

Public Funding Review of Public Service Broadcasters

Final Report

Submitted to

Broadcasting Authority of Ireland

Prepared by

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Executive Summary

Introduction and Background to Review

This report is submitted to the Broadcasting Authority of Ireland (BAI) by Indecon International Economic Consultants ('Indecon'). The report concerns an independent Public Funding Review of Public Service Broadcasters in 2016 ('PSBs').

The background to this review is that public service broadcasting involves public sector funding of television, radio and other types of electronic communications media. The rationale for public funding of PSBs is that they are 'public goods'. That is, a PSB can inform and enrich society by providing high quality, objective programming. In Ireland, RTÉ's and TG4's statutory mandates are defined in the Broadcasting Act 2009 under sections 114 and 118, respectively. The Act specifically outlines that programme schedules should 'entertain, inform and educate'.

Both PSBs are in receipt of public funding. TG4 is funded primarily through state provision, as well as a licence fee contribution. RTÉ also receives funding via the TV licence fee. Both broadcasters also attract commercial funding through the sales of advertising, sponsorship, and other means. Given the importance of public funding for PSBs, there is a need for the PSBs to be accountable and transparent, and to ensure cost efficiency and effective operating procedures are in place with the aim ultimately of delivering value for money to the public. Section 102 of the Broadcasting Act 2009 requires each PSB to prepare an annual statement of performance commitments in accordance with its five-year statement of strategy and its public service statement. The BAI is required under Section 124, subsection (2) of the Broadcasting Act 2009 to review the extent to which each PSB has fulfilled its stated performance commitments for each year in respect of its public service objects, as well as the adequacy or otherwise of public funding to enable each PSB to meet its public service objects. Seven such annual reviews have been completed to-date. This review examines the activities and outcomes of the PSBs in 2016.

Trends in Irish Economy and Broadcasting Sector

In order to fully understand and assess the performance of RTÉ and TG4, it is important to consider the context in which they operate. This includes the wider, macro-economic environment as well as the trends in the broadcasting and wider media sector.

Irish Economy

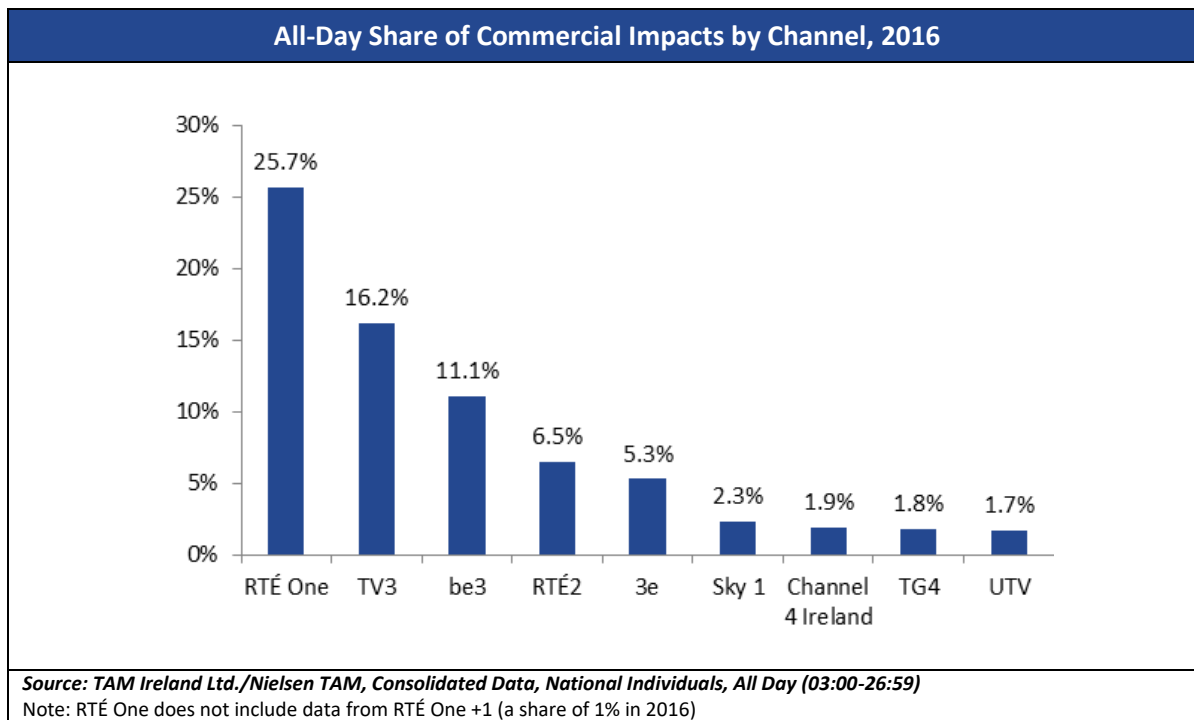
The strengthening of the economic recovery provides a more positive backdrop for the advertising market and TV commercial revenue generation. Irish headline macroeconomic indicators (see summary overleaf) indicate a strongly improved economic outlook. In particular, indicators such as GDP, GNP and personal consumption have all posted significant gains over the last 2-3 years, while there has also been a rapid improvement in the labour market, with unemployment falling below 8% in 2016. Consumer inflation remains muted. The general economic improvement will have knock-on effects for PSBs through advertising revenues and other impacts. However, the high levels of uncertainty created by the Brexit vote and ongoing negotiations present significant risks for the Irish economy and the commercial environment going forward.

Macro-Economic Context – Recent Developments in Irish Economy					
	2012	2013	2014	2015	2016
GDP (Constant Prices)	-1.1%	1.1%	8.5%	26.3%	5.2%
GNP (Constant Prices)	-0.4%	4.7%	9.2%	18.7%	9.0%
Personal Consumption (Constant prices)	-1.0%	-0.8%	1.7%	4.5%	3.0%
Employment (Thousands of Persons)	1,518	1,533	1,560	1,602	1,657
Unemployment Rate	14.7%	13.1%	11.3%	9.5%	7.9%
Consumer Price Inflation	1.6%	0.5%	0.2%	-0.3%	0.0%

Source: Indecon analysis of CSO Quarterly National Accounts data

Broadcasting and Media Landscape

Television remains the main entertainment medium in Ireland where approximately 1.6 million homes own a television. However, the trend towards greater fragmentation has continued, due to the presence, and increasing numbers, of competitors in the Irish market, and the move to a more online- and user-choice-based model. This is evident in both technological impacts on traditional broadcasters as well as consumption patterns of Irish citizens. Despite these developments, RTÉ Television has continued to retain a premium position in the Irish TV market (see figure below).



In Ireland, radio is a popular form of media and entertainment. However, the radio broadcasting market has the characteristics of a mature market, with strong competition, and potential growth in this area is considered to be minimal. It is also impacted by technological change, albeit to a less disruptive degree than in the TV market. Increased competition from different platforms continues to impact the PSBs' audience numbers. The competitive landscape for radio is also more defined geographically. Regionally-focused radio broadcasters have displayed strong penetration rates over the past 4 years. Competition is stronger in and around cities, with FM104 and Spin 1038 having a 16% and 12% average yesterday listenership in 2016. In Cork, Red FM had a 28% average yesterday listenership, while 96FM recorded 26% in 2016.

Average Weekday Yesterday Listenership, 2013 – 2016, Adults 15+					
	2013	2014	2015	2016	% Change 2015 – 2016
Listened at all	83%	84%	83%	82%	-1.2%
Any National	45%	46%	46%	44%	-4.3%
Any RTÉ Radio	34%	34%	35%	34%	-2.9%
RTÉ Radio 1	24%	23%	25%	24%	-4.0%
RTÉ 2FM	11%	10%	10%	10%	0.0%
RTÉ Lyric FM	4%	4%	4%	4%	0.0%
Today FM	13%	13%	12%	11%	-0.8%
Newstalk	9%	11%	11%	10%	-0.9%
Any Regional/Local/M-City/D-C#	56%	58%	58%	57%	-1.7%
<i>Source: Ipsos MRBI/JNLR 2016/4, 2015/4, 2014/4 and 2013/4</i>					

The popularity of internet-enabled devices is a long-term trend affecting all traditional linear broadcasters. These devices have fundamentally altered how viewers consume media content and how they interact with broadcasters. Consumers, especially in younger cohorts, are continuing to demand a menu of content rather than accepting the traditional linear broadcasts. While user-choice driven services have existed in other forms (e.g. cable television has a history of offering content on-demand), this trend has grown exponentially with third-party services such as Netflix. These offer consumers an internet-enabled menu of content. These services have also started to produce their own content, fragmenting the broadcasting and content market even further. It should be stressed that many of these changes offer greater consumer choice and can be viewed as a benefit. However, from the perspective of the PSBs, these trends have potential negative implications for the future of PSB funding and audience numbers.

The BAI tracks media consumption trends as part of its Audience Tracking Research. As can be seen in the figure overleaf, even in the most recent period examined, one can see a material change in consumption patterns. **[Redacted: Data is commercially sensitive].**

Media Devices at Home, Island of Ireland, Adults, 2015 – 2016

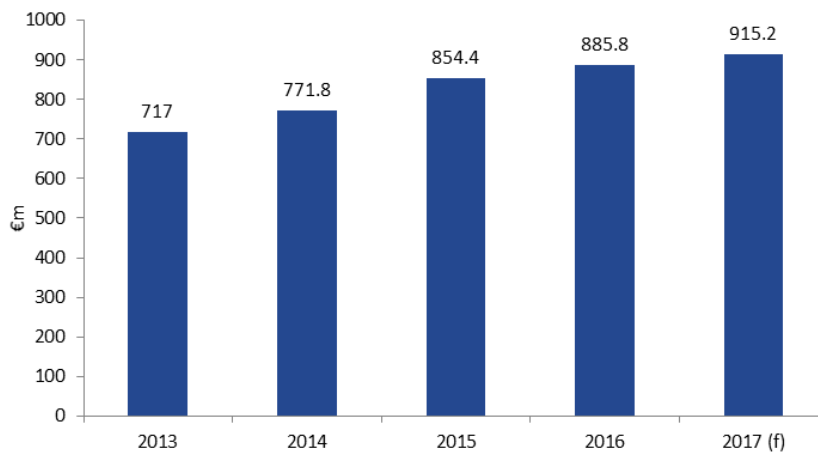
[Redacted: Data is commercially sensitive].

Source: Source: BAI/B&A Audience Tracking Research - An Island of Ireland Survey, May 2017

Advertising Market

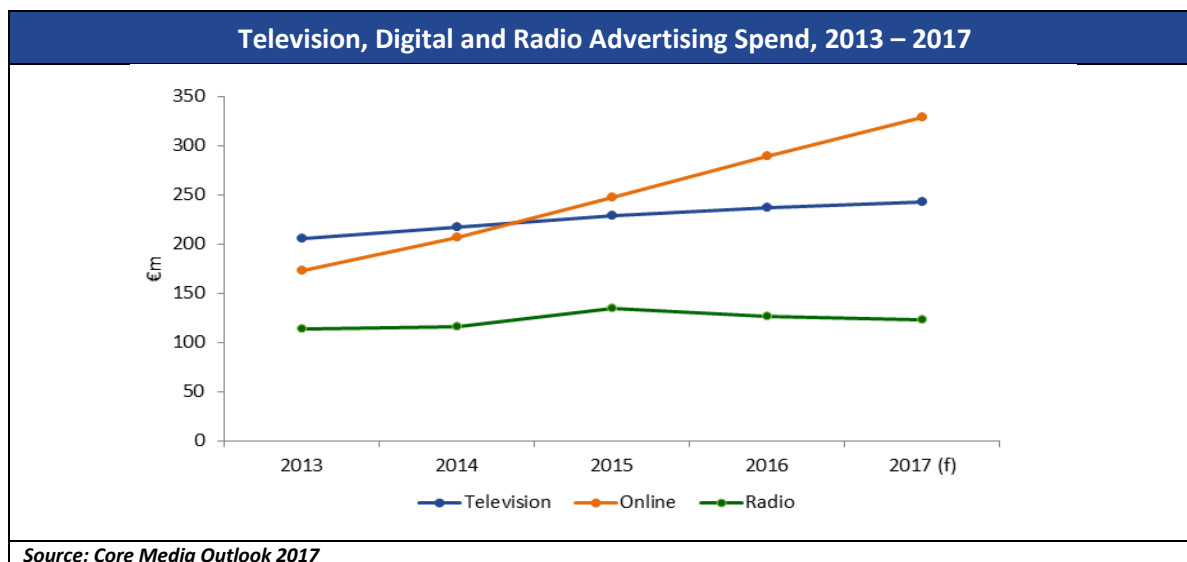
The performance of the Irish advertising market is presented in the figure below. In 2016, the overall advertising market, including TV, Radio, Digital, and other forms, was estimated to be €885 million, which represents a significant increase on 2013 levels. While the advertising market in Ireland continues to grow, the digital/online market is now the largest market. In addition, the rapid growth in ‘opt out’ advertising from outside Ireland has increased competitive pressures on advertising revenue for Irish broadcasters. ‘Opt-Out’ advertising is a method of advertising undertaken by television broadcasters that involves a broadcaster from outside the jurisdiction targeting an audience within the jurisdiction of their advertisements. This practice has been increasing as a result of globalisation and a unification of the European broadcasting market. The rapid growth in ‘opt out’ advertising placed by channels broadcast from the UK has increased competitive pressures on advertising revenue for Irish broadcasters.

Advertising Spend, 2013 – 2017



Source: Core Media Outlook 2017

The strong growth in the Irish online advertising market is evident from the figure below. A slower increase in the television advertising market compared to online advertising represents a challenge particularly for traditional broadcasters such as RTÉ and TG4 who are reliant on television advertising revenue.



Public Funding Review of TG4

Summary of TG4 Performance against Commitments 2016 - TG4

Section 102(1) of the Broadcasting Act 2009 requires that an annual statement of performance commitments is prepared by TG4. The table overleaf presents a summary of TG4's performance against its commitments set out in the Annual Statement of Performance Commitments 2016, which was prepared in accordance with TG4's Statement of Strategy and Public Service Statement and in fulfilment of the requirements of the Broadcasting Act 2009. In 2016, TG4 aimed to deliver 17 individual commitments under five main thematic areas as agreed with the Broadcasting Authority of Ireland. These were as follows:

1. AUDIENCES - IMPACT AND REACH.
2. CONTENT – HIGH QUALITY AND DISTINCTIVE.
3. PROMOTION AND DEVELOPMENT OF THE IRISH LANGUAGE AND CULTURE.
4. TRANSPARENCY AND EFFICIENCY.
5. TRUST AND GOVERNANCE.

Our analysis suggests that approximately eight of the seventeen commitments set out by TG4 for 2016 were achieved, while a further nine were substantially achieved. However, it is important to consider the detailed analysis under each commitment as some specific targets were not met. It is also important to consider these findings in the context of Indecon's assessment of the adequacy of the commitments.

TG4 Summary of Overall Performance Against Commitments 2016	
	Number of Commitments
Commitments achieved	8
Commitments substantially achieved	9

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

Audience-related commitments

TG4 is judged to have achieved one of the three Audience-related commitments set out for 2016 and substantially achieved the remaining two commitments. However, even in cases where substantial achievement has been made, some elements fell behind the targets set. For example, while performance was good in terms of national market share and Irish language audiences, TG4 did not achieve the targets for peak viewing or unique website visitors. TG4 recorded a strong performance compared to their targets for Irish language audiences, with 92% reach achieved with the sample Fios Fise Panel, and over 80% TG4 satisfaction rating among Irish language speakers. The ability of TG4 to compete for wider national television audience is of critical importance. Indecon previously highlighted concern over the declining TG4 audience share in the 2015 review of performance. An improvement in audience share from 1.65% in 2015 to 1.78% in 2016 was achieved, showing that the decline in audience share evident in the previous two years has been halted. The gradual erosion of TG4's audience weekly reach across all demographics, evident since 2013, continued in 2016, with only Adults 55+ years, remaining the same as 2015. Indecon recognises the difficulties faced by TG4 in an environment of an increased number of channels and intense competition. However, the continued decline in audience reach is a significant issue.

Content-related commitments

Under the second thematic area: Content – High Quality and Distinctive – TG4 set out five commitments. Overall, Indecon's detailed assessment found that TG4 met two of the commitments set and substantially met the remaining three. A key commitment for TG4 is to develop its Irish language broadcast schedule to entertain and draw strong audience levels. TG4 set out a number of specific targets relating to Irish language programming in 2016. Targets for total and average New Irish Language programming per day were substantially met. Targets for Entertainment/Lifestyle and Science/Technology were not met, while targets for other genres were either met or substantially met. TG4 has since stated in its 2017 ASPC: "TG4 are not presenting new Irish language hours by genre and source as it is moving to an audience focus as part of its new strategy".

Irish language-related commitments

The target for total Irish Language Broadcast hours was substantially met in 2016 while the genre-level targets were not met. Indecon notes that while the commitment referred explicitly to drawing strong audience levels, the specific targets did not include any audience-related metrics and this should be considered in any future refinements of the metrics. Indecon also has general concerns over the usefulness of the targets set for this commitment.

In relation to promotion of development of the Irish language and culture, progress is ongoing with TG4's efforts to extend their HD and Player services to all available platforms. The broadcaster fell short of the targets set for this area for 2016. However, substantial progress has been made. Another objective of TG4's 2013 – 2017 strategy is to establish a resource to support the development of Irish linguistic skills. TG4, as a first step in association with NUIG, developed an educational portal aimed at Leaving Cert students studying for oral exams. This has been live since October 2017. Additional funding would be required to develop a comprehensive learning Irish resource. Separately, TG4's performance exceeded its target in terms of weekly reach among the Irish language audience and their audience satisfaction rating in 2016. Measured TG4 Player usage was almost at target.

During 2016, TG4 continued to work with the Government and other stakeholders in the delivery of the Government's 20-year strategy for the Irish language. TG4 met, or substantially met, all targets set for 2016 relating to the 20-year strategy for Irish language.

The total number of commissioned Irish language hours from the Independent Production Sector in 2016 was short of target. Genre-level targets were substantially met, with the exception of Entertainment/ Lifestyle. TG4's total expenditure on the independent production sector exceeded the target levels in 2016.

Transparency and efficiency-related commitments

TG4 set out two commitments relating to transparency and efficiency in 2016. These concerned a commitment to achieve continued efficiency and value-for-money, making the best use of public funding; and to strive to maintain TG4's commercial revenues despite increased competition and less public funding. TG4 is a small broadcaster and operates a largely outsourcing strategy. TG4 performed well during 2016 in increasing commercial revenues although they remain a very small share of its overall costs. Our analysis suggests TG4 met the commitments on transparency and efficiency in 2016.

Trust and governance-related commitments

TG4 set out two main commitments relating to Trust and Governance for 2016, namely (a) to maintain best-practice governance and reporting systems; and (b) to deliver our public service and statutory requirements, complying with all relevant broadcasting codes and regulations. Based on available information, it appears that governance commitments were met during 2016. TG4 has made some progress in relation to various codes concerning fair trading and governance but further work is required. It may be appropriate for BAI to consider whether an independent review of governance issues should be undertaken by the boards of the broadcasters, to ensure compliance with the very detailed statutory requirements and with the Public Code of Practice for the Governance of State Bodies.

Adequacy of 2016 Commitments – TG4

In considering the adequacy of TG4 performance commitments, it is important to examine the consistency of the targets with the Broadcasting Act 2009. Indecon's assessment is that, in 2016, TG4's commitments reflect its public service objects but that some permitted activities such as maintaining choirs and other cultural performing groups were not implemented. The commitments set out by TG4 in 2016 are, in our opinion, adequate to address its public service objects.

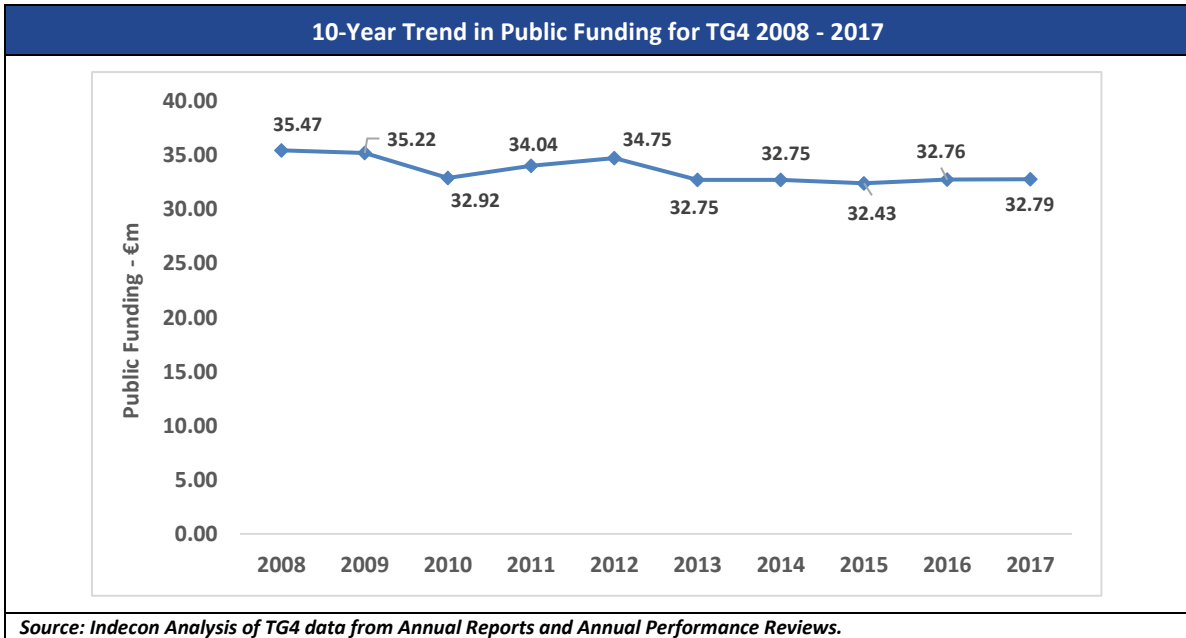
We have also examined the appropriateness or otherwise of the targets set by TG4. In evaluating these targets, it is necessary to consider the nature of the commitments and targets set. Indecon has concerns over the very large number of commitments, and the even larger number of targets which are set. While we have no difficulty with such targets being used internally in TG4 for planning purposes if the organisation feels this is operationally appropriate, we believe a significant rationalisation of the commitments and targets would greatly enhance overall performance measurement, reduce administrative costs on TG4 as part of the annual reviews and would focus on the key issues which will drive the success or otherwise of TG4. It would also enable a more in-depth examination of selected issues. Indecon is, however, in agreement with commitments being set in five main areas at present including:

- Audience – Impact and Research.
- Content – High Quality and Distinctive.
- Promotion and Development of the Irish Language and Culture.
- Transparency and Efficiency.
- Trust and Good Governance.

The commitments set out by TG4 in 2016 were, in Indecon's judgment, broadly adequate to address its public service objects. However, some refinement of the targets should be considered as outlined in our recommendations. Indecon welcomes TG4's new strategy which we understand is moving away from reporting detailed programming and is placing more emphasis on audience metrics. However, we believe that consideration should be given to retaining a metric for new Irish language programme by genre as well as audience reach by demographic group.

Adequacy of 2016 Funding – TG4

The adequacy of public funding for TG4 is dependent on what objectives and targets are being set for the organisation. Indecon believes there are limited options to reduce costs in TG4 without impacting on programming output, and while stretch targets should be set for commercial revenues, these are likely to be a small percentage of overall funding. The figure below demonstrates the trend in the level of public funding for TG4. The trend shows a decline in public funding over the last decade.



TG4 provided estimates of the effects of a 10% reduction in its public funding allocation which forecasted significant impacts on audience reach, share, and visitors to its online content, among other effects. A 10% reduction in TG4’s current (2017) level of Public Funding would equate to a reduction of approximately €3.3 million. **[Redacted: Data is commercially sensitive]** TG4 suggested a funding reduction would require the organisation to consider reducing spend on non-contracted programming content. TG4 presented two impacts as follows:

[Redacted: Data is commercially sensitive].

TG4’s views on the indicative quantitative estimates of the direct and indirect impact of a scenario involving a 10% reduction in funding are presented in the next table. Of particular concern, is the potential impact on audience metrics in the context of an already declining audience viewership. Indecon believes that while the estimated employment and audience impacts may not be as great as suggested by TG4, a reduction in funding would inevitably have an impact on both the independent sector and on audience reach given the limited options to reduce other costs.

TG4 Estimated Direct and Indirect Impact of a 10% Reduction in TG4's Public Funding - Key Impact Metrics			
Key Economic Metrics:	2016	2017 (ASPC 2017)	2018 (e)
Employment Impact (jobs)	[Redacted: Data is commercially sensitive]		
Contribution to national income			
Key Audience Metrics - Broadcast:			
Reach – Daily (% of all audiences)	[Redacted: Data is commercially sensitive]		
Linear Share (% of all audiences)			
Reach (% of Irish language audiences)			
Key Audience Metrics - Online:			
Unique Visitors	[Redacted: Data is commercially sensitive]		
Page Impressions			
Player Hours Watched			
Source: TG4			
Note: TG4 reports that target reach with the core Irish language audience is projected to fall in 2017 due to changes in the Fios Fise audience panel, which will be expanded to include those who speak Irish on a weekly basis alongside the existing daily Irish speakers. TG4 anticipates a reduction in the percentage reach as a result of this adjustment in the demographic make-up of the panel.			

TG4 also provided the expected effects of a 10% increase in public funding on the wider economy and their content delivery and business performance. TG4's views on the indicative estimation of the impact of this on employment and on audience metrics are presented below. While we believe the employment increase may be optimistic, the audience impacts are more prudent than assumed under the funding reduction option. For example, **[Redacted: Data is commercially sensitive]**.

TG4 Estimated Impact of a 10% Increase in TG4's Public Funding - Key Impact Metrics			
Key Economic Metrics:	2016	2017 (ASPC 2017)	2018 (e)
Employment Impact (jobs)	[Redacted: Data is commercially sensitive]		
Contribution to national income			
Key Audience Metrics - Broadcast:			
Reach – Daily (% of all audiences)	[Redacted: Data is commercially sensitive]		
Linear Share (% of all audiences)			
Reach (% of Irish language audiences)			
Key Audience Metrics - Online:			
Unique Visitors	[Redacted: Data is commercially sensitive]		
Page Impressions			
Player Hours Watched			
Source: TG4			

Indecon’s assessment is that the existing funding will enable the organisation to meet most of its commitments. However, we have a concern that with the existing resource constraints, the organisation will not be in a position to reverse the demographic imbalance in its audience and the decline in young audiences will continue. Over time, unless addressed, this would have an impact on the effectiveness of the organisation and on the maintenance of audience numbers. There is, therefore, a strong case for consideration of additional funding targeted on programming and measures directly linked to expanding younger and other audiences.

Commercial Maximisation – TG4

TG4 has a legislative requirement as specified in the Broadcasting Act 2009 to maximize commercial revenues and operate in an efficient manner. TG4 has evolved from a single-channel, linear, broadcaster into multi-platform content offering in the digital and mobile space. This shift is aligned with market developments and the need to provide an on-demand media. While the majority of TG4’s funding comes from the State (90.1% in 2016), TG4 remains under legislative mandate to maximize commercial revenue. TG4 recorded a strong performance in terms of the change in commercial revenue. Income earned from airtime and sponsorship sales increased by 13% in 2016 to €2.133m. It is important that TG4 maintains a focus on maximising its commercial revenue per its legislative requirements. Indecon believes that the 2016 results are consistent with TG4 maximising its commercial revenues.

Overcompensation Test – TG4

An analysis was also undertaken in relation to compliance by TG4 with EU legislation on state aid. EU Competition Policy limits the size of state funding across various sectors, including in relation to public service broadcasters. The regulation of the broadcasting industry is based on EU guidance communicated to member states in 2009. Specifically, the Commission limits the level of overcompensation, defined generally as retention of funds above net costs of the public service, at 10%.¹ Presented in the next table is an analysis of TG4 financial data. As TG4 incurred a deficit in 2016, it is not in contravention of current EU state aid rules.

Evaluation of TG4 Compliance with EU Overcompensation of State Aid	
€'m	2016
Revenue	<i>[Redacted: Data is commercially sensitive]</i>
State Aid	
Total Revenue	
Expenditure*	
Surplus / Deficit	
Surplus / Deficit as % Net Cost Public Service	
<i>Source: TG4 Annual Report 2016</i>	
<i>NOTE: Not for publication. Confidential Data.</i>	

¹ Long term capital investment is excluded from this analysis

Overall Conclusion – TG4

Indecon’s judgement is that TG4 met or substantially met the commitments set out for 2016. However, a number of the detailed targets were not achieved. TG4 had a positive year increasing commercial revenue, supporting the independent production sector, and reversing the decline in its audience share. There are, however, major challenges facing TG4 and Indecon has a concern that the targets set for engagement with children and youth audiences in terms of broadcast reach were not achieved.

Recommendations Concerning TG4

A number of recommendations arise from the detailed assessment undertaken as part of this annual public funding review of TG4 and are summarised in the table below.

Recommendations re TG4
1. Indecon recommends that there is a significant reduction in the number of metrics which are used to monitor the annual performance of TG4. This should include a focus on quantified measures covering audience metrics (which is aligned with the new five-year-strategy) as well as high quality content, promotion and development of the Irish language and culture, cost efficiency as well as governance and transparency. At present, there are 17 commitments and multiple targets set under each commitment. A restricted number of 5 to 6 commitments and 2 or 3 measurable targets under each should be considered.
2. The proposed metrics for TG4 should include quantified targets for expansion of younger audiences.
3. Indecon recommends that TG4 implements as soon as feasible the new Code of Practice for Governance of State Bodies and that a focused report on progress on compliance is included as part of the 2017 Annual Review.
4. It is recommended that appropriate ‘stretch targets’ are set within the ASPC to ensure that TG4 is maximising performance. This is particularly important for the maximisation of commercial revenue, and in relation to audience metrics.
5. It is recommended that TG4 finalises the Code relating to TG4 fair-trading within the current year.
6. Indecon recognise that TG4, like many organisations in Ireland, have operated with declining budgets in recent years and we believe further reductions in funding would directly impact on TG4’s programming and, therefore, its audience. For this reason, we do not recommend any reduction in funding for TG4 in 2017/18. Indecon also believes that there is a strong case to consider additional funding for TG4, targeted on programmes and measures to be directly linked to expanding younger audiences. Changes to funding for TG4 should abide by the statutory requirements as outlined in the Broadcasting Act. Indecon’s recommendation is that an increase of €0.25 - €0.75 million is the minimum necessary. We, however, believe that this should be conditional on a commitment by TG4 to use additional funds for targeted investment to attract younger audiences.

Public Funding Review of RTÉ

Summary of RTÉ Performance against Commitments 2016 - RTÉ

Section 102(1) of the Broadcasting Act 2009 requires that an annual statement of performance commitments be prepared by RTÉ in accordance with its objects, any extant statement of strategy and any extant public service statement. Indecon have considered RTÉ's performance in relation to its Annual Statement of Performance Commitments (ASPC) 2016. During 2016, RTÉ set out to achieve 22 different commitments across five thematic areas, namely:

1. AUDIENCE: IMPACT AND REACH
2. CONTENT: HIGH QUALITY AND DISTINCTIVE
3. IRISH LANGUAGE – PROMOTION AND DEVELOPMENT
4. TRANSPARENCY AND EFFICIENCY
5. TRUST AND GOOD GOVERNANCE

The table below presents a summary of RTÉ's performance against its commitments for 2016. Overall, our analysis suggests that approximately twelve of the twenty-two commitments set out were achieved and a further nine were substantially achieved. However, some key targets within the commitments were not met, including the financial target to achieve break even or secure a small surplus. These are examined in more detail below.

RTÉ Summary of Overall Performance Against Commitments 2016	
	Number of Commitments
Commitments achieved	12
Commitments substantially achieved	9
Commitment Not Achieved	1
<i>Source: Indecon analysis</i>	

Audience-related commitments

In relation to RTÉ's audience-related targets, RTÉ set out 37 targets. Our analysis found that performance on audience-related commitments during 2016 were behind the levels achieved in 2015. While fifteen targets were met, five out of 37 targets were not met, and 17 targets were substantially achieved. Underperformance compared to the targets was seen in the areas of RTÉ's non-traditional services, including the RTÉ Player, international viewers of online content, and RTÉ Archives. These are discussed in more detail subsequently. RTÉ's 2fm peak share of 20-44-year olds was also below target in 2016. The target related to publishing a Diversity Strategy in 2016 was not achieved but significant work on this was completed.

Content-related commitments

In relation to its content-related commitments, RTÉ performed well in this area relative to 2015. Most of the targets set were achieved by RTÉ. One target was not achieved while five were substantially achieved. The missed target relates to the **[Redacted: Data is commercially sensitive]**. The substantially-achieved targets generally relate to audience perception of various RTÉ services.

Irish language-related commitments

RTÉ's commitment in relation to promotion and development of the Irish language is encapsulated in its objective to strive to "to reach out to all Irish language speakers at home and abroad in its provision of Irish language programming and services". Overall, based on the percentage of the public that perceived RTÉ as providing a comprehensive service for Irish speakers, the target was achieved.

In relation to the number of Irish Language broadcast hours on RTÉ services as a measure of the promotion and development of the Irish language and culture, RTÉ One has seen a sustained increase in the number of Irish language broadcast hours since 2014. However, this metric has fallen for RTÉ2, RTÉjr and RTÉ News Now. During 2016, RTÉ worked with the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs regarding the development of digital Irish Language projects. RTÉ released an Irish language app, *Seinnteoir Raidió*, which provides access to all of Ireland's Irish-language radio stations and provided the Saorview app through Irish. RTÉ established Irish collaborative initiatives with various organisations in 2016, including an archiving service with NUI Galway and a media training course with transition year students from Gaeltacht schools.

Transparency and efficiency-related commitments

One of the most important commercial targets set by RTÉ was to achieve budget outturn and to secure a break- even or small surplus. Of significance is that RTÉ recorded a loss of €19.65 million in 2016. RTÉ in total set sixteen targets across four commitments under the Transparency and Efficiency theme in 2016. Indecon believes that some of these targets are more fundamental than others. While eleven of the sixteen targets were met and a further three targets were substantially achieved, of concern is that the key target for budget outturn was not met.

An issue raised during Indecon's 2015 Public Funding Review was the decline in public perception that RTÉ represents good value for money. In 2015, this metric was estimated at 56% compared to its target of 58%. This metric has fallen to 53% in 2016 and, while within a margin of error, the decline is important.

Trust and good governance-related commitments

RTÉ considered sixteen targets across six commitments under the trust and good governance theme. Overall, thirteen of these targets were achieved during 2016 and three were substantially achieved. Indecon notes RTÉ's underperformance in relation to BAI Access Targets.

Adequacy of 2016 Commitments – RTÉ

Indecon has evaluated RTÉ's commitments with reference to its public service objects, its public service statement and its five-year statement of strategy. We have also considered the adequacy of targets set in RTÉ's ASPC 2016. RTÉ's commitments in 2016 are closely aligned to its public service objects. While some specific public service objects are not referenced directly in the 2016 Review of Performance, this is not unexpected given the general nature of the Act. Overall, RTÉ's 2016 commitments are closely aligned with the organisation's public service objects, public service statement, and statement of strategy. Targets for the 2017 ASPC are considered by Indecon to be mostly adequate. Indecon has concern over the discontinuation of certain quantitative audience tracking metrics. However, it is noted that these changes were agreed with the BAI, as part of an ongoing process to rationalise targets.

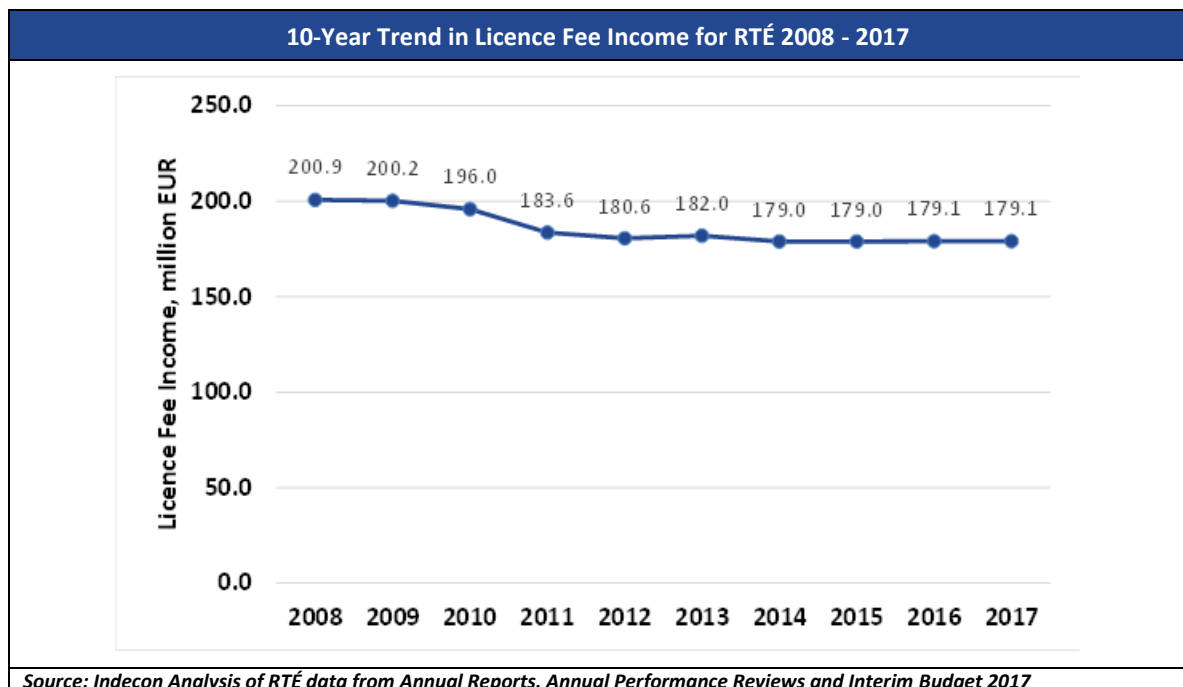
We have also examined the appropriateness or otherwise of the targets set by RTÉ. In evaluating these targets, it is necessary to consider the nature of the commitments and targets set. Indecon notes that the 2017 ASPC represents a reduction in the number of targets and this is welcome. Indecon has, however, remaining concerns over the very large number of commitments, and the even larger number of targets which are set. While we have no difficulty with such targets being used internally in RTÉ for planning purposes if the organisation feels this is operationally appropriate, we believe a significant rationalisation of the commitments and targets would greatly enhance overall performance measurement, reduce administrative costs on RTÉ as part of the annual reviews and would focus on the key issues which will drive the success or otherwise of RTÉ.

It would also enable a more in-depth examination of selected issues. Indecon is, however, in agreement with commitments being set in five main areas at present including:

- ❑ Audience – Impact and Research.
- ❑ Content – High Quality and Distinctive.
- ❑ Promotion and Development of the Irish Language and Culture.
- ❑ Transparency and Efficiency.
- ❑ Trust and Good Governance.

Adequacy of 2016 Funding – RTÉ

The adequacy of public funding for RTÉ is dependent on what public service objectives and targets are being set for the organisation. Given the level of competition in the market and changes in the media landscape, there are challenges for RTÉ and for other main indigenous broadcasters in increasing market share and expanding commercial revenues. Indecon believes there is potential for further cost reductions in RTÉ. Indecon notes that RTÉ have outlined plans to reduce costs including proposed redundancies. However, given the scale of the RTÉ deficit an enhancement of public service content cannot be achieved without an increase in public funding. The figure below demonstrates the trend in the level of public funding for RTÉ since 2008. This shows a decline in public funding and with increases in certain costs, such as acquisition rights, this inevitably impacts on the services provided.



As an input to assessing the adequacy of public funding, Indecon requested RTÉ to consider scenarios on its public funding in order to examine the impact on RTÉ’s services of a decrease or increase in public funding. This work was aimed at establishing the adequacy of RTÉ’s funding in meeting its public service objects. The previous analysis has identified that RTÉ has achieved a significant proportion of its targets as set out in the ASPC 2016. However, performance did not achieve its targets in a number of areas and RTÉ recorded a financial deficit.

RTÉ has provided several documents to Indecon outlining the background, context, and analysis of the impact of a funding reduction (-10% public funding) and increase (+10% public funding). RTÉ firstly considered a scenario in which public funding is *reduced* by 10%. RTÉ stated that they believed this to represent an extreme scenario, which would further exacerbate a 'vicious circle' and would *inter alia* trigger the overall funding for public service content beyond a tipping point of sustainability. RTÉ has assessed the impact of this scenario through analysing the impact of the reductions in revenue from 2011 to 2015. In 2011, RTÉ received €196 million, and in 2015 received €179 million, which represents a decrease of €17 million in public funding. A 10% reduction on current funding levels (€179.1 million) was equated to approximately €18 million.

RTÉ has indicated that a reduction in funding would impact on indigenous programming content. In the 2011 to 2015 period, first-run indigenous hours² fell from 3,517 to 3,017, a reduction of 14%. Significant further reductions in this area are unlikely to be sustainable without an impact on audience numbers. RTÉ suggested that further reductions in indigenous content may adversely affect commercial revenues to a greater extent than cost reductions, and therefore are not economically feasible. While Indecon notes the difficulties in estimating the impact on commercial revenues and while the impact on revenues may not be as significant in the short run as suggested by RTÉ, we have no doubt that it has the potential to impact on audience numbers and on revenues. Further, there is no further scope to reduce commissioning expenditure, as this is at the statutory level. This, of course, would have broader implications for the support of the independent production sector in Ireland.

RTÉ was also asked to consider a scenario in which it is provided with a 10% *increase* in public funding, as representing some opportunity for RTÉ to invest in content in response to shifting audience demands. This funding may also allow the organisation to reinterpret its public service remit in the current broadcasting environment, which would allow for some innovation in its offering and delivery to audiences. RTÉ considered that further investment in commissioned Drama to be most suitable to address audience's demand. The broadcaster outlined in its five-year strategy the areas in which it would invest additional resources if these became available. The areas earmarked for additional investment under the strategy include the following:

- ❑ Drama: additional television Drama on RTÉ One **[Redacted: Data is commercially sensitive]**
- ❑ New Media: development of a Digital Lab producing innovative content focused on non-linear media **[Redacted: Data is commercially sensitive]**
- ❑ Younger Audiences: content aimed at younger audiences, including commissioned work (€3 million), focus on animation **[Redacted: Data is commercially sensitive]**
- ❑ News & Current Affairs: Increased investigative content and current affairs focused at a younger audience **[Redacted: Data is commercially sensitive]**;
- ❑ Entertainment: Reinstatement of programming **[Redacted: Data is commercially sensitive]**;
- ❑ Regions: establishment of regional-based music events and major programming from locations **[Redacted: Data is commercially sensitive]**;
- ❑ Comedy: new original Irish comedy **[Redacted: Data is commercially sensitive]**.

RTÉ also highlighted that even in a 'no-change' public-funding scenario, the organisation is likely to incur a significant income deficit. The broadcaster however noted that it envisages that its deficit will be addressed through a range of actions, including:

- ❑ Voluntary Exit Programme;
- ❑ Organisational Restructuring;
- ❑ Investment in Technologies.

² Excluding Euronews.

RTÉ has suggested that in addition to cost reductions, in a 'no-change' funding scenario, in order to address the emerging funding gap, curtailment of services is probable. RTÉ noted that it has established several key principles that would guide any required content cuts, as outlined below:

1. Should RTÉ's financial position improve, investment would be aimed at new content that it believes would better meet audience needs;
2. Protect peak time content where the majority of consumption takes place;
3. Endeavour to best respond to audience needs with available resources.

In examining the adequacy of public funding for RTÉ, Indecon notes that in 2017 RTÉ announced that 9 acres of underutilised land on the organisation's Donnybrook/Montrose campus would be put on the market for sale. This followed the NewERA report by the NTMA that identified the site as being underutilised and recommended that RTÉ consider actions in this regard based on cost-benefit appraisal. Indecon believes that consideration of the disposal of assets is an ongoing commercial requirement for any organisation and believes the land sale by RTÉ to be an appropriate response.

The Montrose land sale was announced with a guide price of €75 million and on June 13th RTÉ announced an agreed deal for €107.5 million. RTÉ has stated that this land disposal will contribute to capital investment, facilitate organisational restructuring, and pay down debt. Importantly, proceeds from the land sale will not fund annual operational budgets, and have not been included in Interim Budget 2017. Indecon consider these approaches prudent and we believe that the focus should be on investment in technology to enhance cost efficiencies and to develop engagement and build audiences.

Indecon understands that the expenditure cutbacks under consideration by RTÉ are in excess of **[Redacted: Data is commercially sensitive]**. However, it is noted that no final decisions have been made by RTÉ's Board at this time. RTÉ has indicated that it may have to utilise a greater number of repeat or acquired programming in its schedules, and would reduce the volume of original indigenous content for Irish audiences. These would include cuts to RTÉ One and RTÉ2 in the areas of news and current affairs (N&CA), sport, entertainment, and factual. Indecon's overall conclusion is that even with enhanced efficiencies and a reduced cost base and with the effective use of land sale income, there is a need to increase funding if there is to be any enhancement in the level of public service content.

Commercial Maximisation – RTÉ

RTÉ has a legislative requirement to maximise commercial revenue. In particular, the Broadcasting Act 2009 states that, in relation to the commercial activities undertaken by the PSBs, they should be operated in an efficient manner so as to maximise revenues and be used to subsidise its public service objects. It is therefore necessary as part of this Annual Public Funding Review to assess RTÉ's performance in the area of commercial revenue maximisation. The Commercial Division of RTÉ alongside the Finance Department are responsible for achieving this objective. This is achieved through varying sales policies across the organisation's business divisions, analysis of economic forecasts and past business performance, and the setting of internal targets.

RTÉ's commercial revenue has increased year-on-year since 2014 and is budgeted to be marginally above 2016 levels in 2017 (2014: €149.6m, 2015: €155.4m, 2016: €158.2m, 2017 Budget: €158.5m). In television, RTÉ's most established market, the organisation has seen commercial revenue increases of 2.7% (€85.4m in 2016). Commercial revenue from Radio services, however, has remained static. RTÉ also saw a decline in commercial revenue from digital advertising and sponsorship, which Indecon believes is of concern given the market trend towards online services.

Indecon notes that the uncertainty from Brexit and the rapidly evolving digital market will put pressure on RTÉ to maintain or increase its current commercial earnings. Against this background, there is a need for RTÉ to continually review its pricing policies. This should be informed through evaluation of the price elasticity of demand for its advertising. Overall, however, Indecon considers RTÉ's strategies are adequate to address the requirement, as codified in the Broadcasting Act 2009, to maximise commercial revenue.

Overcompensation Test – RTÉ

Presented in the table below is an analysis of RTÉ financial data. As RTÉ ran a deficit in 2016, it is not in contravention of current EU state aid rules.

Evaluation of RTÉ Compliance with EU Overcompensation of State Aid	
€'m	2016
Revenue	158.2
Licence Fee	179.1
Finance Income	-1.8
Total Revenue	335.5
Expenditure*	358.8
Net Cost of Public Service Activities	198.4
Surplus / Deficit	-23.3
Surplus / Deficit as % of Net Cost Public Service	-11.7%
<i>Source: RTÉ Annual Report 2016</i>	
<i>*Notes: Includes finance expense, income tax, depreciation, less gains on asset disposal</i>	

Overall Conclusions – RTÉ

Indecon is of the view that the statutory objectives set for RTÉ have been largely achieved in 2016. However, RTÉ recorded a significant deficit and is facing major challenges. There is a need for significant new measures to retain audiences and revenues and to develop the broadcaster's online offerings. Without enhanced efficiencies and/or increases in public funding, there is little doubt that RTÉ will be forced to reduce its public service content.

Recommendations – RTÉ

Based on the detailed assessment undertaken in this review, a number of recommendations have been identified. These are set out in the table overleaf.

Recommendations re RTÉ	
Recommendations to Address Funding Gap	
1.	<p>Cost Reductions: There is a need for RTÉ to reduce its cost base given the underlying RTÉ deficits and the ongoing intense competition combined with the decline in television’s share of the media landscape. Indecon, however, accepts that some inflation in certain categories of cost, such as programme rights and other external costs, may be inevitable. There is a need for staff cost reductions and these will require reductions in numbers and the introduction of technology to enhance the efficiency of operations. It will also require an integration of services throughout RTÉ and may necessitate a reduction in some existing public service activities. The speed of such cost reductions is important and resistance to change will inevitably mean that the scale of reductions would be greater than would otherwise be necessary.</p>
2.	<p>Enhance Commercial Revenues: Securing increases in commercial revenues will be a significant challenge for RTÉ and will require a new focus on audiences and new ways of maintaining ongoing interaction with audiences. A focus on the intensification of audience involvement with RTÉ and an acceleration in subscriber numbers on the RTÉ Player will be important. This may require RTÉ to bring on board new specialised skills in consumer-focused data analytics. The costs for such supports are likely to be very low in the context of the higher revenues which could be generated. In a growing economy, if RTÉ expands its viewership numbers, we believe there is potential to enhance net commercial revenues, although the scale of this challenge should not be underestimated.</p>
3.	<p>Conditional Increase in public funding for RTÉ: Our review of public funding for RTÉ highlights the need for additional resources in their digital offering as well as increased programme expenditures. While strict cost containment and growth in advertising revenue combined with the use of funding from asset sales will assist, the policy of freezing the licence fee in nominal terms which has occurred in recent years is not sustainable over the medium term without an impact on RTÉ’s services. Similarly, it is unrealistic for RTÉ to expect Licence Fee revenue to compensate for cost increases which are misaligned with a growth in commercial revenues if there is no enhancement to services. There may, however, be potential for additional revenues to be achieved from the existing licence fee. Indecon notes that the increase in the Irish population base may facilitate an expansion of this source of revenue. However, in the long term the popularity of television may deteriorate due to the growing popularity of online media sources.</p> <p>Indecon believes there is a case for supporting an increase in the revenue RTÉ secures from public funding. The Broadcasting Act specifies that the Licence Fee modification should be based on the change in CPI in the relevant year plus 1% less any adjustment for X recommended by the Authority. In general, Indecon interprets that such an adjustment should reflect any potential for efficiency gains and while this is not explicit in the Act, it is standard in nearly all regulated CPI – X type adjustments. In the relevant year CPI was 0.0%, which would suggest an adjustment of 1% in the Licence Fee, less any additional reduction for X. Given the potential for efficiency gains in RTÉ, there is a case that X within the legislatively-mandated CPI-X formula should be set at higher than zero. However, in light of the fact that previous recommended increases in the licence fee were not implemented, there is a case for considering the maximum increase in licence fee per the formula, namely 1%. This would give an increase in public funding of approximately €1.8 million. Any increase in public funding should, however, be conditional on RTÉ implementing strict cost control measures and in RTÉ completing an independent examination of the price elasticity of demand for its advertising services to demonstrate it is maximising commercial revenues. Because of the potential wider impacts of implementing a very small Licence Fee adjustment, we believe there is a strong case this year in policymakers considering a combination of different ways to secure such an increase in funding for RTÉ, including changes to the efficiency of the Licence Fee collection scheme and/or an expansion of other funding from the BAI, for example an increase in the BAI Sound & Vision fund. As a priority, Indecon recommends that steps are taken to urgently reform the system of Licence Fee collection. This should, <i>inter alia</i>, involve three elements as follows: (i) the use of GeoDirectory database to ensure contact with all households in Ireland; (ii) Incentives for households to pay Licence Fee on time via use of competitions or other incentives; and (iii) Incentives for a significant number of householders to transfer to direct debit to reduce the cost of collection and to reduce non-compliance. Given the increase in the Irish population and the demand for housing, there is likely to be a reduction in the number of vacant properties and information on this could also be used to retarget potential licence payments. Such an approach is likely to lead to greater levels of funding than any nominal small increase in the licence fee. Structural changes, such as an expansion of funding from the BAI would require a change in legislation and therefore can be considered a long-term option.</p>

4. **Accessibility and Diversity:** Indecon recommends that RTÉ implements as soon as feasible actions to address targets for the accessibility of the sensory disabled audiences. We also recommend that RTÉ finalise the Diversity Strategy and Action Plan as soon as feasible.
5. **Number of Targets:** Indecon recommends that there is a significant reduction in the number of metrics which are used to monitor the annual performance of RTÉ. This should include a focus on quantified measures covering audience metrics (which is aligned with the new five-year-strategy) as well as cost efficiency measures and increase in revenues. At present, there are 18 commitments (2017) and multiple targets set under each commitment. A restricted number of 5 to 6 commitments and 2 or 3 measurable KPIs and associated targets under each commitment should be considered.

Acknowledgements and Disclaimer

Indecon would like to acknowledge the valuable inputs of officials from the Broadcasting Authority of Ireland and from management and executives at RTÉ and TG4. Particular thanks are due to Celene Craig, Nuala Dormer and Rachel Casey of the BAI. Indecon would also like to thank RTÉ and TG4 for their co-operation and inputs provided during the review process, including Dee Forbes, Brian Dalton, Breda O’Keeffe, Paul Doyle and Grace Berkery at RTÉ, and Alan Esslemont, Mary Uí Chadhain, Emer Ní Ghabhnáin and Dave Moore at TG4. 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 submitted to the Broadcasting Authority of Ireland by Indecon International Economic Consultants. The report concerns an independent Public Funding Review of Public Service Broadcasters in 2016.

1.2 Background to the Review

The background to this review is that public service broadcasting involves public sector funding of television, radio and other types of electronic communications media. The rationale for public funding of PSBs is that they are ‘public goods’. That is, a PSB can inform and enrich society by providing high quality, objective programming. In Ireland, RTÉ’s and TG4’s statutory mandates are defined in the Broadcasting Act 2009 under sections 114 and 118, respectively. The Act specifically outlines that programme schedules should ‘entertain, inform and educate’.

Given the importance of public funding for PSBs, there is a need for PSB organisations to be accountable to the public and to ensure these organisations are cost efficient and effective in the way they operate, with the ultimate aim of enhancing value for money. The quality of programming and the role of the broadcasters in fostering creativity are also of key importance.

The public service broadcasting mandate in Ireland is defined by the Broadcasting Act 2009. RTÉ and TG4 are public service broadcasters whose objects and functions are defined by the Broadcasting Act. Both broadcasters are in receipt of public funding. TG4 receives direct funding through the Exchequer and a small licence fee contribution, while RTÉ receives a contribution towards its funding via the television licence fee. Both broadcasters also derive commercial income from advertising and sponsorship.

The Act requires that both RTÉ and TG4 prepare a Public Service Statement that will explain to the wider public what is expected of them in return for the public funding they receive. Ireland’s Public Service Broadcasters, RTÉ and TG4, are dual-funded broadcasters, which means that they supplement their public funding (licence fee income) with commercial income, the principal source of which tends to be the selling of on-air advertising.

Section 102 of the Broadcasting Act 2009 requires each PSB to prepare an Annual Statement of Performance Commitments in accordance with its public service objects, its five-year statement of strategy and its public service statement. The BAI is required under Section 124, subsection (2) of the Broadcasting Act 2009 to review the extent to which each PSB has fulfilled its stated performance commitments for each year in respect of its public service objects, as well as the adequacy or otherwise of public funding to enable each PSB to meet its public service objects. Seven such annual reviews have been completed, with the current review focussing on the activities and outcomes of the PSBs in 2016.

1.3 Terms of Reference for Review

The purpose of this review was to examine the annual operations of RTÉ and TG4 in 2016, with a view to assessing:

- The extent to which each of RTÉ and TG4 has fulfilled its stated performance commitments for the year across the five thematic areas set out in the annual returns framework, as well as the adequacy of the commitments; and
- The adequacy or otherwise of public funding to enable the corporation to meet its public service objects.

Where feasible, the review also assesses from the statement of commitments, a number of related issues including:

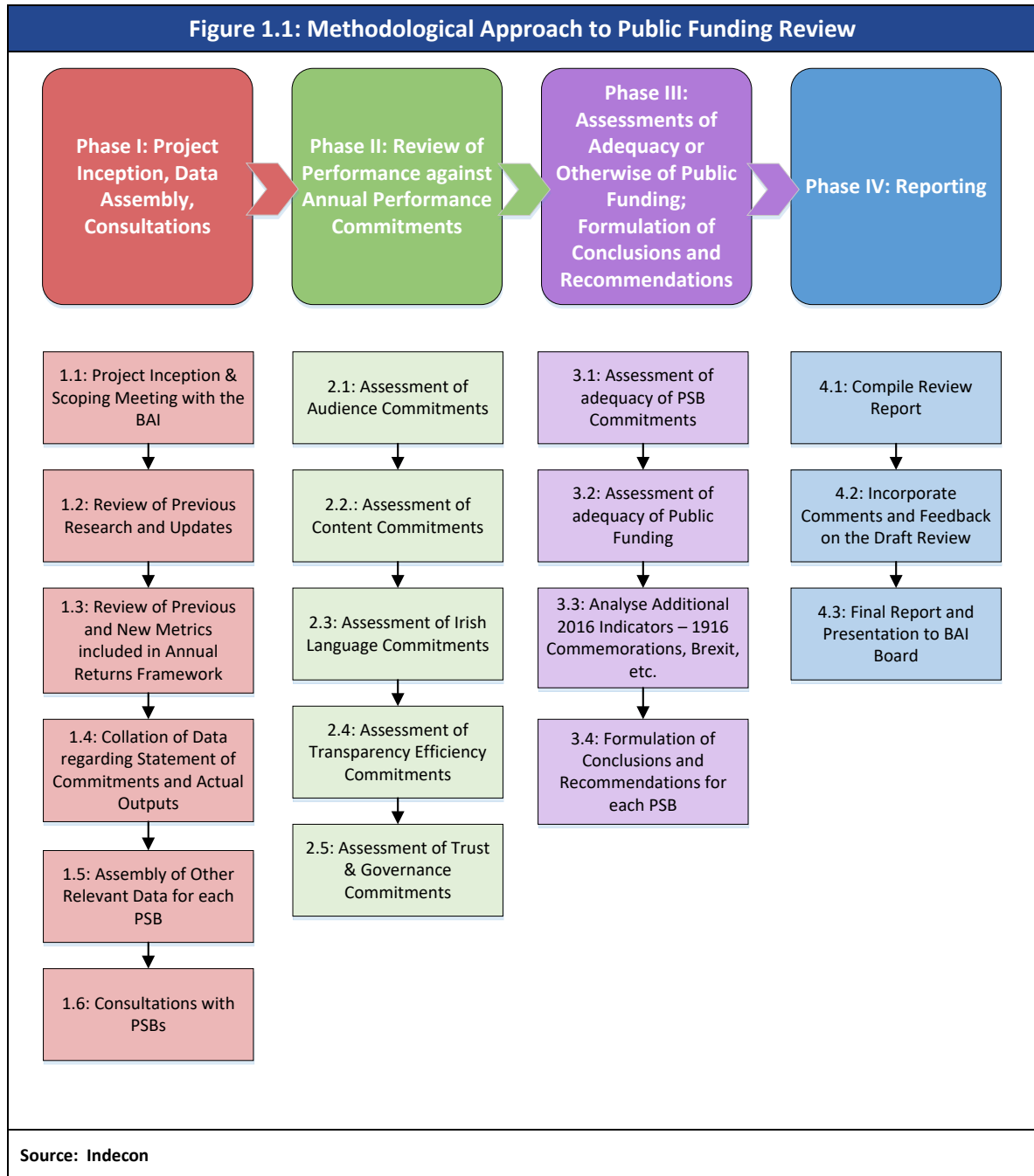
- The extent to which the broadcasters are responsive to the interests and concerns of their respective communities within the island of Ireland and, in particular, the cultural diversity within the island.
- The extent to which each PSB upholds the democratic values enshrined in the Constitution, especially those relating to rightful liberty of expression.
- The extent to which each PSB has regard to the need for the formation of public awareness and understanding of the values and traditions of countries other than the State, including, in particular, those of other Member States.
- The extent to which each channel operated by a PSB utilises public funding efficiently and effectively and the extent to which creativity is fostered and sustained.
- The extent to which each PSB provides value for money.
- The extent to which each PSB has complied with the policy of the EC in respect of the maintenance of surpluses.
- The extent to which each PSB has used the public funding which it has received, in pursuit of its public service objects (rather than in pursuit of its objective to exploit commercial opportunities), with a view to assessing whether any overcompensation has occurred and if such overcompensation has occurred, the level of such overcompensation.
- The extent to which commercial activities undertaken by a broadcaster are operated in an efficient manner so as to maximise revenue and to subsidise its public service objects.
- The extent to which, in the year under review, a broadcaster has exploited commercial opportunities and maximised its revenue, in pursuit of its public service objects.
- The extent to which a broadcaster has implemented good practice in respect of fair trading generally.

