was a reduction in direct costs for both in-house and commissioned programming; there was also a reduction in the allocated overhead for commissioned programming but an increase was observed in the allocated overhead for in-house programming. Allocated overheads comprised a much smaller share of total costs for commissioned programming (7%) than for in-house productions (24%) and this composition remained broadly stable between 2011 and 2012.

Table 6.14: RTÉ Overhead to Direct Cost Relationship for Television Programming 2011 & 2012

	Commissioned TV Programmes		In-house TV Programmes	
2011				
	€000's	% Share	€000's	% Share
Direct Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*		*	
Overhead as a % of Direct Cost	*		*	
2012				
	€000's	% Share	€000's	% Share
Direct Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*		*	
Overhead as a % of Direct Cost	*		*	
Note: *Data is commercially sensitive and has been redacted.				
Source: RTÉ data.				

Total costs declined for commissioned and in-house television drama in 2012. This decrease in total costs reflected declines in direct costs and allocated overheads.

Table 6.15: RTÉ Overhead to Direct Cost Relationship for Television Drama 2011 & 2012

	Commissioned TV Drama		In-house TV Drama	
2011				
	€000's	% Share	€000's	% Share
Direct Costs	6,546	92.7%	13,287	75.6%
Allocated Overhead	514	7.3%	4,288	24.4%
Total	7,060		17,575	
Overhead as a % of Direct Cost	7.9%		32.3%	
2012				
	€000's	% Share	€000's	% Share
Direct Costs	5,286	93%	12,737	78.5%
Allocated Overhead	399	7%	3,492	21.5%
Total	5,685		16,229	
Overhead as a % of Direct Cost	7.6%		27.4%	
Note: *Data is commercially sensitive and has been redacted.				
Note: Drama was chosen for its reliance on both commissioned and in-house input.				
Source: RTÉ data.				

Table 6.16 demonstrates that direct costs, allocated overheads and total costs for commissioned television entertainment declined between 2011 and 2012. An increase in direct costs for in-house entertainment and a slight decrease in allocated overheads led to a slight increase in total costs of in-house entertainment. There was a decline in the proportion of total costs allocated to overheads for both in-house and commissioned programming.

Table 6.16: RTÉ Overhead to Direct Cost Relationship for Television Entertainment 2011 & 2012

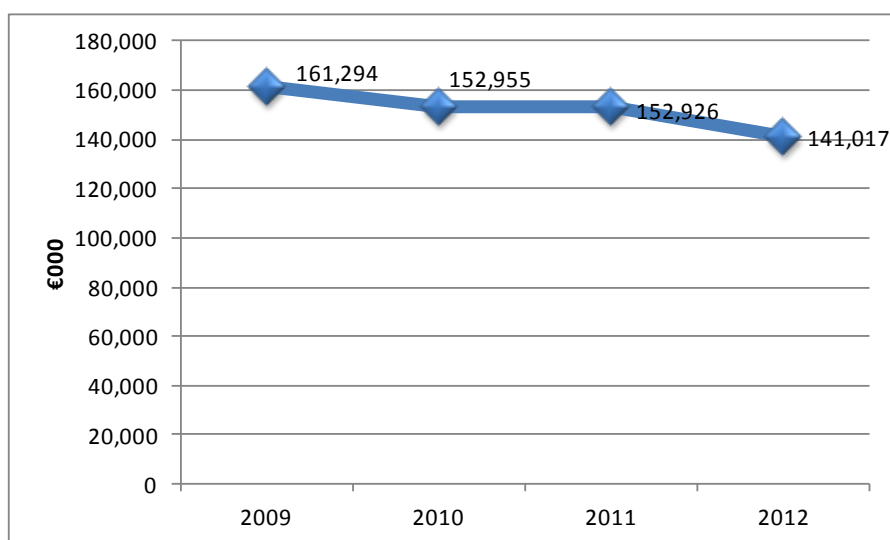
	Commissioned TV Entertainment		In-house TV Entertainment	
2011				
	€000's	% Share	€000's	% Share
Direct Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*		*	
Overhead as a % of Direct Cost	*		*	
2012				
	€000's	% Share	€000's	% Share
Direct Costs	*	*	*	*
Allocated Overhead	*	*	*	*
Total	*		*	
Overhead as a % of Direct Cost	*		*	
<i>Note: *Data is commercially sensitive and has been redacted.</i>				
Note: Entertainment was chosen for its reliance on both commissioned and in-house input.				
<i>Source: RTE data.</i>				

6.5 Staff Costs and Human Resources

One of the key aspects of RTÉ's efficiency concerns staff costs. Table 5.6 has previously demonstrated that personnel-related operating costs account for 52% of total operating costs.

Figure 6.15 shows that a reduction in total RTÉ staff costs was achieved in 2012. Group staff costs have decreased by 13% on average across the period from 2009 to 2012. Staff costs decreased by 8% to €141 million in 2012.

Figure 6.15: RTÉ Group Staff Costs 2009 -2012



Note: Total staff costs are after consolidation adjustment.

Source: Indecon analysis of RTÉ Annual Reports 2009, 2010, 2011 & 2012.

Figure 6.16 below shows that total headcount was reduced from 2,093 in 2011 to 1,858 in 2012. This figure also demonstrates declines in headcount by integrated business division (IBD). However, RTÉ has indicated to Indecon that a significant restructuring took place in 2012 and as such, it is difficult to draw firm conclusions on changes in headcount by IBD. The figure below demonstrates that the majority of RTÉ employees are concentrated in the TV, Radio and News IBDs.

Figure 6.16: RTÉ Headcount Quarter 4 2011 & 2012, by Division

*

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

Note: A significant reorganisation took place during 2012. Key features included:

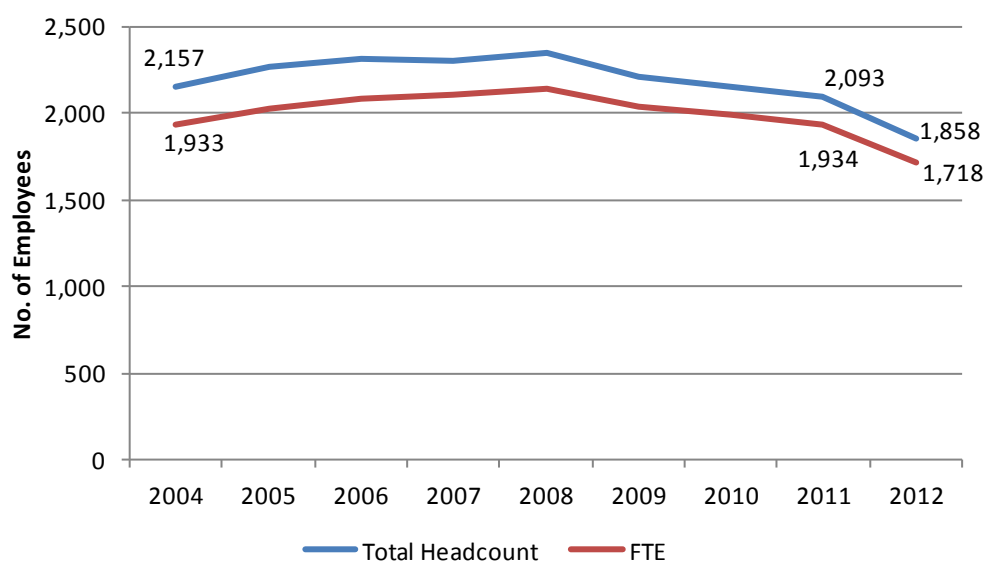
- transfer of digital content generation personnel from Publishing to News, Television and Radio
- transfer of library and archive personnel from Television and Radio to Digital
- transfer of RTÉ Guide personnel from Publishing to Corporate
- transfer of certain Technology personnel from Television, Radio, News and Digital to Corporate.

Source: Indecon Analysis of RTÉ data.