The analysis and assessment of the above dimensions/aspects subsequently informs the development of an opinion to the BAI:

- In the case of RTÉ, as to whether a licence fee modification is desirable or necessary;
- In the case of TG4, whether an adjustment to its public funding is desirable or necessary; and
- The nature of any such modification or adjustment, in accordance with the formula provided in section 124 of the Broadcasting Act 2009.

1.4 Review Methodology

A four-phased methodology and work programme was applied by Indecon in completing this review, which is summarised in the schematic below. This was designed to independently and rigorously address each aspect of the terms of reference set out above and to deliver robust conclusions and policy recommendations to the BAI.



1.5 Structure of the Report

The remainder of this report is structured as follows:

- ❑ Section 2 presents a contextual overview of the Irish economy and the broadcasting sector.
- ❑ Section 3 focuses on TG4 and presents analysis on the performance against commitments for TG4 during 2016. This addresses TG4's commitments in terms of the five thematic areas. This section also examines the adequacy of such commitments in 2016, comments on TG4's 2017 ASPC and assesses the adequacy of public funding for TG4.
- ❑ Section 4 focuses on RTÉ's performance against commitments during 2016. We compare performance across the five thematic areas, through analysis of RTÉ's *Performance Commitments Report* and other sources. Also addressed is the adequacy of RTÉ's commitments in 2016, the broadcaster's 2017 ASPC, and the adequacy of its public funding.
- ❑ Section 5 outlines our key conclusions and recommendations.

1.6 Acknowledgements and Disclaimer

Indecon would like to acknowledge the valuable inputs of officials from the Broadcasting Authority of Ireland and from management and executives at RTÉ and TG4. Particular thanks are due to Celene Craig, Nuala Dormer and Rachel Casey of the BAI. Indecon would also like to thank RTÉ and TG4 for their co-operation and inputs provided during the review process, including Dee Forbes, Brian Dalton, Breda O'Keeffe, Paul Doyle and Grace Berkery at RTÉ, and Alan Esslemont, Mary Uí Chadhain, Emer Ní Ghabhnáin and Dave Moore at TG4. The usual disclaimer applies and the views and analyses contained in this document are the sole responsibility of Indecon.

2 Trends in Irish Economy and Broadcasting Sector

2.1 Introduction

In order to fully understand and assess the performance of RTÉ and TG4, it is important to consider the context in which they operate. This includes the wider, macro-economic environment as well as the trends in the broadcasting and wider media sector.

2.2 Economic Context

Table 2.1 presents an overview of trends in Ireland's national income. The figures show a strong growth in the economy but due to measurement issues relating to the multinational sector, GDP and GNP figures for 2015 do not provide a reliable measure of overall economic performance. However, it is clear from other measures of expenditure and the performance of the labour market that the Irish economy is growing strongly.

Table 2.1: National Income Statistics, 2011 – 2016						
	2011	2012	2013	2014	2015	2016
National Income						
GDP at Constant Prices (Euro Million)	178,118	176,154	178,090	193,159	243,914	256,631
GNP at Constant Prices (Euro Million)	143,435	142,902	149,657	163,445	193,986	211,380
Percentage Change in National Income						
Change in GDP at Constant Prices	0.0%	-1.1%	1.1%	8.5%	26.3%	5.2%
Change in GNP at Constant Prices	-4.0%	-0.4%	4.7%	9.2%	18.7%	9.0%
<i>Source: Indecon analysis of CSO Quarterly National Accounts data</i>						

In addition to examining the trends in Ireland's GDP and GNP values in recent years, it is useful to consider developments in consumer expenditures. Personal expenditure on consumer goods and services are outlined in Table 2.2. In 2016, personal expenditure per capita increased by 2.3% - the third consecutive year of positive growth. This growth in consumer demand has implications for the commercial revenue generation of the PSBs and for the Irish advertising market.

Table 2.2: Personal Expenditure on Consumer Goods and Services, 2011 – 2016						
Personal Expenditure on Consumer Goods and Services	2011	2012	2013	2014	2015	2016
At Constant Prices (Euro Million)	87,825	86,985	86,276	87,760	91,707	94,474
<i>Annual % Changes</i>	-	-1.0%	-0.8%	1.7%	4.5%	3.0%
Per Capita (Euro)	19,141	18,818	18,526	18,706	19,402	19,840
<i>Annual % Changes</i>	-	-1.7%	-1.6%	1.0%	3.7%	2.3%

Source: Indecon analysis of CSO Quarterly National Accounts and Census of Population data

In Table 2.3, the average hourly earnings and labour costs from 2011 to 2016 are shown. Average hourly earnings have increased marginally in recent years. 2016 saw an increase in average hourly earnings of 0.6%. In 2016, hourly labour costs grew at 0.8%.

Table 2.3: Earnings and Labour Costs, 2011 – 2016						
	2011	2012	2013	2014	2015	2016
Average Hourly Earnings (Euro)	21.96	22.00	21.92	21.87	21.91	22.05
Average Hourly Total Labour Costs (Euro)	25.12	25.35	25.35	25.26	25.33	25.54

Source: Indecon analysis of CSO data

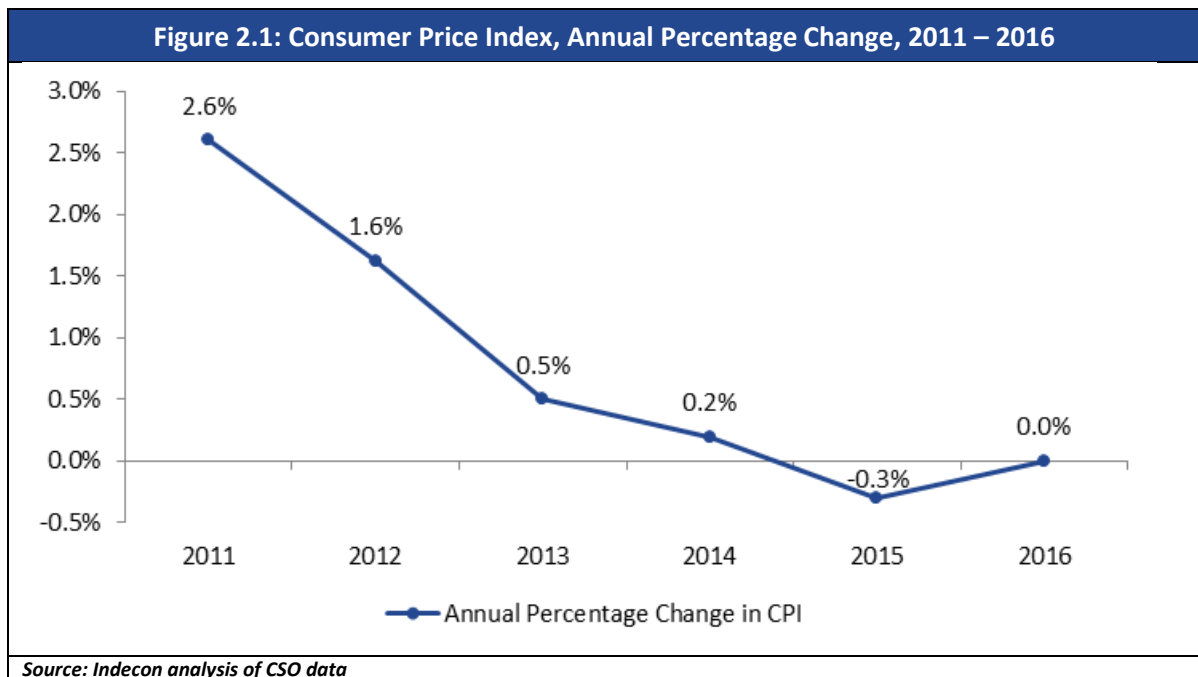
Table 2.4 presents Ireland's population, employment level and rate of unemployment for the 2011 – 2016 period. Ireland's population has grown over the past 6 years, and was approximately 3.8% higher in 2016 than in 2011. The growth in population and in the number of households has implications for licence fee revenue if there are enhanced collection mechanisms introduced.

The unemployment rate has fallen dramatically from almost 15% in 2011 to just below 8% in 2016, a reflection of the expansion of the economy.

Table 2.4: Population, Employment and Unemployment Rate, 2011 – 2016						
	2011	2012	2013	2014	2015	2016
Population (Thousands of Persons)	4,588	4,622	4,657	4,692	4,727	4,762
Employment (Thousands of Persons)	1,528	1,518	1,533	1,560	1,602	1,657
Unemployment Rate	14.7%	14.7%	13.1%	11.3%	9.5%	7.9%

Source: Indecon analysis of CSO data

Figure 2.1 shows the average annual inflation rate from 2011 to 2016, as measured by the Consumer Price Index (CPI). The CPI measures changes in the price level of a standardised basket of goods in order to estimate changes in the general price level in the economy. The CPI is of particular importance with respect to a public funding review, as a CPI-X formula is the legislative³ basis for decisions by BAI on licence fee recommendations. This allows for both changes in general price levels (CPI) and efficiency gains (X) to be considered in any revisions to funding. Inflation had been slowing since 2011, and in 2015, was negative. In 2016, the CPI was 0%, indicating that no changes to the general price level was recorded year-on-year. While this on its own might suggest no change in public funding, this needs to be considered in the context of the longer-term decline in public funding and the challenges facing the broadcasters. We discuss this further in our recommendations.



The prospect for broadcasters' commercial revenues will be impacted by consumer confidence as measured by the Consumer Sentiment Index (CSI).⁴ The CSI is a survey-based index of consumer confidence and sentiment. Table 2.5 shows annual changes in CSI from 2011-2016. Since 2011, the CSI has almost doubled, with consumers feeling positive towards Ireland's economic outlook. In 2016, the CSI grew marginally by 0.8%.

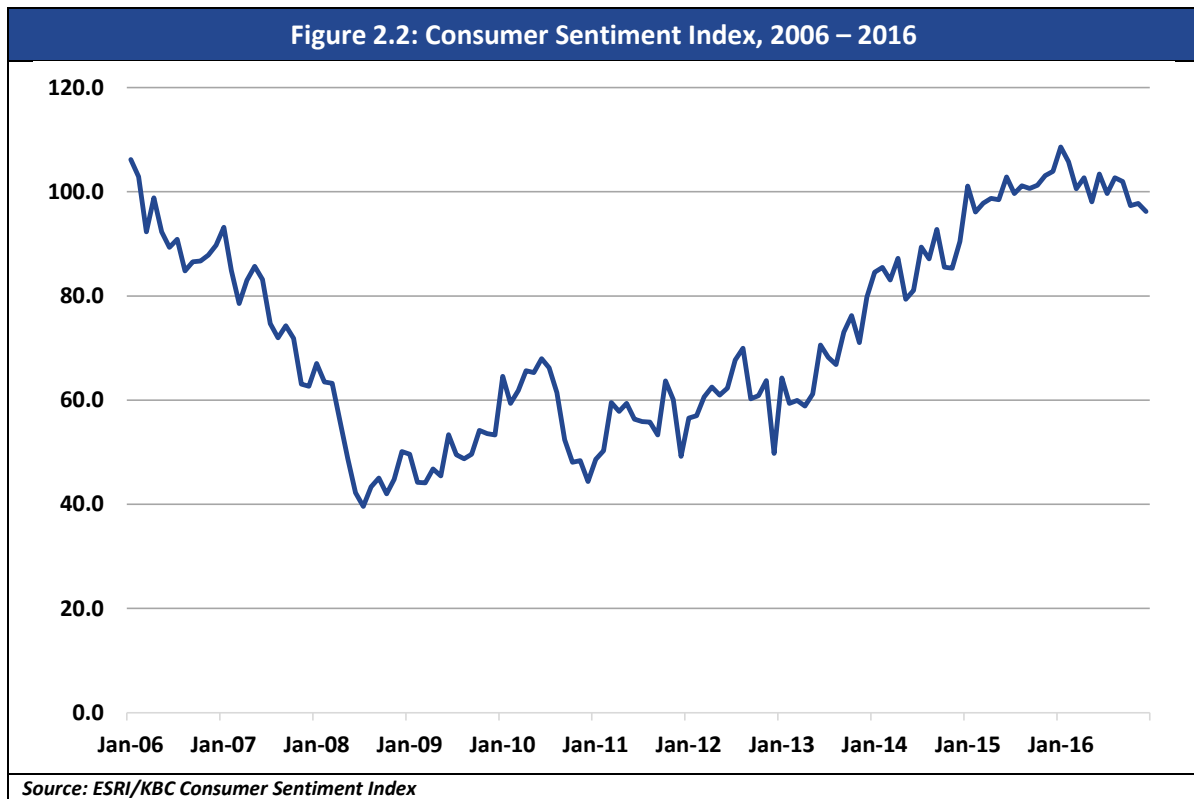
³ Broadcasting Act 2009, Section 124: Recommendations as to changes of Public Funding

⁴ <https://www.esri.ie/publications/consumer-sentiment-index-december-2016/>

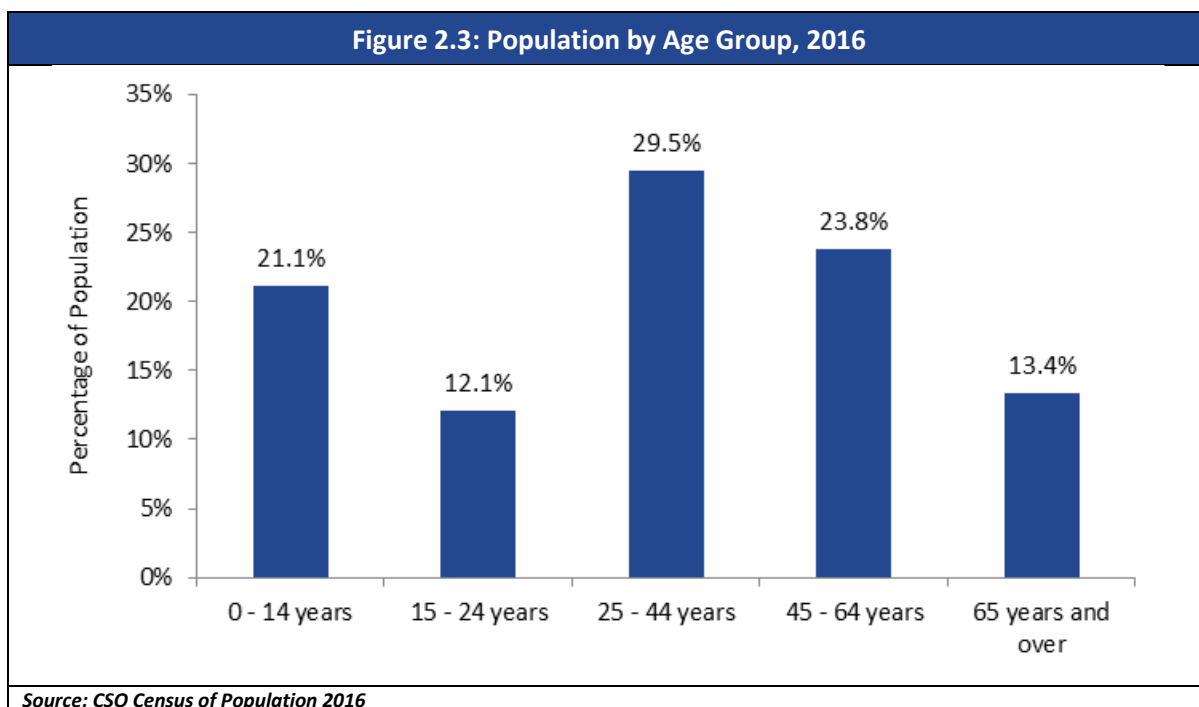
Table 2.5: Consumer Sentiment Index, 2011 – 2016						
	2011	2012	2013	2014	2015	2016
Consumer Sentiment Index	55.84	61.02	67.45	85.95	100.40	101.23
Annual Change	-5%	9.3%	10.5%	27.4%	16.8%	0.8%

Source: ESRI/KBC Consumer Sentiment Index

A longer-term perspective of the Irish CSI is presented in Figure 2.2. This indicates that CSI levels have returned to pre-recession levels.



In considering the performance of the PSBs among different demographic cohorts, it is useful as context to review the composition of the Irish population by age group. As evident in Figure 2.3, in 2016, almost 30% of the population were aged between 25 and 44. A cumulative 37.2% of the population were aged 45 or over, while children up to 14 years accounted for 21.1% of the population. 15 to 24-year-olds made up approximately 12% of the population in 2016. Younger demographics have substantially different media consumption patterns relative to older cohorts.



2.3 Trends in the Irish Broadcasting Sector

While the Republic of Ireland (ROI) market is of crucial importance for RTÉ and TG4, it is useful to also consider Northern Ireland due to the spill over impacts of advertising and the broadcasters' remit under statute and under the Good Friday Agreement. Table 2.6 presents daily viewing statistics for six channels in Ireland and Northern Ireland (NI). **[Redacted: Data is commercially sensitive].**

Table 2.6: Daily Viewing by Channel -Adults		
Channel	Republic of Ireland	Northern Ireland
RTÉ	[Redacted: Data is commercially sensitive].	
TG4		
TV3*		
BBC		
Channel 4		
Sky**		

Source: BAI/B&A Audience Tracking Research - An Island of Ireland Survey, May 2017
 *Includes TV3, 3e and Be3
 **Includes any Sky channel

Figure 2.4 presents the share of viewing by channel in 2016. In 2016, RTÉ One and RTÉ2 had a combined share of all-day viewing of 32.2%, while TG4 held a 1.8% share. The main source of competition for the PSBs in terms of all-day share of viewing is from TV3, be3 and 3e, which together hold a combined 32.6% share of all-day viewing.

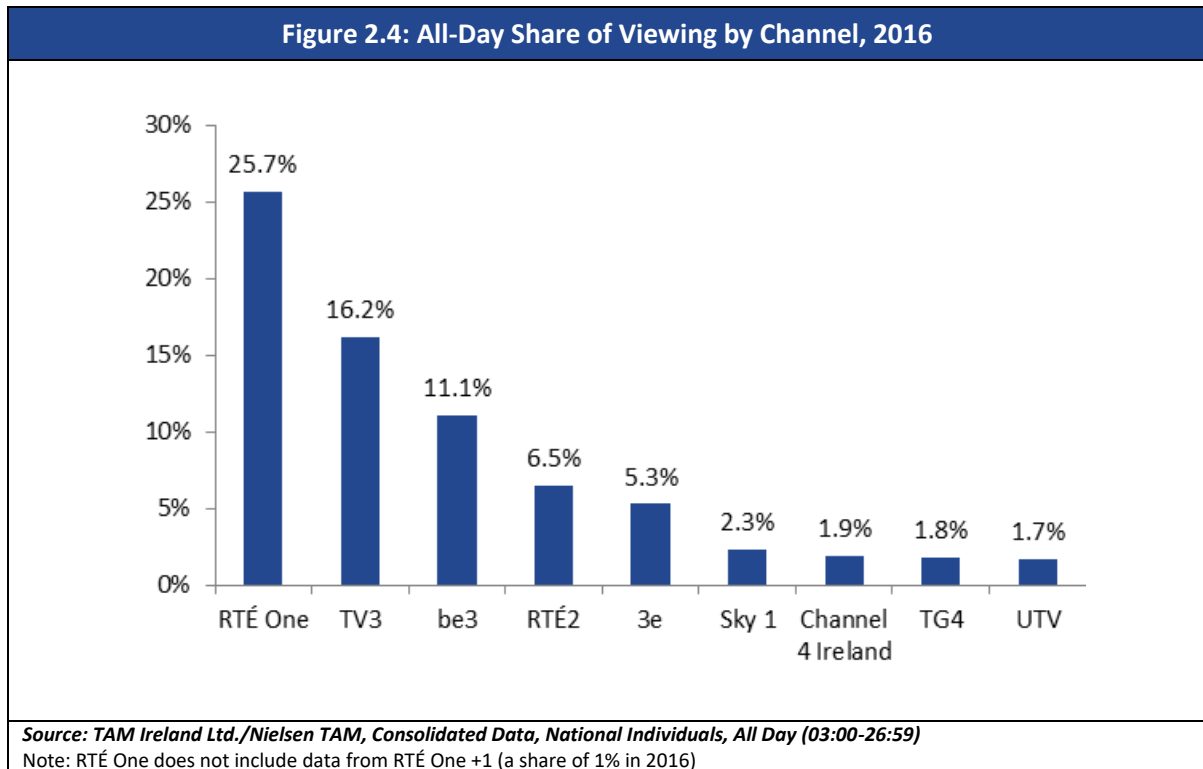


Table 2.7 compares average daily reach across the main channels in Ireland from 2014 to 2016. While RTÉ holds a strong position in the market, daily reach is declining across the board. Between 2014 and 2016, RTÉ One's average daily reach fell from 44.3% to 41.6%, while that of RTÉ2 share declined from 27.8% to 24.3%. Over the same period, TG4's average daily reach declined from 11.8% to 10.9%. Many other channels also experienced decreases in daily reach over this period.

Table 2.7: Average Daily Reach, Percentage of Audience, Main Channels in Ireland, 2014 – 2016

	2014	2015	2016	Change 2015 – 2016
RTÉ One	44.3%	43.2%	41.6%	-4%
TV3	31.6%	27.4%	26.1%	-5%
RTÉ2	27.8%	25.3%	24.3%	-4%
UTV Ireland	n/a	21.4%	19.6%	-8%
UTV	10.5%	3.7%	3.8%	3%
BBC One	16.4%	15.3%	14.5%	-5%
3e	16.0%	15.7%	14.2%	-10%
TG4	11.8%	11.0%	10.9%	-1%
BBC Two	10.1%	9.0%	8.6%	-4%
Channel 4 Ireland	4.7%	7.8%	7.0%	-10%
Sky 1	7.0%	6.0%	6.6%	10%
Sky News	6.2%	5.5%	5.7%	4%
Sky Living	4.1%	3.5%	3.8%	9%
E4	5.6%	5.1%	4.6%	-10%
Comedy Central	4.4%	4.2%	3.7%	-12%
eir Sport 1	2.5%	2.7%	1.9%	-30%
Channel 4 N.I.*	6.3%	2.3%	n/a	n/a

Source: TG4 (consolidated data)
**Channel 4 N.I. changed to Channel 4 Ireland, which adopted an opt-out advertising structure in 2014.*

The Irish radio market continues to attract high levels of listenership. Table 2.8 presents average weekday yesterday listenership from 2013 to 2016. RTÉ radio stations recorded a 34% average weekday yesterday listenership in 2016, a figure that has remained relatively static since 2013. Regionally-focused radio broadcasters have displayed strong penetration rates over the past 4 years. Competition is stronger in and around cities, with FM104 and Spin 1038 having a 16% and 12% average yesterday listenership in 2016. In Cork, Red FM had a 28% average yesterday listenership, while 96FM recorded 26% in 2016.

Table 2.8: Average Weekday Yesterday Listenership, 2013 – 2016, Adults 15+

	2013	2014	2015	2016	% Change 2015 – 2016
Listened at all	83%	84%	83%	82%	-1.2%
Any National	45%	46%	46%	44%	-4.3%
Any RTÉ Radio	34%	34%	35%	34%	-2.9%
RTÉ Radio 1	24%	23%	25%	24%	-4.0%
RTÉ 2FM	11%	10%	10%	10%	0.0%
RTÉ Lyric FM	4%	4%	4%	4%	0.0%
Today FM	13%	13%	12%	11%	-8.3%
Newstalk	9%	11%	11%	10%	-9.1%
Any Regional/Local/M-City/D-C#	56%	58%	58%	57%	-1.7%

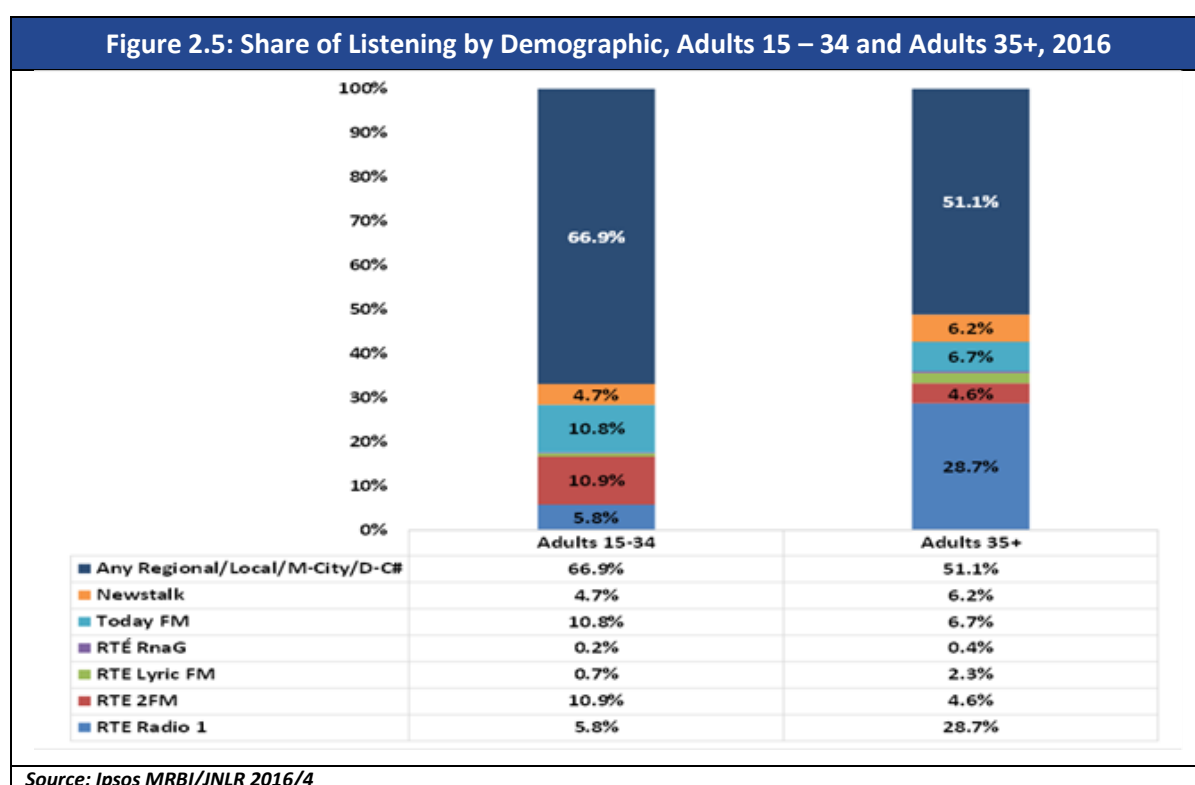
Source: Ipsos MRBI/JNLR 2016/4, 2015/4, 2014/4 and 2013/4

Table 2.9 below presents data on the share of listening by demographic cohorts. RTÉ Radio 1 has low market share among younger listeners, with a 3.3% share of listening among Adults 15-24. In contrast, among Adults 35+, RTÉ Radio 1 accounted for 28.7% of listening. RTÉ 2FM, on the other hand, has close to double the share among Adults 15-24 as it does among Adults 35+. Regional radio is markedly more popular with Adults 15-24 than with Adults 35+, with 78.5% and 51.1% shares of listening respectively. RTÉ Lyric FM accounts for 2.3% of listeners among Adults 35+. Newstalk is almost three times as popular among the older demographic than the younger, with a 6.2% share among Adults 35+ and a 2.1% share among Adults 15-24. These figures highlight the importance of taking account of differences in listening trends between generations. Indecon notes the importance of taking account of target audiences in assessing performance and we note these may vary by channel.

	Adults 15+	Adults 15-24	Adults 15-34	Adults 35+
RTÉ Radio 1	23.6%	3.3%	5.8%	28.7%
RTÉ 2FM	6.0%	9.1%	10.9%	4.6%
RTÉ Lyric FM	2.0%	0.6%	0.7%	2.3%
RTÉ RnaG	0.3%	0.2%	0.2%	0.4%
Today FM	7.6%	6.2%	10.8%	6.7%
Newstalk	5.9%	2.1%	4.7%	6.2%
Any Regional/Local/M-City/D-C#	54.6%	78.5%	66.9%	51.1%

Source: Ipsos MRBI/JNLR 2016/4

The share of listening for both Adults 15-34 and 35+ is presented in Figure 2.5 which demonstrates the differing patterns across two demographics.



A key issue for the PSBs in meeting their public service obligations is to develop their services on different platforms. The popularity of internet-enabled devices has fundamentally altered how viewers consume media content and how they interact with broadcasters. These devices also impact on the extent of interaction between audiences and broadcasters and have important implications for RTÉ and TG4. Consumers, especially in younger cohorts, are continuing to demand a menu of content rather than accepting the traditional linear broadcasts. While user-choice driven services have existed in other forms (e.g. cable television has a history of offering content on-demand) this trend has grown exponentially with third-party services such as Netflix. These offer viewers an internet-enabled menu of content. These services also produce their own content, fragmenting the broadcasting and content market. It should be stressed that many of these changes offer greater consumer choice and can be viewed as a benefit. However, from the perspective of the PSBs these developments have implications for the future of PSB audience numbers and the need for PSBs to develop new ways of interacting with audiences.

The BAI tracks media consumption trends as part of their Audience Tracking Research. As can be seen in Figure 2.6, even in the most recent period examined, one can see a material change in consumption patterns. **[Redacted: Data is commercially sensitive].**



The percentage changes in the use of media devices in 2016 are presented in Table 2.10.

Table 2.10: Changes in Media Devices at Home, Island of Ireland, Adults, 2015 – 2016	
Media Device	Change 2015 - 2016
Standard TV set	[Redacted: Data is commercially sensitive].
Smartphone	
iPad or other tablet	
Smart TV set	

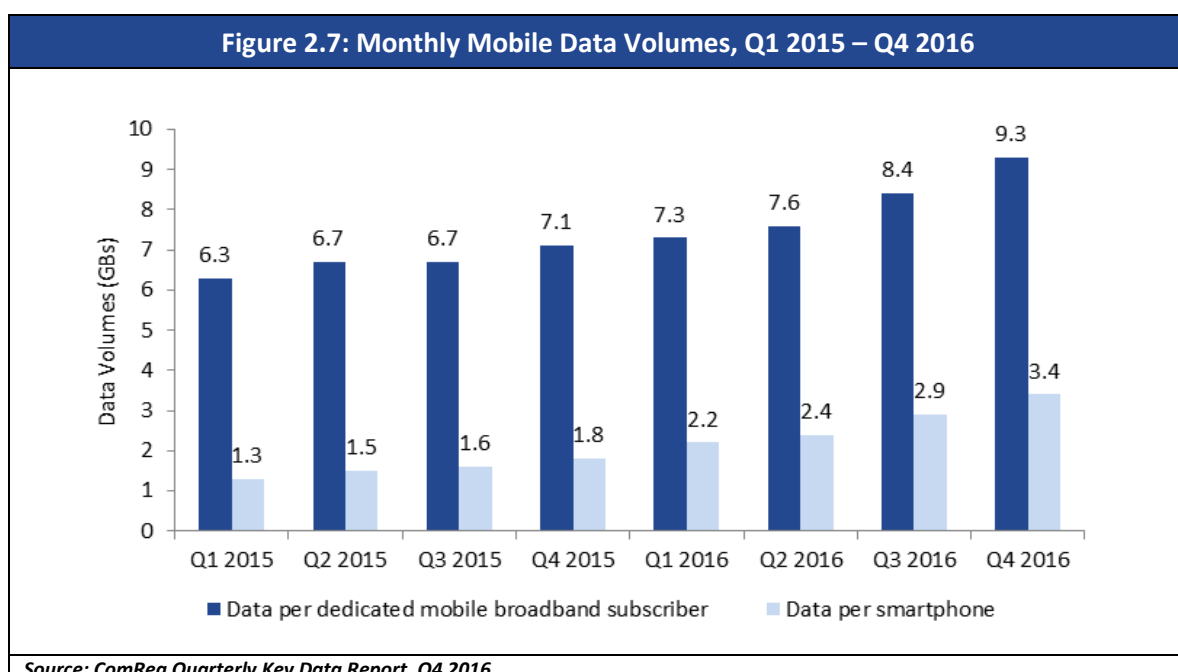
Source: BAI/B&A Audience Tracking Research - An Island of Ireland Survey, May 2017

The growing popularity of smartphones can also be seen in ComReg data, presented in Table 2.11. In the last quarter of 2016, over 4.3 million mobile, voice, and data subscribers were using high-speed wireless connections (3G or 4G), representing an increase of 30% relative to the same quarter in 2014. High-speed mobile connections facilitate a wide range of data-intensive services, including audio and video content. In 2016, this represented 87.7% of all smartphone users.

Table 2.11: Smartphone Usage in Ireland, 2014 Q4, 2015 Q4 and 2016 Q4			
	Q4 2014	Q4 2015	Q4 2016**
Mobile voice and data subscribers using 3G and 4G networks*, '000s	3,337.1	4,093.5	4,341.0
All mobile subscriptions (excl. M2M and mobile broadband), '000s	4,902.0	4,912.6	4,950.1
Smartphone users as % of all mobile subscriptions	68.1%	83.3%	87.7%

Source: ComReg Quarterly Key Data Reports, Q4 2016
**ComReg states that this measure is a good indication of number of smartphone users accessing data (internet, video, etc.)*
*** Two new mobile operators were included in 2016 Q4*

Figure 2.7 presents data on the average monthly volumes per mobile broadband subscriber and smartphone for the 2015 and 2016 period. For mobile broadband users, data volumes have increased by 47% over the period. In Q4 2016, the average data consumed was 9.3 GBs. Data use per smartphone in the same period was 3.4 GBs, representing a 262% increase since 2015. The most data intensive applications are video-streaming and gaming services. Third-party services such as Google Chromecast, allow the user to stream video and other content from their phone onto their TV set, further increasing the competitive pressure facing traditional linear services.



In terms of the content, Figure 2.8 indicates that the usage of all online services has increased. Viewers who engage with broadcasters via online technologies open up new possibilities for encouraging greater levels of viewership for the overall programmes on offer, as well as the potential for interaction and engagement with viewers.

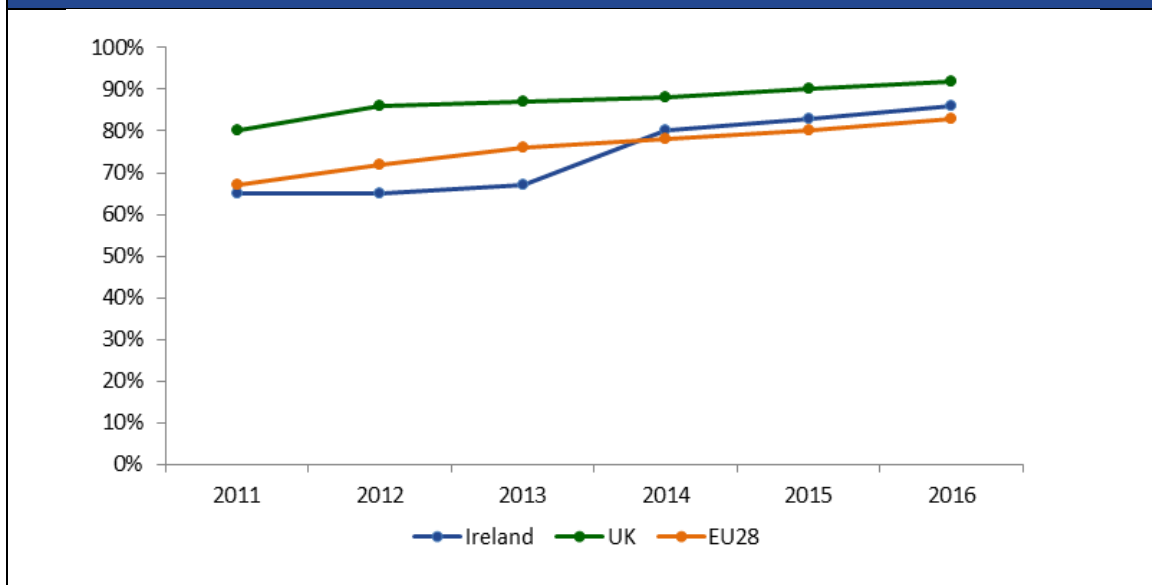
Figure 2.8: Online Viewing, Island of Ireland, 2015 – 2016

[Redacted: Data is commercially sensitive].

Source: Source: BAI/B&A Audience Tracking Research - An Island of Ireland Survey, May 2017

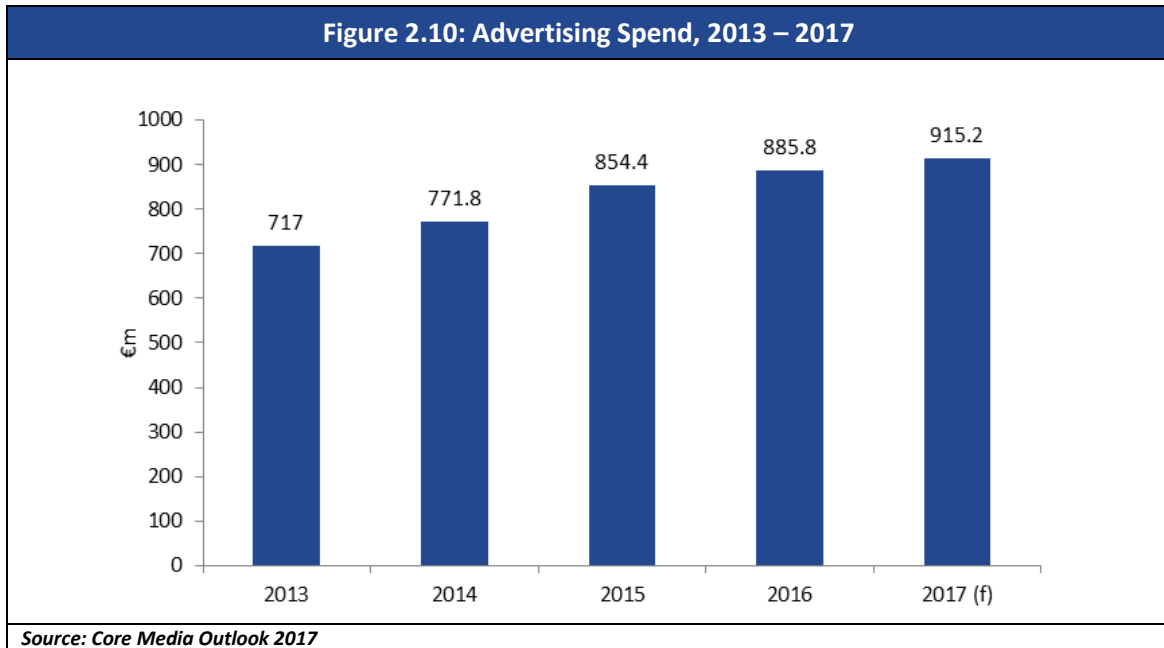
High-speed broadband enables viewers to access internet-enabled broadcasting services. Household broadband penetration rates for Ireland, the UK, and the EU28 are presented for the 2011-2016 period in Figure 2.9. The UK has higher penetration rates than Ireland and this may represent an indicator of the potential growth opportunities for broadband usage in Ireland.

Figure 2.9: Percentage of Households with Broadband Access, Ireland, UK and EU, 2011 – 2016

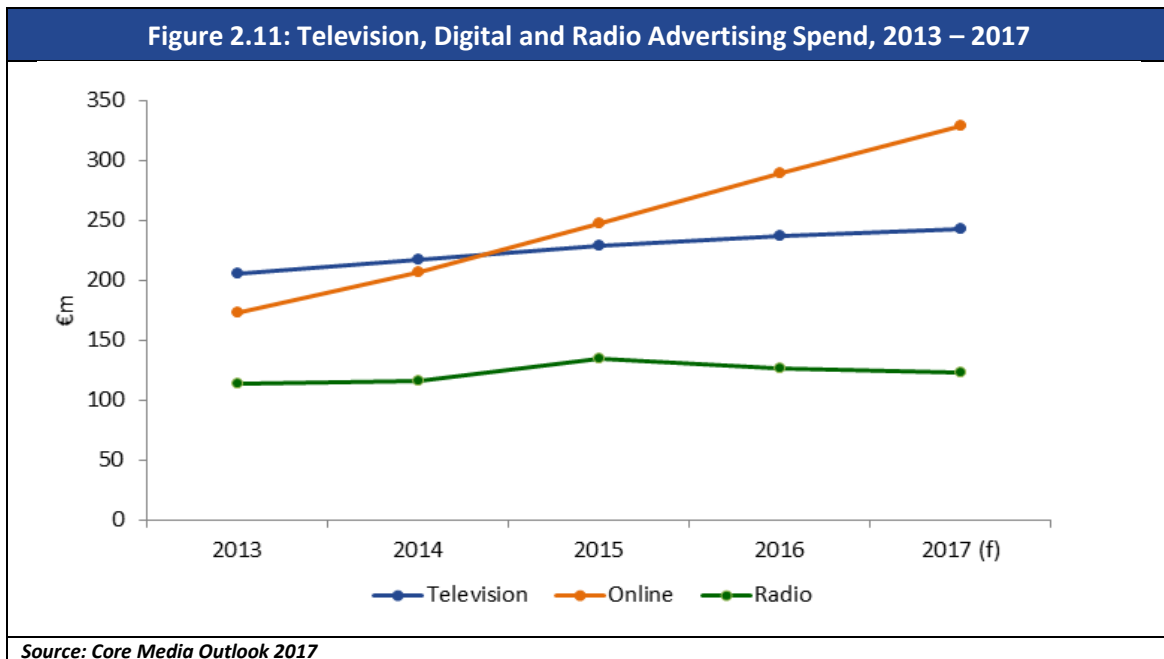


2.4 Developments in the Advertising Market

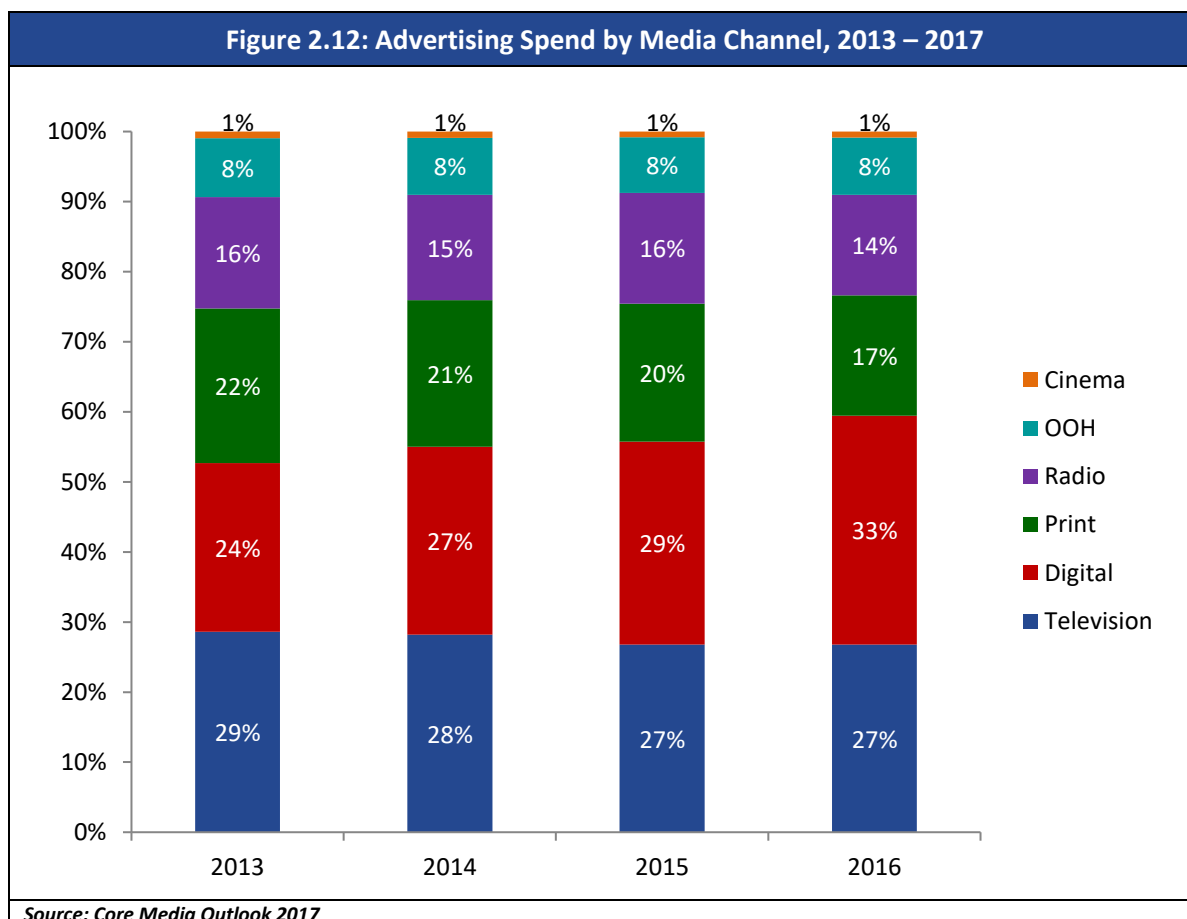
Estimates of the trend in advertising spend in the Irish market are presented in Figure 2.10. The levels of advertising spend impact on the PSBs' ability to generate commercial funding. In 2016, the overall advertising market was estimated to be around €885 million, which represents a significant increase on 2013 levels.



Data on advertising across different sources is presented in Figure 2.11 and demonstrates a strong growth in the Irish online advertising market. The slower increase in television advertising market has important implications for traditional broadcasters reliant on revenue in these spaces.



Data on advertising spend by media channel is presented in Figure 2.12. The increase in relative importance of the digital advertising market can be seen, as well as the reduction in print, television, and other market segments. This reflects the increasing shift towards online content.



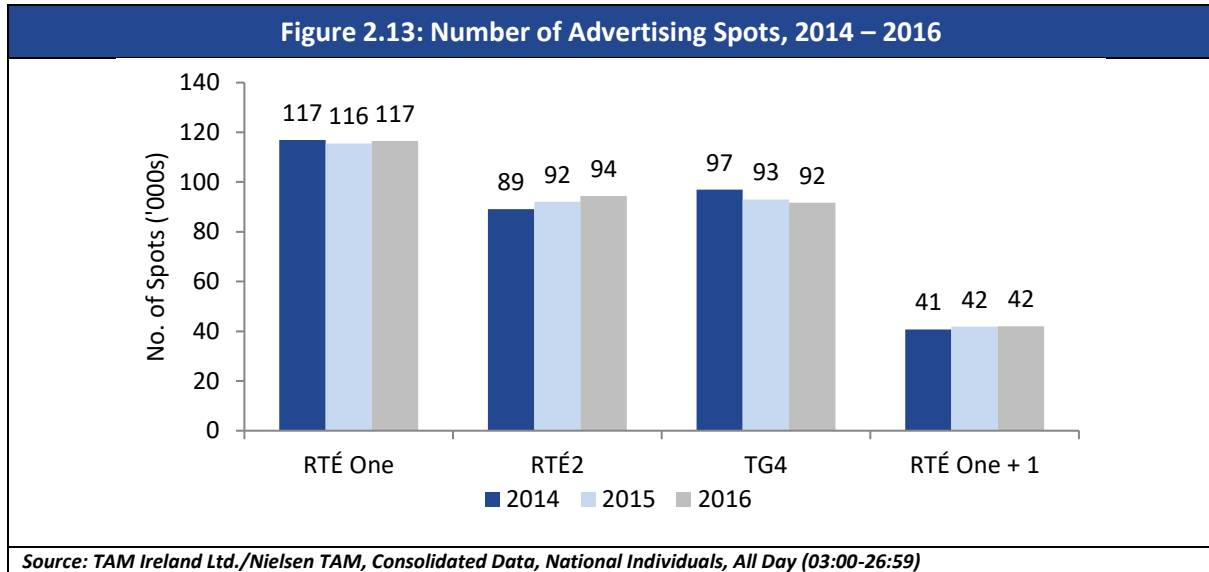
The year-on-year percentage change for each market is presented in the table below. The digital sector saw the highest levels of yearly growth. This highlights the importance for RTÉ and TG4 of developing a significant online digital offering.

Table 2.12: Advertising Spend by Source, % Change, 2015 – 2016

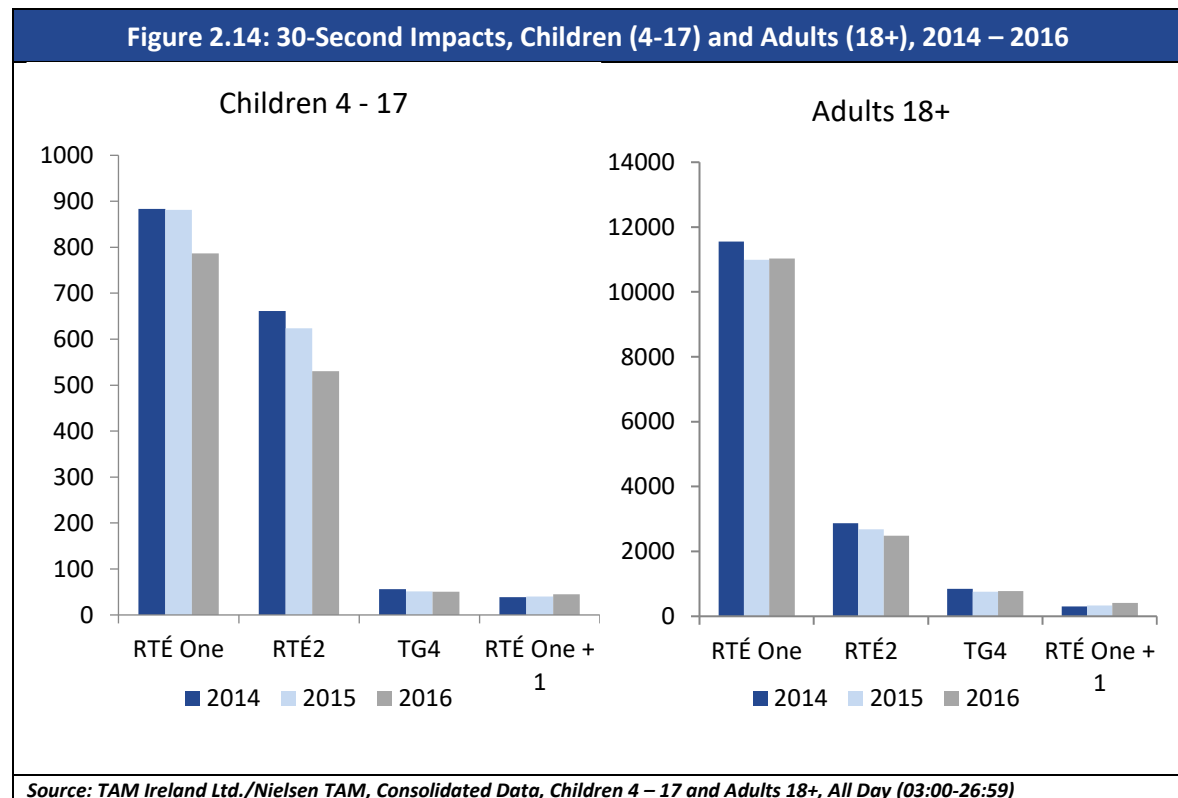
Subindustry	Core Media	Carat
Television	3.6%	1.9%
Digital	16.9%	26.1%
Print	-9.3%	-1.9%
Radio	-6.0%	3.3%
OOH	6.9%	5.3%
Cinema	7.0%	0.0%
Total	3.7%	8.8%

Source: Indecon analysis of Core Media Outlook 2017 and Carat Outlook 2016
 Note: Indecon estimates calculated as an average across Core Media and Carat estimates

Despite the growth in online advertising, the television advertising market is the key driver of both PSBs’ commercial funding. An advertising spot represents a single advert slot or position on a channel. Each advertising spot is not equal and can range in terms of viewer numbers and time. 30-second commercial impacts are the industry standard in terms of advertising. The number of RTÉ Television advertising spots has increased year-on-year, while TG4 has seen a reduction in spots.

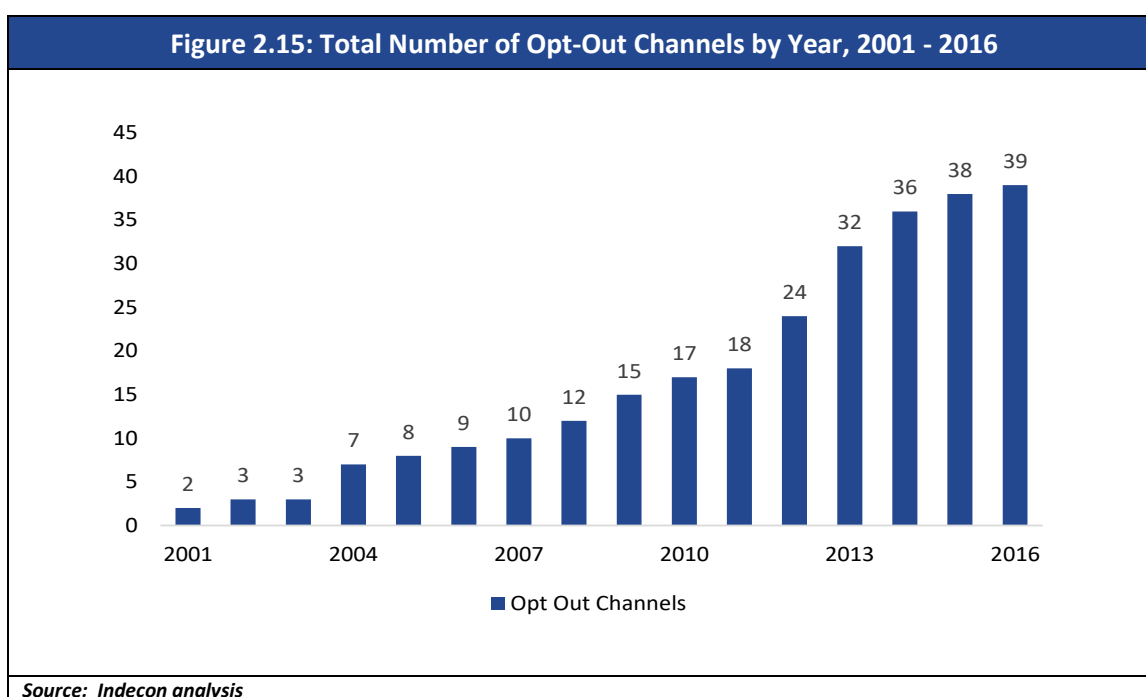


The commercial impacts of these spots are of key importance in driving commercial revenue generation. As can be seen overleaf, the 30-second impact on RTÉ One and RTÉ2 for Adults 18+ has fallen marginally in 2016 relative to 2014 levels.



In considering the challenges facing TG4 and RTÉ, it is important to note the significance of ‘Opt-Out’ advertising. ‘Opt-Out’ advertising is a method of advertising undertaken by television broadcasters that involves a broadcaster from outside the jurisdiction targeting Irish audiences. This practice has been increasing as a result of globalisation and a unification of the European broadcasting market.

There has been a significant increase in the number of ‘Opt-Out’ channels operating in Ireland over the past 15 years. This increase has been particularly significant within the last six years. In 2010, there were 17 ‘Opt-Out’ channels selling advertising in the Irish market. This has increased to 39 in 2016. The rapid growth in ‘opt out’ advertising placed by channels broadcast from outside Ireland has increased competitive pressures on advertising revenue for Irish broadcasters.



2.5 Summary of Findings

Our key findings from the analysis of development in the economy and in broadcasting and advertising sectors are outlined below:

- The strengthening of the economic recovery provides a more positive backdrop for the advertising market and TV commercial revenue generation. Irish headline macroeconomic indicators (see summary overleaf) indicate a strongly improved economic outlook. In particular, indicators such as GDP, GNP and personal consumption have all posted significant gains over the last 2-3 years, while there has also been a rapid improvement in the labour market, with unemployment falling below 8% in 2016. Consumer inflation remains muted. The general economic improvement will have knock-on effects for PSBs through advertising revenues and other impacts. However, the high levels of uncertainty created by the Brexit vote and ongoing negotiations present significant risks for the Irish economy and the commercial environment going forward.

- ❑ Television remains the main entertainment medium in Ireland where approximately 1.6m homes own a television. However, the trend towards greater fragmentation has continued, due to the increasing numbers of competitors in the Irish market, and the move to a more online- and user-choice-based model. This is evident in both technological impacts on traditional broadcasters as well as consumption patterns of Irish citizens. Despite these developments, RTÉ Television has continued to retain a premium position in the Irish TV market (see figure below).
- ❑ In Ireland, radio is a popular form of media and entertainment. However, the radio broadcasting market has the characteristics of a mature market, with strong competition, and potential growth in this area is considered to be minimal. It is also impacted by technological change, albeit to a less disruptive degree than in the TV market. Increased competition from different platforms continues to impact the PSBs' audience numbers.
- ❑ The popularity of internet-enabled devices has fundamentally altered how viewers consume media content and also how they interact with broadcasters. Consumers, especially in younger cohorts, are continuing to demand a menu of content rather than accepting the traditional linear broadcasts. While user-choice driven services have existed in other forms (e.g. cable television has a history of offering content on-demand) this trend has grown exponentially with third-party services such as Netflix. These offer consumers an internet-enabled menu of content. These services have also started to produce their own content, fragmenting the broadcasting and content market even further. It should be stressed that many of these changes offer greater consumer choice and can be viewed as a benefit. However, from the perspective of the PSBs, these trends have potential negative implications for the future of PSB funding and audience numbers.
- ❑ In 2016, the overall advertising market, including TV, Radio, Digital, and other forms, was estimated to be €885 million, which represents a significant increase on 2013 levels. While the advertising market in Ireland continues to grow, the digital/online market is now the largest market. In addition, the rapid growth in 'opt-out' advertising placed by channels broadcast from outside Ireland has increased competitive pressures on advertising revenue for Irish broadcasters. 'Opt-Out' advertising is a method of advertising undertaken by television broadcasters that involves a broadcaster from outside the jurisdiction targeting Irish audiences. This practice has been increasing as a result of globalisation and a unification of the European broadcasting market. The rapid growth in 'opt-out' advertising placed by channels broadcast from the UK has increased competitive pressures on advertising revenue for Irish broadcasters.
- ❑ A slower increase in the television advertising market compared to online advertising represents a particular challenge for traditional broadcasters such as RTÉ and TG4 who are reliant on television advertising revenue.

3 Public Funding Review of TG4

3.1 Introduction

This chapter examines the performance of TG4 during 2016 against the commitments set out in its Annual Statement of Performance Commitments (ASPC 2016). The adequacy of the commitments and the adequacy of funding within this context are also considered.

TG4's ASPC was prepared in accordance with its Statement of Strategy and Public Service Statement and in fulfilment of the requirements of the Broadcasting Act 2009. In 2016, TG4 aimed to deliver 17 individual commitments under five main thematic areas as agreed with the Broadcasting Authority. These were as follows:

- AUDIENCE'S - IMPACT AND REACH.
- CONTENT – HIGH QUALITY AND DISTINCTIVE.
- PROMOTION AND DEVELOPMENT OF THE IRISH LANGUAGE AND CULTURE.
- TRANSPARENCY AND EFFICIENCY.
- TRUST AND GOVERNANCE.

A colour-coded, 'traffic light' system is used to indicate where Indecon determines the commitment to be achieved (green), substantially achieved (orange) or not achieved (red). In many cases there are multiple targets set under each commitment and a judgement is required concerning the extent to which the commitment has, or has not been, achieved. Our analysis suggests that approximately eight of the commitments set out were achieved and a further nine were substantially achieved. However, it is important to consider the detailed analysis under each commitment as some specific targets were not met. It is also important to consider these findings in the context of Indecon's assessment of the adequacy of the commitments.

3.2 Audience Commitments

Under the first thematic area, Audiences – Impact and Reach, TG4 set out three commitments for 2016. These are:

- **Strengthen TG4's reach with all audiences through broadcast, Player, web and mobile services.**
- **Continue to focus on attracting greater levels of younger audiences to TG4 with high quality, entertaining Irish language content and services.**
- **Maintain the level of sub-titling on TG4, to ensure accessibility for audiences with physical, sensory or intellectual disabilities.**

A summary of the performance of TG4 against these audience-related commitments is presented in Table 3.1. TG4 is judged to have achieved one of the three audience-related commitments set out for 2016 and substantially achieved the remaining two commitments. However, even in cases where substantial achievement has been made, some elements fall behind the targets set. For example, while performance was good in terms of national market share and Irish language audiences, TG4 did not achieve the targets for peak viewing or unique website visitors. It is therefore necessary to examine each of the components.

Table 3.1: TG4 Summary Performance Against Audience-Related Commitments	
	Number of Commitments
Commitments substantially achieved	2
Commitments achieved	1

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

Commitment 1: Strengthen TG4's reach with all audiences through broadcast, Player, web and mobile services.

Within this important audience commitment there were a number of targets set focusing on TG4 reach with Irish language television audiences and within national television audiences.

TG4 recorded a strong performance compared to the targets set for Irish language audiences with 92% reach achieved with the sample Fios Físe Panel, and over 80% TG4 satisfaction rating among Irish language speakers.

The ability of TG4 to compete for wider national television audience is also of critical importance. Indecon previously highlighted concern over the declining TG4 audience share in the 2015 review of performance. As evident from Figure 3.1, an improvement in audience share from 1.65% in 2015 to 1.78% in 2016 was achieved showing that the decline in audience share evident in the previous two years has been halted. This appears to reflect in part the strategy to focus on selected genres for non-Irish language audiences.

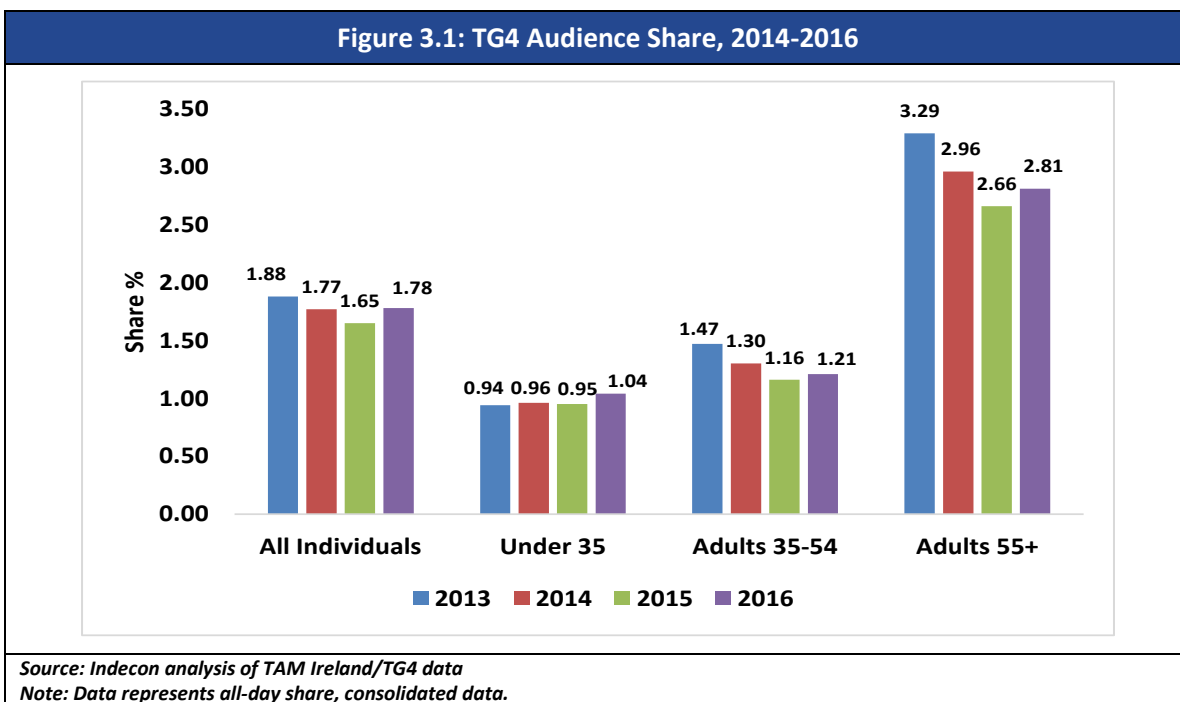
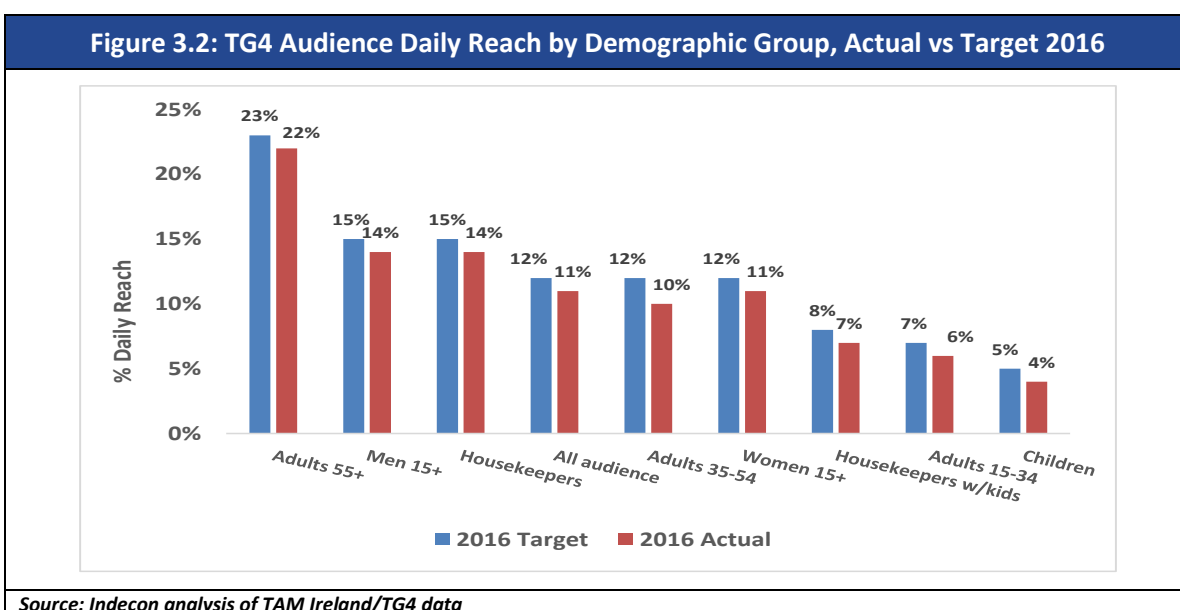
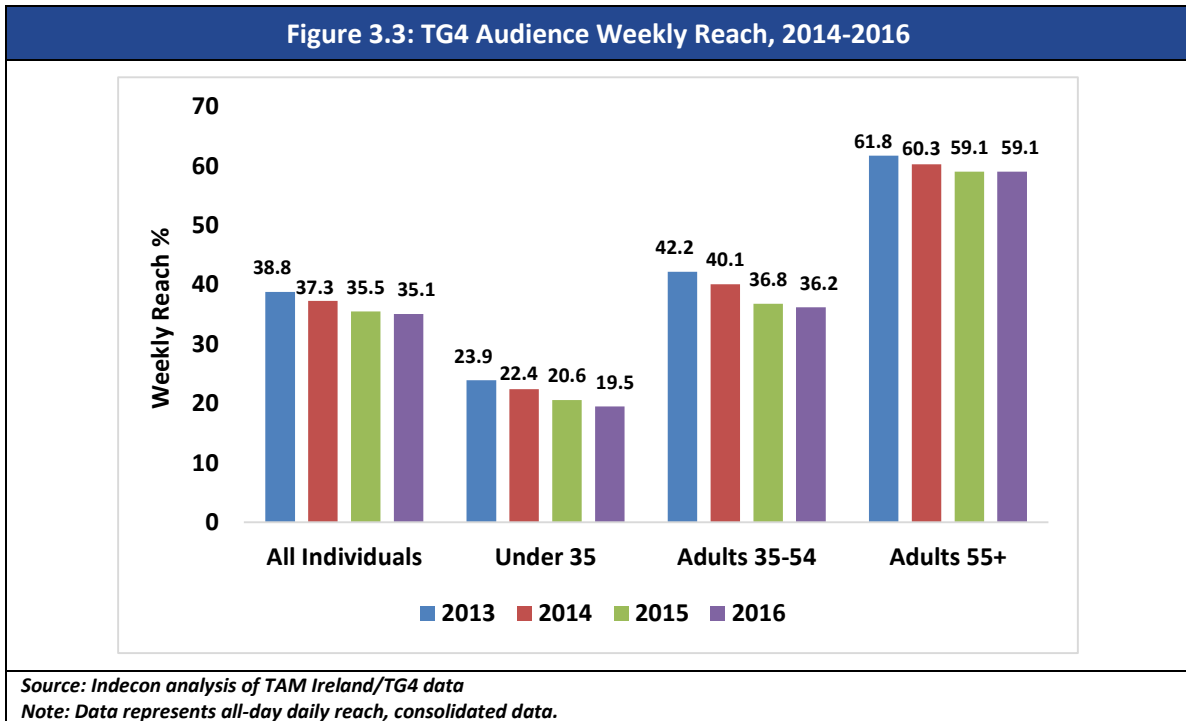


Table 3.2: TG4 Performance Against Audience-Related Commitments 2016 - Commitment 1			
Measure	Target	2016 Performance	Level of Achievement*
Core Irish Language Audience – All Island			
TG4 Reach with Fios Físe Panel %	90%	92%	Yes
TG4 Satisfaction Rating	75%	80.3%	Yes
TG4 Player (Seinnteor TG4) usage	40%	39%	Substantial
Daily Reach – All Audience	12%	11%	Substantial
Wider National Television Audience			
Daily Reach – Demographic Groups	See Figure 3.2	See Figure 3.2	No
Position among Top Channels	A top 10 position of TV broadcast channels in Ireland	7th	Yes
Audience Share Average All Day	1.7%	1.8%	Yes
Maintain or Improve Performance during Peak Viewing Periods	25% reach / 6% share for St Patrick's Day and Easter Sunday. 25% reach and 3.5% share for Christmas Day	19.2% reach / 5.9% share St Patrick's Day, 21.2% reach / 5.3% share Easter Sunday. 19.5% reach and 2.8% share Christmas Day	No
Number of TV Programmes Securing a Reach of >70,000 and >100,000	1,000 programmes with reach >70,000 and 600 with a reach >100,000	972 programmes with a reach >100k and 554 with reach >70k	Substantial
Northern Ireland Audience	3% view TG4 daily, 12% weekly and 6% monthly	7% weekly, 5% monthly, no daily reported.	No
Qualitative audience feedback	Positive audience feedback	Ipsos MRBI survey not undertaken this year.	Cannot be assessed
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i>			
<i>*Substantially Achieved relates to quantitative performance within 10% of target</i>			

In view of the importance of audience impact and reach, as part of the review, Indecon examined the market performance among different demographic groups. TG4's audience daily reach performance versus targets for specific audience demographic groups is shown in Figure 3.2. Daily reach was below target for all TG4 audience groups in 2016. Also of concern in terms of future sustainability is the lower percentage audience reach in the younger age cohorts.



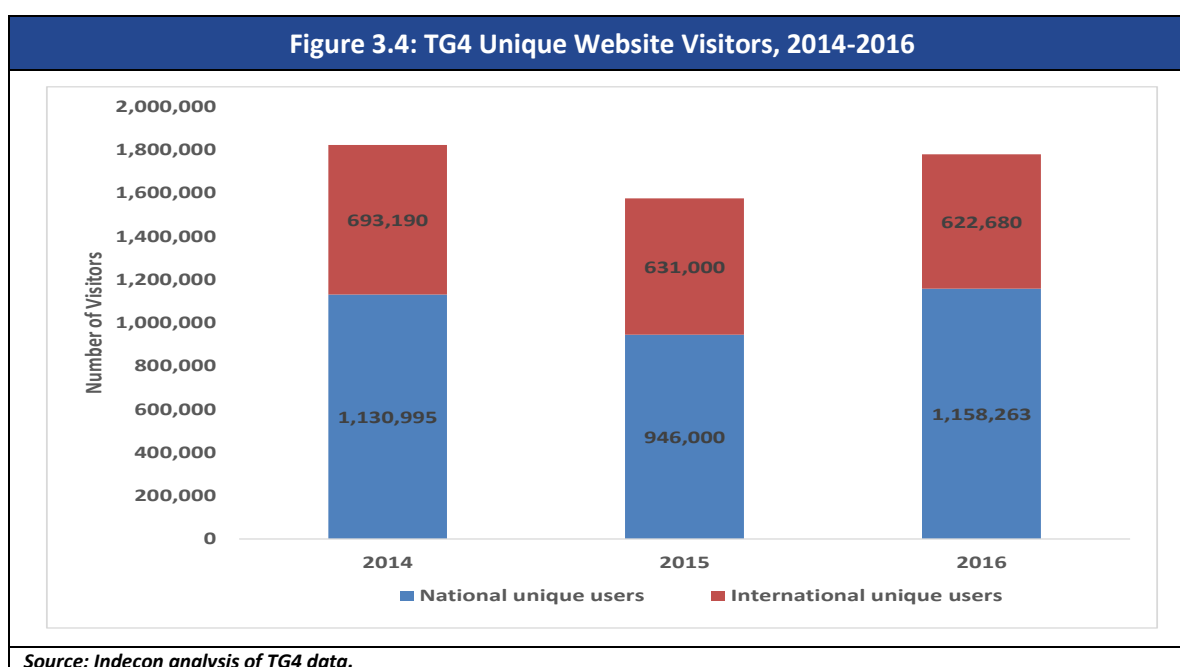
The gradual erosion of TG4's audience weekly reach, evident since 2013, continued in 2016, with only Adults 55+ years, remaining the same as 2015. Indecon recognises the difficulties faced by TG4 in expanding audience weekly reach in an environment of an increased number of channels and intense competition. However, the continued decline in audience reach is a significant issue. Indecon notes that there has been a change in TG4's new strategy which should assist in addressing this challenge.



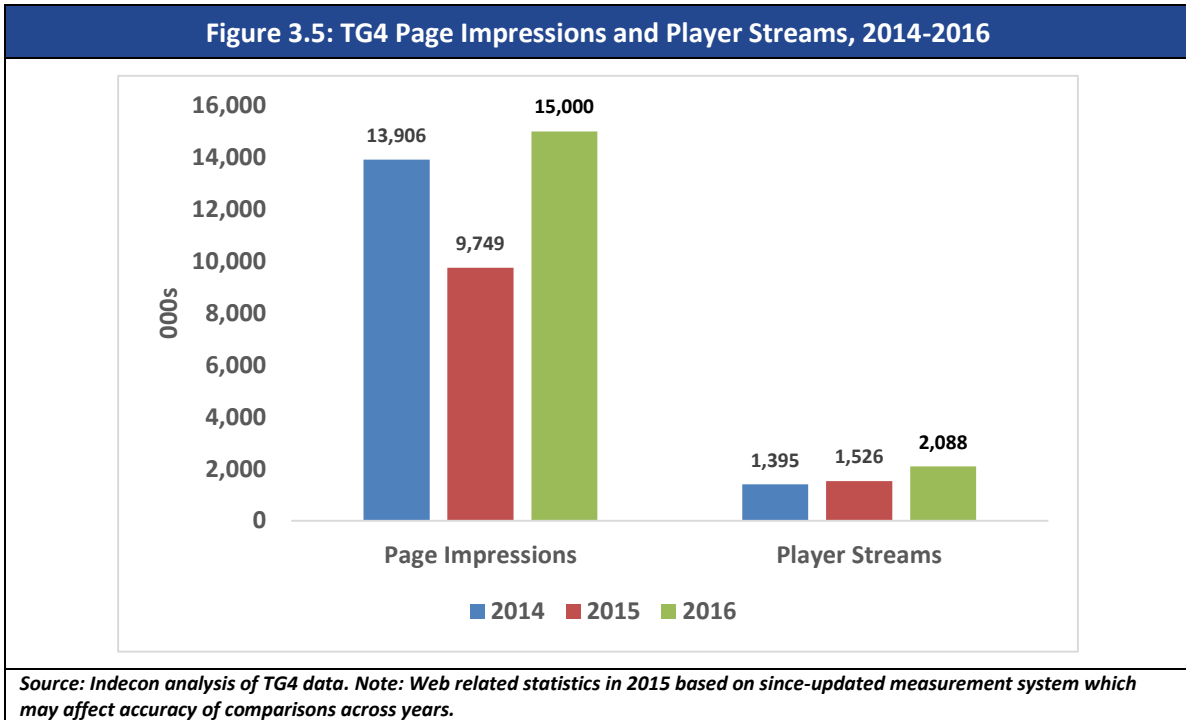
TG4 also set out a number of audience-related targets in the domain of their Player, web and mobile services. TG4 performance was above the targets set for Player streams, Player hours watched, web page impressions, App downloads and Facebook/Twitter followers. TG4 also maintained its position among Irish language websites worldwide following a redesign of the website in 2015. TG4 did not meet its targets for the number of unique visitors to its website or the number of international users for the website. The number of national unique users of the TG4 website and the number of inserts watched on YouTube were within 10% of target.

Table 3.3: TG4 Performance Against Audience-Related Commitments 2016 - Commitment 1 Continued			
Measure	Target	2016 Performance	Level of Achievement*
TG4 Player Web & Mobile Services			
No. of Unique Website Visitors	2.1m	1.78m	No
No. of National unique users	1.26m	1.158m	Substantially
No. of international unique users	840,000	622,680	No
No. of Player Streams	1.7m	2.08m	Yes
Player Hours Watched	380,000	462,000	Yes
No. of page impressions	12m	15m	Yes
App Download	110,000	154,000	Yes
Total No. of TG4 Apps Available	12	13	Yes
Inserts watched on YouTube	1.270m	1.2m	Substantially
Facebook / Twitter Followers	130,000	133,000 (49,000 Twitter and 83,600 Facebook)	Yes
Target Position for Website (placing amongst Irish language websites worldwide)	1	1	Yes
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i>			
<i>*Substantially Achieved relates to quantitative performance within 10% of target.</i>			

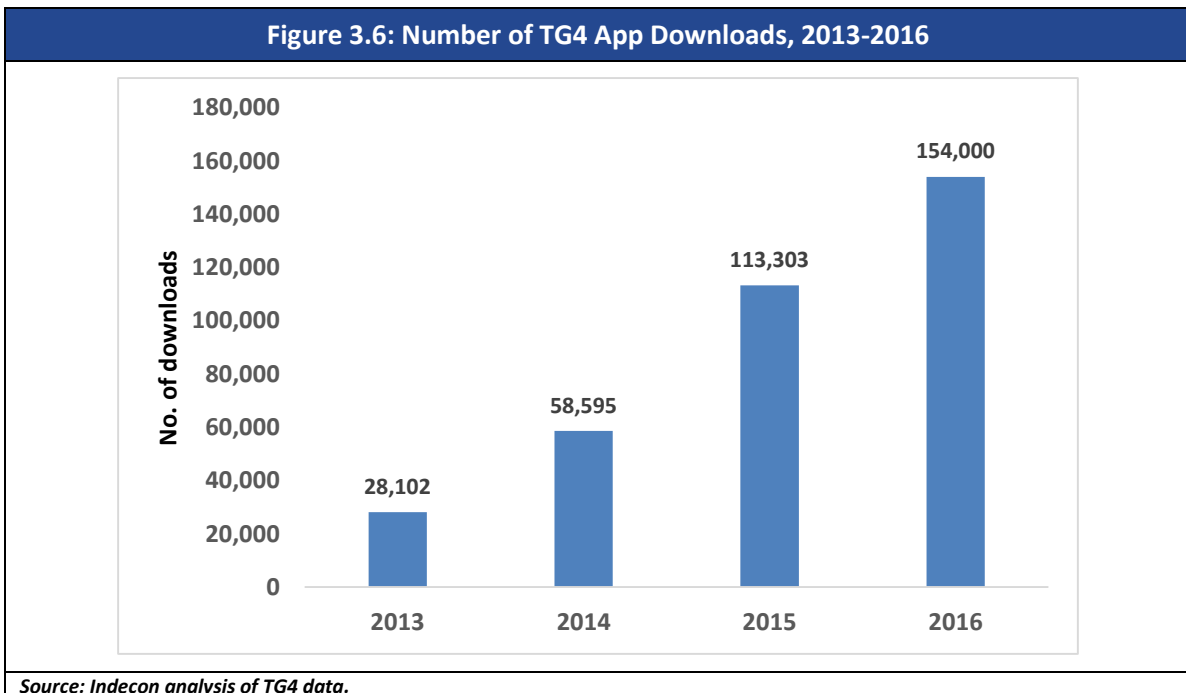
As is evident from Figure 3.4, the trend in unique website visitors to the TG4 website, which declined in 2015, showed a recovery in 2016. However, web-related statistics were measured following a system update. For this reason, the accuracy of comparing the 2015 and 2016 figures with previous years may be affected. It is critical that accurate comparable data on all metrics are available for the annual reviews and the merits of independent verification of data collection should be considered. This is important, not only for regulatory reviews but also for TG4 internal planning.



The number of page impressions recovered in 2016, following a fall in numbers in 2015. Player streams have increased year-on-year from 2014 to 2016. Page impressions and player streams in 2016 exceeded the targets set of 12 million and 1.7 million respectively. The trends in web-related statistics are subject to the same measurement issues as was highlighted above.



The trend in total number of yearly App downloads of TG4 Apps follows an upward trajectory and reached 154,000 downloads in 2016 which exceeded the target set of 110,000.



Commitment 2: Continue to focus on attracting greater levels of younger audiences to TG4 with high quality, entertaining Irish language content and services.

In order to build future audiences, a major challenge facing TG4 concerns the demographic profile of its audience base. This was reflected in a commitment to attract greater levels of younger audiences to TG4. TG4's performance was within 10% of target for weekly broadcast reach among children and young people, while the targets set for children's and young people's interactive services and other service targets were largely achieved. However, TG4 did not achieve the targets set for daily reach for young people. While TG4 outperformed vis-a-vis the target for the number of downloads for Children's Apps, the performance in terms of Children and Young People's Web Usage and Children's Player Service Streams were below the targets set.

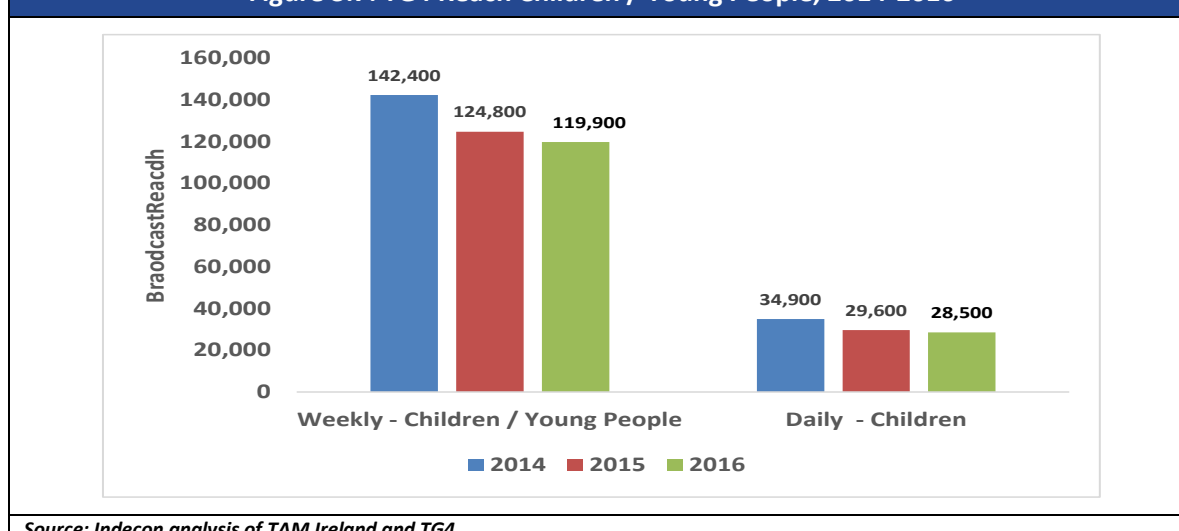
Table 3.4: TG4 Performance Against Audience-Related Commitments 2016 - Commitment 2

Measure	Target	2016 Performance	Level of Achievement*
Children & Young People Web Usage / Page Views	380,000	296,800	No
Children's Player Service Streams	160,000	112,000**	No
Children's App Downloads	13,000	21,795	Yes
Weekly Broadcast Reach – Children / Young People	130,000	119,900	Substantial
Daily Broadcast Reach - Children	5% (36,000)	4%	No
Children and Young People's Broadcast Service	Targets achieved. See table 2.9 of Performance Review.		
Children and Young People's Online Service	Targets achieved. See table 2.9 of Performance Review.		
Children and Young People's Interactive Services and Apps	Most of targets were achieved. However, a suitable kids App for re-versioning was not sourced this year.		
Children and Young People's Other Service Targets	Most of the targets were achieved. However, TG4 reports that no appropriate theatrical movie was available for re-versioning into Irish.		

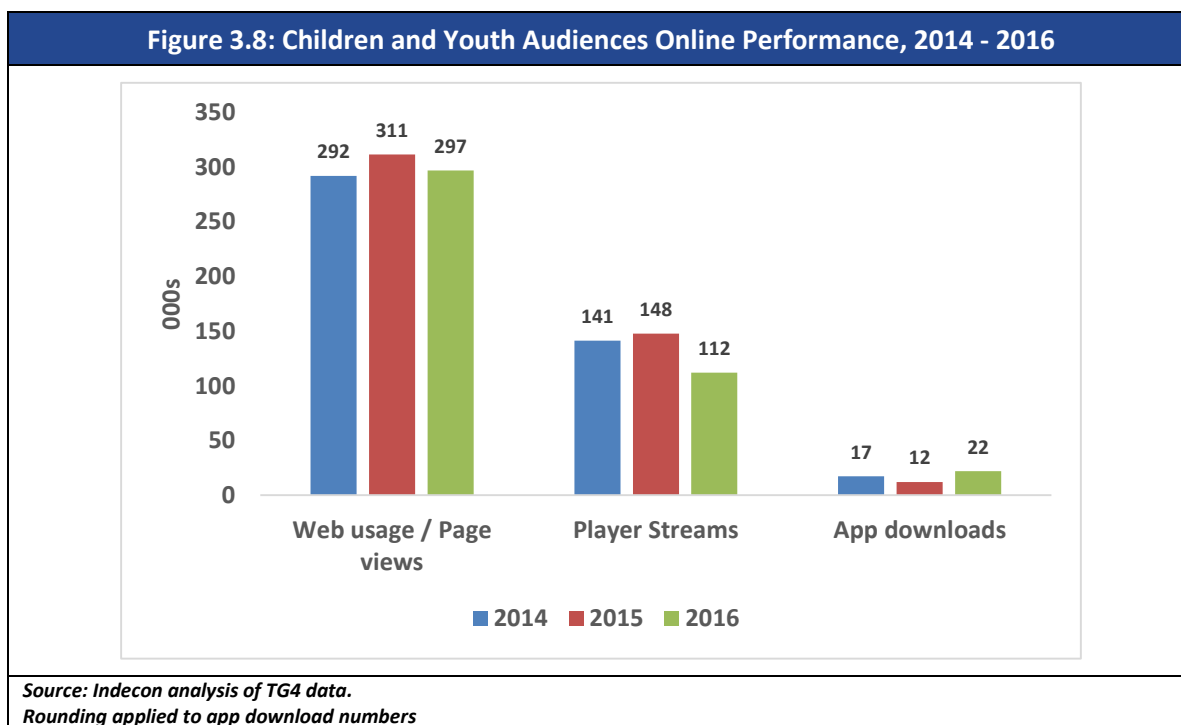
Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.
**Substantially Achieved relates to quantitative performance within 10% of target.*
***TG4's supplier Brightcove changed its analytics platform during 2016. An error during the upgrade means that data on 2016 performance was not captured accurately. This figure is a "best estimate" of 2016 performance.*

In view of the significance of daily and weekly broadcast research, Indecon examined the trend in these metrics for the years 2014 to 2016. This shows a decline in reach for children, although the rate of decline appears to have slowed in 2016.

Figure 3.7: TG4 Reach Children / Young People, 2014-2016



The number of page views on the TG4 website among children and young people has recovered from the decline in 2015. The number of player streams has fallen and the number of App downloads increased slightly among the same demographic.



Commitment 3: Maintain the level of sub-titling on TG4, to ensure accessibility for audiences with physical, sensory or intellectual disabilities.

TG4 set out a number of specific targets in their 2016 ASPC document under the overall commitment to maintain subtitling. TG4 fell short of the BAI access targets for subtitling but met the TG4-set target. The number of new subtitling hours exceeded the target also. TG4 set out a number of other key deliverables relating to subtitling content, all of which were met in 2016.

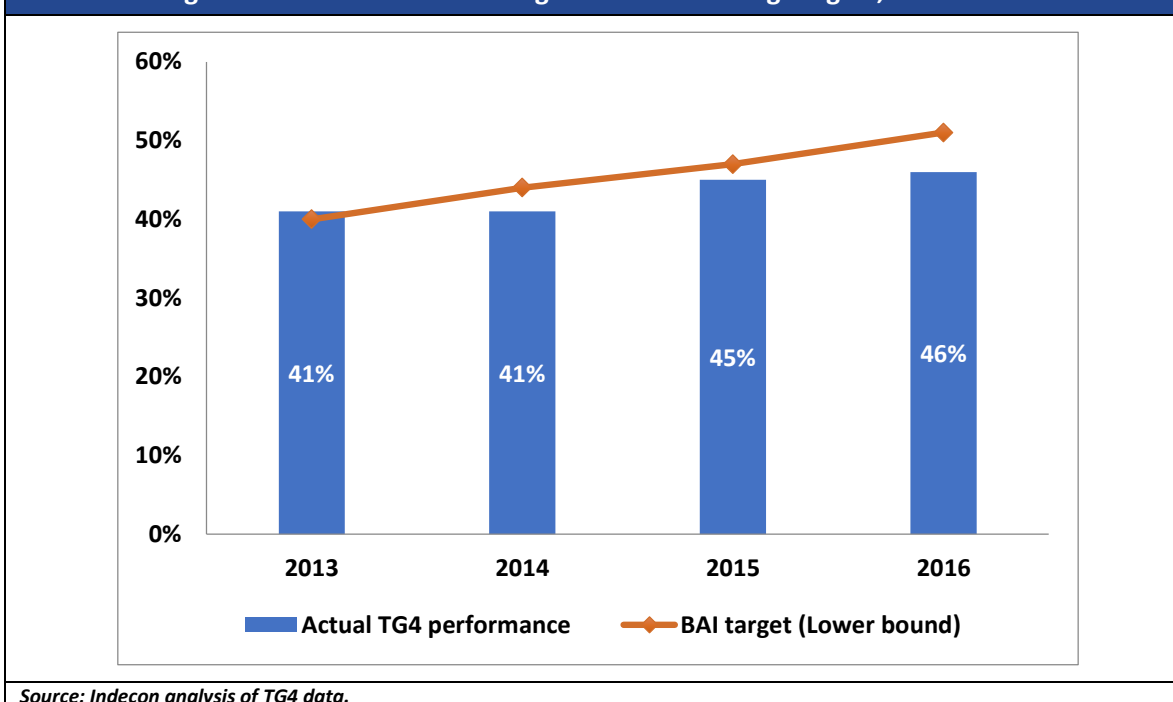
Indecon is very supportive of maintaining sub-titling, but this is a different type of challenge to the commitments to strengthen TG4 audience reach or to attract a greater number of younger audiences, which measure TG4's performance in the marketplace. Audience-related commitments are critical for the long-term sustainability of TG4 finances and should be given a high priority.

Table 3.5: TG4 Performance Against Audience-Related Commitments 2016 - Commitment 3

Measure	Target	2016 Performance	Level of Achievement*
BAI Access Targets for Subtitling	51-57%	46%	Substantial
Actual TG4 Target Performance for Subtitling	46%	46%	Yes
Key Deliverables towards Achieving Subtitling Targets	402 new subtitling hours	525 (of which 386 paid for directly by TG4).	Yes
	All newly commissioned content will be subtitled	All broadcast of pre-recorded commissioned content sub-titled.	Yes
	Range of content will be selected for Irish language sub-titles	TG4 report they met this target. See table 2.10 of the performance review.	Yes
	TG4 will endeavour to ensure it has access to subtitles for all acquired content	TG4 report they met this target. See table 2.10 of the performance review.	Yes
	TG4 will continue with live subtitles on a select number of programmes	TG4 report they met this target. See table 2.10 of the performance review.	Yes
	TG4 will report on subtitling performance to the BAI	TG4 reported regularly. See table 2.10 of the performance review.	Yes

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.
**Substantially Achieved relates to quantitative performance within 10% of target.*

Indecon examined the trend in the level of sub-titling on TG4 as presented in Figure 3.9. This shows that in 2015 and in 2016 improvements were made on this metric.

Figure 3.9: TG4 Performance Against BAI Subtitling Targets, 2013 - 2016

3.3 Content Commitments

Under the second thematic area: Content – High Quality and Distinctive, TG4 set out five commitments. These were:

- **Continue to develop TG4's Irish language broadcast schedule to entertain and draw strong audience levels.**
- **Deliver unique commemorative Irish language 1916 content to mark one of Ireland's most significant historical events, along with special programmes to celebrate 20 years of TG4 and comprehensive coverage of the General Election in 2016.**
- **Further-develop TG4's Player, online and mobile services to best meet changing audience needs.**
- **Drive further innovation and creativity in TG4's content and services.**
- **Continue the project to establish TG4's Digital Archive, which will comprise the most extensive and significant bodies of digital Irish language audio-visual material ever created.**

A summary of TG4's overall performance against these content-related commitments is provided in the Table 3.6. This shows that TG4 met two of the commitments set and substantially met the remaining three.

Table 3.6: TG4 Summary Performance Against Content-related Commitments	
	Number of Commitments
Commitments achieved	2
Commitments substantially achieved	3
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i>	

Commitment 4: Continue to develop TG4's Irish language broadcast schedule to entertain and draw strong audience levels.

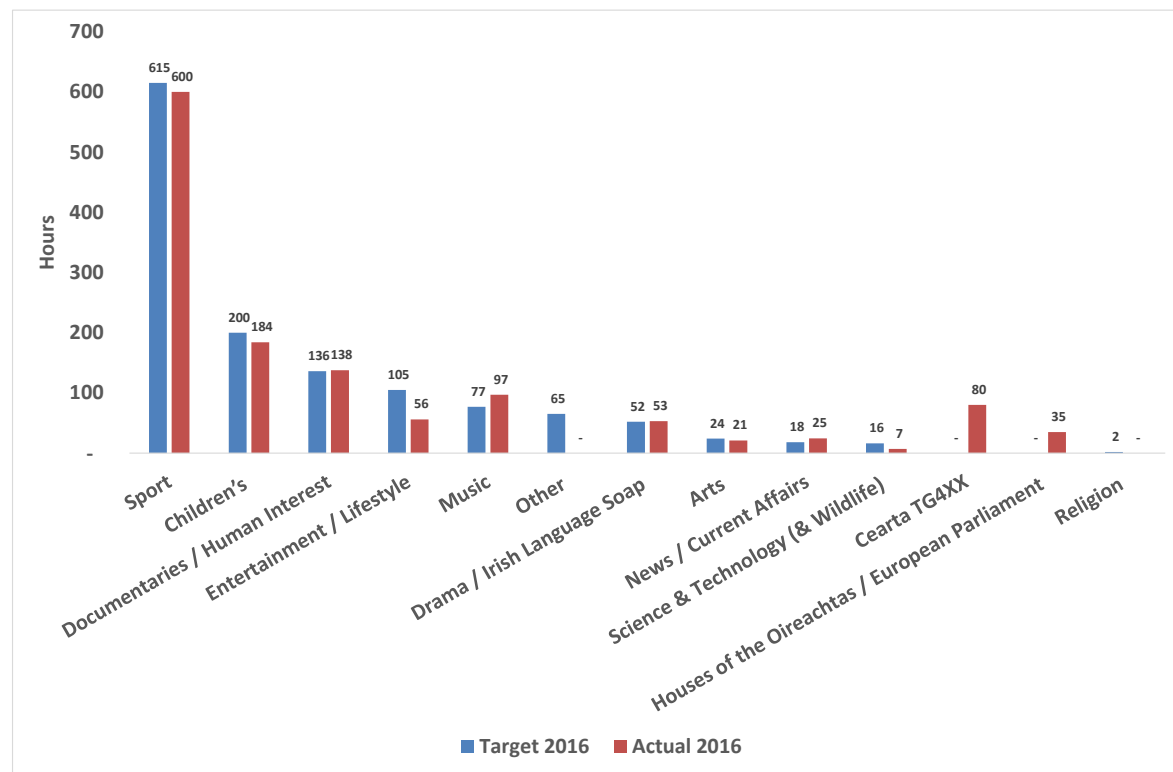
TG4 set out a number of specific targets relating to Irish language programming in 2016. Targets for total and average New Irish Language programming per day were substantially met. The total number of New Irish Language Programming Hours in 2016 was 1,660 versus the target set out in the ASPC of 1,710. Indecon would note that while the commitment referred explicitly to drawing strong audience levels, the specific targets under this commitment did not include any audience-related metrics although this issue was dealt with under other commitments.

Table 3.7: TG4 Performance Against Content-Related Commitments 2016 - Commitment 4			
Measure	Target	2016 Performance	Level of Achievement*
Total New Irish Language Programming Hours for the Year	1,710 total hours ⁵	1,660 hours	Substantial
New Irish Language Programming Average per Day	4.68 hours	4.55 hours	Substantial
New Irish Language Programming by Genre	See table 3.10 of 2016 ASPC	See Figure 3.10	Substantial
New Irish Language Programming by Source	See table 3.10 of 2016 ASPC	See Figure 3.11	Substantial
Core Schedule and Irish Language Programming per Day	34 weeks – 5.25 hours/day	4.9 hours / day	Substantial
“Non-core schedule” & Average Irish Language Programming per Day	18 weeks – 4 hours per day	3.91 hours / day	Substantial
Total Irish Language Broadcast Hours	5,146	5,111	Substantial
Irish Language Broadcast Hours by Genre	See Figure 3.13	See Figure 3.13	No
Irish Language Broadcast Hours by Source	See Figure 3.14	See Figure 3.14	Substantial
Programme Acquisitions for Main Irish Language Schedule	See table 3.15 of 2016 ASPC target = 215	TG4 did not report on this in the Performance Review but provided the data to Indecon. Target changed to 398, actual 367.	Substantial
Key Irish Language Genre Developments	See table 3.5 of 2016 ASPC	TG4 report all targets met except for Misean sa tSin which will be broadcast in 2017	Yes
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i>			
<i>*Substantially Achieved relates to quantitative performance within 10% of target.</i>			

TG4 set out genre-level targets for Irish Language Programming in the 2016 ASPC but did not report on these individual targets in the 2016 review of performance. This information was provided to Indecon through consultation with TG4 and is presented in Figure 3.10. Targets for Entertainment/Lifestyle and Science/Technology were not met, while targets for other genres were either substantially met or met. TG4 has since stated in its 2017 ASPC “TG4 are not presenting new Irish language hours by genre and source as it is moving to an audience focus as part of its new strategy”. The target for total Irish Language Broadcast hours was substantially met in 2016 while the genre-level targets were not met.

⁵ Includes RTÉ provided hours.

Figure 3.10: TG4 Target vs Actual New Irish Language Programming by Genre, 2016



Source: Indecon analysis of TG4 Review of 2016 Performance and Annual Statement of Performance Commitments 2016.

Note: These figures exclude RTÉ provided hours.

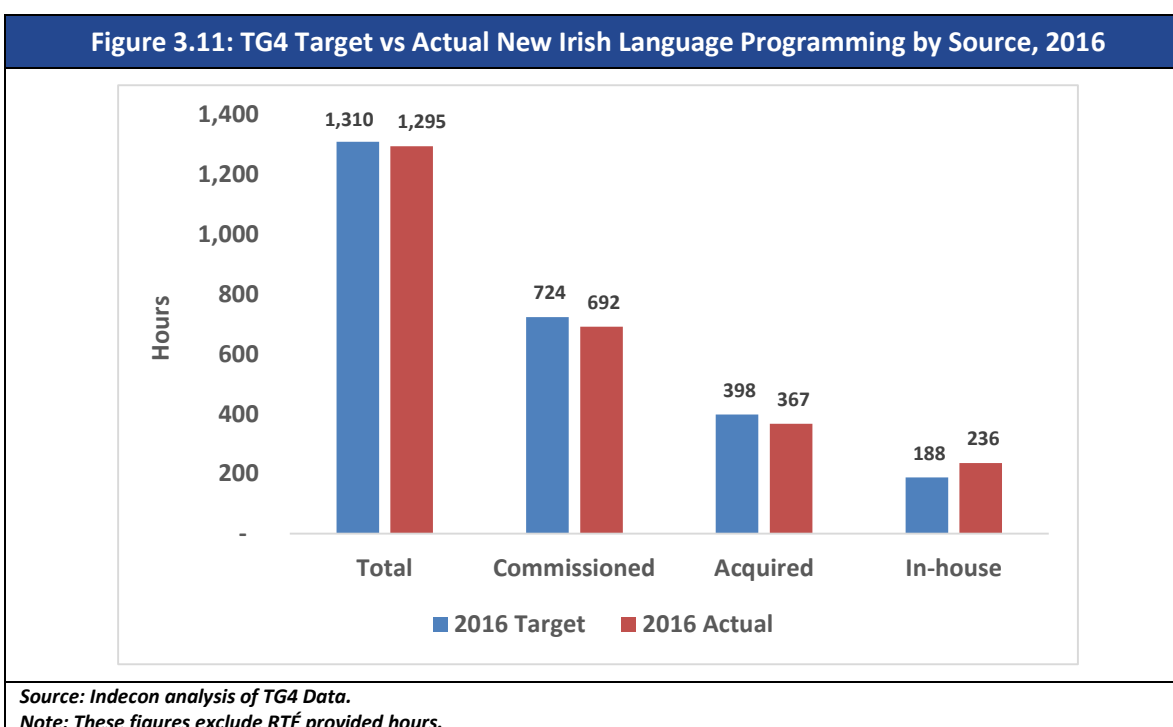
In examining the targets for new Irish language programming, it is useful to analyse the trend in New Irish Language Programming by genre from 2014 to 2016 which is presented in Table 3.8. The evidence shows that the number of hours of Children's/Teens' Irish Language Programming fell by over 50% in 2016 compared with 2015. New Irish Language Programming hours in the News and Current Affairs genre also reduced significantly in 2016. There were some small increases in the hours of Documentaries, Music, Drama and Arts.

Indecon accepts that programme quality, rather than number of hours, may be of key importance in meeting the overall commitment to draw strong audience levels. However, this raises the issue of appropriateness of number of hours as a target for TG4.

	2014	2015	2016	% change 2015-2016
Sport	595	658	600	-9%
Children's / Teens	397	373	184	-51%
News / Current Affairs	195	194	25	-87%
Entertainment / Lifestyle	150	100	56	-44%
Documentaries / Human Interest	145	131	138	5%
Other*	102	102	-	-100%
Music	86	84	97	15%
Cearta TG4XX			80	-
Drama / Irish Language Soap	68	47	53	13%
Houses of the Oireachtas / European Parliament	35	35	35	0%
Science & Technology (and Wildlife and religion)	27	9	7	-22%
Arts	23	19	21	11%
Total	1,822	1,752	1,295	-26%

Source: Indecon analysis of TG4 Data.
Note: These figures exclude RTÉ provided hours.

Comparing the target versus actual Irish Language Programming hours (excluding RTÉ provided hours), TG4 substantially achieved (within 10% of target) the targets for commissioned and acquired content and exceeded target for in-house content.

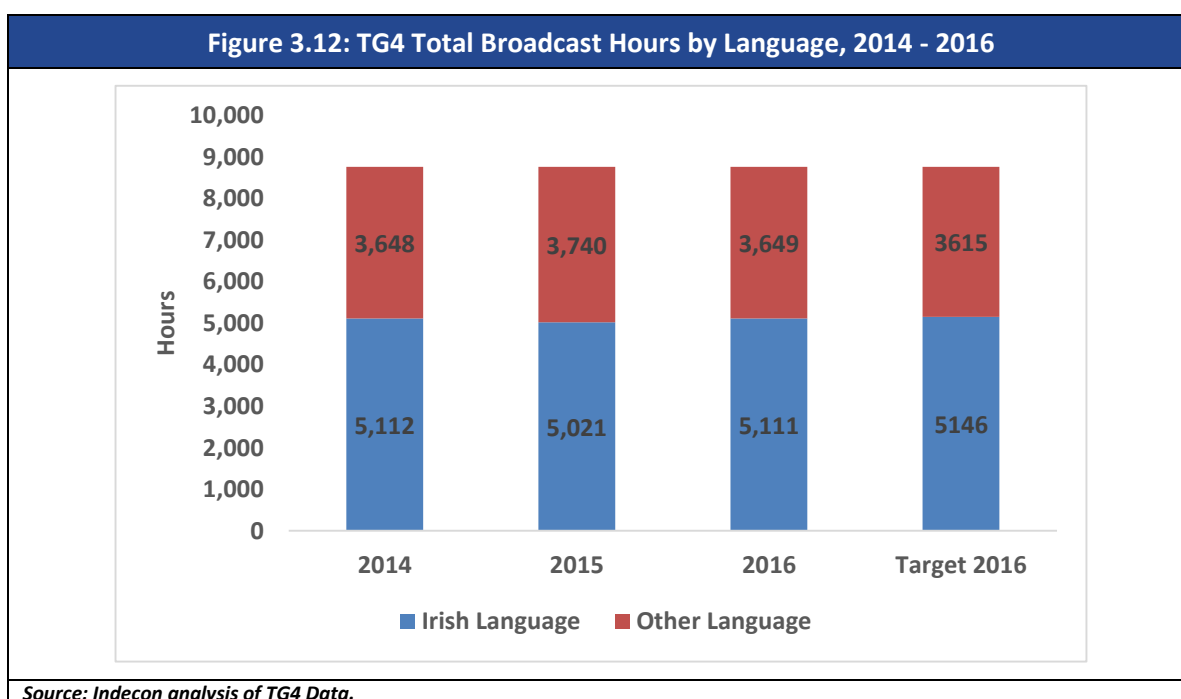


The trend in New Irish Language Programming by genre from 2014 to 2016 is shown in Table 3.9. Acquired content declined by 19% but hours commissioned and in-house hours were maintained/slightly increased. Indecon notes that as part of the new strategy, TG4 plans to eliminate in-house hours with a view to investing in more high-quality programming from the independent sector.

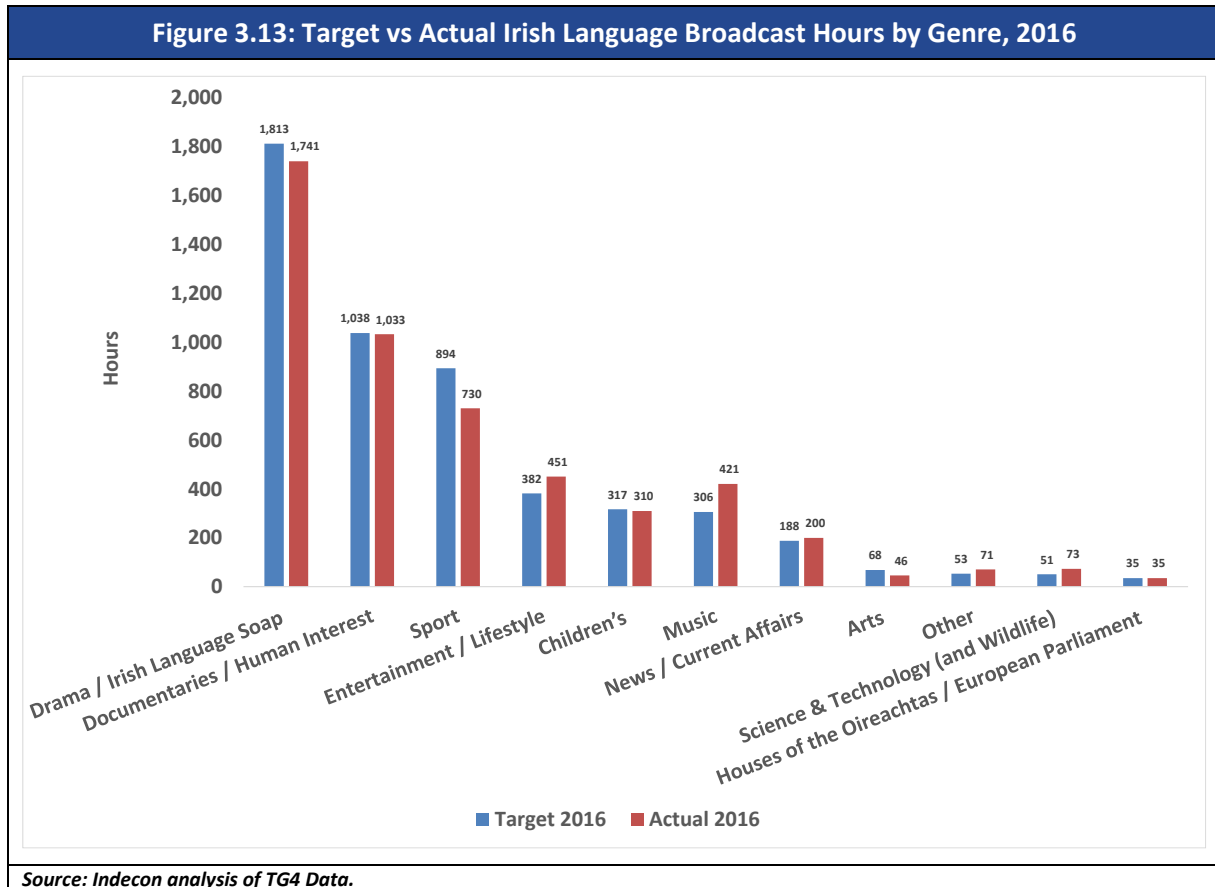
Table 3.9: TG4 New Irish Language Programming Hours by Genre, 2014 - 2016				
	2014	2015	2016	% Change 2015 - 2016
Commissioned	680	680	692	2%
Acquired	565	452	367	-19%
In-house	176	219	236	8%

Source: Indecon analysis of TG4 Data.
Note: These figures exclude RTÉ provided hours.

The trend in total broadcast hours by language demonstrates that Irish Language Broadcast hours have remained steady over the last three years. The target set for 2016 of 5,146 hours represents an increase on the target set in 2015 of 4,956 hours.

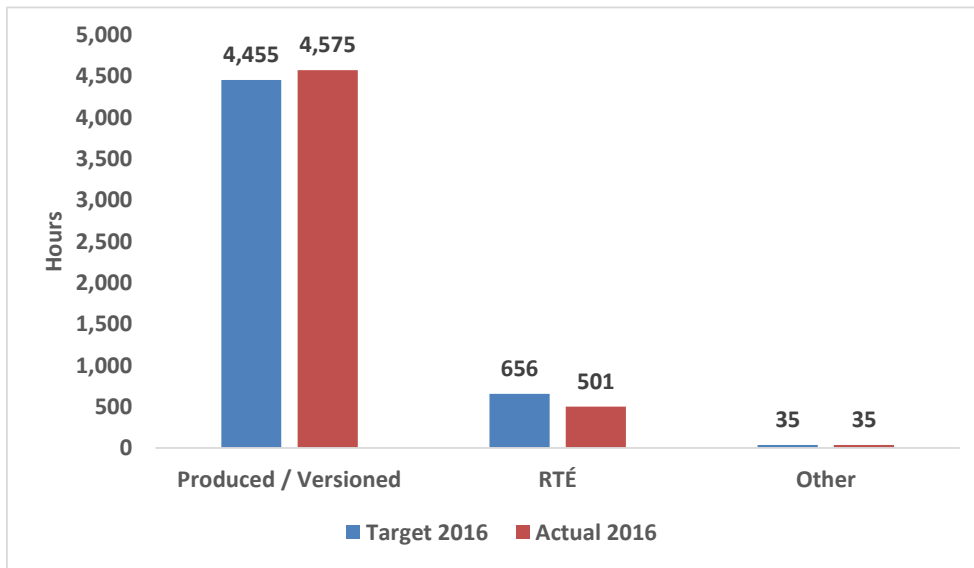


TG4 met six of the 11 genre-level targets for Irish Language Broadcasting. For the most part, actual hours were close to target with the exception of Sport and Arts, which fell significantly short of target in 2016.



Comparison of the targets versus actual Irish Language Broadcast Hours by source shows that “produced/versioned” hours exceeded the target, but that RTÉ-supplied hours were short of target. Indecon understands that TG4 no longer believes it is appropriate to distinguish between commissioned, in-house, licensed acquired and dubbed/versioned for Irish language audience – all of which are now combined into “produced/versioned”.

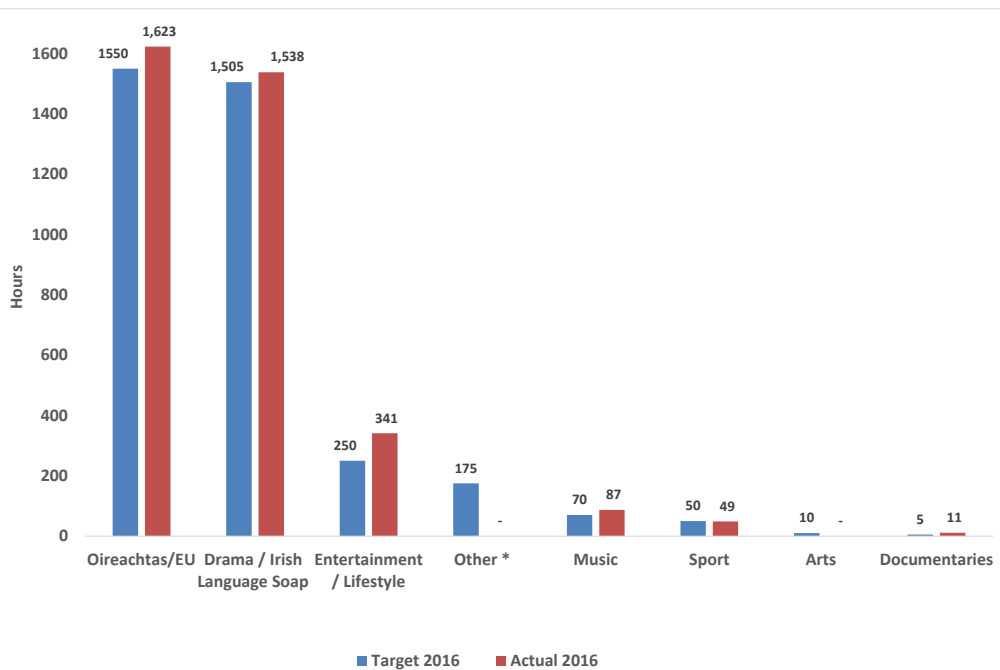
Figure 3.14: TG4 Target vs Actual Irish Language Broadcast Hours by Source, 2016



Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

Analysis of the English/Other Language Broadcast Hours is provided in Figure 3.15 and shows that the hours exceeded the targets for 2016.

Figure 3.15: Target vs Actual English / Other Language Broadcast Hours by Genre, 2016



Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

Commitment 5: Deliver unique commemorative Irish language 1916 content to mark one of Ireland's most significant historical events, along with special programmes to celebrate 20 years of TG4 and comprehensive coverage of the General Election in 2016.

TG4 set out an extensive list of detailed programming targets in relation to celebrating the anniversary of the 1916 Easter Rising. A full list of these targets can be found in the TG4 Performance Review of 2016. TG4 met these targets with the exception of “The Quilt” project. TG4 received an additional €900k in funding for 1916 commemorative programming. This funding was invested in a commemorative documentary (Drama), commemoration in Croke Park (Sport), as well as Commemorative Music programming and Arts projects. TG4 also set out a number of detailed targets for 2016 in relation to celebrating 20 years of TG4 and the General Election 2016. These targets were met by TG4 during 2016.

Table 3.10: TG4 Performance Against Content-Related Commitments 2016 - Commitment 5			
Measure	Target	2016 Performance	Level of Achievement*
1916 Easter Rising	See table 3.6 of TG4 2016 Performance Review for full list of targets	TG4 reports that all targets achieved apart from “The Quilt” a project to commemorate 77 women who took part in the rising.	Substantial
20 Years of TG4	See table 3.6 of TG4 2016 Performance Review for full list of targets	TG4 reports that all targets achieved. See table 3.6 of performance review.	Yes
General Election 2016	See table 3.6 of TG4 2016 Performance Review for full list of targets	TG4 reports that all targets achieved. See table 3.6 of performance review.	Yes

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.
**Substantially Achieved relates to quantitative performance within 10% of target.*

Commitment 6: Further-develop TG4's Player, online and mobile services to best meet changing audience needs.

In an effort to continue to develop the TG4 Player, online and mobile services, TG4 set out a number of specific targets aimed at fulfilling this commitment in 2016. For the most part, TG4 met the targets. In particular, the number of page impressions, Player hours watched and Player streams exceeded targets. The target of 2016 of 2.1m Unique Website Users was, however, not met, with performance at 1.78m. A number of key website development initiatives were planned of which most were undertaken with the exception of a Music Archive and Geantraí series.

Table 3.11: TG4 Performance Against Content-Related Commitments 2016 - Commitment 6			
Measure	Target	2016 Performance	Level of Achievement*
Unique Website Users	2.1m	1.78m	No
Page Impressions	12m	15m	Yes
Player Hours Watched	380,000	461,908	Yes
Player Streams	1.7m	2.08m	Yes
Key Website Development Initiatives	See table 3.7 of the TG4 2016 Performance Review for full list of targets.	TG4 reports that all targets were achieved with the exception of the development of a Music Archive from Geantraí series due to rights restrictions in relation to older content resulting in limited availability to the archive.	Substantial
Key Player Service Developments	See table 3.7 of the TG4 2016 Performance Review for full list of targets.	TG4 reports that all targets were achieved. See table 3.7 of performance review.	Yes
Key Mobile Services / Apps Developments	See table 3.7 of the TG4 2016 Performance Review for full list of targets.	TG4 reports that all targets were achieved. See table 3.7 of performance review.	Yes
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i>			
<i>*Substantially Achieved relates to quantitative performance within 10% of target.</i>			

Commitment 7: Drive further innovation and creativity in TG4's content and services.

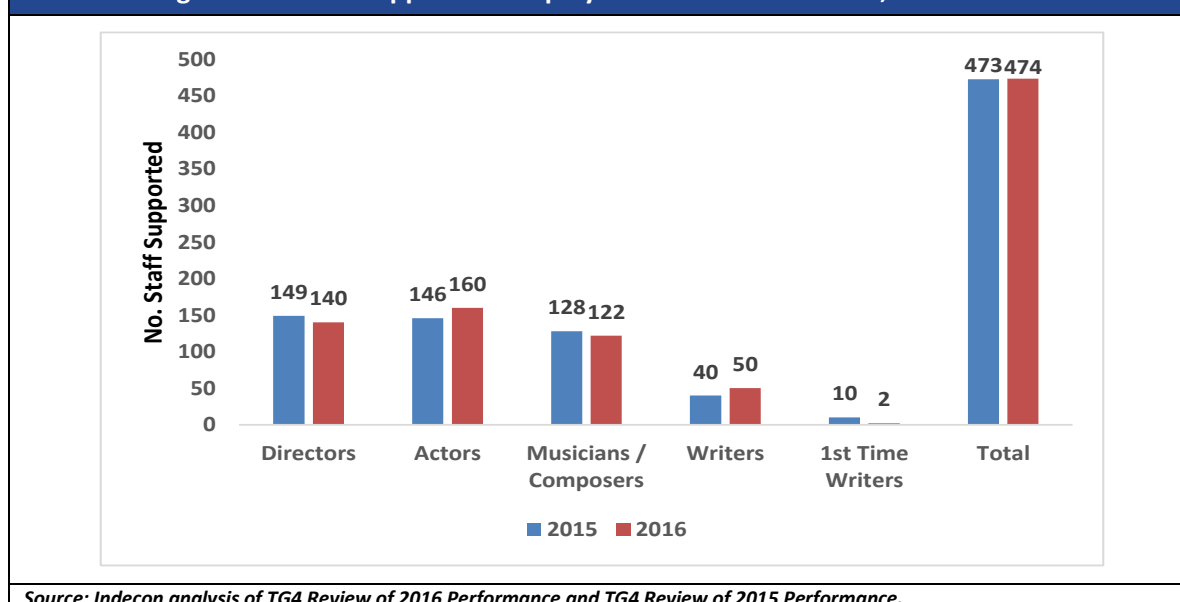
Facilitating cultural expression and promoting innovation in broadcasting is a requirement of TG4 per its public service objectives. TG4 set out a number of targets aimed at driving innovation and creativity in 2016. A detailed list of these programming targets and other targets can be found in the TG4 Performance Review of 2016. In relation to targets set under the domains of work with the Irish Language Independent Production Sector and other partners as well as specific unique broadcasting events, the targets were substantially achieved.