RTÉ's employment trend presented in Figure 6.17 shows that the reduction in headcount is reflected in the FTE numbers. There was a steady increase in employment (headcount and FTE) between 2004 and 2008 and there has been a consistent downward trend in these employee measures from 2009 onwards. The figure demonstrates a sharp decline in total FTE numbers and headcount in 2012. The 2011 Early Retirement and Redundancy Facilities (ERRF) and the Voluntary

Severance Facilities (VSF) schemes were reopened in April 2012 with the objective that all departures would be completed by the end of September 2012.

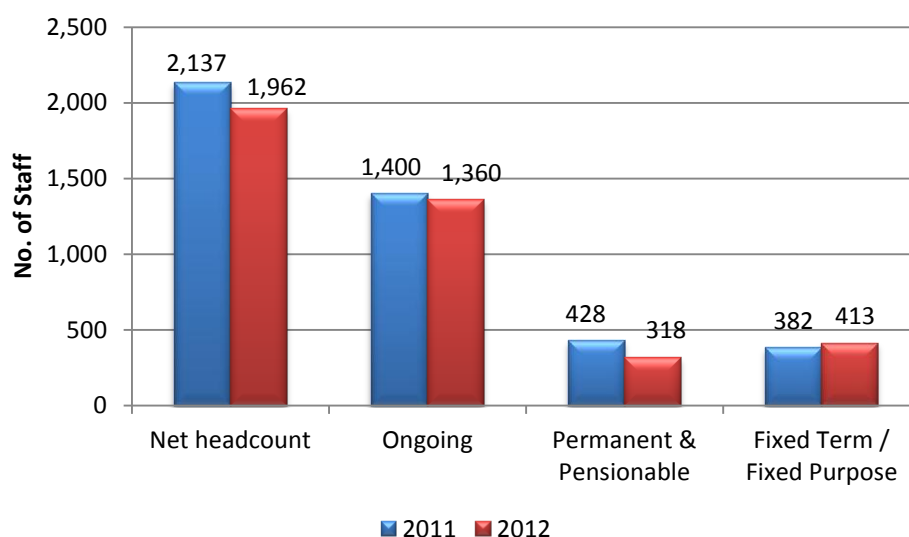
Figure 6.17: RTÉ Employment Trend 2004 – 2012



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

Source: Indecon analysis of RTÉ data.

Figure 6.18 presents average employee headcount for RTÉ in 2011 and 2012, calculated as an average of the month end totals by quarter for the year. The number of permanent and pensionable staff was reduced in 2012. This was reflected in the 8% decline in the net headcount (which represents total headcount less casuals who did not work that month). There was a slight reduction in the number of ongoing staff, and a slight increase in the number of fixed term/fixed purpose employees. RTÉ has indicated that the presentation of employee data as in the figure overleaf is being revised in order to bring this into line with the data from the annual reports and will be available for the review of public funding in 2013.

Figure 6.18: RTÉ Average Employee Headcount 2011 & 2012

Note: This data is not comparable with the data in the figures above.

Source: Indecon analysis of RTÉ data.

While RTÉ has succeeded in reducing total staff costs and headcount in 2012, it is also important to consider trends in staff costs per head. Table 6.17 demonstrates that there was a small overall increase in the cost per head of full-time equivalent staff.

Table 6.17: RTÉ Employee Costs per Head 2010 – 2012

	2010	2011	2012	Cost per Head FTE 2010	Cost per Head FTE 2011	Cost per Head FTE 2012
	€'000	€'000	€'000	€'000	€'000	€'001
Wages and salaries	130,266	129,773	123,531	65.6	67.1	71.9
Social welfare costs	9,235	9,716	10,258	4.6	5.0	6.0
Pension costs and life assurances	13,454	13,437	7,228	6.8	6.9	4.2
Total	152,955	152,926	141,017	76.98	79.07	82.1

Note: Cost per employee is calculated using FTE numbers as of year-end 2010, 2011 & 2012.

Source: Indecon analysis of data from the RTÉ Annual Report 2011 & 2012.

Table 6.18 presents personnel-related operating costs for the period 2009 to 2012. Personnel-related operating costs have reduced by 11% since 2009 and further reductions are budgeted for 2013. Budget 2013 indicates a planned 5% reduction in personnel-related operating costs from 2012 costs.

Table 6.18: Trend in Personnel-related Operating Costs 2009-2012

	2009	2010	2011	2012	Budget 2013	
	€m	€m	€m	€m	€m	% change 09-12
Personnel related operating costs	*	*	*	*	*	*
Note: *Data is commercially sensitive and has been redacted.						
Note: Includes fixed term, permanent and casual staff.						
Source: RTÉ Annual Report 2010, 2011 & 2012 & RTÉ Budget 2013.						

Table 6.19 presents a more detailed analysis of staff earnings by month's end of Q4 2012 and Q4 2011 for staff in the television and radio IBDs, which are the largest IBDs in terms of staff numbers. The reduction in headcount in 2012 is reflected in the overall reduction in staff costs.

Table 6.19: Gross Earnings – Staff Members on Net Headcount Quarter 4, 2011 & 2012

	Full Time	Part Time	Casual	Total Gross Earnings €
2012				
Television IBD	€36,140,868	€1,316,157	€730,037	€38,187,063
Radio IBD	€19,588,169	€1,053,203	€413,454	€21,054,827
Total	€55,729,038	€2,369,360	€1,143,492	€59,241,889
2011				
Television IBD	€43,582,661	€2,006,101	€677,301	€46,266,063
Radio IBD	€23,230,231	€1,473,898	€417,643	€25,121,772
Total	€66,812,892	€3,479,998	€1,094,944	€71,387,835
Note: Includes fixed term, permanent and casual staff.				
Source: Indecon Analysis of RTÉ Data.				

Cost of Staff Leave at RTÉ

In this subsection, costs of staff leave are examined although Indecon notes that most staff leave is statutory. Reductions in the days, persons involved and costs of certified and uncertified sick leave were achieved for both the television and radio divisions in 2012.

Table 6.20: Summary of RTÉ Sick Leave and Associated Cost 2011 & 2012

	2011		2012	
	Radio	TV	Radio	TV
Certified Sick Leave¹⁶				
Days	3,639	5,869	1,727	4,787
Persons	138	267	93	176
Cost	€1,060,547	€1,452,162	€420,969	€984,919
Sick Leave –Uncertified				
Days	290	607	183	330
Persons	134	275	91	169
Cost	€79,199	€147,772	€51,608	€80,510
<i>Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred. Costings for both sick leave and maternity leave are before receipt of benefit payments for the department of social protection.</i> Source: Indecon analysis of RTÉ data.				

Table 6.21 shows that reductions in the cost of maternity leave occurred in 2012. There was a decrease in the number of days and persons involved for paid maternity leave, but the number of persons and days for unpaid maternity leave increased. Maternity leave is a statutory entitlement and is not within the control of RTÉ. As such, this can vary from year to year.

Table 6.21: Summary of RTÉ Maternity Leave Associated Cost 2011 & 2012

	2011		2012	
	Radio	TV	Radio	TV
Maternity Leave¹⁷				
Days	2,521	4,330	1,707	3,318
Persons	18	32	15	31
Cost	€621,542	€1,069,160	€405,642	€830,369
Maternity Leave Unpaid				
Days	777	1,109	673	1,127
Persons	7	12	9	16
Cost	-	-	-	-
<i>Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred. Costings for both sick leave and maternity leave are before receipt of benefit payments for the department of social protection.</i> Source: Indecon analysis of RTÉ data.				

– ¹⁶ Cost of sick leave is before receipt of benefit payments from the department of social protection.

– ¹⁷ Cost of maternity leave is before receipt of benefit payments from the department of social protection.

Table 6.22 demonstrates that reductions in privilege days and time off in lieu took place in 2012.

Table 6.22: Summary of RTÉ Privilege Days and Time Off in Lieu 2011 & 2012				
	2011		2012	
	Radio	TV	Radio	TV
Privilege Days¹⁸				
Days	295	555	254	531
Persons	195	356	164	348
Time off in Lieu¹⁹				
Days	775	1,602	572	1,566
Persons	135	202	109	176
<i>Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. No additional costs arise from TOIL as this is in return for time already given by the staff member who has worked excess hours without additional payment. RTÉ's stated policy in relation to privilege days is that these two concessionary days are allowed subject to the needs of the service and should not involve any additional costs to the organisation. This is the way it is operated in practice.</i>				
Source: Indecon analysis of RTÉ data.				