As previously indicated, 'New Irish Language Programming' hours did not meet the target set and within this the number of hours commissioned fell short of target. In relation to New Irish Language Programming in-house hours, a target of 188 was set for 2016 and this was substantially met.

Table 3.12: TG4 Performance Against Content-related Commitments 2016 - Commitment 7			
Measure	Target	2016 Performance	Level of Achievement*
Irish Language Independent Production Sector	See table 3.8 of the TG4 2016 Performance Review for full list of targets.	TG4 reports targets were substantially achieved. Two programmes (Barney Bunion and An Caladh) were developed but not commissioned and Mo 24 was not approved for submission to the BAI round.	Substantial
Work with other Partners	See table 3.8 of the TG4 2016 Performance Review for full list of targets.	TG4 reports all targets were achieved except for the development of the programme Lasair and the music series Circom.	Substantial
Specific / Unique Commissions and Broadcasting Events	See table 3.8 of the TG4 2016 Performance Review for full list of targets.	TG4 reports targets were almost achieved with the exception of Aithri which is due to be broadcast in 2017.	Substantial
New Irish Language Hours	1,710 Total Hours	1,660	No
	Commission 724 of which 91 brand new hours(16 programmes 30 series)	692	Substantial
	188 in-house	176**	Substantial
Supporting Creative Resources	490	474	Substantial
Content / Service Awards and Nominations	90	84	Substantial
Online, Mobile and Other Content and Service Developments	See table 3.8 of the TG4 2016 Performance Review for full list of targets.	TG4 reports targets were substantially achieved. Two sections of website remaining to be transitioned to the new design and TG4 did not develop music archive from Geantraí due to rights restrictions as mentioned earlier.	Substantial
Education Initiatives	See table 3.8 of the TG4 2016 Performance Review for full list of targets.	TG4 reports that all targets were achieved. See table 3.8 of performance review.	Yes
New Marketing Initiatives	See table 3.8 of the TG4 2016 Performance Review for full list of targets.	TG4 reports that all targets were achieved. See table 3.8 of performance review.	Yes
<p><i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i></p> <p><i>*Substantially Achieved relates to quantitative performance within 10% of target.</i></p> <p><i>**In-house hours in 2016 were 23 of which 60 hours were relicensed content for TG4XX which should be deducted from the total to give actual in-house production hours in the year.</i></p>			

An indicator of the role played by TG4 in creativity and innovation is the number of staff supported in the creative industry. TG4 estimated the employment supported in the creative sector in 2016 compared with that of 2015. The estimates suggest that the number of actors and writers supported increased while the number of directors and musicians decreased. Given the scale and significance of this contribution to the creative industry, Indecon believes that a more detailed investigation and analysis of this metric should be undertaken in next year's annual review.

Figure 3.16: TG4 Support for Employment in Creative sector, 2015 & 2016



Reflecting its commitment to creativity and innovation TG4 set out a target of 90 awards and nominations in 2016. TG4 obtained a total of 84 awards and nominations, of which 39 were awards and 45 were nominations. Sixty-nine of the awards and nominations related to TG4's programming. Indecon believes the targets set for nominations and awards do not capture the significance of different awards and that further refinement of the targets is needed to reflect this reality.

Table 3.13: TG4 Awards and Nominations 2016

	Actual 2016	Target 2016
Awards	39	-
Nominations	45	-
Total	84	90

Source: TG4 data

Commitment 8: Continue the project to establish TG4's Digital Archive which will comprise the most extensive and significant bodies of digital Irish language audio-visual material ever created.

In addition to the preservation of audio visual Irish language content, the Digital Archive offers potential opportunities including external access to the content. TG4 is establishing an Irish language Digital Archive which will see the main body of TG4's video archive content being digitalised, indexed and catalogued. For 2016, TG4 set out a number of archiving-related targets within the areas of Music and Documentaries and also News and Current Affairs. TG4 aimed to complete these projects in 2016. Targets were met in relation to archiving Music and Documentary content while a substantial number of targets were met for News and Current Affairs. The target of digitising 1,500 hours of Irish Language News and Current Affairs programming has been delayed until Q3 of 2017.

Table 3.14: TG4 Performance Against Content-Related Commitments - Commitment 8			
Measure	Target	2016 Performance	Level of Achievement*
Music and Documentary Archive	See table 3.12 of TG4 2016 Performance Review for full list of targets.	TG4 reports that all targets achieved.	Yes
News and Current Affairs Archive	See table 3.12 of TG4 2016 Performance Review for full list of targets.	Target for all 1,500 hours of Irish language news and current affairs programming from 1996-2004 to be indexed and digitised and catalogued by end of 2016 delayed to Q3 2017.	Substantial

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.
**Substantially Achieved relates to quantitative performance within 10% of target.*

3.4 Irish Language Commitments

TG4 set out five commitments relating to the promotion and development of Irish language in 2016. These are:

- **Extend TG4's High Definition and Player services to other platforms subject to satisfactory commercial arrangements.**
- **Deliver the first step in the creation of a "Learning Irish Resource" to support the development of Irish linguistic skills for children, young and adult learners.**
- **Continue to have a positive influence on the awareness and development of the Irish language and culture, reaching out to all those with an interest in these, both in Ireland and abroad.**
- **Maintain our support for the implementation of the Government's 20-Year Strategy for the Irish Language (2010-2030).**
- **Sustain TG4's investment in the Irish language independent production sector both North and South, making a strong contribution to jobs and earnings in the Irish economy.**

A summary of the performance of TG4 against these commitments is presented in Table 3.15 and a detailed analysis follows.

Table 3.15: TG4 Summary Performance Against Irish Language Commitments	
	Number of Commitments
Commitments achieved	2
Commitments substantially achieved	3

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

Commitment 9: Extend TG4's High Definition and Player services to other platforms subject to satisfactory commercial arrangements.

Progress is ongoing with TG4's efforts to extend their HD and Player services to all available platforms. The broadcaster fell short of the targets set for this area for 2016, however, substantial progress has been made. TG4 HD is available on Virgin Media Cable, EIR TV and since August 2016 on Sky Ireland. TG4 will transition to HD on Vodafone TV at end of 2017. In addition, a new IOS player has been launched.

Table 3.16: TG4 Performance Against Irish Language Commitments, 2016 - Commitment 9			
Measure	Target	2016 Performance	Level of Achievement*
HD Service	Provide on all linear platforms	Progress has been made but TG4 has not yet transitioned to HD on Saorview due to transmission fees.	Substantial
Player Service	Launch IOS Player. Update Smart TV Player. Launch Saorview connected Player.	New IOS player app launched. TG4 awaits confirmation for Saorview Connect Platform launch date.	Substantial

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.
**Substantially Achieved relates to quantitative performance within 10% of target*

Commitment 10: Deliver the first step in the creation of a "Learning Irish Resource" to support the development of Irish linguistic skills for children, young and adult learners.

An objective of the TG4 2013 – 2017 strategy is to establish a resource to support the development of Irish linguistic skills. TG4, as a first step in association with NUIG, developed an educational portal aimed at Leaving Cert students studying for oral exams. This has been live since October 2017. Additional funding would be required to develop a comprehensive learning Irish resource.

Table 3.17: TG4 Performance Against Irish Language Commitments, 2016 - Commitment 10			
Measure	Target	2016 Performance	Level of Achievement*
<i>Learning Irish resource</i>	Establish resource	TG4 has developed an educational portal <i>Foghlaim</i> aimed at Leaving Cert Students studying for oral Irish exams. The resource is a stepping-stone to a more complete Learning Irish Resource. TG4 reports that additional funding is required for investment in the further development of a comprehensive Learning Irish Resource.	Substantial

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.
**Substantially Achieved relates to quantitative performance within 10% of target.*

Commitment 11: Continue to have a positive influence on the awareness and development of the Irish language and culture, reaching out to all those with an interest in these, both in Ireland and abroad.

One of TG4's objectives is to ensure that the Irish language holds a central place in people's lives and a 2015 survey suggested positive feedback including that 82% of respondents believe TG4 had a positive influence on the Irish language. One of the targets set for this commitment related to maintaining the 2016 position. The Ipsos MRBI audience feedback survey was however, not undertaken in 2016 and therefore TG4 did not report on their target. Indecon believes that such outsourced survey work is easy to undertake and that this should have been undertaken during the year. TG4's performance exceeded its target in terms of weekly reach among the Irish language audience and their audience satisfaction rating in 2016. The measured TG4 Player usage was almost at target.

Table 3.18: TG4 Performance Against Irish Language Commitments, 2016 – Commitment 11			
Measure	Target	2016 Performance	Level of Achievement*
Ipsos MRBI audience feedback survey	Maintain 2016 performance	TG4 reports that due to other research commitments, the Ipsos MRBI survey was not undertaken in 2016.	No
Target weekly reach with Irish language audiences.	90%	92%	Yes
Audience satisfaction rating.	75%	80.3%	Yes
TG4 Player (Seinnteoir TG4) Usage	40%	39%	Substantial
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i>			
<i>*Substantially Achieved relates to quantitative performance within 10% of target.</i>			

Commitment 12: Maintain our support for the implementation of the Government's 20-Year Strategy for the Irish Language (2010-2030).

During 2016 TG4 continued to work with the Government and other stakeholders in the delivery of the Government's 20-year strategy for the Irish language. TG4 delivered on all targets set for 2016 relating to the 20-year strategy for Irish language with the exception of news coverage of specific Gaeltachtaí interests that were substantially met.

Table 3.19: TG4 Performance Against Irish Language Commitments 2016 – Commitment 12			
Measure	Target	2016 Performance	Level of Achievement*
Specific Strategy Initiatives 2016	See table 3.27 of ASPC 2016	TG4 reports that all targets achieved. See table 3.12 of performance review.	Yes
TG4 website	Continued development	TG4 reports that all targets achieved. See table 3.12 of performance review.	Yes
Initiatives to support the move to oral-skills approach in the new post-primary curriculum	Deliver a range of initiatives	TG4 reports that all targets achieved. See table 3.12 of performance review.	Yes
Partnerships with Irish language, culture and sporting bodies	TG4 will continue to deepen partnerships	TG4 reports that all targets achieved. See table 3.12 of performance review.	Yes
Specific Gaeltachtaí interests	News coverage	200 hours of Irish language, news and current affairs were broadcast. All targets regarding programmes focusing on specific Gaeltachtaí interests were met except for Anseo I Lar an Ghleanna and Mo 24.	Substantial
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i> <i>*Substantially Achieved relates to quantitative performance within 10% of target.</i>			

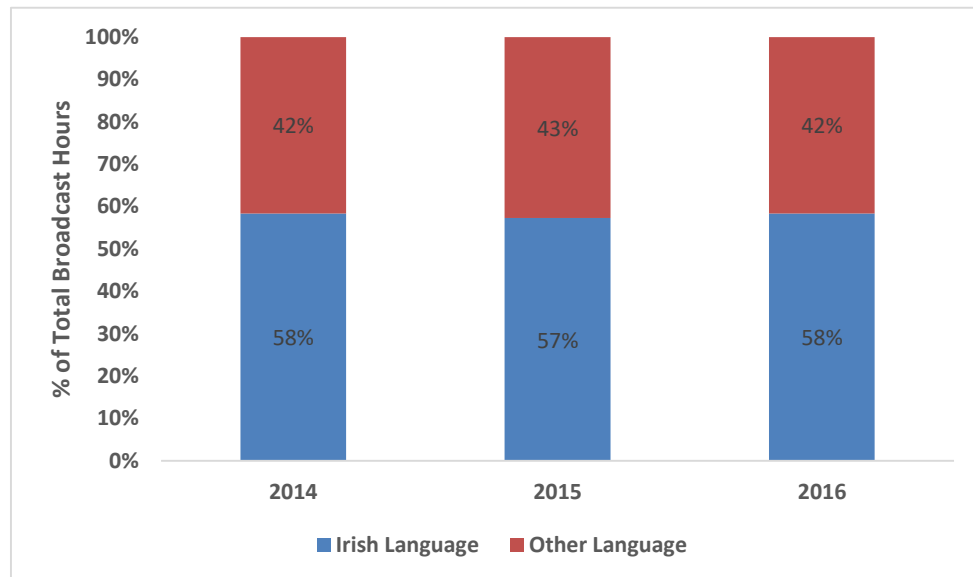
Commitment 13: Sustain TG4’s investment in the Irish language independent production sector both North and South, making a strong contribution to jobs and earnings in the Irish economy.

The total number of commissioned Irish language hours from the Independent Production Sector in 2016 did not meet the target set. TG4’s total expenditure on the independent production sector exceeded the target in 2016. The genre-level targets set out for 2016 were not reported on by TG4 in the review of 2016 performance but were provided to Indecon. Genre-level targets were substantially met with the exception of Entertainment/Lifestyle.

Table 3.20: TG4 Performance Against Irish Language Commitments, 2016 - Commitment 13			
Measure	Target ASPC 2016	2016 Performance	Level of Achievement*
Independent Production Sector Total Commissioned Irish Language Programme Hours	724	692	Substantial
Independent Production Sector Irish Language Hours Total and by Genre	Total target of 939 See Figure 3.19	Total hours = 928 See Figure 3.19	Substantial
Total Expenditure on Independent Production Sector	€21.48m***	€22.53m	Yes
Commissioned Content in Peak Broadcasting Hours	486 hours (67%)	68%	Yes
Commissioned Content in Off-peak Broadcasting Hours	238 (33%)	32%	Substantial
Commissioning % Share of Operating Expenditure	51%	54%	Yes
Commissioning % Share of Public Funding	56.7%**	67%	Yes
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i> <i>*Substantially Achieved relates to quantitative performance within 10% of target</i> <i>**Target changed to €22,003k in the review of performance 2016.</i> <i>***Target changed to 65% in the review of performance 2016.</i>			

The trend in total Irish language and other language broadcast hours is shown below. Irish language broadcast hours consistently account for just under 60% of total broadcast hours.

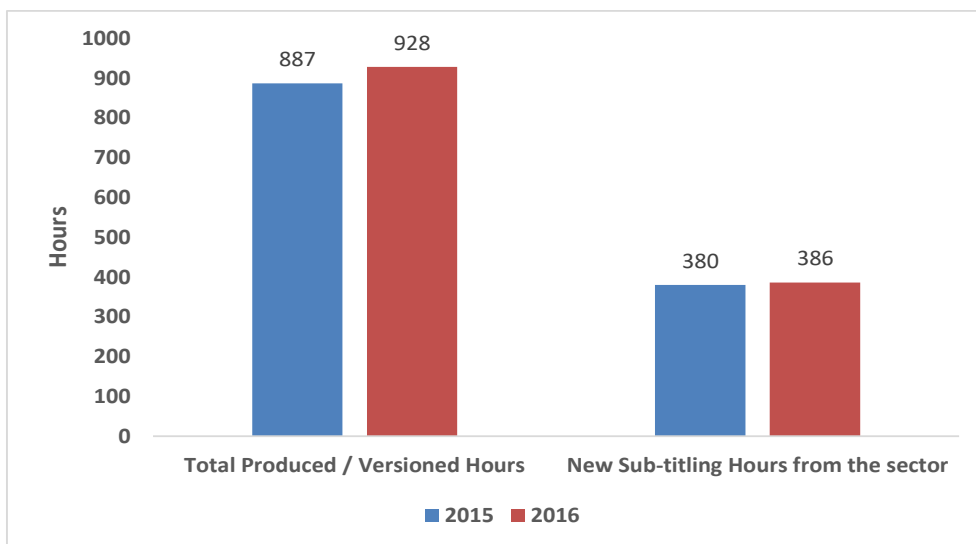
Figure 3.17: TG4 Total Broadcast Hours by Language (%), 2014 - 2016



Source: Indecon analysis of TG4 data.

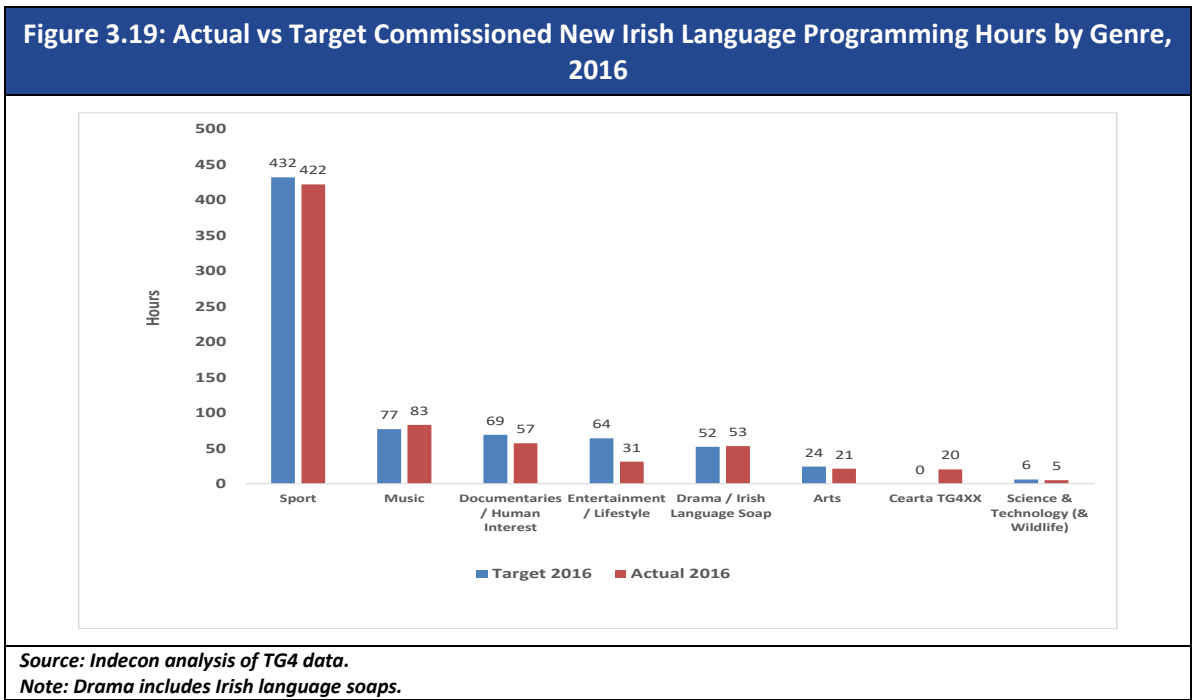
Both the total number of produced/versioned hours and the new subtitling hours from the Independent production sector in 2016 increased slightly.

Figure 3.18: TG4 Irish Language Independent Production Sector Hours, 2015-2016

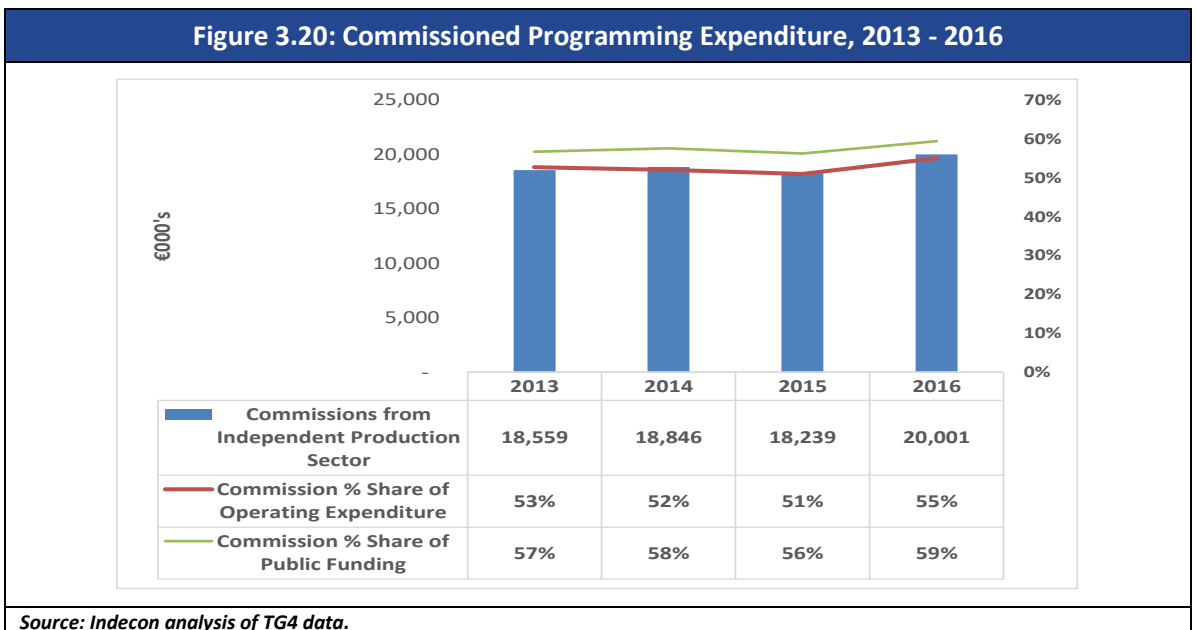


Source: Indecon analysis of TG4 data.

Data on the performance compared to the targets set for New Irish Language commissioning hours by genre are presented in Figure 3.19. Individual target programming hours at genre level were either met or substantially met. The targets set in 2016 represent an increase on the targets set in 2015, in line with Indecon’s recommendation in the 2015 report that the targets should be increased.

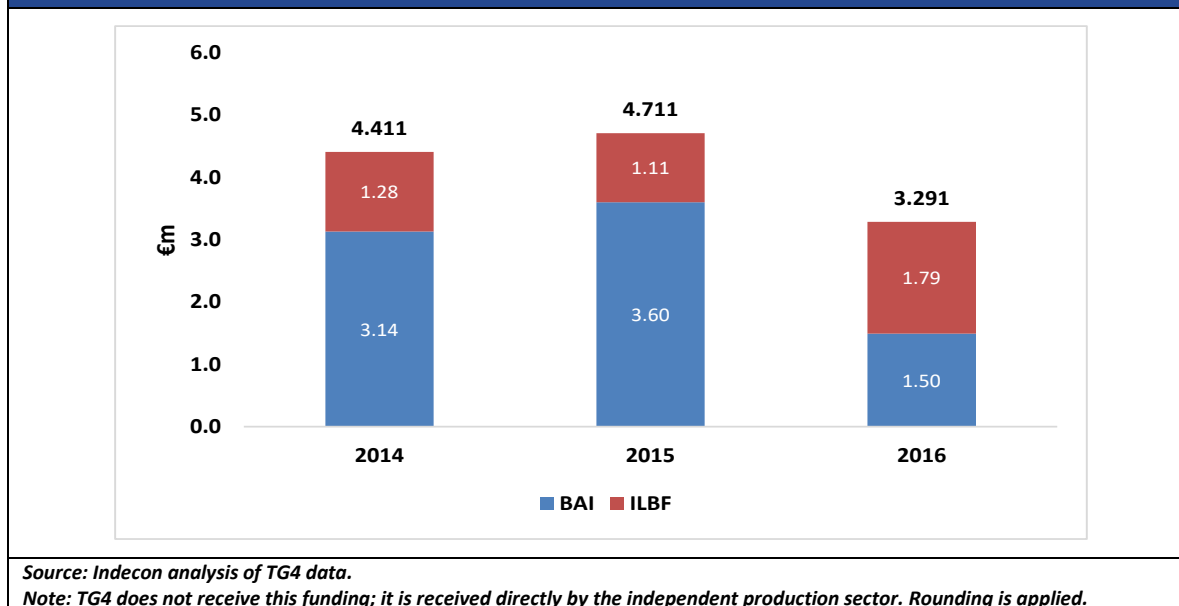


TG4 expenditure on commissioned programming from the Independent production sector remained consistent from 2013 to 2015 and increased slightly in 2016. Expenditure as a percentage of operating expenditure and share of public funding increased, following a decline in 2015.



TG4 supports the Independent production sector through the facilitation of funds from the Sound and Vision Fund and the ILBF. Total funds facilitated by TG4 decreased from €4.7m in 2015 to under €3.3m in 2016. Indecon notes that 2015 funding reflected more ambitious programming including projects relating to the 2016 commemorations.

Figure 3.21: Production Funds Facilitated for the Independent Production Sector by TG4 by Source, 2014 - 2016



3.5 Transparency and Efficiency Commitments

TG4 set out two commitments relating to transparency and efficiency in 2016. These are:

- **Continued efficiency and value-for-money, making the best use of our public funding.**
- **Strive to maintain TG4's commercial revenues despite increased competition and less public funding.**

A summary of TG4's performance against these commitments is presented in Table 3.21 and a detailed analysis follows. TG4 met these commitments for 2016.

Table 3.21: TG4 Summary Performance Against Transparency and Efficiency Commitments

	Number of Commitments
Commitments achieved	2

Source: Indecon analysis of TG4 Review of 2016 Performance and Annual Statement of Performance Commitments 2016.

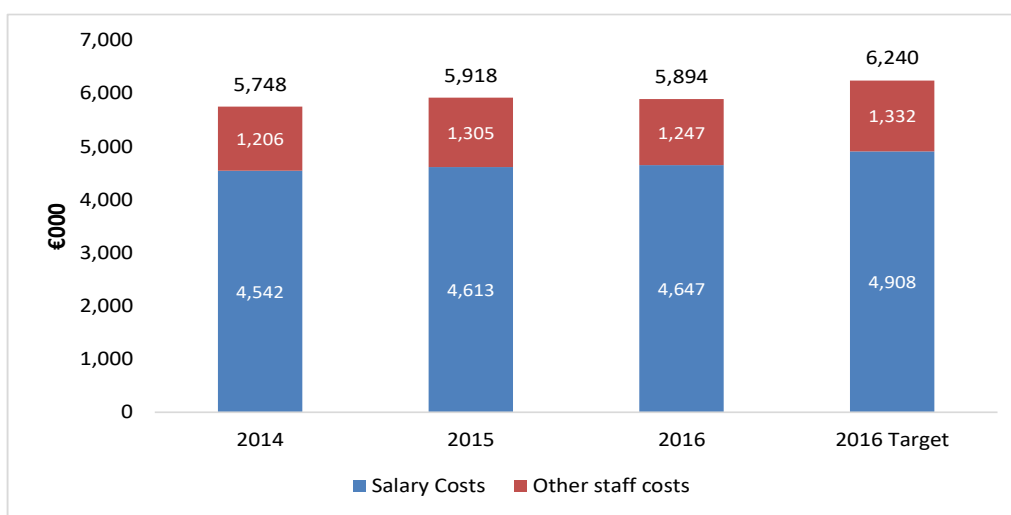
Commitment No. 14: Continued efficiency and value-for-money, making the best use of our public funding.

It is crucial that TG4 maintains an efficient, value-for-money public service. To that end, TG4 set out a number of specific targets for income and elements of costs. TG4 anticipated that income from public funding would account for 91% of total income in 2016 and that 9% would be sourced from commercial income. TG4 commercial income exceeded the levels envisaged, but this remains a small share of TG4 resources. Expenditure on Irish language programming exceeded target for 2016 and expenditure on transmission and overhead costs came under budget. TG4 staff costs were €5.386m versus a budget of €5.935m. Cost per viewer hour and total cost for in-house production were below the target level in 2016.

Table 3.22: TG4 Performance Against Transparency and Efficiency-Related Commitments, 2016 - Commitment 14			
Measure	Target	2016 Performance	Level of Achievement*
TG4 Income from Public Funding	91%	90%**	Yes
Income from advertising and sponsorship	€1.9m (5.2%)	€2.133m	Yes
Expenditure on Purchasing Programming €m (% of operating expenditure)	€24.685m (66.45%)	€25.364m (69.7%)	Yes
Expenditure on Irish Language Programming	€21.682m***	€22.525m***	Yes
Expenditure on Transmission Activities €m (% of operating expenditure)	€1.638m (4.4%)	€1.607m	Yes
Staff Costs €m (% of operating expenditure)	€6.241m (16.8%) Incl. capital cost. Net €5.935m.	€5.386m (14.8%)	Yes
Expenditure on Overheads Activities €m (% of operating expenditure)	€2.25m (6%)	€2.179m (6%)	Yes
Target spending on programming/ Irish Language Programming by Source and Genre	Total target = €21,682k See tables 3.33, 3.34 and 3.35 of ASPC for genre and source targets	Total spend = €22,526k See tables 5.6 and 5.7 of the TG4 Performance Review of 2016 for genre and source figures	Yes
Cost per Broadcast Hour – All Broadcast Hours and Hours by Source	All hours and Irish Language hours €5k/hr	See Figure 3.32	Yes
Cost per viewer hour	32c	31c	Yes
Total cost of in-house production	€530,000k	€501,000k	Yes
<p><i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i> <i>*Substantially Achieved relates to quantitative performance within 10% of target.</i> <i>**TG4 did not report this in their 2016 Review of Performance; however Indecon estimate from TG4 Financial Statements that TG4 income from public funding as % share of total income was 90.08% in 2016.</i> <i>***Excludes subtitling spend.</i></p>			

In view of the importance of efficiency and value, Indecon examined the expenditures of TG4 in detail. This shows that TG4's total operating expenditure was within budget for 2016. Programming expenditure exceeded budget but as referred to above expenditure on staff costs and other costs (depreciation and amortisation of grants) were below budget. Indecon investigated the staff issue in more detail with TG4 and we understood that staff costs were lower than expected due to some permanent employees extending career breaks into 2017. TG4 expects staff costs to be higher in 2017. An analysis of staff costs also shows that salary costs increased in 2016 while there was a reduction in "other staff costs". Movements in other staff costs include a significant reduction in pension costs in 2016 and reductions in travel and training costs.

Figure 3.22: TG4 Staff Costs, 2014 - 2016, €'000s

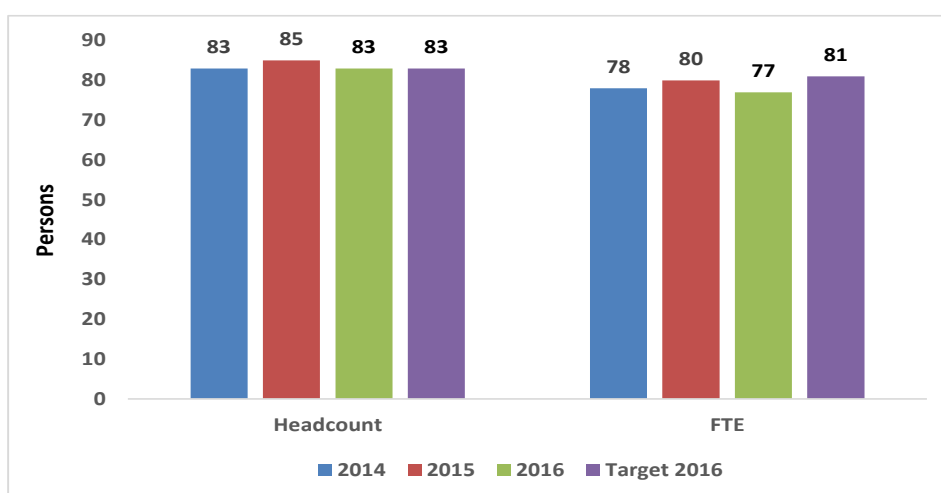


Source: Indecon analysis of TG4 Annual Report 2016 and TG4 Performance Review 2016.

Note: staff costs are before capitalisation of staff costs and do not include staff costs allocated to the archive project, which are included in dubbing and other costs. Staff costs include capitalised costs and temporary staff costs.

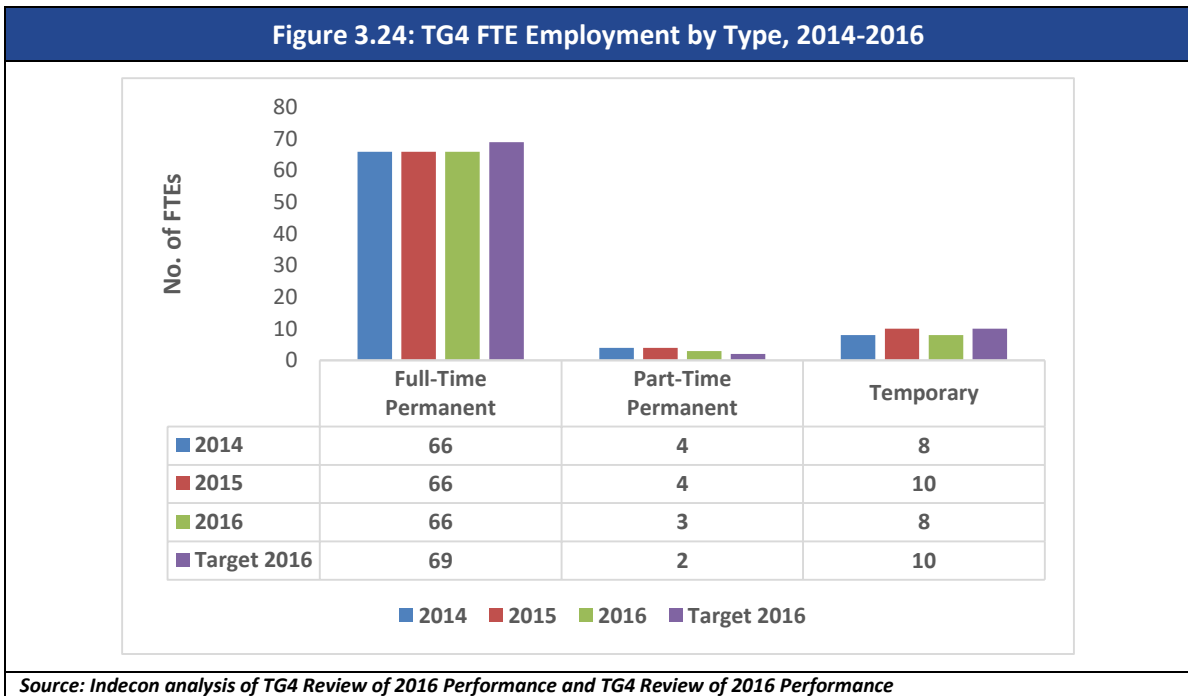
Analysis of TG4 staff numbers indicates a small increase in full-time equivalent staff in 2016.

Figure 3.23: TG4 Employee Headcount and FTE, 2014-2016

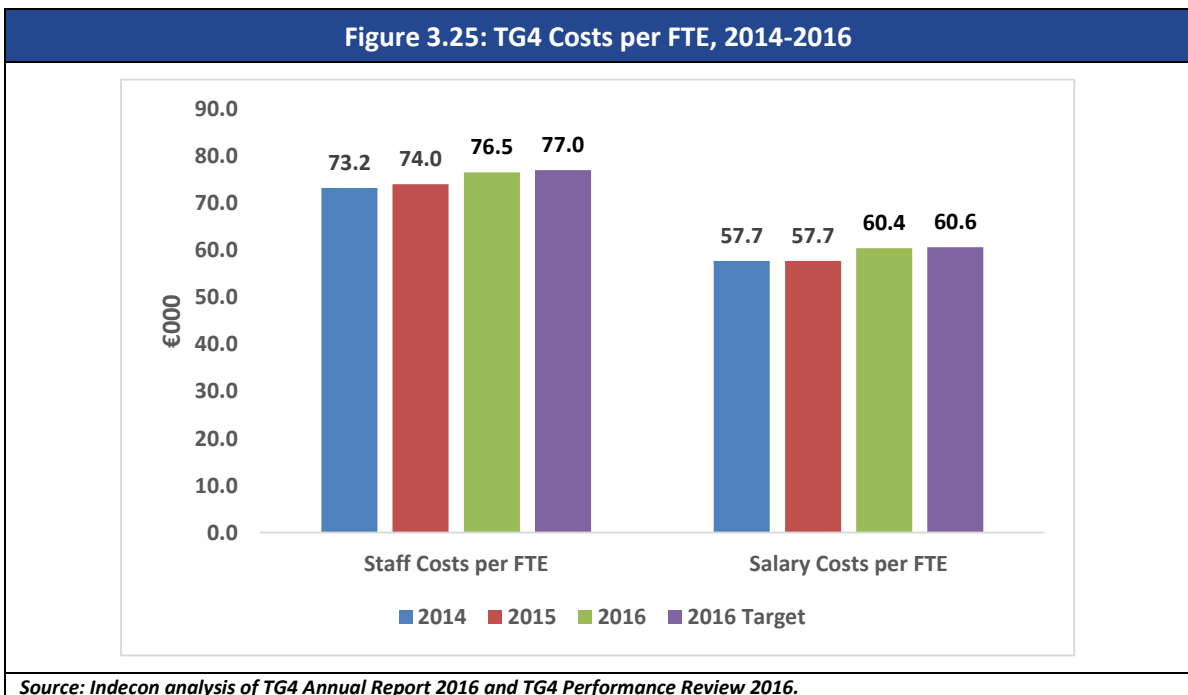


Source: Indecon analysis of TG4 Review of 2016 Performance and TG4 Review of 2015 Performance

The number of permanent staff at TG4 remained static while there was a small increase in temporary staff.



The cost of TG4 staff per full-time equivalent person employed increased marginally in 2016.



The details on TG4 operating expenditure in 2016 compared to the budget levels are presented in Table 3.23.

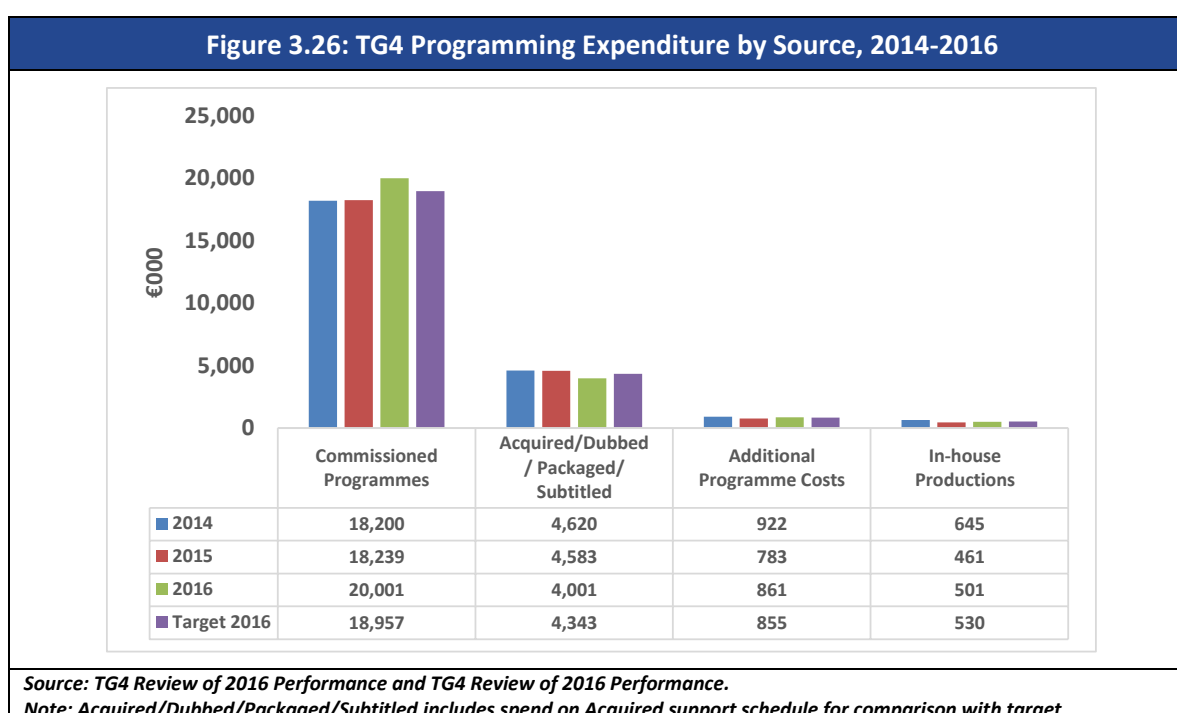
Table 3.23: TG4 Operating Expenditure, Actual vs Budget 2016-2017			
	Budget 2016	Actual 2016	Target 2017
	€000s	€000s	€000s
Cost of Sales on Commercial Income	676	812	630
Staff Costs*	5,934	5,386	6,073
Programme Expenditure	24,811	25,364	23,814
Transmission Costs	1,688	1,607	1,581
Marketing & Research	1,682	1,748	1,652
Overheads	2,237	2,179	2,307
Other (Depreciation, Board etc.)	2,452	1,415	2,436
Amortisation of Grants	-2,268	-2,146	-2,268
Total Operating Expenditure	37,212	36,365	36,225

Source: Indecon analysis of TG4 Review of 2015 Performance and TG4 Annual Statement of Performance Commitments 2016 and TG4 data.

Note: Programming expenditure includes commissioning, acquisitions/dubbing, and other programming costs. Marketing/research, web and digital media are included in marketing and research. The board costs are included in overheads (target €155k vs actual €137k).

**Staff costs are net of capitalised costs and include a one-off pension related adjustment.*

The largest element of operating costs were programming costs, with the cost of commissioned programmes accounting for the greatest spend. TG4-commissioned programming expenditure increased in 2016 compared with 2015 and exceeded the target set out for 2016. TG4 has indicated to Indecon that investments were made in more high-quality programming with higher costs. Indecon would be supportive of investment in high quality programming which attracts increased audiences. Spend on subtitling hours and spend on in-house production were both below target in 2016.



Sport, Drama/Irish language soap, Documentaries, Music, Children’s and Entertainment/Lifestyle account for the largest proportion of programme expenditure by genre year-on-year. Expenditure on these genres increased in 2016.

Figure 3.27: TG4 Trend in Spend on Irish Language Programming by Genre, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: TG4 Review of 2015 Performance and TG4 Review of 2016 Performance.

Note: commercially sensitive data, not for publication.

Spend on Irish language programming in 2016 exceeded the target set. In terms of spend by individual genre, spend on Sport, Music, and News/Current Affairs exceeded set target while spend on other genres was below the budget.

Figure 3.28: TG4 Trend in Spend on Irish Language Programming by Genre Actual versus Target 2016

[Redacted: Data is commercially sensitive].

Source: TG4 Review of 2015 Performance and TG4 Review of 2016 Performance.

Note: commercially sensitive data, not for publication.

Total spend on commissioned programming was approximately *[Redacted: Data is commercially sensitive]* in 2016 compared with *[Redacted: Data is commercially sensitive]* in 2015. Spend on commissioned programming by genre in 2016 was higher than 2015 for Sport, Drama and Music.

Figure 3.29: TG4 Trend in Spend on Commissioned Programmes by Genre, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: TG4 Review of 2016 Performance and TG4 Review of 2015 Performance.

Note: No targets set for 2017 in the TG4 ASPC 2017 document.

Note: commercially sensitive data, not for publication.

Expenditure on in-house produced programming was reduced in 2016. The spend on in-house News and Current Affairs increased while in-house spend declined on Documentaries.

Figure 3.30: TG4 Trend in Spend on In-House Produced Programmes by Genre, 2014 – 2016

[Redacted: Data is commercially sensitive].

Source: TG4 Review of 2016 Performance and TG4 Review of 2015 Performance.

Note: commercially sensitive data, not for publication.

Irish language acquired programming costs were lower in 2016 across all genre with the exception of Sport and Music.

Figure 3.31: TG4 Trend in Cost of Irish Language Acquired Programmes by Genre, 2014 - 2016

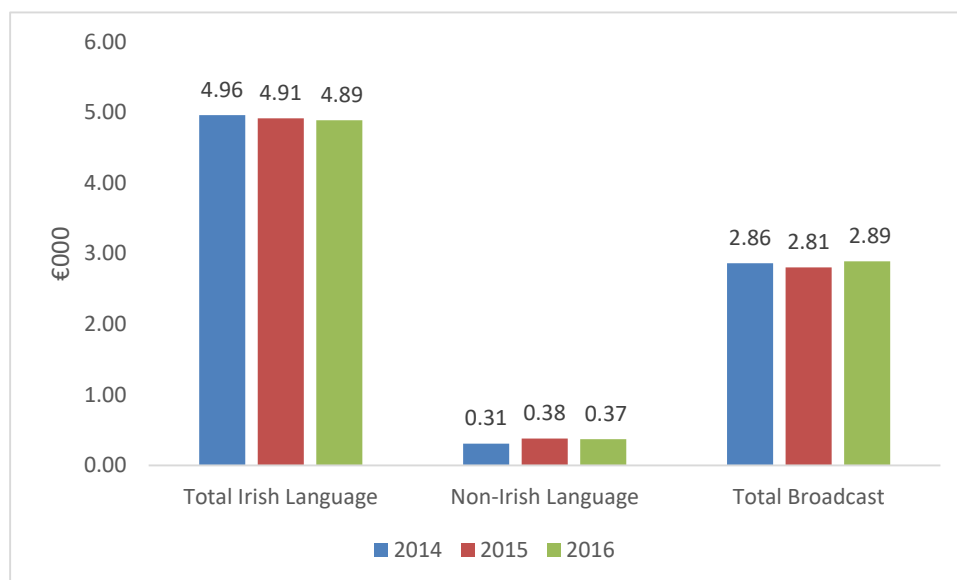
[Redacted: Data is commercially sensitive].

Source: TG4 Review of 2016 Performance and TG4 Review of 2015 Performance.

Note: commercially sensitive data, not for publication.

The cost per broadcast hour for total broadcast hours and for Irish Language Commissioned / In-house and Non-Irish Language programming is presented below. While there has been a slight increase in total cost per broadcast hour since 2014, Irish language cost per broadcast hour has decreased.

Figure 3.32: TG4 Cost Per Broadcast Hour – Irish Language and Non-Irish Language Programming, 2014 - 2016



Source: TG4 Review of 2016 Performance and TG4 Review of 2015 Performance

Note: Irish Language Programming includes commissioned, in-house and acquired.

The cost per viewer hour of TG4 programming is one element of the efficiency of TG4's public service. The rising trend in TG4 cost per viewer hour year-on-year is driven by a decline in viewership and is a feature of other broadcasters. However, 2016 saw an improvement in cost per viewer hour in part driven by the increase in viewership. Cost per viewer hour does not include viewers watching any repeats, recordings of repeats or on the Player service.

Figure 3.33: TG4 TV Cost per Viewer Hour, 2013 - 2015

[Redacted: Data is commercially sensitive].

Source: TG4 Review of 2016 Performance and TG4 Review of 2015 Performance.

Note: commercially sensitive data, not for publication.

Commitment No. 15: Strive to maintain TG4's commercial revenues despite increased competition and less public funding.

TG4 outperformed its target for the level of commercial income in 2016 by 9%. This was a positive result for TG4 in the context of a competitive advertising market.

Table 3.24: TG4 Performance Against Transparency and Efficiency-Related Commitments, 2016 - Commitment 15

Measure	Target	2016 Performance	Level of Achievement
Maintain commercial revenues in 2016	€3.3m	€3.6m	Yes

Source: Indecon analysis of TG4 2016 Performance Review Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

It is important to consider the increase in commercial income in the context of TG4 overall income which increased by 1.8%. During the year there was an increase in airtime and sponsorship sales of almost 13%.

Table 3.25: Composition of TG4 Income 2013 - 2015

	2014	2015	2016	% change 2015 - 2016
	€000s	€000s	€000s	€000s
<i>Airtime and sponsorship sales</i>	1,964	1,893	2,133	12.7%
<i>Facilities charge-out</i>	581	579	576	-0.5%
<i>Sundry income</i>	854	838	899	7.3%
Commercial Income	3,399	3,310	3,608	9.0%
State Funding for Current Expenditure*	32,750	32,429	32,759	1.0%
Total	36,149	35,739	36,367	1.8%
% Income from State Funding	90.60%	90.74%	90.08%	-
% Income from commercial income	9.40%	9.26%	9.92%	-

Source: Indecon analysis of TG4 Annual Report 2016 and 2015.

*Excludes the amortisation of grants and grants applied for capital purposes.

The rise in commercial income in 2016 is also reflected in the rise in net commercial income after cost of sales as seen below.

Table 3.26: TG4 Net Commercial Income 2014-2016

	2014	2015	2016
	€000s	€000s	€000s
Commercial Income	3,399	3,310	3,608
Cost of Sales	-716	-668	-812
Net Commercial Income (Net Sales)	2,683	2,642	2,796

Source: TG4 Annual Report 2016 and 2015.

It is also useful to consider TG4's television advertising revenues in the context of the overall market. The increase in TG4 advertising revenues reflects an increase in its share of the advertising market and is a welcome reversal of the declines experienced in previous years.

Figure 3.34: % Change in Television Advertising Revenues, National vs TG4, 2014 – 2017

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of TG4 Annual Statement of Performance Commitments & Annual Reports 2016 and 2015, Core Media Outlook 2017 and Carat Outlook 2017

Note: Indecon national television estimates calculated as an average across Core Media and Carat estimates.

Note: commercially sensitive data, not for publication.

The ongoing maximisation of TG4 commercial income and provision of adequate public funding for the delivery of its public service is crucial for the future viability of the Irish language broadcaster.

3.6 Trust and Governance Commitments

TG4 set out two main commitments relating to Trust and Governance for 2016. These are:

- **Maintain best-practice governance and reporting systems**
- **Deliver our public service and statutory requirements, complying with all relevant broadcasting codes and regulations.**

A summary of TG4's performance against these commitments is presented in Table 3.27 Based on available information, it appears that governance commitments have been met and TG4 has made progress in relation to various codes but further work is ongoing.

Table 3.27: TG4 Summary Performance Against Trust and Governance Commitments		
	Number of Commitments	%
Commitments achieved	1	50%
Commitments substantially achieved	1	50%

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

Commitment 16: Maintain best-practice governance and reporting systems

Maintaining best-practice governance and reporting systems is an essential feature of TG4's remit as a public service provider. In 2016, TG4 reports that all targets were achieved in this area. These targets largely reflect standard corporate governance requirements and primarily relate to the role of the Board and the provision of financial information to the Department. Indecon notes that in 2016 TG4 planned for the adoption and implementation of the revised Code of Practice for the Governance of State Bodies. It is, however, important that these plans are implemented and a timescale for this should be agreed with the BAI. It may be appropriate for BAI to consider whether an independent review of governance issues should be undertaken by the boards of the broadcasters to ensure compliance with the very detailed statutory requirements and with the Code of Practice, given the increased requirements under the Code.

We also note that a Risk Register was presented to the TG4 Board and we believe it is important that these risks are reviewed on a quarterly or at least twice-yearly basis by the Board.

Table 3.28: TG4 Performance Against Trust and Good Governance Commitments, 2016 - Commitment 16		
Measure	2016 Performance	Level of Achievement
TG4 Board Governance and Reporting Targets and Metrics for 2016	TG4 reports that all targets were achieved. See table 6.1 of performance review.	Yes
DCENR and BAI Governance and Reporting Targets and Metrics for 2016	TG4 reports that all targets were achieved. See table 6.1 of performance review.	Yes

Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.

Commitment 17: Deliver our public service and statutory requirements, complying with all relevant broadcasting codes and regulations

TG4 met the targets set for 2016 in relation to independence, impartiality and reliability. TG4, however, did not meet its requirements in relation to fair trading. TG4 indicated that following a submission of a draft of the Code, it met with Screen Producers Ireland in early July and discussions are still ongoing, and it is agreed that every effort will be made to conclude discussions at the end of August. Ensuring compliance with this as soon as feasible is important.

Table 3.29: TG4 Performance Against Trust and Good Governance Commitments, 2016 - Commitment 17		
Measure	2016 Performance	Level of Achievement*
Statutory requirements – Targets for 2016	TG4 did not meet 2016 requirements in relation to the Fair Trading Practice on which TG4 is working at present.	Substantial
TG4 Independence, Impartiality and Reliability Targets for 2016	TG4 reports that all targets were achieved. See table 6.2 of performance review.	Yes
Stakeholder Collaborations Targets for 2016	TG4 reports the terms of trade negotiations are still ongoing.	Substantial
<i>Source: Indecon analysis of TG4 Review of 2016 Performance & Annual Statement of Performance Commitments 2016.</i> <i>*Substantially Achieved relates to quantitative performance within 10% of target.</i>		

3.7 Assessment of Adequacy of Commitments

Section 102(1) of the Broadcasting Act 2009 requires that the annual statement of performance commitments be prepared by a corporation in accordance with its objects, any extant statement of strategy and any extant public service statement. In considering the issue it is important to examine the consistency of the targets with the Broadcasting Act 2009.

The Act requires that the annual statement of performance commitments be prepared in accordance with the objects, statement of strategy and public service of the corporation, Section 102(2) of the Broadcasting Act specifically requires that the annual statement of performance commitments addresses:

- The nature and number of hours of children’s programming to be broadcast by the service;
- Irish language programming to be broadcast;
- The nature and number of hours of Science and Technology programming to be broadcast by the corporation;
- Magazines and books to be prepared in pursuance of the corporation’s public service objects; and
- The recorded audio material to be distributed in pursuance of the corporation’s public service objects.

It is important to evaluate whether the commitments are sufficient to meet TG4’s objects and are aligned to TG4’s statement of strategy and public service statement. According to section 118 of the Broadcasting Act 2009, TG4s objects are:

TG4 Public Service Object According to the Broadcasting Act 2009	
(a)	To establish, maintain and operate a national television broadcasting service, which shall have the character of a public service, be a free-to-air service and be made available, in so far as it is reasonably practicable, to the whole community on the island of Ireland,
(b)	To establish and maintain a website and teletext services in connection with the services of TG4 under paragraphs (a), (c), (d), (e), (f), (g) and (h),
(c)	To establish and maintain choirs and other cultural performing groups in connection with the services of TG4 under paragraphs (a), (f), (g) and (h),
(d)	To assist and co-operate with the relevant public bodies in preparation for, and execution of, the dissemination of relevant information to the public in the event of a major emergency,
(e)	To establish and maintain archives and libraries containing materials relevant to the objects of TG4 under this subsection,
(f)	To establish, maintain and operate, in so far as it is reasonably practicable, a television broadcasting service, which shall have the character of a public service, to be made available to Irish communities outside of the island of Ireland,
(g)	Subject to the consent of the Minister, the Minister having consulted with the Authority, to establish, maintain and operate in so far as it is reasonably practicable, community, local, or regional broadcasting services, which shall have the character of a public service, and be available free-to-air,
(h)	Subject to the consent of the Minister, the Minister having consulted with the Authority, to establish and maintain non-broadcast non-linear audio-visual media services, in so far as it is reasonably practicable, which shall have the character of a public broadcasting service (such consent not being required in respect of such services which are ancillary to a broadcasting service provided under paragraphs (a), (d), (f) and (g)),
(i)	So far as it is reasonably practicable, to exploit such commercial opportunities as may arise in pursuit of the objects outlined in paragraphs (a) to (h).
<i>Source: Broadcasting Act 2009.</i>	

TG4's Statement of Performance Commitments for 2016 sets out targets for total Irish language programming broadcast hours by genre including children's programming and Science and Technology programming. The TG4 Annual Statement of Performance Commitments 2016 states that:

"TG4's objects also permit it to establish and maintain, if desired, choirs and cultural performing groups and to prepare, publish and distribute magazines, books, papers and other printed matter which may be conducive to its objects. TG4 does not engage extensively in these activities but does, for example, publish Irish language DVDs with production partners".

Indecon's assessment is that in 2016, TG4 commitments reflect its public service objects but that some permitted activities such as maintaining choirs and other cultural performing groups were not implemented. The commitments set out by TG4 in 2016 are in our opinion adequate to address its public service objects.

It is also important to consider the appropriateness or otherwise of the targets set by TG4. In evaluating the targets, it is necessary to consider the nature of the commitments and targets set. Indecon has concerns over the very large number of commitments and the even larger number of targets which are set. While we have no difficulty with such targets being used internally in TG4 for planning purposes if they feel this is operationally appropriate, we believe a significant rationalisation of the commitments and targets would greatly enhance overall performance measurement, reduce administrative costs on TG4 as part of the annual reviews and would focus on the key issues which will drive the success or otherwise of TG4. It would also enable a more in-depth examination of selected issues.

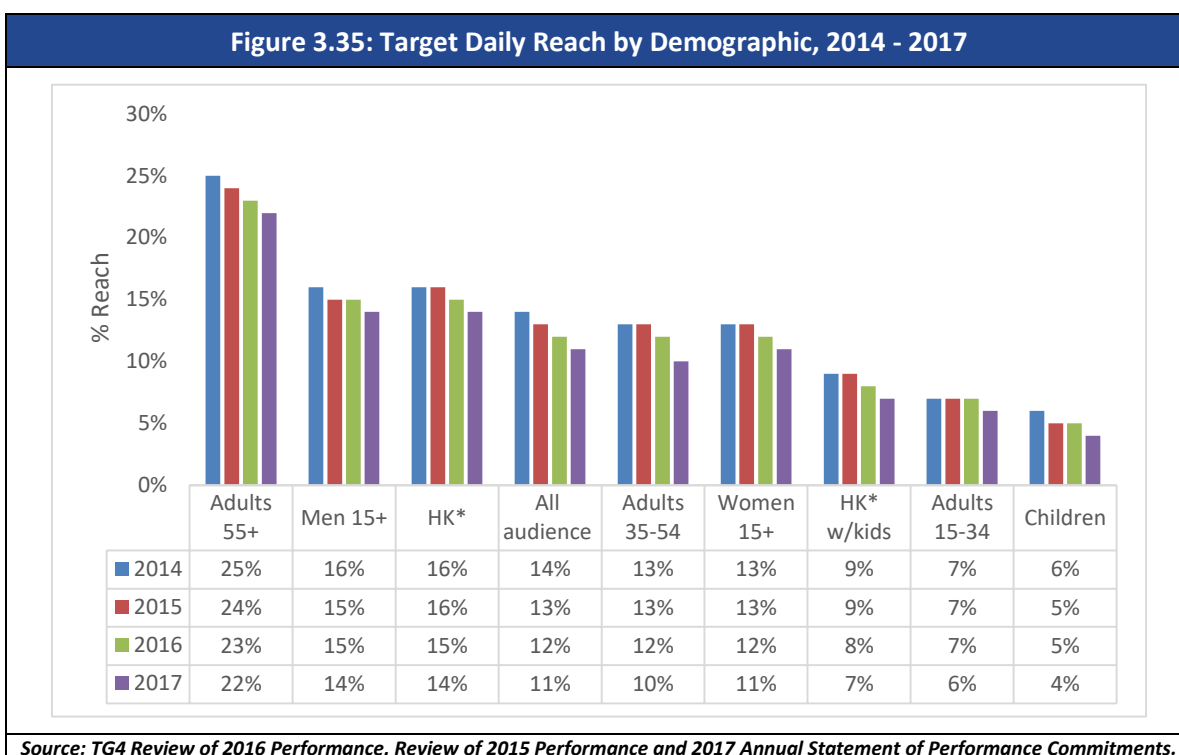
Indecon is, however, in agreement with commitments being set in five main areas at present including:

- (i) Audience – Impact and Research.
- (ii) Content – High Quality and Distinctive.
- (iii) Promotion and Development of the Irish Language and Culture.
- (iv) Transparency and Efficiency.
- (v) Trust and Good Governance.

We also comment below on a number of the metrics set.

Audience impact and reach is one of the most important strategic issues facing TG4 in the context of a very competitive marketplace. This impacts on its effectiveness in achieving its overall objectives and also has implications for its finances.

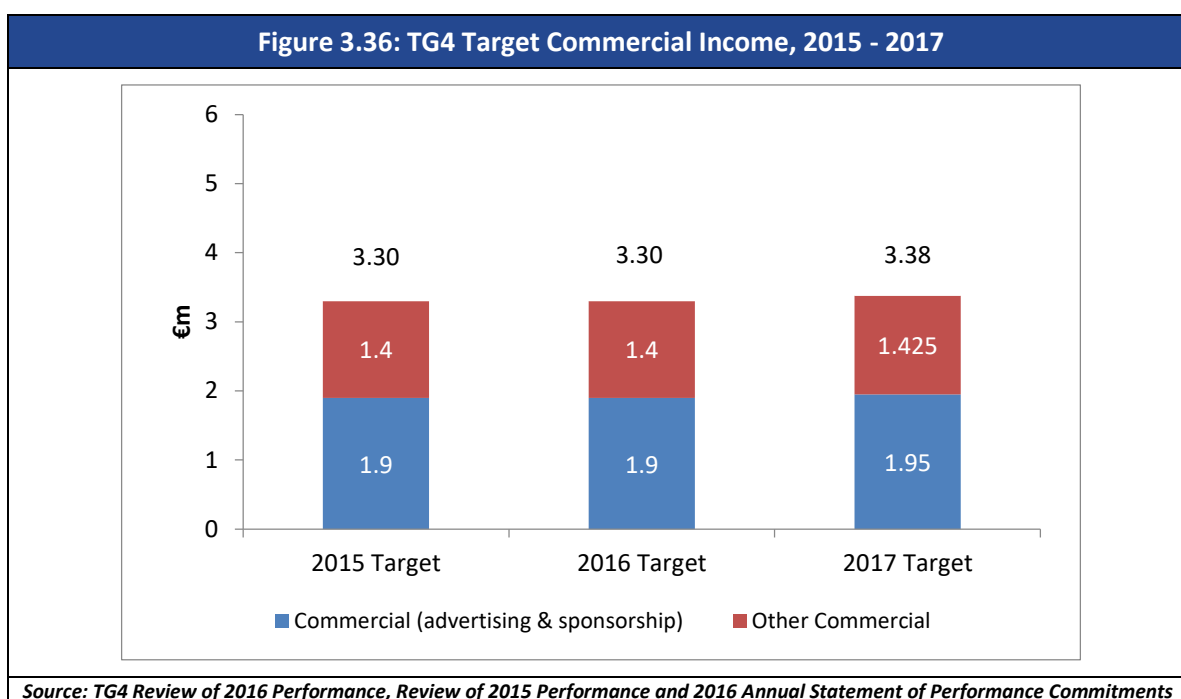
Presented below is the trend in targets set by TG4 for audience reach by demographic. Of concern is that the targets follow a declining trend year-on-year. TG4 provided Indecon with the targets for 2017 audience reach by demographic as they were not presented in the 2017 ASPC. In terms of future impact, the need to address the low and declining results evident in research in respect of the younger age cohorts is a critical challenge for TG4. In addition to daily or weekly reach targets Indecon believes that the share of the national market is another key metric that should be used.



Targets have been set for both broadcast hours and hours of genre. While Indecon understands the use of these targets as an overall measure of activity, an issue which was reflected in this year’s performance review is that the targets hide differences in quality and so under or overachievement of the numbers of hours may not be relevant in isolation.

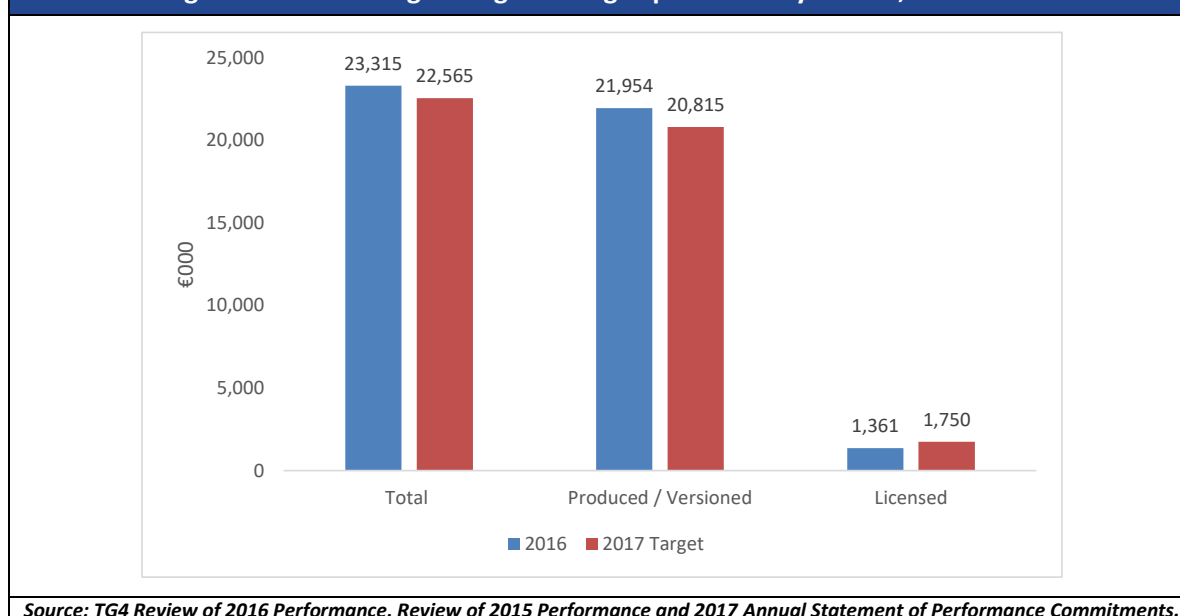
In 2017, the total number of hours targeted is 8,760 which is the same as 2016 and 2015. The target hours for the Irish Language Audience for 2017 are 3,367 while the target for the Wider National Television Audience is 3,470. Children's programming accounts for a large proportion of targeted Irish Language Audience hours and represents a significant increase on 2016 levels. This may be appropriate in the context of altering the demographic profile of audiences. Indecon believe that audience numbers and market share targets are more appropriate than targets for the number of hours.

TG4 set a commercial revenue target of €3.38 million for 2017, which is below the commercial revenue achieved in 2016. TG4 indicated that the target set was below the performance in 2016 due to concerns surrounding the effects of Brexit on the advertising market.



Indecon notes that there have been some changes in how TG4 categorises the sources of content. Presented below are the 2017 targets versus the actual performance in 2016. TG4 has set a target of slightly lower overall programming costs in 2017 attributed to produced/versioned hours. Of more relevance in measuring efficiency is the cost per hour adjusted for audience numbers and this should be given greater weight in future years.

Figure 3.37: TG4 Target Programming Expenditure by Source, 2015-2017



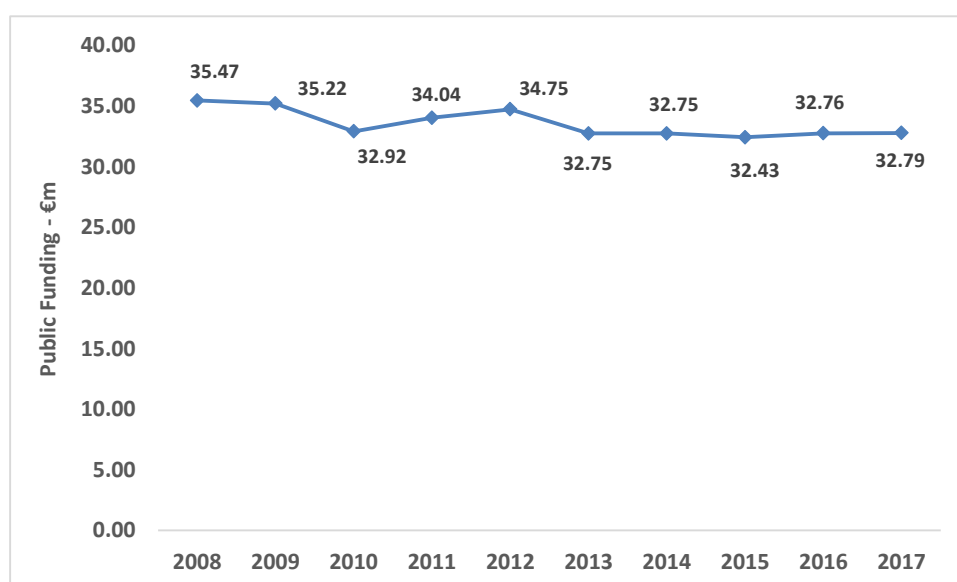
In addition to the targets for audiences, content, revenues and programme costs, other targets are important to address wider issues of promotion and development of the Irish language and culture, efficiency, transparency and governance. While many of the existing targets are of use in evaluating these commitments, as noted earlier a focus on a much smaller number of targets under each heading would be appropriate.

The commitments set out by TG4 in 2016 were, in Indecon's judgement, broadly adequate to address its public service objects. However, some refinement of the targets should be considered as outlined in our recommendations. Indecon welcomes TG4's new strategy which we understand is moving away from reporting detailed programming and is placing more emphasis on audience metrics. However, we believe that consideration should be given to retaining metrics on new Irish language programme by genre as well as audience reach by demographic group.

3.8 Assessment of Adequacy of TG4 Funding

The adequacy of public funding for TG4 is dependent on what objectives and targets are being set for the organisation. Indecon believes there are limited options to reduce costs in TG4 without impacting on programming output and while stretch targets should be set for commercial revenues, these are likely to be a small percentage of overall funding. Figure 3.38 demonstrates the trend in the level of public funding for TG4. The trend shows a decline in public funding over the last decade.

Figure 3.38: 10-Year Trend in Public Funding for TG4 2008 - 2017



Source: Indecon Analysis of TG4 data from Annual Reports and Annual Performance Reviews.

TG4 provided estimates of the effects of a 10% reduction in its public funding allocation which forecasted significant impacts on **[Redacted: Data is commercially sensitive]**. A 10% reduction in TG4 current (2017) level of Public Funding would equate to a reduction of approximately €3.3 million. **[Redacted: Data is commercially sensitive]**. TG4 presented two impacts as follows:

1. **[Redacted: Data is commercially sensitive]**.
2. **[Redacted: Data is commercially sensitive]**.

TG4's views on the indicative quantitative estimates of the direct and indirect impact of a scenario involving a 10% reduction in funding is presented in Table 3.31. Of particular concern is the potential impact on audience metrics in the context of an already declining audience viewership. Indecon believes that while the employment and audience impacts may not be as great as suggested by TG4, a reduction in funding would inevitably have an impact on both the independent sector and on audience reach given the limited options to reduce other costs.

Table 3.30: TG4 Estimated Direct and Indirect Impact of a 10% Reduction in TG4's Public Funding - Key Impact Metrics			
Key Economic Metrics:	2016	2017 (ASPC 2017)	2018 (e)
Employment Impact (jobs)	<i>[Redacted: Data is commercially sensitive].</i>		
Contribution to national income			
Key Audience Metrics - Broadcast:			
Reach – Daily (% of all audiences)	<i>[Redacted: Data is commercially sensitive].</i>		
Linear Share (% of all audiences)			
Reach (% of Irish language audiences)			
Key Audience Metrics - Online:			
Unique Visitors	<i>[Redacted: Data is commercially sensitive].</i>		
Page Impressions			
Player Hours Watched			
Source: TG4			
Note: commercially sensitive data, not for publication.			

TG4's assessment is that a 10% increase in current public funding available to TG4 would enable the broadcaster to make a number of investments in line with its overall strategy including:

1. *[Redacted: Data is commercially sensitive].*
2. *[Redacted: Data is commercially sensitive].*
3. *[Redacted: Data is commercially sensitive].*

TG4's views on the indicative estimation of the impact of this on employment and on audience metrics are presented in Table 3.32. While we believe the employment increase may be optimistic, the audience impacts are more prudent than assumed under the funding reduction option. For example, *[Redacted: Data is commercially sensitive].*

Table 3.31: TG4 Estimated Impact of a 10% Increase in TG4's Public Funding - Key Impact Metrics			
Key Economic Metrics:	2016	2017 (ASPC 2017)	2018 (e)
Employment Impact (jobs)	<i>[Redacted: Data is commercially sensitive].</i>		
Contribution to national income			
Key Audience Metrics - Broadcast:			
Reach – Daily (% of all audiences)	<i>[Redacted: Data is commercially sensitive].</i>		
Linear Share (% of all audiences)			
Reach (% of Irish language audiences)			
Key Audience Metrics - Online:			
Unique Visitors	<i>[Redacted: Data is commercially sensitive].</i>		
Page Impressions			
Player Hours Watched			
<i>Source: TG4</i>			

Indecon's assessment is that the existing funding will enable the organisation to meet most of its commitments. However, we have a concern that with the existing resource constraints, the organisation will not be in a position to reverse the demographic imbalance in its audience and the decline in young audiences will continue. Over time, unless addressed, this would have an impact on the effectiveness of the organisation and on the maintenance of audience numbers. There is, therefore, a strong case for consideration of additional funding targeted on programming and measures directly linked to expanding younger and other audiences.

3.9 Commercial Revenue Maximisation and Overcompensation Test

TG4 has a legislative requirement as specified in the Broadcasting Act 2009 to maximize commercial revenues and operate in an efficient manner.⁶ Specifically, section 108 of the Act states as follows: The commercial activities undertaken by a corporation in pursuance of its exploitation of commercial opportunities object shall—

- Be operated in an efficient manner so as to maximise revenues, and
- Be used to subsidise its public service objects.

TG4 has evolved from a single-channel, linear, broadcaster into multi-platform content offering in the digital and mobile space. This shift is aligned with market developments and the need to provide an on-demand media.

While the majority of TG4's funding comes from the State (90.1%), TG4 remains under legislative mandate to maximize commercial revenue. TG4 recorded a strong performance in terms of the change in commercial revenue. Income earned from airtime and sponsorship sales increased by 13%

⁶ Broadcasting Act 2009, Number 18 of 2009

in 2016 to €2.133m. It is important that TG4 maintains a focus on maximising its commercial revenue per its legislative requirements. Indecon believes that the 2016 results are consistent with TG4 maximising its commercial revenues.

Overcompensation Test for TG4

An analysis of the compliance of TG4 with EU legislation on state aid is presented below. EU Competition Policy limits the size of state funding across various sectors, including in relation to public service broadcasters. The regulation of the broadcasting industry is based on EU guidance communicated to member states in 2009.⁷ Specifically, the Commission limits the level of overcompensation, defined generally as retention of funds above net costs of the public service, at 10%.⁸ Presented in Table 3.32 is an analysis of TG4 financial data. As TG4 incurred a deficit in 2016, it is not in contravention of current EU state aid rules.

Table 3.32: Evaluation of TG4 Compliance with EU Overcompensation of State Aid	
€'m	2016
Revenue	<i>[Redacted: Data is commercially sensitive].</i>
State Aid	
Total Revenue	
Expenditure (Including Cost of Sales)	
Surplus / Deficit	
Surplus / Deficit as % Net Cost Public Service	
<i>Source: TG4 Annual Report 2016</i>	
<i>NOTE: Not for publication. Confidential Data.</i>	

3.10 Summary of Findings

Our key findings from the 2016 public funding review of TG4 are outlined below:

- ❑ In 2016, TG4 aimed to deliver 17 individual commitments under five main thematic areas as agreed with the Broadcasting Authority. Our analysis suggests that approximately eight of the seventeen commitments set out by TG4 for 2016 were achieved, while a further nine were substantially achieved. However, it is important to consider the detailed analysis under each commitment as some specific targets were not met. It is also important to consider these findings in the context of Indecon's assessment of the adequacy of the commitments.
- ❑ TG4 is judged to have achieved one of the three Audience-related commitments set out for 2016 and substantially achieved the remaining two commitments. However, even in cases where substantial achievement has been made, some elements fell behind the targets set. For example, while performance was good in terms of national market share and Irish language audiences, TG4 did not achieve the targets for peak viewing or unique website visitors.

⁷ Communication from the Commission on the application of State aid rules to public service broadcasting, 2009/C 257/01

⁸ Long term capital investment is excluded from this analysis

- ❑ The ability of TG4 to compete for wider national television audience is of critical importance. Indecon previously highlighted concern over the declining TG4 audience share in the 2015 review of performance. An improvement in audience share from 1.65% in 2015 to 1.78% in 2016 was achieved, showing that the decline in audience share evident in the previous two years has been halted. The gradual erosion of TG4's audience weekly reach across all demographic, evident since 2013, continued in 2016, with only Adults 55+ years, remaining the same as 2015. Indecon recognises the difficulties faced by TG4 in an environment of an increased number of channels and intense competition. However, the continued decline in audience reach is a significant issue.
- ❑ In terms of content-related commitments, TG4 set out five commitments. Indecon's detailed assessment found that TG4 met two of the commitments set and substantially met the remaining three.
- ❑ The target for total Irish Language Broadcast hours was substantially met in 2016, while the genre-level targets were not met.
- ❑ TG4 set out two commitments relating to transparency and efficiency in 2016. These concerned a commitment to achieve continued efficiency and value-for-money, making the best use of our public funding; and to strive to maintain TG4's commercial revenues. TG4 is a small broadcaster and operates a largely outsourcing strategy. TG4 performed well during 2016 in increasing commercial revenues although they remain a very small share of its overall costs.
- ❑ TG4 set out two main commitments relating to Trust and Governance for 2016, namely (a) to maintain best-practice governance and reporting systems; and (b) to deliver our public service and statutory requirements, complying with all relevant broadcasting codes and regulations. Based on available information, it appears that governance commitments were met during 2016. TG4 has made some progress in relation to various codes concerning fair trading and governance but further work is required.
- ❑ In considering the adequacy of TG4 performance commitments, it is important to examine the consistency of the targets with the Broadcasting Act 2009. Indecon's assessment is that the commitments set out by TG4 in 2016 are adequate to address its public service objects.
- ❑ Indecon has concerns over the very large number of commitments, and the even larger number of targets which are set. We believe a significant rationalisation of the commitments and targets would reduce administrative costs on TG4 and would focus on the key issues which will drive the success or otherwise of TG4.
- ❑ The adequacy of public funding for TG4 is dependent on what objectives and targets are being set for the organisation. Indecon believes there are limited options to reduce costs in TG4 without impacting on programming output.

- ❑ TG4 has a legislative requirement as specified in the Broadcasting Act 2009 to maximize commercial revenues and to operate in an efficient manner. TG4 has evolved from a single-channel, linear, broadcaster into multi-platform content offering in the digital and mobile space. TG4 recorded a strong performance in terms of the change in commercial revenue which increased by 13% in 2016.
- ❑ An analysis was undertaken in relation to the compliance of TG4 with EU legislation on state aid. As TG4 incurred a deficit in 2016, it is not in contravention of current EU state aid rules.
- ❑ Indecon's judgement is that TG4 met or substantially met the commitments set out for 2016. However, a number of the detailed targets were not achieved. TG4 had a positive year increasing commercial revenue, supporting the independent production sector, and reversing the decline in its audience share. There are, however, major challenges facing TG4.
- ❑ Indecon's assessment is that the existing funding will enable the organisation to meet most of its commitments. However, we have a concern that with the existing resource constraints, the organisation will not be in a position to reverse the demographic imbalance in its audience and the decline in young audiences will continue. Over time, unless addressed, this would have an impact on the effectiveness of the organisation and on the maintenance of audience numbers. There is, therefore, a strong case for consideration of additional funding targeted on programming and measures directly linked to expanding younger and other audiences.

4 Public Funding Review of RTÉ

4.1 Introduction

This chapter presents a review of RTÉ's performance against commitments during 2016. We compare performance across the five thematic areas, through analysis of RTÉ's *Performance Commitments Report* and other sources. Also addressed is the adequacy of RTÉ's commitments in 2016. Indecon have considered RTÉ's performance in relation to its ASPC 2016. During 2016, RTÉ set out to achieve 22 different commitments across five thematic areas, namely:

- AUDIENCE: IMPACT AND REACH
- CONTENT: HIGH QUALITY AND DISTINCTIVE
- IRISH LANGUAGE – PROMOTION AND DEVELOPMENT
- TRANSPARENCY AND EFFICIENCY
- TRUST AND GOOD GOVERNANCE

In examining performance against stated commitments, a colour-coded, 'traffic light' system is used to indicate where Indecon determines a commitment to be achieved (green), substantially achieved (orange) or not achieved (red). In many cases, there are multiple targets set under each commitment and a judgement is required concerning the extent to which the commitment has, or has not been, been achieved.

A summary of RTÉ's performance against its commitments is presented below.

Table 4.1: RTÉ Summary of Overall Performance Against Commitments 2016	
	Number of Commitments
Commitments achieved	12
Commitments substantially achieved	9
Commitment Not Achieved	1
<i>Source: Indecon analysis</i>	

Overall, our analysis suggests that approximately twelve of the twenty-two commitments set out by RTÉ for 2016 were achieved and a further nine were substantially achieved. However, some key targets within the commitments were not met, including the financial target to achieve break even or secure a small surplus. It is important to consider the detailed analysis under each commitment, as some specific targets were not met, and it is also necessary to consider these findings in the context of Indecon's assessment of the adequacy of the commitments.

4.2 Audience Commitments

Under the first thematic area, namely ‘Audiences – Impact and Reach’, RTÉ set out two overarching commitments for 2016. These were as follows:

- **To provide a comprehensive portfolio of media services, which together reach across the spectrum of audience age groups to serve multiple needs.**
- **To aim to connect with the lives of Irish people, to be trusted by them and accountable to them.**

A summary of RTÉ’s performance against the targets set for its audience-related commitments is presented in the table below. Performance in this area fell behind that seen in 2015. Fifteen targets were achieved, while 17 targets (45.9%) were substantially achieved. Five out of 37 targets (13.5%) were not met. Underperformance was seen in the areas of RTÉ’s non-traditional services, including the RTÉ Player, international viewers of online content, and RTÉ Archives. These are discussed in more detail subsequently. RTÉ’s 2fm peak share of 20-44-year olds was also below target in 2016. It should also be noted that the missed target related to publishing a Diversity Strategy in 2016 was a decision due to financial constraints. Indecon has been given sight of documents relating to Diversity and consider the work undertaken to be of high quality but note that the publication of the Diversity Strategy and Action Plan was an important requirement for RTÉ.

Table 4.2: RTÉ Summary Performance against Audience-Related Commitments	
	Number of Targets
Targets achieved	15
Targets substantially achieved	17
Targets not achieved	5
Number of targets	37
<i>Source: Indecon analysis of RTÉ Performance Commitments Report 2016</i>	
Note: Commitment classification varies from RTÉ’s Performance Commitments Report and are based on Indecon’s judgement.	

Table 4.2 overleaf examines in detail RTÉ’s performance in relation to its audience-related commitments for 2016. This is undertaken by service area and associated target, as set out in RTÉ’s ASPC 2016. Each component is elaborated upon in the subsequent paragraphs.

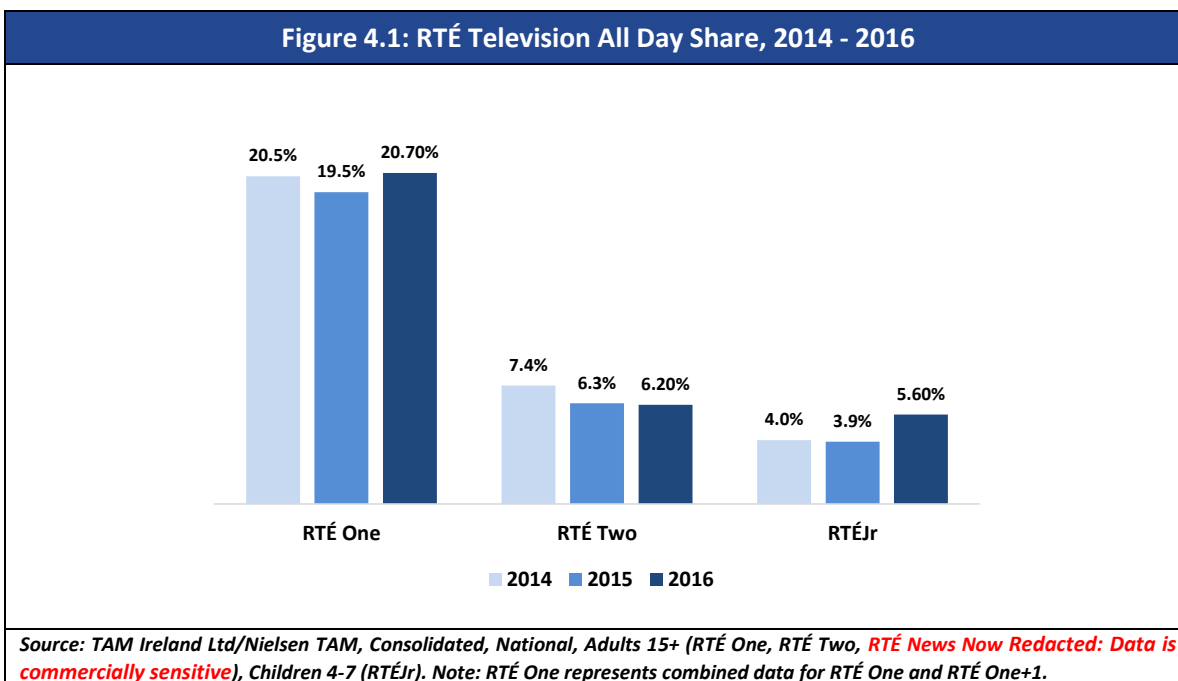
Table 4.3: RTÉ Performance against Audience-Related Commitments – Detailed Analysis

Commitment	Service	2016 (Year 4) ASPC Measure	Target	2016 Performance	Level of Achievement*
1: RTÉ to provide a comprehensive portfolio of media services, which together reach across the spectrum of audience age groups to serve multiple needs	RTÉ One and RTÉ One +1 combined	Peak TVRs (35-54)	>7.1	7	Substantial
		Weekly Reach (Individuals)	>66%	65.3%	Substantial
		Peak Time Share (Adult 15+)	>25%	26.4%	Achieved
	RTÉ2	Peak TVRs (15-34)	>2.2	2	Substantial
		Weekly Reach (Individuals)	>51%	47.1%	Substantial
		Peak Time Share (15-34)	>9.2%	9.1%	Substantial
	RTÉjr	Weekly reach (4-7)	>13%	14.6%	Achieved
	RTÉ Radio 1	Listened yesterday reach (35-54)	>24%	22.0%	Substantial
		Weekly reach (Adults 15+)	>38%	37.2%	Substantial
		Peak 7-7 share (adult 15+)	>23%	24.0%	Achieved
	RTÉ 2fm	Listened yesterday reach (20-44)	>15%	14.0%	Substantial
		Weekly reach (Adults 15+)	>22%	20.1%	Substantial
		Peak 7-7 share (20-44)	>12%	10.6%	Not Achieved
	RTÉ lyric fm	Listened yesterday reach (35-54)	>4%	4.0%	Achieved
		Weekly reach (Adults 15+)	>8%	7.9%	Substantial
		Peak 7-7 share (adult 15+)	>2%	2.0%	Achieved
	RTÉ Raidió na Gaeltachta	Listened yesterday reach (35-54)	>1%	1.0%	Achieved
		Weekly reach (Adults 15+)	>3%	2.5%	Substantial
	RTÉ.ie	Average weekly reach	>30%	29.0%	Substantial
	RTÉ Player	Average weekly reach	>28%	24.0%	Not Achieved
	RTÉ News Now	Television weekly reach (Adults 15+)	<i>[Redacted: Data is commercially sensitive].</i>		
		Unique browsers (RTÉ news site and RNN mobile app)	>3m	2.9m	Substantial
		Twitter followers (RTÉ news)	>450k	496k	Achieved
RTÉ on Mobile and Online	RTÉ Apps average weekly reach	>11%	12.0%	Achieved	
	RTÉ's average weekly reach (mobile and online)	>48%	46.0%	Substantial	
	Average monthly streams	>6.5m	7.7m	Achieved	
	Average monthly Unique International Browsers	>2.4m	2.1m	Not Achieved	
RTÉ Aertel	Monitor usage, stabilise weekly reach	>20%	18.0%	Substantial	
RTÉ Archives	Numbers ever using RTÉ Archives	>22%	19.0%	Not Achieved	
RTÉ Orchestras, Quartet & Choirs	Audience	>164k	184k	Achieved	
2: RTÉ aims to connect with the lives of Irish people, to be trusted by them and accountable to them	RTÉ Overall (All Services)	Average Weekly Reach (Adults 18+)	>90%	91.0%	Achieved
		Average weekly Reach (18-34s)	>90%	87%	Substantial
		Average weekly Reach (35-54s)	>90%	92.0%	Achieved
		Average weekly reach (55+)	>90%	96.0%	Achieved
	RTÉ Overall (All Services)	Public perception - RTÉ is an important part of Irish life	>80%	82.0%	Achieved
		Public perception - RTÉ is trustworthy	>65%	66.0%	Achieved
		Publish RTÉ Diversity Strategy and Action Plan	Publish	Not Published	Not Achieved

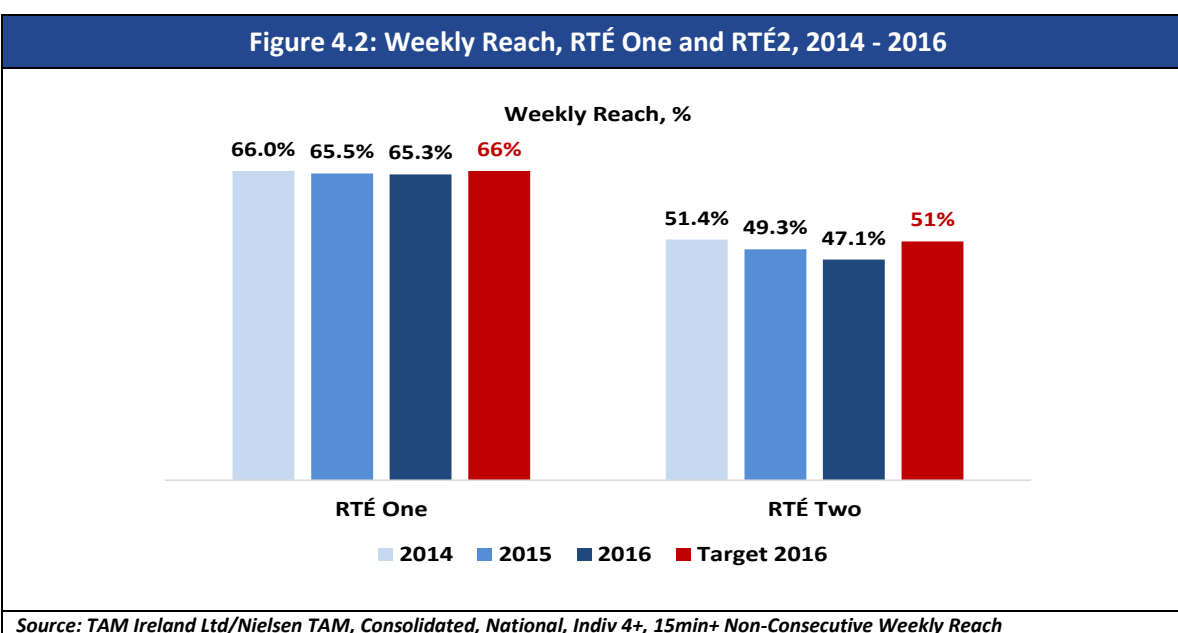
Source: RTÉ Performance Commitments Report 2016
*Substantially Achieved relates to quantitative performance within 10% of target.

Television

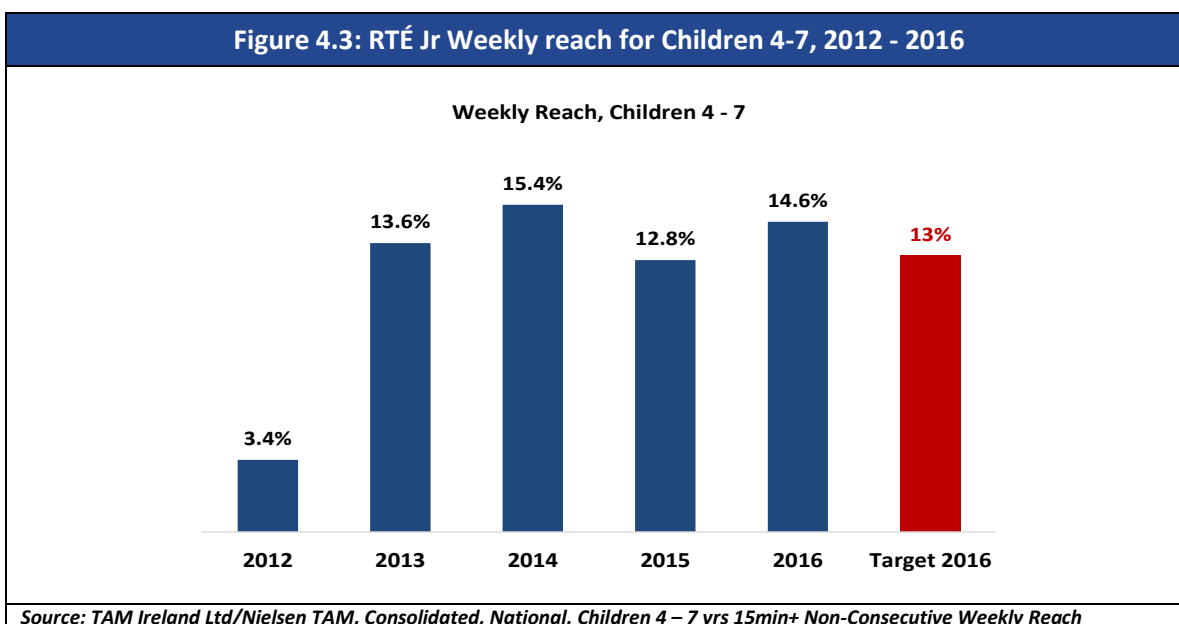
RTÉ Television remains the most popular broadcaster in Ireland. RTÉ One's All Day share of adults age 15+ saw positive growth in 2016, which is a welcome change following a reduction in this metric in 2015 (see figure below). RTÉ2's All Day share was relatively flat over the year (6.3% in 2015, 6.2% in 2016). Both RTÉ News Now and RTÉjr recorded growth in 2016 in their respective audience cohorts (Adults 15+ and Children 4-7).



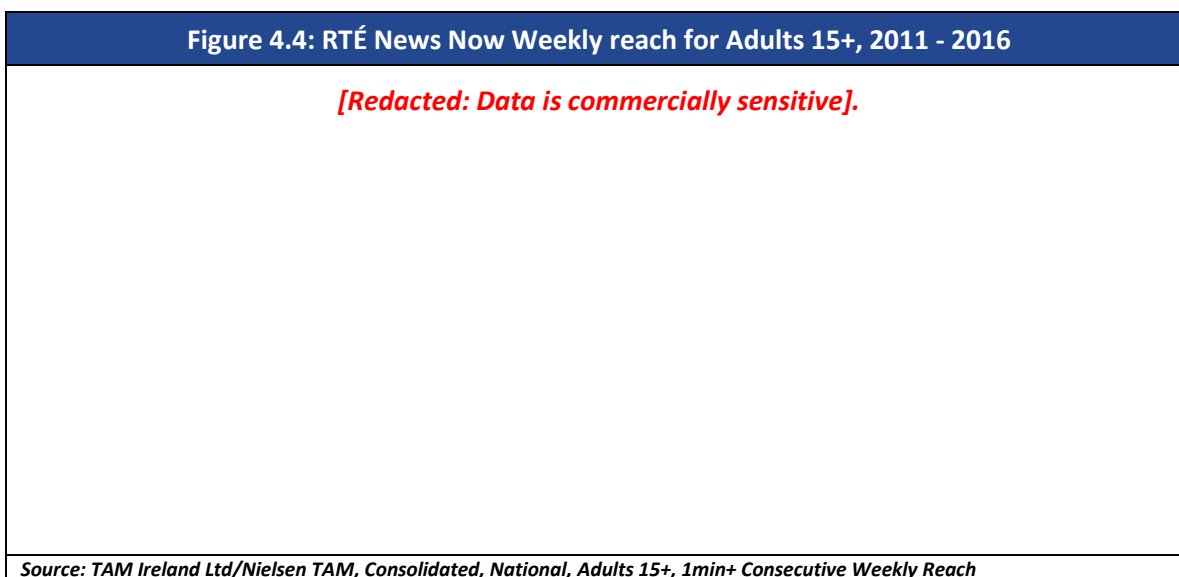
In terms of weekly reach, RTÉ2 did not achieve the target set and experienced a decline compared to 2015. This reflects the impact of increased competition, as well as market fragmentation. RTÉ One weekly reach was 65.3% compared to the target of 66%.



RTÉ reported an increase in the weekly reach of children aged 4 – 7 on the RTÉjr channel, which in 2016 recorded a reach of 14.6% relative to a target of 13%. RTÉjr’s new weekend programming and daily strand programming are considered by RTÉ to have contributed to performance in this area.

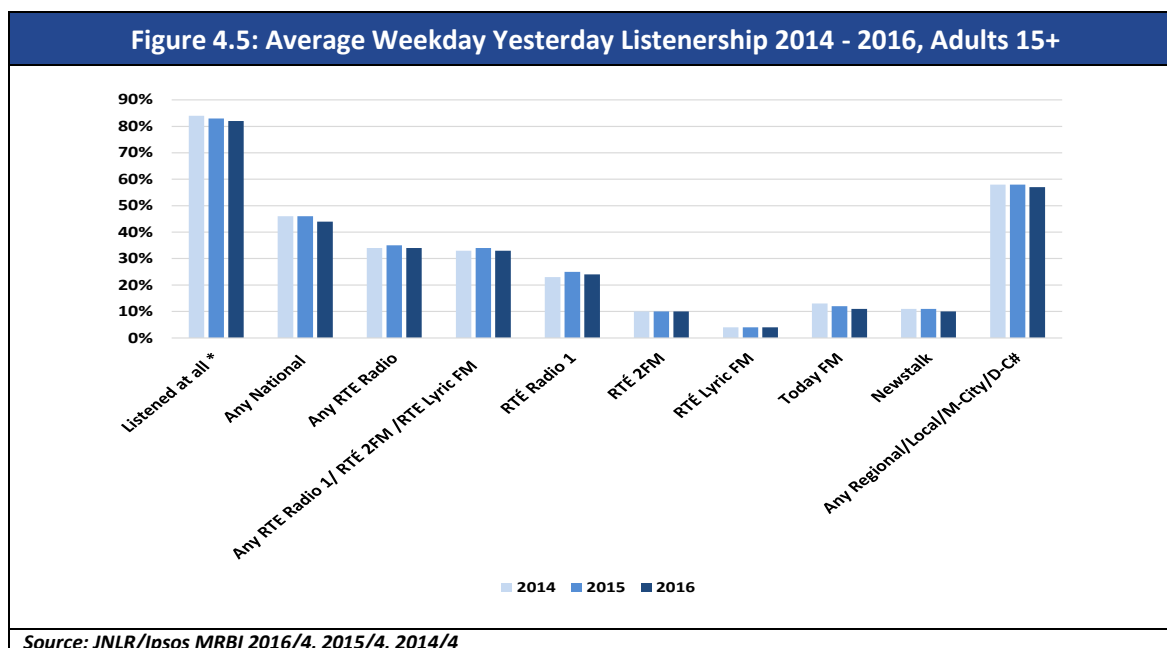


RTÉ News Now, the PSB’s 24-hour news network, **[Redacted: Data is commercially sensitive]**. The increase in adult reach may in part be due to the service being available on the SKY platform in 2016. RTÉ’s drive to increase the range of services to areas outside the traditional news cycle (e.g. culture, lifestyle, etc.) should be noted. Indecon welcome the progress in this area, having highlighted this issue during the 2015 Public Funding Review.

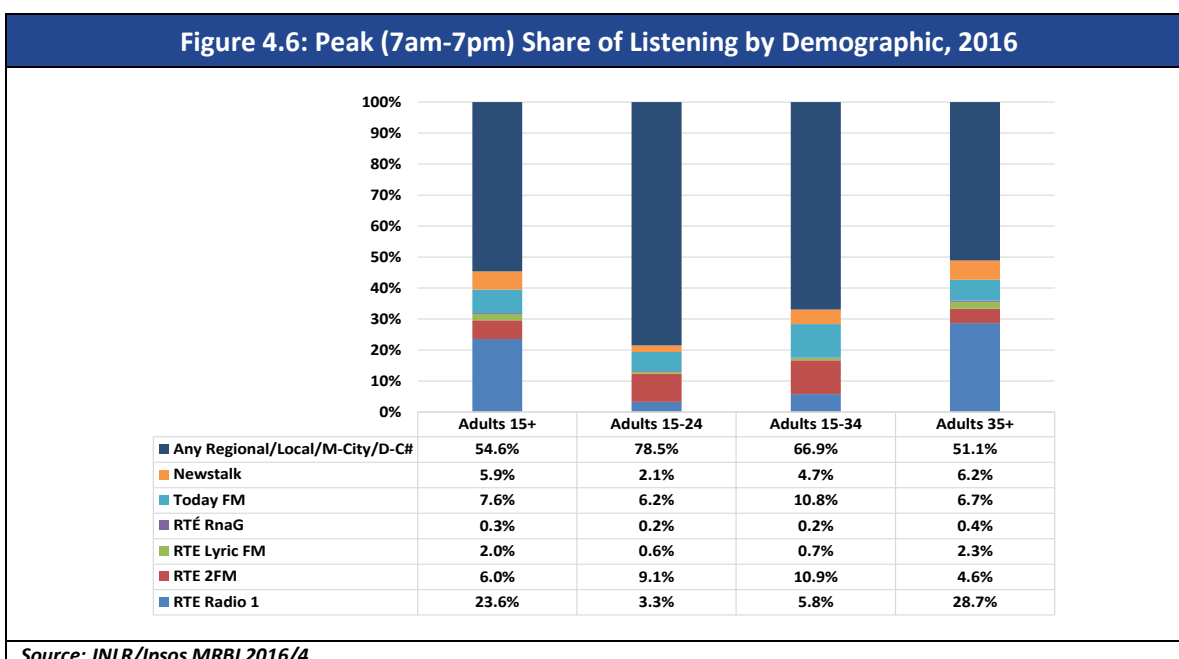


Radio

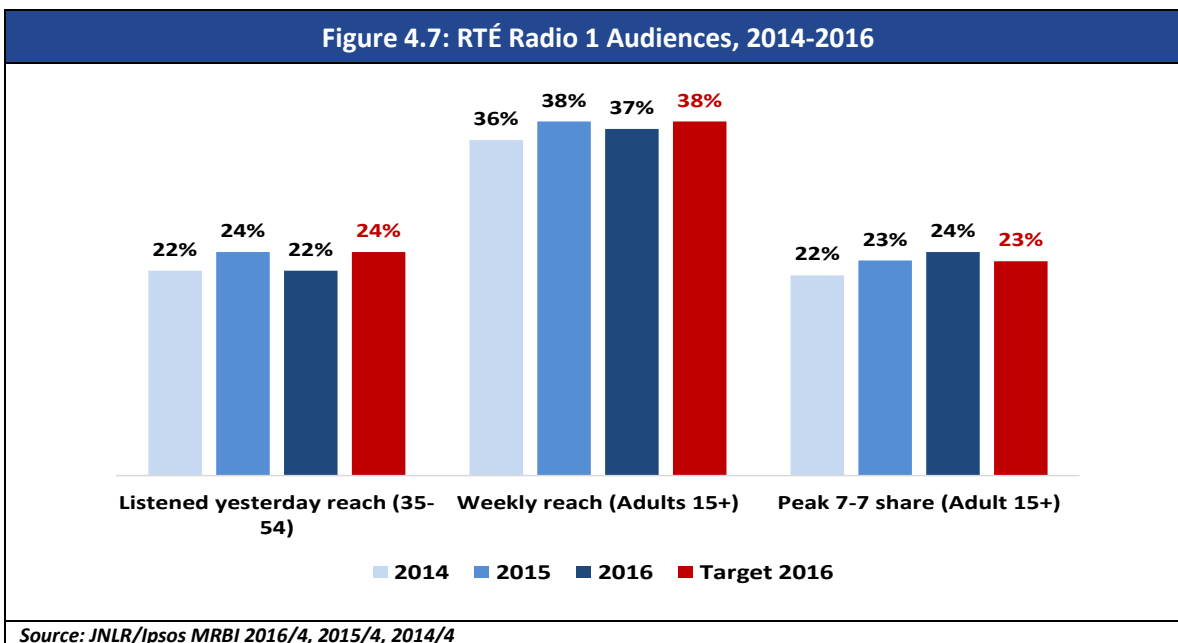
Indecon’s analysis of RTÉ Radio performance indicates that there was one missed target (peak share for RTÉ 2fm), while the remainder were fully or substantially met. In considering RTÉ Radio audience it is of note as evident in Figure 4.5 that there has been a small downward trend in radio listenership.



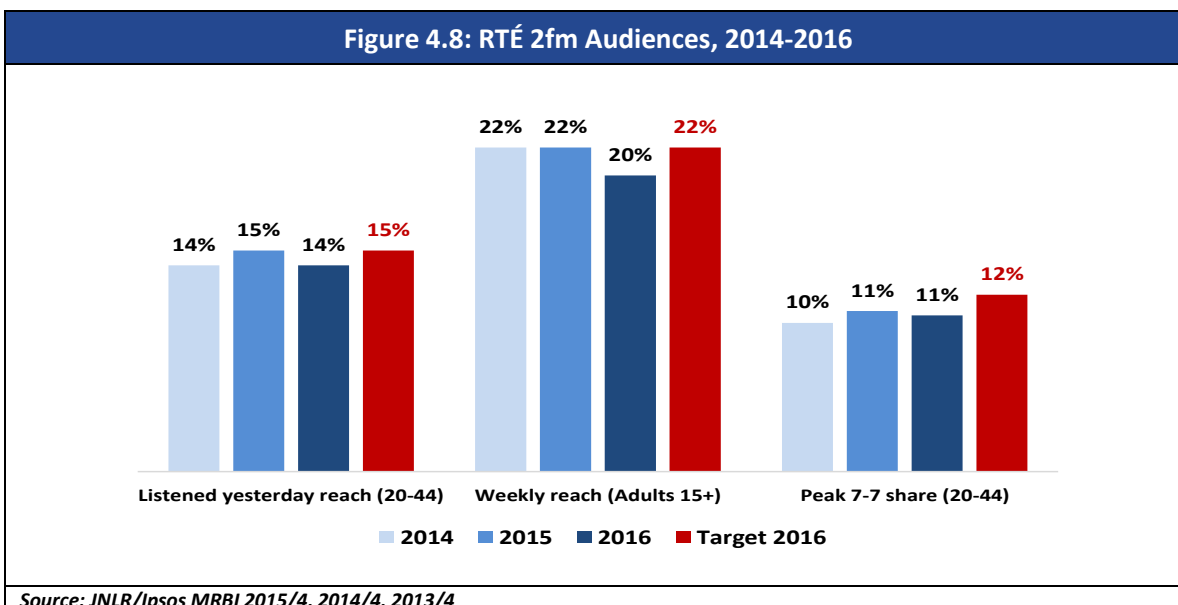
Indecon examined the peak (7 am to 7 pm) share of listenership by demographic cohort as presented below. RTÉ radio stations account for 32% of the share of listening of all adults 15+, and 13% of adults 15-24. This differing demographic performance has potential implications for the role played by different stations and the need for separate strategies for each of RTÉ’s stations.



RTÉ Radio 1 audience in terms of weekly reach was marginally less than the target but RTÉ Radio 1 exceeded its target in terms of peak 7-7 share of adults 15+.

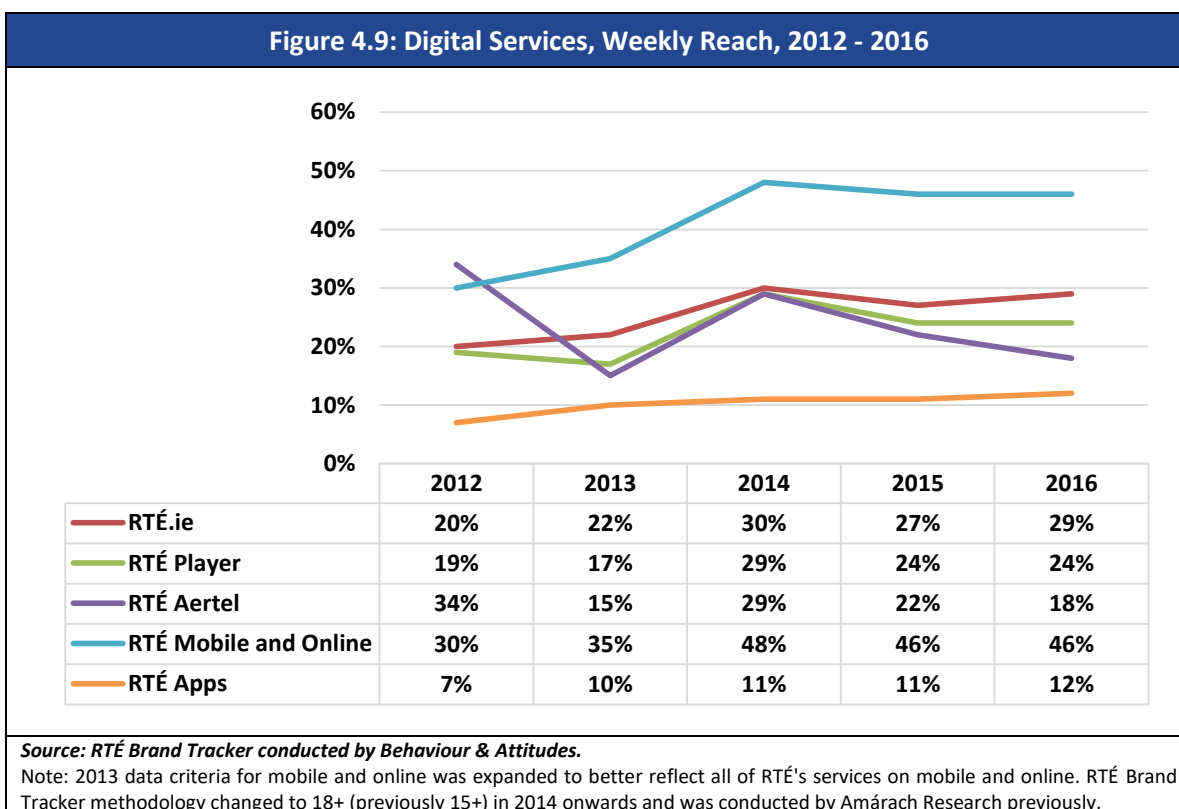


RTÉ 2fm's new radio schedule was introduced in September 2015, which included the removal of a talk show during the 9am slot. In 2016, weekly reach of adults 15+ declined two percentage points to 20% and declines were also evident in the yesterday reach of Adults aged 20-44. While peak audiences did not reach the 12% target, of note is that this remained at approximately 11%. In view of these developments, close monitoring during 2017 of RTÉ 2fm audiences and the financial implications of 2fm is appropriate.



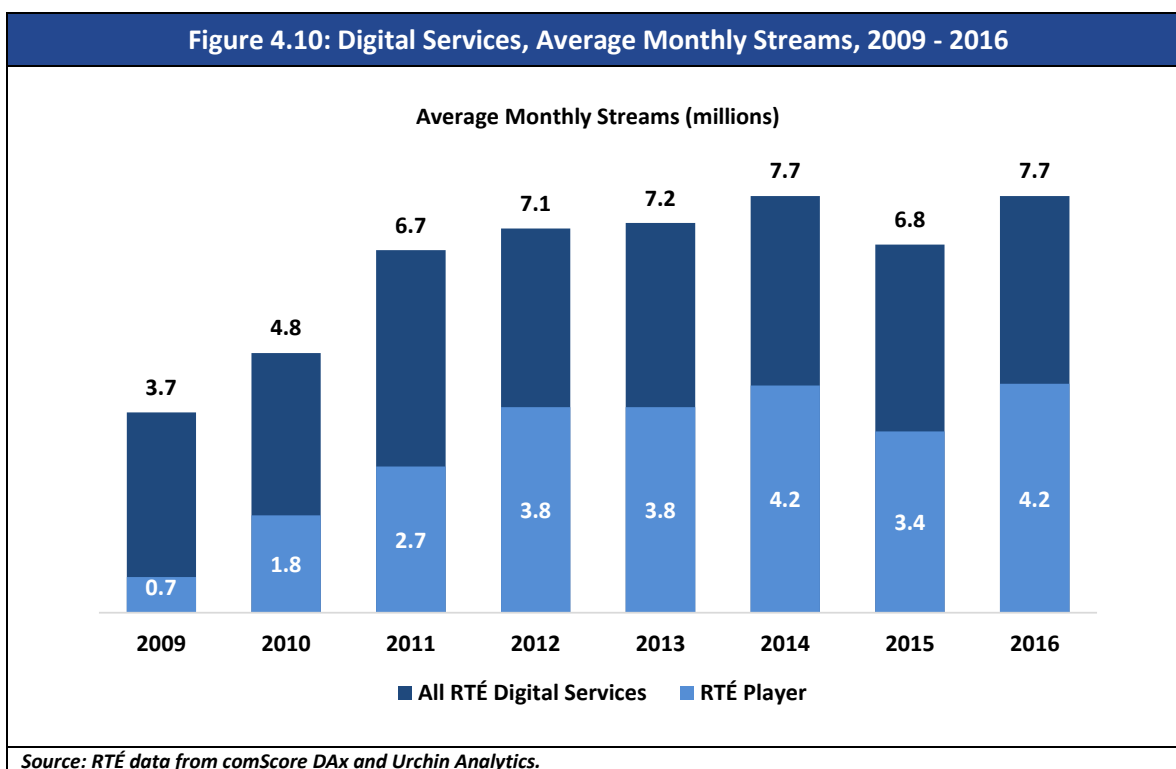
Digital/Online

Providing a greater online offering is a key strand of RTÉ's 2013-2017 strategy. Weekly reach for most RTÉ digital services remained relatively stable in 2016 in comparison to 2015.⁹ RTÉ Aertel share declined but an increase in RTÉ.ie was evident. In Indecon's opinion, RTÉ Player and RTÉ Mobile and Online and RTÉ Apps are important areas where developing strategies to accelerate usage will be important.



Average monthly data for RTÉ's digital services is presented in the figure overleaf. RTÉ's digital services grew by 13.2% in terms of average monthly streams in 2016. This achieved the target of 6.5 million as set in the ASPC 2016. Strong growth was also seen for monthly streams of the RTÉ Player, driven primarily by high demand for sports streams during the summer of 2016. It should be noted that in April 2015 RTÉ fully transitioned to a new and improved analytics system (ComScore) that more accurately measures consumption of RTÉ content online and via mobile. RTÉ had a monthly average of 6.3m streams during April to December 2015, which it considers a more robust measure than that previously available. In light of this measurement change, it is RTÉ's view that while streaming figures prior to April 2015 were based on the best and most appropriate information available at the time, historical data are no longer valid comparators to current measures.

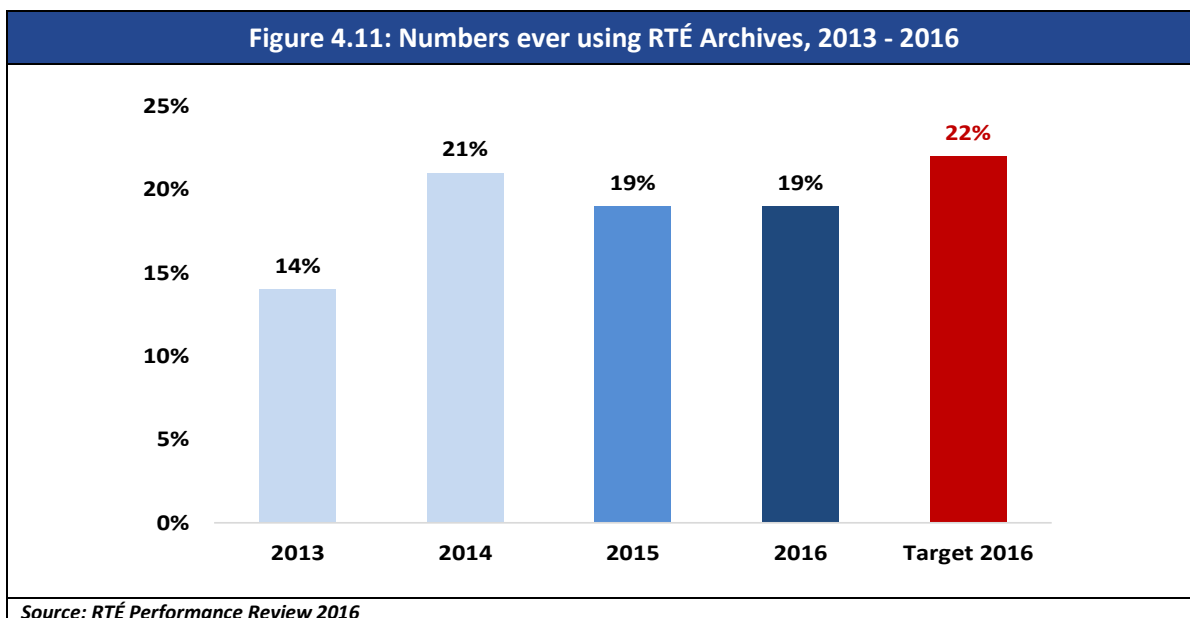
⁹ Indecon notes the change in methodology underpinning the weekly reach results in 2015.



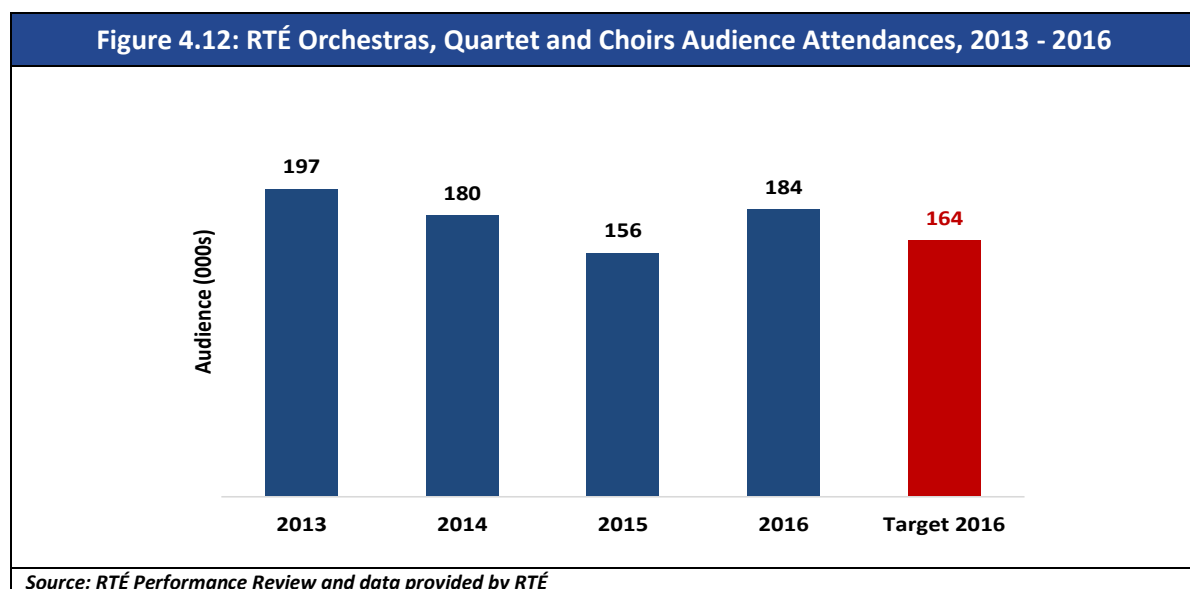
International digital audiences of RTÉ services underperformed relative to target in 2016 (2.1 million actual vs. 2.4 million target).

Other RTÉ Services

Targets were set for two other RTÉ services, namely the usage of RTÉ Archives and attendance numbers at RTÉ orchestras and other performance groups. Usage of RTÉ Archives has remained stable year-on-year in 2016 at 19% of adults but was below the target set (see figure overleaf).



RTÉ Orchestra, Quartet and Choirs gave 200 performances including 20 educational performances throughout 2016. RTÉ Orchestras, Quartet and Choir attendance increased to 184,000 in 2016, representing a year-on-year increase of 18%. This is a positive development given the sustained decrease in this metric seen in recent years. Indecon notes that the ASPC 2017 target is lower than the outturn for 2016.



4.3 Content Commitments

RTÉ set 42 targets across nine content-related commitments in 2016. These are summarised below and examined in detail in the subsequent paragraphs.

- RTÉ to reshape its television media services to best meet the changing needs of audiences with compelling content;
- RTÉ to reshape its radio media services so as to best meet the changing needs of audiences with compelling content;
- RTÉ to develop its digital media services to best meet the changing needs of audiences with compelling content;
- RTÉ to continue to be a trusted and strong modern Irish source of domestic and global News & Current Affairs (N&CA), providing news coverage that is relevant to all, in both the English and Irish languages;
- RTÉ will continue to offer quality Irish content for children that explores and reflects their world via a multi-media offering across radio, television, online and mobile;
- Continue to deliver the big national events that bring the country together - whether they be the big entertainment events, news and political events or the big sporting occasions;
- RTÉ will utilise digital technology to enhance the quality of its services and to make its content accessible to the widest possible audience;
- RTÉ aims to support and promote innovation and creativity both internally and among both the Independent Production sector and wider creative community; and
- RTÉ aims to deliver bigger, more ambitious and more inclusive Arts and Culture content.

A summary of RTÉ's performance against the content-related commitments is presented in Table 4.4. RTÉ performed well in this area relative to 2015 and this improvement is to be welcomed. Over 97% of targets set were achieved by RTÉ. The missed target relates to the public's perception of satisfaction with RTÉ.ie.

Table 4.4: RTÉ Summary Performance against Content-related Commitments	
	Number of Targets
Targets achieved	36
Targets substantially achieved	5
Targets not achieved	1
Number of targets	42
<i>Source: Indecon analysis of RTÉ Performance Commitments Report 2016</i>	
Note: Commitment classification varies from RTÉ's Performance Commitments Report and are based on Indecon's judgement.	