Table 6.23 examines costs associated with holiday leave entitlement for RTÉ TV and radio in 2011 and 2012. The cost of holiday leave was reduced for both the television and radio divisions in 2012.

Table 6.23: Summary of RTÉ Holiday Leave and Associated Costs 2011 & 2012				
	2011		2012	
	Radio	TV	Radio	TV
Holiday Entitlement				
Days	*	*	*	*
Persons	*	*	*	*
Cost	*	*	*	*
<i>Note: *Data is commercially sensitive and has been redacted.</i>				
<i>Note: Figures are based on net headcount each year end and leave is calculated only for those in net headcount at year end. All data excludes casual workers. Figures include employer associated costs for PRSI, pension, group life and salary protection. Figures do not include cost of backfill in cases where these costs may have been incurred. Annual leave costs shown reflect payments made to individuals while on approved periods of annual leave. In the majority of cases additional costs to RTÉ are minimal as workload is typically shared among colleagues.</i>				
Source: Indecon analysis of RTÉ data.				

— ¹⁸ Two concessionary days are allowed subject to the needs of the service and should not involve any additional cost.

— ¹⁹ No additional costs are incurred from time off in lieu.

Table 6.24 demonstrates that absenteeism rates declined across most divisions in 2012. This resulted in a reduction in the overall absenteeism rate from 2.79% in 2011 to 1.97% in 2012.

Table 6.24: RTÉ Absenteeism Rates by Division 2010-2012			
	2010	2011	2012
Digital (Previously Publishing 2012)	0.85%	2.35%	0.96%
News	2.39%	2.09%	1.38%
Network	2.40%	2.35%	1.38%
Performing Groups	4.07%	1.71%	1.97%
Corporate	4.15%	5.41%	1.96%
Radio	3.33%	3.22%	1.52%
Television	2.30%	2.62%	1.80%
RTÉ Total	2.82%	2.79%	1.97%
Note: RTÉ absenteeism rates have been compiled by an external organisation The Well at Work. Figures were calculated on the basis of 332 days per year: excluding annual leave and public holidays (using 24 days annual leave and 9 public holidays). Source: Indecon analysis of RTÉ data.			

Overtime costs declined across all divisions in 2012 by 16% overall, as shown in Table 6.25 below.

Table 6.25: RTÉ Overtime Costs by Division 2012 versus 2011			
Division	Cost - €		% Change 2011-2012
	2011	2012	
Television	2,697,571	2,289,000	-15.1%
News and Current Affairs	605,865	370,000	-38.9%
Radio	457,166	431,000	-5.7%
Corporate	307,252	302,000	-1.7%
Performing Groups/Orchestras	91,107	79,000	-13.3%
Publishing	786	-	-
Digital		30,000	-
Total	4,159,747	3,501,000	-15.8%
Note: 2012 year of Olympics and European Cup. Source: Indecon analysis of RTÉ data.			

Indecon's analysis of staff costs and human resources has indicated:

- ☐ Reduction in staff costs and personnel-related operating costs
- ☐ Decline in headcount and FTE numbers
- ☐ Increase in wages and salaries per FTE head
- ☐ Decrease in total costs associated with sick leave, maternity leave and holiday leave
- ☐ Decrease in absenteeism rates
- ☐ Reduction in overtime costs

6.6 RTÉ Cost Reducing Measures

RTÉ has introduced a number of cost saving/efficiency initiatives over the last number of years. This has been particularly important in the face of declines in commercial revenues.

6.6.1 Reductions in Operating Costs

Table 6.26 demonstrates RTÉ's operating costs for the period 2010 to 2012. Reductions in operating costs were achieved in 2012. Personnel-related operating costs declined by 7% across the three-year period 2010 to 2012 and non-personnel related operating costs declined by 5%, leading to an overall reduction in operation costs of 6% before the restructuring charge.

Table 6.26: RTÉ Reductions in Operating Costs 2010-2012				
	2010	2011	2012	Change 2010-2012
	€'000	€'000	€'000	%
Personnel Related Operating Costs	186,622	188,485	173,895	-7%
Non Personnel Related Operating Costs	169,575	164,926	161,107	-5%
Operating Costs Before Depreciation Amortisation Restructuring Charge	356,197	353,411	335,002	-6%

Source: Indecon analysis of RTE data and RTÉ Financial Statements from the Annual Reports 2012, 2011 & 2010.

6.6.2 Reductions in Personnel-Related Operating Costs

Table 6.27 presents budget headcount and FTE numbers for 2013 against Budget 2012. Further reductions in headcount are budgeted for 2013. This table demonstrates that total headcount is expected to decline very marginally.

Table 6.27: Summary of Headcount Budgeted for December 2013 & 2012				
	Budget 2013		Budget 2012	
	Headcount	FTE	Headcount	FTE
Television	*	*	*	*
Radio	*	*	*	*
News & Current Affairs	*	*	*	*
Network	*	*	*	*
Publishing	-	-	-	-
Digital	*	*	*	*
Performing Groups	*	*	*	*
Corporate	*	*	*	*
RTÉ Group	*	*	*	*

*Note: *Data is commercially sensitive and has been redacted.*
Group headcount is budgeted to be 1,916 (FTE 1759) at the end of December 2013. This is a reduction of 5 headcount (FTE 3) from Budget/Forecast 2012 and a reduction of 177 headcount (FTE 175) from 2011. Budget 2013 figures assume 152 staff have left under the 2012 ERRF/VSF scheme.

Source: RTÉ Budget 2013.

Another cost efficiency measure introduced related to the cost of RTÉ top ten presenter talent, presented in Table 6.28 below. The cost of RTÉ top ten presenter talent was reduced to €3 million in 2012/13 through re-negotiations. The costs amounted to 1.7% of personnel-related operating costs.

Table 6.28: The Cost of RTÉ Top Ten Presenter Talent 2009 – 2012/13			
Year	Total Earnings	Personnel Related Operating Costs	% of Personnel Related Operating Costs
	€m	€m	%
2009	*	*	*
2010	*	*	*
2011	*	*	*
2012/13	*	*	*
Note: *Data is commercially sensitive and has been redacted. Source: Indecon analysis of RTÉ data.			

6.6.3 Reductions in RTÉ Costs and Projected Savings 2008-2012

In this section, we examine examples of specific cost reduction activities introduced by RTÉ.

RTÉ's key cost reduction strategies are presented in the table overleaf. RTÉ predicts that it will have achieved total savings of €56.7 million in personnel-related operating costs over the period 2008 to 2013. Cost reduction activities in the area of other operating costs are predicted to have induced savings of €69 million, leading to overall savings of €125.7 million in operating costs over the period 2008 to 2013.

RTÉ has seen staff numbers reduced by 350 people in 2011 and 2012 (270 in 2012) through the Early Retirement and Redundancy Facility (ERRF) and Voluntary Severance Facility (VSF) schemes. Personnel-related savings in the period 2008 to 2012 have amounted to €37 million. RTÉ has also undertaken a restructuring of its costs base over the period 2011 to 2013. This is predicted to lead to a total reduction of €39 million in RTÉ's cost base from 2011 to 2013. RTÉ negotiated cost reductions in the cost of top ten presenter talent. These reductions were predicted to reduce the cost of RTÉ top ten presenter talent by €1 million (or 30%).

Table 6.29: RTÉ Personnel-related Cost Reduction Activities, Projected Savings

Source of Saving	Timeframe	Total Projected Reduction/Saving		Description
		€ million	%	
Personnel Related Operating Costs	2008-2013	*	26%	RTÉ continue to implement measures to reduce operating costs.
Other Operating Costs	2008-2013	*	32%	
Operating Costs (before depreciation amortisation and exceptional items)	2008-2013	*	29%	
Detailed Examples of Cost Savings*				
Early Retirement & Redundancy Facility & Voluntary Severance Facility	2008-2012	*		ERRF & VSF have resulted in the departure of 350 people from RTÉ in 2011 and 2012. These facilities together with other cost reductions including pay cuts and elimination of bonuses have contributed to a reduction of €37 million in staff costs between 2008 and 2012. Some 270 of the departures were in 2012.
Restructuring of RTÉ Cost Base	2011-2013	*		RTÉ’s 2013 cost base will be €39m lower than that of 2011, following restructuring.
Top Ten Presenter Talent	2012-2013	*	30%	Renegotiations with on air presenters will achieve savings of €1 million as a result of reductions of 30% in the level of fees paid to “Top Talent”. Cuts have ranged from 21% to 68%.
Note: *Data is commercially sensitive and has been redacted. Projected savings are as at 4 th June 2013 post the implementation of the 2012 ERRF/VSF. *Note that these three examples of cost savings are elements of total savings highlighted in the top part of the table, not additional savings. Source: Indecon analysis of RTE data.				

RTÉ has provided examples of detailed cost reductions by division, shown in the table below. RTÉ achieved savings of €2.35 million in the Television division in 2012; predicted savings for 2013 amount to €2.6 million. Costs in the Radio division were reduced by €0.9 million in 2012. Savings in the News and Current Affairs division were €1.2 million in 2012, with further strategies expected to reduce costs by circa €1 million in 2013. RTÉ achieved savings of €235k in Orchestra, Quartet and Choirs, savings of €230k in the Digital division and savings of €280k in the RTÉ Guide in 2012. Additional cost reduction exercises are predicted to achieve savings of €280k in Orchestra, Quartet and Choirs.

Table 6.30: Further Cost Reducing Activities by Division 2012/13

Division	Cost Reduction
Television	*
	*
	*
	*
	*
Radio	*
	*
News and Current Affairs	*
	*
	*
	*
	*
Network	*
Orchestras, Quartet & Choirs	*
	*
	*
	*
	*
Digital	*
RTÉ Guide	*
<i>Note: *Data is commercially sensitive and has been redacted.</i>	
<i>Source: RTÉ Data.</i>	

Indecon's analysis in this section has demonstrated that RTÉ has made significant progress in reducing personnel-related operating costs and total operating costs across 2012. However the financial position of RTÉ is such that further reductions will be required in the cost base.

6.7 RTÉ Utilisation of Studios

Table 6.31 compares RTÉ's utilisation of television studios for 2011 and 2012. Total studio utilisation has reduced from 75% in 2011 to 71% in 2012. Studio utilisation was four percentage points below target.

Three television studios in 2012 recorded 100% utilisation. The utilisation of one studio fell as low as 45% in 2012. This represents a possible area for future savings or increased income.

Table 6.31: RTÉ Utilisation of Television Studios 2011 & 2012

Studio	Utilisation (%) 2011	Utilisation (%) 2012
Studio 1	66%	45%
Studio 2	55%	60%
Studio 3	99%	100%
Studio 4	79%	76%
Studio 5	63%	55%
Studio 6	68%	59%
Studio 7	100%	100%
Studio 8	64%	61%
Stage B	55%	52%
Stage A/C	100%	100%
Total	75%	71%

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

Source: Indecon analysis of RTÉ data.

6.8 Utilisation of Licence Income

6.8.1 Changes to existing attribution method

RTÉ has altered the way that it attributes the licence fee. Transparency is required to ensure that public funding is being used to fund RTÉ's public service activities, and not its commercial activities which would raise competition concerns for other broadcasters and might also constitute State aid. In previous years, RTÉ attributed the licence fee retrospectively using the following guidelines:

- ☐ Net costs of services with no or limited commercial revenue generating potential (RTÉ RnaG, programming to TG4, Performing Groups and lyric fm) were fully funded by licence fee income;
- ☐ Commercial income arising from radio commercial activities were attributed to RTÉ Radio 1; remaining net costs were funded by the licence fee; and
- ☐ The remainder of the licence fee was distributed between RTÉ One and RTÉ Two in proportion to their costs of indigenous programming.

Under this scheme, RTÉ Online and RTÉ 2fm did not receive any licence fee income and were to be funded by their own commercial income or unattributed commercial income.

It is envisaged that the new attribution method outlined by RTÉ will be applied and will use forecasts for costs and revenue.²⁰ Net commercial revenue (commercial revenue less commercial costs) obtained on a particular service will be used to reduce the net public cost of that service. Net commercial revenue which cannot be attributed to a particular service will be attributed to services with significant commercial revenue generating potential in proportion to the gross public

²⁰ RTÉ Outline Projections 2013 to 2017, 12 December 2012.

cost of these services. This will serve to reduce the net public cost of the following services: RTÉ One, RTÉ Two, RTÉ Radio 1, RTÉ 2fm and Online.

The licence fee will first be used to fund net public costs of services with no or limited commercial revenue generating potential. The following services will thus have their net costs fully funded by the licence fee:

- ☐ RTÉ Raidió na Gaeltachta
- ☐ Provision of programming to TG4
- ☐ Performing Groups
- ☐ RTÉ lyric fm
- ☐ Supplementary DTT and DAB channels
- ☐ Corporate HQ
- ☐ Financing costs

The remaining licence fee will then be distributed to those channels with significant commercial revenue generating potential in proportion to the net cost of public services for each service:

- ☐ RTÉ One
- ☐ RTÉ Two
- ☐ RTÉ Radio 1
- ☐ RTÉ 2fm
- ☐ Online

Certain assumptions and forecasts have to be made by RTÉ in order to apply this methodology prospectively. Given the uncertainty of assumptions into the future, RTÉ proposes to attribute public funding within a low and high threshold point, rather than as an exact figure.

Indecon believes this new attribution method represents an improvement to the existing licence fee attribution method but requires ongoing monitoring.

6.8.2 Attribution of Public Funding

The segmental analysis in RTÉ's Annual Report and Group Financial Statements 2012 reflects the new licence fee attribution method described above, and 2011 data has been restated for comparative purposes. RTÉ One accounted for 31% of total licence fee attribution in 2012, which represented a decline of four percentage points from 2011. 30% of the licence fee in 2012 was attributed to RTÉ Two in comparison to 28% in 2011. In 2011 and 2012, RTÉ Radio 1 and RTÉ Orchestras accounted for 8% and 7% of total licence fee funding respectively. 6% of the licence fee was attributed to Raidió na Gaeltachta in 2012, while 4% was distributed to fund the provision of programming to TG4. RTÉ 2fm, RTÉ lyric fm and Corporate HQ each received 3% of total licence fee funding, while DTT-related services and Online services received 2% each of total licence fee funding. Finally, 1% of licence fee funding was attributed to other channels in 2012.

In fulfilment of the funding attribution methodology, the services to run a deficit in 2011 and 2012 were RTÉ One, RTÉ Two, RTÉ Radio 1, RTÉ 2fm and Online services. RTÉ One retained the largest deficit, followed by RTÉ Two, RTÉ Radio 1, RTÉ 2fm and Online services.

6.9 Control of Overcompensation/Surpluses

Guidelines set out by the European Commission relating to State funding of public service broadcasters indicate that broadcasters must retain no more than 10% of their budgeted

expenditure. Table 6.32 demonstrates that there was no issue of surpluses in 2012; therefore RTÉ complied with EU requirements relating to retaining no more than a given percentage above the net cost of the public service. RTÉ recorded a deficit in 2012.

Table 6.32: Evaluation of Overcompensation and Maintenance of Surpluses 2012	
	€000
Revenue (Including Interest Receivable)	338,362
Expenditure (Including Interest Payable and Income Tax)	403,509
Deficit for the Year	65,147
<i>Source: Indecon analysis of RTÉ Financial Statement from the 2011 Annual Report.</i>	

6.10 Adequacy of RTÉ Funding

In order to determine the adequacy of funding for RTÉ, it is necessary to consider its performance under a number of different headings.