Television

RTÉ's television-related content commitments were achieved except for the genre mix of the RTÉ2 programming. Relative to the 2015 Public Funding Review, this represents a significant improvement, especially in relation to the audience perception commitments. Indecon had concerns regarding RTÉ2's public perception targets during the 2015 Public Funding Review and welcome the improvement in this area in 2016.

Table 4.5: RTÉ Performance against Content-Related Commitments - Television					
Commitment	Service	2016 (Year 4) ASPC Measure	Target	2016 Performance	Level of Achievement*
3:RTÉ to reshape its television media services to best meet the changing needs of audiences with compelling content	RTÉ One	Deliver schedule mix within % range	In Range	In Range	Achieved
		Audience Perception of Quality	>80%	82%	Achieved
			[Redacted: Data is commercially sensitive]		
	RTÉ2	Deliver schedule mix within % range	In range	In Range	Achieved
		Audience Perception of Quality	>80%	83.8%	Achieved
			[Redacted: Data is commercially sensitive]		
10:RTÉ will utilise digital technology to enhance the quality of its services and to make its content accessible to the widest possible audience	RTÉ Television	Number of hours broadcast in HD	6,000	9,330	Achieved
11:RTÉ aims to support and promote innovation and creativity both internally and among both the Independent Production sector and wider creative community	RTÉ One	Indigenous hours as % of total peak time hours	70%	77%	Achieved
	RTÉ Overall	Broadcast format pilots on RTÉ television	5	5	Achieved
<p>Source: RTÉ Performance Commitments Report 2016 *Substantially Achieved relates to quantitative performance within 10% of target Note: Audience Perception Targets are Commercially Sensitive, Not For Publication</p>					

Presented overleaf is the total TV hours broadcast by source (acquired, in-house, commissioned, telesshopping) for the 2014-2016 period as well as the 2016 projection. In-house and commissioned programming is of particular relevance in the context of examining creativity supported by RTÉ. There has been an increase in both sources in 2016. [Redacted: Data is commercially sensitive].

Figure 4.13: Total TV Hours Broadcast by Source, 2014 – 2016

[Redacted: Data is commercially sensitive]

Source: *Indecon analysis of RTÉ data.*

Note: Represents RTÉ One and RTÉ2

Note: *Commercially sensitive, not for publication.*

In terms of genres, the drama offering fell from 2015 to 2016 in terms of hours broadcast, while Sport increased substantially. Young People’s broadcasting hours also increased marginally. Entertainment, News & Current Affairs, and drama underperformed relative to projections.

Figure 4.14: Total TV Hours Broadcast by Genre, 2014 – 2016

[Redacted: Data is commercially sensitive].

Source: *Indecon analysis of RTÉ data.*

Note: Represents RTÉ One and RTÉ2

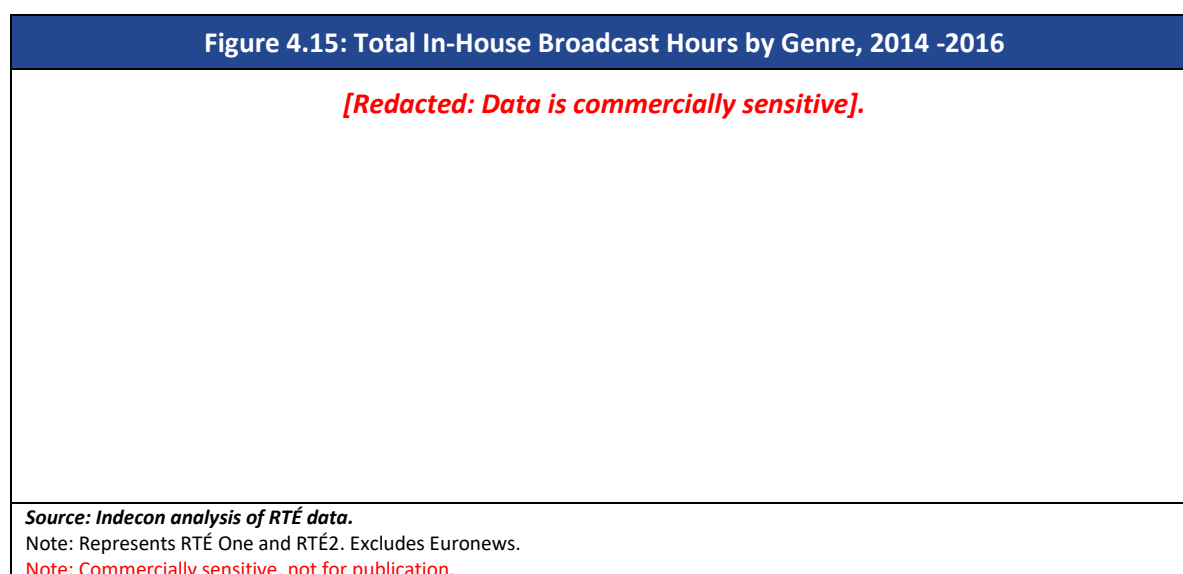
Note: *Commercially sensitive, not for publication.*

Targets were also set for the number of broadcast hours across genres and channels. Indecon's analysis of these targets relative to actual output is presented in the table below. RTÉ provides targets on an approximate and ranged basis. Analysing performance against these targets requires some judgement, however Indecon consider these met. The green cells below represent targets achieved, while the white cells represent genres where no target was set. Orange cells represent performance marginally below target.

Table 4.6: 2016 Actual Hours by Genre and Service - Television				
Genre	RTÉ One	RTÉ2	RTÉjr	RTÉ News Now
Factual	23.8%	7.6%	0.0%	0.0%
Drama	32.4%	25.9%	0.0%	0.0%
Entertainment	15.2%	3.1%	0.0%	0.6%
Music	0.5%	0.4%	0.0%	0.0%
N&CA	23.8%	14.9%	0.0%	96.5%
Sport	2.0%	10.0%	0.0%	2.9%
Young Peoples	0.6%	38.0%	100.0%	0.0%
Arts	0.2%	0.0%	0.0%	0.0%
Education	0.3%	0.0%	0.0%	0.0%
Religious	1.2%	0.1%	0.0%	0.0%
Total Hours	100.0%	100.0%	100.0%	100.0%

Source: RTÉ data

News & Current Affairs and Sport made up large minorities of total in-house broadcast hours in 2016. There was also a slight fall in entertainment hours in 2016 (see Figure 4.15 overleaf).



Factual programme accounted for the highest proportion of commissioned hours in 2016 and has been increasing since 2014 in absolute hours. Young People's commissioned broadcast hours fell substantially year-on-year.

Figure 4.16: Total Commissioned Broadcast Hours by Genre, 2014 -2016

[Redacted: Data is commercially sensitive].

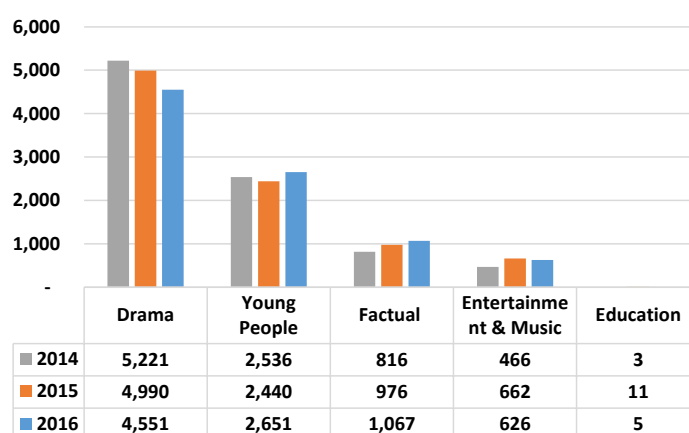
Source: *Indecon analysis of RTÉ data.*

Note: Represents RTÉ One and RTÉ2

Note: *Commercially sensitive, not for publication.*

Acquired broadcast hours are focused primarily in the Drama and Young People genres. Acquired drama has decreased in absolute terms since 2014. Young People and Factual genres have increased (see figure below).

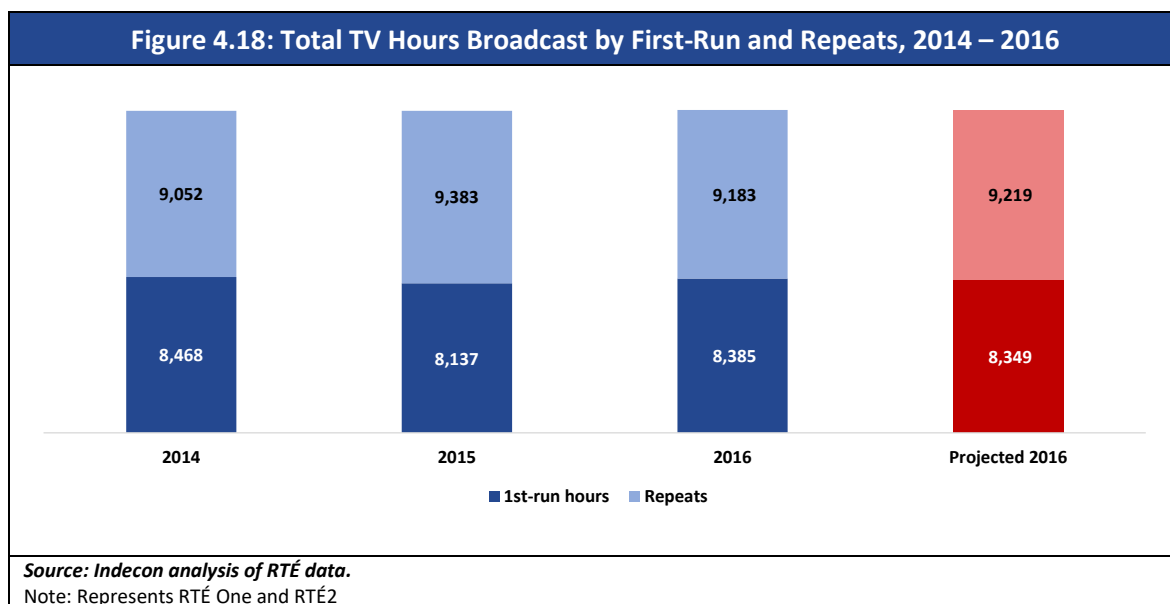
Figure 4.17: Total Acquired Broadcast Hours by Genre, 2014-2016



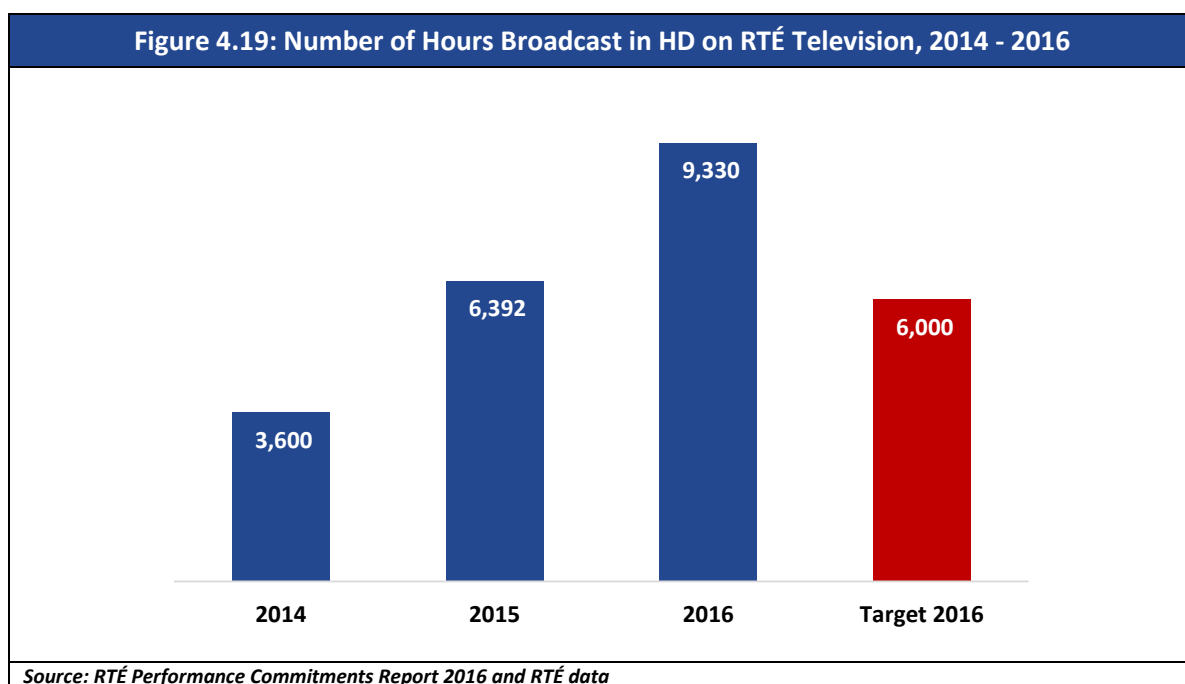
Source: *Indecon analysis of RTÉ data.*

Note: Represents RTÉ One and RTÉ2

Projected hours were set for first-run content broadcast on RTÉ. The number of first-run hours broadcast in 2016 was 8,385, marginally above the projected level.



One of RTÉ's targets relates to the number of HD hours broadcast on RTÉ television. In 2016, RTÉ broadcast 9,330 hours of HD content. This was substantially above targeted levels. RTÉ also achieved its stated performance commitment of broadcasting five new pilots in 2016.

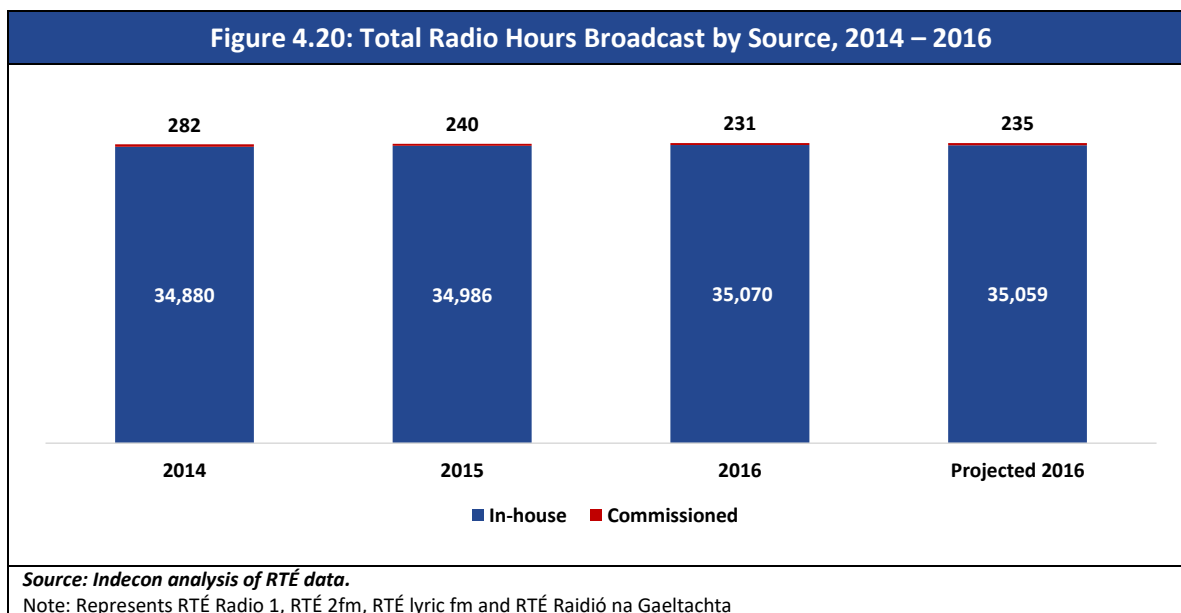


Radio

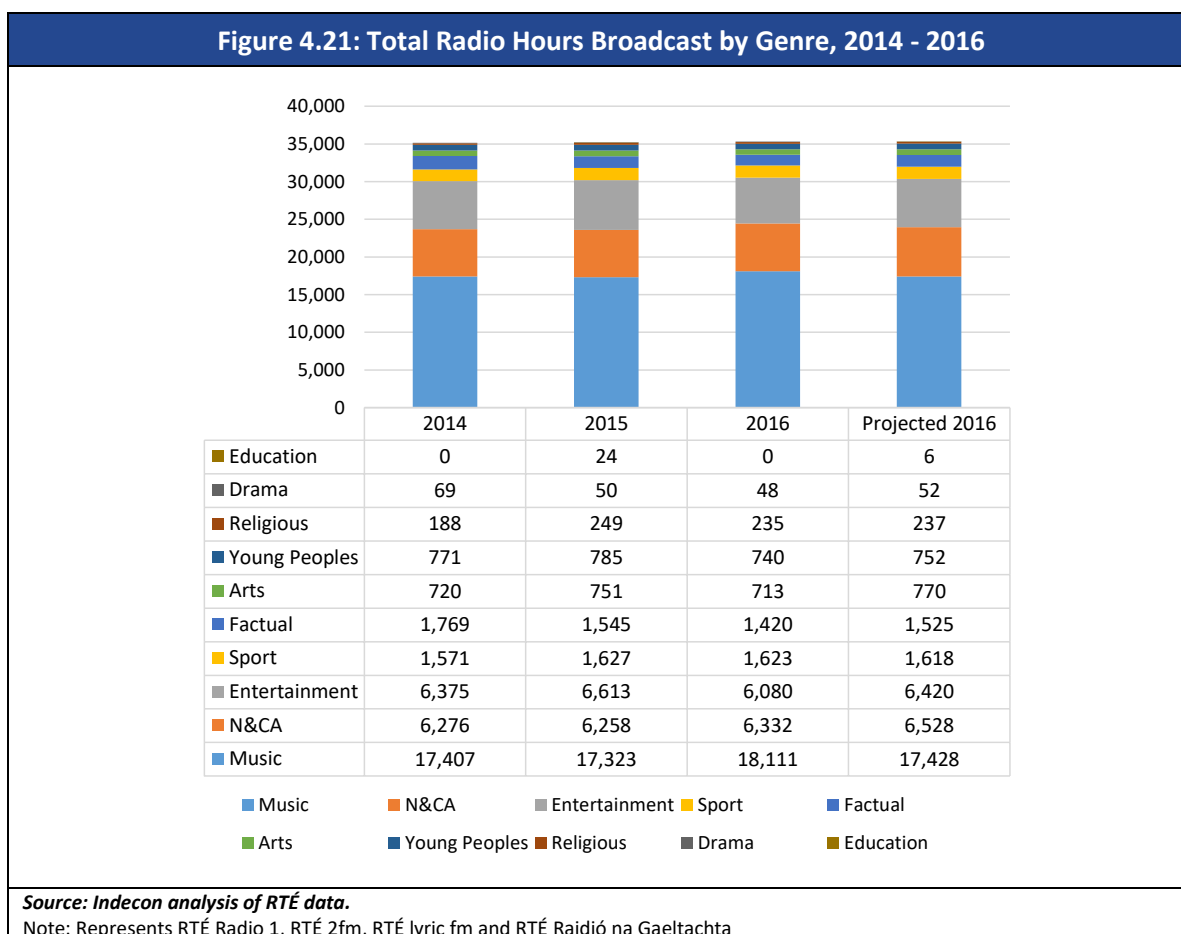
RTÉ's performance against content-related Radio commitments is presented in the table overleaf. RTÉ performed strongly in most areas.

Table 4.5: RTÉ Performance against Content-Related Commitments - Radio					
Commitment	Service	2016 (Year 4) ASPC Measure	Target	2016	Level of Achievement*
4:RTÉ to reshape its radio media services so as to best meet the changing needs of audiences with compelling content	RTÉ Radio 1	Deliver diverse genre mix within % range	In range	in Range	Achieved
		Audience Perception of Quality	>80%	85%	Achieved
			[Redacted: Data is commercially sensitive].		
	RTÉ 2fm	Deliver genre mix within % range	In range	In Range	Achieved
		Audience Perception of Quality	>80%	81%	Achieved
			[Redacted: Data is commercially sensitive].		
	RTÉ lyric fm	Deliver genre mix within % range	In range	In Range	Achieved
		Audience Perception of Quality	>80%	87%	Achieved
			[Redacted: Data is commercially sensitive].		
	RTÉ Raidió na Gaeltachta	Deliver genre mix within % range	In Range	In Range	Achieved
		Audience Perception of Quality	>80%	79%	Substantially
	11:RTÉ aims to support and promote innovation and creativity both internally and among both the Independent Production sector and wider creative community	RTÉ Radio	First-run indigenous content output on RTÉ Radio FM services	>80%	80%
<p>Source: RTÉ Performance Commitments Report 2016</p> <p>*Substantially Achieved relates to quantitative performance within 10% of target.</p> <p>Note: Audience Perception Targets are Commercially Sensitive, Not For Publication</p>					

In-house programming continues to dominate the total radio hours broadcast by RTÉ, as shown in the figure overleaf. RTÉ Radio 1, RTÉ 2fm, RTÉ Lyric fm, and RTÉ Raidió na Gaeltachta broadcast over 35,000 hours of in-house production in 2016. A marginal level of commissioned hours is broadcast on RTÉ's radio services.



Music accounts for over 50% of radio hours broadcast in 2016 on RTÉ stations, reflecting the music focussed nature of radio services. News & Current Affairs, and Entertainment make up substantial minorities of the total radio hours broadcast.

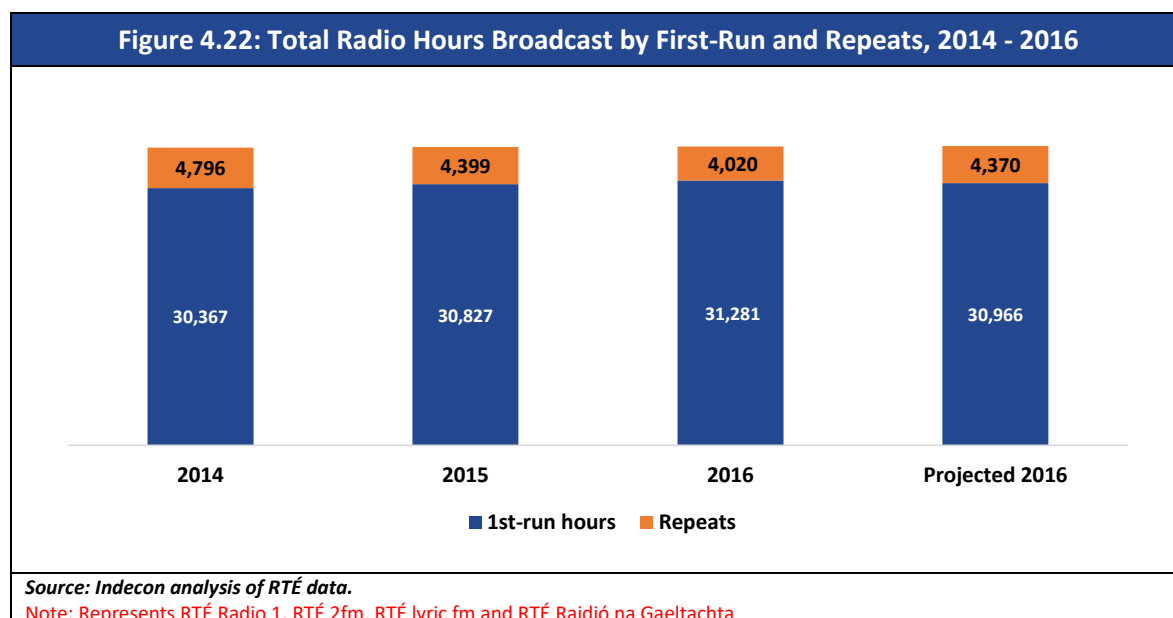


RTÉ radio broadcast hours by genre are presented in an equivalent fashion to TV genre hours.

Table 4.7: 2016 Actual Hours by Genre and Service - Radio				
Genre	Radio 1	2fm	RTÉ lyric fm	RTÉ RnaG
Factual	5.2%	0.0%	1.3%	9.6%
Drama	0.5%	0.0%	0.0%	0.0%
Entertainment	10.6%	36.9%	9.8%	11.7%
Music	31.3%	53.2%	84.1%	36.9%
N&CA	36.5%	5.9%	2.8%	26.1%
Sport	8.0%	3.9%	0.1%	6.4%
Young Peoples	0.0%	0.0%	0.0%	8.4%
Arts	5.8%	0.0%	1.9%	0.3%
Education	0.0%	0.0%	0.0%	0.0%
Religious	2.1%	0.0%	0.0%	0.5%
Total Hours	100.0%	100.0%	100.0%	100.0%

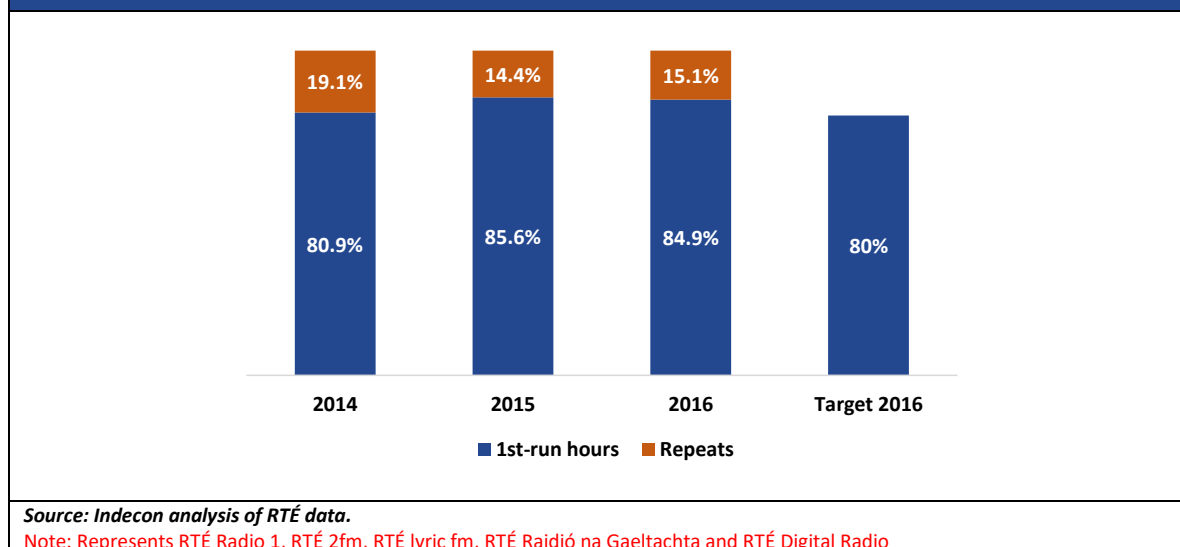
Source: RTÉ data

First-run and repeat hours for RTÉ radio services is presented below. As can be seen, first-run hours make up a large proportion of total hours, and were above projected levels in 2016.



One of RTÉ's specific commitments as set out in its ASPC 2016 is to maintain an 80% proportion of radio hours as first-run. This was significantly achieved in 2016. Due to the sustained meeting of targets in this area, Indecon recommend an increase in the targeted level of first-run hours, as these have not fallen below 80% in four years (see figure overleaf).

Figure 4.23: Total Radio Hours Broadcast by First-Run and Repeats including Digital Radio, 2014 - 2016



Digital/Online

RTÉ's performance in relation to its digital service offering and the ASPC 2016 was mixed, with the RTÉ Player substantially meeting all of its targets, and RTÉ.ie achieving two of three (see table below).

Table 4.8: RTÉ Performance against Content-Related Commitments - Digital / Online

Commitment	Service	2016 (Year 4) ASPC Measure	Target	2016 Performance	Level of Achievement*
5: RTÉ to develop its digital media services to best meet the changing needs of audiences with compelling content	RTÉ Player	Audience perception of Satisfaction with RTÉ Player	>80%	79%	Substantially
			[Redacted: Data is commercially sensitive].		
	RTÉ.ie	Audience perception of Satisfaction with RTÉ.ie	>80%	71%	Not Achieved
			[Redacted: Data is commercially sensitive].		
10: RTÉ will utilise digital technology to enhance the quality of its services and to make its content accessible to the widest possible audience	RTÉ Overall	Public perception that RTÉ programmes and services are easily accessible on a range of devices	>80%	82%	Achieved

Source: RTÉ Performance Commitments Report 2016
*Substantially Achieved relates to quantitative performance within 10% of target.
Note: Audience Perception Targets are Commercially Sensitive, Not for Publication

A critical digital development that occurred in 2016 was making the RTÉ Player available to SKY customers via their set top box. This has coincided with strong audience performance for the RTÉ Player as previously discussed. During election 2016, RTÉ collaborated with Facebook to reach a younger audience. Further RTÉ services are now compatible with smart TVs and other internet enabled devices such as Roku in the US.

RTÉ's ASPC 2016 also included a number of generic targets that are included for the purposes of this review in the table below. For these targets RTÉ performed well, achieving all except the public perception that RTÉ is a creative organisation, which was substantially achieved (59% of 60% target).

Table 4.9: RTÉ Performance against Content-Related Commitments - Other Commitments					
Commitment	Service	2016 (Year 4) ASPC Measure	Target	2016 Performance	Level of Achievement*
6:RTÉ to continue to be a trusted and strong modern Irish source of domestic and global News & Current Affairs, providing news coverage that is relevant to all, in both the English and Irish languages	RTÉ News	N&CA hours within % range RTÉ one, RTÉ Radio 1 and RTÉ news Now	In range	In Range	Achieved
		Public perception that RTÉ provides trusted N&CA	>80%	85%	Achieved
	RTÉ News Now	Deliver schedule mix within % range	In range	In Range	Achieved
		% of live content	>40%	40%	Achieved
<i>[Redacted: Data is commercially sensitive].</i>					
7:RTÉ will continue to offer quality Irish content for children that explores and reflects their world via a multi-media offering across radio, television, online and mobile	RTÉ Overall	Public perception that RTÉ offers a broad range of content and services for children	>50%	50%	Achieved
9:Continue to deliver the big national events that bring the country together - whether they be the big entertainment events, news and political events or the big sporting occasions	RTÉ Overall	Public perception that RTÉ enables me to connect with national events	>80%	84%	Achieved
11:RTÉ aims to support and promote innovation and creativity both internally and among both the Independent Production sector and wider creative community	RTÉ Overall	Public perception that RTÉ is a creative organisation	>60%	59%	Substantial
		Meet statutory spending requirements, fulfilling obligations under S.116 of the Broadcasting Act 2009	€39.5m	€40.5m	Achieved
12:RTÉ aims to deliver bigger, more ambitious and more inclusive Arts and Culture content	RTÉ Overall	Public perception that RTÉ supports arts activities in Ireland	>70%	77%	Achieved
Source: RTÉ Performance Commitments Report 2016 *Substantially Achieved relates to quantitative performance within 10% of target. Note: Audience Perception Targets are Commercially Sensitive, Not For Publication					

Other outcomes in 2016 include RTÉ's performance in relation to awards won and nominations received. In 2016, RTÉ won 84 awards, representing an increase of 50% year-on-year. For example, *The Notorious*, a factual documentary about Conor McGregor was a winner in the Sports category of the Celtic Media Festival 2016.

Table 4.10: RTÉ Awards and Nominations 2015 - 2016

	2015	2016
Nominations Received	46	96
Awards Won	56	84
Total	102	180

Source: Indecon analysis of RTÉ data

4.4 Irish Language Commitments

Indecon consider one target as presented in RTÉ's ASPC 2016 to be related to the overall commitment of Irish Language – Promotion and Development, which is associated with the following specific commitment:

- **RTÉ strives to reach out to all Irish language speakers at home and abroad in its provision of Irish language programming and services.**

Overall, RTÉ achieved this target of the public's perception that RTÉ provides a comprehensive service for Irish speakers.

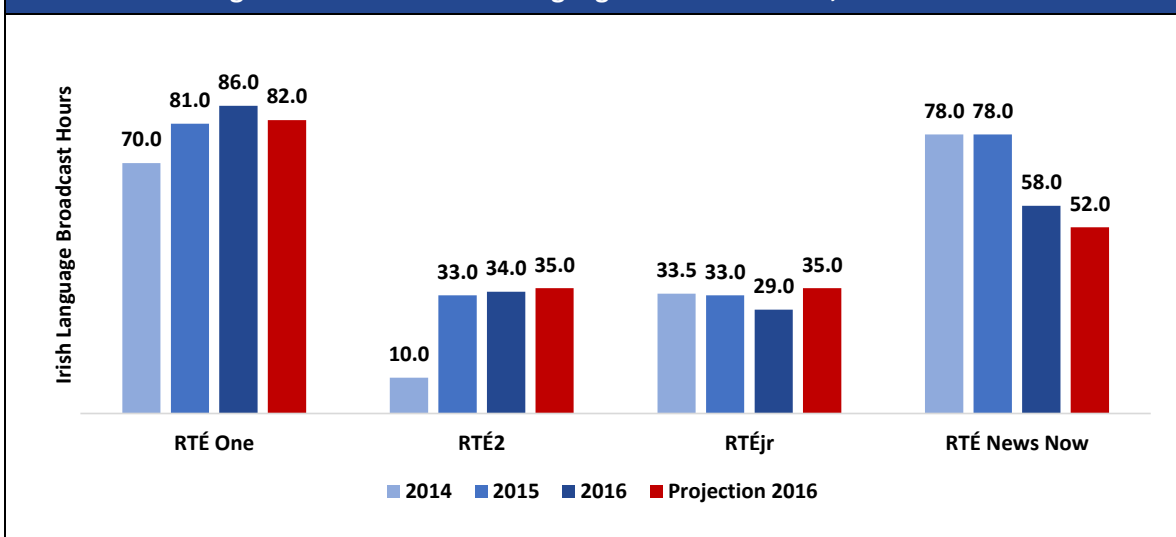
Table 4.11: RTÉ Performance against Irish Language-Related Commitments

Commitment	Service	2016 (Year 4) ASPC Measure	Target	2016 Performance	Level of Achievement
8: RTÉ strives to reach out to all Irish language speakers at home and abroad in its provision of Irish language programming and services	RTÉ Overall	Public perception that RTÉ provides a comprehensive service for Irish speakers	>50%	50%	Achieved

Source: RTÉ Performance Commitments Report 2016

It is also instructive to consider the number of Irish Language broadcast hours on RTÉ services as a measure of the promotion and development of the Irish language and culture. RTÉ One has seen a sustained increase in the number of Irish language broadcast hours since 2014, and the number of hours exceeded the projected levels for 2016. Indecon note that RTÉ2 was marginally below projected levels in 2016, while RTÉjr also missed its projection (see Figure 4.24 overleaf).

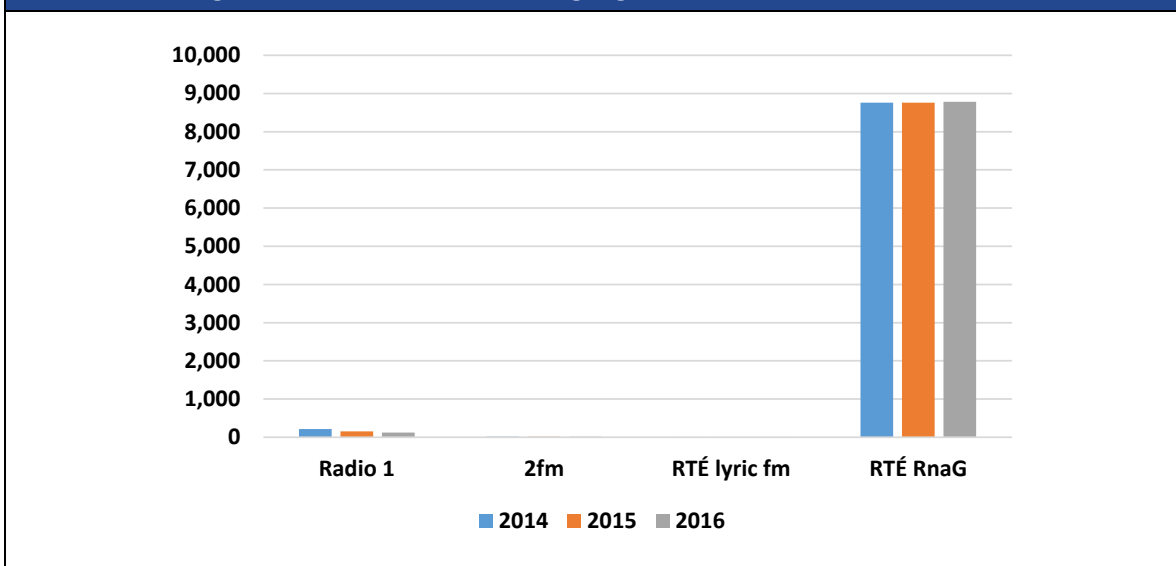
Figure 4.24: RTÉ TV Irish Language Broadcast Hours, 2014 - 2016



Source: Indecon analysis of RTÉ data

RTÉ Radio Irish language broadcasting hours was unsurprisingly dominated by RTÉ RnaG, which broadcast 8,784 hours of Irish language content (full year accounting for leap year).

Figure 4.25: RTÉ Radio Irish Language Broadcast Hours, 2014 - 2016



Source: Indecon analysis of RTÉ data.

RTÉ has made positive progress in relation to their Irish Language ASPC targets during 2016. However, the organisation missed some internal projections in relation to Irish content (e.g. some of Fig 4.24 above). For example, RTÉ is collaborating with the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs regarding the development of digital Irish Language projects.

In 2016, RTÉ released an Irish language app, Seinnteoir Raidió, which provides comprehensive access to all of Ireland's Irish-language radio stations. The app is entirely through Irish. Indecon consider the expansion of Irish service offerings into the digital space as positive progress. Similar initiatives in 2016 include provision of the Saorview app entirely through Irish.

RTÉ has established further Irish collaborative initiatives with various organisations in 2016, including an archiving service with NUI Galway and a media training course with transition year students from Gaeltacht schools. The PSB also operates its twitter accounts partially through Irish.

Table 4.12: RTÉ Actions in 2016 – 20 Year Strategy for the Irish Language

Action from the 20-year Strategy for Irish Language	RTÉ Action in 2016
Development of a literary promotion brief by RTÉ and TG4, with a key role in literary awards, book programmes, profiling of authors and contributing to their visibility and media status, and cultivation of stronger links between writing for the media and for book publication as “complementary” activities	RTÉ sponsored an tOireachtas Irish-language drama award. Weekly Irish-language focussed book slot introduced on RTÉ Raidió na Gaeltachta's Údar Cainte for summer 2016. The Book on One on RTÉ Radio One for Seachtain na Gaeilge 2016 was in Irish for the week, as was the Drama on One.
Development of initiatives to encourage writing in Irish by young people in a range of media - journalism, blogging, creative writing, drama and film scripts.	RTÉ RnaG ran a competition for secondary school students, both north and south of the border, where pupils had to create 30-minute radio programmes based on the 1916 theme. Seven of the entries were selected for broadcast, following the assistance of a professional producer. RTÉ Raidió na Gaeltachta ran a radio programme competition in conjunction with Gael Linn, focussing on radio scripting and production for young people.
RTÉ, as the national public service broadcaster, will normalise the use of Irish and English in their broadcasts, building on the success of Irish Language Week (Seachtain na Gaeilge).	The use of Irish in continuity and presentation across RTÉ TV, in particular, became regularised during 2016, with programmes, irrespective of what language they were being broadcast in, often being introduced in Irish. The Irish-language commentary option for the All-Ireland football and hurling finals was expanded to semi-final stage, with a total of 11 GAA championship matches being available in Irish on RTÉ TV through Saorview, Sky, eir and the RTÉ Player. An Irish-language commentary option was provided for Irish soccer international matches for the first time ever, for Ireland's Euro 2016 matches.
RTÉ will continue to support and develop Raidió na Gaeltachta so that a broad spectrum of high standard programmes will be delivered to those communities that listen to this service.	RTÉ Raidió na Gaeltachta's 3 Year Strategy is being implemented and overseen by RTÉ Group Head, Irish Language, with continued corporate support. A significant investment was made in training in RTÉ RnaG in 2016.
A youth-focused radio to target young people will be developed using both the internet and conventional radio broadcasting.	RTÉ promoting youth-orientated Raidió Rí-Rá, through providing it with a two-hour daily FM platform on RTÉ Raidió na Gaeltachta. An album, launched by RTÉ 2fm in conjunction with Conradh na Gaeilge, featuring artists such as Ed Sheeran singing Irish-language versions of their own songs, was launched and playlisted on RTÉ 2fm. The long-standing Friday night Chart Show on RTÉ 2fm received a dramatic makeover for 2016. A new presenter, Bláthnaid Treacy, presented the show in Irish and English, to a very positive audience reaction. This added to an already strong Gaeilge flavour on RTÉ 2fm, with Eoghan McDermott's drive-time show interspersing Irish throughout the programme.
Continuation of a “free hour” of Irish language television from RTÉ to TG4 (valued at circa €10m);	Continuing, as set out in the 2009 Broadcasting Act.
Deepening RTÉ's remit in relation to the Irish language;	A significant additional commitment in relation to Irish-language broadcasting has been given as part of the launch of the RTÉ Meáin Ghaeilge Action Plan.
All Irish language initiatives with a specific arts remit, to include drama and traditional arts, will be planned and developed as part of an integral arts strategy between the Department of Community, Equality and Gaeltacht Affairs and the Department of Tourism, Culture and Sport in tandem with the Arts Council.	RTÉ worked in conjunction with the Department of Arts, Heritage and Gaeltacht in relation to various 1916-themed Irish-language arts projects.

Source: RTÉ

4.5 Transparency and Efficiency Commitments

RTÉ outlined sixteen targets across four commitments under the Transparency and Efficiency theme in 2016. These four commitments under this theme were as follows:

- **RTÉ is committed to meeting budgetary targets as set out in RTÉ's Interim Budget 2016, including targeting a break-even/small surplus before the cost of special events.**
- **To deliver a value for money service by ensuring that best value is achieved in all areas of the business and by continuing to make best use of the Licence Fee income.**
- **To operate RTÉ's commercial activities efficiently to maximise the net return for RTÉ's public service activities.**
- **To demonstrate on-going and enhanced transparency and accountability in RTÉ's use of public funds.**

A summary of RTÉ's performance in relation to the Transparency and Efficiency theme is presented below.

Table 4.13: RTÉ Summary Performance against Transparency and Efficiency-Related Commitments	
	Number of Targets
Targets achieved	11
Targets Substantially achieved	3
Targets not achieved	2
Number of targets	16
<i>Source: Indecon analysis of RTÉ Performance Commitments Report 2016</i>	

Overall, RTÉ performed better in this area relative to 2015, with 69% of targets being achieved, while three targets were substantially achieved. Two targets under this heading were not achieved. These relate to the agreed budget outturn for the year and the proportion of budget that was spent on learning and development. The RTÉ organisation made a €19.65 million loss in 2016, the reasons for which are discussed subsequently in this section. Expenditure on learning and development accounted for 0.6% of personnel-related operating costs in 2016, below the target range of 1-4%.

A particular concern raised during the 2015 Public Funding Review was the decrease in the public perception that RTÉ represents good value for money. In 2015, this metric was estimated at 56% compared to its target of 58%. Indecon noted that this was within the 3% margin of error. This metric has fallen to 53% in 2016, and while still within its margin of error for the 2016 target (56%), performance is unambiguously negative relative to the 2015 target. This metric is important and may have implications for the political feasibility of altering the licence fee.

A detailed analysis of performance against RTÉ's transparency-related commitments is presented overleaf.

Table 4.14: RTÉ Performance against Transparency-Related Commitments

Commitment	2016 (Year 4) ASPC Measure	Target	2016 performance	Level of Achievement*
13: RTÉ is committed to meeting budgetary targets as set out in RTÉ's Interim Budget 2016, including targeting a break-even/small surplus before the cost of special events	Achieve agreed budget out-turn for the year	Break-even / Small Surplus. Interim 2016 forecasted €15.384m	-€19.65m	Not Achieved
14: Deliver a value for money service by ensuring that best value is achieved in all areas of the business and by continuing to make best use of the Licence Fee income	Operating Cost budget and delivery of specified service targets achieved	[Redacted: Data is commercially sensitive]		Achieved
	Threshold ranges of Public Funding Utilisation for 2016	In range	Three of Twelve Not in Range	Substantial
	Public perception that RTÉ is good value for money	56%	53%	Substantial
	PROC Target for 2016 Budget	Max 56%	54%	Achieved
	Learning and Development budget within best practice range	1-4% of PROC costs	0.6%	Not Achieved
15: Operate RTÉ's commercial activities efficiently to maximise the net return for RTÉ's public service activities	Group Commercial Revenue	€166.6m	€158.2m	Substantial
	Review of ancillary commercial activities conducted and decisions communicated to RTÉ Board	Review to RTÉ Board	Achieved	Achieved
	Report on RTÉ commercial performance against relevant Industry indices	Complete Report	Achieved	Achieved
22: Demonstrate on-going and enhanced transparency and accountability in RTÉ's use of public funds	Publish CPTH in Annual Report 2015	Publish Report	Achieved	Achieved
	Publish Utilisation of Public Funding in Annual Report 2015	Publish Report	Achieved	Achieved
	Projected utilisation for 2016 provided to BAI	Provide to BAI	Achieved	Achieved
	Report on fulfilment or otherwise of RTÉ 2015 ASPC in Annual Report	Report	Achieved	Achieved
	Publish RTÉ 2016 ASPC	Publish Report	Achieved	Achieved
	Functionally separate RTÉ's public service and commercial activities	Separate activities	Achieved	Achieved
	Appoint a Fair Trading Officer	Appoint Fair Trading Officer	Achieved	Achieved

Source: RTÉ Performance Commitments Report 2016 , RTÉ Annual Report, RTÉ Data

Budget 2016

RTÉ's income in 2016 was below interim budget by approximately **[Redacted: Data is commercially sensitive]**. 53% of **[Redacted: Data is commercially sensitive]**. RTÉ's underperformance relative to budget in this area is being driven by reductions in budgeted commercial income. RTÉ have provided detailed documents to Indecon as a means of providing context for these metrics. RTÉ indicate that 2016 was a year of two halves, defined in part by the impact of the UK's referendum on the withdrawal from the EU, which is discussed in further detail in Section 4.8. The impact of the referendum was immediate on the currency markets and therefore RTÉ was exposed to significant GBP currency devaluations, impacting their commercial revenue particularly within the television advertising market. RTÉ posted a net deficit of €19.7 million in 2016.

Table 4.15: RTÉ Income and Expenditure Interim Budget 2016 - Actual 2016			
	Interim Budget 2016	Actual 2016	% Change
Advertising			
Sponsorship			
Other Commercial Revenue			
Commercial Income			
Public Funding Income			
Total Income			
Employee Costs			
Other personnel related costs (including contractors)			
Personnel Related Operating Costs			
Commissioned Programmes			
Acquired Programmes			
Copyrights			
Music Licences			
Outside Broadcast			
General Production Costs			
Premises			
Travel			
General Energy			
Transmission Electricity			
Computing			
RTÉ Guide Print Run			
Other Printing & Stationery			
Circuits			
Selling			
Professional Fees			
Promotions/Marketing			
Communications			
Equipment			
Audience research			
Insurance			
Catering			
Financial Costs			
Transport			
Miscellaneous Expenses			
Centrally Incurred Costs			
Non-Personnel Related Operating Costs before depreciation and amortisation			
Operating costs before Exceptionals			
Eutelsat Charges			
BAI Levy			
National DTT Marketing Costs			
Northern Ireland Mini Mux			
Operating Costs			
EBITDA			
Amortisation / Depreciation			
Corporate HQ			
Gain / (loss) on disposal of assets			
Interest (Payable) / Receivable			
Net Deficit before Restructuring, Pension & Tax			
Restructuring Provision credit			
Net DB Pension related finance income / (expense)			
Net Surplus/(Deficit) before tax			
Tax			
Net Surplus / (Deficit) after tax			

[Redacted: Data is commercially sensitive].

Source: RTÉ Data, RTÉ Annual Report 2016, RTÉ Interim Budget 2017.
Note: commercially sensitive and strictly confidential - not for publication.

In relation to Budget 2017, Indecon was provided with comprehensive details as to the Budget 2017 process during consultations with RTÉ's Finance team. Examining the Interim Budget 2017 reveals that RTÉ expects to make significant improvements in their net financial position relative to Actual 2016 outturn, **[Redacted: Data is commercially sensitive]**. While such an improvement is to be welcomed, as can be seen in the table overleaf, a majority of the improvement is arising from reductions in operating costs rather than increases in revenues. It should be noted that this reduction in operating expenditure accounts for **[Redacted: Data is commercially sensitive]**. **[Redacted: Data is commercially sensitive]**. While useful from a year-on-year perspective, achieving structural operating cost reductions is a critical step in reaching a break-even position. Indecon note that RTÉ has and will continue to explore options in this regard. RTÉ's budget of a **[Redacted: Data is commercially sensitive]**. These have ranged from large structural shifts requiring strategic decisions and approval from Government, to straightforward decisions to be implemented by each IBD.

Personnel Related Operating Costs are expected to remain relatively static in 2017 **[Redacted: Data is commercially sensitive]**. It should be noted that both commissioned and acquired programming costs are expected to rise, which may have implications in relation to the production of in-house programming.

A final issue that should be noted in the context of Budget 2017 is the land sale of RTÉ's Donnybrook site which was sold to Cairn Homes for €107.5 million in June 2016. This land sale and other capital assets will be discussed in detail in Section 4.8. However, it should be noted that proceeds from the sale are not included within Budget 2017, and RTÉ has noted that this will primarily go to funding capital investment and organisational restructuring.

Table 4.16: RTÉ Income and Expenditure Actual vs Budget 2016 - 2017

	Interim Budget 2016	Actual 2016	Interim Budget 2017
<i>Advertising</i>			
<i>Sponsorship</i>			
<i>Other Commercial Revenue</i>			
Commercial Income			
Public Funding Income			
Total Income			
<i>Employee Costs</i>			
<i>Other personnel related costs (including contractors)</i>			
Personnel Related Operating Costs			
Commissioned Programmes			
Acquired Programmes			
Copyrights			
Music Licences			
Outside Broadcast			
General Production Costs			
Premises			
Travel			
General Energy			
Transmission Electricity			
Computing			
RTÉ Guide Print Run			
Other Printing & Stationery			
Circuits			
Selling			
Professional Fees			
Promotions/Marketing			
Communications			
Equipment			
Audience research			
Insurance			
Catering			
Financial Costs			
Transport			
Miscellaneous Expenses			
Centrally Incurred Costs			
Non-Personnel Related Operating Costs before depreciation and amortisation			
Operating costs before Exceptionals			
Eutelsat Charges			
BAI Levy			
National DTT Marketing Costs			
Northern Ireland Mini Mux			
Operating Costs			
EBITDA			
Amortisation / Depreciation			
Corporate HQ			
Gain / (loss) on disposal of assets			
Interest (Payable) / Receivable			
Net Deficit before Restructuring, Pension & Tax			
Restructuring Provision credit			
Net DB Pension related finance income / (expense)			
Net Surplus/(Deficit) before tax			
Tax			
Net Surplus / (Deficit) after tax			
Source: RTÉ Data, RTÉ Annual Report 2016, RTÉ Interim Budget 2017.			
Note: commercially sensitive and strictly confidential - not for publication.			

[Redacted: Data is commercially sensitive].

RTÉ Income

Public funding accounted for 53.1% of total RTÉ income in 2016, with the remaining income derived from commercial income. This composition has changed slightly over the period 2014 to 2016, with commercial income accounting for a higher proportion of total income year-on-year. This is driven by an increase in reported commercial revenue year-on-year while levels of public funding have remained practically static. Commercial income is examined in more detail subsequently, but it is interesting to note that advertising income accounts for 70% of total commercial income, followed by content, merchandising and related sales, transmission, mast and towers income and sponsorship income.

Table 4.17: Composition of RTÉ Group Income 2014 - 2016

	2014	2015	2016	% Change 2015-2016
	€m	€m	€m	%
Advertising	104.9	110.0	111.3	1.2%
Sponsorship	9.3	9.1	10.2	12.3%
Facilities income	2.8	2.9	3.1	5.9%
Circulation and event income	5.8	5.7	5.7	0.5%
Transmission, mast and towers income	11.1	10.7	10.1	-5.5%
Content, merchandising and related sales	12.2	12.6	13.4	6.4%
Other commercial revenue	3.6	4.5	4.5	-1.1%
Public Funding (Licence Fee revenue)*	178.6	178.9	179.1	0.1%
Total	328.2	334.3	337.3	0.9%
% income from Commercial Income	45.6%	46.5%	46.9%	
% of income from Public Funding	54.4%	53.5%	53.1%	

Source: Indecon analysis of RTÉ Annual Report and Group Financial Statements 2014, 2015, 2016, RTÉ data.
*Note: Public Funding presented net of Broadcasting Funding Scheme, An Post collection costs and related charges, and provision for TG4.

Attribution of Public Funding

As part of its ASPC 2016, RTÉ has committed to maintaining public funding within specific thresholds for each service offered. These thresholds are set with respect to licence fee rather than other public funding that may arise. These ranges are set based on assumptions relating to commercial revenue generation potential, cost reductions potential and others. As these items carry nontrivial levels of uncertainty, RTÉ has provided ranged thresholds for the purposes of this target. In setting these ranges, RTÉ took account of various items including:

- Commercial revenue risk;
- Operating cost risk;
- Unscheduled special events (e.g. snap elections);
- Broadcast risk;
- Movements in actuarial calculations of defined benefit pension schemes.

A number of thresholds as presented in the table below were outside of their targeted ranges in 2016. Public Funding attribution for RTÉ2 and DTT-related services were below the lower bound of their public funding attribution thresholds, while RTÉ2 2fm exceeded its targeted range. RTÉ2's public funding attribution was also outside of the low end of its committed threshold range.

Table 4.18: Public Funding - Actual vs Thresholds 2016				
	High	Low	Expected	Actual 2016
	€m	€m	€m	€m
RTÉ One	[Redacted: Data is commercially sensitive].			
RTÉ2				
RTÉ Radio 1				
RTÉ 2fm				
RTÉ lyric fm				
RTÉ Raidió na Gaeltachta				
TG4 Support				
RTÉ Orchestras				
Corporate H.Q.				
DTT-related				
On-line services				
Other Channels				
<i>Source: RTÉ Performance Commitments Report and RTÉ data.</i>				
Note: commercially sensitive and strictly confidential - not for publication.				

Licence Fee

The Irish TV licence is managed by An Post, and costs €160 per household. All households are required to have a TV Licence if they have a television set.

RTÉ continues to consider the levels of licence fee evasion in Ireland to be negatively impacting the organisation's ability to achieve its public service remit. As outlined in RTÉ's Annual Report 2016, Ireland's rate of licence fee evasion is 14% as measured by the Department of Communications, Climate Action, and Environment. This compared with rates such as 5% in the UK, 2% in Germany, and 9.9% in Denmark.¹⁰ It is also stated that Ireland has higher collection costs relative to our European counterparts.

RTÉ also considers the licence fee in its current form to be outdated, due in part to the increasing number of households who do not own a traditional TV set. Streaming services such as Google Chromecast and others provide internet-enabled streaming of video content via a smartphone to displays falling outside the characteristics that require a TV licence. RTÉ supports an update of the Licence Fee to better reflect the changing media landscape away from the current device-dependent model, as has been adopted in other European jurisdictions.

Indecon restate our views as expressed in the 2015 Public Funding Review that efficiency improvements are possible in relation to the Licence Fee, and that a separate independent evaluation of ways to enhance licence fee collection and the impacts of these should be undertaken by policymakers, taking account of international experience in this area.

¹⁰ EBU Report Licence Fee – Evasion Rates 2015

Commercial Revenue

As indicated previously, advertising revenue accounts for 70% of total commercial income, followed by smaller items including content, sponsorship, etc. **[Redacted: Data is commercially sensitive].**

Total commercial revenue has increased year on year over the three years presented below. This performance has occurred during a period of increased competition coinciding with a secular trend away from traditional television services. Positive external developments have also occurred - for example Ireland's improving and normalising macroeconomic position will impact RTÉ through a wealthier consumer market. However, the presence of negative external pressures (e.g. Brexit) should also be highlighted. Interestingly, while the commercial revenue from television activities continues to dominate the RTÉ Group total, **[Redacted: Data is commercially sensitive].** Digital commercial revenue was greater than in 2014, however declined after posting very strong growth in 2015.

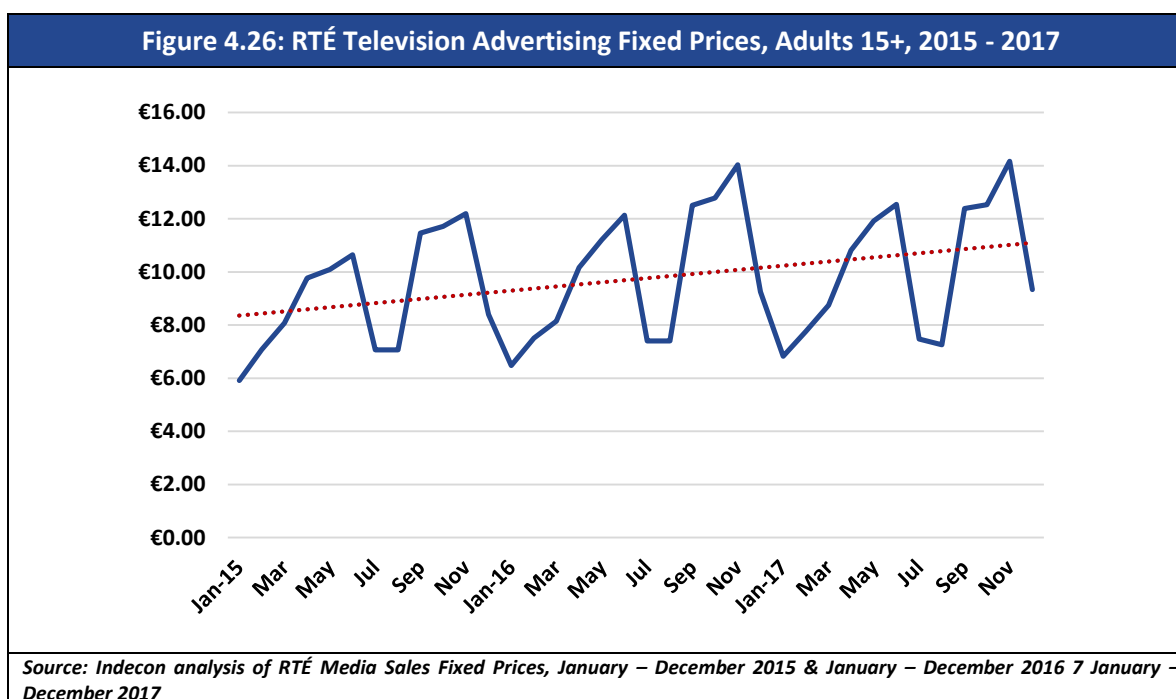
Table 4.19: RTÉ Commercial Revenue by Division, 2014 - 2016				
	2014	2015	2016	% Change 2015-2016
	€m	€m	€m	%
Television	[Redacted: Data is commercially sensitive].			
Radio				
2rn				
Digital				
Orchestras				
All Other Segments*				
Consolidation Adjustments				
Group Total				
<p>Source: Indecon analysis of RTÉ Annual Report and Group Financial Statements 2014, 2015, 2016, and internal data. Note: commercially sensitive and strictly confidential - not for publication. *Online income only, not compatible with the former Digital IBD, thus not comparable with 2015 and 2016. **All other segments not directly comparable in 2016 to previous years due to differing levels of aggregation</p>				

As commercial revenue is primarily made up of advertising revenue, Indecon have provided in the table overleaf a breakdown of advertising revenue by division. Advertising revenue has grown every year over the 2014 – 2016 period. In 2016, group advertising revenue amounted to €111.3 million, of which 76.7% was generated in the television division. The Radio division posted a marginal decrease in advertising revenues in 2016. Of concern is the significant decrease in Digital advertising revenue (-11%) in 2016. However, it should be noted that 2015 was a particularly strong year in this area for RTÉ. Digital advertising in 2016 was above levels seen in 2014. The digital market is experiencing increased levels of automation, and continued significance of two market participants. Budgeted 2017 values for this area forecast no change. RTÉ has also reported lower than expected income in its online display advertising activity and has suggested this was due to price deflation and increased commoditization through automated buying.