1. Did RTÉ fulfill its performance commitments in 2012?
2. Was RTÉ able to support and foster creativity?
3. Was the operating deficit reduced?
4. Did RTÉ operate as efficiently as possible and reduce costs where possible in 2012?

Section 3 of this report demonstrated that RTÉ broadly fulfilled its commitments in 2012, meeting 159 out of 193 targets set in 2012. However, RTÉ did not achieve some targets relating to audience measures and commercial revenue targets. In addition, some of the targets were set at levels lower than previous year's performance. RTÉ's statutory expenditure on commissioning from the independent production sector exceeded its target, but there was a significant reduction in non-statutory commissioning expenditure. Indecon's 2011 review highlighted the need to reduce RTÉ's operating deficit; RTÉ's operating deficit increased to €17.7 million in 2012 before inclusion of the restructuring charge. RTÉ during 2012 continued to reduce its cost base but further cost reductions or revenue increases are required to provide a foundation for the sustainable viability of RTÉ. While RTÉ funding could be seen as adequate to meet its existing services, this is only valid if costs are further reduced and if revenues are maintained. Given the 2012 cost base and revenue position, it is clear that funding was not adequate in the year to eliminate its financial deficit. Indecon's opinion is that there is a need to implement further cost reductions in RTÉ to meet its deficit. Once this is achieved there are policy options for BAI in terms of the future level of licence fee which have implications for the levels of services provided.

6.11 Summary of Cost Efficiency and value for money of RTÉ

- ☐ Total costs have declined by 9.5% across 2009 to 2012.
- ☐ Expenditure on in-house productions declined by 4.2% between 2011 and 2012.
- ☐ Expenditure on statutory commissions declined by 3.6%
- ☐ Non-statutory commissioning expenditure by 65% between 2011 and 2012, however, total commissioned spend continued to decline.

- ❑ Acquired programming expenditure increased slightly between 2011 and 2012.
- ❑ Total in-house output hours on RTÉ Television increased between 2011 and 2012 while total costs reduced, leading to a decline in cost per output hour from €32.1k to €29.6k.
- ❑ Expenditure on RTÉ in-house radio programming costs was reduced from €59.5 million in 2011 to €55.9 million in 2012.
- ❑ RTÉ Radio 1 accounted for 55% of total in-house radio programming costs in 2012.
- ❑ Programming expenditure was reduced across all radio stations in 2012.
- ❑ The cost per hour of in-house programming was reduced for all stations in 2012.
- ❑ Cost per transmitted hour for RTÉ One was reduced to €14,800 in 2012 while the cost per transmitted hour of television programming on RTÉ Two increased to €10,400.
- ❑ The average cost per viewer hour on RTÉ One remained broadly the same between 2011 and 2012, declining very slightly.
- ❑ Staff costs decreased by 8% to €141 million in 2012.
- ❑ Total headcount was reduced from 2,093 in 2011 to 1,858 in 2012.
- ❑ There was an increase in wages and salaries per FTE head.
- ❑ Total studio utilisation has reduced from 75% to 71% in 2012.
- ❑ Changes to licence fee attribution have been made.
- ❑ RTÉ was compliant with EU guidelines on overcompensation and maintenance of surplus.

7 Recommendations

7.1 Introduction

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

- ❑ RTÉ's 2012 performance against its commitments shows that most were met but some of the important targets such as commercial revenue targets and audience viewing figures were not achieved.
- ❑ RTÉ continued to support creativity in 2012 under a broad range of headings and measures; however, the total number of creative staff employed/ contracted with RTÉ declined and there was a significant reduction in RTÉ's non-statutory expenditure on commissions from the independent production sector.
- ❑ RTÉ continued to reduce operating costs but further declines in commercial revenue and licence fee funding resulted in an increase in the operating deficit.

7.2 Summary of Recommendations

Based on our analysis, Indecon outlines a number of recommendations for consideration by the Authority. These are summarised in the table below.

Summary of Recommendations	
Adjustments to Public Funding	
1.	RTÉ must continue to focus on reducing its operating deficit through further reductions in costs or increases in revenues.
2.	We do not recommend a decrease in public funding for RTÉ at present given the scale of the operating deficit. Before any increase in public funding is considered, we believe some additional efficiencies should be secured.
Cost Efficiency	
3.	We recommend that additional cost reduction measures are implemented.
4.	We recommend that an independent evaluation of the costs/benefits of RTÉ in-house production compared to the costs which could be offered by the independent production sector be completed.
Market Share and Reach	
5.	The challenge of maintaining and increasing market share and reach should continue to be a priority and particular focus should be paid to maintaining RTÉ Radio One market share and reversing the previous declines in RTÉ 2fm market position.
Process Improvements	
6.	Further work is needed to reduce the total number of commitments set for RTÉ and additional refinement to the commitments is needed. We note, however, progress on this in the 2013 targets.
7.	Indecon recommends that a detailed analysis of capital expenditure in various divisions be undertaken as part of future annual reviews.

Annex 1 Top 20 Television Programmes

Figure A1.1: Top 20 TV Programmes 1st January to 31st of December 2012 All Channels, Live National Individuals 4+

Top 20 Programmes 1st January to 31st December 2012 All Channels

Live National Individuals 4+

Any Day Any Time - Best Episode

Ranked by TVR (note universe changes throughout the year)

Minimum programme duration is 15 minutes

Counter	Description	Channel	Day of week	Date	Time	(r) TVR	000s	Share
1	Euro 2012 (Republic Of Ireland vs. Croatia)	RTÉ Two	Sun	10-06-2012	19:38 - 22:15	28.72	1,181.1	68.70
2	The Late Late Toy Show	RTÉ One	Fri	30-11-2012	21:35 - 23:44	28.50	1,154.5	67.64
3	The Late Late Show	RTÉ One	Fri	01-06-2012	21:41 - 24:15	22.48	924.5	69.18
4	The Sunday Game Live: All Ireland Senior Football Final (Mayo vs. Donega)	RTÉ Two	Sun	23-09-2012	15:31 - 17:44	22.20	935.3	71.01
5	The Sunday Game Live: All Ireland Senior Hurling Final (Kilkenny vs. Galwa)	RTÉ Two	Sun	09-09-2012	15:25 - 17:30	20.61	868.1	68.02
6	Mrs Brown's Boys - Christmas Special	RTÉ One	Tue	25-12-2012	21:48 - 22:16	19.11	773.0	43.70
7	RTE News: Nine O'Clock	RTÉ One	Sun	12-02-2012	21:02 - 21:21	18.74	770.4	43.81
8	Mrs Brown's Boys	RTÉ One	Sat	04-02-2012	21:09 - 21:40	18.08	743.1	45.10
9	Love/Hate	RTÉ One	Sun	16-12-2012	21:28 - 22:29	18.06	730.6	50.79
10	London 2012 Olympics	RTÉ Two	Thu	09-08-2012	16:15 - 18:53	17.60	723.9	63.28
11	The Eurovision Song Contest	RTÉ One	Sat	26-05-2012	20:00 - 23:23	17.59	723.6	52.53
12	The Rose Of Tralee	RTÉ One	Tue	21-08-2012	21:36 - 23:21	16.13	663.4	46.81
13	RTE News: Six One	RTÉ One	Tue	03-01-2012	18:02 - 18:54	16.02	658.6	49.12
14	The Voice Of Ireland	RTÉ One	Sun	08-01-2012	18:32 - 19:56	15.86	652.1	40.68
15	The Voice of Ireland - Results	RTÉ One	Sun	29-04-2012	20:30 - 20:57	15.80	649.4	42.17
16	RBS 6 Nations Rugby (Ireland vs. Wales)	RTÉ Two	Sun	05-02-2012	14:30 - 17:16	15.07	619.5	50.51
17	The Saturday Night Show	RTÉ One	Sat	28-01-2012	21:54 - 23:13	14.53	597.1	42.54
18	New Years Eve Live - The Gathering	RTÉ One	Mon	31-12-2012	22:30 - 24:32	14.35	580.5	46.50
19	Fair City	RTÉ One	Sun	08-01-2012	20:00 - 20:27	14.32	588.5	35.43
20	Raw	RTÉ One	Sun	12-02-2012	21:30 - 22:29	14.26	586.2	35.98

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

Source: TAM Ireland Ltd / Nielsen Television Audience Measurement.