	2014	2015	2016	% Change 2015-2016
	€m	€m	€m	%
Television	80.5	83.1	85.4	2.7%
Radio	17.8	19.1	19.0	-0.4%
Digital	6.3	7.5	6.6*	-11.2%
All Other Segments	1.0	0.9	0.9	0.3%
Consolidation Adjustments	-0.7	-0.6	-0.6	-0.8%
Group Total	104.9	110.0	111.3	1.2%

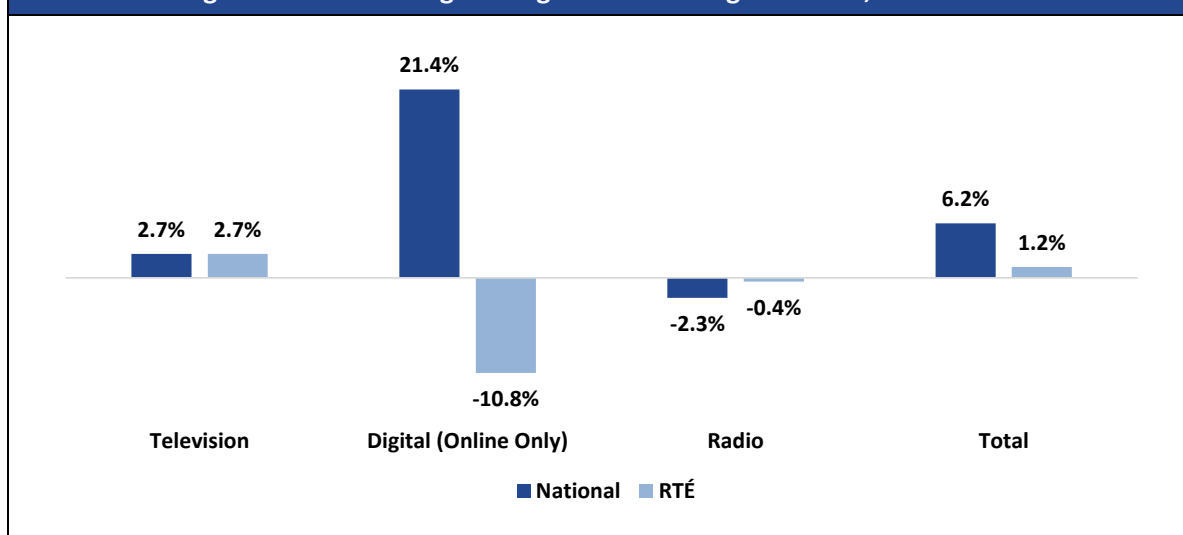
Source: Indecon analysis of RTÉ Annual Report and Group Financial Statements 2014, 2015, and internal data Online income only, not compatible with the former Digital IBD, thus not comparable with 2015 and 2016.

The industry standard for pricing advertising is cost-per-thousand, which is the cost per thousand commercial impacts for a specific target audience. RTÉ's outturn CPT for adults in 2016 was **[Redacted: Data is commercially sensitive]** representing a 3.5% increase over the 2015 value **[Redacted: Data is commercially sensitive]**. RTÉ operates on a fixed price system for a selection of audience categories. RTÉ's fixed prices for Adults 15+ is presented in the figure below. As can be seen, the long-run fixed advertising costs exhibit both seasonal volatility as well as a long-run upward trend.



An examination of RTÉ's commercial revenue trends by division relative to an estimate of the overall market is presented in the figure overleaf. These national estimates are based on reports completed by Core Media and Carat, who provide an annual estimate of advertising income across different areas.

Figure 4.27: Percentage Change in Advertising Revenues, 2015 - 2016



Source: Indecon analysis of RTÉ Annual Report and Group Financial Statements 2014, 2015 and internal data, and Core Media Outlook 2017, Carat Media Outlook 2016.

Note: National advertising revenues estimated as an average across Core Media and Carat estimates. Carat estimate based on 2016 forecasts.

RTÉ's television advertising revenue grew at the same rate as the estimate of the overall market, and in 2016 was €85.4 million. RTÉ's digital advertising revenue, as previously outlined, decreased by 10.8% in 2016. The media agencies have provided an estimate of strong growth in this area for 2016 of 21.4%. RTÉ's radio advertising revenue fell slightly in 2016 however to a lesser extent than the market average. Finally, growth in total media revenue at RTÉ in 2016 was less than estimates for overall media growth as projected by Carat and Core Media.

RTÉ also generates commercial revenue through the sale of programmes to other broadcasters both domestically and internationally. In 2016, programme sales fell **[Redacted: Data is commercially sensitive]** year-on-year. This significant decline is attributed by RTÉ to the impact of the Brexit-related currency depreciation as well as the non-recurrence of a significant domestic sale. International success was seen in the UK and Australian markets, with particular demand seen for 1916 programming, *Bridget & Eamon*, and *Vogue Williams*.

Table 4.21: RTÉ Programme Sales Revenue, 2013 - 2016

Year	€'000
2013	[Redacted: Data is commercially sensitive].
2014	
2015	
2016	

Source: RTÉ data
Note: commercially sensitive and strictly confidential - not for publication.

Indecon have also examined RTÉ Facilities Income in the table below. Facilities income grew by 5.9% in 2016, which equates to greater than €3 million of revenue. The overall scale of revenues from this source is relatively limited, thus too much attention on yearly variances may not be of significance. However, continued growth in this area is welcomed.

Table 4.22: RTÉ Facilities Income by IBD, 2014 - 2016

	2014	2015	2016
	€'000	€'000	€'000
Total (after consolidation adjustment)	2,786	2,914	3,087

Source: RTÉ Annual Report and Group Financial Statements 2015 and 2016

Operating Costs

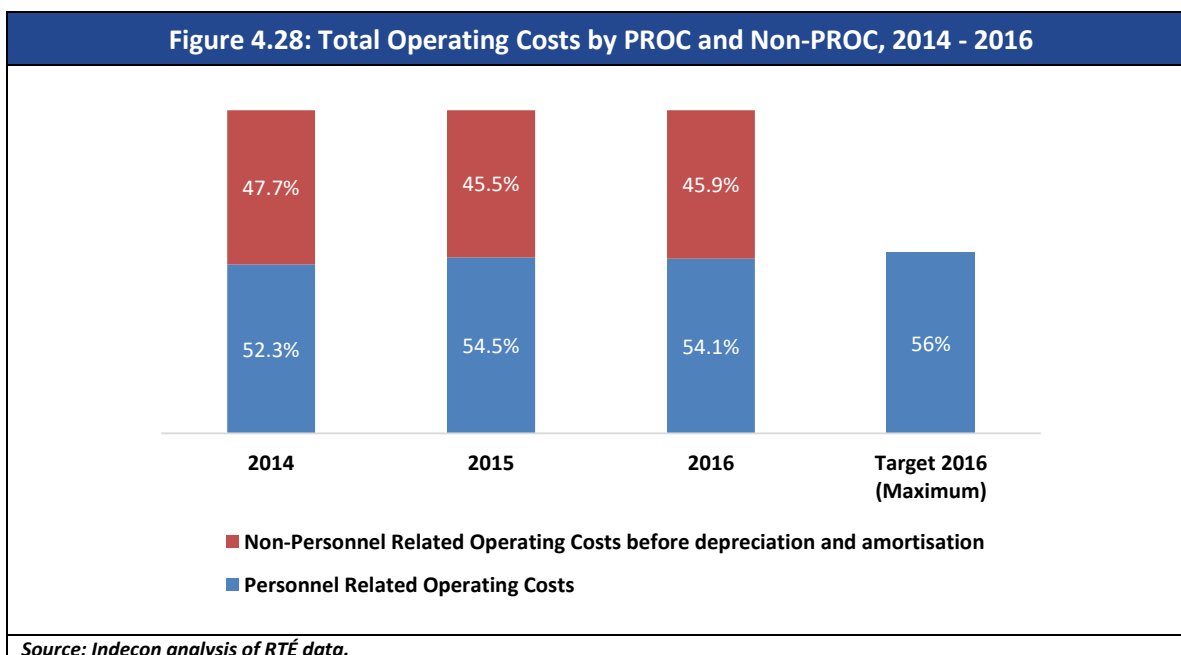
RTÉ's operating costs are examined in further detail in the table below. As can be seen, personnel related operating costs (PROC) have increased by 6.5% in 2016 and was just below €186 million. This was primarily made up of employee costs, which rose by 8.2%. Non-personnel related operating costs before depreciation and amortisation rose 8.1% in 2016, which is considered by Indecon to be significant. This was driven primarily by sports and other copyrights costs, acquired programming costs, and other third-party costs. This may reflect the increasingly competitive environment within which RTÉ bids for sports rights.

Table 4.23: Composition of RTÉ Group Operating Costs, 2014 -2016

	2014	2015	2016	% change 2015-2016
	€m	€m	€m	%
Employee Costs	132.6	141.6	153.2	8.2%
Other personnel related costs (including contractors)	30.6	32.9	32.6	-0.9%
Personnel Related Operating Costs	163.2	174.4	185.8	6.5%
Direct commissioned programme costs	37.4	38.2	35.8	-6.2%
Direct acquired programme costs	22.0	23.6	25.8	9.2%
Sports and other copyrights	20.2	14.5	21.6	48.5%
Outside broadcast costs	5.2	5.2	5.9	12.3%
Communication circuits	3.5	3.7	3.7	0.2%
RTÉ Guide printing and related costs	1.6	1.5	1.5	-2.7%
Network Electricity	2.5	2.4	2.3	-6.6%
Music licences	7.4	8.0	8.0	-0.3%
Insurance policies	1.4	1.4	1.4	-1.3%
Other third-party costs	47.5	47.2	51.7	9.7%
Non-Personnel Related Operating Costs before depreciation and amortisation	148.7	145.8	157.7	8.1%
Total Operating Costs (before depreciation and amortisation)	311.9	320.3	343.4	7.2%

Source: Indecon analysis of RTÉ data, RTÉ Annual Report 2016.

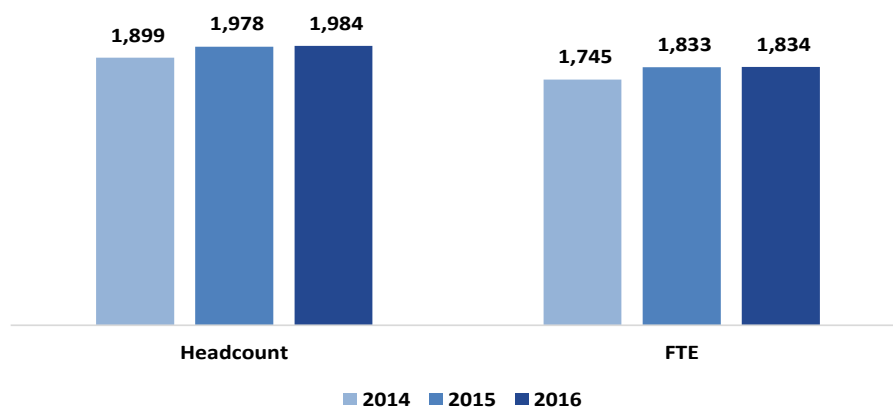
RTÉ has set a maximum target of 56% for PROC in their ASPC 2016.¹¹ Performance in this area is presented in the figure below for the period 2014 – 2016. As can be seen, RTÉ achieved this target with a surplus of 1.9% remaining below the maximum target.



RTÉ has also set a target for expenditure on learning and development of staff, which has been included in its ASPC 2016 (1-4% of PROC costs). RTÉ spent 0.6% (€1.1 million) of PROC costs on learning and development. It is also useful to consider the number of employees within the RTÉ organisation in the context of personnel related operating costs. As presented below, employees in headcount terms in 2016 have increased slightly to 1,984 persons. This is equivalent to 1,834 in Full Time Equivalent terms. The number of FTE's rose marginally from 1,833 in 2015.

¹¹ This excludes the proposed redundancy scheme, as according to RTÉ's accounting policies as set out in their Annual Report, termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

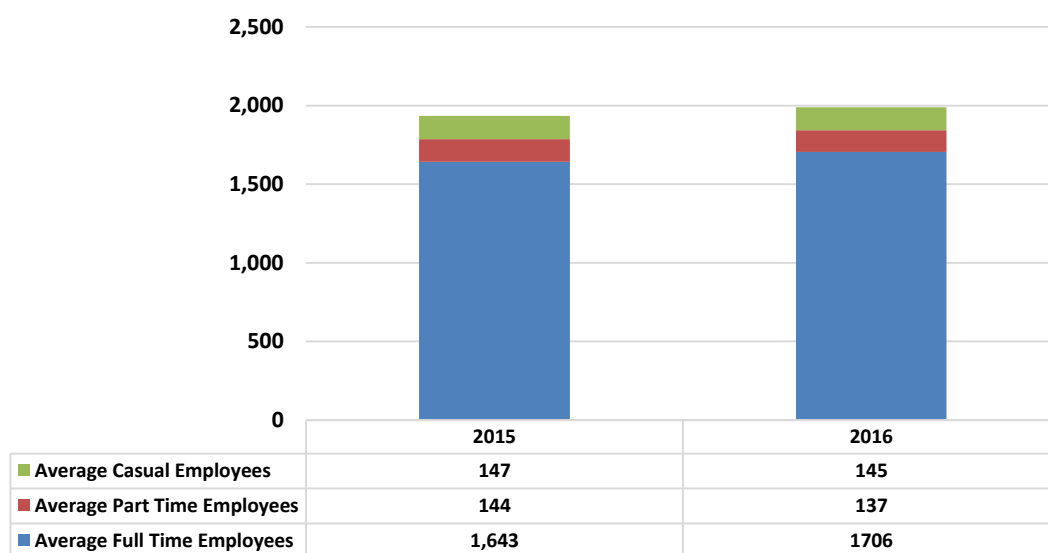
Figure 4.29: RTÉ Employee Headcount and FTE, 2014 - 2016



Source: Indecon analysis of RTÉ data.

The figure below presents the average number of employees by type, split into casual, part-time, and full-time. Full time employees continue to make up a very large majority of employees by headcount.

Figure 4.30: RTÉ Employee Headcount as at 31 December, 2015 - 2016



Source: Indecon analysis of RTÉ data.

Employees per division are presented in the figure overleaf. RTÉ is currently undertaking significant organisational restructuring, which in 2016 included the creation of a Commercial Division. This represents an initial step towards a 'One RTÉ' in which the organisation is organised around content creation rather than service. As can be seen, employee by IBD in 2016 now includes a Commercial IBD, which did not exist in 2015. Television continues to be the largest IBD, followed by Radio, and News & Current Affairs.

Figure 4.31: RTÉ Employee Headcount by IBD, 2015 & 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ Internal Management Accounts

2016 saw a relatively large increase in the cost per full-time employee (average across the year). This metric has risen every year since 2014. RTÉ has indicated that this reflects changes in average FTE numbers across the year, as well as the absence of past service credits related to a defined benefit pension scheme. This had previously been reported in accordance with accounting standards. Pay restoration, as agreed between RTÉ and unions, has also been implemented on a phased basis (December 2015 to December 2017) and this increased personnel costs in 2016.

Figure 4.32: RTÉ Employee Cost per Average FTE*, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

*Average number of FTE's across each year used as denominator. Includes wages and salaries, employer social welfare costs, and employer pension and life assurance costs. These staff costs are net of a past service pension credit and reflect IAS 19 accounting standards.

Note: commercially sensitive and strictly confidential - not for publication.

The level of creative employees at RTÉ will have positive implications for the quality and output of in-house productions. Figure 4.33 presents these for 2016 on an FTE basis. As can be seen, **[Redacted: Data is commercially sensitive].**

Figure 4.33: RTÉ Creative Staff, Full Time Equivalent - Employees

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: Commercially sensitive, not for publication.

Expenditure on RTÉ's creative staff for 2016 is presented below. **[Redacted: Data is commercially sensitive].**

Table 4.24: RTÉ Expenditure on Creative Employment – Employees, 2016	
Employees	€000's
Musician	[Redacted: Data is commercially sensitive].
Radio (including Raidió na Gaeltachta) Producers	
Television Producer/Director	
Sound Supervisor/Operator	
Graphics Designer/Operator	
Camera Supervisor/Operator	
Lighting Director/Lighting Operator	
Assistant Producer	
EFP (not studio) Camera & Sound Operator	
Production Designer	
Editorial Genre Head	
Script Editor/Assistant Script Editor	
Total	
Source: RTÉ	
Note: Commercially sensitive, not for publication.	

RTÉ also supports creativity through contractual arrangements with creative staff. Data for these arrangements are provided in the figure below. Overall RTÉ employed **[Redacted: Data is commercially sensitive]**.¹²

Figure 4.34: RTÉ Creative Staff, Full Time Equivalent - Contractors
[Redacted: Data is commercially sensitive].
Source: Indecon analysis of RTÉ data.
Note: Commercially sensitive, not for publication.

[Redacted: Data is commercially sensitive].

¹² RTÉ script writers are paid per script and therefore it is not possible to estimate this based on full time equivalent.

Table 4.25: RTÉ Expenditure on Creative Employment - Contractors	
Contractors	€000's
Actors	[Redacted: Data is commercially sensitive].
Script Writer/Story Writer	
Producer/Director	
Musicians	
Conductors	
Production Designer	
Asst Producer	
Graphics Designer/(Operator)	
Total	
<i>Source: RTÉ</i>	
Note: Commercially sensitive, not for publication.	

Programming Expenditure

RTÉ is required by law to support the independent production sector as outlined in Section 116 of the Broadcasting Act 2009. RTÉ is to keep a separate account for these activities and should be funded by the application of specific funding criteria. In 2016, the statutory level of expenditure was €39.5 million. Actual expenditure marginally surpassed this minimum statutory level, with RTÉ spending €40.3 million on Irish independent production. It should be noted that these programmes also received funding from other sources, including Revenue and the BAI. Some projects were also co-funded.

RTÉ's Independent Production report in 2016 indicates that the organisation broadcast 1,376 hours of independently-produced television programmes. €36.5 million was spent on commissioned television programming, excluding overheads and other costs, which supported 419 hours of commissioned content. Five new formats were developed in 2016, including *Farmer in Charge*, and others.

Expenditure on commissioned radio amounted to €1.1 million excluding overheads and other costs. This resulted in 300 hours of commissioned radio content. In 2015, RTÉ restructured its Independent Radio Production (IRP) unit, which has resulted in a new policy aimed at ensuring a 50:50 split between new and re-commissions. This has the aim of identifying and promoting future radio talent in Ireland. The RTÉ Radio 1 schedule included new series such as *Pantisocracy*, and *Callan's Kicks*.

TV

RTÉ television programming costs are primarily driven by the cost of in-house production, followed by commissioned expenditure. Commissioned expenditure fell by over €2 million in 2016, while expenditure on in-house productions rose by 15%. Indecon supports increased investment in improving the quality of the television product offering for consumers but it has not been feasible within the scope of this annual report to examine in detail the individual programming options. Acquired programming marginally decreased year-on-year and in 2016 amounted to **[Redacted: Data is commercially sensitive]**. Both in-house costs and acquired costs account for a greater proportion of total programming costs in 2016 than in 2014.

Figure 4.35: RTÉ Television Programming Costs by Source, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: commercially sensitive and strictly confidential - not for publication.

Data refers to RTÉ One and RTÉ2.

RTÉ met its commitment to publish the organisation's costs per transmitted hour by channel in its Annual Report. Indecon has also analysed cost per broadcast hour by source of programming. Both in-house and commissioned costs per broadcast hour were greater than the costs per hour of acquired programming. However, it should be noted that this may reflect the differing nature of the type of programmes produced across these sources. In-house programming had the highest cost per hour broadcast, at €29,300 per hour in 2016. Commissioned programming cost somewhat less than in-house at €22,100. Acquired programming cost €2,400 per hour. RTÉ reports that the European soccer championships, Olympics, General Election, US presidential election and Centenary programming contributed to the increase in in-house cost per broadcast hour in 2016 compared to 2015. Commissioned programming in 2016 included "Rebellion" drama, a special 1916 drama with a high cost per hour.

The cost trends presented in the figure below have implications for potential future spending decisions on programmes given the worsening cost efficiencies for in-house production. Commissioned programming, while being cheaper relative to 2014 levels, is also more expensive than in 2015.

Figure 4.36: RTÉ Television Programming Cost per Broadcast Hour by Source, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: commercially sensitive and strictly confidential - not for publication.

Data refers to RTÉ One and RTÉ2. Data excludes Euronews.

RTÉ One has a higher cost of broadcasting hours relative to RTÉ2, however this likely reflects the inherent difference between the two channels' programming schedules and content. RTÉ reports in its Statement of Performance Commitments 2016, that substantial amounts of GAA Championship coverage was moved to RTÉ One from RTÉ2 in 2016. Coverage of elections and 1916 centenary celebrations contributed to the increase in RTÉ One's cost per hour in 2016.

Figure 4.37: RTÉ Television Average Cost per Broadcast Hour, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: RTÉ data.

Costs include transmission charges.

Note: Commercially sensitive, not for publication.

A more appropriate measure of efficiency is presented below, which presents the average cost per viewer hour across the 2014 – 2016 period. It is evident that RTÉ One and RTÉ2 costs per viewer hour are relatively similar. **[Redacted: Data is commercially sensitive].** This has increased for both channels year on year, and should be monitored going forward.

Figure 4.38: RTÉ Television Average Cost per Viewer Hour, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: RTÉ data and TAM Ireland/Nielsen TAM Average All Day (0300-2659), Viewers Reached Weekly per Average Hour, based on 15+ minute of consecutive viewing within the hour.

Note: commercially sensitive and strictly confidential - not for publication.

Note: Viewing Per Hour in 000s for All Individuals Aged 4+ during 2013 -2015 (Consolidated data). Costs exclude general broadcast and transmission expenses and transmission and power charges.

In-House TV Programming

In-house programming costs in 2016 were driven primarily by Sport and News & Current Affairs. Factual, Entertainment, and Drama genres accounted for nontrivial amounts of expenditure also.

Figure 4.39: RTÉ In-house Television Programming Costs by Genre, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: commercially sensitive and strictly confidential.

Data refers to RTÉ One and RTÉ2.

The production costs and cost per broadcast hour for in-house productions for both RTÉ One and RTÉ2 are presented in tabulated form overleaf. RTÉ One's total costs have increased year-on-year since 2014, whereas RTÉ2's costs have fluctuated. On a combined cost per hour basis, there has also been fluctuations and in 2016 the cost per hour for both RTÉ One and RTÉ2 amounted **[Redacted: Data is commercially sensitive]**. RTÉ report that the increase in in-house cost per broadcast hour was due to sport, Elections and Centenary broadcasts as mentioned above.

Table 4.26: RTÉ In-house Production Costs and Cost per Broadcast Hour by Channel 2014 - 2016									
Channel	Hours	Total Costs €m	Cost per hour €000	Hours	Total Costs €m	Cost per hour €000	Hours	Total Costs €m	Cost per hour €000
2014				2015			2016		
RTÉ One	[Redacted: Data is commercially sensitive].								
RTÉ2									
Total									
Source: Indecon analysis of RTÉ data. Note: commercially sensitive and strictly confidential. Hours and costs include RTÉ One, RTÉ2 & Euronews.									

In-house production costs were highest for genres such as **[Redacted: Data is commercially sensitive]** in 2016. There were more repeat hours for Arts programming in 2015 compared with 2016. RTÉ attributes the increase in cost per broadcast hour of the News & Current Affairs and weather genre in 2016 to the General Election, US presidential election and Centenary programming.

Figure 4.40: RTÉ In-house Television Programming Cost per Broadcast Hour by Genre, 2014 - 2016
[Redacted: Data is commercially sensitive].
Source: Indecon analysis of RTÉ data. Note: commercially sensitive and strictly confidential. Data refers to RTÉ One and RTÉ2. Excludes Euronews.

Commissioned TV Programming

Commissioned TV programming costs declined in 2016 relative to 2015. Commissioned programming costs were primarily in the **[Redacted: Data is commercially sensitive]** genres.

Figure 4.41: RTÉ Commissioned Television Programming Costs by Genre, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: commercially sensitive and strictly confidential - not for publication.

Data refers to RTÉ One and RTÉ2.

Hours, costs, and costs per broadcast hour for commissioned television on RTÉ One and RTÉ2 is presented in tabulated form overleaf. RTÉ One's cost per broadcast hour was greater than RTÉ2 in all years, which reflects the different service offerings. **[Redacted: Data is commercially sensitive].**

Table 4.27: RTÉ Commissioned Production Costs and Cost per Broadcast Hour by Channel 2014 - 2016									
Channel	Hours	Total Costs €m	Cost per hour €000	Hours	Total Costs €m	Cost per hour €000	Hours	Total Costs €m	Cost per hour €000
	2014			2015			2016		
RTÉ One	[Redacted: Data is commercially sensitive].								
RTÉ2									
Total									
<i>Source: Indecon analysis of RTÉ data. Note: commercially sensitive and strictly confidential.</i>									

Commissioned programming cost per broadcast hour rose substantially in the **[Redacted: Data is commercially sensitive]**. RTÉ attributes the increase in cost per broadcast hour for Arts programming to high end documentaries for the 1916 centenary such as the two-part “*Fanatic Heart*”, and Geldof on Yeats.

Figure 4.42: RTÉ Commissioned Television Programming Cost per Broadcast Hour by Genre, 2014 - 2016									
[Redacted: Data is commercially sensitive].									
<i>Source: Indecon analysis of RTÉ data.</i>									
<i>Note: commercially sensitive and strictly confidential - not for publication.</i>									
Data refers to RTÉ One and RTÉ2.									
Note: 2016 hours include “Rebellion”. Broadcast hours reduced in 2016.									

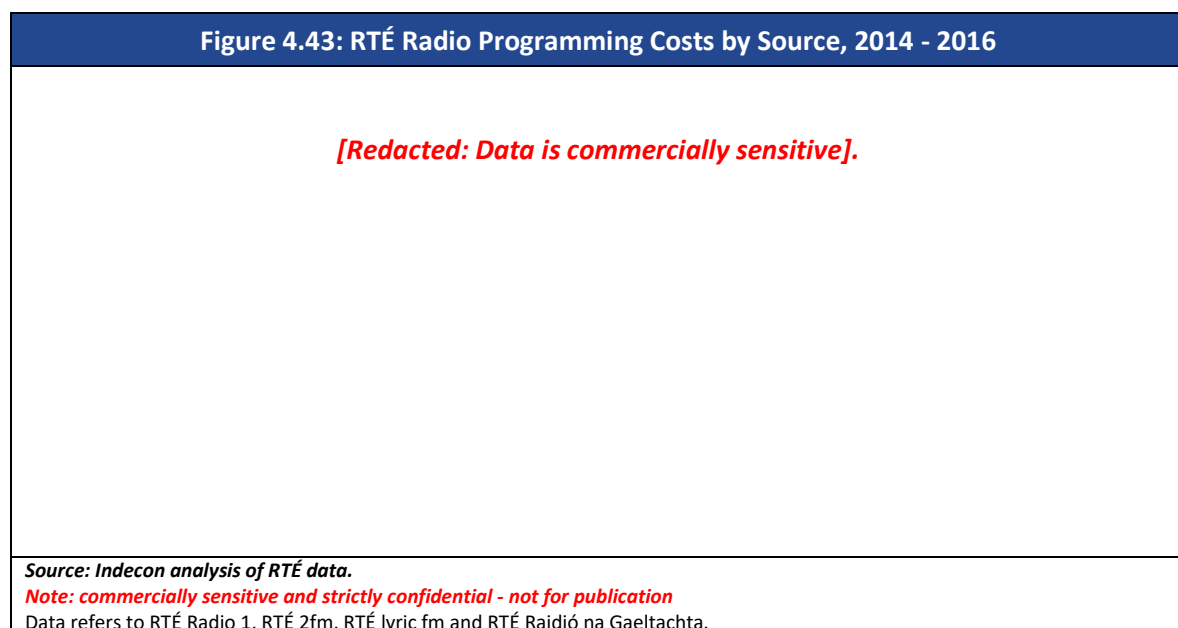
Acquired TV Programming

Provided overleaf is a snapshot of RTÉ’s acquired TV programming in terms of hours broadcast, total costs, and the cost per broadcast hour. **[Redacted: Data is commercially sensitive]**.

Table 4.28: RTÉ Acquired TV Costs and Cost per Transmitted Hour by Channel 2016			
Channel	Hours	Total Costs	Cost per hour €000
RTÉ One	[Redacted: Data is commercially sensitive].		
RTÉ Two			
Total			
<i>Source: Indecon analysis of RTÉ data. Note: commercially sensitive and strictly confidential.</i>			

Radio

Expenditure on RTÉ radio services is predominantly driven by in-house costs. In 2016, these accounted for **[Redacted: Data is commercially sensitive]**. This has grown steadily since 2014. Commissioned radio expenditure accounted for **[Redacted: Data is commercially sensitive]**, which is equivalent to 2014 levels.



Commissioned costs per transmitted hour are higher than in-house production costs per hour. This may be due to differing content across sources and is influenced by individual programming content. The cost per transmitted hour of in-house radio broadcasting has remained at approx. **[Redacted: Data is commercially sensitive]**.

Figure 4.44: RTÉ Radio Programming Costs per Transmitted Hour by Source, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: commercially sensitive and strictly confidential - not for publication.

Data refers to RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gaeltachta.

Cost per transmitted hours across RTÉ stations has remained relatively static, with the exception of RTÉ Radio 1 which increased from **[Redacted: Data is commercially sensitive]** in 2016. RTÉ lyric fm has the greatest level of efficiency, however this likely reflects the content offering.

Figure 4.45: RTÉ Radio Average Cost per Transmitted Hour, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: RTÉ data.

Average cost per transmitted hour are rounded to nearest 100.

Costs include transmission charges. Data refers to RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gaeltachta.

Note: commercially sensitive and strictly confidential - not for publication.

The cost per listener hour for each radio station is presented in the figure below. There has been a significant increase in the cost per listener hour for RTÉ RnaG. The three remaining radio stations had relatively even cost per listener hours over the past three years.

Figure 4.46: RTÉ Radio Average Cost per Listener Hour, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data and Ipsos/MRBI, JNLR 2016/4, JNLR 2015/4, JNLR 2014/4, JNLR 2013/4, JNLR 2012/4, JNLR 2011/4, 2010/4 & 2009/4 Average Weekday Reach Per Hour in 000s for All Adults Aged 15+.

Note: commercially sensitive and strictly confidential - not for publication.

Note: costs exclude general broadcast and transmission expenses and transmission and power charges. Data refers to RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gaeltachta. JNLR is based on surveys of the national radio audience. Raidió na Gaeltachta addresses subsets of the national audience which are defined by language and to some extent by region. As a result, JNLR may show fluctuations which do not reflect real movements in Raidió na Gaeltachta audience.

In-house Radio

Costs by genre for RTÉ's radio services are presented in the figure and table below. Total expenditure has risen over the previous three years. News & Current Affairs, music, and entertainment make up just under **[Redacted: Data is commercially sensitive]** of total radio expenditure in 2016. Sports, Factual, and Arts radio programming account for a nontrivial amount of radio expenditure.

Figure 4.47: RTÉ Radio In-House Programming Costs by Genre, 2014 - 2016

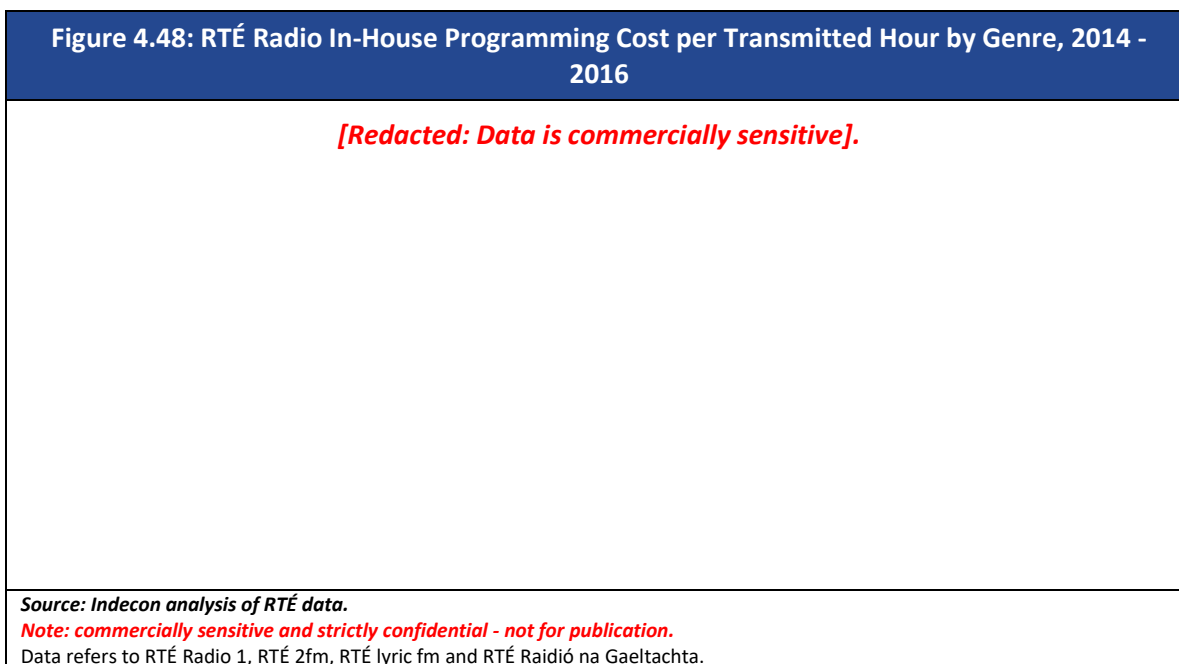
[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: commercially sensitive and strictly confidential - not for publication.

Data refers to RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gaeltachta.

In-house production costs per transmitted hour are significantly higher for *[Redacted: Data is commercially sensitive]* than for other genres. *[Redacted: Data is commercially sensitive]* command similar levels of in-house produced cost per transmitted hour in 2016.



Commissioned Programming

RTÉ expenditure on commissioned radio programming is presented in the figure overleaf. As can be seen, the composition of expenditure is quite variable over time, however the low absolute values should be noted relative to in-house costs.

In 2016, *[Redacted: Data is commercially sensitive].*

Figure 4.49: RTÉ Radio Commissioned Programming Costs by Genre, 2014 - 2016

[Redacted: Data is commercially sensitive].

Source: Indecon analysis of RTÉ data.

Note: commercially sensitive and strictly confidential - not for publication.

Data refers to RTÉ Radio 1, RTÉ 2fm, RTÉ lyric fm and RTÉ Raidió na Gaeltachta.

RTÉ achieved its reporting requirements in 2016 by publishing its ASPC online. Other issues related to RTÉ's ASPC are discussed in this section.

Under Commitment 22, RTÉ has an overall target to publish a Fair Trading Policy. Within this commitment there are two targets; one to functionally separate RTÉ's public service and commercial activities, and to appoint a Fair Trading Officer. Both of these were achieved in 2016. RTÉ's Fair Trading Policies are discussed in detail overleaf.

Fair Trading Policy – Competition

The Fair Trading Policy was published in February 2016. The Fair Trading Policy and Procedures was approved by the RTÉ Board in 2015 and a RTÉ Board Fair Trading Committee was established.

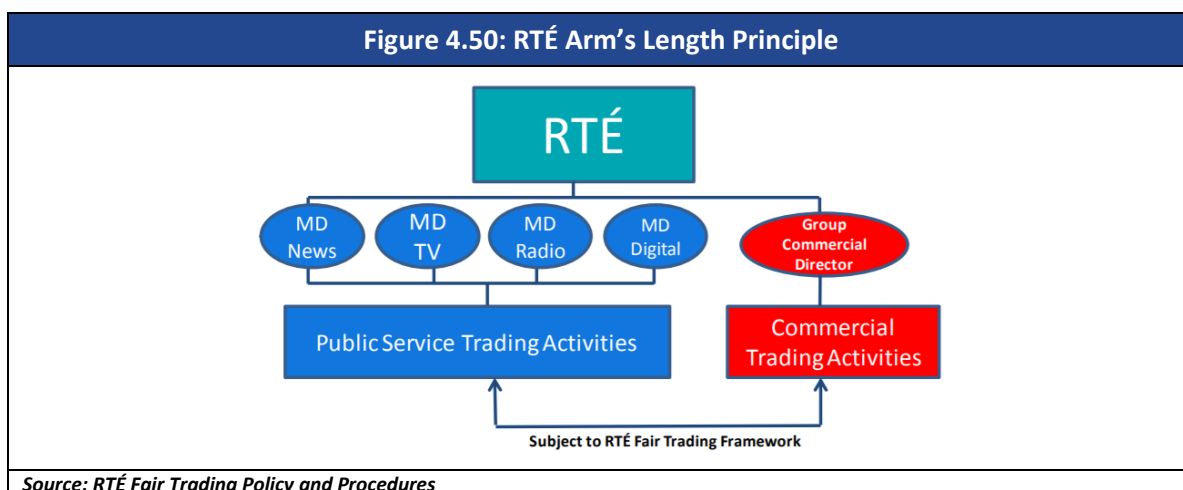
RTÉ's Fair Trading Policy operates within the framework of EU Legislation, aimed at ensuring the common principles of fair trading that are practised by member states' PSBs. National legislation reflects these goals with specific fair trading practices being referenced in section 108 of the Broadcasting Act 2009.

RTÉ's Fair Trading Policy is framed by three main principles, as follows:

- Arm's Length Principle
- Fair Competition
- Transparency and Accountability

Arm's Length Principle

RTÉ aims to ensure that its public service activities are separated and at arms-length from its commercial activities and have enacted various organisational rules to this effect. For example, transactions involving trade between the public service and commercial activities must occur at arm's length, a functional separation must be present, and financial statements must be presented separately. Our analysis has noted that such financial statements have been produced. To this end, RTÉ's functional separation took effect in January 2016 in acknowledgement of the Arm's Length Principle. This is necessary to provide assurance that public funds are not used in the pursuit of commercial activities and needs ongoing monitoring.



Fair Competition

All of RTÉ's trading activities have an objective to abide by three principles of Fair Competition:

- Ensure that its staff continue to be briefed to ensure that they are familiar with the requirements of EU and national competition law.
- Ensure that any trade shall be at a price that reflect market conditions.
- Ensure that its trading activities continue to comply with respective sector specific regulation and other regulatory or statutory codes.

Further, EU legislation sets out a requirement for a procedure to assess the impact of the introduction on a new service onto the competitive marketplace. Nationally, this is reflected in the requirement of an ex ante evaluation of public value. RTÉ meets this statutory requirement by conducting comprehensive reviews of its portfolio, including among others, a consideration of the impact of offered services on the wider market. Indecon understands that a new service must be assessed by senior management to ascertain the potential competitive impacts in the broadcasting market. Ministerial reviews may also be needed if sufficient evidence of fair competition is not available. There is a statutory role for the BAI in assessing and advising the Minister on the sectoral impact of a proposal. In addition, the Minister also has a statutory role in taking a view on the public value of a proposal and it has been the practice of the Minister to consult with the BAI on its views on the public value aspects of a proposal.

Transparency and Accountability

RTÉ implemented a variety of measures and procedures to ensure the principle of transparency and accountability is adequately met. As part of the PSB's internal oversight of Fair Trading policy, a Fair Trading Committee was established which consists of three members. It should also be noted that details on RTÉ's Fair Trading Policy were published in their Annual Report 2016 as this was requested by the Minister. The Fair Trading Committee met once in 2015 (due to its establishment mid-year), and four times in 2016. RTÉ have provided Indecon with the minutes of these meetings for the purposes of this review.

Fair Trading Committee Meetings 2016

- ❑ The Fair Trading Committee meeting on 10th February 2016 involved providing an update to the Committee on the progress of the fair trading and complaints policy documents. These were in the final phases of development and had been reviewed by external legal advisors. Various items were discussed including the nature of potential complaints, supervision of the Fair Trading Officer's decisions, and the closing action was to publish the RTÉ Fair Trading Policy.
- ❑ The March 24th meeting primarily concerned the launch of the Fair Trading Policy and its public reception which had been muted to date. The other primary concern at this meeting was to assess the level of progress in relation to the functional separation which the Fair Trading Officer had been engaged in.
- ❑ The September 2nd Fair Trading Committee meeting covered a range of topics including 2rn and a request from the Minister in relation to Fair Trading. 2rn's regulatory independence from RTÉ was restated and its complaint history was discussed. RTÉ's relationship with 2rn as a shareholder was cited by the Fair Trading Officer as the reason for the requirement of the Policy to be applied to 2rn activities.
- ❑ The final 28th November meeting involved discussion of the promotion of the Fair Trading Policy which was ran on a radio advert. The Fair Trading Officer's Report was presented and included discussion of the feasibility of adhering to Indecon's recommendation to establish the price elasticity of demand of RTÉ's advertising sales, as outlined in Indecon's Annual Review of Public Funding 2015. Other issues discussed include **[Redacted: Data is commercially sensitive]** and others.

RTÉ's Fair Trading Policy document outlines in Section 4 the conduct that is expected of all RTÉ staff in this area. The Group Commercial Director shall oversee the operation of the commercial trading activities, and regularly review RTÉ's portfolio. Such activities are also to be reported in the Annual Report. A high-level summary of the fair trading framework is presented in the Policy document for each RTÉ service. These are outlined below.

- ❑ RTÉ's advertising sales (general) must adhere to the principles of fairness, transparency, and equity will underpin RTÉ's approach. The organisation will seek to achieve the best available market price for all its advertising sales, and will be subject to rigorous review as part of internal audit programmes.
- ❑ RTÉ Television shall continue to publish, maintain, and review its trading system as approved by the Group Commercial Director, and will publish its advertising sales T&Cs. Discounts will be offered on a reasonable basis.
- ❑ RTÉ Radio will review, maintain and publish its trading system as approved by the Group Commercial Director, will outline its T&Cs, and will offer discounts on a fair and reasonable basis.
- ❑ In terms of sponsorship, RTÉ will engage in practices that are appropriate to its public service objects, and in accordance with BAI codes of conduct. RTÉ will seek the best available market price for the sponsorship of programmes.

Finally, the Fair Trading Policy outlines regulatory aspects of commercial trading in areas that are subject to additional regulation. For example, the supply of multiplex services to support DTT transmission. This activity is regulated by ComReg and includes restrictions on non-discrimination and pricing according to market conditions. RTÉ also has to abide by the Code of Conduct related to engagement with Premium Rate Services.

Fair Trading Practices – Commissioning

RTÉ's Fair Trading Policy indicates that the RTÉ's Code of Fair Trading Practices published in 2013 is still in place and therefore Indecon's assessment of this issue is presented below.

An additional aspect of Fair Trading policy concerns the procedures and codes of conduct in relation to the commissioning of programme or related material by a PSB from an independent producer. The PSBs are under legislative mandate as outlined in the Broadcasting Act 2009 to comply with these Fair Trading policies.

A wider issue is the role of RTÉ in the advertising market. The extent of fair competition in this area has previously been reviewed by the Competition and Consumer Protection Commission, and the European Commission. The CCPC is the relevant statutory body to examine this issue. The BAI, however, must produce a guidance document to ensure the broadcasters' Code of Fair Trading Practices adequately address the salient issues surrounding fair trading in the particular area of commissioned programmes. Using this guidance, a PSB must produce a comprehensive document outlining their approaches to the commissioning of programmes and ensure all legislative requirements are met. This was produced by RTÉ and an analysis of the robustness of this guide is provided below.

A summary of the BAI Guidance on a Code of Fair Trading Practice (related to Commissioning) alongside the relevant sections of RTÉ's Code of Fair Trading Practice is presented in Table 4.29. Indecon's analysis indicates that RTÉ's Code generally complies with the legislative requirements as set out in the Broadcasting Act 2009. A single item was identified as being partially addressed, however this is considered minor by Indecon. This item indicated that RTÉ shall specify the mechanism for cooperation with producers in the marketing of the broadcasting outside of the

State. While RTÉ indicates that such marketing will occur, no such specific mechanism is outlined. Through consultation with RTÉ, Indecon have been made aware that the BAI has recently conducted a review of the BAI's guidance and no issue was raised regarding this item. RTÉ also notes that they will consider broadening the language used in their Fair Trading Document to ensure Section 5.5 of its Code is adequately addressed. All other items are addressed within specific or multiple subsections.

Table 4.29: RTÉ Fair Trading Practice Compliance with BAI Guidance		
BAI Guidance on Code of Fair Trading Practice		RTÉ TV Code of Fair Trading Practice
Headline	Guidance Note: PSB Codes shall: -*	RTÉ Code Sections
Category of Rights	contain clear statement of rights categories (Primary, Secondary, etc.)	5.2
Primary Rights	provide for the acquisition of all platform transmission rights in Ireland for a set period of time	5.8
	provide additional reasonable rights so as to serve Irish communities abroad	5.14
	grant primary rights for five years	5.6.1
	allow for the extension of the primary rights period	5.6.2, 5.13
Other Rights	allow for the negotiation of separate rights	5.4
	not allow bundling of rights across categories	5.2
Production Funding	set out principles on the negotiation of production funding	Section 3
	allow a production fee	3.3
Commercial Exploitation and RTÉ Cooperation	provide for profit sharing between parties	5.10, 5.15, 7.3
	specify the mechanism for cooperation in marketing outside of Ireland	Partially Addressed in 5.5
Archiving	allow the PSB to meet its Archival obligations	5.6.3
Usage	grant the PSB allowance to broadcast short extracts of the programme	5.6.1.1
	allow for the content to be used in a separately-produced programme	5.6.4
Multi-annual Commissioning	set out principles underpinning multi-annual commissioning	3.6, 5.6.1
Timetable for Contractual Negotiations	specify its terms of business surrounding the acceptance procedure for commissioning	1.2 - 1.5
	ensure contractual duties are completed at least one month prior to commencement	1.6
Dispute Resolution	set out resolution procedures in the matter of disputes	6.1, 6.2
	ensure minimal costs in dispute resolution processes	6.3
Amendments to a PSB Code of Fair Trading Practice	allow the Minister to review any amendments to PSB Codes	Introductory Passage states Code written with acknowledgement of legislation
Report to the Minister on compliance by a PSB with a code	ensure PSB's cooperate with BAI Compliance Committee regarding information requests	

Source: RTÉ Code of Fair Trading Practice for Commissioning & BAI Code of Fair Trading Practice: Guidance for PSBs
***Guidance Notes are paraphrased. For full text see source material.**

The publication of the RTÉ Fair Trading Policy in 2016 represents a positive step by RTÉ in this area and provides an overarching framework in which Fair Trading Policy will be enshrined. The appointment of the Fair Trading Officer and his work throughout 2016 are also considered by Indecon to be positive progress. As outlined in the minutes of the Fair Trading Committee meetings, the Fair Trading Officer has been involved in disseminating information regarding fair trading across all levels of RTÉ. This presentation covered issues such as policies around commercial trading and the separation of functions. Indecon considers this work by the Fair Trading Officer to be useful in ensuring organisation-wide compliance with fair trading practices. It should be noted that no fair trading complaints were received in 2016, however the publicising of the Fair Trading Policy document did not begin until December 2016. A complaint received in February 2017 was resolved and the outcome considered positive by the complainant. Indecon considers the public marketing of the new Policy to be a prudent measure. The fact that a complaint was made in 2017 also highlights that this function of the Fair Trading Policy is operating correctly.

4.6 Trust and Governance Commitments

RTÉ considered sixteen targets across six commitments under the trust and good governance theme. The six commitments were as follows:

- **RTÉ aims to be more open, to share its publicly funded resources with other Irish media, by sharing news coverage with other media outlets.**
- **To develop key strategic and creative partnerships in order for RTÉ to continue to innovate in terms of programming, content & technology and to develop its capabilities and work practices.**
- **RTÉ aims to understand Irish audiences through research initiatives that assess their needs, expectations and views of RTÉ content and services.**
- **To 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.**
- **To implement the highest editorial standards, reviewing editorial guidelines in the context of legislation and codes of practice and minimising legal/regulatory corrective actions.**
- **To fulfil all legislative and regulatory requirements and maintain best practice governance and reporting systems.**

A summary of performance vis-à-vis targets under the Trust and Good Governance theme is presented in the table overleaf. Overall, thirteen (or 81.3%) of these targets were achieved in 2016, while three (18.75%) were substantially achieved. Indecon considers this target crucial to RTÉ achieving its public service remit and this issue is discussed in detail in this section. Targets that were substantially met relate to upheld complaints and BAI Access Targets, which Indecon considers a crucial objective for a PSB. It should also be noted that RTÉ was awarded the *Business Working Responsibly Mark* for the first time in 2016 by Business in the Community Ireland, which certifies excellence in responsible and sustainable business practices.

Table 4.30: RTÉ Summary Performance against Transparency and Efficiency-Related Commitments	
	Number of Targets
Targets achieved	13
Targets substantially achieved	3
Targets not achieved	0
Number of targets	16
<i>Source: Indecon analysis of RTÉ Performance Commitments Report 2016</i>	

RTÉ's performance vis-à-vis the targets under this theme are analysed in detail in the table overleaf and discussed in the subsequent paragraphs.

Table 4.31: RTÉ Performance against Trust-Related Commitments		
Commitment	2016 (Year 4) ASPC Measure	2016 performance
16: RTÉ aims to be more open, to share its publicly-funded resources with other Irish media, by sharing news coverage with other media outlets	Audiovisual online content sharing with national newspapers	Achieved. Content sharing arrangements are in place with Irish Independent, Irish Times, Irish Examiner, Journal.ie, NewsTalk, and Breaking-news.ie. Live and online feeds of 1916 commemorations were also shared widely.
17: Develop key strategic and creative partnerships in order for RTÉ to continue to innovate in terms of programming, content & technology and to develop its capabilities and work practices	Report on development of at least five key partnerships projects in 2016	RTÉ achieved this target through partnerships with Ireland 2016, BBC WorldWide, Dublin City Council, OPW, Global Entrepreneurship Network, Department of Education, Science Foundation Ireland, and more.
18: RTÉ aims to understand Irish audiences through research initiatives that assess their needs, expectations and views of RTÉ content and services	On-going Audience Reaction Panel survey in place	Achieved
	On-going Brand Tracking survey in place	Achieved
19: 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	All BAI targets met	Substantially Achieved. See Table 4.32 below.
20: Implement the highest editorial standards, reviewing editorial guidelines in the context of legislation and codes of practice and minimising legal/regulatory corrective actions	Compliance with BAI Code of Programme Standards	Commitment Achieved 2016
	Compliance with BAI Code of Fairness, Impartiality and Objectivity in News & Current Affairs	RTÉ considers this target achieved however Indecon note one complaint was upheld for a programme on RTÉ Radio 1. As only one complaint was upheld we consider this substantially achieved.
	Audience perceptions of "fairness and impartiality" of RTÉ News: Nine o'clock	95.3% (Target 90%)
	Audience perceptions of "fairness and impartiality" of Morning Ireland	95.7% (Target 90%)
	BAI complaints dealt with within mandatory timeframes	Achieved
21: Fulfil all legislative and regulatory requirements and maintain best practice governance and reporting systems	Maintain high standard of RTÉ Annual Report and Group Financial Statements (Annual Report) and publish in accordance with S.110 of the Broadcasting Act 2009	RTÉ reports that this commitment was achieved in 2016
	Comply with Code of Practice for Governance of State Bodies and report to Audit and Risk Committee	RTÉ reports that this commitment was achieved in 2016
	Compliance of any commercial activities with S.108 of the Broadcasting Act 2009	RTÉ reports that this commitment was achieved in 2016
	Compliance with BAI, ComReg, ODAS and ASAI Commercial Communications Codes	This commitment was substantially achieved in 2016, with one complaint under the General Communication Code being upheld.
	Compliance and quarterly FOI stats to DCENR/Dept. of Finance	Achieved
	Refine the RTÉ Risk Management process, including the development of key risk measures and reporting formats	Achieved

Source: RTÉ Performance Commitments Report 2016

Indecon consider RTÉ to have substantially achieved its target in relation to compliance with BAI's Code of Fairness, Impartiality and Objectivity due to one complaint being upheld.

RTÉ substantially achieved its performance commitments in relation to BAI Access Targets in 2016, as outlined below. In terms of subtitling, two out of five targets in 2016 were not achieved. These include subtitling on the RTÉ2, and RTÉjr services.

Table 4.32: RTÉ Performance against BAI Access Targets 2016		
	2016 Target	2016 Performance
Subtitling		
RTÉ One	85 - 90%	86.4%
RTÉ2	67 - 73%	64.5%
RTÉjr	40 - 44%	36.6%
RTÉ One + 1	85 - 90%	91.4%
RTÉ News Now	18 - 21%	Not Measurable*
Irish Sign Language		
RTÉ One & RTÉ2	2%	2%
RTÉjr	1%	1.2%
Audio Description		
RTÉ One & RTÉ2	2%	4.5%
RTÉjr carried on RTÉ2	3%	5.6%
<i>Source: RTÉ data</i>		
<i>*See text below for explanatory note</i>		

Indecon note that the BAI Compliance Committee met in May 2017 to discuss the performance of the PSB's against access targets in 2016. The Compliance Committee were informed by RTÉ that subtitling targets for RTÉ2 and RTÉjr would not be met in 2016 and are not expected to be met in 2017. This expectation was revised following interaction with BAI, and RTÉ now believes that compliance will be achieved in 2017. RTÉ informed the Committee that during peak time viewing in 2016, however, that RTÉ exceeded its target peak subtitling levels. RTÉ's current financial position is such that they do not plan to expand their in-house subtitling team. Indecon are aware of the production effort required by RTÉ's Access Services team to provide subtitles for short children's titles and that prioritising work in the areas with most impact (e.g. peak time on RTÉ2) will be most effective in achieving results.

However, as Ireland's largest and most popular PSB, the provision of a minimum level of service for Irish citizens with sensory disabilities is an important objective and part of its public service remit. This should also include children with sensory disabilities who will most likely have fewer substitutable services, and therefore targeting peak RTÉ2 is considered a too narrow focus by Indecon. Indecon note that the BAI Compliance Committee is in agreement that RTÉ's rationale for missing these targets are not sufficient. As such the Committee issued a Compliance Notice to RTÉ on June 2nd, 2017.

Similarly, RTÉ News Now does not have the necessary equipment to record the required volume of subtitling programmes and an equipment upgrade is planned in 2019. The BAI indicates that monitoring difficulties with RTÉ News Now means it is not possible for them to verify the achievement of targets on this service, and RTÉ should advise on alternative measures of performance. The BAI indicates that RTÉ has a reporting obligation in this regard. RTÉ’s response indicated the potential to cross-reference against RTÉ One as a measure of performance. In terms of performance, RTÉ does not envisage further investment in subtitling on this service.

RTÉ’s performance against commitments of Fairness and Impartiality in 2014 – 2016 are presented below, relative to targets set in 2017. Encouragingly, perceptions of fairness and impartiality increased substantially for Morning Ireland, **[Redacted: Data is commercially sensitive]**. Perceptions of fairness and impartiality on RTÉ News: Nine O’clock **[Redacted: Data is commercially sensitive]**. This was also above targeted levels. **[Redacted: Data is commercially sensitive]**.

Figure 4.51: Audience Perceptions of Fairness and Impartiality, 2014, 2015, 2016 and Target 2017

[Redacted: Data is commercially sensitive].

Source: RTÉ Audience Opinion, RTÉ Annual Statement of Performance Commitments 2016

**90% target set annually to ensure minimum standard of Fairness and Quality is met*

Note: Commercially Sensitive - Not For Publication

Our analysis suggests that approximately eleven of the commitments set out were achieved and a further nine were substantially achieved. However, it is important to consider the detailed analysis under each commitment, as some specific targets were not met, and it is also necessary to consider these findings in the context of Indecon’s assessment of the adequacy of the commitments.

4.7 Assessment of Adequacy of Commitments

As indicated previously, we evaluate RTÉ's commitments with reference to its public service objects, its public service statement and its five-year statement of strategy. In addition, we subsequently consider the adequacy of the measurable targets included in the annual statement of performance commitments.

RTÉ's commitments in 2016 are closely aligned to its public service objects. While some specific public service objects are not referenced directly in the 2016 Review of Performance, this is not unexpected given the general nature of the Act. Similar to the 2015 review undertaken by Indecon, we consider most of these to be covered under RTÉ's Commitment 21, namely to fulfil all legislative and regulatory requirements and maintain best practice governance and reporting systems.

One potential conflict regarding RTÉ's public service remit is the accessibility performance of RTÉ in 2016. Access targets relating to sensory disabilities are codified in the Broadcasting Act 2009, Sections 43(1) – (3) and therefore RTÉ's poor performance in this area may be considered in contravention of its public service remit. Indecon refers the reader to Section 4.6 for further details.

RTÉ's 5-year public service statement, published in 2015, remains closely aligned with RTÉ's Annual Statement of Performance Commitments. Some actions and principles outlined in the Public Service Statement are addressed in other documents such as the RTÉ Programme Content Standards, RTÉ's Journalism Guidelines, and RTÉ Social Media Guidelines. As such Indecon consider these addressed under Commitment 20 of the ASPC.

RTÉ's five-year statement of strategy was published in 2015. RTÉ's Annual Statement of Performance Commitments concerns performance against specific targets relating to the annual public funding review, while the statement of strategy is a higher level document outlining strategic priorities and measures of success across five objectives outlined below.

1. **Content and Services:** Enhance our programming, content, and services to better match the needs and expectations of our audiences;
2. **Technology:** Become a truly multi-media organisation that embraces new technologies to provide new and better services and reach out to new audiences;
3. **Open Organization:** Become a more open organisation that shares its resources, collaborates with partners and makes investments that broaden and deepen RTÉ's support for Ireland's creative and digital economies.
4. **Learning and Development:** Develop a highly creative, professional and multi-skilled workforce with the right tools to meet audience needs in the future.
5. **Financial Management:** Manage its resources prudently, offer value for money; and be transparent about its utilisation of public funding.

As 2016 is the first year in which the ASPC was prepared with full sight of the Statement of Strategy, we have examined this against the five objectives above. As the Statement of Strategy covers five years, we have examined the ASPC in relation to this broadly, and provided our commentary below.

Content and Services

This objective concerns the delivery of a range of high quality programming and content to a range of audiences. Indecon have considered this area in terms of RTÉ's performance in relation to audience and content-related targets. RTÉ performed well in relation to content-related commitments however underperformed in the audience targets. Specific key priorities Indecon consider to have been addressed in the ASPC include the goal of maintaining the highest editorial standards, and to strengthen RTÉ's partnership with the independent production sector. An area for further consideration includes the goal of refreshing RTÉ's approach to delivering orchestral music, however Indecon note the strong performance in this area in terms of audience numbers.

Technology

This objective relates to RTÉ becoming a truly multimedia organisation. Indecon believe RTÉ has made significant progress in this area in 2016, in particular with the initial organisational restructuring steps being undertaken, however work still needs to be done. Several missed targets in the ASPC 2016 were related to the digital/online space. In particular, the goal of distributing more RTÉ programming and content internationally both through third part channels and services was not achieved, considering that the target for international browsers of RTÉ services was below target.

Open Organization

RTÉ's goal of becoming a more open organisation that shares its resources was considered in terms of relevant targets by Indecon. Positive progress in this area includes the collaborative nature of RTÉ's activities during 2016, for example providing information exchanges to other media organisations. However, RTÉ underperformed in the area of accessibility, which is identified as a key priority in the Statement of Strategy: *"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."*

Learning and Development

This objective involves the development of a creative and skilled workforce. Indecon consider the organisational restructuring to be an important step in supporting the acquisition or training of key staff to enable the transition from a linear broadcasting organisation to a content-based organisation. However, a key priority under this heading involves investment in staff learning and development. RTÉ underperformed relative to targeted levels of learning and development expenditure relative to PROC spend (0.6% actual vs. 1-4% target).

Financial Management

RTÉ's statement of strategy in this area relates to managing its resources prudently and the level of transparency RTÉ offers. RTÉ's financial performance was poor in 2016, however Indecon note that RTÉ considers this at least partially to be driven by factors outside of their control (e.g. Brexit). RTÉ made a substantial loss in 2016, and we refer the reader to Section 4.5 for further details of RTÉ's financial performance.

We consider targets set out under the various commitments for RTÉ to see whether they are adequate. In this context, we consider audience targets, public perception and commercial revenue targets.

Audience Targets

RTÉ One substantially achieved its audience-related targets, as previously presented. However, as presented overleaf, peak TVR targets for RTÉ were reduced for 2017. The weekly reach target was discontinued in 2017, while the adult peak time share target was increased. Given the fact that weekly reach, a generic audience target unrelated to peak times was dropped, and the two remaining targets concern peak times, Indecon are concerned that the target for peak TVR has been reduced. Indecon acknowledge the increase in adult peak time share target.