Figure A1.2: Top 20 TV Programmes 1st January to 31st of December 2012 All Channels, Consolidated National Individuals 4+

Top 20 Programmes 1st January to 31st December 2012 All Channels

Consolidated National Individuals 4+

Any Day Any Time - Best Episode

Ranked by TVR (note universe changes throughout the year)

Minimum programme duration is 15 minutes

Counter	Description	Channel	Day of week	Date	Time	(r) TVR	000s	Share
1	The Late Late Toy Show	RTÉ One	Fri	30-11-2012	21:35 - 23:44	35.86	1,452.8	67.25
2	Euro 2012 (Republic Of Ireland vs. Croatia)	RTÉ Two	Sun	10-06-2012	19:38 - 22:15	30.04	1,235.7	66.47
3	Mrs Brown's Boys - Christmas Special	RTÉ One	Tue	25-12-2012	21:48 - 22:16	26.40	1,068.1	45.95
4	Love/Hate	RTÉ One	Sun	16-12-2012	21:28 - 22:29	25.55	1,033.9	57.23
5	The Late Late Show	RTÉ One	Fri	01-06-2012	21:41 - 24:15	24.99	1,027.9	66.54
6	The Sunday Game Live: All Ireland Senior Football Final (Mayo vs. Donegal)	RTÉ Two	Sun	23-09-2012	15:31 - 17:44	23.13	974.5	69.27
7	Mrs Brown's Boys	RTÉ One	Sat	04-02-2012	21:09 - 21:40	22.11	909.0	45.78
8	The Sunday Game Live: All Ireland Senior Hurling Final (Kilkenny vs. Galway)	RTÉ Two	Sun	09-09-2012	15:25 - 17:30	21.38	900.8	67.08
9	RTE News: Nine O'Clock	RTÉ One	Sun	12-02-2012	21:02 - 21:21	18.93	778.3	40.81
10	The Eurovision Song Contest	RTÉ One	Sat	26-05-2012	20:00 - 23:23	18.76	771.5	51.56
11	London 2012 Olympics	RTÉ Two	Thu	09-08-2012	16:15 - 18:53	18.33	753.8	62.85
12	The Voice Of Ireland	RTÉ One	Sun	05-02-2012	18:33 - 19:57	17.63	724.9	40.12
13	The Voice of Ireland - Results	RTÉ One	Sun	29-04-2012	20:30 - 20:57	17.46	717.6	41.77
14	Coronation Street	TV3	Mon	23-01-2012	20:32 - 20:59	17.40	715.4	39.73
15	Raw	RTÉ One	Sun	12-02-2012	21:30 - 22:29	17.12	704.0	36.63
16	The Rose Of Tralee	RTÉ One	Tue	21-08-2012	21:36 - 23:21	16.89	694.8	42.14
17	RTE News: Six One	RTÉ One	Tue	03-01-2012	18:02 - 18:54	16.42	674.9	47.47
18	Operation Transformation	RTÉ One	Wed	22-02-2012	20:02 - 20:56	16.38	673.2	39.80
19	Fair City	RTÉ One	Tue	03-01-2012	20:02 - 20:28	15.77	648.3	36.37
20	RBS 6 Nations Rugby (Ireland vs. Wales)	RTÉ Two	Sun	05-02-2012	14:30 - 17:16	15.76	647.8	50.21

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

Source: TAM Ireland Ltd / Nielsen Television Audience Measurement.

Annex 2 Top 20 All-Week National Radio Programmes

Figure A2.1: RTÉ Radio Top 20 All-week National Programmes – Adults 15+ Timeblock Reach: National Stations Jan-Dec 2012

Rank	Programme	Station	Time-slot	Period	Adults 15+ Prog Reach %	No. of Adults 15+ (000s)
1	Morning Ireland	RTÉ Radio 1	07:00-09:00	Mon-Fri	12%	441
2	Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	Mon-Fri	12%	420
3	The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sat	10%	363
4	News at One	RTÉ Radio 1	13:00-13:45	Mon-Fri	10%	360
5	The Business	RTÉ Radio 1	10:00-11:00	Sat	9%	334
6	The John Murray Show	RTÉ Radio 1	09:00-10:00	Mon-Fri	9%	323
7	Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	Mon-Fri	9%	321
8	Playback	RTÉ Radio 1	09:00-10:00	Sat	9%	316
9	The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sun	8%	305
10	Miriam Meets ...	RTÉ Radio 1	10:00-11:00	Sun	7%	268
11	Drivetime	RTÉ Radio 1	16:30-19:00	Mon-Fri	7%	265
12	News / Papers / Sunday Miscellany	RTÉ Radio 1	09:00-10:00	Sun	7%	257
13	Ray D'Arcy Show	Today FM	09:00-12:00	Mon-Fri	7%	243
14	News / Papers / CountryWide	RTÉ Radio 1	08:00-09:00	Sat	6%	222
15	Mooney	RTÉ Radio 1	15:00-16:30	Mon-Fri	6%	221
16	The Ronan Collins Show	RTÉ Radio 1	12:00-13:00	Mon-Fri	6%	211
17=	Saturday with Claire Byrne	RTÉ Radio 1	13:00-14:00	Sat	5%	192
17=	This Week	RTÉ Radio 1	13:00-14:00	Sun	5%	192
19	Ian Dempsey Breakfast Show	Today FM	07:00-09:00	Mon-Fri	5%	175
20=	Tubridy	RTÉ 2fm	09:00-11:00	Mon-Fri	4%	160
20=	The Last Word	Today FM	16:30-19:00	Mon-Fri	4%	160
20=	Papers / World Report / Bowman	RTÉ Radio 1	08:00-09:00	Sun	4%	160

Source: JNLR / Ipsos MRBI 2012 /4

Annex 3 RTÉ Radio Audience Data

Figure A3.1: RTÉ Radio Timeblock Reach, Monday – Friday average, January – December 2012

Mon-Fri					
Programme	Station	Time-slot	Period	Adults 15+ Prog Reach %	No. of Adults 15+ (000s)
Risin' Time	RTÉ Radio 1	05.30-07.00	Mon-Fri	1%	37
Morning Ireland	RTÉ Radio 1	07:00-09:00	Mon-Fri	12%	441
The John Murray Show	RTÉ Radio 1	09:00-10:00	Mon-Fri	9%	323
Today with Pat Kenny	RTÉ Radio 1	10:00-12:00	Mon-Fri	9%	321
The Ronan Collins Show	RTÉ Radio 1	12:00-13:00	Mon-Fri	6%	211
News at One	RTÉ Radio 1	13:00-13:45	Mon-Fri	10%	360
Liveline with Joe Duffy	RTÉ Radio 1	13:45-15:00	Mon-Fri	12%	420
Mooney	RTÉ Radio 1	15:00-16:30	Mon-Fri	6%	221
Drivetime	RTÉ Radio 1	16:30-19:00	Mon-Fri	7%	265
Sport @ Seven	RTÉ Radio 1	19:00-19:30	Mon-Fri	1%	32
Arena	RTÉ Radio 1	19:30-20:30	Mon-Fri	1%	27
The John Creedon Show	RTÉ Radio 1	20:30-22:00	Mon-Fri	1%	29
Arts Tonight / Late Debate / Features	RTÉ Radio 1	22:00-23:00	Mon-Fri	1%	23
Late Date incl Book on One	RTÉ Radio 1	23:00-02:00	Mon-Fri	1%	25
		02:00-05:30	Mon-Fri	0%	6
Damian Farrelly	RTÉ 2fm	06:00-07:00	Mon-Fri	0%	10
Breakfast with Hector	RTÉ 2fm	07:00-09:00	Mon-Fri	3%	124
Tubridy	RTÉ 2fm	09:00-11:00	Mon-Fri	4%	160
Colm Hayes	RTÉ 2fm	11:00-13:00	Mon-Fri	4%	131
Larry Gogan's Golden Hour	RTÉ 2fm	13:00-14:00	Mon-Fri	2%	83
Rick In The Afternoon	RTÉ 2fm	14:00-16:30	Mon-Fri	3%	114
More Music Drive with Will Leahy	RTÉ 2fm	16:30-19:00	Mon-Fri	3%	111
Dave Fanning (Mon-Thurs); Jenny Greene (Fri)	RTÉ 2fm	19:00-21:00	Mon-Fri	1%	25
Jenny Huston (Mon-Thurs); RTÉ Pulse on 2fm (Fri)	RTÉ 2fm	21:00-23:00	Mon-Fri	0%	14
Dan Hegarty (Mon-Thurs); The Spring Sessions (Fri)	RTÉ 2fm	23:00-01:00	Mon-Fri	0%	6
	RTÉ 2fm	01:00-06:00	Mon-Fri	0%	1
Marty in the Morning	RTÉ lyric fm	07:00-10:00	Mon-Fri	1%	29
Niall Carroll's Classical Daytime	RTÉ lyric fm	10:00-14:00	Mon-Fri	1%	38
The John Kelly Ensemble	RTÉ lyric fm	14:00-16:00	Mon-Fri	1%	29
Liz Nolan's Classic Drive	RTÉ lyric fm	16:00-19:00	Mon-Fri	1%	45
Various: MyTunes/lyric Feature/Reels to Ragas/Jazz Alley/Grace Notes	RTÉ lyric fm	19:00-20:00	Mon-Fri	0%	14
The lyric Concert	RTÉ lyric fm	20:00-22:00	Mon-Fri	1%	22
The Blue of the Night	RTÉ lyric fm	22:00-01:00	Mon-Fri	0%	15
lyric Through the Night	RTÉ lyric fm	01:00-07:00	Mon-Fri	0%	4