	2015 target	2016 target	2017 target	% change in targets 2015-2016	% change in targets 2016-2017
Peak TVR (35-54)	7.5	7.1	6.7	-5.3%	-5.6%
Weekly Reach (Individuals)	65%	66%	Target Discontinued	1.5%	-
Adult 15+ Peak Time Share	25%	25%	26%	0.0%	4.0%

Source: RTÉ Annual Statement of Performance Commitments 2015, 2016, 2017, Performance Commitments Report 2016, TAM Ireland Ltd / Nielsen TAM

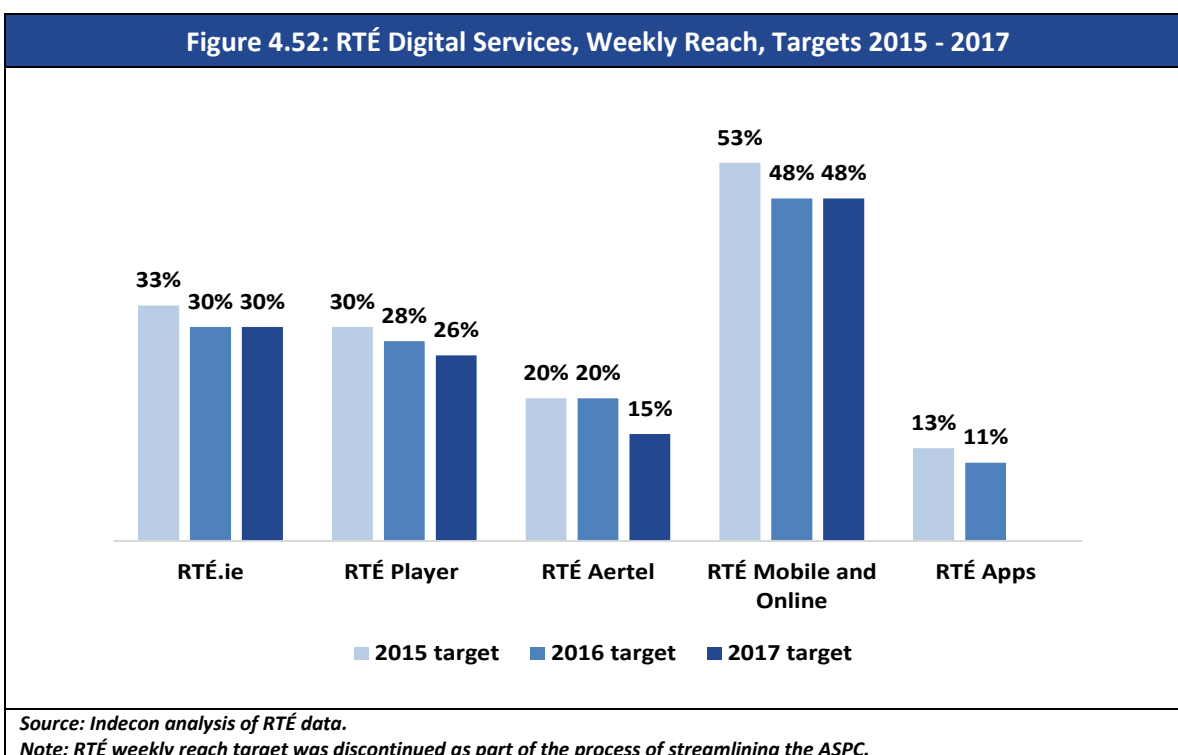
Similarly, RTÉ2 has seen a substantial drop in 2017 targets, including the discontinuation of the weekly reach target for individuals (see table below). Indecon would have concern that in the context of a discontinuation of a target, RTÉ2 has also reduced both peak TVR and share targets.

	2015 target	2016 target	2017 target	% change in targets 2015-2016	% change in targets 2016-2017
Peak TVR (15-34)	2.1%	2.2%	1.6%	4.8%	-27.3%
Weekly Reach (Individuals)	48%	51%	Target Discontinued	6.3%	-
15-34s Peak Time Share	8.5%	9.2%	7.7%	8.2%	-16.3%

Source: RTÉ Annual Statement of Performance Commitments 2015, 2016, and 2017, Performance Commitments Report 2016, TAM Ireland Ltd / Nielsen TAM

RTÉ radio targets can be considered approximately in line with 2016 performance, and in Indecon's judgement represent a target to generally maintain current performance levels. Several targets are, however, a percentage point higher than actual 2016 outturn, and as such this is welcomed.

RTÉ's targets for its digital services space are presented in the figure below. These concern weekly reach targets for RTÉ.ie, RTÉ Player, RTÉ Aertel, RTÉ Mobile and Online, and RTÉ apps. It should be noted that RTÉ discontinued the weekly reach target for RTÉ apps in 2017. Weekly reach targets for RTÉ.ie and RTÉ Mobile/Online have remained at 2016 targeted levels, while targets for RTÉ Player and Aertel have fallen. RTÉ's focus in the digital area is outlined in its Digital Priorities document, which outlined investment in RTÉ.ie and the RTÉ Player. Performance in these areas should be considered further and targets increased due to the greater investment.



RTÉ has discontinued seven targets relating to audience for the 2017 review. These relate to the weekly reach targets for RTÉ One, RTÉ2, Radio 1, 2fm, and lyric fm. The number of twitter followers of RTÉ News Now and the average weekly reach of RTÉ apps targets were also discontinued. As presented above, while the discontinuation of traditional audience targets (e.g. weekly reach) is not necessarily a negative, the discontinuation of these targets *as well as* the reduction in the targeted level of the remaining targets is of concern.

RTÉ's in-house and commissioned programming projections were decreased relative to 2016, however it should be noted that these remain above projected levels in 2015. The number of projected acquired broadcast hours increased **[Redacted: Data is commercially sensitive]** in 2017. This is, however, substantially below 2015 projections. The level of teleshopping hours projected has remaining effectively flat across the three years examined. These projected hours are presented as supporting information in RTÉ's ASPC documents.

Figure 4.53: RTÉ Projected Television Broadcast Hours by Source, 2015-2017

[Redacted: Data is commercially sensitive].

Source: *Indecon analysis of RTÉ data.*

Note: Data refers to RTÉ One and RTÉ2.

Note: Commercially sensitive, not for publication.

RTÉ has discontinued three content-related targets for the 2017 review. Two of these relate to RTÉ News Now, the % of live content on the service, as well as the public perception that News Now provides trusted News & Current Affairs. This is considered appropriate by Indecon given the fact that RTÉ continues to target weekly reach of this metric. The quantitative and objective nature of this metric is viewed positively by Indecon and will allow future reviewers to adequately assess performance over time. The target on hours of HD content was also dropped. Indecon note the consistent overperformance in this area relative to target, and also the requirement for significant additional capital investment to increase the output of HD content above current levels. Indecon would welcome the reintroduction of this target, potentially within specific services, once capital investment is realised.

RTÉ performed well relative to public perception targets in 2016. Relevant targets for 2017 are also presented in the table overleaf. It should be noted that two perception targets related to the RTÉ Player were substantially met. All targets that were not discontinued in 2017 have remained at targeted levels in 2016.

Table 4.35: RTÉ Public Perception Actual Performance and Targets 2015 - 2017					
Measurement	Targets			Actual	
	2015	2016	2017	2015	2016
RTÉ is an important part of Irish life	76%	80%	80%	83%	82%
RTÉ is trustworthy	70%	65%	65%	61%	66%
[Redacted: Data is commercially sensitive].					
It is easy to find what you're looking for on RTÉ.ie	45%	42%	*	41%	43%
RTÉ provides trusted N&CA	75%	80%	80%	83%	85%
[Redacted: Data is commercially sensitive].					
RTÉ offers a broad range of content and services for children	47%	50%	50%	52%	50%
RTÉ provides a comprehensive service for Irish speakers	47%	50%	50%	52%	50%
RTÉ enables me to connect with national events	72%	80%	80%	81%	84%
RTÉ programmes and services are easily accessible on a range of devices	78%	80%	80%	82%	82%
RTÉ is a creative organisation	52%	60%	60%	63%	59%
RTÉ supports arts activities in Ireland	66%	70%	70%	74%	77%
RTÉ is good value for money	58%	56%	56%	56%	53%
<p><i>Source: Indecon analysis of RTÉ Performance Commitments Report, Annual Statement of Performance Commitments 2015-2017</i> <i>*These measures were discontinued as targets for 2017, as part of the process of streamlining the ASPC.</i> Note: Commercially Sensitive – Not for Publication</p>					

For the 2017 ASPC, RTÉ set a commercial revenue target of €166.6 million. This represented an increase of €11.1 million vis-à-vis the 2016 ASPC. Unlike previous ASPCs, commercial revenue targets have not been split across different services. Indecon consider the increased commercial revenue target is a prudent measure given the recovery of the advertising market and the Irish economy generally.

For 2017, RTÉ has set a group commercial revenue target of €158 million, representing an increase on actual 2016 outturn but a decrease relative to the 2016 target. Indecon have also been given sight of the interim budget 2017 to aid in this review. As RTÉ has stressed, the impact of the Brexit referendum has had a significant negative effect on the advertising market due in part to the location of media agencies (generally in the London area). The impact of Brexit will be discussed in more detail subsequently. This exogenous impact is expected to continue into the medium term and therefore has had an impact on RTÉ's outlook for 2017. Indecon acknowledge that the long-term impact of Brexit is uncertain, however accept that the foreign exchange impact has been immediate and substantial. For these reasons, we accept that the targeted commercial revenues for 2017 are adequate as they represent at least an increase on actual 2016 outturn.

RTÉ's 2016 commitments are closely aligned with the other policy statement and objectives, including the organisation's public service objects, public service statement, and statement of strategy. Targets for the 2017 ASPC are in Indecon's judgement broadly adequate. Indecon has concern over the discontinuation of certain quantitative audience tracking metrics. However, it is noted that these changes were agreed with the BAI, as part of an ongoing process to rationalise targets.

Public Perception of RTÉ

Survey research indicates that a high proportion of Republic of Ireland viewers are satisfied with their experience of RTÉ. **[Redacted: Data is commercially sensitive].**

Table 4.36: Republic of Ireland - Satisfaction of Experience with RTÉ		
Level of Satisfaction*	% of Respondents (2016)	% of Respondents (2017)
9 - 10 (Extremely Satisfied)	[Redacted: Data is commercially sensitive].	
7-8		
(Less Satisfied) 1-6		
Don't Know		
<i>Source: BAI / B&A Audience Tracking Research – An Island of Ireland Survey, May 2017</i> <i>*Respondents gave a value of satisfaction from 1 - 10</i>		

[Redacted: Data is commercially sensitive].

Table 4.37: Republic of Ireland - Two Year Change of Experience with RTÉ 2016	
Level of Change	% of Respondents
Improved a lot	<i>[Redacted: Data is commercially sensitive].</i>
Improved a little	
No Change	
Dis-improved a little	
Dis-improved a lot	
Source: BAI / B&A Audience Tracking Research – An Island of Ireland Survey, May 2017	

[Redacted: Data is commercially sensitive].

Commentary on RTÉ 2017 ASPCs

Indecon have provided some previous commentary on the adequacy of 2017 commitments in previous sections. RTÉ's 2017 ASPC represents some difference from previous ASPCs. In particular, the broadcaster has replaced the 22 commitments of the 2016 ASPC to 18 commitments in 2017. Fifteen of these commitments are equivalent year-on-year. Two commitments are slightly reworded, as outlined below:

- ❑ **ASPC 2016 Commitment 12:** *"RTÉ aims to deliver bigger more ambitious and more inclusive Arts and Culture content".*
- ❑ **ASPC 2017 Commitment 12:** *"RTÉ aims to deliver ambitious and inclusive arts and culture content".*
- ❑ **ASPC 2016 Commitment 13:** *"RTÉ is committed to meeting budgetary targets as set out in RTÉ's interim budget, including targeting a break-even/small surplus before the cost of special events".*
- ❑ **ASPC 2017 Commitment 13:** *"RTÉ is committed to meeting budgetary targets as set out in RTÉ's interim budget".*

Indecon notes the minor changes to these commitments and consider these to be not substantial. RTÉ have fully dropped Commitments 16, 17, 18, 21, 22 from the ASPC 2017. These are outlined below:

- ❑ **Commitment 16:** *"RTÉ aims to be more open, to share its publicly funded resources with other Irish media, by sharing news coverage with other media outlets."*
- ❑ **Commitment 17:** *"Development key strategic and creative partnerships in order for RTÉ to continue to innovate in terms of programming, content, & technology and to develop its capabilities and work practices."*
- ❑ **Commitment 18:** *"RTÉ aims to understand Irish audiences through research initiatives that assess their needs, expectations and views of RTÉ content and services."*
- ❑ **Commitment 21:** *"Fulfil all legislative and regulatory requirements and maintain best practice governance and reporting systems"*
- ❑ **Commitment 22:** *"Demonstrate ongoing and enhanced transparency and accountability in RTÉ use of public funds"*

Commitments 16-18 contain targets related to sharing of audiovisual online content with national newspapers, reporting on the development of five partnership projects, and audience reaction and brand tracking survey. Indecon consider the discontinuation of commitment 18 to be non-substantive given that other targets as set out in the ASPC 2017 require RTÉ to track audience perception. It can therefore be rightly assumed that such tracking exists. The discontinuation of commitments 16 and 17, however, is of concern given the fact that these both relate to collaborative initiatives. As one of the largest market participants and in receipt of public funding, RTÉ's interactions with other broadcasters and media creators should be scrutinised.

Commitments 21 and 22 contain targets requiring compliance with specific legislative issues as well as progressing other initiatives including the publication of CPTH, utilisation of public funding, and other idiosyncratic items. As in the 2015 Review, Indecon consider Commitment 21 relating to the fulfilment of legislative requirements as not relevant given their legal underpinning. The discontinuation of Commitment 22, however, is of potential concern. The publication of Costs per Transmitted Hour, for example, is a useful item for the Public Funding Review. Indecon note, however, that such data could continue to be published outside of the ASPC framework. We also note that certain targets under this Commitment have been reallocated, for example the Fair Trading target is now captured in Commitment 18 of the 2017 ASPC.

4.8 Assessment of Adequacy of RTÉ Funding

The adequacy of public funding for RTÉ is dependent on what public service objectives and targets are being set for the organisation. Given the level of competition in the market and changes in the media landscape, there are challenges for RTÉ and for other main indigenous broadcasters in increasing market share and expanding commercial revenues. Indecon believes there is potential for further cost reductions but given the scale of RTÉ's deficit an enhancement of public service content cannot be achieved without an increase in public funding. The figure below demonstrates the trend in the level of public funding for RTÉ since 2008. This shows a decline in public funding and with increases in certain costs such as acquisition rights, this inevitably impacts on the services provided.

4.8.1 Funding Scenarios

Background Context and ‘No-Change’ Scenario

RTÉ has provided a useful background context that appropriately frames the current public funding position. They have highlighted that even in a ‘no-change’ public funding scenario, relative to the five-year review there is a significant income deficit. Indecon’s analysis of actual performance relative to the five-year review is provided in the subsequent subsection. The organisation’s deficit is planned to be addressed through a range of actions, including:

- ❑ Voluntary Exit Programme;
- ❑ Organisational Restructuring;
- ❑ Investment in Technologies.

However, RTÉ also acknowledges that even in a ‘no-change’ scenario, in order to address the emerging funding gap, curtailment of services is probable. RTÉ has established several key principles that would guide any required content cuts, as outlined below:

1. Should RTÉ’s financial position improve, investment would be aimed at fresh new content that it believes would better meet audience needs;
2. Protect peak time content where the majority of consumption takes place;
3. Endeavour to best respond to audience needs with available resources.

The cuts under consideration by RTÉ are in excess of **[Redacted: Data is commercially sensitive]**. However, it should be noted that no final decisions have been made by RTÉ’s executive at this time. RTÉ would utilise a greater number of repeat or acquired programmes on its schedules, and would reduce the volume of original indigenous content for Irish audiences. These would include cuts to RTÉ One and RTÉ2 in the areas of News & Current Affairs, sport, entertainment, and factual. These cuts are considered by RTÉ to likely cause a ‘vicious circle’ of funding wherein the cuts reduce the organisation’s commercial revenue potential which further necessitates cuts. Indecon consider the potential for this ‘vicious circle’ to materialise to be entirely dependent on the level of cost savings achieved and the impact on audience numbers, which has not necessarily been demonstrated. A more substantial risk under this scenario is the impact on the independent production sector from the shift away from indigenous to acquired and repeat content.

Funding Reduction Scenario

RTÉ considers the scenario in which public funding is reduced by 10% to be an extreme scenario which “*goes far beyond the unpalatable and extends to a catastrophic impact on the organisation’s ability to deliver its public services remit...*”. RTÉ considers this scenario to further exacerbate the aforementioned ‘vicious circle’ which would *inter alia* trigger the overall funding for public service content beyond a tipping point of sustainability.

RTÉ has assessed the impact of this scenario through analysing the impact of the reductions in revenue from 2011 to 2015. In 2011 RTÉ received €196 million, and in 2015 received €179 million, which represents a decrease of €17 million in public funding. A 10% reduction on current funding levels (€179.1 million) is equal to approximately €18 million, and therefore these are comparable.

In the 2011 to 2015 period, first-run indigenous hours¹³ fell from 3,517 to 3,017, a reduction of 14%. Such further reductions in this area, however, are unlikely to be sustainable and Indecon note that this relationship may not be linear in nature. RTÉ outlines that further reductions in indigenous content may adversely affect commercial revenues to a greater extent than cost reductions, and therefore are not economically feasible. Further, there is no further scope to reduce commissioning expenditure, as this is at the statutory level. However, in 2016 RTÉ overspent relative to the statutory level by €800,000, and therefore there may be cost savings in this area. This, of course, will have broader implications for the support of the independent production sector in Ireland. Other areas of cost savings include a programme for voluntary redundancies and further curtailment of services.

Broadly, Indecon are in agreement that RTÉ has faced significant financial constraints since 2008, and that a further funding reduction scenario would have non-negligible impacts on the organisation's ability to maintain audiences and provide services of current quality.

Funding Increase Scenario

RTÉ considers a scenario in which they are provided a 10% increase in public funding to represent some opportunity for RTÉ to invest in content in response to shifting audience demands. This funding may also allow the organisation to reinterpret its public service remit in the current broadcasting environment, which would allow for some innovation in its offering and delivery to audiences. RTÉ considers further investment in commissioned Drama to be most suitable to address audience's demand.

RTÉ has outlined in its five-year strategy the areas in which it would investment additional resources if they come available. These also are true in the context of Indecon's 10% funding increase scenario. The area earmarked for additional investment include:

- ❑ **Drama:** additional television Drama on RTÉ One *[Redacted: Data is commercially sensitive]*;
- ❑ **New Media:** development of a Digital Lab producing innovative content focused on non-linear media *[Redacted: Data is commercially sensitive]*.
- ❑ **Younger Audiences:** content aimed at younger audiences, including commissioned work (€3 million), focus on animation *[Redacted: Data is commercially sensitive]*.
- ❑ **News & Current Affairs:** Increased investigative content and current affairs focused at a younger audience *[Redacted: Data is commercially sensitive]*.
- ❑ **Entertainment:** Reinstatement of programming *[Redacted: Data is commercially sensitive]*.
- ❑ **Regions:** establishment of regional based music events and major programming from locations *[Redacted: Data is commercially sensitive]*;
- ❑ **Comedy:** new original Irish comedy *[Redacted: Data is commercially sensitive]*.

Indecon consider the above targeted areas to be appropriate, in particular the Drama, Digital Lab, and increased targeting of a younger audience.

¹³ Excluding Euronews.

Difference to Five-year Strategy

It is useful to consider the adequacy of RTÉ's funding from a longer-term perspective via the organisation's five-year strategy. 2016 represents the penultimate year of the strategy, and will provide a good assessment as to the expected versus actual financial performance of RTÉ over the period. Indecon accept that forecasting financial performance is inherently uncertain, in particular forecasted across several years.

RTÉ's base case as set out in the five-year strategy is presented in the table below. The five-year review indicated that:

"We believe there is sufficient scope both for additional commercial revenue and further efficiency savings to implement, and possibly exceed, the reinvestment in services it anticipates, without calling on increased public funds (i.e. without any increase in the licence fee, and without any further revenues arising from reduced licence fee evasion). However, this plan will sustain RTÉ rather than secure it against the competitive threats it will face. The lack of investment in digital services, and the lack of investment in digital distribution infrastructure and development, risks weakening RTÉ's position over the five-year period, and is unlikely to equip it to meet its public remit effectively in the longer term."¹⁴

	2013	2014	2015	2016	2017
	€m	€m	€m	€m	€m
Commercial Revenue					
Licence Income					
Licence Fee Collection Efficiency and Reduced Evasion					
Total Revenue					
Personnel Related Operating Costs (PROCs)					
Non-Personnel Related Costs					
Cost Efficiencies					
Special Event Cost					
Total Operating Costs					
EBITDA					
Amortisation / Depreciation/Interest/Tax/Net Defined Benefit Pension Cost					
Net Surplus					
[Redacted: Data is commercially sensitive].					
Source: RTÉ Strategy 2013 - 2017, p249					
Note: commercially sensitive and strictly confidential - not for publication.					

¹⁴ Crowe Horwath, Review of Funding for Public Service Broadcasters, 23rd May 2013, p10.

RTÉ's actual income and expenditure for 2013 to 2016 is outlined in the table below.

	2013	2014	2015	2016
	€m	€m	€m	€m
Commercial Revenue	145	150	155	158
Licence Income	182	179	179	179
Total Revenue	328	328	334	337
Personnel Related Operating Costs (PROCs)	-163	-163	-174	-186
Non Personnel Related Costs	-144	-148	-146	-158
Total Operating Costs	-307	-312	-320	-343
EBITDA	21	16	14	-6
Amortisation / Depreciation/Interest/Tax/Net Defined Benefit Pension Cost	-20	-16	-17	-14
Net Surplus	1	0	-3	-20

Source: Indecon analysis of RTÉ data, RTÉ Annual Report and Group Financial Statements, 2016, 2015 & 2014
Note: Totals may not sum exactly due to rounding

The table below presents the difference between actual financial performance and the 5-year strategy for each year from 2013 – 2016. Also presented is the cumulative difference across these years. As of 2016 (year 4 of the 5-year review), commercial revenue was **[Redacted: Data is commercially sensitive]** than forecast on a cumulative basis. Licence fee income is also significantly less than cumulative forecasted levels (-€28 million). While personnel-related costs are encouragingly below forecasts, non-personnel costs are greater than forecast. These results imply an EBITDA deficit relative to forecast of **[Redacted: Data is commercially sensitive]**. Accounting for the remaining Profit and Loss line items results in an overall net surplus shortfall of -€31 million.

	2013	2014	2015	2016	Cumulative difference
	€m	€m	€m	€m	€m
Commercial Revenue					
Licence Income					
Total Revenue					
Personnel Related Operating Costs (PROCs)					
Non-Personnel Related Costs					
Total Operating Costs					
EBITDA					
Amortisation / Depreciation/Interest/Tax/Net Defined Benefit Pension Cost					
Net Surplus					

[Redacted: Data is commercially sensitive].

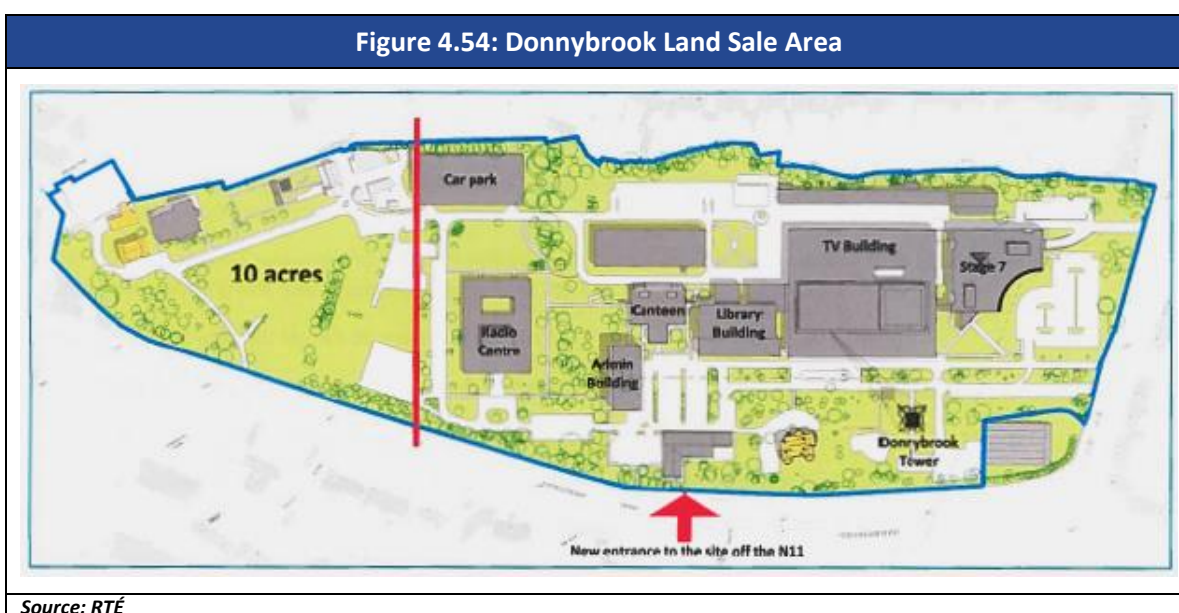
Source: Indecon analysis of RTÉ data, RTÉ Strategy 2013 - 2017 & RTÉ Annual Report and Group Financial Statements 2016, 2015, 2014
Note: Totals may not sum exactly due to rounding.
Note: commercially sensitive and strictly confidential - not for publication.

4.8.2 RTÉ Capital Asset Review

For the purposes of the 2016 ASPC, RTÉ has provided a good level of detail with regards to their consideration of capital assets. The most pertinent issue in this respect is of course the Donnybrook land sale, which will be discussed in detail below.

Donnybrook Land Sale

On March 22nd RTÉ officially announced that 9 acres of underutilised land on the organisation's Donnybrook campus had been put on the market for sale. This followed the NewERA report by the NTMA in 2014 that identified the site as being underutilised and recommended that RTÉ consider actions in this regard based on cost benefit appraisal. Since this time, RTÉ considered various options for the site, and ultimately decided to sell the 9 acres as mentioned above. The area of the land sale is presented to the left-hand side of the red line in the figure below.



The land sale was announced with a guide price of €75 million. The land was on the market for several months until on June 13th RTÉ announced an agreed deal with Cairn Homes for €107.5 million, significantly above the guiding price. Indecon consider this sale price to be a positive development and reflective of the current condition of the Dublin property market. RTÉ has stated that this land disposal will contribute to capital investment, facilitate organisational restructuring, and pay down debt. Importantly, proceeds from the land sale will not fund annual operational budgets, and have not been included in Interim Budget 2017. Indecon consider these approaches prudent and are welcomed. The three areas of proposed capital investment will be discussed in further detail below.

In terms of capital investment, RTÉ plans on addressing its underinvestment in capital infrastructure that has occurred over the previous five years. In particular, investment in digital technology and services will be targeted to maintain audiences and deliver efficiencies. Specifically, RTÉ proposes to invest in a new HD TV gallery, upgrade the production environment to HD, invest in the next generation RTÉ Player, and fund a variety of management systems across the organisation. Indecon notes that RTÉ has dropped its HD hours target in ASPC 2017 for reasons of lack of capital investment, and so expect this target to be reinstated following this investment.

The on-going organisational restructuring has had a major impact on the operations of RTÉ. Indecon acknowledge that organisational changes can require costly investment. RTÉ has timed the restructuring with the land sale so as to have appropriate funding to facilitate the organisational change.

The final major expenditure item arising from the Donnybrook land sale is the payment of debts in order to reduce the organisation's net debt position. RTÉ's net debt position has worsened year on year and in Interim Budget 2017 is approx. **[Redacted: Data is commercially sensitive]** (short and long-term debt less cash and cash equivalents). This is up from a value of **[Redacted: Data is commercially sensitive]** million in 2015. RTÉ's borrowings are facilitated through financial covenants with Bank of Ireland and Barclays.

Indecon consider the proposed capital expenditure arising from the Donnybrook land sale to be appropriate given the organisation's long-term goals of organisational restructuring, the secular trend towards an increasingly online broadcasting market place, and RTÉ's rising net debt position. We also welcome the project's exclusion from funding annual operational budgets which is deemed prudent and best-practice.

Indecon consider that the recent evaluation of the Donnybrook site options and resulting sale of land, represents a positive development in RTÉ's asset reviews, given the financial constraints facing the organisation.

4.8.3 RTÉ Diversity Strategy

A new target under ASPC 2016 was the objective for RTÉ to publish its Diversity Strategy and Action Plan. While this was not achieved in 2016, RTÉ has made positive progress in this area, which is discussed in this section.

Seven – Diversity Policy and Practice Review October 2015

Seven, a business psychology consulting group, completed a diversity policy and practice review of RTÉ in 2015. This comprehensive document examined practices, policies and perceptions of diversity at RTÉ. The consultants took a comparative methodological approach and mirrored the RTÉ experience with other European PSB's and a small number of large Irish companies. The struggles RTÉ has had with diversity are seen to be shared by other PSBs internationally. RTÉ was also considered to be in a period of transition, and was seen as moving towards mainstreaming diversity. Seven undertook extensive stakeholder consultations with both internal and external contacts. This report concludes with recommendations, a selection of which are provided below:

- ❑ *“There is an urgent need to ensure that robust and complete diversity monitoring data is gathered in relation to both the staff population and diversity on air. This data should be regularly reviewing and monitored relative to Irish population statistics and diversity objectives as set by RTÉ*
- ❑ *There is scope to increase the current 3% target in relation to disability.*
- ❑ *Incorporating actions, accountabilities and monitoring procedures, could further strengthen RTÉ's Diversity Policy.*
- ❑ *It is also recommended that increased levels of awareness about diversity and inclusion is built into all induction processes and is cascaded to all staff.*
- ❑ *Create a diversity commitment in relation to building strong connections and outreach programmes so as to build a more inclusive talent pipeline and a wider pool of contributors.”*

While the above list is non-exhaustive, Indecon are in broad agreement with the findings of this report. In particular, in order to accurately assess RTÉ's performance in the diversity space, it is critically important that the organisation begins to monitor on a quantitative basis all relevant diversity metrics going forward. This will facilitate analysis as to the trends of diversity in RTÉ as well as international comparisons with organisations who track similar metrics.

RTÉ Diversity and Inclusion Strategy & Action Plan 2016 – 2018

RTÉ did not achieve its target of publishing its diversity strategy in 2016, however Indecon have been given sight of an internal working draft. This working draft highlights RTÉ's commitment to improving diversity within the organisation. The working draft version contains ten diversity initiatives in the area of content, including the creation of diversity guidelines for commissioning, and measuring on-air diversity. The draft document also contains nine diversity culture initiatives including tracking employee diversity data, recruiting diverse candidates, and foster diversity in the internship programme.

As this document is an internal working draft, Indecon can only consider in general terms that the structure and scope of the document seems appropriate given the goals of diversity. Indecon welcome progress in this area going forward.

Impact of 1916 Commemorations

RTÉ was heavily involved in the 1916 commemorations in terms of content creation and live news coverage of the Centenary of the 1916 Rising. It should be noted that the delivery of public events and creation of special programmes were undertaken at the request of Government. Content including *Rebellion*, a home-produced drama which followed the outbreak of the Rising and was broadcast on RTÉ One, and *Revolution Radio*, a mini-drama on RTÉ 2fm comprising of accounts of a selection of young people during the Rising. 1916 commemorative content was also made available on RTÉ's digital services which enabled international audiences to access content related to the commemorations.

RTÉ also facilitated in providing live coverage of the 1916 celebrations, with the Easter Sunday celebrations representing one of the largest outdoor broadcasting events in Ireland's history. RTÉ also offered extensive commemoration coverage on non-linear services. A mobile-friendly website was created to allow access to a wide range of 1916 content. RTÉ also launched *RTÉ.ie/1916* which provided historical newspaper archives and visitor information for those visiting Dublin for the commemoration. The page received more than 250,000 page impressions on the Easter weekend, and over 650,000 in March.

In terms of the financial impact of the RTÉ special programming and public events, RTÉ estimates that expenditure amounted to €11.6 million. The Government provided a grant of €5.4 million, which implies a cost to RTÉ of the commemorations of approx. €6.2 million. In order to minimise RTÉ's cost burden, the organisation replaced existing similar programming with commemoration content, e.g. commemoration drama replaced RTÉ's regular drama output. In this respect, therefore, the €6.2 million cost to RTÉ is not incremental vis-à-vis the status quo. This displacement strategy reduced the gross costs by €4 million, which implies a net financial impact of €2.2 million.

Indecon note that RTÉ had incremental financial costs from the 1916 commemorations, but this is likely to have had a positive impact on audience numbers and on commercial revenues. RTÉ separately acknowledge the incremental increase in commercial revenue attributable to 'special event programming' in the first half of the year, in the Financial Review section of their Annual Report.

Impact of Brexit

Across several documents, RTÉ has indicated that the Brexit referendum on the 24th June 2016 had a significant negative impact on the organisation's financial performance. This view was expressed in RTÉ's Interim Budget 2017, two internal documents produced by RTÉ for Indecon, and in RTÉ's Annual Statement of Performance Commitments Report 2016. Indecon's assessment of this view is provided in detail below.

Under Commitment 15 of RTÉ's ASPC outlines that the Brexit impact was driven due to foreign exchange fluctuations following the vote, as well as uncertainties leading to marketing campaign postponement. RTÉ has provided Indecon with detailed analysis of half-year trends that aim to establish a relationship between the Brexit vote and the poor second half performance by RTÉ. This is contrasted with performance on a market-wide basis, however RTÉ indicates that advertising market data in the Republic of Ireland is not reliable to establish market size. It is for this reason that Indecon do not place much emphasis on this market wide analysis however we acknowledge its findings.

Indecon have presented financial performance in terms of revenues across RTÉ services/channels in the table below. This shows first-half and second-half year performance in 2016 relative to 2015.

Performance in the television market is most evident in relation to identifying the impact of Brexit. **[Redacted: Data is commercially sensitive]**. Performance in Radio and digital was less convincing in this respect, however Indecon acknowledge that each subindustry will be impacted by factors other than Brexit.

Table 4.41: First-Half and Second-Half Year Revenue Comparisons Across RTÉ Channels		
Channel	1st Half-Year 2016 vs. 2015	2nd Half-Year 2016 vs 2015
Television - RTÉ One	[Redacted: Data is commercially sensitive].	
Television - RTÉ2		
Radio - RTÉ Radio 1		
Radio - RTÉ 2fm		
Radio - RTÉ Lyric fm		
Digital - Display		
Digital - Player		
<i>Source: RTÉ.</i>		
<i>Note: commercially sensitive and strictly confidential - not for publication.</i>		

RTÉ provided a more detailed analysis of the television market to supplement the above findings. This work aimed to decompose the commercial impacts of the exchange rate fluctuations arising from the Brexit vote. This analysis was based on several assumptions:

- UK buying agencies allocate a GBP budget for advertising campaigns in Ireland;
- These budgets are not amended to account for FX fluctuations;
- RTÉ can reasonably estimate the percentage of spot revenues originating from the UK.

To estimate assumption three above, RTÉ requested data from five media agencies in Dublin regarding the level of revenues approved in GBP. This provided RTÉ with an average value of business originating in the UK that was then applied to their commercial revenues in 2015. Interacting the estimated UK-based revenues to the change in the FX rate provides an estimate for the change/decline in revenues for 2016 due to FX fluctuations. This was compared to actual revenue declines in 2016, providing a decomposition between FX rate effects and other effects. RTÉ also provided qualitative comments from senior media industry figures highlighting the impact of Brexit.

Indecon welcome the level of detail and thorough analysis provided by RTÉ in this respect and would agree in principle that it is likely that RTÉ has experienced non-negligible impacts related to Brexit. However, in order to rigorously assess the specific size of these impacts would require an econometric analysis that aims to account for problems related to accurately estimating causal rather than correlative relationships. Statistical issues such as endogeneity can be present and without attempting to control for these effects makes it difficult to credibly identify a causal relationship between two variables.

4.9 Commercial Revenue Maximisation and Overcompensation Test

The Broadcasting Act 2009 states that, in relation to the commercial activities undertaken by the PSBs, they should be operated in an efficient manner so as to maximise revenues and be used to subsidise its public service objects.¹⁵ It is therefore necessary as part of this Annual Public Funding Review to assess RTÉ's performance in the area of commercial revenue maximisation. RTÉ has produced documents for Indecon in relation to their commercial revenue maximisation strategies, which will be discussed below.

IBD Sales Policy¹⁶

All RTÉ financial targets are drafted by the Commercial Division in conjunction with Finance. These targets are subsequently approved by the Director General. Targets are set using general macro indices, industry projections, and forecasts for demand for various RTÉ services.

[Redacted: Data is commercially sensitive].

Indecon consider the approaches outlined above as representing standard business practices to maximise commercial revenue. We also further recommend the use of various sales strategies including bundling, discounts, and others to ensure commercial revenues are realised to their maximum potential.

¹⁵ Broadcasting Act 2009, Number 18 of 2009. Section 108.

¹⁶ RTÉ Internally produced document on Commercial Profit Maximisation, provided to Indecon.

RTÉ's commercial revenue has increased year on year since 2014 and is budgeted to be marginally above 2016 levels in 2017 (2014: €149.6m, 2015: €155.4m, 2016: €158.2m, 2017 Budget: €158.5m). RTÉ has provided insight into the organisation's performance relative to general macroeconomic trends. According to the ESRI, GDP growth in 2016 was 5.2%. This compares with a growth in commercial revenue in RTÉ of 1.8%. Commercial revenue growth has been highly divergent across RTÉ services, which is unsurprising. In television, RTÉ's most established market, the organisation has seen commercial revenue increases of 2.7% (€85.4m in 2016). Commercial revenue from Radio services, however, have remained static. RTÉ also saw a decline in commercial revenue from digital advertising and sponsorship, which Indecon considers worrying given the secular trend towards online services. It should be noted that this decrease was larger when accounting for other commercial revenue streams outside of advertising and marketing. However, taking a longer-term view as presented in Section 4.5 indicates that revenues in the digital service area is still above 2014 levels.

The analysis of RTÉ's commercial revenues by division in Table 4.19 and the broadcaster's advertising revenues by division in Table 4.20 together indicate that advertising accounts for 70% of overall commercial revenue. Of this, TV and radio advertising together represent almost 94% of advertising revenue, so the developments in relation to advertising play a key role in influencing overall commercial revenue performance. In this context, Figure 4.27 showed that while TV advertising revenue growth kept pace with the growth in the national TV advertising market (2.7% growth), RTÉ's advertising revenue in radio and digital fell compared to the growth recorded in these segments across the Irish market in 2016. This suggests a loss in RTÉ's advertising market share.

Indecon accept that the pressures of Brexit, additional special events, and the rapidly evolving digital market will put pressure on RTÉ to maintain its current commercial earnings. Indecon would reaffirm our recommendation outlined in the 2015 Public Funding Review that there is a need for RTÉ to continually review its pricing policies and to evaluate the price elasticity of demand for its advertising. Indecon consider RTÉ's strategies above to adequately address the requirement as codified in the Broadcasting Act 2009 to maximise commercial revenue.

Overcompensation Test for RTÉ

Presented in Table 4.42 is an analysis of RTÉ financial data. As RTÉ ran a deficit in 2016, it is not in contravention of current EU state aid rules.

Table 4.42: Evaluation of RTÉ Compliance with EU Overcompensation of State Aid

€'m	2016
Revenue	158.2
Licence Fee	179.1
Finance Income	1.8
Total Revenue	339.1
Expenditure*	358.8
Net Cost of Public Service Activities	198.4
Surplus / Deficit	-19.7
Surplus / Deficit as % of Net Cost Public Service	-9.9%

Source: RTÉ Annual Report 2016
 *Notes: Includes finance expense, income tax, depreciation, less gains on asset disposal

4.10 Summary of Findings

Our key findings from the 2016 public funding review of RTÉ are outlined below:

- ❑ Section 102(1) of the Broadcasting Act 2009 requires that the annual statement of performance commitments be prepared by RTÉ in accordance with its objects, any extant statement of strategy and any extant public service statement. Indecon have considered RTÉ's performance in relation to its Annual Statement of Performance Commitments (ASPC) 2016. Our analysis suggests that approximately twelve of the twenty-two commitments set out by RTÉ for 2016 were achieved and a further nine were substantially achieved. However, some key targets within the commitments were not met, including the financial target to achieve break-even or secure a small surplus.
- ❑ In relation to RTÉ's audience-related targets, our analysis found that performance on audience-related commitments during 2016 were behind the levels achieved in 2015. Fifteen targets were achieved, while 17 targets (45.9%) were substantially achieved. However, five out of 37 targets (13.5%) were not met.
- ❑ On content-related commitments, RTÉ performed well in this area relative to 2015. Most of the targets set were achieved by RTÉ.
- ❑ RTÉ's commitment in relation to promotion and development of the Irish language is encapsulated in its objective to strive to "to reach out to all Irish language speakers at home and abroad in its provision of Irish language programming and services". Based on the percentage of the public that perceived RTÉ as providing a comprehensive service for Irish speakers, the target was achieved.

- ❑ One of the most important commercial targets set by RTÉ was to achieve budget out-turn and to secure a break even or small surplus. Of significance is that RTÉ recorded a loss of €19.65 million in 2016. RTÉ in total set sixteen targets across four commitments under the Transparency and Efficiency theme in 2016. Indecon believes that some of these targets are more fundamental than others. While eleven of the sixteen targets were met and a further three targets were substantially achieved, of concern is that the key target for budget outturn was not met.
- ❑ RTÉ considered sixteen targets across six commitments under the trust and good governance theme. Overall, thirteen of these targets were achieved during 2016, and three were substantially achieved.
- ❑ Indecon has evaluated RTÉ's commitments with reference to its public service objects, its public service statement and its five-year statement of strategy. RTÉ's commitments in 2016 are closely aligned to its public service objects.
- ❑ We have also examined the appropriateness or otherwise of the targets set by RTÉ. In evaluating these targets, it is necessary to consider the nature of the commitments and targets set. Indecon notes that the 2017 ASPC represents a reduction in the number of targets and this is welcome. Indecon has, however, remaining concerns over the very large number of commitments, and the even larger number of targets which are set. We believe a significant rationalisation of the commitments and targets would reduce administrative costs and would focus on the key issues which will drive the success or otherwise of RTÉ.
- ❑ The adequacy of public funding for RTÉ is dependent on what public service objectives and targets are being set for the organisation. Given the level of competition in the market and changes in the media landscape, there are challenges for RTÉ and for other main indigenous broadcasters in increasing market share and expanding commercial revenues. Indecon believes there is potential for further cost reductions in RTÉ but given the scale of RTÉ deficit an enhancement of public service content cannot be achieved without an increase in public funding. Indecon is aware that RTÉ is currently finalising a detailed plan to implement redundancies and to amalgamate services in order to enhance efficiencies. Given the challenges faced in expanding commercial revenues, these cost reductions should be implemented as a priority.
- ❑ Indecon's overall conclusion is that even with enhanced efficiencies and a reduced cost base and with the effective use of land sale income, there is a need to increase funding if there is to be any enhancement in the level of public service content.
- ❑ RTÉ has a legislative requirement to maximise commercial revenue. While this objective was broadly met there is a need for RTÉ to continually review its pricing policies to maximise commercial revenue.
- ❑ As RTÉ ran a deficit in 2016, it is not in contravention of current EU state aid rules.
- ❑ Indecon is of the view that the statutory objectives set for RTÉ have been largely achieved in 2016. However, RTÉ recorded a significant deficit and is facing major challenges. There is a need for significant new measures to retain audiences and revenues and to develop the broadcaster's online offerings. Without enhanced efficiencies and/or increases in public funding, there is little doubt that RTÉ will be forced to reduce its public service content.

5 Conclusions and Recommendations

5.1 Conclusions on TG4

Indecon's judgement is that TG4 met or substantially met the commitments set out for 2016. However, a number of the detailed targets were not achieved. TG4 had a positive year increasing commercial revenue, supporting the independent production sector, and reversing the decline in its audience share. There are, however, major challenges facing TG4 and, in particular, the fact that the targets set for engagement with children and youth audiences in terms of broadcast reach were not achieved.

5.2 Recommendations Concerning TG4

A number of recommendations arise from the detailed assessment undertaken as part of this annual public funding review of TG4 and are summarised in Table 5.1 below.

Table 5.1: Recommendations re TG4	
1.	Indecon recommends that there is a significant reduction in the number of metrics which are used to monitor the annual performance of TG4. This should include a focus on quantified measures covering audience metrics (which is aligned with the new five-year-strategy), as well as high quality content, promotion and development of the Irish language and culture, cost efficiency as well as governance and transparency. At present, there are 17 commitments and multiple targets set under each commitment. A restricted number of 5 to 6 commitments and 2 or 3 measurable targets under each should be considered.
2.	The proposed metrics for TG4 should include quantified targets for expansion of younger audiences.
3.	Indecon recommends that TG4 implements as soon as feasible the new Code of Practice for Governance of State Bodies and that a focused report on progress on compliance is included as part of the 2017 Annual Review.
4.	It is recommended that appropriate 'stretch targets' are set within the ASPC to ensure that TG4 is maximising performance. This is particularly important for the maximisation of commercial revenue, and in relation to audience metrics.
5.	It is recommended that TG4 finalises the Code relating to TG4 fair-trading within the current year.
6.	Indecon recognise that TG4, like many organisations in Ireland, have operated with declining budgets in recent years and we believe further reductions in funding would directly impact on TG4's programming. For this reason, we do not recommend any reduction in funding for TG4 in 2017/18. Indecon also believes that there is a strong case to consider additional funding for TG4, targeted on programmes and measures to be linked to expanding younger audiences. Changes to funding for TG4 should abide by the statutory requirements as outlined in the Broadcasting Act. Indecon's recommendation is that an increase of €0.25 - €0.75 million is the minimum necessary. We, however, believe that this should be conditional on a commitment by TG4 to use additional funds for targeted investment to attract younger audiences.

5.3 Conclusions on RTÉ

Indecon is of the view that the statutory objectives set for RTÉ have been largely achieved in 2016. However, RTÉ recorded a significant deficit and is facing major challenges. There is a need for significant new measures to retain audiences and revenues, and to develop the broadcaster's online offerings. Without enhanced efficiencies and/or increases in public funding, there is little doubt that RTÉ will be forced to reduce its public service content.

5.4 Recommendations Concerning RTÉ

Based on the detailed assessment undertaken in this review, a number of recommendations have been identified. These are set out in the Table 5.2.

Table 5.2: Recommendations re RTÉ	
Recommendations to Address Funding Gap	
1.	<p>Cost Reductions: There is a need for RTÉ to reduce its cost base given the underlying RTÉ deficits and the ongoing intense competition combined with the decline in television's share of the media landscape. Indecon however accepts that some inflation in certain categories of cost, such as programme rights and other external costs, may be inevitable. There is a need for staff cost reductions and these will require reductions in numbers and the introduction of technology to enhance the efficiency of operations. It will also require an integration of services throughout RTÉ and may necessitate a reduction in some existing public service activities. The speed of such cost reductions is important and resistance to change will inevitably mean that the scale of reductions would be greater than would otherwise be necessary.</p>
2.	<p>Enhance Commercial Revenues: Securing increases in commercial revenues will be a significant challenge for RTÉ and will require a new focus on audiences and new ways of maintaining ongoing interaction with audiences. A focus on the intensification of audience involvement with RTÉ and an acceleration in subscriber numbers on RTÉ Player will be important. This may require RTÉ to bring on board new specialised skills in consumer-focused data analytics. In a growing economy, if RTÉ expands its viewership numbers, we believe there is potential to enhance commercial revenues, although the scale of this challenge should not be underestimated.</p>
3.	<p>Conditional Increase in public funding for RTÉ: Our review of public funding for RTÉ highlights the need for additional resources in their digital offering as well as increased programme expenditures. While strict cost containment and growth in advertising revenue combined with the use of funding from asset sales will assist, the policy of freezing the licence fee in nominal terms which has occurred in recent years is not sustainable over the medium term without an impact on RTÉ's services. Similarly, it is unrealistic for RTÉ to expect Licence Fee revenue to compensate for cost increases which are misaligned with a growth in commercial revenues if there is no enhancement to services. There may, however, be potential for additional revenues to be achieved from the existing licence fee. Indecon notes that the increase in the Irish population base may facilitate an expansion of this source of revenue. However, in the long term the popularity of television may deteriorate due to the growing popularity of online media sources.</p> <p>Indecon believes there is a case for supporting an increase in the revenue RTÉ secures from public funding. The Broadcasting Act specifies that the Licence Fee modification should be based on the change in CPI in the relevant year plus 1% less any adjustment for X recommended by the Authority. In general, Indecon interprets that such an adjustment should reflect any potential for efficiency gains and while this is not explicit in the Act, it is standard in nearly all regulated CPI – X type adjustments. In the relevant year, CPI was 0.0%, which would suggest an adjustment of 1% in the Licence Fee, less any additional reduction for X. Given the potential for efficiency gains in RTÉ, there is a case that X within the legislatively-mandated CPI-X formula should be set at higher than zero. However, in light of the fact that previous recommended increases in the licence fee were not implemented, there is a case for considering the maximum increase in licence fee as per the formula, namely 1%. This would give an increase in public funding of approximately €1.8 million. Any increase in public funding should, however, be conditional on RTÉ implementing strict cost control measures and in RTÉ completing an independent examination of the price elasticity of demand for its advertising</p>

services to demonstrate it is maximising commercial revenues. Because of the potential wider impacts of implementing a very small Licence Fee adjustment, we believe there is a strong case this year in policymakers considering a combination of different ways to secure such an increase in funding for RTÉ, including changes to the efficiency of the Licence Fee collection scheme and/or an expansion of other funding from the BAI, for example an increase in the BAI Sound & Vision fund. As a priority, Indecon recommends that steps are taken to urgently reform the system of Licence Fee collection. This should, *inter alia*, involve three elements as follows: (i) the use of GeoDirectory database to ensure contact with all households in Ireland; (ii) Incentives for households to pay Licence Fee on time via use of competitions or other incentives; and (iii) Incentives for a significant number of householders to transfer to direct debit to reduce the cost of collection and to reduce non-compliance. Given the increase in the Irish population and the demand for housing, there is likely to be a reduction in the number of vacant properties and information on this could also be used to retarget potential licence payments. Such an approach is likely to lead to greater levels of funding than any nominal small increase in the licence fee. Structural changes, such as an expansion of funding from the BAI, would require a change in legislation and therefore can be considered a long-term option.

4. **Accessibility and Diversity:** Indecon recommends that RTÉ implements as soon as feasible actions to address targets for the accessibility of the sensory disabled audiences. We also recommend that RTÉ finalise the Diversity Strategy and Action Plan as soon as feasible.

5. **Number of Targets:** Indecon recommends that there is a significant reduction in the number of metrics which are used to monitor the annual performance of RTÉ. This should include a focus on quantified measures covering audience metrics (which is aligned with the new five-year-strategy) as well as cost efficiency measures and increase in revenues. At present, there are 18 commitments (2017) and multiple targets set under each commitment. A restricted number of 5 to 6 commitments and 2 or 3 measurable KPIs and associated targets under each commitment should be considered.

5.5 Recommendations on Process

In our previous year's review, Indecon recommended that greater discretion should be given to BAI and their advisers to seek information from PSBs outside the headings previously agreed between BAI and the broadcasters. We also recommend that there is merit in focusing on a smaller number of key ASPCs. While some progress has been made in relation to these recommendations, they remain valid for the current period.

Annex 1 Extracts from Broadcasting Act 2009

102. (1) 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,

And including the activities to which the corporation intends to commit in that financial year and associated performance indicators.

(2) An annual statement of performance commitments prepared by a corporation under subsection (1), shall address, inter alia –

- (a) original children’s programming, commissioned or produced by the corporation, relevant to the social and cultural needs and interests of children in Ireland and including animation and children’s programming in the Irish language, to be broadcast by the corporation,
- (b) Irish language programming to be broadcast by the corporation,
- (c) science and technology programming to be broadcast by the corporation,
- (d) magazine and books to be prepared, published and distributed in pursuance of the corporation’s public service objects, and
- (e) the recorded audio material to be compiled, published and distributed in pursuance of the corporation’s public service objects.

(3) As soon as may be after 31 January in each year a corporation shall submit to the Minister and the Authority an annual statement of performance commitments prepared under subsection (1) and, having consulted with the Minister and the Authority, shall publish the statement, or a summary of it, as soon as practicable, thereafter.

(4) 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 mad in a statement prepared under subsection (1) for the previous financial year and an explanation of any differences arising.

(5) A corporation shall include within a report required under section 110 a report on the fulfilment or otherwise of any commitments published under subsection (3) for the period concerned and an explanation of any difference arising.

108. – (1) The commercial activities undertaken by a corporation in pursuance of its exploitation of commercial opportunities object shall –

- (a) be operated in an efficient manner so as to maximise revenues, and
- (b) be used to subsidise its public service objects.

(2) All transactions or arrangements entered into by a corporation as between the activities arising from –

- (a) its public service objects, and
- (b) its exploitation of commercial opportunities object, shall be made at arm’s length and on commercial terms.

112.-(1) It is the duty of a corporation to prepare and publish, within 15 months of the passing of this Act, and every fourth year thereafter, a code of fair trading practice (in this section referred to as a “code”) setting out the principles that it shall apply when agreeing terms for the commissioning of programming material from independent producers.

(2) The Authority, having consulted with the Minister, a corporation, and independent producers (or such persons appearing to the Authority to represent them), shall within 12 months of the passing of this Act and every fourth year thereafter, prepare and issue guidance to the corporation on the format of a code required under subsection (1).

(3) The guidance issued by the Authority under subsection (2) shall be general in nature and shall not specify the particular items to be included in a code to which the guidance relates.

(4) A corporation, having considered the guidance received under subsection (2), shall prepare and submit for approval to the Minister a code.

(5) A code shall include reference to a corporation’s approach to-

- (a) multi-annual commissioning,
- (b) acquisition of rights, and
- (c) timetable for contractual negotiations.

(6) In meeting the requirements of subsection (5)(b) the corporation shall address the arrangements it proposed to adopt in respect of the duration and exclusivity of the various categories of rights it intends to acquire.

(7) The Minister shall, in considering a code, consult with the Authority.

(8) On approval by the Minister the code shall be deemed to have come into force and the corporation shall comply with such a code.

(9) A corporation shall ensure that provision is made for resolving disputes arising in respect of the provisions of a code (by independent arbitration or otherwise) in a manner that appears to the Minister to be appropriate.

(10) The Compliance Committee shall, at the direction of the Minister, report to the Minister on compliance by a corporation with a code prepared under this section.

(11) A corporation may with the approval of the Minister, the Minister having consulted with the Authority, revise and publish amendments to a code.

(12) RTÉ shall co-operate with independent producers in the marketing outside the State of sound broadcasting and television programmes commissioned by RTÉ from independent producers.

114.-(1) The objects of RTÉ are-

- (a) to establish, maintain and operate a national television and sound broadcasting service which shall have the character of a public service, be a free-to-air service and be made available, in so far as it is reasonably practicable, to the whole community on the island of Ireland,
- (b) to establish and maintain a website and teletext services in connection with the services of RTÉ under paragraphs (a), (c), (d), (e), (f), (g), (h) and (i),

(c) to establish and maintain orchestras, choirs and other cultural performing groups in connection with the services of RTÉ under paragraphs (a), (f), (g) and (h),

(d) to assist and co-operate with the relevant public bodies in preparation for, and execution of, the dissemination of relevant information to the public in the event of a major emergency,

(e) to establish and maintain archives and libraries containing materials relevant to the objects of RTÉ under this subsection,

(f) to establish, maintain and operate a television broadcasting service and a sound broadcasting service which shall have the character of a public service, which services shall be made available, in so far as RTÉ considers reasonably practicable, to Irish communities outside the island of Ireland,

(g) subject to the consent of the Minister, the Minister having consulted with the Authority, to establish, maintain and operate, in so far as it is reasonably practicable, community, local, or regional broadcasting services, which shall have the character of a public service, and be available free-to-air,

(h) subject to the consent of the Minister, the Minister having consulted with the Authority, to establish and maintain non-broadcast non-linear audio-visual media services, in so far as it is reasonably practicable, which shall have the character of a public broadcasting service (such consent not being required in respect of such services which are ancillary to a broadcasting service provided under paragraphs (a), (d), (f) and (g),

(i) to establish, maintain, and operate one or more national multiplexes,

(j) so far as it is reasonably practicable, to exploit such commercial opportunities as may arise in pursuit of the objects outlined in paragraphs (a) to (i).

(2) In pursuit of the objects outlines in subsection (1), RTÉ shall-

(a) be responsive to the interests and concerns of the whole community, be mindful of the need for understanding and peace within the whole of the island of Ireland, ensure that the programmes reflect the varied elements which make up the culture of the people of the whole island of Ireland, and have special regard for the elements which distinguish that culture and in particular for the Irish language,

(b) uphold the democratic values enshrined in the Constitution, especially those relating to rightful liberty of expression, and

(c) have regard to the need for the formation of public awareness and understanding of the values and traditions of countries other than the State, including in particular those of other Member states.

(3) Without prejudice to the generality of subsection (1), RTÉ shall ensure that the programme schedules of the broadcasting services referred to in that subsection –

(a) provide a comprehensive range of programmes in the Irish and English languages that reflect the cultural diversity of the whole island of Ireland and include programmes and that entertain, inform and educate, provide coverage of sporting, religious and cultural activities and cater for the expectations of the community generally as well as members of the community with special or minority interests and which, in every case, respect human dignity,

(b) provide programmes of news and current affairs in the Irish and English languages, including programmes that provide coverage of proceedings in the Houses of the Oireachtas and the European Parliament, and

(c) facilitate or assist contemporary cultural expression and encourage or promote innovation and experimentation in broadcasting.

[...]

118.-(1) The objects of TG4 are-

(a) to establish, maintain and operate a national television broadcasting service, which shall have the character of a public service, be a free-to-air service and be made available, in so far as it is reasonably practicable, to the whole community on the island of Ireland,

(b) to establish and maintain a website and teletext services in connection with the services of TG4 under paragraphs (a), (c), (d), (e), (f), (g) and (h),

(c) to establish and maintain choirs and other cultural performing groups in connection with the services of TG4 under paragraphs (a), (f), (g) and (h),

(d) to assist and co-operate with the relevant public bodies in preparation for, and execution of, the dissemination of relevant information to the public in the event of a major emergency,

(e) to establish and maintain archives and libraries containing materials relevant to the objects of TG4 under this subsection,

(f) to establish, maintain and operate, in so far as it is reasonably practicable, a television broadcasting service, which shall have the character of a public service, to be made available to Irish communities outside of the island of Ireland,

(g) subject to the consent of the Minister, the Minister having consulted with the Authority, to establish, maintain and operate in so far as it is reasonably practicable, community, local, or regional broadcasting services, which shall have the character of a public service, and be available free-to-air,

(h) subject to the consent of the Minister, the Minister having consulted with the Authority, to establish and maintain non-broadcast non-linear audio-visual media services, in so far as it is reasonably practicable, which shall have the character of a public broadcasting service (such consent not being required in respect of such services which are ancillary to a broadcasting service provided under paragraphs (a), (d), (f) and (g)),

(i) so far as it is reasonably practicable, to exploit such commercial opportunities as may arise in pursuit of the objects outlined in paragraphs (a) to (h).

(2) In pursuit of the objects outlined in subsection (1), TG4 shall –

(a) be responsive to the interests and concerns of the whole community, be mindful of the need for understanding and peace within the whole island of Ireland, ensure that the programmes reflect the varied elements which make up the culture of the people of the whole island of Ireland, and have special regard for the elements which distinguish that culture and in particular for the Gaeltachtaí,

(b) uphold the democratic values enshrined in the Constitution, especially those relating to the rightful liberty of expression, and

(c) have regard to the need for the formation of public awareness and understanding of the values and traditions of countries other than the State, including in particular those of other Member States.

(3) Without prejudice to the generality of subsection (1), TG4 shall ensure that the programme schedules of the broadcasting services referred to in that subsection –

(a) provide a comprehensive range of programmes, primarily in the Irish language, that reflect the cultural diversity of the whole island of Ireland and include programmes that entertain, inform and educate, provide coverage of sporting, religious and cultural activities and cater for the expectations of those of all age groups in the community whose preferred spoken language is Irish or who otherwise have an interest in Ireland,

(b) provide programmes, primarily in the Irish language, of news and current affairs,

(c) provide coverage of proceedings in the Houses of the Oireachtas and the European Parliament, and

(d) facilitate or assist contemporary cultural expression and encourage or promote innovation and experimentation in broadcasting.