Source: JNLR / Ipsos MRBI 2012/4.

Figure A3.2: RTÉ Radio Timeblock Reach, Saturday average, January – December 2012

Programme	Sat				
	Station	Time-slot	Period	Adults 15+ Prog Reach %	No. of Adults 15+ (000s)
The Weekend on One with Cathal Murray	RTÉ Radio 1	06:00-08:00	Sat	2%	81
News / Papers / CountryWide	RTÉ Radio 1	08:00-09:00	Sat	6%	222
Playback	RTÉ Radio 1	09:00-10:00	Sat	9%	316
The Business	RTÉ Radio 1	10:00-11:00	Sat	9%	334
The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sat	10%	363
Saturday with Claire Byrne	RTÉ Radio 1	13:00-14:00	Sat	5%	192
Saturday Sport	RTÉ Radio 1	14:00-18:00	Sat	4%	142
Documentary on One	RTÉ Radio 1	18:00-19:00	Sat	1%	34
Off The Shelf	RTÉ Radio 1	19:00-19:30	Sat	0%	9
Archive on One / Arts	RTÉ Radio 1	19:30-20:00	Sat	0%	7
Irish Language / Music	RTÉ Radio 1	20:00-21:00	Sat	0%	6
Céili House	RTÉ Radio 1	21:00-22:00	Sat	0%	14
Fáilte Isteach	RTÉ Radio 1	22:00-23:00	Sat	0%	12
Music on One: Country	RTÉ Radio 1	23:00-24:00	Sat	0%	13
Late Date	RTÉ Radio 1	00:00-02:00	Sat	0%	6
RTÉ Radio 1 Through the Night	RTÉ Radio 1	02:00-06:00	Sat	0%	4
Weekend Breakfast	RTÉ 2fm	07:00-10:00	Sat	2%	63
Dave Fanning	RTÉ 2fm	10:00-12:00	Sat	3%	102
Ballbusters	RTÉ 2fm	12:00-14:00	Sat	3%	104
Weekenders with Ruth Scott & Paddy McKenna	RTÉ 2fm	14:00-17:00	Sat	3%	91
Damian Farrelly	RTÉ 2fm	17:00-19:00	Sat	1%	46
Jenny Greene's Electric Disco	RTÉ 2fm	19:00-22:00	Sat	1%	22
The Spring Sessions	RTÉ 2fm	22:00-24:00	Sat	0%	8
Dave Clarke's White Noise	RTÉ 2fm	24:00-02:00	Sat	0%	2
	RTÉ 2fm	02:00-07:00	Sat	0%	5
Trish Taylor's Daybreak	RTÉ lyric fm	07:00-10:00	Sat	1%	21
The Hamilton Scores	RTÉ lyric fm	10:00-13:00	Sat	1%	26
Movies and Musicals with Aedin Gormley	RTÉ lyric fm	13:00-16:00	Sat	1%	37
Lorcan Murray's Classic Drive	RTÉ lyric fm	16:00-19:00	Sat	1%	25
Opera Night	RTÉ lyric fm	19:00-22:00	Sat	0%	10
The Blue of the Night	RTÉ lyric fm	22:00-01:00	Sat	0%	9
lyric Through the Night	RTÉ lyric fm	01:00-07:00	Sat	0%	1

Source: JNLR / Ipsos 2012/4.

Figure A3.3: RTÉ Radio Timeblock Reach, Sunday average, January – December 2012

Sun					
Programme	Station	Time-slot	Period	Adults 15+ Prog Reach %	No. of Adults 15+ (000s)
The Weekend on One with Cathal Murray	RTÉ Radio 1	06:00-08:00	Sun	1%	49
Papers / World Report / Bowman	RTÉ Radio 1	08:00-09:00	Sun	4%	160
News / Papers / Sunday Miscellany	RTÉ Radio 1	09:00-10:00	Sun	7%	257
Miriam Meets ...	RTÉ Radio 1	10:00-11:00	Sun	7%	268
The Marian Finucane Show	RTÉ Radio 1	11:00-13:00	Sun	8%	305
This Week	RTÉ Radio 1	13:00-14:00	Sun	5%	192
Sunday Sport	RTÉ Radio 1	14:00-18:00	Sun	4%	137
The History Show	RTÉ Radio 1	18:00-19:00	Sun	1%	21
Arts Tonight (Rpt) / Doc on One (rpt)	RTÉ Radio 1	19:00-20:00	Sun	0%	14
Drama on One	RTÉ Radio 1	20:00-21:00	Sun	0%	10
Music on One: South Wind Blows	RTÉ Radio 1	21:00-22:00	Sun	0%	8
Music on One: The Rolling Wave	RTÉ Radio 1	22:00-23:00	Sun	0%	10
Music on One: OoS / In Concert	RTÉ Radio 1	23:00-24:00	Sun	0%	13
Late Date	RTÉ Radio 1	00:00-02:00	Sun	0%	5
Radio 1 Through the Night	RTÉ Radio 1	02:00-05:30	Sun	0%	3
Weekend Breakfast	RTÉ 2fm	07:00-10:00	Sun	1%	41
The Best of Tubridy	RTÉ 2fm	10:00-11:00	Sun	1%	53
Ireland's Biggest Jukebox	RTÉ 2fm	11:00-14:00	Sun	3%	115
Weekenders with Ruth Scott & Paddy McKenna	RTÉ 2fm	14:00-17:00	Sun	2%	80
Michael Cahill	RTÉ 2fm	17:00-19:00	Sun	1%	44
The Battle Axe	RTÉ 2fm	19:00-22:00	Sun	0%	13
2XM on 2fm	RTÉ 2fm	22:00-24:00	Sun	0%	3
	RTÉ 2fm	24:00-06:00	Sun	0%	2
Classical Kids	RTÉ lyric fm	07:00-08:00	Sun	0%	2
Gloria	RTÉ lyric fm	08:00-10:00	Sun	1%	18
The Music Box	RTÉ lyric fm	10:00-12:00	Sun	0%	16
Aedin Gormley's Sunday Matinée	RTÉ lyric fm	12:00-14:00	Sun	1%	23
Gay Byrne	RTÉ lyric fm	14:00-16:00	Sun	1%	43
Lorcan Murray's Classic Drive	RTÉ lyric fm	16:00-19:00	Sun	1%	36
The Magic Carpet	RTÉ lyric fm	19:00-20:00	Sun	0%	4
Nova	RTÉ lyric fm	20:00-22:00	Sun	0%	5
The Blue of the Night	RTÉ lyric fm	22:00-01:00	Sun	0%	9
lyric Through the Night	RTÉ lyric fm	01:00-07:00	Sun	0%	1

Source: JNLR / Ipsos MRBI 2012/4.

Annex 4 RTÉ Player Top 20 Streams April 2013

Table A4.1 : RTÉ Player Top 20 Streams, April 2013

	RTÉ.ie / Player Programme	Streams 000's	RTÉ Player 'App' version Programme	Streams 000's
1	*	*	*	*
2	*	*	*	*
3	*	*	*	*
4	*	*	*	*
5	*	*	*	*
6	*	*	*	*
7	*	*	*	*
8	*	*	*	*
9	*	*	*	*
10	*	*	*	*
11	*	*	*	*
12	*	*	*	*
13	*	*	*	*
14	*	*	*	*
15	*	*	*	*
16	*	*	*	*
17	*	*	*	*
18	*	*	*	*
19	*	*	*	*
20	*	*	*	*

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

Source: Blue Metrix.

Annex 5 Detailed List of Commitments 2012

Table A5.1: RTÉ Detailed Performance Commitments for 2012 – Range of Activities	
	Range of Activities
1.	Operate a range of national media services in the public interest.
2.	Participate fully in transition to digital broadcasting (corresponds to technology).
3.	Ensure content distribution / delivery across all platforms and devices, digital terrestrial, cable, satellite, as well as (mobile) internet and across IP networks (corresponds to technology).

Source: Data from the RTÉ Annual Statement of Performance Commitments 2012.

Table A5.2: RTÉ Detailed Performance Commitments for 2012 – Content Provision	
	Content Provision
4.	Broadcast a wide range of programming, including programmes that are entertaining, informative, educational and inclusive.
5.	Deliver a wide range of performances to entertain and educate.
6.	Performing Groups to be the leading provider of live music of quality and diversity in their field.
7.	Deliver programming and services relevant to the social and cultural needs of young people living in Ireland.
8.	Deliver a comprehensive news and current affairs service.
9.	Maintain significant audience for flagship news and current affairs programmes.
10.	Build audience appreciation for and increase relevance to the RTÉ news and current affairs programmes.
11.	Maintain and enhance foreign coverage where possible to deliver an Irish perspective on international events.
12.	Provide a space where national conversation, reflection and debate can take place, covering public affairs, democratic values, culture and religious beliefs and practices (corresponds to responsible & trustworthy).
13.	Ensure appropriate coverage of key international and national events.
14.	Deliver cross-platform and cross-media initiatives.
15.	Maintain commitment to Irish language programming.
16.	Maintain commitment to Irish cultural programming.
17.	Undertake education and outreach initiatives.
18.	Promote diversity and reflect the daily lives, concerns and the cultural and regional diversity of the whole island of Ireland.
19.	Promote inclusiveness and provide coverage of religious, community and cultural activities, including minority cultures and interests.
20.	Retain existing and attract new audiences through the provision of relevant services.
21.	Optimise market share, endeavouring to maintain audience share on television in the face of significant national and international competition and optimise share for key radio services.
22.	Provide service to Irish Diaspora.
23.	To be the primary source of Irish/Home Produced content nationally and from the regions, ensuring a high proportion of home-production during peak time on RTÉ One.
24.	Deliver the best quality programmes and services, maintaining perceptions of quality.
25.	Foster creativity, new ideas and cultural expression, through supporting cultural events including minority interests; developing new talent (presenters, musicians, artists, programme makers and content creators); showing leadership within the creative industries and commissioning and premiering new work.
26.	Explore the opportunities for new creative and cultural partnerships.
<i>Source: Data from the RTÉ Annual Statement of Performance Commitments 2012.</i>	

Table A5.3: RTÉ Detailed Performance Commitments for 2012 – Governance	
	Governance
27.	Maintain best practice governance and reporting systems.
28.	Fulfil all legislative and regulatory requirements.
29.	Ensure compliance with all relevant codes.
30.	IBD objectives to be aligned with performance measurement system of Annual Statement of Performance Commitments (ASPC).
<i>Source: Data from the RTÉ Annual Statement of Performance Commitments 2012.</i>	

Table A5.4: RTÉ Detailed Performance Commitments for 2012 – Technology	
	Technology
31.	Optimise technology usage to facilitate the delivery of innovation in programming bringing new formats, initiatives and programmes to all media.
32.	Fulfil universal service obligation for analogue TV & Radio.
33.	Facilitate access to RTÉ content through digital media and increase connection points with RTÉ, maintaining availability of archive content, growing Digital Radio services, delivering mobile applications and developing new avenues to connect with the whole island of Ireland.
34.	Implement the technology change programme through the development of new multimedia production models and efficient use of technology for appropriate programme making and transmission of services.
35.	Implement the end-to-end digitisation programme. Build the end-to-end digital content production network and migrate to HDTV.
36.	Progress project 2025. Achieve phase 1 targets by 2014.
<i>Source: Data from the RTÉ Annual Statement of Performance Commitments 2012.</i>	

Table A5.5: RTÉ Detailed Performance Commitments for 2012 – Use of Public Funds

	Use of Public Funds
37.	Meet budgetary target for 2012.
38.	Solvency: Target availability of cash / facilities to meet commitments as they fall due.
39.	Implement cost control and curtailment initiatives
40.	Review ERP (Enterprise Resource Planning) systems and implement new integrated system by 2014.
41.	Ensure Radio and Television independent commissioning meet statutory spending requirements.
42.	Optimise funding sources by maximising the exploitation of all revenue streams both traditional and new, diversifying and increasing funding sources and exploring new financing partnerships to maximise revenue and reduce costs.
43.	Deliver a value for money service ensuring that best value is achieved in all areas of the business, by continuing to make best use of the Licence Fee income and enhance audience perceptions of “value for money”.
44.	Control people costs, through monitoring and management of the reduction of Personnel Related Operating Costs (PROC) and headcount and new contracts.
45.	Efficiently manage resources through monitoring cost per transmitted hour, the efficient usage of facilities and improved resource management procedures and utilisation of programme personnel.
46.	Optimise organisational structure and work practices to fulfil public purpose in best manner, regularly reviewing workforce numbers to achieve further optimisation where possible.
47.	Develop people and skills through cost-neutral internal training and by providing relevant staff development opportunities, in line with business requirements.
<i>Source: Data from the RTÉ Annual Statement of Performance Commitments 2012.</i>	

Table A5.6: RTÉ Detailed Performance Commitments for 2012 – Responsibility and Trustworthy

	Responsibility and Trustworthy
48.	Implement the highest editorial standards, reviewing editorial guidelines in the context of legislation and codes of practice and minimising legal / regulatory corrective actions.
49.	Deliver impartial and objective news and current affairs (corresponds with content).
50.	Demonstrate leadership in access services by exceeding minimum standards and providing new / innovative services where possible, to facilitate access to TV for those with sensory disabilities (corresponds to content).
51.	Ensure highest business and accounting standards through voluntary compliance with international codes & IFRS (corresponds to Governance).
52.	Publish Corporate Social Responsibility plan annually.
53.	Maintain public access via central phone and email information services.
54.	Ensure transparency and pro-active communications.
55.	Deliver research to access the needs of Irish audiences to ensure that we meet those needs and build affinity with RTÉ.
56.	Maintain and grow collaborative partnerships with key industry bodies, stakeholders, regulators, broadcasters and with EBU and other European bodies, as appropriate.
<i>Source: Data from the RTÉ Annual Statement of Performance Commitments 2012.</i>	

Annex 6 Nielsen / TAM Ireland Definitions of Measures of Television Viewing

Box A6.1: Nielsen / TAM Ireland Definitions of Measures of Television Viewing

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

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

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

Source: Nielsen Television Audience Measurement / TAM Ireland.